

EXPLANATORY NOTES.

The Algoma Central and Hudson Bay Railway Company, a company incorporated by chapter 50 of the statutes of 1899, has constructed and operates a line of railway from the city of Sault Ste. Marie to Hearst in the province of Ontario, and a branch line thereof running southwesterly to Michipicoten Harbour in the province of Ontario. The purpose of the present bill is to re-organize the capital structure of the Company which has had a long and somewhat complicated history.

In 1931 the Company, being unable to meet certain obligations imposed upon it pursuant to a scheme of arrangement and compromise entered into in 1916 between the Company and certain other companies and their respective stockholders and bondholders, entered into a further scheme of arrangement and compromise with certain other companies and the holders of first mortgage bonds of such companies, and provision was made for the re-arrangement of the arrears of interest accrued upon the first mortgage bonds of the Company and the said other companies.

The 1931 scheme of arrangement and compromise was ratified and confirmed by chapter 62 of the statutes of 1931.

The said chapter 62 provided that the bonded indebtedness of the Company should consist of ten million, three hundred and eight thousand, five hundred dollars (\$10,308,500) of five per cent (5%) first mortgage income debenture stock and bonds, and three hundred and eighteen thousand, eight hundred dollars (\$318,800) of second mortgage six per cent (6%) fifty-year gold bonds, and that the authorized and issued capital of the Company should be five hundred thousand dollars (\$500,000) of preferred stock divided into one hundred and twenty-five thousand (125,000) shares of the par value of four dollars (\$4) each,