

CANADA CEMENT COMPANY, LIMITED

PHILLIPS SQUARE,
MONTREAL 2, QUE.

June 25, 1946.

TO THE PREFERENCE AND COMMON SHAREHOLDERS OF
CANADA CEMENT COMPANY, LIMITED:

Accompanying this letter are the following:—

1. A Compromise or Arrangement proposed between this Company and its Preference and Common Shareholders;
2. A Notice of a Special General Meeting of such Shareholders to be held for the purpose of considering and, if thought fit, agreeing to this Compromise or Arrangement; and
3. A form of Proxy for use in relation to this meeting.

This meeting is being called under direction of a Judge pursuant to the relevant requirements of the Dominion Companies' Act.

The proposed Compromise or Arrangement, which I shall refer to simply as the "Plan", has received the unanimous approval of your Directors.

The Plan provides for the subdivision of each and all of the $6\frac{1}{2}\%$ Sinking Fund Cumulative Preference Shares of the par value of \$100 each of this Company into 5 Cumulative Redeemable Preference Shares of the par value of \$20 each. The dividend on the subdivided Preference Shares will be maintained at the present annual rate of $6\frac{1}{2}\%$, and the holders of the subdivided shares will, therefore, be entitled to receive annual cumulative preferential dividends of \$1.30 per share.

The redemption premium on the subdivided Preference Shares will be increased from 10% to 50%, with the result that these shares will be redeemable only on payment of \$30 per share, being \$10 over their par value. The provisions in the Company's charter relating to a sinking fund for use in redeeming Preference Shares will be eliminated.

Other changes of a minor character are involved in the Plan, and you are referred to the accompanying Compromise or Arrangement for details of these.

It goes without saying that any plan of this character must be satisfactory to the Shareholders of both classes. The present Plan is believed to be mutually acceptable.

So far as the Preference Shareholders are concerned, their investment in this Company will be maintained at a favourable rate of dividend return, and provision has been made to ensure that this investment cannot be retired by the Company upon redemption for materially less than would be payable at the present time upon the redemption of the outstanding Preference Shares. This is being accomplished by increasing the redemption premium upon the

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subdivided Preference Shares by an amount substantially equivalent, when related to the existing Preference Shares, to the accrued unpaid dividends on such shares. The retirement upon redemption of the presently outstanding Preference Shares would involve the payment by this Company, exclusive of the dividend instalment currently accruing up to the date of redemption, of \$150.25 per share, made up of \$100 capital, \$10 premium and \$40.25 accumulated unpaid dividends. The redemption of the subdivided Preference Shares, exclusive of accruing current dividend, would involve payment of \$30 each, made up of \$20 capital and \$10 premium, or an amount equivalent to \$150 for each existing Preference Share.

Based on their redemption price, the annual dividend yield basis on the subdivided Preference Shares will be $4\frac{1}{3}\%$ and will, of course, represent an annual yield basis of $6\frac{1}{2}\%$ on the amount originally invested in these shares.

This subdivision of Preference Shares should operate to create a much wider market than the Preference Shareholders have heretofore enjoyed, as it is believed that the subdivided shares will appeal strongly to investors generally. Recent market action of the Preference Shares confirms this belief.

So far as the Common Shareholders are concerned, the Plan involves no reduction of the annual prior dividend claims of the Preference Shareholders, but does eliminate accumulated Preference dividend arrears. It is possible that a plan could have been evolved under which the present Preference Shares would have been retired, the moneys needed for that purpose being obtained through the sale of a new Preferred Stock issue, but it is doubtful if sufficient saving would have been effected to make any material difference to the Common Shareholders.

Your Directors feel that, unless it would be distinctly to the financial advantage of the Common Shareholders to retire the presently outstanding Preference Shares, the Company should not disturb the investment in this Company of the present Preference Shareholders.

Coming back to the Preference Shareholders, they will realize that, if a complete re-financing of the Preference Share position were effected, individual Preference Shareholders would have been subject to income tax on one-third of the redemption price of \$150.25 per share payable to them.

The Company has been advised that no income tax liability will be incurred by the Company or by its Preference Shareholders through the carrying into effect of this Plan. Of course, this opinion does not preclude the taxability of the redemption premium received by the Preference Shareholders upon redemption of their subdivided Preference Shares if such premium be taxable under the laws as they exist at the time of such redemption.

Your Directors strongly recommend that this proposed Compromise or Arrangement be agreed to by Shareholders of both classes.

On behalf of the Directors.

J. D. JOHNSON,
President.

CANADA CEMENT COMPANY, LIMITED

NOTICE OF MEETING OF SHAREHOLDERS

IN THE MATTER OF a Compromise or Arrangement between CANADA CEMENT COMPANY, LIMITED, and the holders of its Preference shares and Common shares under Section 122 of The Companies Act, 1934, of Canada.

To the Shareholders of CANADA CEMENT COMPANY, LIMITED.

NOTICE IS HEREBY GIVEN that by an Order dated the 19th day of June, 1946, the Honourable Mr. Justice Louis Boyer of the Superior Court of the District of Montreal, in the Province of Quebec, has ordered that a Special General Meeting of the Shareholders of Canada Cement Company, Limited, (herein referred to as the "Company") be summoned for the purpose of considering and, if thought fit, agreeing to (with or without alteration or modification) a Compromise or Arrangement proposed between the Company and its Shareholders dated the 3rd day of June, 1946.

The said meeting will be held on Wednesday, the 21st day of August, 1946, in the Assembly Room on the Third Floor of The Royal Bank Building, 360 St. James Street, West, in the City of Montreal, Canada, at 11.00 o'clock of the forenoon, at which time and place all the Shareholders of the Company are requested to attend.

A copy of said Compromise or Arrangement is enclosed.

Shareholders may attend the meeting and vote thereat either personally or by proxy.

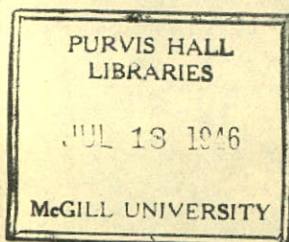
A form of instrument of proxy for use at the meeting is enclosed.

The above mentioned Compromise or Arrangement, either as proposed or as altered at the meeting, will be subject to the sanction of a Judge of the said Court and confirmation by Supplementary Letters Patent.

DATED at Montreal, Canada, this 25th day of June, 1946.

BY ORDER OF THE JUDGE.

G. A. RUSSELL,
Secretary.



CANADA CEMENT COMPANY, LIMITED

NOTICE OF MEETING OF SHAREHOLDERS

IN THE MATTER OF a Compromise or Arrangement between CANADA CEMENT COMPANY, LIMITED, and the holders of its Preference Shares and Common Shares under Section 122 of the Companies Act, 1934 of Canada.

To the Shareholders of CANADA CEMENT COMPANY, LIMITED.

NOTICE IS HEREBY GIVEN that by an Order made on the 19th day of June, 1934, the Honourable Mr. Justice Louis Boucher of the Superior Court of the Province of Quebec has ordered that a Special General Meeting of the Shareholders of Canada Cement Company, Limited (hereinafter referred to as the "Company") be summoned for the purpose of considering and, if thought fit, agreeing to (with or without alteration or modification) a Compromise or Arrangement proposed between the Company and its Shareholders dated the 3rd day of June, 1934.

The said meeting will be held on Wednesday, the 11th day of August, 1934, in the Assembly Room on the Third Floor of the Royal Bank Building, 360 St. James Street West in the City of Montreal, Canada, at 11:00 o'clock of the forenoon, at which time and place all the Shareholders of the Company are requested to attend.

A copy of said Compromise or Arrangement is enclosed.

Shareholders may attend the meeting and vote either personally or by proxy.

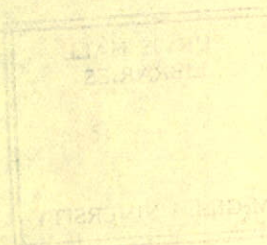
A formal statement of proxy for the meeting is enclosed.

The above mentioned Compromise or Arrangement, either as proposed or as altered at the meeting, will be subject to the sanction of a Judge of the said Court and confirmed by supplementary Letters Patent.

DATED at Montreal, Canada, this 15th day of June, 1934.

BY ORDER OF THE JUDGE

G. A. RUSSELL
Solicitor



CANADA CEMENT COMPANY, LIMITED

COMPROMISE OR ARRANGEMENT

under Section 122 of The Companies Act, 1934, dated the third day of June, 1946.

BETWEEN:

CANADA CEMENT COMPANY, LIMITED,

and

The holders of its 6½% Sinking Fund Cumulative Preference Shares of the par value of \$100 each and its Common Shares without nominal or par value.

ARTICLE I

The word "Company" wherever used herein means Canada Cement Company, Limited, incorporated under Part I of The Companies Act of Canada by Letters Patent dated October 22nd, 1927, amended by Supplementary Letters Patent dated October 29th, 1927, and November 17th, 1927, respectively, and having its head office and principal place of business in the City of Montreal, in the Province of Quebec.

ARTICLE II

The authorized and presently outstanding share capital of the Company is as follows:

	<i>Authorized</i>	<i>Outstanding</i>
6½% Sinking Fund Cumulative Preference Shares of the par value of \$100 each.....	250,000 shares	*200,869 shares
Common Shares without nominal or par value.....	750,000 shares	600,000 shares

*9,131 additional shares of said 6½% Sinking Fund Cumulative Preference Shares of the Company were previously outstanding but were retired by the Company in the exercise of its redemption rights. Under the provisions hereinafter mentioned relating to such Preference Shares, said 9,131 shares may not be reissued by the Company.

Unpaid accumulated Preferential Dividends on said presently outstanding Preference Shares aggregate \$40.25 per share.

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ARTICLE III

COMPROMISE OR ARRANGEMENT OF THE RIGHTS OF THE HOLDERS OF PREFERENCE SHARES OF THE COMPANY.

Upon this Compromise or Arrangement becoming effective:—

1. Each of the 6½% Sinking Fund Cumulative Preference Shares of the Company, whether issued or unissued, (exclusive only of 9,131 shares which were issued but are not now outstanding and may not be reissued) shall be and become subdivided into Five (5) Preference Shares of the par value of Twenty dollars (\$20) each which shall be designated "Cumulative Redeemable Preference Shares", and the characteristics and attributes of such Preference Shares of Twenty dollars (\$20) par value of the Company shall be as stated in the provisions relating to the Preference Shares of the Company which are contained in the Supplementary Letters Patent of the Company dated November 17th, 1927, subject to the following changes and modifications of such provisions, namely:—

(a) The first sentence of the paragraph numbered 5 thereof, relating to the redemption price of the Preference Shares, shall be amended to read as follows:—

"The Company shall also have the right, at its option, at any time and from time to time, upon resolution of the Directors, to redeem the whole or any part of the Preference Shares at par plus a premium of Ten dollars (\$10) per share together with accrued and unpaid dividends to the date of redemption, upon sixty (60) days notice by mail or publication, or both, if the Directors deem expedient, to the registered holders thereof and in such manner as prescribed by resolution of the Directors."

(b) The paragraph numbered 6 of said provisions providing for the creation and application of a sinking fund for redemption of the Preference Shares out of the net earnings of the Company shall be deleted.

(c) The last sentence of the paragraph numbered 1 thereof reading as follows:—

"The dividends upon the Preference Shares shall be payable according to the place at which the shares are registered in Canadian funds in the Cities of Montreal, or Toronto, or, if a New York Registrar be appointed by the Company, in United States funds in New York City", shall be replaced by the following sentence:—

"The dividends upon the Preference Shares shall be payable according to the place at which the shares are registered in Canadian funds in the Cities of Montreal or Toronto or in any other place or places, if any, where a Registrar may be appointed by the Company."

(d) The concluding words of the first sentence of the paragraph numbered 2 thereof reading as follows:—"or such Preference Shares may be registered with such other Registrar, if any, as the Company may, at its option, appoint for that purpose in the City of New York", shall be replaced by the following:—

"or such Preference Shares may be registered with such other Registrar or Registrars, if any, as the Company may at its option appoint for that purpose in any other place or places in Canada."

(e) The fifth sentence of the paragraph numbered 5 thereof shall be amended by deleting therefrom the words:—"or United States funds, as the case may be,".

2. The unpaid cumulative dividends on the Preference Shares, amounting to Forty dollars and twenty-five cents (\$40.25) per 6½% Sinking Fund Cumulative Preference Share, shall be extinguished, and any and all rights, present or future, of the holders of the Preference Shares to receive such dividends or any payment or consideration whatsoever in respect thereof, whether by way of dividend or on redemption or on liquidation, dissolution or winding-up of the Company or on any distribution of capital, surplus or profits or other assets of the Company among Shareholders or otherwise and all right of voting by virtue of non-payment of such unpaid dividends or any part thereof shall be terminated.

3. The presently outstanding share capital of the Company shall consist of the following:—

Cumulative Redeemable Preference Shares of the par value of \$20 each, carrying annual dividends at the rate of \$1.30 per share. . . .	1,004,345 shares
Common Shares without nominal or par value.	600,000 shares

ARTICLE IV

ISSUE AND DELIVERY OF NEW CERTIFICATES

Certificates representing the Cumulative Redeemable Preference Shares of the Company as constituted by virtue of the subdivision thereof and by virtue of the changes and modifications in said provisions pertaining thereto which are effected and made by this Compromise or Arrangement shall be prepared and issued by the Company as soon as reasonably possible after this Compromise or Arrangement shall have become effective and shall be delivered from time to time at the office of the Company or, at the option of the Company, at the offices of its transfer agent in Montreal and Toronto upon surrender of the certificates representing the 6½% Sinking Fund Cumulative Preference Shares of the par value of \$100 each held by the holders thereof respectively.

ARTICLE V MODIFICATIONS

The Company, by resolution of its Directors, may assent to any modification or alteration of this Compromise or Arrangement which a Judge of the Superior Court of the Province of Quebec or the Secretary of State of Canada may approve or impose.

ARTICLE VI EFFECTIVE DATE

This Compromise or Arrangement shall become effective upon the date upon which Supplementary Letters Patent are issued confirming it.