

--CONFIDENTIAL--

SOUTH SHORE RAILWAY COMPANY, LIMITED.
(of Nova Scotia)

MEMORANDUM OF PRELIMINARY AGREEMENT to underwrite the First Mortgage bonds and Capital Stock of the Company.

WE, the undersigned, hereby agree with the South Shore Railway Company, Limited, and with each other, that in consideration hereafter to be agreed upon to be paid to us by said Company, that we will receive and pay for Seven Hundred Thousand Dollars (\$700,000) -par value- of the First Mortgage bonds, accompanied by all the capital stock of said Company (except the shares required by law to qualify directors), in the amounts set opposite our names respectively at the rate of twenty per cent of the par value of said bonds (within sixty days after the maturity of a promissory note of said Company for \$140,000 hereafter more specifically mentioned), which percentage shall be in full payment for the proportion of the said bonds and capital stock hereby underwritten by each subscriber respectively.

Each subscriber hereto is obligated only for the amount set opposite his name, and upon the further conditions, viz:--

1. That the total amount of the underwriting on the \$140,000 shall be subscribed by parties satisfactory to all the subscribers hereto.
2. That the compensation for the underwriting shall be made satisfactory to all the subscribers hereto.
3. That in addition to hypothecating the bonds and capital stock of the Company to secure the underwriting, the corporation shall also make its promissory note for \$140,000 payable one year after date, with the indorsement thereon of individuals in number and solvency satisfactory to all the subscribers hereto.
4. That the subscribers hereto shall be satisfied that thirty five (35) miles of the railroad of said company from Yarmouth, N. S., to

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eastward in the direction of Shelburne will be completed and put in operation within the year the loan is to run, and within the estimated cost, so as to have no debts ~~or liens~~ against the Company except this loan, and fix the bonds as a first and only lien on all the property of the Company.

5. That all matters of detail regarding the expenditure of the loan, the issuing of the bonds and stock, and the organization and management of the Company during the life of this underwriting, shall be made satisfactory to all the subscribers hereto.

6. That the evidence that all the subscribers hereto have become satisfied in accordance with the foregoing conditions, shall be the execution of another document by all of them with the same formality, therein declaring themselves to be satisfied with the conditions, and declaring the underwriting absolutely effective.

DATE.	SUBSCRIBERS NAME.	BUSINESS.	ADDRESS.	Amt. of Bonds. Par Value.
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SOUTH SHORE RAILWAY COMPANY, LIMITED.

Memorandum In Brief.

1. Line from Yarmouth to Halifax, via Shelburna, N. S.
2. Reorganization Committee:- Grosvenor S. Hubbard, Chairman, 35 Wall street; William B. Strang, Jr., 15 Wall St., New York; David H. Andrews, 70 Kilby street, Boston, Mass.
3. Absolute owners of the property:-
 - NEW YORK CITY.
M. B. Wheeler. Worth about \$1,000,000.
W. B. Strang, Jr., Contractor, Estimated worth \$350,000
 - BOSTON, MASS.
D. H. Andrews, Prop. Boston Bridge Works, Worth about \$350,000
Chas. S. Keene, Wholesale dealer in tobacco (Buchanan & Lyal Tobacco Co).
Royal Whiton, General East. Traffic agent of a through railroad.
Chas. H. Adair, General Traffic agent of a through railroad.
 - YARMOUTH, N. S.
E. K. Spinney, Wholesale hardware, Worth about \$125,000.
Jacob Bingay, Wholesale general store and ship owner. Worth about \$200,000.
Parker, Eakins & Co. Wholesale grocers. Worth about \$40,000.
4. Various people in New York, Boston and Nova Scotia have equities in the Company--some after completion of first division of 35 miles and some after completion of second division of 45 miles.
5. New charter granted by Dominion Parliament at last session in Ottawa, with broad powers.
6. Already expended on enterprise about \$200,000. -result, approximately the equivalent of 17 miles of grading and masonry done, including the heaviest work on the first two divisions. Will cost about \$230,000 to \$250,000 to finish road.
7. Dominion appropriation of \$112,000 direct to company, -for first division of 35 miles, - virtually in treasury of company, payable when rails are laid on each section of ten miles. Other appropriations promised.

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8. Engineers estimates, profiles, etc., organization papers, charter, etc., all in good shape. No debts.

9. Owners (for special reasons) desire to resume work immediately and complete first division this season.

10. Wish to borrow \$140,000 for one year, or for four or six months, with privilege of renewals, all covering period of one year.

S E C U R I T Y.

A. Company's note with guaranty or endorsement of owners (excepting one) jointly and severally.

B. All the first mortgage bonds of the Company, aggregating \$700,000 twenty thousand dollars per mile on the first division.

C. All the capital stock of the Company.

D. Obligation (if required) that the first division will be completed inside the loan, free of debt or incumbrance, leaving the bonds a first lien on the property.

E. Lender to have the right to supervise all details of construction and expenditure of the money as same may be needed; and if price and time can be agreed on, also to have an option on the bonds.

Owners desire you to underwrite the loan, for which a reasonable compensation will be paid, first to be agreed upon.

(It is more than probable that before much of the loan is used, the Company will consolidate or trade with a competing line, thereby canceling the unused portion of the loan.