

October 14th 1895.

J. Kennedy Tod Esq.

New York City..

My dear Mr. Tod,

Your letter of the 24th ult. received. I hoped that by this time you would have reached us. I was glad to learn from Mr. Samuel Hill that you have not given up the idea of coming West. The weather is beautiful here at present, and I am sure you would enjoy the trip. Business with us is not good, as you will note by our remittances to the New York office.

Northern Pacific matters are badly mixed up in the Courts, so far as concerns that Company. We have lately had three important law suits; one in regard to rates, which we have won, and the decision is I think the most important that has been rendered in favor of Railways in many years. I am sending you a copy of this decision. The principle laid down, however, seems to effectually foreclose the policy of re-organizing Railways by preserving or increasing the old capital stock. The basis of Judge Kerr's decision is that Railway Companies assume the general business risk of their enterprise the same as parties engaged in other enterprises; and while the State can control the rates, this control must be exercised so as not to prevent a Company from earning under careful management of its affairs a reasonable return on the actual or present

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value of the property. The Court found the value of our property to be between four and five thousand dollars per mile in excess of its stock and bonds. You will notice the allusion made in the decision to the bonded debt of the Northern Pacific as being over \$60,000. a mile, which could not be considered a basis for establishing the earnings of that Company because of the mismanagement of its affairs or the fact that the bondholders had purchased the bonds without knowledge.

The United States Circuit Court, Judge Sanborn presiding, confirmed in a very strong decision the charter power of the Great Northern Railway. The State of Minnesota, through its Attorney General, has brought suit to enjoin our Company from leasing, consolidating with, or owning the stock of the Northern Pacific. This case has been argued in the District Court of this District, and our Counsel are confident that we will succeed as well as before the Circuit Court, no new points having been brought up and the law appearing to be all on our side.

With kind regards to Mrs. Tod, Mr. Kennedy, and your brothers, I am,

Yours very truly,