

Article 4. The Deutsche See Handels-Gesellschaft must give us the decision of acceptance or refusal of our offer by the 1st May, 1880, at the latest: this right is, however, only conceded on the condition that, immediately after the forming of the Company, a payment of 1,200,000 marks be made, for which all our lands and plantations on Samoa and other South Sea islands, our other real estate and establishments there, with all belongings, will be handed over as guarantee in such a form as may be appointed.

Article 5. In the case of timely acceptance of our offer, the immediate transfer of the whole of our enterprise will take place, for which the Deutsche See Handels-Gesellschaft will have to pay the arranged price, after deducting any passiva, which, according to Article 3, have to be taken over; also (according to Article 4), the already-paid amount and 5 per cent. interest for the year. Should the price for certain objects not yet be settled, the Deutsche See Handels-Gesellschaft is entitled to make part payments for the same.

Article 6. The Deutsche See Handels-Gesellschaft has the right of offering us shares of the nominal value of 2,000,000 marks at par in payment, the exercise of which right must be notified to us with the acceptance of our offer, at the latest, by the 1st May, 1880. In case of our taking over shares, the amount to be deducted from our remaining claims.

Article 7. The Deutsche See Handels-Gesellschaft takes over our lease, rent, supply, and labour contracts, and also other similar engagements entered into in our working of the business, after having made terms with us for the transfer. If the parties cannot come to terms, the conditions of the transfer will be definitely arranged by the (according to Article 2) appointed Committee. The engagement of our officials and servants must be a matter of mutual arrangement.

Article 8. Should the Deutsche See Handels-Gesellschaft refuse the transfer of our enterprise, we are bound to return the payment of 1,200,000 marks, with 5 per cent. interest for the year, at the latest by the 1st October, 1880, in return for which the free disposal of our property is to be given back to us. The Deutsche See Handels-Gesellschaft has to appoint the form in which this engagement is to be drawn up.

PROCLAMATION of the IMPERIAL CHANCELLOR.—Varzin, 1st January, 1880.

1. Should the balance profit not be sufficient to distribute a dividend of  $4\frac{1}{2}$  per cent. on the paid-in [foundation] capital, the shareholders will receive out of the guarantee granted by the State a contribution raising the interest to  $4\frac{1}{2}$  per cent. of the paid-in capital, with the restriction, however, that the yearly guarantee of the State does not exceed 300,000 marks, or, if the paid-in capital is less than 10,000,000 marks, not exceed three per cent. of the paid-in capital.

2. The guarantee of the State commences with the year 1880, and is calculated in proportion to the time for those payments which have been paid in to the foundation capital in the course of a business year.

3. The State undertakes the responsibility to hand over, in time for payment to the shareholders on the 1st August, the requisite guarantee amount resulting from the balance-sheet of the preceding year, ending the 31st December. The guarantee amount is only handed over as a contribution to the dividend to be paid yearly to the shareholders, so that the contribution is for the benefit of the shareholders, and not for that of the Company.

4. The guarantee of the State will be granted for twenty years, commencing with 1880, up to and including 1899; it ceases, however, before this period if it has not been applied for during a period of five years.

5. The Company must pay back to the State all advanced contributions, free of interest, and must for this purpose, and until the debt is cleared off, after first deducting 10 per cent. for the formation of a reserve fund and a dividend of  $4\frac{1}{2}$  per cent. on the paid-in capital from the balance profit, make use of the half of the remaining profit before a distribution of dividend, or the payment of a tantième to the Board of Directors, can take place.

6. For the protection of the interest of the State in the prosperity of the Company, the Chancellor reserves to himself the right of confirming the appointments of members of the Board of Directors. He also appoints a representative, who has to mediate all business between the State and the Company, and must be admitted to all the transactions of the Board of Directors and general meetings. This representative (or, in case of enforced absence, his representative) has the right to look into, either personally or by deputy, all books, accounts, and other documents, at all places, particularly in branch establishments and factories, and also to demand from the managers of the Company written explanations about the position and working of the enterprise. He has the right of calling a meeting of the Board of Directors, a general meeting, and to oppose any measure of the Board of Directors or the general meeting which he may think prejudices the interest of the State, or other general interests. The execution of any such measure must be delayed till the decision of the Chancellor, with whom it rests.

7. As soon as the guarantee (Article 4) of the State expires, and the Company has paid back all advances out of the guarantee, the clauses about the relations of the State to the Company cease to exist.

After what has been brought to my notice, I may assume that a consortium of respectable bank-houses, headed by the Prussian See Handlung, will undertake the forming of the Company in the national interest, and on the basis of the accompanying statute plan, as has been often done at the issue of Imperial and State loans.

I beg your Highly-well-born to inform the Minister of Finance, by official communication, of the contents of this Proclamation, under what conditions I am prepared to ask the assistance of the State, and to ask His Excellency whether the Royal See Handlung would be prepared to afford its co-operation for the realization of this project. As soon as the constitution of the Company is insured I must beg your Highly-well-born to prepare the necessary proposal to the Bundesrath