

Agreement for Acquisition of Grand Trunk Railway System by Dominion Government.

Canadian Railway and Marine World for March contained particulars of the G.T.R. shareholders' meeting in London, Eng., at which it was decided to ratify the agreement arrived at between the Dominion Government and the company's Chairman, Sir Alfred Smithers. Under the authority of an order-in-Council passed Dec. 31, 1919, the agreement was signed by the Minister of Railways, Hon. J. D. Reid, and by the Railway Department's Acting Secretary, and was sent to the Canadian High Commissioner in London for execution by the G.T.R. Co.'s Chairman and Secretary. The agreement is as follows:

Whereas, by an act of the Parliament of Canada, entitled The Grand Trunk Railway Acquisition Act, 1919, the parties hereto were authorized to enter into an agreement for the acquisition by the government, on the terms therein stated, of the entire capital stock of the Grand Trunk except the guaranteed stock amounting to £12,500,000; whereas the issued capital stock of the Grand Trunk (not including the present guaranteed stock) consists of the following:

First preference stock, 5%	3,420,000
Second preference stock, 5%	2,530,000
Third preference stock, 4%	7,168,055
Ordinary or common stock	23,955,437
	£37,073,492

And whereas the present outstanding debenture stocks of the Grand Trunk, consisting of—

Five per cent. G.T. debenture stocks	4,270,375
Five per cent. Great Western debenture stocks	2,723,080
Four per cent. G. T. debenture stocks ..	24,624,455
Four per cent. Northern debenture stocks	308,215
	£31,926,125

are entitled to certain voting powers at meetings of shareholders of the Grand Trunk; witnesseth: that the parties hereto have agreed as follows:

2. Statement of Control.—The Grand Trunk represents that the companies, properties and interests comprised in the G. T. R. System are correctly and fully set forth in the first schedule of this agreement, and that it has in such schedule correctly and fully shown how the various companies and their undertakings are controlled by the Grand Trunk, whether by stock ownership and to what extent, and whether by leases, agreements or otherwise, distinguishing in these respects the direct ownership and control by the Grand Trunk from the indirect ownership and control through companies included in the system.

2. Sale and Purchase of Certain Stocks.—The Grand Trunk hereby undertakes and agrees to use its best endeavors to cause the sale and delivery to the government, and the government agrees to acquire, in the manner and on the terms hereinafter set forth, the preference and common stock of the Grand Trunk now issued and outstanding to the face value mentioned in the recitals to this agreement.

3. Part Consideration—Cessation of Voting Powers.—As part of the consideration for such acquisition, the government agrees to guarantee the pay-

(a) Dividends payable half-yearly, at 4% per annum, upon the present guaranteed stock; (b) The interest upon the present debenture stocks as and when

payable, in accordance with the terms thereof; these guarantees to take effect upon the date of the appointment of the committee of management hereinafter mentioned. The guarantees shall be in form, or substantially in the form, set forth in the second and third schedules, respectively, to this agreement, shall be signed by the Minister of Finance and Receiver General of Canada on behalf of the King in the right of the Dominion of Canada, and, forthwith after the appointment of the committee of management hereinafter referred to, shall be deposited with the High Commissioner for Canada in London, Eng., for the benefit and information of all parties concerned. Provided that concurrently with the deposit of such guarantees, the voting powers at meetings of shareholders of the Grand Trunk now vested in or exercisable by the holders of the present guaranteed stocks and the present debenture stocks, respectively, shall cease and determine absolutely.

4. Committee of Management.—Forthwith after the ratification of this agreement, as provided in the said act, a committee of management of the G. T. System shall be formed, consisting of five persons, two to be appointed by the Grand Trunk, two by the government, and the fifth by the four so appointed. The functions of the managing committee shall be to insure the operation of the G. T. System (in so far as it is possible to do so) in harmony with the Canadian National Rys., the two systems being treated, in the public interest, as nearly as possible as one system. No contract or agreement shall be made by the Grand Trunk, or by any company comprised in the G. T. System, and controlled by the Grand Trunk, other than such as are necessary for the usual and ordinary business of the system except with the concurrence of the managing committee, and the approval of the Governor in council. The managing committee may, with the consent of the Governor in council, borrow from the government on Grand Trunk notes, or other obligations or securities approved of by the Governor in council, for the carrying on of the operation or improvement of the G. T. System. The committee shall continue to act until the preference and common stocks are transferred to or vested in the Government, when it shall be discharged.

5. Examination of Books and Properties.—The books, minutes, reports, documents, and other records, and all the railways and properties of the companies comprised in the G. T. System, shall at all times be accessible and open to inspection and examination by any person or persons named by the Minister of Railways and Canals of Canada, or by the board of arbitrators hereinafter mentioned; and all proper aid and assistance shall, on request, be rendered to such person or persons by the committee of management and by the officers and employees of the Grand Trunk and its allied companies, including the making and giving of extracts, copies and statements.

6. Submission to Arbitration.—The value, if any, to the holders thereof, of the preference and common stock shall be determined by a board of three arbitrators, one to be appointed by the government, one by the Grand Trunk, and the third shall be Sir Walter Cassels, Judge

of the Exchequer Court of Canada, who shall be Chairman of the board. Should Sir Walter Cassels die or be unable to act, the said parties shall agree upon another third arbitrator who shall be either the then Judge of the Exchequer Court of Canada, or one of the judges of the Supreme Court of Canada, and who shall likewise be Chairman. Should any vacancy occur in the board of arbitrators other than the third arbitrator, the arbitrator to fill the vacancy shall be appointed in the same way as the arbitrator whose seat has become vacant was appointed.

7. Arbitration Proceedings.—The board of arbitrators shall have full power and authority in respect of the control of the arbitration and the proceedings thereof including the administration of oaths and in respect of the admission of evidence. The board shall have power to employ or procure such legal, engineering, actuarial or other assistance and such evidence as it may require. Should the arbitrators require that the evidence of any person be taken de bene esse, or out of Canada, the arbitrators may delegate to any person power to administer oaths, to take such evidence under oath, or otherwise, and to transmit to the arbitrators for use upon the arbitration. The evidence upon the arbitration shall be taken in shorthand and transcribed by competent stenographers appointed by the arbitrators and duly sworn.

8. Making of Award and Appeals.—The award shall be made by the arbitrators, or a majority of them, within nine months from the appointment of the arbitrators, or within such further time as the Governor in council may approve. The unanimous award of the arbitrators shall be final, but should the award not be unanimous, and should notice of appeal be given by either party to the other within 30 days after the making of the award, an appeal therefrom, upon any question of law, shall lie to the Supreme Court of Canada, and/or to the Judicial Committee of the Privy Council, if leave be granted by the said committee.

9. Clerical Errors.—The arbitrators shall have the power to correct in their award any clerical errors or mistakes, at any time within two weeks after delivery thereof.

10. Undisclosed Liabilities.—Should the government, within three months after the making of the award, claim that there existed any liabilities of the Grand Trunk, or of any company comprised in the G. T. System, which were not disclosed to the board of arbitrators prior to the making of their award, the government may, within such period of three months, apply to the board of arbitrators to amend their award, and the board may thereupon decide whether such liabilities existed and were disclosed to them, whether the amount of their award would or would not have been affected thereby, and the amount of the deduction, if any, to be made in respect thereof; and may amend their award accordingly.

11. Limit to the Amount of the Award.—The value, if any, so determined shall not be greater than an amount on which the annual dividend at 4% per annum on the aggregate face value of