

THE FIRST NATIONAL BANK OF ST. PAUL.

UNITED STATES DEPOSITORY

CAPITAL \$3,000,000. SURPLUS \$2,000,000.

LOUIS W. HILL, CHAIRMAN BOARD OF DIRECTORS
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ST. PAUL, MINN. November 24, 1915.

James J. Hill, Esq.,

c/o Great Northern Ry. Co., 32 Nassau St.,

New York, N.Y.

My dear Mr. Hill:

I enclose herewith copy of a letter just received from the Bankers Trust Company of New York, with reference to a proposed dollar loan of \$50,000,000. to several English Joint Stock Banks, to run for six months, at $4\frac{1}{2}\%$, and to be guaranteed by the British Government. My first thought was to ask Mr. Toomey to telegraph you the substance of the letter in which they offer to arrange for us a participation in the loan, should we so desire, and to ask if you approve, but Thursday being a holiday, I think it best to enclose a copy of the letter; and would like to have you advise me by wire on Friday, whether you think we should accept a participation of, say, \$300,000. or more. The letter does not indicate the Syndicate price; - probably you can readily ascertain the details if you have not already learned them. It seems to us a desirable investment, and I will await your reply before answering Mr. Kent's letter.

Conditions here have not materially changed. Although the demand for money is light, yet we are placing some new loans, of moderate amounts, each day, for seasonal requirements.

You will be surprised - as I was on my return - to learn that the Bank and Trust Company have announced opening for business in their new quarters on Monday, next. The contractors are rushing things to com-

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pletion, and promise to have the "decks cleared" for us by the coming Saturday, so that on your return, we will welcome you in the new quarters.

With personal regards for yourself, Mrs. Hill and Miss Clara, and hoping that you are much better than when I left,

Yours very truly,

E. H. Bailey

President.

EHB.LG.

(COPY)

BANKERS TRUST COMPANY,

16 Wall Street.

New York, November 22, 1915.

Mr. E. H. Bailey,
President, First National Bank,
St. Paul, Minn.

Dear Mr. Bailey:-

The proceeds of the Anglo-French loan have not yet been availed of to take exchange off the market, but it is expected that they will begin to be so used very soon. Sterling exchange in the meantime has fallen off very materially, until a few days since, when it began to strengthen, because it became known that negotiations were under way for the protection of the market. It seems that such protection may be necessary after all British Government shipments are taken off of the foreign exchange market and met from the proceeds of the loan, as other exports may continue to exceed our imports.

The interests of our exporters require a more stable exchange market, and with the idea of endeavoring to bring about such a condition, eight of the English Joint Stock banks have agreed together to make a dollar loan of say \$50,000,000. to run for six months, at $4\frac{1}{2}\%$, to be guaranteed by the British Government. The English institutions are the eight leading banks, having a capital and surplus of \$240,000,000. and deposits of \$2,900,000,000. The four largest institutions will borrow \$7,500,000 each, and the four second largest \$5,000,000 each, and every American institution taking part in the loan will have a proportionate amount of the obligation of each bank. The guarantee of the British Government is only required as an assurance that gold can be shipped at maturity of the loan, if necessary, as the American correspondents of the English banks are, so far as we know, more than willing to make them direct loans, without security, for large amounts as ordinary business operations. The proceeds of the loan are to be used for the purpose of purchasing exchange made by our exports, with the idea of stabilizing the market.

As this is only a small transaction in view of the size of the institutions involved, we believe that the loan will be quickly over-subscribed when announced. Therefore we are bringing this to your attention at this early date, so that we will be able to arrange for your participation, should you desire to have us do so.

Very truly yours,

(SIGNED) F. I. Kent

Vice President.