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Saturday

### Basis for the Deal

Our readers generally will be interested in learning under what conditions the MH&O has been transferred to The DSS&A syndicate, which is to operate that line hereafter. The Boston transcript gives this statement explanatory of the matter.

MH&O was 25 bid, 35 asked for common while the preferred was 100 bid. Boston's interest in the MH&O has been materially reduced since the sale of the road to The DSS&A, but it may not be uninteresting to Transcript readers to learn what disposition is to be made of the property by its new owners. The DSS&A syndicate saves the construction of the most costly section (50 miles) of its main line, besides at least two million dollars, which it would have had to expend for ore docks, branches and equipment, as well as removing competition by its purchase of the MH&O and here is the story of what disposition it is to make of it.

The syndicate owns \$2,200,000 of the \$2,259,000 preferred stock, and \$2,900,000 of the \$3,398,150 common stock. The syndicate proposes to charge the excess of cost to the MH&O above \$3,000,000 of its general fund and raise the \$3,000,000 thus.

About 30% of the common stock is to be changed into preferred stock, making a total of about \$3,000,000. The rate of dividends to which the preferred is entitled is to be reduced from 8 to 6% and the \$3,000,000 preferred and \$2,000,000 common stock are to be sold for \$3,000,000 to the subscribers of the syndicate pro rata on their subscriptions.

The subscribers to the syndicate have been given the right to subscribe to the extent of 60% of their holdings, and the rights of those who do not avail themselves of this offer are to be transferred to certain other parties, who stand ready to take all that is not taken by the syndicate subscribers. Each holder of \$10,000 subscription to The DSS&A syndicate is entitled to subscribe \$6,000 and receive therefore \$6,000 of the guaranteed preferred stock and \$4,000 of the common stock of the MH&O.

The 6% dividends on the preferred date from Feb. 15, 1887, and are to be paid semi-annually - Feb. 15 and August 15. The payments under this plan are to be made 20% Feb. 15; 20% on or before March 15, April 15, May 15 and June 15, 1887.

When the above arrangement is completed and the stock issued, The DSS&A will lease in perpetuity the MH&O. The conditions of the lease will be in brief as follows: The lessee will pay the MH&O its mileage proportion of the net earnings of the whole DSS&A system; that is, if the system should be 600 miles, the MH&O will have 150-600. The lessee road guarantees that such earnings will be sufficient to pay the fixed charges and 6% on \$3,000,000 preferred stock.

DSS&A  
MH&O