

REORGANIZATION OF

The Baltimore and Ohio Railroad Company

The undersigned Committee, at the request of holders of a large amount of the securities, has been for a long time past engaged in an examination of the affairs of the Baltimore and Ohio System and the relative value and earning capacity of the various lines comprised therein...

- (a) The reduction of the fixed charges to a limit safely within the net earning capacity of the reorganized properties.
(b) Adequate capital for present and future requirements.
(c) The preservation of the integrity of the system as far as the same can be economically and advantageously accomplished...

Having these objects in view, a plan has been prepared and Messrs. Speyer & Co., and Messrs. Kuhn, Loeb & Co., of New York, and Messrs. Speyer Brothers, of London, have been selected by the Committee to act as Reorganization Managers to carry out the plan.

To the Holders of the Following Bonds, Coupons, and Stocks:

- Baltimore and Ohio Railroad Company Bonds, Loan of 1888, Extended to 1898 at Four Per Cent.
Baltimore and Ohio Railroad Company 100-Year Five Per Cent. Consolidated Mortgage Bonds of 1888.
Baltimore and Ohio Railroad Company Sterling Six Per Cent. Loan of 1872, Due March 1, 1902.

As stated in the foregoing announcement of the Reorganization Committee, a plan has been prepared, with our approval and cooperation, for the reorganization of the Baltimore and Ohio Railroad Company's System.

Table with 2 columns: Description of securities and Amount. Includes items like \$70,000,000 PRIOR LIEN THREE AND ONE-HALF PER CENT. GOLD BONDS DUE 1928.

Table with 2 columns: Description of securities and Amount. Includes items like \$68,000,000 FIRST MORTGAGE FIFTY-TWO PER CENT. GOLD BONDS.

Table with 2 columns: Description of securities and Amount. Includes items like \$80,000,000 FOUR PER CENT. NON-CUMULATIVE PREFERRED STOCK.

Table with 2 columns: Description of securities and Amount. Includes items like \$25,000,000 COMMON STOCK.

Table with 10 columns: Existing Bonds and Stock to be Deposited, New Bonds, New Stocks, and Actual Percentage for Sterling 1898. Includes rows for Baltimore & Ohio Loan of 1888, Sterling Loan of 1872, etc.

Financial.

\$20 per share deposited, and depositors of B & O Common Stock must pay \$20 per share deposited. Such payments must be made by depositors in not less than three installments...

The Reorganization Committee will purchase such coupons and claims for interest on registered bonds maturing prior to July 1, 1898, from holders who do not desire to deposit the same under the plan...

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The annual fixed charges, upon completion of the reorganization and retirement of existing bonds as proposed, it is estimated, will be \$2,252,351.

Decrease of annual fixed charges \$1,518,700.

The Company, as shown by Mr. Stephen Little's expert examination and report, dated July 11, 1898, from September 30, 1888, to November 30, 1898, a period of seven years and two months, earned, net, including miscellaneous income, a yearly average of \$7,254,000, without deduction, however, of average taxes amounting to \$477,000.

The net earnings for the year ending June 30, 1897, were, including miscellaneous income, \$6,503,990.

For the fiscal year ending June 30, 1897, equipment of the Company valued on its books at \$1,100,000 was put out of service and charged, not to operating expenses, but to "Profit and Loss," because it represented the depreciation of a number of years.

The net earnings from the property for the present fiscal year (April, May and June) approximately have notwithstanding liberal charges for maintenance, as compared with the same period of the preceding fiscal year, increased \$1,441,909.

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Financial.

each coupon will be furnished by a Syndicate for cash as soon as the bond has been deposited that not after July 22, 1898, at its face value, with interest at 6 per cent.

If you agree with the views herein expressed, and the offer made is satisfactory to you, will you please sign an "Assent" for the bonds held by you and return the same to our office with the least possible delay.

To the Holders of Our Certificates of Deposit for the Baltimore & Ohio Railroad Company Four and One-Half Per Cent. First Mortgage Terminal Gold Bonds of 1894, Issued under Bondholders' Agreement, dated 30th of September, 1897.

A proposed Plan and Agreement for the Reorganization of the Baltimore & Ohio Railroad Company, dated June 22, 1898, a copy of which is herewith enclosed, has been most carefully considered by us, under which each of the above bonds will receive \$1,000 new First Mortgage 4 1/2% Gold Bond in exchange for each \$1,000 First Mortgage 4 1/2% Gold Terminal Bond.

Under your Bondholders' Agreement of September 30th, 1897, it is provided that if there shall be proposed to our satisfaction any scheme of reorganization or readjustment, we may, with the assent to be manifested by express approval or by a failure within two weeks to express dissent of the holders of the certificates of deposit representing sixty per cent. in amount of the deposited bonds, come in under such reorganization.

The enclosed Plan and Agreement is deemed satisfactory by us. We request, therefore, your assent thereto in writing.

Unless, within two weeks from the date of mailing this notice to you and of the first advertisement of this notice in two London newspapers, you notify us of your dissent, we will presume, conclusively, that you have assented to our deposit of your bonds under said Plan and Agreement of Reorganization.

Your bonds will accordingly be as deposited by us, if sixty per cent. of the bonds with us deposited shall assent in writing to the deposit under said Plan and Agreement.

If notified by any depositor within two weeks from the date hereof, in writing, of his dissent, we will return him the bonds deposited with us, upon surrender of our certificate of deposit, thus ending all future obligation to such dissenting depositor.

If we are not notified of your dissent within the time named, upon receipt by us in exchange for your bonds, of certificates of deposit issued under said Plan and Agreement of Reorganization, we will deliver the same to you, without further charge, upon surrender to us of our own certificates.

We solicit, most earnestly, a very prompt expression, in writing, of your assent or dissent. Unless notified to the contrary by you, we will deposit all coupons of existing bonds maturing prior to July 1st, 1898, upon depositing such bonds under the Plan.

Having thus obtained for depositing bondholders the opportunity to secure terms of settlement deemed satisfactory by us, we notify you that after the expiration of two weeks from the mailing of this notice and first advertisement thereof, our only duty under the Bondholders' Agreement of 30th September, 1897, will be either to return your bonds to depositing holders who have therefore signified their desire to withdraw the same, or to surrender to such depositing bondholders as within that period shall have assented either expressly or by failure to dissent, the certificates of deposit which will be issued under said Plan and Agreement of Reorganization, and if the coupons are ordered to be sold, to pay to them any cash received therefor.

In no event will any securities be delivered by us saving upon return to us of our own certificates of deposit. It is our desire that all assenting bondholders will deliver to us their own certificates of deposit with us in exchange. We are ready at any time to accept the certificates of deposit thus to you delivered to be held, in case the Plan and Agreement shall be declared thereafter imperative, upon the understanding that we will demand in lieu thereof your bonds deposited under said Plan and Agreement, and shall hold said bonds under the original agreement of 30th September, 1897.

LONDON, June 22, 1898.

BROWN, SHIPLEY & CO.

To the Holders of Our Certificates of Deposit for the Five Per Cent. First Mortgage Gold Bonds of the Baltimore Belt Railroad Company, issued under Bondholders' Agreement, dated November 1st, 1897.

The proposed Plan and Agreement for the Reorganization of the Baltimore & Ohio Railroad Company, dated June 22, 1898, a copy of which is herewith enclosed, has been most carefully considered by us. We recommend the same to you for your prompt acceptance.

Said Plan provides that the property of the Baltimore Belt Railroad Company is to be leased to the New Company to be formed at a rental amounting to not more than the rate of four per cent. per annum upon the Baltimore Belt Line Bonds. The arrangement is to be in full of all interest due and payable upon such Bonds thereafter. Interest at the rate of five per cent. per annum will be paid up to July 1st, 1898, with interest upon overdue coupons, upon the completion of the reorganization.

The Plan further provides that in consideration of the Agreement to pay such rental, the holders of said Baltimore Belt Line Bonds shall agree that the new company shall have the option for the years from July 1st, 1898, to purchase said Belt Line Bonds at par and accrued interest at any time upon sixty days' notice of their intention to do so, and that if this option be not exercised within the said period, the new company will assume the ultimate payment of the principal of said bonds when due. The form of the proposed lease and agreement with the New Company covering the arrangement will be subject to the approval of our Council.

In order to make the arrangement effective, the holders of the Baltimore Belt Line Bonds must present the same to be stamped, and the arrangement will not become operative until the holders of all such Baltimore Belt Line Bonds outstanding, or such portion thereof as may be desired, have assented to the proposed arrangement, and shall have assented thereto and presented their Bonds for stamping accordingly.

Under your Bondholders' Agreement of November 1st, 1897, it is provided that if at any time there should arise an opportunity for arrangement or settlement considered favorable by us, we may, with the assent to be manifested by express approval or by a failure within two weeks to express dissent of the holders of our Certificates of Deposit representing sixty per cent. in amount of the deposited Bonds, make such arrangement and settlement.

The enclosed Plan and Agreement presents an opportunity for a settlement and arrangement of your claims which we deem favorable. We request therefore your assent thereto in writing. Unless within two weeks from the date of mailing this notice to you, and of the first advertisement of this notice in two London newspapers, you notify us of your dissent, we shall presume, conclusively, that you have assented to the proposed arrangement and to the stamping of your Bonds as assenting thereto as provided by the proposed lease and agreement above mentioned.

Your Bonds will accordingly be as presented by us for stamping if sixty per cent. of the Bonds deposited with us shall assent in writing to the proposed arrangement, and the same shall become operative by the assent of the requisite amount of outstanding Bonds, as above stated.

If notified by any depositor within two weeks from the date hereof in writing of his dissent, we shall return him the Bonds deposited with us upon surrender of our certificates of deposit, thus ending all future obligation to such dissenting depositor.

We solicit most earnestly a very prompt expression of your assent or dissent. Having thus obtained for depositing bondholders the opportunity to secure terms of settlement deemed satisfactory by us, we notify you that after the expiration of two weeks from the mailing of this notice and the first advertisement thereof, our only duty under the Bondholders' Agreement of November 1st, 1897, will be either to return your Bonds to depositing holders who have therefore signified their desire to withdraw the same, or to surrender to such depositing bondholders as within that period shall have assented either expressly or by failure to dissent, the deposited Bonds duly stamped as assenting to the proposed arrangement. In no event will any securities be delivered by us, save upon the return to us of our own certificates of deposit.

In case the proposed lease and agreement above mentioned should be declared thereafter imperative, we shall demand in lieu thereof your Bonds deposited under the original agreement of November 1st, 1897.

LONDON, June 22, 1898.

BROWN, SHIPLEY & CO.

To the Holders of the First Mortgage Five Per Cent. Bonds of the Akron & Chicago Junction Railroad Company.

A Plan and Agreement for the Reorganization of the Baltimore & Ohio Railroad Company is a copy of which may be obtained at our office has been prepared and submitted for our consideration. The Plan provides that each \$1,000 of the First Mortgage Five Per Cent. Bonds of the Akron & Chicago Junction Railroad Company will on the completion of the reorganization, be entitled to receive:

Table with 2 columns: Description of securities and Amount. Includes items like New First Mortgage Four Per Cent. Bonds of the B & O, R. R. Co., or the new successor Company, \$1,000.00.

In New Four Per Cent. Preferred Stock of the B & O, R. R. Co., or the new successor Company, 250.00 and (Company) 8.33.

representing interest accrued from May 1, 1898, to July 1, 1898.

The New First Mortgage Bonds are to bear interest from July 1, 1898.

The coupon due May 1, 1898, may be deposited under the Plan, and a separate certificate of deposit will be issued therefor. By the terms of the Plan this coupon, when interest at 5 per cent. from the date of maturity, will be paid in cash as soon as practicable after the Plan is declared operative.

After due consideration of the Plan and Agreement, we think the terms offered to the holders of the above bonds are favorable, and we therefore recommend the prompt acceptance of the Plan by the holders of your Bonds at the office of the Mercantile Trust Company, the depository named in the Plan, No. 120 Broadway, New York.

Dated NEW YORK, June 22, 1898.

VERMILYE & CO.

To the Holders of Receipts Issued by the Undersigned for Baltimore and Ohio Railroad Company's Five Per Cent. Bonds, Loan of 1885:

Pursuant to the Bondholders' Agreement of April 10, 1896, the undersigned hereby give notice that a Plan and Agreement for the Reorganization of the Baltimore and Ohio Railroad Company, dated June 22, 1898, has been prepared and has been adopted and approved by us, and we hereby recommend the same for the acceptance of the bondholders. Copies of said Plan and Agreement have been duly lodged at the office of Speyer & Co., New York, and Speyer Brothers, London, for inspection by the holders of our receipts issued under said Bondholders' Agreement of April 10, 1896.

The Plan provides that each \$1,000 of the above Bonds will, on the completion of the Reorganization, be entitled to receive in:

Table with 2 columns: Description of securities and Amount. Includes items like New Prior Lien 3 1/2% Bonds, \$1,000.00.

representing interest accrued from February 1, 1898, to July 1, 1898. The New Prior Lien and First Mortgage Bonds are to bear interest from July 1, 1898.

Any receipt holders who do not assent to the Plan and Agreement of Reorganization may withdraw their bonds and coupons represented by their receipts at any time on or before July 21, 1898, upon the surrender of bonds and coupons represented by their receipts. All receipt holders who shall not withdraw their bonds and coupons on or before such date as above stated, shall be conclusively deemed to have assented to said Plan and Agreement of Reorganization and will be bound thereby, and the undersigned will thereupon deposit thereunder all of such bonds and coupons not so withdrawn in exchange for Reorganization certificates of deposit issued under said Plan and Agreement.

Dated June 22, 1898.

SPEYER & CO., SPEYER BROTHERS, Depositories.

OFFICE of the Chicago, Rock Island and PACIFIC RAILWAY COMPANY—Chicago, Ill., May 21st, 1898. To the holders of the Chicago, Rock Island and Pacific Railway Company's 4% Bonds, \$1,000,000,000, we hereby give notice that the Chicago, Rock Island and Pacific Railway Company has been reorganized under the name of the Chicago, Rock Island and Pacific Railway Company, and that the same is now operating as a going concern.

THE BALTIMORE & OHIO RAILROAD COMPANY.

Five Per Cent. Consolidated Mortgage Bonds, Issued under Mortgage Dated December 19, 1887. (Known as Bonds of 1888.)

To the Holders of Certificates issued under the Bondholders' Agreement Dated November 1, 1897; representing B. & O. 5% Consolidated Mortgage Bonds of 1888:

Referring to our circular of November 1, 1897, in which we invited the holders of the above-described bonds to deposit them, the steps we might be asked by the holders of the Baltimore & Ohio Railroad Company, in order to carry out the plan, has been considered for the protection of their interests, we have now prepared this Plan, in our opinion, fully recognizes the rights of the Consolidated Bonds. The terms thereby secured for them are entirely satisfactory to us, and we feel that they should be to you, and that the bonds as represented should be deposited under said Plan.

Pursuant to the Bondholders' Agreement of November 1, 1897, under which your bonds are deposited, and especially to Articles Fourth and Fifth (subdivision 4) thereof, it is necessary before we take any further steps in the reorganization that we shall have the assent of 25 per cent. in amount of the holders of the above mentioned certificates.

As will be seen on examination of the Plan copies of which may be obtained at our office, the offer to the Consolidated Mortgage bondholders (for each present bond of \$1,000 with all unpaid coupons or interest) is substantially:

\$1,000 in new "Prior Lien" 3 1/2 per cent. bonds, bearing interest from July 1, 1898.

125 "First Mortgage" 4 "per cent. bonds, bearing interest from July 1, 1898.

50 "Preferred Stock Trust Certificates."

or, at the option of depositors to be signified within sixty days from the time the plan shall be actually issued, \$1,100 cash for principal, together with cash for all accrued interest to time of payment, such payment to be made upon the plan being declared operative.

GOVERNMENT WAR BONDS.

To those who wish to take advantage of the opportunity to subscribe for the new U. S. Government 3 per cent. Bonds, without withdrawing deposits from the savings banks until the first of July, we beg to say that we will carry the bonds until that time without charge.

HOLMES & CO., BANKERS.

Empire Building, 71 Broadway, N. Y.

THE BALTIMORE & OHIO RAILROAD COMPANY.

Six Per Cent. Gold Mortgage Bonds Due April 1, 1910, and Known as "Parkersburg Branch Bonds."

To the holders of Certificates issued under the Bondholders' Agreement dated April 1, 1898; representing B. & O. "Parkersburg Branch Bonds."

Referring to our circular of April 1, 1898, in which we invited the holders of the above-described bonds to give to us a plan for the reorganization of the Baltimore & Ohio Railroad Company, we have now prepared this Plan, in our opinion, fully recognizes the rights of the Parkersburg Branch Bonds. The terms thereby secured for them are entirely satisfactory to us, and we feel that they should be to you, and that the bonds as represented should be deposited under said Plan.

Pursuant to the Bondholders' Agreement of April 1, 1898, under which your bonds are held by us, and especially to Articles Fourth and Fifth (subdivision 4) thereof, it is necessary before we take any further steps in the reorganization that we shall have the assent of 50 per cent. in amount of the holders of our certificates.

As will be seen on examination of the Plan copies of which may be obtained at our office, the offer to the Parkersburg Branch bondholders (for each present bond of \$1,000 with all unpaid coupons or interest) is substantially:

\$1,000 in new "Prior Lien" 3 1/2 per cent. bonds, bearing interest from July 1, 1898.