

## WALL STREET DISCUSSES NEW STOCK ISSUES

## WEEKLY REVIEW OF FINANCIAL AFFAIRS

**W**HILE the financial community has known for a long time that measures would be taken sooner or later by important Western railroads to secure funds for construction projects to which they were committed, and while the prices of securities to a certain extent discounted this situation in advance, Wall Street has not yet appreciated fully the significance of announcements made within the last ten days of the proposed issue of \$255,000,000 of new capital stock by three of the leading Northwestern systems—the Great Northern, the Northern Pacific, and the Chicago, Milwaukee and St. Paul. The market has acted in an exceedingly erratic manner following the receipt of official circulars regarding the issues. In each case there was an advance of large proportions, followed by an even sharper decline, showing that speculators in stocks have as yet no definite ideas either on the wisdom of the steps taken by the railway managers, or on the probable future market action of the stocks.

**STOCK INSTEAD OF BONDS**

It should be a subject for encouragement that these new capital additions, like those of the New York Central, the North Western, the Baltimore and Ohio, the Atlantic Coast, and others which preceded them this year, have taken the shape of stock instead of bonds. It is probable, although complete figures for the year are not at hand, that the year 1906 will go down on the records as marking a decided break in the tendency noted in previous years of a greater proportionate increase in bond than in stock issues. Considering the uses intended for the funds to be raised, it is eminently proper that this should be so. Every precaution should be taken against increasing the fixed charges against railway properties.

Again, it is proper that partners in an enterprise should take the risk involved in new extensions, rather than creditors; in other words, that the burden should be borne by shareholders and not by bondholders. Considering that the extensions planned must prove their value in the future, they must be regarded to-day as speculative to a large extent. However, perhaps the chief reason which influenced the railway managers in deciding upon stock issues instead of bonds is the prevailing state of the money market. It would have been simply impossible to float bond issues of the size called for by these demands for funds, for bankers have still on hand certain other groups of securities which they underwrote months ago, but for which they have not as yet found a satisfactory market.

**FUNDS FOR ST. PAUL'S EXTENSION**

To cover the cost of its Pacific Coast extension, the Chicago, Milwaukee and St. Paul has announced a financial plan which includes the issue of \$99,510,840 of new stock, of which \$66,327,100 is to be preferred and \$33,183,740 common, to be offered for subscription at par to stockholders of record December 19. This is 50 per cent of the present issue of the preferred and 25 per cent of the outstanding issue of common stock, and makes the total capitalization of the road \$232,141,949.

The conditions under which the new stock is issued are regarded as peculiar. The books will be closed upon stock of record Wednesday last, and warrants will be issued only to persons whose names were then on the records. This gave them very little time in which to make up their minds whether or not to participate. The first instalment of ten per cent is payable by December 31—the last day of the year at the end of a month always notable for financial stringency. The second instalment, of 15 per cent, is due on June 1, 1907; third instalment 20 per cent, December 1, 1907; fourth instalment, 20 per cent, June 1, 1908; fifth instalment, 20 per cent, December 1, 1908; sixth and last instalment, 15 per cent, March

1, 1909. Based on ruling quotations, the rights to subscribe were at first calculated to be worth between \$50 and \$55 a share on existing common or preferred stock, but when the stock sold ex-rights on Wednesday the difference was only \$31—from \$185 to \$154. The announcement of the terms was met by a violent decline on Tuesday in St. Paul quotations, the extreme for the day being 14 points.

**NORTHERN PACIFIC'S NEW FINANCING**

The route of the St. Paul's western extension, as published from official sources in the RAILWAY WORLD last week, shows that in certain districts the new line will come into sharp competition with the Northern Pacific, and this fact lends interest to the financial plan of the latter company. It provides for the increase of capital stock from \$155,000,000, the present amount, to \$250,000,000. A special meeting of the stockholders is called for January 7 to take action on the proposal to authorize the issue of \$95,000,000 additional stock, the right to subscribe to \$93,000,000 of which at par, in proportion to their respective holdings of the present stock, is to be offered to shareholders of record at the close of business on December 31. Payments are to be made as follows: Five per cent on or before February 1, 1907; 7½ per cent on or before April 1, and 12½ per cent every three months thereafter up to and including January 1, 1909. A circular to the stockholders explains that "for the construction, acquisition and equipment of the company's railways now in course of construction or acquisition and of extensions adequate for the fast growing transportation needs of the great and rich territory served by the Northern Pacific system additional capital will be required, for the raising of which the existing securities of the company would not be available or sufficient."

**GREAT NORTHERN ACTION QUESTIONED**

A little flurry in Great Northern was caused a few days ago by the announcement of Minnesota authorities that they would contest the right of the company to issue new preferred stock to the extent of \$60,000,000, the necessary formalities to comply with the State law not having been observed. The equanimity with which President Hill and others of the railroad company viewed the matter, however, soon led to a restoration of confidence, though it did not prevent further declines in the stock in sympathy with the rest of the market, under the lead of St. Paul. Before the close of the current fiscal year the Great Northern will receive from its shareholders \$30,000,000 of new funds, and in the course of the whole year 1907 it will receive \$48,000,000. The entire \$60,000,000 will be paid up by May of 1908, and the increased dividend requirements of the company will thereafter be \$4,200,000.

**PITTSBURGH AND LAKE ERIE'S STOCK**

Directors of the Pittsburgh and Lake Erie have decided to call a special meeting of the stockholders for February 28 to act upon a proposition to increase the capital stock from \$10,000,000 to \$30,000,000. Vice-President Schoonmaker says regarding the purpose of the issue: "The money will not all be wanted at once, probably not even \$5,000,000 will be called for within a couple of years. The board simply wants the increase to care for betterments that are absolutely necessary. There are numerous items, some small, some large, which will be included in these betterments, and practically all of which have been noted. Trackage and terminal improvements are included, as well as new equipment. We now have orders for 3,000 freight cars, including 1,000 coke cars, which are about delivered, and this will complete our freight equipment orders for this year. This addition to our rolling stock will place the road in excellent shape for caring for increasing business."

## ROCHESTER AND PITTSBURGH MELON

The first railroad to comply with that portion of the rate bill which requires a separation of transportation from mining interests is the Buffalo, Rochester and Pittsburgh. Acting under authority from its shareholders, it has sold 39,995 shares of the stock of the Rochester and Pittsburgh Coal and Iron Company owned by it to the Mahoning Investment Company, a corporation organized under the laws of Maine, with an authorized capital stock of \$4,200,000 in shares of \$100 par value. The stock has been paid for in \$4,125,000 of the stock of the investment company. The investment company stock will be distributed among the preferred and common stockholders of the Buffalo, Rochester and Pittsburgh Railway Company. Each holder of preferred and common stock of the Buffalo, Rochester and Pittsburgh of record December 20 will receive 25 per cent of the par of his holdings in stock of the Mahoning Investment Company.

## LEHIGH VALLEY'S HIGHER DIVIDEND

By their action on Wednesday in declaring an extra dividend of one per cent, along with the regular semi-annual distribution of two per cent for common shareholders, the Lehigh Valley directors remain strictly within those paths of conservatism which have so frequently aroused the minority shareholders. The road last year earned a surplus of 17 per cent applicable to the common stock. The regular five per cent semi-annual dividend on the preferred was also declared on Wednesday. Northern Central minority holders are not altogether satisfied with the stock dividend declared last week. Hambleton and Company, of Baltimore, say: "We are pleased to note that the management of the company has been mindful of our suggestions and has done at least partial justice to the stockholders. The declaration of this dividend of 12½ per cent in stock is quite as much as we had expected for the present, but we shall continue our efforts in the future to obtain from the management further consideration for the large equities still contained in Northern Central Railway Company stock."

Other dividends have been declared as follows:

Buffalo and Susquehanna Railroad Company, regular quarterly 1¼ per cent on the common stock, payable January 2.

Chicago, Rock Island and Pacific Railway Company, quarterly 1 per cent, payable January 2.

Westinghouse Electric and Manufacturing Company, quarterly 2½ per cent on preferred and assenting and non-assenting stocks, payable January 10.

Westinghouse Machinery Company, regular quarterly 2½ per cent, payable January 10.

Allegheny and Western Railroad Company, guaranteed semi-annual 3 per cent, payable January 2.

Minneapolis and St. Louis Railroad, regular semi-annual 2½ per cent on the preferred stock, payable January 15.

Electric Storage Battery Company, 1¼ per cent on common and preferred stock, payable January 2.

Reading Company, 2 per cent on common stock, payable February 1.

Minehill Railroad, 2½ per cent, payable January 15.

Northern Securities Company, 5 per cent on the reduced capital stock, payable January 10.

Texas Central, semi-annual 2½ per cent on preferred stock, payable January 15.

Delaware River Railroad and Bridge Co., semi-annual 2 per cent.

Lehigh Valley Railroad Company, regular semi-annual 5 per cent on preferred; also semi-annual 2 per cent and one per cent extra on common stock, payable January 12.

American Locomotive Company, quarterly 1¾ per cent on preferred and 1¼ per cent on common stock.

Chicago and Alton Railroad Company, semi-annual 2 per cent, payable January 2.

Salty sea water is recommended as a substitute for petroleum and tar to lay dust.

## RANGE OF STOCK VALUES

The following table, compiled especially for the RAILWAY WORLD, by Sailer & Stevenson, Philadelphia, shows the range of prices on the New York Stock Exchange, during the past week, and comparisons of the closing prices of December 12 and December 19:

Railways.	Highest	Lowest	Closed Dec. 12.	Clos'g bid. Dec. 19.
Atchison, Topeka and S. F. . .	104¾	101	104¼	102¾
do preferred . . . . .	102	100½	101¾	100
Baltimore and Ohio . . . . .	121¾	117¾	118¾	119¾
do preferred . . . . .				92
Brooklyn Rapid Transit . . . .	83	79	80¾	80¾
Canadian Pacific . . . . .	201½	190½	195¾	194
Chesapeake and Ohio . . . . .	57¾	55	56¾	55¾
Chicago and Alton . . . . .				28½
Chicago, Mil. and St. Paul . .			188¾	150
Chicago and Northwestern . .	206¾	196	205	199
C., C. and St. Louis . . . . .	92	90	93	89¾
Col. Fuel and Iron Co. . . . .	56½	54	56¾	55
Delaware and Hudson . . . . .	230½	216	229	218
Del., Lacka and Western . . .			525	500
Denver and Rio Grande . . . .	43	41½	42½	42
do preferred . . . . .	86	84½	85	84
Erie . . . . .	45¾	42¾	44¾	43½
do 1st preferred . . . . .	75¾	74¾	75½	74¾
do 2nd preferred . . . . .	66½	65	66	65¼
Illinois Central . . . . .	175¾	170	175	168¾
Interboro Met. . . . .			36½	
*Lehigh Valley . . . . .			80¾	77¾
Louisville and Nashville . . .	148¾	143	147½	144½
Manhattan (Elevated) . . . .	143½	140¾	143	140
Missouri, Kansas and Texas . .	42¾	38¾	40½	40
do preferred . . . . .	73	70½	72	70½
Missouri Pacific . . . . .	95	92	94¼	93
New York Central . . . . .	133¾	128	133¾	128¾
New York, Ontario and W. . .	48¾	47	48½	47¼
Norfolk and Western . . . . .	91¾	90¼	91½	
Pennsylvania . . . . .	138¾	136¾	138¾	137¼
Reading . . . . .	149¾	142¾	148¾	139¾
do 1st preferred . . . . .	98¾	89½	89¾	88
do 2nd preferred . . . . .			94	90
Rock Island . . . . .	31½	28¾	30¾	29¾
do preferred . . . . .	66½	64½	66½	64
Southern Pacific . . . . .	95½	92½	93¾	92½
Southern Railway . . . . .	34	32¾	33¾	32¾
do preferred . . . . .	94½	94	94¾	94¼
Texas and Pacific . . . . .	37¾	35¾	37¼	35¾
Union Pacific . . . . .	186¾	178¾	185¾	181¾
do preferred . . . . .	93¾	92½	93	92½
Wabash . . . . .			19¾	19½
do preferred . . . . .	42¾	40	42½	40¾

## MISCELLANEOUS STOCKS.

Amalgamated Copper . . . . .	115¾	110¾	114	112
Anaconda Copper Mining . . .	292	283	291	285½
American Car and Foundry . .	44	42¼	43¾	41¾
do preferred . . . . .				100½
American Locomotive . . . . .	74	70¾	74	72¾
do preferred . . . . .	111	110½	110½	110½
American Sugar Refining . . .	135	131¼	134¾	132
Consolidated Gas . . . . .	140¾	138	138	137¾
General Electric . . . . .	162	156	161½	157½
Peoples Gas, Light and Coke .	98¾	93¾	94¾	94¾
Pressed Steel Car . . . . .	55¾	51¾	54¾	53
do preferred . . . . .			99	98½
Republic Iron and Steel . . . .	40	37½	39¾	38¾
Tenn. Coal, Iron and R. R. . .	160½	157½	159	155
United States Steel . . . . .	49¾	46¾	48¾	47¾
do preferred . . . . .	105½	102¾	105	103¾
Western Union . . . . .	85¾	85¼	85½	85

\*Quoted in Philadelphia; prices per share.

## RECORD OF RAILWAY EARNINGS

## SECOND WEEK IN DECEMBER

Twenty railroads report to the RAILWAY WORLD for the second week in December, gross earnings amounting to \$7,415,613, an increase of \$518,604 over the same period in 1905. Gross earnings and increases of each road, together with the totals for the fiscal year to date follow:

	Second week in Dec.		July 1, '06 to Dec. 14, '06	
	Amount	Inc. over 1905	Amount	Inc. over 1905
Buff., R. & Pitts. . .	\$144,332	*\$7,682	\$3,900,704	*\$345,327
Canadian North. . .	121,400	15,200	3,626,800	1,167,500
Canadian Pac. . . .	1,206,000	*55,000	34,049,792	5,805,541
Chi. Great West. . .	159,437	*3,525	4,516,804	375,932
Col. & Southern . .	252,861	32,893	6,129,557	684,473
Denver & Rio G. . .	410,300	42,400	9,690,100	578,900