

PERSONAL.

MEMORANDUM

for James J. Hill Esq.,  
concerning the proposed Reorganization of the  
NORTHERN PACIFIC RAILROAD COMPANY.

Provide an issue of \$150,000,000. 4% Land Grant Mortgage  
Gold Bonds, payable after fifty years, redeemable from sales of  
land (as freed from the lien of the existing mortgages of the  
Company), by purchase in the market up to 105%, or drawings by  
lot at 105% if unobtainable by purchase.

Common Stock, \$100,000,000.

CONVERSION OF BONDS.

6% First Mortgage Bonds.

Do not at present attempt a conversion of the First Mort-  
gage Bonds, but await a favorable opportunity, which is likely to  
present itself within a reasonable time after the reorganization  
has been completed. Reserve, however, for the purpose of this  
conversion an amount of the new 4% Bonds equal to 125% of the out-  
standing 6% First Mortgage Bonds,-----\$53,151,000.

6% Second Mortgage Bonds.

Give to the Second Mortgage Bondholders par and interest  
in new 4% Bonds, and also a bonus of twenty-five per cent. in Com-  
mon Stock, as compensation for reduction in interest, say in new  
4% Bonds, 115%, -----\$22,095,400.  
in Common Stock-----\$ 4,304,000.

6% Third Mortgage Bonds.

Give to 6% Third Mortgage Bonds  $66\frac{2}{3}\%$  in new 4% Bonds,  
and also  $33\frac{1}{3}\%$  in new Common Stock, requiring  
in new 4% Bonds,-----\$7,956,667.  
in Common Stock,-----\$3,993,333.

5% Consolidated Mortgage Bonds.

Give to these  $37\frac{1}{2}\%$  in new 4% Bonds, and  $62\frac{1}{2}\%$  in new  
Common Stock, requiring  
in new 4% Bonds,-----\$18,310,125.  
in Common Stock,-----\$30,541,875.

Dividend Certificates.

Treat like Third Mortgage Bonds, without giving them  
any Common Stock, requiring, at  $66\frac{2}{3}\%$   
in new 4% Bonds,-----\$342,000.

6% Collateral Trust Notes.

The interest on these being regularly paid pending re-  
organization, give these Notes par in new 4% Bonds, and a bonus of  
10% in new Common Stock, requiring  
in new 4% Bonds,-----\$9,355,000.  
in new Stock,-----\$ 935,500.

Cash required.

For Receivers' Certificates,-----\$ 5,000,000.  
Equipment Notes,-----3,000,000.  
Expenses of Reorganization,-----2,000,000.  
Immediate Improvements,-----5,000,000.  
\$15,000,000

To obtain this, sell to G. N. interests new 4% Bonds to the amount  
of \$17,500,000., and \$40,000,000. Stock for the sum of \$15,000,000.  
in cash.

RECAPITULATION.

New 4% Bonds.

Reserved for First Mortgage Bonds, \$53,151,000.

Conversion of Second Mortgage Bonds, 22,095,400.

" " Third " " 7,956,667.

" " Consol. " " 18,310,125.

" Dividend Certificates, 342,000.

" Collateral Trust Notes, 9,355,000.

For Cash requirements, 17,500,000.

\$128,710,192.

New Common Stock.

For Second Mortgage Bonds, \$ 4,304,000.

" Third " " 3,933,333.

Consol. 30,541,875.

Trust Notes, 935,500.

Cash requirements, 40,000,000.

\$79,714,708.

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Minnesota Historical Society

RECAPITULATION.

New 4 1/2 Bonds.

Reserved for First Mortgage Bonds,	\$53,151,000.
Conversion of Second Mortgage Bonds,	22,095,400.
" " " Third	7,956,667.
" " " Consol.	18,310,125.
" " " Dividend Certificates,	345,000.
" " " Collateral Trust Notes,	9,355,000.
" " " Cash requirements,	<u>17,500,000.</u>
	\$128,710,192.

New Common Stock.

For Second Mortgage Bonds,	\$ 4,304,000.
" " " Third	3,933,333.
Consol	30,341,875.
Trust Notes,	935,500.
Cash requirements,	<u>40,000,000.</u>
	\$78,714,708.

*Memorandum of re-organization of the Minnesota National Bank*

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