

Nº 35 WALL STREET.
NEW YORK.

May 26th, 1897.

JAMES J. HILL, Esq.,

St. Paul, Minn.

My dear Mr. Hill:-

Many thanks for your personal letter of May 23rd.

I quite agree with you regarding the unsatisfactory condition of affairs at the present time and most sincerely hope that all this may be changed at the earliest possible date.

Herewith I send you copies of two letters from Mr. McNeill to Mr. Heidelbach, dated Portland May 21st, 1897, which contain some information that may interest you.

Sincerely yours,

Edward D. Adams.

THE OREGON RAILROAD & NAVIGATION COMPANY.

Office of the President.

PORTLAND, Oregon, May 21, 1897.

Mr. ALFRED S. HEIDELBACH, Chairman,

New York.

My dear Sir:

I came in this morning from a trip over the line. The crop outlook was never more promising than today. Everything points to a handsome business the coming year, and there is no question but that this property will show largely increased earnings.

In the operation of the road there is nothing to report of interest, as everything is moving with perfect smoothness. Outside of routine operation we are filling bridges on the Washington Division and have just about completed a change of line between Walla Walla and Wallula, throwing out all 12 degree curves, and indeed, reducing the curvature on that line to nothing but 8 degree curves, except in one or two instances where we have 10 degree curves. The improvement will be very marked.

As regards a contract with Samuel, Samuel & Co. I have a telegram from Mr. Reaman, also your letter of May 14th, and have had a conversation with Mr. Davidge this morning. I understand just what is wanted, but this will not satisfy Davidge or Samuel & Co. They want a straight partnership, and under all the circumstances, I do not think it advisable. In the first place, they are not strong, in the next place, they are interested in commissions and charter parties and can protect themselves without protecting us, in the next place, the greater part of this years crop of tea is already booked, and

finally, I feel that what is done with respect to a China line had best be done by the Northern lines having an interest in our securities. There are more China lines today than there is any necessity for, and I would like to see one of the Puget Sound lines moved down here, believing that that would protect all interests and that it would have a good effect in the maintenance of trans-pacific rates, for such an arrangement would enable all ships to run full without resorting to the cutting of rates.

All in all, I believe that this question had best be taken up directly with the Northern lines. I have discussed the matter with both Mr. Hill and Mr. Adams in times past, and it has received, in a degree favorable consideration from them. Anyway, as I before stated, we cannot make a contract with Samuel, Samuel & Co. at this time without entering into a full partnership arrangement with them, which would not be in accordance with your communications nor with my ideas as matters stand today.

Our net for April will be close to \$100,000.00 and our business, outside of our China line, in very satisfactory shape.

This morning I am advised that the Southern Pacific have reduced their passenger rates between Portland and San Francisco from \$21.00 first class to \$19.00 and from \$14.00 second class to \$12.00. This will make it necessary for us to make a reduction in our rates if we hope to carry 50 per cent. of the passengers. They are today some 2,000 passengers ahead of us since an understanding was reached for an equal division of this traffic, and I was in hopes that they would let matters run along, maintaining the old rates at least until this discrepancy was made good.

Very truly yours,

E. McNEILL

P.S. All rivers are high, but so far no trouble.

THE OREGON RAILROAD & NAVIGATION COMPANY.

Office of the President.

PORTLAND, Oregon, May 21, 1897.

Mr. ALFRED S. HEIDELBACH, Chairman,
New York City.

My dear Mr. HEIDELBACH:

I beg to acknowledge your confidential favor of May 11th, and I appreciate your kind expressions.

I have no definite plans, beyond going over the line with Mr. Mohler and giving him all the information of this office, explaining fully to him what our ideas are in regard to handling the property, after which I propose to spend a few days in Montana, where I have some interests, and then I will go on to New York, where I hope to see you. Later on I propose to take a lay-off of two or three months, probably abroad, returning ready for work in the fall, or perhaps earlier.

It goes without saying that Mr. Mohler will receive every attention at my hands, and the loyal support of all the officers here.

Sincerely yours,

E. McNEILL