

CANADA'S STEEL AND COAL CORPORATION

Will Rank as an Important Industrial Company—Details of the Coming Merger—News Was Favorably Received.

THE DEAL IN BRIEF

Mr. James Ross has agreed to sell to a syndicate, 50,000 shares of Dominion Coal common stock at \$95 per share.

Other shareholders who desire, will have an opportunity to sell their coal holdings on the same terms.

The amalgamation plans will now be discussed and a scheme submitted to the shareholders of both companies.



James Ross.

The capitalization of the new company will be equal to the total of the capital of the two merging companies, \$57,368,833.

There will thus be no public issue of securities of the new company.

The adjustment of balance of Steel Company's claim for damages and of the price of coal, will be referred to reputable chartered accountants.

As a fitting capstone to a pyramid of mergers, or more correctly, a substantial foundation therefor, the Dominion Iron & Steel Company and the Dominion Coal Company will shortly become one corporation. Mr. James Ross, the president of the Coal Company, has agreed to sell to a syndicate composed of Mr. E. R. Wood, Sir Henry Pellatt, Mr. W. M. Aitken, and others, the fifty thousand shares of Coal common stock held by him. He will receive for these \$95 per share, \$25 per share of which will be payable in cash within thirty days and ten instalments of \$7 each per share at intervals of three months during a period of two and a half years with interest at the rate of 4½ per cent. payable quarterly.

All Shareholders Have Some Opportunity.

Other shareholders of the Coal Company will be permitted to accept similar terms if they so desire. In that event, the certificates for their shares must be deposited within thirty days with the Royal Trust Company of Montreal, duly assigned and endorsed in blank. If the syndicate should fail to purchase the shares so deposited on these terms, Mr. Ross has a right to cancel the whole agreement. That is a remote possibility. It is likely that only a few Coal shareholders will take advantage of the opportunity to sell their holdings. Unless they particularly desire to withdraw from the Coal Company at the present juncture, there are many good reasons why they should continue as shareholders of Canada's largest industrial corporation.

The following shows where the common stock is located:

| | Shares. |
|--|---------|
| Ross shares purchased by syndicate..... | 50,000 |
| Coal holders agreeing to stay..... | 45,000 |
| Purchase financed by 25 Montreal and Toronto men | 25,000 |
| *Remaining shareholders, to which circulars are being mailed | 30,000 |
| | 150,000 |

There remains now the question as to the basis of the amalgamation. This has an important bearing on the future of the new company and is of vital interest to the share-

holders. Mr. Ross has afforded primary protection by giving the same opportunity he has enjoyed. It is understood that more than 45,000 shares of Coal have agreed with the purchasing syndicate to retain their shares and participate in the merger of the two companies to the extent of their present holdings. Now that arrangements have been made with Mr. Ross, those most largely interested in the two companies will proceed to formulate the terms of the consolidation with a view to presenting a mutually fair plan to all the shareholders.

Capital Will Not Be Increased.

The total capital of the new company will be the same as the total capital of the existing companies. There will be no issue of securities to the general public. Which is refreshing. An excellent opportunity existed, in the course of merging these two corporations, to inject watered stock into the proposition. Too often this year has the ambush of industrial mergers been sought to cover the shortcomings of individual companies and to foist stock, more or less valuable, upon the investing public. In the present instance, both the Steel and Coal properties are in good shape, are doing an excellent business and possess splendid potentialities. The gentlemen chiefly interested have chosen a clean financial course, merging the two companies, without any increase of capital stock.

The following are the details of the various securities:—

Dominion Iron and Steel Company.

| | |
|----------------------------------|--------------|
| Common stock | \$20,000,000 |
| Preferred stock | 5,000,000 |
| Bonds (September 30, 1908) | 9,368,833 |

Dominion Coal Company.

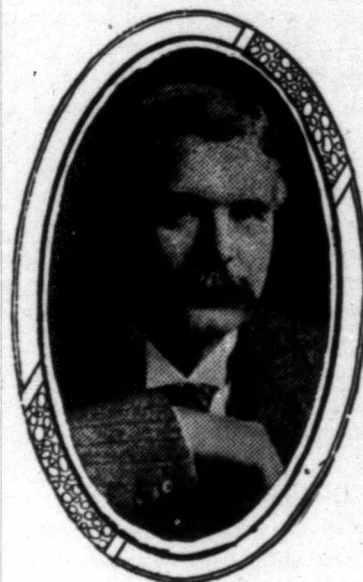
| | |
|-----------------------|------------|
| Common stock | 15,000,000 |
| Preferred stock | 3,000,000 |
| Bonds | 5,000,000 |

Total

\$57,368,833
The two disputes remaining unsettled between the companies—the adjustment of the balance of the Steel Company's claim for damages and the adjustment of the price of coal for the period of five years—will be referred to two firms of chartered accountants of high standing. The minority shareholders of the Coal Company may therefore rest assured that their entire interests will be protected.

End of the Fight.

Although Mr. E. R. Wood and others have been prominent in these final scenes, one can see throughout the personalities of Mr. Ross and Mr. Plummer. From the time when disagreement between the two companies commenced,



J. H. Plummer.

commercial war was practically declared between these two men. The Monetary Times has always taken the stand that Mr. Ross should not have fought his case through to the Privy Council, but he evidently thought he was serving the best interests of his company. And he made a good fight. Mr. Plummer fought equally as well and was on the winning side. It would not be unreasonable to suggest that from the beginning, the Steel Company's ultimate object was the amalgamation of the two companies. Even when the Privy Council handed down its decision in favour of Steel, Mr. Ross said, "We have lost and we will pay the damages." By some who saw into the future it was felt that the payment of damages was but a protraction of commercial warfare and a further obstacle in the way of the Coal Company's absorption. Even at this stage it is believed that family persuasion largely prevailed upon Mr. Ross in making his present decision.