

Eastern Railway Co. of Minn. April 1, 1898

To E. T. Nichols

Re terms of new mortgage (Eastern Ry. and Northern Division). The form of guarantee of bonds of Eastern Ry. Co. by the Manitoba and Gt. Nor. is correct. The lines of the companies now connect at Hinckley & will be extended by Eastern at Fosston. Exchange of traffic is large & profitable. G.N. has trackage over Eastern to Lake Superior, and Eastern has trackage over Gt. Nor. to Mpls and St. Paul. Gt. Nor. owns all the capital stock of Eastern & has pledged same to Manitoba as security. The covenants in the lease from the latter, so that practically the G.N. & Man. cosl under law of Minn. are

guaranteeing their debts. "I shall be surprised if the [redacted] line will not earn six times its annual interest; and back of that it has very extensive terminal facilities at the head of Lake Superior that would cost more than any railway company could afford to pay."

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