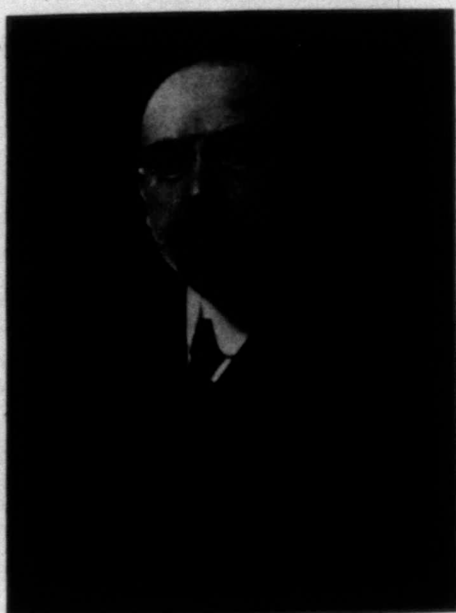
By some the present negotiations are thought to be but the beginning of a still larger amalgamation. Two other companies have been mentioned, the Lake Superior Corporation and the Nova Scotia Steel and Coal. Regarding the former, Mr. T. J. Drummond, its president, has denied the rumour. The Soo corporation is operating its own plants in the best interests of its shareholders. During this year and next year nearly $5,000,000 will be expended in improvement and extension of the company's plants. The finances of the Nova Scotia Steel and Coal Company have recently undergone a reorganization. While probably both the Soo Corporation and the Nova Scotia Company may have no definite anticipation and plans of being absorbed by the Dominion Steel and Coal Corporation, such an event in the next few years does not seem entirely unlikely.



E. R. Wood.

The two contracts made between the companies for supplying coal to the steel plant were never entirely satisfactory to either party. The claim by the Steel Company asked for damages of $3,951,093 on account of over charges, delayed shipments, etc. There remains an unpaid balance of $1,201,093. That was probably a factor in the present negotiations.

Regarding the officers of the new company it is stated that Mr. Plummer will be president, while the vice-presidents will be Mr. J. K. L. Ross and Senator L. J. Forget. The directorate will probably include many of the directors of the present boards. Mr. E. R. Wood, Sir Henry Pellatt and Mr. W. M. Aitken may also be identified with the merger officially.

Some Annual Report Figures.

In formulating an agreement, one company will be found to have advantage over the other. In that case, no bonus or extra stock will be issued. Preference stock will probably be used as the levelling influence.

Although the original issue of the Steel Company's first mortgage bonds was $8,000,000 there are now outstanding only $7,414,000. An issue of £1,200,000 5 per cent. consolidated mortgage bonds at 93 per cent. was made in London in July. Aside from the capitalization figures given above, other items of interest are culled from the two companies' latest printed reports:—

Dominion Iron and Steel Company Report, May 31, 1908.

Property in construction	$36,009,621
Cash accounts receivable	1,711,600
Raw, in process and manuf'rd products	1,750,054
Warehouse material	452,901
Claim against Coal Company; excess cost of coal to date	2,312,555
Net profits	1,017,011
Interest and dividend payments	696,814
Balance carried forward	2,235,722

Dominion Coal Company Report, December 31, 1908.

Property account	$24,092,851
Accounts receivable	680,213
Coal on hand	229,995
New supplies, warehouse	597,904
Cash in banks and offices	597,490
Net profits	2,686,202
Interest and dividend payments	1,086,039
Balance carried forward	1,600,162

The claim of the Steel Company against the Coal Company for the excess cost of coal has a considerable bearing on the former's balance sheet. No notice of that claim was taken in the Coal Company's balance sheet, but in that company's report dated March 13, 1909, Mr. Ross stated that the directors had suggested that the accountants of the respective parties should take up the matter of damages and adjust them as far as possible without further litigation. The claim figures in the Steel Company's balance sheet increased as time went on, but on March 30th, 1909, the Coal Company paid to the Steel Company $2,750,000 on account.

Business of the Two Companies.

As to business, the Steel Company did not feel the effects of the trade depression as badly as did many other companies. An increase in the demand for its products has occurred and the next annual report should show satisfactory progress. The Coal Company have been annoyed by a labor strike. Their output in 1907 was 3,541,253 tons and last year 3,555,068 tons. This year, despite the strike, a good record will be established. The merger is advantageous to the Steel Company in that it will have an adequate supply of coal at a much lower cost than would be possible when purchasing fuel as an outsider.

The Dominion Steel Company has received, from 1896 to 1908 $1,067,528 in the shape of bounties paid by the Dominion Government. During 1910, the Government bounty on pig iron from Canadian ore will be 90 cents per ton as against $1.70 this year; on pig iron from foreign ore, 40 cents per ton as against 70 cents per ton this year, and on steel ingots, 60 cents per ton, as against $1.05 during 1909.

W. M. Aitken

The definite news of the merger was received favourably both on the Montreal and Toronto Stock Exchanges. The

(Continued on page 2144).