

MONTREAL STREET RAILWAY & CANADIAN POWER COMPANY.

The man who would and could, write the true history of big company amalgamations and absorptions, nothing extenuating and nothing setting down in malice, would render the world a service. The movement to absorb the Montreal Street Railway Company is a remarkable case in point. A company earning and paying good dividends is threatened with absorption by another company, which, as we can well believe, has plenty of money behind it, but no present earning power and no present value except in the possibility of future development. It possesses a water power of great but unknown value, in connection with which bonds of \$4,000,000 have been issued.

Ample powers should be given to the Public Utilities Commission recently appointed in this Province to restrict and regulate the amalgamation of companies enjoying public franchises. There are possibilities of great profits in these amalgamations, but the money—the good hard cash—will have to come from somebody's pockets.

From the best information obtainable we understand that the capital of the proposed amalgamated companies (Street and Canadian Power) will be \$47,240,000, made up as follows:—

Outstanding Street Railway bonds	\$4,240,000
Outstanding Street Railway stock	
\$10,000,000, which it is suggested will be exchanged at 250 for 4½ p.c. debentures of the amalgamated companies.	25,000,000
Stock bonus of 50 p.c. to Street Railway shareholders with the debentures.	5,000,000
Outstanding Canadian Power bonds.	4,000,000
Outstanding Canadian Power stock \$6,000,000 (on which how much has been paid the Canadian Power people can say) which it is suggested will be exchanged at 150 for stock of amalgamated companies	9,000,000
Total capitalization.	<u>\$47,240,000</u>

A Holding Company is to be formed which will issue the above new scrip and debentures on behalf of the proposed amalgamated companies.

THE BANK MERGER.

Approved by Shareholders.

Meetings of shareholders held this week have approved the arrangement entered into by the respective directors some time since for the sale of the whole of the assets of the Union Bank of Halifax to the Royal Bank of Canada. The meeting of the shareholders of the former bank was held at Halifax on Wednesday, and that of the Royal Bank's shareholders yesterday in Montreal. At the Union Bank's meeting, 29,955 out of 30,000 shares were represented, either in person or by proxy, of the value of \$1,297,750 out of \$1,500,000 capital. Upon the vote being taken to ratify the sale to the Royal Bank, the vote stood 25,955 for and none against.

The terms of this important arrangement, are set forth in the following quotation (which for convenience of reference, we reproduce) from the letter sent out by the Union of Halifax directors to their shareholders announcing the conclusion of the negotiations:—

"The par value of the shares of the Union Bank of Halifax is \$50 each; that of the Royal Bank of Canada is \$100. Under this agreement, for each five shares of the stock of the Union Bank of Halifax, you will receive two shares of stock of the Royal Bank, and cash for fractions of a share of Royal Bank stock at the rate of \$250 per share. If the agreement with the Royal Bank of Canada is adopted the amalgamation will be consummated on the 1st November. On the 31st of October the Union Bank of Halifax will declare the usual quarterly dividend of 2 per cent., and the Royal Bank of Canada undertakes to increase its present dividend of 11 per cent. to 12 per cent. on December 31 next, and the holder of the new shares of the Royal Bank of Canada will receive a dividend of 2 per cent. on December 31 for the two previous months.

"A dividend of 12 per cent., it is assumed, will give a market value of not less than \$250 per share. If so, this price would be equivalent to \$100 for each \$50 share of the Union Bank of Halifax."

With reference to the terms of the exchange of shares, as is known, an offer has been made by an English syndicate to purchase from the shareholders in the Union Bank of Halifax the shares in the Royal Bank to which they become entitled on the consummation of the merger of the two banks on November 1 next, at the price of \$240 per share. The number of shares in question is 12,000 (of the nominal value of \$100 each), so that the acceptance in full of the offer would mean an investment of \$2,880,000 of English capital. That this offer should have been made indicates much confidence in the future of the Royal Bank, whose power and prestige will be considerably enhanced