DOMINION STEEL CORPORATION

New Issue in London—Requirements of Corporation—Charges and Interest

Monetary Times Office,

Montreal, May 22nd.

An announcement of much importance to the shareholders of Dominion Steel Corporation came over the cable from London the other day. This was to the effect that the company was about to issue $2,500,000 more of its 6 per cent. preferred stock. As this issue would add an additional $150,000 to the dividend disbursements of the year, which sum would take precedence to the dividends on the common stock, and as the possibilities of the dividends on the common being passed had already been discussed, the effect of the announcement was anything but encouraging so far as the price of the common shares was concerned. The stock fell on the Montreal Exchange until it reached 47¼ on Wednesday, this being the lowest price Steel Corporation stock was sold at in a considerable time past.

Total Issue of Stock.

The corporation has already made an issue of this same preferred 6 per cent. stock, some $7,000,000 of it having been exchanged for the $3,500,000 of 6 per cent. income bonds of the Dominion Iron and Steel Company and for a similar amount of the income 6 per cent. bonds of the Dominion Coal Company. Adding to this the $2,500,000 just alluded to, would make a total issue of $9,500,000 of this class of stock.

From all that can be learned the table which appears below will give a fairly accurate idea of the requirements of the corporation for bond interest and stock dividends. In the table the charges against the two subsidiary companies are shown separately and instead of showing the $7,000,000 of preferred stock as a charge against the holding company, there has been shown the income bonds against each of the subsidiary companies.

Are Not Altered.

As the total of the income bonds and the interest thereon is the same as the amount of the preferred stock, the charges are in no way altered.

	Outstanding.	Annual charge.	
Dominion Iron and Steel Company.			
Pfd. 7% cum. stock......	$5,000,000.00	$350,000	
First mortgage 5% bonds	7,245,000.00	362,250	
Cons. mortgage 5% bonds	6,812,846.66	340,642	
Income bonds 6%	3,500,000.00	210,000	
Total Dominion Iron and Steel charges			$1,262,892
Dominion Coal Company.			
Pfd. 7% cum. stock	$3,000,000.00	$210,000	
First mortgage 5% bonds	6,904,500.00	345,225	
Income bonds 6%	3,500,000.00	210,000	
Total Dominion Coal charges			765,225
			$2,028,117
Dominion Steel Corporation.			
Debentures 5%	$1,500,000.00	$ 75,000	
Preferred 6% stock reported about to be issued..	2,500,000.00	150,000	
			225,000
			$2,253,117
Com. stock Corporation $36,896,200.00 (4%)			1,475,848
			$3,728,965

In the event of earnings of the combined companies not being sufficient to meet all the bond interests and dividend requirements, the earnings of either company would be applied in the first instance to the interest and dividend charges on its own bonds and preferred stock. The surplus remaining after all these charges have been met would then be available for other disbursements in order of priority. Thus the bond interest and preferred dividends on either of the subsidiaries in a lean year for that particular subsidiary could be paid out of the surplus profits of the other subsidiary.

Mr. Mark Workman, one of the directors of the Dominion Steel Corporation, who has just returned from a trip abroad, ridicules the story that the Steel Corporation is to issue $2,500,000 preferred stock. "There will be no issue of preferred shares," said Mr. Workman. "That is certain. The new financing will probably be arranged through the sale of debenture stock or bonds, which will be very much cheaper than issuing preferred. Nothing definite, however, will be done in this respect until the return of Mr. Plummer." He also declared that there was no likelihood of a dividend being cut or passed.

OTTAWA LIGHT, HEAT AND POWER

Attracts Attention at Montreal—New Stock Issue—Company's Capital and Earnings

Monetary Times Office,

Montreal, May 22nd.

One of the features of the week in the local stock exchange was the sudden jump which took place Wednesday afternoon in the price of the stock of the Ottawa Light, Heat and Power Company. This stock has lately been selling at around 179 to 180, which is 10 to 12 points lower than the high mark reached a couple of months ago when there was talk of increased disbursements coming to the shareholders. This was confirmed at the time of the annual meeting of the company when it was announced that there would be an increase in the capital and that shareholders would receive rights to subscribe to the new stock at par. In addition to this it was announced that instead of paying a dividend of 7 per cent. and a bonus of 1 per cent. annually the dividend would be increased to a straight 8 per cent. It was assumed also that the bonus would be increased.

New Stock Issue.

In explanation of the advance a story from Ottawa was to the effect that at a session of the directors, held at Ottawa, it had been decided to make a new issue of approximately $800,000 of stock, at par, to shareholders. Payments for the stock are, it is understood, to extend over the year.

There was a rumor on the street also, to the effect that the directors were favorable to the payment of a 1 per cent. bonus on July 1st. This rumor receives confirmation in the fact that the prediction was made at the time of the annual meeting that the bonus would hereafter be 1 per cent. half-yearly instead of 1 per cent. yearly. The disbursements on the present capital would consequently figure out about as follows:—

1912	7 per cent. dividends plus 1 per cent. bonus, total, 8 per cent.	$158,752
1913	8 per cent. dividends plus 2 per cent. bonus, total, 10 per cent.	$198,440

Capital and Earnings.

The issued capital of the company at the end of last year amounted to $1,984,400. The authorized capital was $2,000,000. In December last, however, the company obtained the right to increase its capital by $3,000,000, making a total authorized capital of $5,000,000. Out of this total the new issue of approximately $800,000 will be made.

It would seem that the ratio of new stock to old would be about two shares in every five old.

At the recent selling price of 180, this will give rights in Ottawa Power in value of about $22; and at the recent high price of 190 to 191 the right would be worth considerably more.

Ottawa Power Company has been showing excellent results of late. It is the holding company for the Ottawa Gas and the Ottawa Electric Company. The earnings of these concerns last year showed a very considerable increase, the following being their net income:

Ottawa Electric	$243,425	Income over 1911,	$27,542
Ottawa Gas Company .	54,617	Income over 1911,	1,760
	$298,042		$29,302

DEATH OF MR. J. MACKENZIE

Mr. J. Mackenzie, a well-known and esteemed Toronto banker, died on Monday last in the Wellesley Hospital, Toronto. Mr. Mackenzie's banking career extended over thirty years. Entering the Imperial Bank's service as a junior at St. Thomas in 1882, Mr. Mackenzie advanced to other positions, being located at Ingersoll in 1887; he then received an appointment in the Toronto office, where he rose to be assistant to Mr. O. F. Rice, the manager, which position he has filled for eleven years.

Mr. George W. Yarker, manager of the Toronto Clearing House, interrupted the regular procedure, to pay a warm tribute of respect to the memory of the late Mr. Mackenzie, "Mr. Mackenzie was a very capable banker," said Mr. Yarker, "and the charm of his manner and the cordiality of his disposition, made it most pleasant to associate or do business with him."

The number of directors of Messrs. Murray-Kay, Limited, Toronto, has been decreased from ten to eight.