

New York, July 14th, 1896.

JAMES J. HILL, ESQ.,

St. Paul, Minn.

My dear Mr. HILL:

I have at hand this morning your despatch which I translate as follows:

"Since my return have had conversation with our Counsel Grover. He thinks Northern Pacific old charter can be retained and the land and right-of-way be held exempt from taxation by different states, or assessment, or municipal improvement. Under any other charter these lands and property will be subject to taxation.

"Some of the states organized since construction of the road under old charter provide in state constitution that legislature can fix rights without reference to Courts. These conditions undoubtedly cost several thousand dollars annually.

"When you come West, either to St. Paul or Milwaukee, I suggest your Eastern Counsel consider this matter with Bunn and Grover who may have information which has not occurred to others.

"It might be impossible to retain old charter to cover branch lines, but if can be done, the advantage is very great and well worth consideration.

"I send this message after full discussion with Grover and only for the purpose of saving the old charter with the advantages it will carry."

Mr. Stetson and Mr. Morawetz, as well as Mr. Coster, have heretofore carefully considered the subject of your telegram. They are clearly of opinion that it will be impossible for us to make the issues of stock or bonds, or to avoid such claims as that of the Seattle bondholders, without a transfer of the property to an



absolutely new Company. While recognizing, to its full extent, the great value of the federal charter, they are not willing to advise that the plan can be carried out except by the organization of a new Company either under State or Federal legislation.

Accordingly, they have substantially completed the papers upon the line of adopting the Wisconsin charter, and issuing the securities of that Company, with such provision, however, as will enable a transfer of the rights to a Federal corporation should one be authorized next winter. This latter is strictly confidential.

Mr. Coster also feels that the market value of the new securities, and the credit of the whole enterprise, would be much affected by any doubtful or strained construction of the rights under the old charter.

We all appreciate your thoughtful consideration in this matter. I feel that you can be of great help to us in this direction as well as in many others, and shall have much satisfaction in conferring with you, from time to time, upon these subjects of mutual interest.

Sincerely yours ,

*Edward G. Adams*