

# PLAN OF REORGANIZATION

OF THE

## TOLEDO, ANN ARBOR AND NORTH MICHIGAN RAILWAY CO.

The bonded indebtedness of the road is as follows:

Grand Trunk Division,	\$1,260,000
North Michigan “	2,120,000
Mount Pleasant “	400,000
Cadillac “	1,260,000
Lake Michigan “	767,000
General Cons. 5's	1,343,000
Frankfort & S. E. “	235,000
Total	\$7,385,000

The present issue of Capital Stock amounts to, \$6,500,000

It is proposed to form a new company or companies, which shall acquire the entire railroad and property of the T., A. A. & N. M. Ry. Co., or the equivalent thereof.

It is proposed to issue the 4 per cent. 100 year coupon gold bonds of the reorganized company for an aggregate amount of 7,000,000 secured by a first mortgage upon the entire road, rolling stock and terminals.

It is proposed to create an issue of preferred stock amounting to 4,000,000  
And an issue of common stock amounting to 3,250,000

Dividends shall be paid upon the preferred stock to the exclusion of the common to the amount of 5 per cent. in any one year. Such dividends shall not be cumulative. All earnings applicable to dividends in excess of the amount so appropriated shall be applied to dividends upon the common stock.

Shares of common and preferred stock shall have equal voting power; but no additional mortgage debt shall be created nor shall there be any increase in the amount of the preferred stock, without the consent of two-thirds of both common and preferred stock.

It is proposed to give to the holders of the

Grand Trunk bonds 115 per cent. of the face of their present holdings in new 4 per cent bonds at par				and 30 per cent. of the face of their present holdings in preferred stock at par	
North Michigan	“	112	“	40	“
Mt. Pleasant	“	100	“	20	“
Cadillac	“	100	“	20	“
Lake Michigan	“	80	“	40	“
Consol 5's				130	“
Frankfort & S. E.	“	100	“	20	“

The above allotment of securities is for the principal of the bonds deposited, including all unpaid coupons.

The entire issue of common stock of the reorganized company, shall remain in the hands of the Committee until after the election of the first Board of Directors, and will then be disposed of as follows:

The holders of the present common stock will have the privilege of subscribing to one share of the common stock of the reorganized company for every two shares of the present stock held by them. The subscription price will be \$10 a share for the new common stock, and subscriptions therefor will be limited to a period of sixty days. The stock still undisposed of at the expiration of this period shall be at the disposition of the Committee.

Of the above mentioned issue of \$7,000,000 of 4 per cent. bonds there will be required

To take up Grand Trunk bonds	\$1,449,000
“ “ North Michigan “	2,374,400
“ “ Mt. Pleasant “	400,000
“ “ Cadillac “	1,260,000
“ “ Lake Michigan “	613,600
“ “ Frankfort & S.E. “	235,000
Remaining in the hands of the Committee	668,000
	<u>\$7,000,000</u>

Of the above mentioned issue of \$4,000,000 of preferred stock there will be required for

Grand Trunk bonds	\$ 378,000
North Michigan “	848,000
Mt. Pleasant “	80,000
Cadillac “	252,000
Lake Michigan “	306,800
Consol 5's	1,745,900
Frankfort & S.E. “	47,000
In the hands of the Committee	342,300
	<u>\$4,000,000</u>

The stock and bonds remaining in the hands of the Committee and the proceeds of the sale of the common stock may be used for the purchase of additional equipment, the improvement of the roadbed, the acquisition of terminals, the general expenses of the reorganization and for such other purposes as the Committee may deem expedient. The Committee will account to a Committee composed of the presidents of two New York banks or trust companies not interested in the reorganization.

Bonds of the Toledo, Ann Arbor and Grand Trunk and the Toledo, Ann Arbor and North Michigan Railway Companies, the holders of which desire to participate in the foregoing plan of reorganization, are to be deposited with the Metropolitan Trust Company of New York; bonds of the other issues above mentioned are to be deposited with the Central Trust Company of New York; such deposits must be made on or before December 1st, 1894.

The following agreement must be signed at the time of deposits. The receipts of the trust Companies for bonds so deposited will be listed on the New York Stock Exchange as soon as practicable.

**Agreement** between THE REORGANIZATION COMMITTEE and the BONDHOLDERS of the TOLEDO, ANN ARBOR AND NORTH MICHIGAN RAILWAY COMPANY.

**This Agreement**, made the twenty-fifth day of October, 1894, between AMOS F. ENO, GEORGE W. QUINTARD, J. EDWARD SIMMONS, E. K. WRIGHT, ROBERT M. GALLAWAY, R. C. MARTIN and CYRUS J. LAWRENCE, (hereinafter called "*The Committee*") parties of the first part, and

All holders of bonds of the Toledo, Ann Arbor and North Michigan Railway Company (hereinafter called "*The Railway Company*") or of bonds of other corporations which have been consolidated with or merged in the said Railway Company, or the property of which has been acquired by it, who have become or shall become parties to this agreement, either by signature or deposit, (hereinafter called "*The Depositors*," ) parties of the second part.

Witnesseth, that whereas, the foregoing plan has been proposed for the reorganization of the affairs of the Toledo, Ann Arbor and North Michigan Railway Company, and the purchase of all its property by a new corporation which is to issue its securities as consideration for the transfer of title. Now, therefore, each and every person who shall become a party hereto through the signature of this agreement or the deposit with the Central Trust Company of New York, or the Metropolitan Trust Company of New York, (hereinafter called "*The Depositaries*," ) in accordance with the provisions of this agreement, of any bonds mentioned in the foregoing plan of reorganization (being bonds of the said Railway Company, or of any companies which have been merged in it, or the property of which it has acquired) hereby promises and agrees, each for himself and not for another, to and with every other party hereto and depositor hereunder, and with the Committee and each and every other party and the Committee do reciprocally promise and agree as follows:

*Article First.* A printed copy of this agreement certified by a majority of the Committee, and lodged with the Depositaries, shall be held and taken as an original agreement, but any copy or copies thereof may be signed by any of the above recited parties, and all of the copies so signed shall be deemed and taken as constituting one original agreement.

The plan of reorganization, as above set forth, is and shall be taken as a part of this agreement, and the said plan and this agreement shall be read as a part of one and the same paper.

The term "Depositor," whenever used herein, is intended and shall be construed to include not only persons acting in their own right, but also trustees, guardians, committees, agents and all other persons acting in a representative or fiduciary capacity, and those represented or claiming under them, and partnerships, associations, joint stock companies and corporations. A deposit of bonds under this agreement shall constitute such depositor a party hereto and entitle him to the benefits hereof as fully as if such depositor had signed this agreement.

*Article Second.* The depositors hereunder, each for himself, request and authorize the Committee to carry into practical operation and fully execute this agreement, including the foregoing plan of reorganization, substantially as above set forth, with such additions, exceptions and modifications as the Committee, acting in the interests of the Depositors, shall deem to be for their best interests, such modifications, however, to be subject to the conditions and provisions hereinafter mentioned. In consideration of the assent of the members of the Committee to this request, and of their assumption of the trust hereby created or proposed, and the contemplated performance and action of the Committee hereunder, each and every Depositor does hereby appoint and constitute the Committee his Trustee and Agent to carry out and fully effectuate this agreement and the said plan of reorganization, and does hereby sell, assign, transfer and set over to the Committee, as joint tenants and not as tenants in common, and to the survivor and survivors of them, and to their successors in trust, for the purpose of this agreement, each and every bond deposited by him, as aforesaid, upon the following terms and conditions.

I. Each depositor, for himself, and not for any other depositor, to the extent of his interest in any and all deposits hereunder, hereby gives to, and vests in, the Committee all

the power and authority of an owner of the bonds deposited hereunder, and the Committee shall have general power and authority in its discretion to do any and all acts and things that may be requisite or convenient, for the purpose of protecting and enforcing the interests of the depositors and carrying into effect the foregoing plan of reorganization and the details thereof. It shall have power to pledge the bonds deposited hereunder to the extent of \$10 on each \$1,000 of bonds deposited, for the purpose of obtaining funds to defray the necessary and reasonable expenses and compensation of the Committee, except the expenses incidental to and those incurred subsequent to the foreclosure of the several mortgages now existing upon the property of the Toledo, Ann Arbor and North Michigan Railway Company.

The Committee may, if they deem it expedient, procure the above mentioned plan of reorganization to be underwritten, and may use any deposited funds and securities for that purpose.

II. The Committee shall have power to supply any defect or omission in the details of the plan of reorganization, and may modify the same in their discretion, provided any such modification shall not result in changing the amount of bonds or stock to be issued by the reorganized company; nor in changing the ratio between the number of bonds of the reorganized company to which any one of the classes of existing bonds, mentioned in said plan, would become entitled thereunder, as compared with the total number of new bonds to be issued by the reorganized company; nor in changing the ratio between the number of shares of preferred stock to which any one class of said existing bonds would become entitled under said plan, as compared with the total number of shares of preferred stock to be issued by the reorganized company.

III. The Committee may adopt their own rules of procedure and may fill vacancies in and add to their number. Any persons so becoming members of the Committee hereafter shall be deemed to be parties to this agreement, and trustees of the trusts hereby created, and vested with all power and authority as if they were originally mentioned as parties hereto. Any member, by power of attorney, may authorize any other member to vote for him or otherwise act in his behalf as a member of the Committee. The act of a majority of the committee at any meeting duly called, shall be considered the act of the committee, but no member of the committee shall be individually liable, nor liable for the act of any other member, nor for anything but his own willful misconduct, nor shall the committee or any of its members be personally responsible for the execution of the plan of reorganization, or of this agreement. Any member of the Committee may at any time resign by giving notice in writing to a majority of the remaining members, and such of the members as continue to act may release and discharge any retiring member. The Committee may act through subcommittees and may delegate any authority, discretionary or otherwise, to any subcommittee. The members of the Committee shall be paid all their expenses incurred and a reasonable compensation for their services hereunder.

IV. The Committee may pledge or sell, at public or private sale, or otherwise dispose of, any securities of the reorganized company left in their hands after the depositors shall have received all the securities to which they are entitled under the plan of reorganization. The Committee may use the securities so remaining in their hands or the proceeds thereof, or the proceeds of the sales of common stock, in the acquisition of property necessary or convenient for the operation or improvement of said railway company or any line leased or operated by it, in the construction of any line of railway which the Committee may deem it necessary to build in order to carry out the said plan of reorganization; in the settlement of any claim or claims against the said railway company or its property, in defraying the expenses of the Committee or of the reorganization, or in such other manner as the Committee may deem expedient and advisable for the purpose of carrying out the reorganization.



V. All bonds of the Toledo, Ann Arbor and Grand Trunk or the Toledo, Ann Arbor and North Michigan Railway Companies deposited with the Metropolitan Trust Company, under this agreement shall, in case the foregoing plan of reorganization be hereafter abandoned by the Committee be considered as deposited subject to the terms and conditions of a certain agreement dated August 15th, 1894, between R. C. Martin, Cyrus J. Lawrence, Simon Borg, Henry K. McHarg and James H. Oliphant and the holders of the first mortgage 6 per cent bonds of the said Toledo, Ann Arbor and Grand Trunk and Toledo, Ann Arbor and North Michigan Railway Companies; and the signature of this agreement by a depositor of any of the last mentioned classes of bonds shall be deemed to constitute a full consent to the terms of the agreement of August 15th, aforesaid, in the event that the foregoing plan be abandoned by the Committee.

In witness whereof, we have hereunto set our hands the day and year first above mentioned.

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BONDHOLDERS' AGREEMENT

AND

PLAN OF RE-ORGANIZATION

OF THE

TOLEDO, ANN ARBOR & NORTH MICH.

IGAN RAILWAY COMPANY.

REPRESENTATION	AT LARGE	AT LARGE	AT LARGE
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