

Dated the 15th day of May, 1935

*General Plan of
Consolidation and Readjustment*

—OF—

WINNIPEG ELECTRIC COMPANY

—AND—

MANITOBA POWER COMPANY LIMITED,
NORTHWESTERN POWER COMPANY LIMITED,
THE WINNIPEG, SELKIRK AND LAKE WINNIPEG RAILWAY COMPANY,
THE SUBURBAN RAPID TRANSIT COMPANY.

BLAKE, LASH, ANGLIN & CASSELS, Toronto,

Solicitors for

Bondholders' Protective Committee, Winnipeg Electric Company 6% Refunding
Mortgage Bonds, and

Bondholders' Protective Committee, Manitoba Power Company Limited First
Mortgage 5½% Sinking Fund Gold Bonds, Series A and Series B.

RALSTON, KEARNEY & DUQUET, Montreal,

Solicitors for

The Bondholders' Protective Committee, Northwestern Power Company Limited
6% First Mortgage Sinking Fund Convertible Gold Bonds, Series A.

GUY, CHAPPELL, DUVAL & McCREA, Winnipeg,

Solicitors for the above named Companies.

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WINNIPEG ELECTRIC COMPANY

WINNIPEG, MANITOBA

December 29th, 1932.

Nesbitt, Thomson & Company, Limited,
MONTREAL, Quebec.

Dear Sirs, -

Winnipeg Electric Company and its subsidiaries have for many years supplied the City of Winnipeg with power, light, gas and street railway service. Through the growth of industry in Winnipeg, and the general expansion of the City, there was a steadily increasing demand for power made upon the facilities of the Company. The rights to Great Falls were secured, and in 1921 the Manitoba Power Company, Limited, was formed to develop power at that site. This Company was controlled by Winnipeg Electric Company and financed its initial installation of 56,000 h.p. by the sale of \$7,500,000 First Mortgage 7% Bonds which were guaranteed by Winnipeg Electric Company.

The power demand continued to grow and in 1925 it became necessary to increase the installation at the Manitoba Power plant to its ultimate capacity of 168,000 h.p. In order to complete this development the original 7% Bonds were retired, and new issues totalling \$12,500,000 First Mortgage 5½% Bonds of the Manitoba Power Company were made. The new Bonds were also guaranteed by Winnipeg Electric Company.

Since 1911 Winnipeg Electric Company has been operating in competition with the municipally owned system of the Winnipeg City Hydro. Although competition was keen, demands for additional power kept increasing. In 1926 Manitoba Power Company entered into a contract to supply power to the City Hydro. This contract was for a period of nine years, commencing September 1st, 1928, on a gradually increasing scale until the delivery of 30,000 h.p. was provided for by 1930. The Company also had a contract for the sale of a substantial amount of power to Manitoba Paper Company, Limited.

In view of this contract which the City Hydro had made with Manitoba Power Company, it was understood that the Municipal system did not contemplate the early development of further power on its own behalf. In the six years, 1923 to 1928 inclusive, the average increase in the maximum load of Winnipeg Electric Company was 11.6% per annum. In the seven years ending with 1929 an average of 2,909 customers, with 20,787 h.p. connected load, were added annually, the largest increase during the period being in 1929, when 4,349 customers, having a connected load of 27,859 h.p., were added.

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WINNIPEG ELECTRIC COMPANY
WINNIPEG
CANADA

Nesbitt, Thomson & Company, Limited - 2.

December 29th, 1932.

The foregoing facts established the necessity for providing additional electrical energy to meet the increasing demands of the customers of the Company and its subsidiaries. Therefore, through its subsidiary, Northwestern Power Company, Limited, an additional site at Seven Sisters Falls, on the Winnipeg River, was acquired, and early in 1929 a power development at that site was commenced. Winnipeg Electric Company advanced over \$1,000,000 during 1929 for work in this connection. In January 1930 Northwestern Power Company, Limited, sold \$10,000,000 of 6% Bonds, guaranteed by the Winnipeg Electric Company, to provide the necessary funds to complete the initial installation of 42,000 h.p., including the cost of the power house, sub-structure for the entire development, the housing of three units, main dam, dykes, and hydraulic work for a 35 ft. head, as well as 65 miles of high-tension transmission lines to connect the plant with the terminal station of Winnipeg Electric Company.

If normal conditions had prevailed in Winnipeg, and had the load continued to increase at the rate of 11.6% annually, more than the entire installed capacity of the Northwestern Power plant would have been required during the current year. No one in 1929 could have foreseen the decline in business which has since taken place, resulting in the closing down of the plant of Manitoba Paper Company this year and restricting operations in practically all other industries.

Peak loads on the entire system controlled by Winnipeg Electric Company during the last three years have been as follows:

1929	166,000 h.p.
1930	160,000 h.p.
1931	175,000 h.p.

In November 1932 the peak load on the system amounted to 130,000 h.p., including only a negligible demand for power from Manitoba Paper Company.

For the year ended December 31st, 1929, net earnings of Winnipeg Electric Company, after all fixed charges and depreciation, amounted to \$969,000, which would have been applicable to the payment of interest on Northwestern Power Bonds under the Guarantee of Winnipeg Electric Company. The restriction in industrial activity in Winnipeg, however, has resulted in a decline in gross earnings of Winnipeg Electric Company at the rate of \$1,000,000 for the current fiscal year as compared with 1929. Furthermore, the premium required to cover payment of Bond interest in United States funds constitutes a further charge on earnings, which, at the present rate of exchange would amount to about \$100,000 annually.

Winnipeg Electric Company and subsidiary companies have made

WINNIPEG ELECTRIC COMPANY
WINNIPEG
CANADA

Nesbitt, Thomson & Company, Limited - 3.

December 29th, 1932.

and are continuing to make every effort to reduce operating expenses in order to help offset the decrease in revenue. At the same time, of course, the efficiency of the system must be upheld, and plant and equipment maintained. Through economies thus effected the Company is in an excellent position to benefit by improved business conditions in the district.

The Company's engineers estimate that the capacity of the three initial units of Northwestern Power Company could be raised to 112,500 h.p. by increasing the head at Seven Sisters Falls, which necessitates diverting the flow of the Winnipeg River from the Pinawa Channel to the main Seven Sisters Channel. This diversion would be mutually beneficial to Winnipeg Electric Company and Northwestern Power Company inasmuch as the same number of cubic feet of water per second now flowing through the Pinawa Plant of Winnipeg Electric Company and producing 30,000 h.p. will be capable of producing 52,000 h.p. under the full head at the Northwestern Power plant.

Winnipeg Electric Company is a party to the Interim License issued to Northwestern Power Company in 1928 and, prior to the sale of Northwestern Bonds, the two Companies entered into an agreement under which Winnipeg Electric Company, in consideration of relinquishing its rights to Pinawa and permitting the diversion, will accept securities of Northwestern Power Company ranking junior to the First Mortgage Bonds in such amount as might be agreed upon. In the event of failure to reach a mutually satisfactory arrangement as to the consideration, the agreement provides that compensation will be fixed by arbitration.

As shown, the Company had reached a point where if it was to continue to progress and expand with the growth of the community it was necessary to make provisions for not only a future power supply but an immediate supply and the Company was fully justified at the time in going ahead with the development; that the development is an economical one and the position the Northwestern Power Company, Limited, finds itself in at the present time in not being able to meet its bond interest is not due to any fault on the part of the Company but to conditions over which we have no control; that had the load continued to increase as it was reasonably expected it would, the Company would have been in a position to meet its obligations; that as soon as the country at large gets over the present financial depression and starts back on the road to normalcy it is reasonable to assume that the demand for power will be even greater than it was at the time that the development was started.

We have faith in the future prosperity and growth of Winnipeg. We confidently believe that with reasonable co-operation from all concerned we shall succeed in placing all our Companies in a good financial position.

Yours very truly,
EDWARD ANDERSON.
President.

EA/K.

*To the Holders of Common Shares of
Winnipeg Electric Company*

Winnipeg, Manitoba,
June 29, 1935.

Dear Sir (or Madam):

The General Plan of Consolidation and Readjustment of Winnipeg Electric Company and Manitoba Power Company, Limited, Northwestern Power Company, Limited, The Winnipeg Selkirk and Lake Winnipeg Railway Company and The Suburban Rapid Transit Company, dated May 15th, 1935, as approved by the various Bondholders' Protective Committees and by the Directors of each of the Companies, will in due course be submitted for consideration at Meetings of the various classes of holders of securities and shares affected by the Plan.

Orders of the Court of King's Bench of the Province of Manitoba have been made directing Meetings of holders of bonds and debenture stock and holders of Preferred Shares to be called.

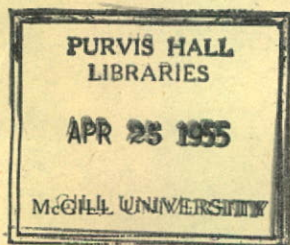
The Bondholders' Meetings are now being called but dates for the Shareholders' Meetings have not yet been finally fixed.

As soon as the date for the holding of the Meeting of Common Shareholders has been determined, due notice of the Meeting will be given.

For your information in the meantime you will find enclosed a Summary setting out the principal features of the Plan.

In case you wish to get copies of the complete detailed Plan and Memorandum, copies may be obtained on application at the office of the undersigned, 200 Electric Railway Chambers, or on application to Mr. E. G. Smith, Assistant to the President, Winnipeg Electric Company, No. 355 St. James Street, West, Montreal.

WINNIPEG ELECTRIC COMPANY,
L. PALK, Secretary.



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CHRONOLOGICAL HISTORY OF WINNIPEG ELECTRIC COMPANY

WINNIPEG ELECTRIC STREET RAILWAY COMPANY: Incorporated under Special Act of the Legislature of Manitoba 20th. April, 1892, for the purpose of constructing and operating street railways in the City of Winnipeg, the Town of St. Boniface, Rural Municipality of Assiniboia and the Parishes of St. Boniface, St. John, St. James and Kildonan, to carry on the business of producing, selling, leasing and disposing of in any manner they see fit, electric light, heat or power in any of such City, Town, or Rural Municipality and to acquire by leasing, hiring or purchasing, street railway, gas and electric lighting franchises from any other party now having or hereafter acquiring such franchises in the City or any of said adjoining municipalities. First Board of Directors:- James Ross, President, Sir. Wm. Whyte, Vice-President, Sir Wm. Mackenzie, Sir. Wm. Van Horne, Sir Donald Mann, G.H. Campbell and F. Morton Morse. G.H. Campbell was the first Manager.

In 1894 the Company bought out the Winnipeg Street Railway Company (the horse car company) which was incorporated on May 27th., 1882, and it was through that purchase that we acquired the River Park property.

On January 24th., 1898 the Company bought out the Manitoba Electric and Gas Light Company which had been incorporated in 1880 and was supplying electricity and and gas in Winnipeg. Manitoba Electric and Gas Light Company had in 1881 amalgamated with Winnipeg Gas Company, which was incorporated by Special Act of Legislature March 8th., 1873.

On June 9th., 1900 the Company bought out the North-West Electric Company Limited which had been incorporated in 1889 and which was supplying electricity in Winnipeg.

In 1902 the Winnipeg General Power Company was formed to build a water power plant on the Pinawa Channel of the Winnipeg River and on November 26th., 1904, was amalgamated with Winnipeg Electric Street Railway Company under the name "Winnipeg

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The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the differential equations of the second order. The second part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The third part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The fourth part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The fifth part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The sixth part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The seventh part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The eighth part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The ninth part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order. The tenth part of the paper is devoted to the study of the properties of the solutions of the differential equations of the second order. It is shown that the solutions of the differential equations of the second order are of great importance in the theory of the differential equations of the second order.

Electric Railway Company". This was the first step in bringing cheap power to Winnipeg.

In 1905 Winnipeg Electric Railway Company purchased the outstanding capital stock of the Suburban Rapid Transit Company which had been incorporated in the year 1902 for the purpose of supplying street railway service between the Western limits of Winnipeg and the Village of Headingly on the North side of the Assiniboine River and to supply electric light, heat and power in the same area. In 1903 these powers were extended to include the area on the South side of the River. The Suburban Rapid Transit Company, although wholly owned by Winnipeg Electric Company, is operated as a separate Company.

In 1906 Winnipeg Electric Railway Company purchased the outstanding capital stock of The Winnipeg, Selkirk & Lake Winnipeg Railway Company which was incorporated in 1900 to build and run an electric or steam railway from Winnipeg to the Town of Selkirk. This line was operated as a steam railway until 1908 when it was electrified and since 1937 has been served by buses. The Selkirk Company, although completely owned by Winnipeg Electric Company continues to furnish transportation and light and power under its own name.

In 1913 Winnipeg River Power Company was formed to develop the Great Falls Power Site and preliminary construction was commenced in April, 1914, but was stopped owing to the Great War making it impossible to finance the project. When the war was over and the need of additional power became imperative, Manitoba Power Company Limited, a subsidiary of Winnipeg Electric, incorporated in 1910, bought out the Winnipeg River Power Company and proceeded to develop Great Falls and the plant went into operation in 1923. Manitoba Power Company Limited continued to operate as a separate company until the Plan of Consolidation and Readjustment of Winnipeg Electric and its Associated companies went into effect in 1936.

On April 5th., 1924, by amendment to its Act of Incorporation the Company's name was changed to Winnipeg Electric Company.

In 1927 Northwestern Power Company Limited was formed for the purpose of developing Seven Sisters Falls and construction was commenced in 1928. The first unit was put into operation in April, 1931, for local purposes only. Northwestern Power Company Limited was amalgamated with Winnipeg Electric Company in 1936 under the Plan of Consolidation and Readjustment.

Winnipeg Electric Company has approximately 10,000 shareholders, about 30% of whom hold both Preference and Common shares. Approximately 50% of the holders of Preference shares reside in the Greater Winnipeg area. Our shareholders are scattered all over the world, including the following countries:- Canada, U.S.A., Newfoundland, British Isles, Channel Islands, British West Indies, Norway, France, Belgium, Switzerland, Austria, Italy, Greece, Fiji, Peru, New Zealand and South Africa.

Approximately 85% of our shares are held in Canada, 8% in the U.S.A. and 7% in British and Foreign Countries.

Our present directors are: W.H. Carter, Winnipeg, President, C.S. Riley, Winnipeg, Vice-President, Edward Anderson, K.C., LL.D., Winnipeg, Isaac Pitblado, K.C., LL.D., Winnipeg, H.E. Sellers, Winnipeg, Wm. Whyte, Winnipeg, R.D. Guy, K.C., Winnipeg, J.A. McPhail, K.C., Sault Ste. Marie, D.H. McDougall, Toronto, A.J. Nesbitt, Montreal, P.A. Thomson, Montreal, F.E. Kruesi, Chicago.

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January, 1946.

WINNIPEG ELECTRIC COMPANY

WINNIPEG
CANADA

April 24th., 1946.

*Letter
ack April
30/46*

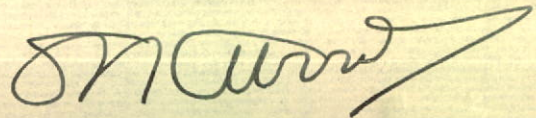
Miss Beatrice V. Simon,
Librarian of Purvis Hall,
1020 Pine Avenue West,
MONTREAL, Quebec.

Dear Madam:

In reply to your letter of April 17th,
I am sending you today by parcel post a copy of each
of our Company's annual reports for the years 1909
to 1945 inclusive. We have no reports of earlier
years.

I am attaching to this letter a type-
written chronological history of our Company which
may be of some interest, but we have no brochures
on the history and activities of the Company, nor
handbooks or other printed matter concerning
industrial relations or personnel program.

Yours truly,



S.N. CURRIE,
Secretary.

SNC/M
Att.

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Ann. Rep. 1909-1945

Typewritten History of Co.

WINNIE ELECTRIC COMPANY

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GENERAL PLAN OF CONSOLIDATION AND RE-ADJUSTMENT OF WINNIPEG ELECTRIC COMPANY (Winnipeg Electric)

—AND—

MANITOBA POWER COMPANY LIMITED (Manitoba)
NORTHWESTERN POWER COMPANY LIMITED (Northwestern)
THE WINNIPEG, SELKIRK & LAKE WINNIPEG RAILWAY COMPANY
(Selkirk)
THE SUBURBAN RAPID TRANSIT COMPANY (Suburban Rapid)

For purposes of brevity, the above mentioned Companies are sometimes referred to in this Plan by the names appearing in brackets opposite their respective names.

PART I

PROPERTIES

Winnipeg Electric Company and its subsidiaries supply electric light and power and gas and operate a traction system in the City of Winnipeg and surrounding districts. The population served is approximately 340,000.

Winnipeg Electric Company's electric plants consist of a water power development at Pinawa on the Winnipeg River with a capacity of approximately 30,000 h.p. and a steam plant with a capacity of approximately 12,000 h.p. The Company's gas plant has a capacity of 6,000,000 cubic feet per day; the gas being distributed through about 132 miles of mains. The Company's traction system has a street railway track mileage of approximately 170 miles and a bus route mileage of approximately 50 miles. The street railway franchise is exclusive in Winnipeg until 1937 and in St. Boniface until 1943, at which times the respective Cities have the right to take over the traction properties at a value determinable by arbitration, failing which the franchises are automatically renewed for further periods of five years and so on thereafter from time to time. The Company also holds franchises for railway lines in St. Vital and Fort Garry. In addition, the Company owns a modern twelve storey office building and a large amusement park.

The Company controls by majority stock ownership the following Companies, all of whose outstanding bonds it has guaranteed both as to principal and interest:

Manitoba Power Company Limited which owns and operates at Great Falls the largest completed hydro-electric power development on the Winnipeg River having a present rated capacity of 168,000 h.p., consisting of six units of 28,000 h.p. each. Under contracts with Winnipeg Electric Company and the City of Winnipeg, Manitoba Power Company Limited supplies power to Winnipeg Electric Company and the City. The average revenue for each of the last three years under the contract with Winnipeg Electric Company has been \$665,000 or approximately 55% of the gross revenue for 1934. The revenue under the contract with the City for the year 1934 was \$472,869.72 or approximately 38% of the gross revenue for the year. The contract with the City terminates on 31st August, 1939, or at the option of the City on 31st August, 1937. In view of the power production facilities now owned by the City, it is considered probable that this option will be exercised, thus eliminating further revenue from this source after 31st August, 1937.

Northwestern Power Company Limited, which owns a hydro-electric plant at Seven Sisters Falls on the Winnipeg River with a potential capacity of 225,000 h.p. upon the installation of six units. Three units of 37,500 h.p. each have been installed. The present effective capacity of these three units is limited to 60,000 h.p. until such time as additional work is done to increase and use to full advantage the available water supply, when the capacity of the three units will be increased to 112,500 h.p.

The Winnipeg, Selkirk and Lake Winnipeg Railway Company, which operates transportation services to the towns of Selkirk and Stonewall and supplies electric energy to the towns of Selkirk and Stonewall and to the municipalities of West Kildonan, Old Kildonan, East and West St. Paul, St. Andrews, St. Clements, and Rockwood.

The Suburban Rapid Transit Company, which operates transportation services and supplies electric energy in the town of Tuxedo and the municipalities of St. James, Assiniboia, and Charleswood.

PRESENT CAPITAL STRUCTURE

BONDS AND SECURITIES

Winnipeg Electric Company:

Outstanding in
hands of public

Winnipeg
1935 Bonds

FIRST REFUNDING MORTGAGE 30-YEAR 5% SINKING FUND GOLD BONDS,
matured January 1, 1935;
Secured by Trust Deed dated 2nd January, 1905, in favour of The Royal
Trust Company, Montreal, Trustee..... \$2,917,000

Interest paid to January 1, 1935.

(In addition \$2,083,000 of Bonds are held in the Sinking Fund.)

No provision is made for the exchange of these Bonds under this Plan;
it is intended that interest will be paid half-yearly until they are paid
off upon this Plan becoming operative.

Winnipeg
6% Bonds 1954
ranking pari
passu with
Winnipeg
5% Debenture
Stock, 1954

{ 6% REFUNDING MORTGAGE BONDS, maturing October 2, 1954..... 7,000,000
5% REFUNDING MORTGAGE DEBENTURE STOCK, maturing October 2, 1954
issued in Sterling, outstanding £900,000 converted at \$4.86½ to the £ 4,380,000

Secured by Trust Deeds dated 3rd March, 1909, 6th October, 1924, and
1st December, 1924, in favour of The British Empire Trust Company,
Limited, London, Trustee.

Interest on Debenture Stock paid to October 2, 1934, and on Bonds to
October 1, 1934.

In addition Winnipeg 6% Bonds 1954 to the amount of.. \$1,829,300
are hypothecated to the Company's Bankers as security
for a loan (hereinafter referred to as the Special Bank
Loan) of..... \$1,250,000

Manitoba Power Company, Limited:

Manitoba
Bonds
Series A and
Series B
ranking
pari passu

FIRST MORTGAGE 5½% SINKING FUND GOLD BONDS,
Secured by Trust Deeds dated 1st January, 1926, and 1st July, 1927, in
favour of Montreal Trust Company, Montreal, Trustee.
Series A, maturing January 1, 1951..... \$9,163,700
Series B, maturing July 1, 1952..... 2,358,000

11,521,700

(In addition, \$836,300 of Series A Bonds and \$142,000 of Series B Bonds
are held in the Sinking Funds.)

Interest paid to January 1, 1935.

Northwestern Power Company Limited:

North-
western
Bonds

6% FIRST MORTGAGE SINKING FUND CONVERTIBLE GOLD BONDS,
Secured by Trust Deeds dated 2nd January, 1930, and 14th November,
1932, in favour of The Royal Trust Company, Montreal, Trustee.
Series A, maturing January 2, 1960..... 10,000,000
Interest paid to January 2, 1932.

Arrears of interest to January 2, 1935, \$1,800,000.

SCRIP CERTIFICATES (unsecured) due January 2, 1935, covering United States
premium on Bond interest payment of January 2, 1932, aggregate
principal amount..... 44,475

(In addition \$1,000,000 of Bonds were agreed to be issued to Manitoba
Power Company Limited as collateral security with guarantee as to
principal and interest by Winnipeg Electric, but were not certified by
the Trustee.)

The Winnipeg, Selkirk & Lake Winnipeg Railway Company:

Selkirk
Bonds

5% FIRST MORTGAGE GOLD BONDS, matured July 2, 1933.
Secured by Trust Deed dated 2nd July, 1903, in favour of National Trust
Company Limited, Toronto, Trustee..... 44,500

*\$355,500 principal amount owned by Winnipeg Electric and \$350,000
thereof held by the British Empire Trust Company, Limited as
collateral security for Winnipeg 6% Bonds and 5% Debenture
Stock 1954. *355,500

Interest paid to January 2, 1933.

The Suburban Rapid Transit Company:

Suburban
Rapid Bonds

FIRST MORTGAGE 30-YEAR 5% GOLD BONDS, maturing January 31, 1938 500,000

Secured by Trust Deed dated 1st February, 1908, in favour of The Royal
Trust Company, Montreal, Trustee.

Interest paid to August 1, 1934.

*N.B.—All bonds of Manitoba, Northwestern, Selkirk, and Suburban Rapid Companies and
Scrip Certificates of Northwestern are guaranteed as to principal and interest by Winnipeg
Electric.*

SHARE CAPITAL

Number of Shares

Winnipeg Electric Company

CUMULATIVE PREFERRED SHARES—

Authorized: 50,000 7% shares of \$100 each.
and 50,000 6% shares of \$100 each.

Issued and Outstanding: \$5,000,000 fully paid of 7% Cumulative Preferred Shares 50,000

(No dividends have been paid since October 1, 1931).

COMMON SHARES—

Authorized: 500,000 shares of no par value.

Issued and Outstanding shares, fully paid..... 244,772

(No dividends have been paid since August 1, 1930.)

Manitoba Power Company Limited

COMMON SHARES—

Authorized: 200,000 shares of no par value.

Issued and Outstanding shares, fully paid:

Held by public 8,057 shares.

Held by Winnipeg Electric 141,943 shares.

150,000

(No dividends have been paid since August 1, 1930.)

Northwestern Power Company Limited

NON-CUMULATIVE PREFERRED SHARES—

Authorized: 10,000 6% shares of \$100 each.

Issued and Outstanding shares, fully paid. Held by Winnipeg Electric 10,000

(No dividends have ever been paid.)

COMMON SHARES—

Authorized: 250,000 shares of no par value.

Issued and Outstanding shares, fully paid:

Held by public 28,759 shares

Held by Winnipeg Electric 221,241 shares

250,000

(No dividends have ever been paid.)

The Winnipeg, Selkirk & Lake Winnipeg Railway Company

COMMON SHARES—

Authorized: \$500,000 divided into
1,000 shares of \$10 each and
4,900 shares of \$100 each

Issued and Outstanding shares, fully paid:

Held by Directors 6 shares of \$100 each

Held by Winnipeg Electric 1,000 shares of \$10 each

Held by Winnipeg Electric 4,894 shares of \$100 each

5,900

(No dividends have ever been paid.)

The Suburban Rapid Transit Company

COMMON SHARES—

Authorized, Issued and Outstanding, fully paid:

Held by Directors: 6 shares of \$100 each.

Held by Winnipeg Electric: 994 shares of \$100 each..... 1,000

(No dividends have ever been paid)

CAPITAL STRUCTURE OF WINNIPEG ELECTRIC COMPANY AFTER GIVING EFFECT TO THE PLAN

New First
Mortgage
Bonds

Outstanding

(a) First Mortgage Bonds

(more fully described hereinafter).

Secured by trust deed in favour of The Royal Trust Company,
Montreal, Trustee:

Authorized to an amount of \$7,500,000 in Canadian Funds;

Maturing January 2, 1960;

Interest at a rate not to exceed 5½% per annum.

To be forthwith issued bearing interest at 5% per annum payable
half-yearly.....

\$3,500,000

The balance, \$4,000,000, may, subject to the restrictions here-
inafter set out, be issued to provide for capital expenditures
made after January 2, 1935.

N.B.—The Winnipeg 1935 Bonds will have been retired.

General
Mortgage
Bonds and/or
Debenture
Stock. Col-
lectively
referred to as
such; separa-
tely referred
to as General
Mortgage
Bonds, Series
A or B, and
General
Mortgage
Debenture
Stock, Series
A or B.

(b) General Mortgage Bonds and/or Debenture Stock

(more fully described hereinafter).

Secured by trust deed in favour of The British Empire Trust
Company Limited, London, and Montreal Trust Company,
Montreal, Trustees;

Authorized to an amount of \$50,000,000 in Canadian Funds;

Maturing not earlier than January 2, 1965;

Interest not to exceed 6% per annum.

To be issued forthwith:

(1) Series A to the aggregate principal amount of \$29,275,500,
maturing January 2, 1965, interest at a fixed rate of 4%
per annum from January 2, 1935, to January 2, 1942, and
5% per annum thereafter;

(2) Series B to the aggregate principal amount of \$6,000,000,
maturing January 2, 1965, interest on an income basis
as hereinafter set out limited to 4% per annum from
January 2, 1935, to January 2, 1942, and to 5% per
annum from January 2, 1942, to January 2, 1947, and at
a fixed rate of 5% per annum thereafter;

Series A and B to be issued as follows:

	Series A	Series B
(aa) In respect of \$7,000,000 Winnipeg 6% Bonds 1954	\$7,000,000	
(bb) In respect of £900,000 Winnipeg 5% Debenture Stock 1954.....	4,380,000	
(cc) In respect of \$11,521,700 Manitoba Bonds.....	11,521,700	
(dd) In respect of \$10,000,000 Northwestern Bonds..	4,000,000	\$6,000,000
(ee) In respect of \$44,500 Selkirk Bonds.....	44,500	
(ff) In respect of \$500,000 Suburban Rapid Bonds...	500,000	
(gg) As security for Special Bank Loan.....	1,829,300	
	\$29,275,500	\$6,000,000

The balance of General Mortgage Bonds and/or Debenture
Stock, \$14,724,500, may subject to the restrictions herein-
after set out be issued to provide for capital expenditures
made after January 2, 1935.

(c) Contingent Certificates

(more fully described hereinafter).

Authorized to the face amount of \$1,921,234 in Canadian Funds;
Non-interest bearing;

Payable in whole or in part if and when the Company shall
determine, but in any event before any dividends are paid
or distribution of profits is made to shareholders; provided
that in a winding-up or other dissolution of Winnipeg Elec-
tric no amount will be payable thereon;

To be issued forthwith and at the rate of \$70 for each \$1,000
General Mortgage Bonds and/or Debenture Stock of Series
A other than Bonds pledged as collateral security for the
Special Bank Loan.....

\$1,921,234

Contingent
Certificates

**Preferred
Shares****(d) Preferred Shares**

Authorized 50,000 shares of the par value of \$100 each, carrying non-cumulative preferential dividends at the rate of 4% per annum from January 2, 1935, to January 2, 1942, and thereafter at the rate of 5% per annum; retained fully paid by present holders..... 50,000

**Common
Shares*****(e) Common Shares****Class A:**

Authorized 281,712 no par value;
Issued fully paid to present holders of bonds and debenture stock as hereinafter provided..... 281,712

Class B**Class B:**

Authorized 283,581 no par value;
Retained fully paid by existing Winnipeg Electric Common shareholders..... 244,772
Issued fully paid to:
Winnipeg Electric Preferred Shareholders.... 25,000
Manitoba Power..... 8,057
Northwestern Power..... 5,752

283,581

*(Common Shares of Class A and Class B will be equal in all respects except as to voting for the election of directors.)

NOTES.—(a) Winnipeg Electric, in addition to holding all shares of Selkirk and Suburban Rapid (other than Directors' qualifying shares), will have acquired all outstanding Bonds of these two Companies.

(b) Manitoba and Northwestern Common Shares and Northwestern Preferred Shares owned by Winnipeg Electric will have been extinguished without other shares being issued in exchange therefor.

(c) The agreement to issue \$1,000,000 Northwestern Bonds to Manitoba as collateral security will have been cancelled.

(d) The amount of the New General Mortgage Bonds and/or Debenture Stock to be presently issued may be changed to a small extent by reason of the fact that certificates for Debenture Stock will not be issued in fractions of \$1, but such fractions will be adjusted in cash.

(e) Should any of the holders of Northwestern Bonds comply with the provisions of the Guarantee and Conversion Agreement of January 2, 1930, made between Winnipeg Electric, The Royal Trust Company, Northwestern and the holders of the Northwestern Bonds, and convert the bonds held by them respectively into common shares of Winnipeg Electric, the amount of the General Mortgage Bonds and/or Debenture Stock, Series A and Series B, will be reduced and the number of common shares, Class B, will be increased accordingly.

(f) The number of Common Shares, Class B, may be reduced in the event of Winnipeg Electric acquiring further shares of Manitoba or Northwestern prior to the Plan becoming operative.

GENERAL EFFECT OF PLAN

The properties and operations of Winnipeg Electric, Manitoba and Northwestern will have been consolidated into the one Company, Winnipeg Electric (with Selkirk and Suburban Rapid as wholly owned subsidiaries), which will have outstanding the New First Mortgage Bonds, the General Mortgage Bonds and/or Debenture Stock, the Contingent Certificates and additional Common Shares (as provided herein) in lieu of (a) Winnipeg 1935 Bonds, which Winnipeg Electric will have retired, (b) Winnipeg 6% Bonds 1954, (c) Winnipeg 5% Debenture Stock 1954, (d) Manitoba Bonds, (e) Northwestern Bonds, all of which will have been cancelled, (f) Northwestern Scrip Certificates which will have been retired, and (g) Selkirk Bonds and Suburban Rapid Bonds which will have been acquired on exchange. Provision will have been made whereby the traction properties of any or all of Winnipeg Electric, Selkirk and Suburban Rapid can be transferred to a separate company or otherwise disposed of on terms that the consideration received from any such disposition will be made part of the security for the New First Mortgage Bonds and the General Mortgage Bonds, and/or Debenture Stock, all as more particularly referred to hereinafter.

Winnipeg Electric will continue to be the owner of its undertaking, property and assets and will in addition thereto have become the owner of the undertaking, property and assets of Manitoba Power and Northwestern Power, subject to all of the obligations and liabilities of the said two Companies (other than the bonded indebtedness and Scrip Certificates referred to in the last preceding paragraph) which will have been assumed by Winnipeg Electric as part of the consideration for the acquisition thereof.

The interest on the Winnipeg 6% Bonds 1954, the Winnipeg 5% Debenture Stock 1954, the Manitoba Bonds, the Suburban Rapid Bonds and the Selkirk Bonds (other than those heretofore owned by Winnipeg Electric) will have been paid in cash to the 2nd day of January, 1935; all interest and rights to interest accruing due on the foregoing Bonds and Debenture Stock and on the Northwestern Bonds from and after said date will have been cancelled. On the Northwestern Bonds all arrears of interest and on the Manitoba Bonds the Sinking Fund and Sinking and Improvement Fund payments becoming due subsequent to January 1, 1935, and on the Winnipeg Electric cumulative preferred stock the arrears of the preferential dividends will all have been released and the holders of scrip certificates of Northwestern will have become bound to surrender the same for cancellation on payment or provision for payment of twenty cents on the dollar of the face value thereof.

The total annual fixed obligations for interest and Sinking Fund will have been reduced. Winnipeg Electric with the consolidated assets as referred to above will be directly liable on the New First Mortgage Bonds and the General Mortgage Bonds and/or Debenture Stock but it will have been relieved from the guarantees given by it of the principal and interest of Manitoba Bonds, Northwestern Bonds, Selkirk Bonds, Suburban Rapid Bonds and Northwestern Scrip Certificates.

In addition, except as between Winnipeg Electric and the Selkirk and Suburban Rapid Companies respectively, there will have been an elimination of inter-company liabilities, the principal of which liabilities are as follows:—

1. (a) The sum of \$943,800 owing by Northwestern to Manitoba as of December 31st, 1934, in respect of which \$1,000,000 of Northwestern Bonds were agreed to be issued as security;
- (b) Winnipeg Electric's guarantee to Manitoba of payment of the said Northwestern indebtedness.
2. The sum of \$506,116.38 owing by Northwestern to Winnipeg Electric as of December 31st, 1934.
3. The liability of Northwestern under a certain agreement dated as of January 2, 1930 to compensate Winnipeg Electric for the cessation of diversion of water into the Pinawa Channel, such compensation to be in the form of Northwestern securities ranking junior to the Northwestern Bonds.

The various steps necessary to bring about these results are set forth below under the heading of "Conditions to be Complied with."

EXCHANGES OF PRESENT SECURITIES FOR NEW SECURITIES AND ALTERATION OF SHARE HOLDINGS WHICH WILL BECOME OBLIGATORY UPON PLAN BECOMING OPERATIVE

Exchange of Bonds, Debenture Stock, Etc.:

- | | |
|--|--|
| I. For each WINNIPEG 6% BOND 1954, inclusive of all interest and rights to interest accruing from and after January 2, 1935; | (a) GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series A, of a like principal amount, |
| | (b) COMMON SHARES, Class A, at the rate of 9 shares for each \$1,000 in principal amount of Bonds exchanged, |
| | (c) CONTINGENT CERTIFICATES at the rate of \$70 face amount of Certificates for each \$1,000 in principal amount of Bonds exchanged, and |
| | (d) CASH PAYMENT representing interest on the present 6% Bonds from 1st October, 1934, to 2nd January, 1935. |

NOTE.—In exchange for \$1,829,300 of Winnipeg 6% Bonds 1954 now held as collateral for the Special Bank Loan, no Common Shares or Contingent Certificates will be issued nor will any cash payment in respect of interest on the Bonds be made.

- | | |
|--|--|
| II. For the £900,000 WINNIPEG 5% DEBENTURE STOCK 1954, inclusive of all interest and rights to interest accruing from and after January 2, 1935, there will be available for exchange; | (a) GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series A, of the aggregate principal amount of \$4,380,000 (computed by conversion at \$4.86 $\frac{2}{3}$ to the £). |
| | (b) 30,660 COMMON SHARES, Class A (being at the rate of 7 shares for each \$1,000 in principal amount of Debenture Stock 1954), |
| | (c) CONTINGENT CERTIFICATES of the aggregate face amount of \$306,600, and |
| | (d) CASH PAYMENT representing interest on the present Debenture Stock 1954 from 2nd October, 1934, to 2nd January, 1935. |

NOTE.—In exchanging Winnipeg 5% Debenture Stock 1954 for General Mortgage Bonds and/or Debenture Stock no Bonds will be issued of a less denomination than \$100 and no Debenture Stock will be issued in fractions of \$1. All fractions of \$1 will be paid by the Company in cash in Sterling to the nearest Penny at the rate of \$4.86 $\frac{2}{3}$ to the £. In respect of the 30,660 Common Shares, Class A, there

will be issued on behalf of the Company by The British Empire Trust Company, Limited, Certificates of Interest evidencing the holder's proportionate interest therein. Contingent Certificates will be issued to the nearest cent.

Therefore individual exchanges will be carried out on the following basis:

For each £100 of Winnipeg 5% Debenture Stock 1954 the holder thereof will receive therefor;

- (a) \$486 of General Mortgage Debenture Stock, Series A, or \$400 of General Mortgage Bonds, Series A, and \$86 General Mortgage Debenture Stock, Series A,
- (b) 2s. 9d. cash representing 66 cents the fraction of \$1 resulting on conversion of pounds into dollars,
- (c) Contingent Certificates to the face amount of \$34.07,
- (d) Certificates of Interest evidencing the holder's interest in the Common Shares, Class A, to the extent of 3.407 Shares, and
- (e) £1-5-2 cash (gross) representing interest on the present Winnipeg 5% Debenture Stock 1954 from 2nd October, 1934, to 2nd January, 1935 (subject to deduction of British Income Tax).

III. For each MANITOBA BOND, inclusive of all interest and rights to interest accruing from and after January 1st, 1935;

- (a) GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series A, of a like principal amount,
- (b) COMMON SHARES, Class A, at the rate of 9 Shares for each \$1,000 in principal amount of Bonds exchanged, and
- (c) CONTINGENT CERTIFICATES at the rate of \$70 face amount of Certificates for each \$1,000 in principal amount of Bonds exchanged.

NOTE.—The interest on the Manitoba Bonds to January 1st, 1935, has been paid.

IV. For each \$1,000 principal amount of NORTHWESTERN BONDS, including conversion rights appertaining thereto and all interest and rights to interest accrued and accruing from and after January 2, 1932;

- (a) \$400 principal amount of GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series A,
- (b) \$600 principal amount of GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series B,
- (c) 8 COMMON SHARES, Class A, and
- (d) CONTINGENT CERTIFICATES of the face amount of \$28.

V. For each SELKIRK BOND (other than those owned by Winnipeg Electric), inclusive of all interest and rights to interest accruing from and after January 2, 1935;

- (a) GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series A, of a like principal amount,
- (b) COMMON SHARES, Class A, at the rate of 8 Shares for each \$1,000 in principal amount of Bonds exchanged,
- (c) CONTINGENT CERTIFICATES at the rate of \$70 face amount of Certificates for each \$1,000 in principal amount of Bonds exchanged, and
- (d) CASH PAYMENTS representing interest on the present Bonds from January 2, 1933, to January 2, 1935.

VI. For each SUBURBAN RAPID BOND, inclusive of all interest and rights to interest accruing from and after January 2, 1935;

- (a) GENERAL MORTGAGE BONDS and/or DEBENTURE STOCK, Series A, of a like principal amount,
- (b) COMMON SHARES, Class A, at the rate of 8 Shares for each \$1,000 in principal amount of Bonds exchanged,
- (c) CONTINGENT CERTIFICATES at the rate of \$70 face amount of Certificates for each \$1,000 in principal amount of Bonds exchanged, and
- (d) CASH PAYMENT representing interest on the present Bonds from 1st August, 1934, to 2nd January, 1935.

VII. For each NORTHWESTERN SCRIP CERTIFICATE, inclusive of interest thereon;

CASH PAYMENT in Canadian Funds at the rate of 20 cents for each \$1 principal amount of such Certificates.

NOTE.—In making the foregoing exchanges the present holders of Bonds will receive Bonds and the present holders of Debenture Stock will receive Debenture Stock unless such holders shall have previously notified the Company of their election to take Debenture Stock in exchange for Bonds or vice versa as the case may be as hereinbefore provided.

Exchange or Alteration of Share Holdings:

VIII. WINNIPEG ELECTRIC PREFERRED SHARES.

Holders thereof will retain their SHARES, subject to the alteration of the preference provisions attaching thereto as provided by the Plan, and will receive one-half of a COMMON SHARE, Class B, for each Preferred Share held.

IX. WINNIPEG ELECTRIC COMMON SHARES.

Holders thereof will retain their Shares as COMMON SHARES, Class B.

X. In respect of each MANITOBA COMMON SHARE (other than those held by Winnipeg Electric).

One WINNIPEG ELECTRIC COMMON SHARE, Class B.

XI. In respect of each Five NORTH-WESTERN COMMON SHARES (other than those held by Winnipeg Electric).

One WINNIPEG ELECTRIC COMMON SHARE, Class B.

NOTE.—As part consideration for the acquisition of the undertakings, properties and assets of Manitoba and Northwestern, Winnipeg Electric will issue to those Companies certain obligations of Winnipeg Electric and subsequently in exchange for such obligations a sufficient number of Common Shares, Class B, to enable those Companies, on being wound up, to distribute amongst their respective shareholders (other than Winnipeg Electric) the said Common Shares, Class B, on the basis set out in X and XI above.

Requisite Fractional Certificates will be issued as hereinafter provided.

PART II

SPECIAL BANK LOAN

As indicated above, \$1,829,300 principal amount of General Mortgage Bonds and/or Debenture Stock Series A will be issued as collateral security for the Special Bank Loan of \$1,250,000 now carrying interest at the rate of 6% per annum. Arrangements have been made whereby in the event of the Plan becoming operative the loan will carry interest at the rate of 5% per annum, payable monthly, from the 1st day of November, 1934, and the principal thereof will be repayable by yearly instalments commencing on the 1st day of November, 1935, as follows:—in the year 1935, \$100,000; in the year 1936, \$125,000; in the year 1937, \$150,000; in the year 1938, \$175,000; in the year 1939, \$200,000; in the year 1940 \$200,000; in the year 1941, \$200,000; and in the year 1942, \$100,000. It will be provided that in the event of default being made by Winnipeg Electric in payment of any interest or in payment of any instalments of principal as the same become due and payable, or should steps be taken for the enforcement of the security for the New First Mortgage Bonds and/or the General Mortgage Bonds and/or Debenture Stock by reason of default, then the principal and interest of the Special Bank Loan shall immediately become due and payable.

DESCRIPTION OF PROPOSED NEW SECURITIES

New First Mortgage Bonds

New First Mortgage Bonds to the aggregate principal amount of \$3,500,000 will be forthwith issued for the purpose of refunding as Winnipeg Electric may determine the existing 5% First Mortgage Bonds of Winnipeg Electric matured January 1, 1935, and towards defraying necessary underwriting costs and costs of the formulation and putting into force of this Plan, or for other corporate purposes. These Bonds will form part of an authorized aggregate principal amount of \$7,500,000 under the terms of and secured by a Deed of Trust and Mortgage in favour of The Royal Trust Company as Trustee, mortgaging and charging the mortgaged premises hereinafter referred to in priority to any other mortgages or charges created by Winnipeg Electric.

The remainder of the authorized principal amount of the New First Mortgage Bonds may be issued from time to time in amounts not exceeding in the aggregate seventy-five per cent. of the cost of plants, properties, permanent improvements, extensions, additions, rights of way and transmission lines (hereinafter referred to as "property additions") acquired or constructed after January 1st, 1935, and which and/or the right, title and interest of Winnipeg Electric to and/or in which under any license, lease, interim license or interim lease, final license or final lease issued by the Dominion Government or the Government of the Province of Manitoba shall be subject to a specific mortgage and charge as part of the specifically mortgaged premises in priority to any

other mortgages or charges created by Winnipeg Electric or which in the case of transmission lines shall have been so mortgaged and/or charged as between the parties whether or not the deed of trust and mortgage or any caveat in respect thereof shall have been registered as against the lands over which such transmission lines are erected or as against the chattel property comprising such transmission lines, but such property additions shall not include any property acquired by Winnipeg Electric pursuant to this Plan or any shares of stock, bonds or other securities or franchises, contracts or choses in action, or any property acquired or constructed by Winnipeg Electric for the purpose of keeping or maintaining the mortgaged premises in good and businesslike working order and condition. Provided that no bonds shall be issued at any time under the foregoing provisions on the basis of:

- (a) property additions to the extent to which the same have previously been made the basis for the issue of New First Mortgage Bonds and/or General Mortgage Bonds and/or Debenture Stock;
- (b) property additions which have previously been made the basis for the release of property under the provisions relating thereto as herein contained;
- (c) property additions acquired in substitution for any property theretofore forming part of the specifically mortgaged premises; or
- (d) property additions acquired with the cash proceeds of insurance;

and provided always that the net earnings of the Company for any period of twelve consecutive months out of the period of eighteen months immediately preceding the date of issue of any remaining bonds is at least equal to seven times the annual interest requirements of all New First Mortgage Bonds that will be outstanding after the issue of the bonds proposed to be issued. Such net earnings shall consist of the Available Income (as hereinafter defined) for such period of twelve months after adding back an amount equal to

- (a) the interest for such period on the New First Mortgage Bonds outstanding;
- (b) the fixed interest for such period on the General Mortgage Bonds and/or Debenture Stock outstanding; and
- (c) income taxes imposed on and payable by the Company during such period.

No New First Mortgage Bonds shall be sold by Winnipeg Electric unless the price or other consideration therefor has been approved by not less than two-thirds in number of the Board of Directors of Winnipeg Electric and in the case of the first issue of \$3,500,000.00 aggregate principal amount such price or other consideration is also considered by the Bank of Montreal to be fair and reasonable having regard to the class of the Bonds and the general market conditions existing at the time of sale.

The New First Mortgage Bonds may be issued in one or more Series, will be payable on January 2, 1960, and will bear interest at a rate not exceeding five and one-half per cent. per annum, payable half-yearly. All payments of principal and interest will be made only in lawful money of Canada, and may to the extent permitted by law be payable without deduction for any tax which Winnipeg Electric may be required to pay or retain therefrom under any present or future law of the Dominion of Canada or of any Province or Municipality thereof.

Sinking Fund for New First Mortgage Bonds

Provision will be made in said Deed of Trust and Mortgage for an annual sinking fund payment commencing January 2nd, 1941, in respect of the first issue of \$3,500,000 of New First Mortgage Bonds of an amount equivalent to (a) 3% of the principal amount of the said first issue of \$3,500,000 of New First Mortgage Bonds from time to time outstanding together with (b) 3% of the principal amount of the said first issue of Bonds theretofore purchased on account or by means of the Sinking Fund and together with (c) an amount equal to the interest for one year which would have been payable by the Company on all of the said first issue of Bonds theretofore purchased on account or by means of the said sinking fund had the same remained outstanding. The sinking fund payment may be made in cash or in New First Mortgage Bonds to be taken by the Trustee at par with power to the Company to anticipate payments on account of sinking fund and to obtain credit therefor in the next succeeding years. All sinking fund moneys received by the Trustee shall be applied in purchasing new First Mortgage Bonds in the market at prices not in excess of the then current purchase price thereof (as set out below) and to the extent that Bonds have not been so purchased by the Trustee the moneys available for the purpose shall after nine months from the date of the receipt of the same by the Trustee be applied in the purchase of Bonds selected by lot and called in the manner provided for redemption at such prices as may be determined but which shall not exceed the par value thereof, accrued interest thereon to the date of purchase and the following premiums on the principal amount thereof, viz:

	Premium
If purchased on or before January 2nd, 1945	2½%
If purchased thereafter but on or before January 2nd, 1955.....	1½%
If purchased thereafter but prior to maturity	1%

Provision will also be made in the said Trust Deed for an annual sinking fund in respect of any further issues of New First Mortgage Bonds, which sinking fund payments shall not commence earlier than January 2nd, 1941, and shall not be greater than: (a) 3% of the aggregate principal

amount of all such further issues which at any time prior to the date of such sinking fund payment shall have been issued irrespective of whether any Bonds of such further issues have subsequently been purchased on account or by means of such sinking fund, together with (b) an amount equal to the interest for one year which would have been payable by the Company on all Bonds of such further issues theretofore so purchased had the same remained outstanding. Further provisions similar to those outlined above in respect of the sinking fund on the said first issue of \$3,500,000 will be made respecting the sinking fund on further issues of New First Mortgage Bonds.

Redemption provisions

It will be provided in said Deed of Trust and Mortgage that the New First Mortgage Bonds will be redeemable at the option of Winnipeg Electric in whole or in part at such price as may be determined but which shall not exceed the par value thereof, accrued interest thereon to the date of redemption and a premium of not more than $2\frac{1}{2}\%$ of the par value thereof.

All New First Mortgage Bonds tendered to the Trustee for the purposes of the Sinking Fund in lieu of cash or purchased by means of the Sinking Fund or redeemed shall forthwith be cancelled.

General Terms of Deed of Trust and Mortgage

The said Deed of Trust and Mortgage will *inter alia* contain provisions for the issue of Bonds, the issuing in series, form of the Bonds, the terms for the certification of the Bonds, the registration thereof either as to principal and interest or principal only, events upon which the security shall become enforceable, acceleration of maturity upon default, waiver of default, proceedings to enforce the security, appointment of receiver, release of properties, covenants by the Company, including covenant for insurance, meetings of bondholders, the appointment of a chairman, powers exercisable by extraordinary resolution of bondholders binding on all the bondholders (the meetings to be held, the powers to be of the nature and the extraordinary resolutions to be passed and to become effective in the manner set out in the provisions as hereinafter set forth to be contained in the Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock), sinking fund, redemption of bonds, administration of the trust, protection and indemnification of the Trustee, power to amend the Trust Deed to comply with the requirements of any Stock Exchange in order to obtain quotations for the Bonds; all of which, together with such covenants, terms, provisions and conditions as may be set forth therein, will be such as the Company may agree to for the purpose of obtaining a purchaser or underwriter or making other arrangements which will ensure the refunding of the Winnipeg 1935 Bonds and shall be such as shall be approved by a Committee consisting of Messrs. Glyn Osler, D. H. McDougall, J. H. Lithgow and W. A. Walker; provided that if any of the said persons shall be unable to act the others shall have power to appoint a substitute or substitutes.

General Mortgage Bonds and/or Debenture Stock

The issue of General Mortgage Bonds and/or Debenture Stock will be authorized to an aggregate principal amount of \$50,000,000, under the terms of and secured by a Deed of Trust and Mortgage in favour of The British Empire Trust Company Limited and Montreal Trust Company, as Trustees, forming a mortgage and charge upon the Mortgaged Premises ranking next after the Deed of Trust and Mortgage securing the New First Mortgage Bonds.

The General Mortgage Bonds and/or Debenture Stock will be issued in series. There will be forthwith issued two series designated Series A and Series B respectively.

Series A to be issued forthwith

Series A will be of the aggregate principal amount of \$29,275,500 or such lesser amount as may be requisite to carry out the exchanges in this plan provided for and will be issued partly as registered Stock in multiples of \$1 and partly in Bonds in denominations of \$100, \$500 and \$1,000 payable either to the registered holders or to bearer. The Bonds and/or Debenture Stock of Series A will bear interest from and after January 2, 1935, payable half-yearly on January 2 and July 2, at the fixed rate of 4% per annum up to and including January 2, 1942, and thereafter at the fixed rate of 5% per annum; provided, however, that the first payment of interest will be made at the time of the issue of said Bonds and/or Debenture Stock pursuant to this Plan and will consist of interest for the period from January 2, 1935, to the half-yearly interest payment date last preceding the time of such issue.

Series B to be issued forthwith

Series B will be of the aggregate principal amount of \$6,000,000, will be issued only in exchange for Northwestern Bonds as in this plan provided and will be issued partly as registered Debenture Stock in multiples of \$1 and partly in Bonds in denominations of \$100, \$500 and \$1,000, payable either to the registered holders or to bearer, and will bear interest payable only out of the "Available Income" of each year (such Available Income being defined and determined as hereinafter set forth) and to the extent thereof up to the rate of 4% per annum for each of the years 1935 to 1941 both inclusive and up to the rate of 5% per annum for each of the years 1942 to 1946, both inclusive. Any interest so ascertained payable in respect of each of the said twelve years will be paid (subject to the effect of any exercise by Winnipeg Electric of the right to retain 50% of Available Income as hereinafter provided) in the next succeeding year on a day to be fixed by Winnipeg Electric but not later than June 30th therein; provided, however, that if the issue of Bonds and/or Debenture Stock of Series B pursuant to this Plan does not take place until after June 30th, 1936, then the interest (if any) in respect of the period from January 2nd, 1935, to the end of the year last preceding the time of such issue, will be paid at the time of such issue. From and after January 2nd, 1947, the said Bonds and/or Debenture Stock of Series B will bear interest at the fixed rate of 5% per annum payable half-yearly on January 2nd and July 2nd.

**Maturity and
Terms of
Payment of
Bonds and
Debenture
Stock of Series
A and B**

The Bonds and/or Debenture Stock of Series A and Series B will be dated as of the 2nd day of January, 1935, will become due and payable on the 2nd day of January, 1965, and the principal money and interest will be stated in lawful money of the Dominion of Canada.

All principal moneys and interest due in respect of Bonds and/or Debenture Stock registered on a Canadian register and in respect of unregistered bonds and interest coupons presented for payment in Canada will be paid at the face amount thereof in lawful money of the Dominion of Canada.

All principal moneys and interest due in respect of Bonds and/or Debenture Stock registered on the London Register and in respect of unregistered bonds and interest coupons presented for payment in London will be paid in Sterling, the amount of which will be determined by the conversion of the face amount payable into Sterling at the rate of exchange current between London and Winnipeg at the close of business on the day fifteen clear days prior to the due date of such principal and/or interest. All principal moneys and interest due in respect of Bonds and/or Debenture Stock registered on the New York Register and in respect of unregistered bonds and interest coupons presented for payment in New York will be paid in United States currency forming legal tender in the United States, the amount of which will be determined by the conversion of the face amount payable into said United States currency at the rate of exchange current between New York and Winnipeg at the close of business on the day fifteen clear days prior to the due date of such principal and/or interest.

Provided that if any such day fixed for the purpose of determining either or both of such rates of exchange be a Sunday, holiday or other non-business day, then the first day prior thereto which is not a Sunday, holiday or other non-business day will be the day fixed for the purpose of determining such rate or rates of exchange. A certificate in writing stating any such rate of exchange so current on any particular day, signed by a responsible officer of any chartered bank in Canada (which may be the bankers of Winnipeg Electric) shall be conclusive evidence of such rate of exchange.

By the Deed of Trust and Mortgage provision will be made to the satisfaction of the Trustees with respect to Debenture Stock Series A and Series B on the London Register whereby proof of the payment of any Canadian tax which the Company is or may be required by law to deduct at the source from interest payable to holders of such stock who are non-residents of Canada will be furnished to the paying agent for such stock in London in advance of the due date of each instalment of interest to enable application to be made to the British Treasury for authority in paying such interest to deduct the Canadian tax from the amount of the British tax payable and that failure to furnish such proof as aforesaid will constitute a default in payment of such interest.

**Description
of Balance
of Authorized
Bonds and
Debenture
Stock**

The remainder of the authorized General Mortgage Bonds and/or Debenture Stock when issued will be issued in one or more series other than Series A and Series B, and each of such Series will be designated by a distinctive letter and/or number in any manner which may be determined. Each of such other new series may in the discretion of the Company be issued as coupon bonds (registerable as to principal) or as fully registered Bonds without coupons, or as Debenture Stock or in part one and in part the other or others. Bonds and/or Debenture Stock of any new series will bear such date and mature at such dates not earlier than the 2nd day of January, 1965, bear such rate of interest not exceeding 6% per annum, be in such denominations and be redeemable at the option of Winnipeg Electric before maturity but not until the Bonds and Debenture Stock of Series A and Series B shall have been redeemed, provided that such restrictions shall not apply to the retirement of Bonds and/or Debenture Stock by the application of Sinking Fund payments. The several new series may consist of any aggregate principal amounts and may be payable as to principal and/or interest at any places and in any currencies but at rates of conversion which will not entail payment of more than the aggregate principal amount of \$50,000,000 in Canadian funds or the equivalent thereof on all General Mortgage Bonds and/or Debenture Stock at any time issued. Bonds and/or Debenture Stock of any new series may to any extent permitted by law be made payable in whole or in part as to interest without deduction for taxes payable thereon or deductible therefrom.

All General Mortgage Bonds and/or Debenture Stock of whatever series issued and certified under the said Deed of Trust and Mortgage will rank *pari passu* and be secured equally and rateably without discrimination or preference whatever may be the series, date, maturity or terms of issue thereof.

**Conditions
applicable
to issue of
Balance of
Authorized
General
Mortgage
Bonds and/or
Debenture
Stock**

The remainder of the authorized principal amount of General Mortgage Bonds and/or Debenture Stock may be issued from time to time in amounts not exceeding in the aggregate 80% of the cost of plants, properties, permanent improvements, extensions, additions and transmission lines (hereinafter referred to as "property additions") acquired or constructed after January 1, 1935, and which and/or the right, title and interest of Winnipeg Electric to and/or in which under any license, lease, interim license or interim lease, final license or final lease issued by the Dominion Government or the Government of the Province of Manitoba shall have been

subjected to the specific mortgages and charges securing the New First Mortgage Bonds and the General Mortgage Bonds and/or Debenture Stock respectively in priority to any other mortgages or charges created by Winnipeg Electric, or which in the case of transmission lines shall have been so mortgaged and/or charged as between the respective parties whether or not the deeds of trust and mortgage or any caveats in respect thereof shall have been registered as against the lands over which such transmission lines are erected or as against the chattel property comprising such transmission lines but such property additions shall not include any property acquired by Winnipeg Electric pursuant to this Plan or any shares of stock, bonds or other securities or franchises, contracts or choses in action or any property acquired or constructed by Winnipeg Electric for the purpose of keeping or maintaining the mortgaged premises in good and businesslike working order and condition, provided that no Bonds and/or Debenture Stock shall be issued at any time under the foregoing provisions on the basis of:

- (a) Property additions to the extent to which the same have previously been made the basis for the issue of New First Mortgage Bonds and/or General Mortgage Bonds and/or Debenture Stock;
- (b) Property additions which have previously been made the basis for the release of property under the provisions relating thereto as herein contained;
- (c) Property additions acquired in substitution for any property theretofore forming part of the specifically mortgaged premises;
- (d) Property additions acquired with the cash proceeds of insurance;

and provided always that the Available Income (as hereinafter defined) of the Company for any period of twelve consecutive months out of the period of eighteen months immediately preceding the date of issue of any remaining General Mortgage Bonds and/or Debenture Stock together with an amount equal to the fixed interest on all General Mortgage Bonds and/or Debenture Stock outstanding during the same period and an amount equal to income taxes imposed upon and payable by the Company during the same period is at least equal to one and one-half times the annual fixed interest requirements of all the General Mortgage Bonds and/or Debenture Stock that will be outstanding after the issue of the General Mortgage Bonds and/or Debenture Stock proposed to be issued.

No part of the remainder of the authorized principal amount of General Mortgage Bonds and/or Debenture Stock shall be sold by Winnipeg Electric unless the price or other consideration therefor has been approved by not less than two-thirds in number of the Board of Directors of Winnipeg Electric.

Sinking Fund
for General
Mortgage
Bonds and/or
Debenture
Stock

Provision will be made in the Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock for an annual Sinking Fund in respect thereof commencing on July 2, 1943, amounting to one per cent. of the principal amount of General Mortgage Bonds and Debenture Stock at any time outstanding whether or not theretofore purchased or redeemed together with an amount equal to the fixed interest requirements at the rate prevailing in the preceding year which would have been payable upon any General Mortgage Bonds and/or Debenture Stock theretofore purchased or redeemed, provided, however, that in no event shall such annual sinking fund payment exceed an amount equal to ten per cent. of the Available Income for the preceding year. The Sinking Fund may be paid wholly or partly in cash or by delivering to the Trustees General Mortgage Bonds and Debenture Stock which shall be taken by the Trustees at the cost price thereof to the Company up to but not in excess of the par value thereof and accrued interest thereon to the date of delivery. Any cash paid to the Trustees on account of the said Sinking Fund shall be applied by the Trustee in purchasing General Mortgage Bonds and Debenture Stock in the market at not exceeding par plus accrued interest to date of purchase, and to the extent that such Bonds and Debenture Stock have not been so purchased by the Trustees the moneys available for the purpose shall after nine months be applied in the purchase of such Bonds and Debenture Stock selected by lot at not exceeding par and accrued interest to date of purchase.

All cash to be applied by the Company in purchasing General Mortgage Bonds and Debenture Stock for delivery to the Trustees as Sinking Fund payments and all Sinking Fund moneys to be applied by the Trustees in the purchase of said Bonds and Debenture Stock shall before application be allocated between the several series of said Bonds and Debenture Stock in the proportion, as nearly as may be, which the principal amounts outstanding on each series at the end of the Company's last preceding fiscal year bear to each other, and the amounts so allocated shall be applied in the purchase of the series to which allocation is made. All cash so allocated to Bonds and Debenture Stock of any Series shall be further allocated and applied similarly as between the Bonds and the Debenture Stock of such series.

General
Redemption
Provisions

After all of the New First Mortgage Bonds have been paid off General Mortgage Bonds and/or Debenture Stock, Series A and Series B, will be redeemable at the option of Winnipeg Electric at any time and from time to time at par, and in the case of Bonds and Debenture Stock of Series A with accrued interest to the date of redemption, and in the case of Bonds and Debenture Stock of Series B with interest which would be payable thereon under the terms of this Plan

in respect of the earnings of Winnipeg Electric for the previous year together with any Retained Interest (as hereinafter referred to) then unpaid, or if at the time of redemption the interest on the principal of Bonds and Debenture Stock of Series B shall be on a fixed basis, then with the accrued interest to the date of redemption together with any Retained Interest unpaid. Any moneys available for the purpose of redemption of General Mortgage Bonds and/or Debenture Stock Series A and Series B shall be allocated as between Bonds and Debenture Stock of Series A on the one part and the Bonds and Debenture Stock of Series B on the other part in proportion to the respective principal amounts thereof then outstanding and the moneys so allocated shall be further allocated as between the Bonds and the Debenture Stock of each of such Series in proportion to the respective principal amounts thereof then outstanding. In the event that less than all of the Bonds and Debenture Stock of Series A and Series B at any time outstanding are to be redeemed, the Bonds and Debenture Stock respectively to be redeemed shall be selected by lot from those outstanding of the particular series.

After all Bonds and Debenture Stock of Series A and Series B have been retired the moneys available for the purpose of redemption shall be allocated as between Bonds and Debenture Stock of subsequent series in accordance with the provisions governing such subsequent series which shall have been made at the time or times of the issue thereof.

All General Mortgage Bonds and Debenture Stock tendered to the Trustees for the purposes of the Sinking Fund in lieu of cash or purchased by means of the Sinking Fund or redeemed shall forthwith be cancelled.

When General Mortgage Bonds and/or Debenture Stock of any series which may have been duly issued and at any time delivered, hypothecated, deposited, or pledged as security for any advances, are thereafter redeemed or got back by Winnipeg Electric by reason of such advances having been repaid or otherwise, then the Company may from time to time re-issue the same or any part thereof; and the same may be kept alive for the purposes of re-issue and may be re-issued either by re-issuing the same General Mortgage Bonds and/or Debenture Stock or by cancelling such redeemed Bonds and/or Debenture Stock and issuing other in their place.

The Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock may provide for maintaining registers thereof at the City of London, England, at the Borough of Manhattan, City of New York, U.S.A., at the Cities of Montreal and Toronto and such other places in Canada as the Company with the approval of the Trustees may determine, and will provide that subject to proper regulations and to payment of the expense involved, and subject to such limitations as may be imposed in respect of any issues of General Mortgage Bonds and/or Debenture Stock (other than Series A and Series B) at the time of the issue thereof Bonds or Debenture Stock on any register may be transferred by the holder thereof to any one of the other registers; Bonds of any series may be exchanged for Bonds of the same series but of different denominations; where Bonds and Debenture Stock of the same series have been issued the same shall be interchangeable insofar as authorized denominations are available; where fully registered Bonds and coupon Bonds of the same series have been issued the same shall be interchangeable.

Registers for General Mortgage Bonds and Debenture Stock, Series A and Series B, shall be maintained at London, England; Borough of Manhattan, New York, U.S.A.; Toronto and Montreal, Canada.

The Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock will in addition to dealing with the special matters herein referred to, contain provisions with respect to the form of the Bonds and Debenture Stock; the terms for the certification thereof; events upon which the security shall become enforceable; acceleration of maturity on default; waiver of default; proceedings to enforce the security; the appointment of receiver; release of properties; covenants by the Company, including covenant for insurance; meetings of bond and/or debenture stock holders; the appointment of a chairman; voting at such meetings (at which meetings each bond and/or debenture stock holder shall be entitled on a show of hands to one vote only and upon a poll to one vote in respect of every principal sum of \$1 of the bonds and/or debenture stock held by him and at which meetings votes may be given in person or by a proxy who need not be a bond and/or debenture stock holder); powers exercisable by extraordinary resolutions which may consist of any or all of the powers authorized to be exercised by extraordinary resolution under the trust deeds securing the now existing Bonds and Debenture Stock of Winnipeg Electric, Manitoba Power and North-western Power and any of them; votes requisite to pass an extraordinary resolution which shall be not less than 75% of the votes cast at a meeting at which the holders of not less than a majority in principal amount of the outstanding General Mortgage Bonds and/or Debenture Stock are present in person or represented by proxy to constitute a quorum, but with the further provision that if a quorum shall not be present within half an hour of the time fixed for the holding of the meeting, the meeting, if called upon the requisition of bondholders and/or debenture stockholders shall be dissolved, but if called by the Trustees either on their own initiative or on the requisition of the Company the meeting shall be adjourned until such time as shall be fixed by the chairman and not less than thirty days' notice of the date to

Re-Issue of
Pledged Bonds
and Debenture
Stock

Registers of
Bonds and
Debenture
Stock

General
Provisions

which such meeting is adjourned shall be given, and if at such adjourned meeting a quorum be not present the bondholders and/or debenture stock holders present or represented by proxy shall constitute a quorum for the passing of any such extraordinary resolution; administration of the trust; protection and indemnification of the Trustee; power to amend the Trust Deed to comply with the requirements of any Stock Exchange in order to obtain quotations for the Bonds and/or Debenture Stock; all of which together with such covenants, terms, provisions and conditions as may be set forth therein shall be such as Counsel may advise to be requisite or advisable for the purpose of constituting the security for the General Mortgage Bonds and/or Debenture Stock in accordance with the provisions hereof.

Inasmuch as the chief office of The British Empire Trust Company Limited, one of the Trustees under the Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock, is at the City of London, England, provision will be made in the said Deed of Trust and Mortgage as may be agreed between the Trustees for the exercise by one Trustee of the powers, authorities and discretions to be conferred upon the Trustees so far as the same relate to sales, transfers, leases or releases of or other dealings with the mortgaged premises or any part thereof and the giving of consents required to be given by the Trustees in connection with any of the matters aforesaid and whereby consents or concurrence of and communications may be made by the Trustees the one with the other by letter, telegram, cablegram, radiogram or any other means of communication ordinarily in use.

The term "Available Income" as used herein shall mean the combined gross income of Winnipeg Electric received from the operation of all its plants and properties and from all other sources whatsoever (other than dividends from subsidiaries as hereinafter provided), after deducting therefrom:—

- (a) Working, operating and administration expenses;
- (b) Reasonable and proper amounts expended upon repairs to and maintenance of plant, property and equipment;
- (c) All taxes and charges imposed upon or payable by the Company in respect of or in connection with its earnings or its property or the operation thereof;
- (d) Insurance premiums;
- (e) Rentals;
- (f) License dues and fees;
- (g) Interest on the Special Bank Loan;
- (h) Interest other than on Bonds and Debenture Stock;
- (i) Bad debts and reasonable provision for debts considered doubtful;
- (j) Depreciation at rates recognized by the Municipal and Public Utility Board of the Province of Manitoba, but in no event (subject to the following proviso) less than the said recognized rates at the date hereof, and in addition thereto the annual charge for amortization over a period of years to be determined by the Directors, of the written-down value according to the books of the Company of plant and equipment worn out or which has become unfit for further use insofar as the same has not been taken into account in the said recognized rates; provided that the amount of depreciation and/or annual amortization charge in each of the years 1935 to 1941, both inclusive, shall be fixed at the sum of \$1,000,000, together with an additional amount at rates recognized by the Municipal and Public Utility Board in respect of any plant and equipment installed after January 2nd, 1935;
- (k) Interest on the New First Mortgage Bonds;
- (l) Interest on the General Mortgage Bonds and/or Debenture Stock other than interest on Series B Bonds and/or Debenture Stock paid in respect of the years 1935 to 1946 inclusive;
- (m) Any other items of expenditure of a character usually recognized as proper expenses in the preparation of a revenue account;

(In ascertaining the "Available Income" for any fiscal year deficits arising in any previous year or years shall not be deducted).

In computing "Available Income" of Winnipeg Electric there shall be included the earnings of any subsidiary company (determined on the above basis so far as applicable) to the extent to which such earnings would have been received by Winnipeg Electric in respect of its holdings in such Company had the whole of the earnings of such subsidiary company been distributed in dividend. If any subsidiary company shall show a deficit so much of such deficit shall be included as in the opinion of the Auditors of Winnipeg Electric ought properly to be provided for by Winnipeg Electric having regard to the extent and nature of its holdings in such subsidiary company. Provided always that any dividends received by Winnipeg Electric in respect of its holdings in any subsidiary company shall be excluded in calculating available income of Winnipeg Electric. For the purposes aforesaid a subsidiary company shall be any Company in which Winnipeg Electric owns Capital Stock conferring more than 50 per cent. of the total votes conferred by the whole of the Capital Stock then in issue.

The Board of Directors of Winnipeg Electric shall within four months after the expiration of each fiscal year of the Company during the currency of the General Mortgage Bonds and/or Debenture Stock cause to be prepared and to be delivered to the Trustees a statement in writing certified to by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and verified by the auditors of the Company for the time being of the amount of the Available Income of the Company for such year, and if there is no such Available Income the auditors shall certify the amount of the deficit, and all reference herein contained to ascertaining the Available Income shall include the ascertaining of any such deficit. The Available Income for each fiscal year when so determined shall, subject to the proviso hereinafter contained, be applied by the Company in payment of interest on the Bonds and/or Debenture Stock of Series B for such fiscal year to the following extent, viz: For each of the years 1935 to 1941 inclusive up to 4% of the principal amount of the said Bonds and/or Debenture Stock outstanding and for each of the years 1942 to 1946 inclusive up to 5% of the principal amount of said Bonds and/or Debenture Stock outstanding.

Provided that for each of the years 1935 to 1946 inclusive the Directors, if they so determine, may withhold from payment or retain up to 50% of the Available Income (subject to the limitation that the aggregate of all amounts so withheld or retained in respect of the said years shall not exceed \$1,000,000). If by reason of such retention of Available Income (but not otherwise) the holders of Bonds and/or Debenture Stock of Series B do not receive interest at the rate of 4% per annum for any one or more of the years 1935 to 1941 inclusive and at the rate of 5% per annum for any one or more of the years 1942 to 1946 inclusive, the said holders shall be entitled to the deficit or deficits caused thereby. Any such deficit or deficits are herein referred to as the "Retained Interest"; the same shall not bear interest and may be paid by Winnipeg Electric at any time in whole or in part but shall in any event become due and payable when the principal of the Bonds and/or Debenture Stock of Series B becomes payable. If at any time the amount available for payment to holders of General Mortgage Bonds and/or Debenture Stock of Series B on Account of interest or on account of Retained Interest shall be less than 1% of the principal amount of said Bonds and/or Debenture Stock for the time being outstanding the Company may retain said amount but the same shall be added to and paid with the next amount or amounts so available when the total of the amounts so available shall be equal to or exceed the said 1%. Until the full amount of Retained Interest shall have been paid to the holders of Bonds and/or Debenture Stock of Series B, no payments shall be made on account of Contingent Certificates, no Contingent Certificates shall be purchased by or on behalf of Winnipeg Electric, no dividends or other distributions of profit or capital shall be paid to the shareholders of Winnipeg Electric and (except out of Sinking Fund or proceeds of the sale of the Specifically Mortgaged Premises) no General Mortgage Bonds and/or Debenture Stock shall be redeemed by Winnipeg Electric.

MORTGAGED PREMISES

The "mortgaged premises" constituting the security for the New First Mortgage Bonds and subject thereto, constituting the security for the General Mortgage Bonds and/or Debenture Stock will consist of the following:

way of a fixed and specific mortgage and

(b) all outstanding shares (other than Directors' qualifying shares) in the capital stock of Selkirk and Suburban Rapid.

2. Properties to be charged by way of a floating charge and being all the undertaking, property and assets, present and future of Winnipeg Electric (including the undertakings, properties and assets of Manitoba Power and Northwestern Power to be acquired by Winnipeg Electric) other than those properties and assets specifically mortgaged and charged.

**Provisions for
Release in
event of Sale
of Traction
Utilities.**

In addition to the general release provisions to be contained in the Deeds of Trust and Mortgage, provision will be made whereby Winnipeg Electric may sell or dispose of or cause to be sold or disposed of all or any of the traction utilities and transportation systems of Winnipeg Electric, Selkirk and Suburban Rapid. It will be provided that any such sale or disposition may be made to a company caused to be formed by Winnipeg Electric for the purpose or may be made to any other corporation, municipal or otherwise, which may desire to acquire said traction utilities and transportation systems, in any of which cases the Trustees for the New First Mortgage Bonds and the Trustees for the General Mortgage Bonds and/or Debenture Stock will respectively release such traction utilities and transportation systems and the Selkirk and Suburban Rapid Bonds from the Mortgaged Premises upon the consideration received therefor by Winnipeg Electric being made part of the Specifically Mortgaged Premises; and provided evidence shall have been submitted to the aforesaid Trustees satisfying them that the terms and conditions of the sale or other disposal of the said traction utilities and transportation systems, as well as the consideration to be received therefor, have been approved by the affirmative vote of at least two-thirds in number of the members of the Board of Directors of Winnipeg Electric. Provision will be made whereby the whole or part of such consideration may be held as part of the Specifically Mortgaged Premises or may be realized, and the cash received on any such realization together with any cash that may form part of the consideration received may be applied for the purpose of enabling Winnipeg Electric to acquire or construct property additions or to reimburse Winnipeg Electric for property additions previously acquired or constructed (all subject to the limitations, terms and conditions as hereinbefore set out governing the issue of Bonds and/or Debenture Stock on the basis of property additions) or for the application of any such cash in whole or in part on the request of Winnipeg Electric towards the redemption of its outstanding Bonds and/or Debenture Stock in the order or priority in which such Bonds and/or Debenture Stock rank upon the Mortgaged Premises.

Should any such sale or disposition be made of all or any of the several traction utilities and transportation systems of Winnipeg Electric, Selkirk and Suburban Rapid prior to the constitution of the security for the New First Mortgage Bonds and the General Mortgage Bonds and/or Debenture Stock, then the consideration received therefor will be made part of the Specifically Mortgaged Premises as hereinbefore provided and provision will be made for the application of the cash received on the realization of Bonds or other securities and of cash that may form part of the consideration in accordance with the foregoing provisions as nearly as may be.

payment shall make proper endorsement on such Certificate of the amount and date of such payment and the Certificate shall then be returned to the bearer.

If, after the Company shall have given notice of its intention to pay the face amount of all Certificates then outstanding or the balance thereof, the bearers of any of the said Certificates shall not within thirty days of the date fixed in the notice as being the first date upon which such payment will be made have presented the Certificates held by them respectively for payment and surrender, the Company shall have the right to deposit the amount so payable in respect of such Certificates to a special account with the Company's bankers in Canada as named in such notice to provide for such payment without interest to the bearers of such Certificates upon surrender of such Certificates for cancellation, with the proviso that any balance not paid out by such bankers at the expiration of three years from the date of the making of such deposit shall at that time be repaid to Winnipeg Electric, and upon such re-payment by the bankers all Certificates not theretofore presented for payment shall be null and void and the Company shall be under no obligation or liability to make any payment in respect thereof. The making of such deposit shall be considered as and deemed to be payment in full of Certificates then outstanding.

The bearer of any Certificate shall be entitled to all moneys that may become payable thereon free from any equities between the Company and the original or any intermediate bearer thereof, and the Company shall not be bound to take notice of nor shall it be in any way affected by any trust respecting the title or ownership of the Certificate or of any moneys that may have become payable thereon. The Certificate shall be negotiable and the title thereto shall pass by delivery.

Any notice to be given to the bearers of Contingent Certificates may be given by publishing the same once in one newspaper published in the City of Winnipeg, Canada; once in one newspaper published in the City of Montreal, Canada; once in one newspaper published in the City of Toronto, Canada; once in one newspaper published in the City of New York, U.S.A.; and once in one newspaper published in the City of London, England, and shall be deemed to have been given to and received by each bearer of the then outstanding certificates upon the date of the latest publication in any of the said Cities.

It will be provided in the Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock that in the event of Winnipeg Electric paying any dividends on its capital stock or making any distribution of profits to its shareholders contrary to the provisions contained in the outstanding Contingent Certificates, such action will constitute an event of default under said Deed of Trust and Mortgage making the security for the General Mortgage Bonds and/or Debenture Stock enforceable.

The obligations and liabilities of Winnipeg Electric under the Contingent Certificates will be limited to those set forth above, which will be set forth in the Certificates, and the Company will not be under any other obligation or liability for the payment of the face amount of the outstanding certificates or any part thereof.

FRACTIONAL CERTIFICATES

No fractional shares of capital stock of Winnipeg Electric will be issued. In lieu thereof there will be issued by Winnipeg Electric Fractional Certificates entitling the bearer thereof on presentation of Fractional Certificates for fractions which together constitute a whole share to a share certificate for the whole share, and to be entered on the stock book of the Company as the holder of such share.

MANAGEMENT

It is proposed that upon the Plan becoming operative 50% of the Board of Directors of Winnipeg Electric will be composed of representatives of the holders of Bonds and/or Debenture Stock (hereinafter referred to as "Bondholders' Directors"), selected and appointed in the manner hereinafter set forth, and 50% of said Board will be composed of representatives of the Shareholders (hereinafter referred to as "Shareholders' Directors") and that such division of representation on the Board shall be maintained for a period of seven years from the date upon which the Plan becomes operative.

In order to carry into effect the foregoing proposal Winnipeg Electric agrees that the Bondholders' Directors selected as hereinafter set forth will be appointed to hold office at the date upon which the Plan becomes operative.

Bondholders' Directors to hold office at the date upon which the Plan becomes operative will be selected in the following manner:

- (1) One to be selected by resolution passed by the majority of the votes cast thereon at a meeting of the holders of Winnipeg 6% Bonds 1954 and Winnipeg 5% Debenture Stock 1954, but the holders of Winnipeg 5% Debenture Stock 1954 shall not take part in such selection.

- (2) One to be selected on behalf of the holders of Winnipeg 5% Debenture Stock 1954 by The British Empire Trust Company Limited forthwith upon this Plan being approved by the said holders.
- (3) Two to be selected by resolution passed by the majority of the votes cast thereon at a meeting of the holders of Manitoba Bonds.
- (4) Two to be selected by resolution passed by the majority of the votes cast thereon at a meeting of the holders of Northwestern Bonds.

Provided that each of the said classes of bond and stock holders respectively shall have the right to select an alternative Bondholders' Director or Directors, as the case may be, to act in case any person or persons previously selected shall refuse or be unable to act as Bondholders' Director or Directors.

The Directors holding office at the date upon which the Plan becomes operative other than the "Bondholders' Directors" will be the first "Shareholders' Directors."

In order to carry into effect the foregoing proposal, Winnipeg Electric has procured the enactment of legislation enabling the Directors to take action so as to provide that during a period of seven years from the date upon which the Plan becomes operative:

- (a) the number of directors shall be twelve;
- (b) the common shares shall be divided into two classes, Class A and Class B, which shall be equal in all respects except as to voting on the election of Directors;
- (c) the Common Shares Class A shall be subject to the restriction that the holders thereof shall not vote on the election of directors;
- (d) the Bondholders' Directors (who will not be required to be Shareholders of Winnipeg Electric or the holders of any Bonds, Debenture Stock or any other securities of the Company) selected and appointed as hereinbefore set out shall be maintained in office during said period of seven years subject to the provisions for their removal and replacement as hereinafter set out;
- (e) the holders of the Preferred Shares and of the Common Shares Class B of Winnipeg Electric shall elect the Shareholders' Directors only, and
- (f) upon the expiration of said period of seven years the Common Shares, Class A and Class B, will become one class with equal voting rights.

The Bondholders' Directors selected and appointed as aforesaid shall be members of the Board of Directors for the said period of seven years. Any vacancy or vacancies occurring among the Bondholders' Directors shall be filled by a majority of the remaining Bondholders' Directors by instrument in writing filed with the Secretary of Winnipeg Electric. Two-thirds of the Bondholders' Directors may at any time by instrument in writing filed with the Secretary of Winnipeg Electric remove from office with or without cause at any time any one or more of the Bondholders' Directors, and by such instrument or any other instrument appoint another or others in his or their stead. On the expiration of the said period of seven years the Bondholders' Directors for the time being shall remain in office until the next annual meeting of the shareholders of Winnipeg Electric and until their successors are elected by the shareholders of Winnipeg Electric.

If during the said period of seven years a resolution shall be passed by the holders of the General Mortgage Bonds and/or Debenture Stock of Winnipeg Electric requiring the removal from office of any one or more of the Bondholders' Directors, then upon the Trustees under the Deed of Trust and Mortgage securing the General Mortgage Bonds and/or Debenture Stock filing a copy of such resolution with the Secretary of Winnipeg Electric, any director named in such resolution shall *ipso facto* cease to be a director, and if the bondholders by the aforesaid resolution shall have nominated any person to fill any vacancy so created or any other vacancy then any such person shall *ipso facto* be and become a director of Winnipeg Electric otherwise the vacancy shall be filled by the remaining Bondholders' Directors as herein provided.

COSTS, EXPENSES AND REMUNERATION

Winnipeg Electric will pay all costs, charges and expenses of and in connection with the preparation and settlement of the Plan and all costs, charges and expenses of carrying out and giving effect thereto. In addition, Winnipeg Electric will pay such remuneration to and expenses of Members of Protective Committees as it may agree or may have agreed to pay for or in connection with services rendered in making investigations, carrying on negotiations, and generally acting on behalf of security holders in bringing about the formulation of this Plan and the adoption thereof by Winnipeg Electric; provided that no remuneration will be paid to the members of the Northwestern Bondholders' Protective Committee constituted under the Deposit Agreement dated as of July 25th, 1932, between the Committee therein named and such

holders of Northwestern Bonds as should become parties thereto in the manner therein provided but remuneration will be paid to the members of The Northwestern Bondholders' Protective Committee appointed by extraordinary resolution of the Northwestern Bondholders on November 14th, 1932, consisting of the same members as the preceding Committee. Protective Committees for security holders shall include any of the Bondholders' or Debenture Stockholders' Protective Committees of the securities of Winnipeg Electric and any of the Companies whose shares, securities or obligations, or the holders thereof are involved in this Plan, and whether such Committees have been constituted by extraordinary resolution of bondholders or by the voluntary or informal acts of the members of the respective Committees.

Those members of the Committees referred to who represent insurance companies or investment trusts in the United Kingdom or are officers of Canadian Life Insurance Companies have given their services without remuneration.

PART III.

CONDITIONS TO BE COMPLIED WITH

Conditions.

The carrying out of this Plan is dependent upon the firm of Messrs. Blake, Lash, Anglin & Cassels as from time to time constituted (hereinafter called "the firm") delivering to Montreal Trust Company on behalf of itself and The British Empire Trust Company, Limited, their opinion that the following Conditions 1 to 18 have been complied with.

Approval of Municipal and Public Utility Board of Manitoba.

I. The giving of any approval by the Municipal and Public Utility Board of the Province of Manitoba required in connection with this Plan and the carrying out thereof, or the making of an arrangement satisfactory to the firm to obtain such approval.

Acquisition by Winnipeg Electric of Undertakings of Manitoba Power and Northwestern Power.

II. The taking of appropriate action to provide for the acquisition by Winnipeg Electric of the undertakings, properties and assets of Manitoba Power and Northwestern Power on the terms in this Plan set forth, including the obtaining of any necessary approvals of the transfer of water power licenses and land occupation licenses from Manitoba Power and Northwestern Power to Winnipeg Electric or the making of arrangements satisfactory to the firm to obtain such approvals.

Creation of Winnipeg Electric New First Mortgage Bonds.

III. The taking of appropriate action to provide for the creation and securing by Winnipeg Electric of New First Mortgage Bonds to the authorized aggregate principal amount of \$7,500,000 and the issuing of \$3,500,000 principal amount thereof as provided by this Plan, including the obtaining of any necessary approvals or consents to the mortgaging and charging of the properties to be mortgaged and charged to secure the same, or the making of arrangements satisfactory to the firm to obtain such approvals or consents, and the presentation to the firm of evidence satisfactory to the firm that arrangements have been made by Winnipeg Electric which will enable Winnipeg 1935 Bonds to receive payment of all moneys payable thereon and to be discharged.

to provide for the creation

back to the authorized aggregate

Series B thereof, as provided

consents to the mortgaging

the same, or the making of

or consents to the making of

the making of arrangements

the making of arrangements

the making of arrangements

on and securing of General
aggregate principal amount of
provided by this Plan, including
mortgaging and charging of the
the making of arrangements

Selection and Appointment of Bondholders' Directors.

XI. The selection of Bondholders' Directors as hereinbefore set out and the taking of appropriate action for their appointment as directors of Winnipeg Electric at the date upon which the Plan becomes operative.

Modification of Rights of Holders of Winnipeg 5% Debenture Stock 1954 and Winnipeg 6% Bonds 1954.

XII. The taking of appropriate action to provide for the modification of the rights of the holders of Winnipeg 5% Debenture Stock 1954 and Winnipeg 6% Bonds 1954 the required exchange of the said Debenture Stock and Bonds, the discharge of the security therefor and generally giving effect to the provisions of this Plan relating to the said Debenture Stock and Bonds.

Modification of Rights of Holders of Manitoba Bonds.

XIII. The taking of appropriate action to provide for the modification of the rights of the holders of the Manitoba Bonds, the required exchange of the said Bonds, the release of Winnipeg Electric's guarantee thereof, the discharge of the security therefor and generally giving effect to the provisions of this Plan relating to the said Bonds.

Modification of Rights of Holders of Northwestern Bonds.

XIV. The taking of appropriate action to provide for the modification of the rights of the holders of the Northwestern Bonds, the required exchange of the said Bonds, the release of Winnipeg Electric's guarantee thereof, the release of the conversion rights attached thereto, the discharge of the security therefor and generally giving effect to the provisions of this Plan relating to the said Bonds.

Compromise with holders of Northwestern Scrip Certificates.

XV. The taking of appropriate action to provide for the payment to the holders of the Northwestern Scrip Certificates of Twenty Cents on the Dollar of the principal amount thereof, the surrender of the said Scrip Certificates, the discharge of Northwestern's liability thereon and the release of Winnipeg Electric's guarantee thereof.

Exchange of Selkirk Bonds.

XVI. The taking of appropriate action to provide for the required exchange of the Selkirk Bonds (other than those owned by Winnipeg Electric) and the release of Winnipeg Electric's guarantee thereof.

Exchange of Suburban Rapid Bonds.

XVII. The taking of appropriate action to provide for the required exchange of the Suburban Rapid Bonds and the release of Winnipeg Electric's guarantee thereof.

Other Action that may be Requisite.

XVIII. The taking of such other appropriate action as the firm may consider to be requisite for the purpose of enabling this Plan to be carried out.

In giving the aforesaid opinion as to compliance with Conditions I. to XVIII. and in giving any other opinion that may be called for under or that may be given under or in connection with this Plan, the firm shall be entitled (a) to rely upon the opinion or opinions of such counsel as may be retained by themselves or by Winnipeg Electric or any of the Companies whose shares, securities or obligations or the holders thereof are involved in this Plan or such counsel as may be retained by or at the instance of or who may be approved by any of the Protective Committees acting on behalf of holders of the securities or shares of any of the said Companies, whether such Committees have been constituted by the voluntary action of bondholders, deposit of securities or by the voluntary action of the firm.

1. Properties to be mortgaged and charged by charge and being:

(a) the properties on the 2nd day of January, 1935, specifically mortgaged and charged to:—

- (1) The Royal Trust Company as security for the Winnipeg 1935 Bonds;
- (2) The British Empire Trust Company Limited, as security for the Winnipeg 6% Bonds 1954 and the Winnipeg 5% Debenture Stock 1954;
- (3) Montreal Trust Company as security for the Manitoba Bonds;
- (4) The Royal Trust Company as security for the Northwestern Bonds;

and including all the right, title and interest of Winnipeg Electric in all properties and assets (including those to be acquired from Manitoba Power and Northwestern Power) which may be held under any license, lease, interim license, interim lease, final license or final lease, issued or that may be issued by the Dominion of Canada or the Province of Manitoba, and notwithstanding that the Deed of Trust and Mortgage is not registered or registerable against any such right, title and interest, and likewise including transmission lines of Winnipeg Electric (including those to be acquired from Manitoba Power and Northwestern Power) and all right, title and interest in the same and in the lands used for the purposes thereof and in the plant, appliances and equipment used thereon or in connection therewith, and notwithstanding that the Deed of Trust and Mortgage is not registered or registerable against such transmission lines and such right, title and interest. Registration of the Deed of Trust and Mortgage or of caveats with reference thereto against any such right, title and interest as is referred to herein or against any such transmission lines, plant, appliances and equipment, need not be made by the Company provided that the Trustees may in their discretion if they so determine call upon the Company for registration against such assets in so far as such registration can be effected;

NOTE.—The Selkirk Bonds and Suburban Rapid Bonds acquired on exchange will be specifically charged as and when exchanged. The guarantee of Winnipeg Electric of the Selkirk Bonds and the Suburban Rapid Bonds will be cancelled. The date of maturity of the Selkirk Bonds and the Suburban Rapid Bonds will be extended to January 2, 1965, subject to the provision that the happening of an event of default whereby either the New First Mortgage Bonds or General Mortgage Bonds and/or Debenture Stock become payable prior to the respective maturity dates thereof the Selkirk Bonds and the Suburban Rapid Bonds will forthwith become due and payable.

NOTE.—Comp.
following classes of persons:
(a) The holders of Winni
(b) The holders of Winni

CONTINGENT CERTIFICATES

Contingent Certificates will be issued by Winnipeg Electric for an aggregate face amount of approximately \$1,921,234 in lawful money of Canada and will be distributed in accordance with the foregoing provisions hereof.

In each of these Certificates Winnipeg Electric will agree with the bearer that it will not while it is carrying on business and any of the Certificates are outstanding pay any dividends on its capital stock or make any distribution of profits to its shareholders. No interest will be payable on the said certificates or on the face amount thereof and in the event of the winding up or other dissolution of Winnipeg Electric no amount will be payable on the said certificates and the same will not rank as a liability of Winnipeg Electric.

Winnipeg Electric will have the right at any time to pay the face amount of all the outstanding certificates in full or to make payments on account thereof pro rata amongst the bearers of the certificates. Winnipeg Electric will also have the right to purchase any of the certificates at such discount as may be agreed to by the bearer thereof. Each of the said certificates will be considered as outstanding until such time as Winnipeg Electric shall have paid the face amount thereof or shall have purchased the same or until the winding up or other dissolution of Winnipeg Electric.

In the event of Winnipeg Electric determining to pay the face amount of all the Certificates outstanding and on each occasion that it may determine to make payment of a portion of the face amount of the Certificates outstanding, it shall notify the bearers of the Certificates of the amount of and date on and after which payment will be made on presentation of the Certificates at the offices of the bankers of the Company as named in the notice at London, England, and New York, U.S.A., Toronto and Montreal, Canada, and at such other places as Winnipeg Electric may determine. On payment in full of the face amount of any Certificate without interest the bearer shall surrender such Certificate to the banker paying the same for cancellation. In the event of a partial payment on account of the face amount of any Certificate the banker making such

thereon and the

Creation of
Winnipeg
Electric
General
Mortgage
Bonds and/or
Debenture
Stock.

IV. The taking of appropriate action for the creation and issue by Winnipeg Electric of Mortgage Bonds and/or Debenture Stock in the amount of \$50,000,000 and the issuing of Series A and B Bonds and the obtaining of any necessary approvals or consents of the properties to be mortgaged and charged to secure the same, satisfactory to the firm to obtain such approvals and consents.

Increase of
Capital of
Winnipeg
Electric.

V. The taking of appropriate action to provide for the increase of the Capital of Winnipeg Electric by the creation and issue of the additional Common Stock for the purposes of this Plan.

Creation of
Contingent
Certificates.

VI. The taking of appropriate action to provide for the creation and issue by Winnipeg Electric of the Contingent Certificates, as provided by this Plan.

Cash
Payments.

VII. The taking of appropriate action to ensure that funds will be available to meet the cash payments required to be made on carrying this Plan into effect.

Alteration of
Rights of
Preferred
Shares.

VIII. The taking of appropriate action to provide for the alteration of the provisions relating to the existing Preferred Shares of Winnipeg Electric as provided by this Plan.

Special Bank
Loan.

IX. Provision being made for the carrying of the Special Bank Loan on the terms provided by this Plan.

Management.

X. The taking of appropriate action for putting into effect the provisions hereinbefore set out under the heading of "Management."

...ordinary resolution
...acts of the members of
...ly upon agreements or undertakings
...nker, Government official, Court officer
...the firm consider may be relied upon)
...carried out in connection with the carrying out of
...circumstances then existing in the opinion of the firm
...until a later date.

- ...going conditions will *inter alia* necessitate the holding of meetings of the
...purpose of considering the Plan and taking action in connection therewith:
...Winnipeg 5% Debenture Stock 1954 and Winnipeg 6% Bonds 1954;
...holders of Manitoba Bonds;
(c) The holders of Northwestern Bonds and Northwestern Scrip Certificates;
(d) The holders of Selkirk Bonds;
(e) The holders of Suburban Rapid Bonds;
(f) The Preferred Shareholders of Winnipeg Electric;
(g) The Common Shareholders of Winnipeg Electric;
(h) The Common Shareholders of Manitoba Power;
(i) The Common Shareholders of Northwestern Power.

It is intended that in carrying out the Plan advantage will be taken of all or any powers conferred upon security holders and/or shareholders. Proceedings will therefore, where practicable, be instituted to obtain the necessary sanctions by means of agreements to Schemes of Arrangement under the Companies Act of the Province of Manitoba and/or under the Companies Creditors' Arrangement Act of the Dominion of Canada, as well as by extraordinary resolutions under the appropriate Trust Deeds, and notwithstanding that the necessary vote may not be obtained in any one or more of such proceedings the other proceeding or proceedings will be acted upon to the extent that the firm may advise the same to be sufficient. The majorities required for the purpose of taking effective action under the two Acts mentioned above are less than those required under the Trust Deeds securing the Winnipeg 5% Debenture Stock 1954, the Winnipeg 6% Bonds 1954, the Manitoba Bonds and the Northwestern Bonds but, on the other hand, the sanction of the Court must be obtained in the case of proceedings under either of such statutes although not required in the case of extraordinary resolutions under the Trust Deeds.

TIME FOR COMPLIANCE WITH CONDITIONS

This General Plan of Consolidation and Readjustment shall become void and of no effect unless the said opinion as to compliance with the said Conditions I. to XVIII. inclusive shall have been delivered on or before the 30th day of April, 1936, provided that if on the 30th day of April, 1936, the said opinion shall not have been delivered and the non-compliance with such of the aforesaid Conditions I. to XVIII. inclusive as shall not then have been complied with is due to one or more of the following causes, viz:

Cause A: Failure to obtain any requisite quorum for some one or more meetings of bondholders and/or debenture stockholders which meeting or meetings then stands or stand adjourned;

Cause B: The fact that the court proceedings in some one or more of the applications made in order to comply with the aforesaid conditions have not been finally determined;

then the time fixed for delivery of the said opinion shall *ipso facto* be extended to the 31st day of December, 1936, and a notice of such extension shall be forthwith published by Montreal Trust Company once in one newspaper published in the City of Winnipeg, Canada, once in one newspaper published in the City of Montreal, Canada; once in one newspaper published in the City of Toronto, Canada; once in one newspaper published in the Borough of Manhattan, City of New York, U.S.A.; and by The British Empire Trust Company Limited, once in one newspaper published in the City of London, England; And further provided that if the time for delivery of the said opinion shall have been so extended to the 31st day of December, 1936, and if on the 31st day of December, 1936, the said opinion shall not have been delivered and the non-compliance with such of the aforesaid conditions as shall not then have been complied with is due to Cause B aforesaid then the date fixed for delivery of the said opinion shall *ipso facto* be further extended until the expiration of six weeks from the date of final determination of such court proceedings. Upon the time for delivery of the said opinion being so further extended Montreal Trust Company and The British Empire Trust Company Limited shall forthwith publish notices of such extension in the same manner as notices are required to be published in the event of an extension of time to 31st December, 1936. The opinion or opinions, as the case may be, of the firm delivered in writing to Montreal Trust Company on behalf of itself and The British Empire Trust Company Limited that

1. The non-compliance on the 30th day of April, 1936, with such of the said conditions as had not in their opinion then been complied with was due to Cause A and/or Cause B aforesaid; or
2. The non-compliance on the 31st day of December, 1936, with such of the aforesaid conditions as had not in their opinion then been complied with was due to Cause B aforesaid; or
3. Any court proceedings have been finally determined on the date mentioned in any such opinion;

shall be conclusive evidence of the respective matters referred to in such opinion or opinions as the case may be. For the purposes of this paragraph and of the giving of any such opinion, any court proceedings shall be deemed to have been finally determined and the firm shall be entitled in giving any such opinion to consider such court proceedings to have been finally determined

- (a) If the court in which such proceedings are launched shall have given judgment or made an order determining the rights of the parties to such proceedings and the time within which an appeal may be taken or an application brought for leave to appeal from such judgment or order has expired without notice of appeal therefrom or of an application for leave to appeal therefrom being given; or
- (b) In the event of an appeal or appeals being taken from the court of first instance then if the Appellate Court or Courts, as the case may be, shall have given judgment or made an order determining the rights of the parties and the time within which any further appeal may be taken or an application brought for leave to take such further appeal has expired without notice of appeal therefrom or of an application for leave to appeal therefrom being given; provided that if such judgment or order is appealable to His Majesty in His Privy Council and a period of ninety days has expired from the date of such judgment or order without notice of appeal or of an application for special leave to appeal to His Majesty in His Privy Council being given then the time within which such notice of appeal or of application for leave to appeal might be given shall be deemed to have expired; or
- (c) In the event of an appeal being taken to His Majesty in His Privy Council then upon His Majesty making an order-in-council finally determining the rights of the parties thereto.

TIME WHEN PLAN BECOMES OPERATIVE

So soon within the time limited aforesaid as the aforesaid opinion as to compliance with the foregoing Conditions I. to XVIII. inclusive shall have been delivered, the Plan shall become operative and thereupon Montreal Trust Company shall advertise notice to that effect once in one newspaper published in the City of Winnipeg, Canada; once in one newspaper published in the City of Montreal, Canada; once in one newspaper published in the City of Toronto, Canada; once in one newspaper published in the Borough of Manhattan, City of New York, U.S.A.; and The British Empire Trust Company Limited shall advertise notice to that effect once in one newspaper published in the City of London, England.

CLOSING AND EXCHANGE OF SECURITIES

So soon as this Plan shall have become operative all companies and persons affected thereby shall be bound thereby and required to give effect thereto and steps shall be taken by Winnipeg Electric and each of the Companies involved in this Plan to carry out all the terms and provisions of the Plan so far as the same shall not theretofore have been performed in order to give effect to the provisions hereinbefore set forth under the heading of "Exchanges of Present Securities for New Securities and Alteration of Shareholdings which will become obligatory upon Plan becoming Operative."

The Trust Companies referred to in this Plan and all other persons, firms or corporation involved in the carrying out of this Plan, shall execute, do and concur in any and all conveyances, transfers, assignments, discharges, releases and other documents, acts and things, the execution or doing of which shall, in the opinion of the firm be requisite or advisable for the purpose of carrying out this Plan, and any such trust company, person, firm or corporation shall be entitled to rely upon and be fully protected in acting upon any such opinion.

So soon as the firm shall consider that all parties concerned are in a position to close the various transactions contemplated by the Plan they shall in such manner as they see fit notify all parties concerned of the time and place for closing and at such time and place all parties concerned shall by themselves or their duly authorized representatives meet and close all such transactions and upon the completion of such closing the firm shall deliver to Montreal Trust Company on behalf of itself and The British Empire Trust Company Limited an opinion (which is hereinafter referred to as "the final opinion") which opinion shall be conclusive evidence of the completion of the closing of the transactions contemplated by the Plan. The said final opinion shall be to the effect that:

- (a) The security for the Winnipeg 1935 Bonds has been discharged or provision made therefor.
- (b) The security for the new First Mortgage Bonds of Winnipeg Electric has been created and constituted in accordance with the provisions of the Plan, subject only to the security for the Winnipeg 1935 Bonds if the same shall not then have actually been discharged.
- (c) The General Mortgage Bonds and/or Debenture Stock have been created, constituted and secured in accordance with the provisions of the Plan, subject only to the security for the Winnipeg 1935 Bonds if the same shall not then have actually been discharged, and that Interim Scrip for Bonds and/or Debenture Stock Certificates to the full amount required for making the exchanges provided for by the Plan have been issued and delivered to the Trust Companies respectively concerned or that irrevocable authority to the satisfaction of the firm has been given to the registrars and/or trustees to issue and certify such Bonds and/or Debenture Stock.
- (d) Arrangements have been made to issue the Common Shares Class A required to be issued in accordance with the Plan and to enable The British Empire Trust Company Limited to issue on behalf of Winnipeg Electric the certificates of interest in 30,660 Common shares Class A as hereinbefore mentioned.
- (e) Contingent Certificates have been created in accordance with the Plan and Interim Certificates for the full amount required for making the exchanges provided for by the Plan have been issued and delivered to the appropriate Trust Companies respectively concerned.
- (f) Arrangements have been made to enable delivery to be made of the Common Shares Class B to Preferred Shareholders of Winnipeg Electric and to Manitoba Power and Northwestern Power.

In giving such opinion the firm shall be entitled to rely upon any opinion or opinions of and to accept and rely upon any agreements or undertakings in respect of the same or similar matters and to the same extent as they may be entitled to rely upon in giving their opinion as to the compliance with the conditions to be complied with as hereinbefore provided. The

Plan being one for the consolidation and readjustment of Winnipeg Electric and its Affiliated Companies as referred to in the Plan, the firm in expressing any such opinion as to the constitution and securing of the New First Mortgage Bonds and the General Mortgage Bonds and/or Debenture Stock shall be entitled to assume that at the time when the mortgaged premises and every portion thereof were or was specifically mortgaged and charged to:—

- (1) The Royal Trust Company as security for the Winnipeg 1935 Bonds;
- (2) The British Empire Trust Company Limited as security for the Winnipeg 6% Bonds 1954 and the Winnipeg 5% Debenture Stock 1954;
- (3) Montreal Trust Company as security for the Manitoba Bonds;
- (4) The Royal Trust Company as security for the Northwestern Bonds;

the company specifically mortgaging and charging the same had good title thereto or as to property subsequently acquired that the company obtained good title thereto on acquisition thereof. The firm shall not be required to investigate or cause to be investigated the title to the mortgaged premises or to any part thereof prior to the time when the same were or was so mortgaged or charged as security as aforesaid or the time when the same were or was acquired by the respective companies as the case may be or to make any investigations as to the payment of taxes, assessments, rates or any other statutory or municipal tax or charge, and they shall not in any event be required to investigate or cause to be investigated the title to any portion of the mortgaged premises not mortgaged and charged by way of specific mortgage and charge, nor shall the firm be required to investigate or cause to be investigated the right, title and interest of Winnipeg Electric in the properties and assets (including those to be acquired from Manitoba Power and Northwestern Power) which may be held under any license, lease, interim license, interim lease, final license or final lease, issued or that may be issued by the Dominion of Canada or the Province of Manitoba nor shall they be required to investigate the title to the transmission lines or the right, title and interest therein and in the lands used for the purposes thereof and in the plant, appliances and equipment used thereon or in connection therewith. If notwithstanding such assumption as to title as aforesaid and such relief from the necessity of investigating title or causing title to be investigated, the firm shall not be satisfied as to the title to any portion or portions of the mortgaged premises specifically mortgaged and charged, then upon receipt of a certificate signed by the President or a Vice-President together with the Chief Engineer or Assistant Chief Engineer of the Company certifying that the property or properties the title to which is in the opinion of the firm defective is not essential to the operation of the undertaking of Winnipeg Electric and could be released from the specific mortgage and charge without substantially impairing the security for the New First Mortgage Bonds and the General Mortgage Bonds and/or Debenture Stock, then the firm shall not be required to report such title as defective but may treat such property or properties as if it or they was or were not included in the specific mortgage and charge but covered only by the floating charge.

Winnipeg Electric shall have power to make regulations subject to the approval of the firm as to the manner and time for carrying out the exchanges provided for by the Plan. So soon after completion of the closing of the transactions contemplated by the Plan as Bonds, Debenture Stock Certificates, Contingent Certificates and Share Certificates in final and definitive form have been made available to the respective Trust Companies for the purpose of making the said exchanges, notice shall be published stating that the said exchanges can then be carried out, the place or places where such exchanges can be made or effected, the regulations relating thereto and the place or places where any requisite forms can be obtained. Such notice shall be published by Montreal Trust Company once in one newspaper published in the City of Winnipeg, Canada, once in one newspaper published in the City of Montreal, Canada, once in one newspaper published in the City of Toronto, Canada, once in one newspaper published in the Borough of Manhattan, City of New York, U.S.A., and by The British Empire Trust Company, Limited, once in one newspaper published in the City of London, England.

Dated the 15th day of May, 1935.

