

A—1907

COMMITTEE ON STOCK LIST, NEW YORK STOCK EXCHANGE.

COMMERCIAL CABLE COMPANY.

New York, April 15, 1897.

The Commercial Cable Company, a corporation organized and existing under the laws of the State of New York, hereby makes application for the listing of \$13,000,000 bonds of said company, being part of an authorized issue of \$30,000,000 of bonds. Of the said \$30,000,000 of bonds \$16,000,000 have been issued, and of this \$16,000,000 outstanding bonds \$3,000,000 have been returned to the company and cancelled in exchange for debenture stock hereinafter referred to.

The purpose of the issue is to pay for the property of the Postal Telegraph Company (the legal title of that company being Postal Telegraph Cable Company), including the telegraph lines of the Postal Telegraph Company and the stocks in subsidiary companies owned by the Postal Telegraph Company.

The bonds are secured by a first mortgage executed by the Commercial Cable Company to the Farmers' Loan & Trust Company of New York, as trustee, which mortgage covers the following property:

(a.) The property of the Commercial Cable Company, including its triplicate system of submarine telegraph lines which comprises 9,110 miles of cable.

(b.) All the telegraph lines, property and assets of the Postal Telegraph Company, said telegraph lines being about 90,000 miles in length, all of which are free from bonded indebtedness except the above mentioned \$30,000,000 mortgage debt. The ownership and control of these telegraph lines are secured to the trustee of the mortgage, not only by the mortgage covering all these lines but also by the transfer to and deposit with the Farmers' Loan & Trust Company as trustee of the capital stock of the Postal Telegraph Company itself, amounting altogether to 150,000 shares of the par value of \$100 each, nearly all of which has already been deposited with the trustee of the mortgage. In addition to the above, there are about 28,000 miles of telegraph lines which are owned by subsidiary companies. The shares of stock of these subsidiary companies were owned by the Postal Telegraph Company and have been placed under this \$30,000,000 mortgage as set forth in detail in the list of property attached hereto. These holdings of stock in the subsidiary companies have all been transferred to the Farmers' Loan and Trust Company as trustee, and delivered to said Trust Company to be held under the mortgage. Certain leases by which the Postal Telegraph Company operates telegraph lines about 8,733 miles in length are also covered by the mortgage.

(c.) All the income of both companies. The amount of this income is shown by the following figures:

The Commercial Cable Company's earnings for eight years last past:

Year.	Receipts.	Net Earnings.
1889.....	\$1,800,284	\$359,931
1890.....	1,931,893	1,112,680
1891.....	1,904,717	1,085,324
1892.....	1,890,377	1,089,587

The Postal Telegraph Company's earnings for the same period are as follows:

Year.	Receipts.	Net Earnings.
1889.....	\$1,933,192	\$333,393
1890.....	2,505,438	431,198
1891.....	2,803,928	341,909
1892.....	3,187,678	489,743

BALANCE SHEET, 31ST DECEMBER, 1896.

To capital stock, 100,000 shares of \$100 each, fully paid.	\$10,000,000.00	By cables, electric plant and equip- ment, buildings, office furni- ture and fixtures, as at 31st December, 1895.....	\$12,250,000.00
" sundry credit balances.....	227,454.74	" extension of land lines in America	33,476.19
" stockholders, for unclaimed divi- dends to 30th September, 1896....	713.50	\$12,303,476.19	
" dividend for quarter ending 31st De- cember, 1896.....	275,000.00		
" revenue applied in extension of cables and plant prior to 31st Dec., 1895.	2,250,000.00		
" reserve fund, as at 31st Dec., 1895..	1,792,820.61		
Add—		Deduct—	
Further amount transferred from revenue account.....	250,000.00	Cost of cable not used, now trans- ferred to spare cable account..	162,614.49
" revenue account, balance at 31st De- cember, 1895.....	849,992.75	" spare cable in tanks.....	\$12,140,861.70
Less—		" patent rights.....	226,680.44
Amount transferred to re- serve fund.....	\$250,000.00	" investments in bonds and stocks.	3,330.44
Adjustment of value of spare cable and other assets.....	129,879.99	" sundry debtors, including traffic balances at stations in Europe and America.....	2,098,070.61
Add—		" cash at banks.....	653,484.09
Balance of revenue account for year to December, 1896.....	376,565.48		550,249.21
	\$470,112.76		
			\$13,642,006.49

REVENUE ACCOUNT FOR THE TWELVE MONTHS ENDING 31ST DECEMBER, 1896.

To operating and general expenses.....	\$578,788.50	By traffic earnings.....	\$1,006,343.95
" maintenance of repairing steamer and cost of re-		" interest from investments.....	52,912.02
pairing cables and land lines	130,963.07		
" repairs to buildings, apparatus, office furniture,			
fixtures, etc.....	8,514.36		
" rental of leased lines.....	101,692.95		
" legal expenses.....	8,524.58		
" loss in exchange	18,152.95		
" royalties on patents.....	1,024.13		
" balance down.....	1,176,565.48		
	<u>\$2,019,255.97</u>		
To dividends declared during year.....	\$800,000.00		
" balance down.....	370,565.48	By balance down.....	<u>\$1,176,565.48</u>
	<u>\$1,176,565.48</u>		
		By balance down.....	<u>\$1,176,565.48</u>
			<u>\$370,565.48</u>

The Commercial Cable Company has a reserve fund which at the present date amounts to \$2,292,820, and more than two-thirds of which is invested in United States Government bonds, real estate bonds and first class railroad bonds, and the remainder in stocks. The real estate bonds consist of \$250,000 of the \$1,000,000 of the 4 per cent. 20-year first mortgage gold bonds of the Commercial Cable Building Company, which owns the new building at 20 and 22 Broad Street and 18 and 20 New Street, in the city of New York.

The mortgage securing the said \$20,000,000 of bonds is a first mortgage on all the property heretofore mentioned. Neither the Commercial Cable Company nor the Postal Telegraph Company has any mortgage debt other than the said \$20,000,000 of bonds, and neither has any floating debt except current expenses. The only property held abroad is the landings, buildings and electrical apparatus at Waterville, Ireland, and Canso, Nova Scotia.

The property covered by the mortgage runs through or into some thirty-eight states of the Union, and also foreign countries. It was impracticable to record the mortgage in all these places of record, and so the mortgage provides that record be made at once in ten of the principal cities where the lines exist. In accordance with this provision, the mortgage has been recorded in the following ten cities: New York, N. Y.; Chicago, Ill.; Philadelphia, Pa.; St. Louis, Mo.; Boston, Mass.; Buffalo, N. Y.; Providence, R. I.; Rochester, N. Y.; Springfield, Mass.; Syracuse, N. Y.; also Rockport, Mass., and Guysboro (Canso), N. S.

In order to obviate the necessity of recording the mortgage in all the states, counties and places where the lines extend to, the mortgage provides that the title to the property (subject, of course, to the mortgage) shall be deeded to a subsidiary company, and that all the shares of stock of that subsidiary company shall be deposited with the trustee of the mortgage as additional security under the mortgage. This prevents any future debt or obligation of the Commercial Cable Company taking precedence to the mortgage debt, for the reason that the title to the mortgaged property will not be vested in the Commercial Cable Company.

The bonds are of the following description: 500-year first mortgage gold bonds, dated January 1, 1897, due January 1, 2397, interest at the rate of 4 per cent. per annum, payable quarterly on the first days of January, April, July and October.

The issue consists of the following denominations: Registered bonds of \$10,000, \$5,000, \$1,000, \$500 and \$100 each, and coupon bonds of \$1,000 each.

Interest on the coupon bonds is payable at the office of the Farmers' Loan & Trust Company, and interest on the registered bonds is payable at the office of the Commercial Cable Company.

Coupon bonds may be converted into registered bonds, but the latter cannot be converted into the former. The place for transfer of the registered bonds is at the office of the Commercial Cable Company in New York City.

At any time any or all of the said \$20,000,000 of bonds may be exchanged for 4 per cent. debenture stock at the rate of £206 of debenture stock for each \$1,000 of bonds. The debenture stock is issued in certificates of the denomination of £1 sterling and upwards, and is secured by the mortgage in the similar manner that the bonds corresponding thereto were secured before their cancellation. Interest on the debenture stock is only payable in London, England, and the stock itself can only be transferred on the books in London. The amount of bonds and debenture stock combined can never exceed \$20,000,000, but the amount of bonds outstanding may decrease and the amount of debenture stock outstanding may correspondingly increase under the mortgage, inasmuch as the bonds may be exchanged for debenture stock and inasmuch as the debenture stock cannot be reconverted into bonds, but all outstanding debenture stock will have a lien upon the assets equally with the bonds. The mortgage explicitly provides (p. 21) that after the bond or bonds have been converted into debenture stock "said debenture stock shall not thereafter be convertible into bonds."

The limitations on the issue of debenture certificates in London are as follows:

(1.) The mortgage itself (pp. 21-22) provides that, "Upon the presentation of the above mentioned certificate or certificates of said trustee, calling for such debenture stock, at the office of said Cable Company in the city of London, said Cable Company at its office in the city of London shall receive such certificate or certificates and issue in lieu thereof de-

benture stock of the form and nature already set forth in this mortgage deed of trust and to the amount or amounts called for by such certificate or certificates of said trustee, and only on the presentation of such certificates as aforesaid; and under no other circumstances shall such debenture stock be issued. Said debenture stock so issued by said Cable Company and all subsequent reissues of said debenture stock by said Cable Company upon transfers thereof shall be countersigned by a registrar in the city of London, such registrar to be named from time to time by said Cable Company."

(2.) The agreement with Messrs. Baring Brothers & Co., Ltd., recites the amount of debenture stock secured by the mortgage, and recites that by the mortgage "provision is made for the keeping of a register in London, England, of such debenture stock and the registration therein of transfers of debenture stock and the issue and cancellation of debenture stock," and "that the company has requested Messrs. Baring Brothers & Co., Ltd., to undertake the duties of agent and registrar in London in reference to the said debenture stock and the firm has consented to undertake the same." The agreement then provides that "The company hereby appoints the firm the financial agent and registrar of the company in London, for all the purposes mentioned or referred to in the said indenture in reference to the said debenture stock."

(3.) A further limitation or check is the fact that the registrar in the city of London corresponds to the trustee of the mortgage in the city of New York, and such registrar is a well known and responsible house. Such registrar will not attach its name to the debenture certificates except with the same care that the trustee of the mortgage in New York attaches its name to the bonds and transfers of the bonds.

(4.) A further limitation or check is the reliability of the company's manager in England, who must sign the debenture certificates, and who alone is authorized to attach the seal of the corporation thereto.

As previously stated, the whole issue of bonds is \$20,000,000, whereof \$15,000,000 are issued in payment of the property of the Postal Telegraph Company, each shareholder in that company receiving said bonds dollar for dollar for stock. All of the \$15,000,000 of said bonds have been so issued, excepting about \$250,000, which will probably be applied for shortly. \$1,000,000 of the remaining \$5,000,000 of bonds have been issued to pay debts incurred for construction prior to 1897, thus leaving both companies free from floating debt. The remaining \$4,000,000 of the \$20,000,000 of the bonds may, by the terms of the mortgage, be issued at any time by the company for any lawful purposes of the company.

The mortgage securing the said bonds requires that the accounts of the company be audited each year by public accountants, to be elected by the stockholders.

A detailed statement of the property covered by the mortgage is attached to this application.

The directors and officers of the company are as follows:

DIRECTORS.—John W. Mackay, New York; James Gordon Bennett, Paris; Gardiner G. Howland, New York; William Jay, New York; George G. Ward, New York; William C. Van Horne, Montreal; Edward C. Platt, New York; Donald A. Smith, London; Charles R. Hosmer, Montreal; Thomas Skinner, London; Clarence H. Mackay, New York; Albert B. Chandler, New York; and Dumont Clarke, New York.

OFFICERS.—John W. Mackay, President; George G. Ward, Vice-President and General Manager; Charles R. Hosmer, Vice-President; A. B. Chandler, Vice-President; Clarence H. Mackay, Vice-President; E. C. Platt, Treasurer; Albert Beck, Secretary; J. O. Stevens, Assistant Secretary.

I am, yours very truly,

GEORGE G. WARD,
Vice-President and General Manager.

This Committee recommends that the above-described \$13,000,000 First Mortgage Four per Cent. Gold Bonds, due 2397, coupon and registered, as follows, viz.: \$4,220,000 coupon bonds, Nos. 1 to 100, 201 to 420, 451 to 1,144 and 1,295 to 4,500, inclusive, for \$1,000 each, and \$8,780,000 registered bonds for \$10,000, \$5,000, \$1,000, \$500 and \$100 each, and also such registered bonds as shall be issued in exchange for any of the above-described coupon bonds, be admitted to the list.

SALEM T. RUSSELL, CHAIRMAN.

Adopted by the Governing Committee, April 29, 1897.

GEORGE W. ELY, SECRETARY.

July 27th 97
Memo=

Bonds desired \$ 16,000,000

Bonds cancelled
* debenture stock want 3,000,000

Less Bonds cancelled \$ 13,000,000

+ debent stock want \$ 475,000

May 19 \$ 500,000

27 500,000

June 7 500,000 - 1,500,000

Bonds on hand \$ 11,500,000 -

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[April 13, 1897]

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James J. Hill Papers
Minnesota Historical Society

TO THE FARMERS' LOAN AND TRUST COMPANY, NEW YORK.

Please issue to me in lieu of the within bond, your certificate authorizing the issue in London, England, of the equivalent in debenture Stock of the Commercial Cable Company.

Witness: