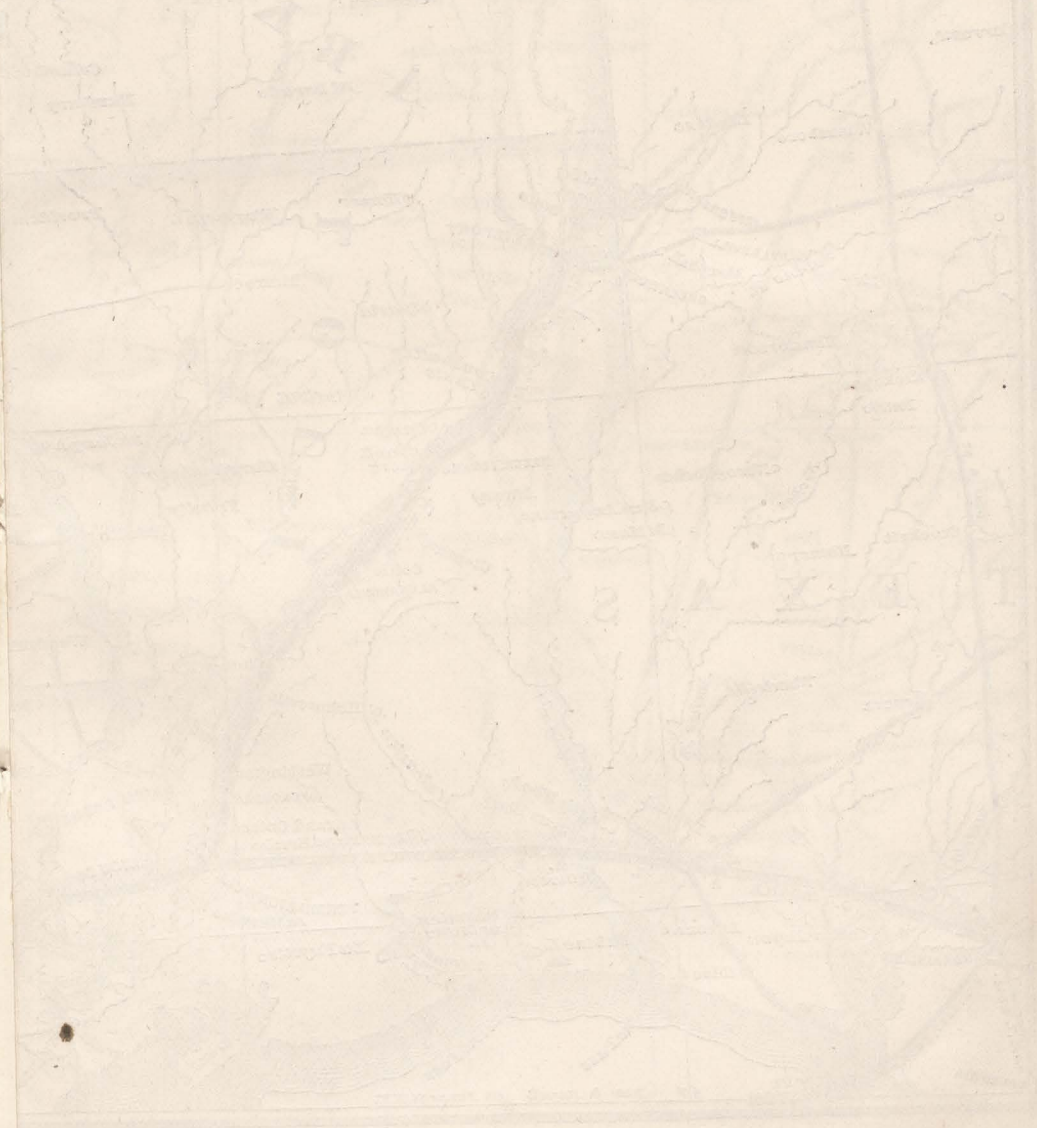
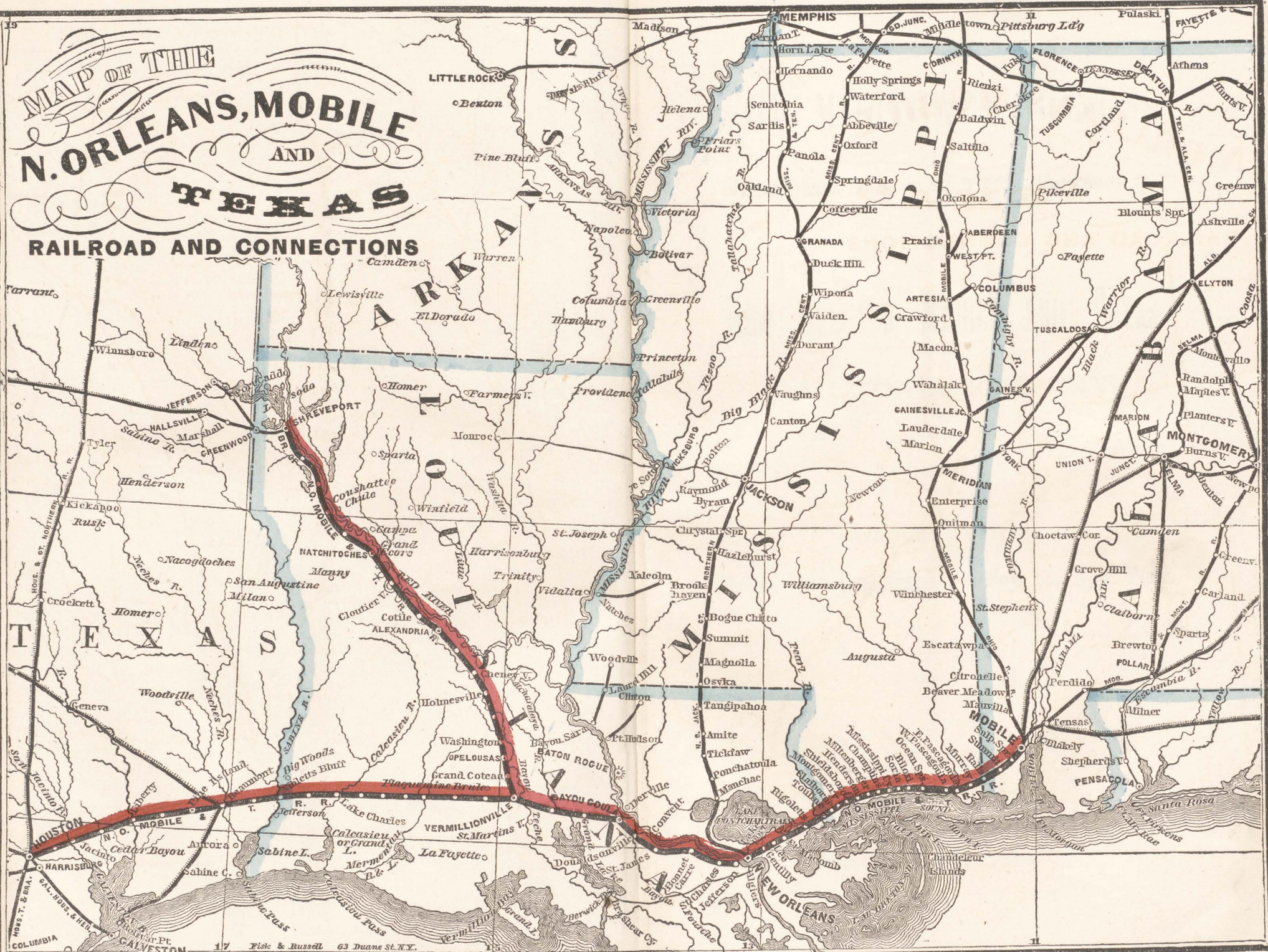

The New Orleans, Mobile and Texas
Railroad Company.

NEW ORLEANS, MOBILE
AND
THE BAY
RAILROAD AND CONNECTIONS



MAP OF THE N. ORLEANS, MOBILE AND TEXAS RAILROAD AND CONNECTIONS





THE MORTGAGE BONDS,

(7 per cent. Gold or 8 per cent. Currency,)

OF THE

NEW ORLEANS, MOBILE AND TEXAS

RAILROAD COMPANY.

COMPANY'S OFFICE:

Corner Exchange Place and New St., New York.

FINANCIAL AGENT:

W. B. SHATTUCK, Banker,

No. 23 NASSAU STREET, NEW YORK.

OFFICERS AND DIRECTORS, 1871.

JAMES A. RAYNOR, *New York*, PRESIDENT.
HON. JOHN A. GRISWOLD, *Troy, N. Y.*, VICE-PRESIDENT.
HARRISON DURKEE, *New York*, TREASURER.
JOHN J. HOWELL, *New York*, SECRETARY.

DIRECTORS.

JAMES A. RAYNOR,.....NEW YORK.
HON. EDWIN D. MORGAN,.....NEW YORK.
HON. WM. M. TWEED,.....NEW YORK.
WILLIAM S. WILLIAMS,.....NEW YORK.
LEVI P. MORTON,.....NEW YORK.
HARRISON DURKEE,.....NEW YORK.
JAMES H. BANKER,.....NEW YORK.
JOHN STEWARD,.....NEW YORK.
JOSEPH SELIGMAN,.....NEW YORK.
LOUIS A. VON HOFFMAN,.....NEW YORK.
THOMAS W. PEIRCE,.....BOSTON, MASS.
HON. JOHN A. GRISWOLD,.....TROY, N. Y.
HON. OAKES AMES,.....NORTH EASTON, MASS.
HON. GEORGE INNIS,.....POUGHKEEPSIE, N. Y.
PETER BUTLER,.....BOSTON, MASS.

EXECUTIVE COMMITTEE.

EDWIN D. MORGAN, WILLIAM S. WILLIAMS,
OAKES AMES, HARRISON DURKEE,
JOHN A. GRISWOLD, LEVI P. MORTON,
JOHN STEWARD, JAMES H. BANKER,
JAMES A. RAYNOR, PRESIDENT AND MEMBER, *ex-officio*.

THE ROAD.

ITS TERMINI—NEW ORLEANS, WESTWARD TO HOUSTON, TEXAS,
EASTWARD TO MOBILE, ALABAMA.

*The Three Important Cities of the Gulf States Connected
by Rail.*

[See accompanying Map.]

Diverging from New Orleans, the metropolis of the South, this road extends westward to Houston, the centre of the whole Texas railway system, and eastward to Mobile, the second in rank of the great cotton markets of the Union. Thus, by continuous iron roadways, is secured an air-line route of nearly five hundred miles, and the great commercial emporium of the central valley of this continent is brought into steam communication with the heart of the broad commonwealth of Texas on the one side, and on the other, with the entire Atlantic slope. Making New Orleans its pivotal base, the road will stretch on either side to tap the growing West and the fertile South, and grasp its business developments as they exist now or may arise in the future. In its larger scope it will tend happily to blend the interests of four commonwealths, lying in the same range of production and exchange—Alabama, Mississippi, Louisiana and Texas—whose territory the road traverses, over an area as large as the original thirteen States.

The future of these four States cannot properly be measured by their past; for if the Gulf region has not kept full pace with the West in unexampled progress, the reason is not apparent in any lack of advantages, whether of position, soil or climate, but in the want of adequate means of transportation and movement—a want which this railroad chain will go far to meet, with every facility of cheap and prompt land carriage. In the success of such a route as this, the trader, the emigrant, the settler and the capitalist are alike interested.

The deficiency of internal improvements is made conspicuous by a single instructive fact, namely, that in Ohio and some other Western States there is a mile of railway to every dozen miles of area, while in the four Gulf States named there is, on the average, only a mile of railway to one hundred and fifty-three miles of area. What can be more plainly suggested by this than the safety and profit of investment in a practical means of developing those vast natural resources which lie dormant in the South, arising from the absence of railway facilities? Most assuredly, the same enterprise that has created and augmented the wealth of the Western States can do as well for the Southwest, in connection with the latter's unrivaled natural riches of soil and advantages of climate.

TEXAS

Is an empire of itself in breadth, in diversity of soil and in multiplicity of products. Larger in territorial extent than the New England States, the Middle States, and Virginia combined, it is capable of sustaining a population as dense as any of the older states, and yet remains imperfectly developed, from deficiency of transportation facilities. Texas can easily support a population of fifteen to twenty millions, and that population is waiting in all parts of the world for the means of access to so desirable a goal of emigration, with its sea-board full of sheltered bays, its fertile cotton lands, its back country inexhaustible for stock raising, and its mineral treasures inviting exploration at every point. The orange and fig, the grape, the peach and apple, are comprised in the range of Texan vegetation. The forests furnish rare and useful woods, and the prairies are luxuriant with wild tea plant, indigo, and sumach susceptible of cultivation for the purposes of commerce, while the rivers and coast waters teem with every variety of fish. The climate is free from malaria, and, save upon the coast, from epidemic fevers; and the northern and central portions of the State are noted for a salubrity unsurpassed by any locality on the continent. Many springs are found rich in mineral properties, as tonics, being impregnated with sulphur and iron in agreeable proportions. During nine months of

the year, the weather is delightful, the winter, short and never rigorous, being usually modified by seasonable rains. Immense herds of live stock range on the wide stretching prairies, which are abundantly watered by ample rivers.

The constituents of the soil are so happily distributed as to suit every agricultural demand. The abounding opportunities for the planter are becoming fully understood, and attracting colonization in large bodies. A constant stream of thrifty German industry, mingled with steady accessions from the Northern and Atlantic States, is flowing in and spreading over the Texan country; but there is room for millions more.

Of the staples of the country, the shore islands, enriched by deposits of the fertilizing sand, known as silt, yield the finest sea-island cotton; wheat, which is well adapted to the soil in thirty counties, is produced of superior quality, fully equal to that of California, reaching seventy pounds to the measured bushel, and ripening a full month earlier than the northern crop. The State is capable of yielding from fifty to one hundred million bushels annually of this cereal. Dallas County, occupying a central position in the wheat-producing region, is distant scarcely five hundred miles by this railway from New Orleans. Once placed within reach, by rail, of the sea-board markets, capital and labor would be devoted to its growth, and ultimately a great carrying traffic must be secured to the road.

An authority* estimates the cotton lands of Texas at twenty million acres; and gives the number of bales of ginned cotton, the product of that State in 1869, shipped from the port of Galveston, at one hundred and eighty thousand. The crop of 1870 is estimated at about three hundred thousand bales. From the extent of lands, it will be seen that the yield of this important article within a few years, in this State, can hardly be estimated at less than the entire crop of our whole country twenty years ago.

Sugar can be, and is grown as successfully in the counties lying near the coast, as in any other part of this country.

* The Texas State Almanac for 1870.

The same authority above quoted, says: "One hundred bushels of corn per acre, and other crops in proportion, is no uncommon yield in the irrigated valleys of the Rio Grande and other streams."

Some idea may be formed of the rapid development of Texas, by the following figures:

Horned Cattle, in the 157 counties, in 1850, . . .	878,829.
" " " " " 1860, . . .	3,363,276.
" " and in only 120* " " 1867, . . .	3,853,029.

And it is estimated on ascertained data, that there are, at present, five million five hundred thousand cattle in the State. Prof. Forshey, of Galveston, estimates the number at over 8,000,000.

Horses, in 157 counties, in 1850,	76,760.
" " " " " 1860,	325,698.
" " 120* " " 1867,	597,163.
Sheep, in 157 counties, in 1850,	100,530.
" " " " " 1860,	753,363.
" " 120* " " 1867,	1,323,556.
Swine, in 157 counties, in 1850,	692,022.
" " " " " 1860,	1,371,532.

LOUISIANA

Ranks as the second commercial State in the Union. Its trade, very little fostered by artificial agencies, is expanding at a marvelous rate, and such is its geographical position in the configuration of the Mississippi basin, that a magnificent future is auspiciously assured in all the relations of production and commerce. The staples of sugar, cotton and rice, command a first place. Of the former, Louisiana produced, according to the census of 1860, more than ninety-six per cent. of all raised in the United States—its product of molasses being in the same proportion; and it claimed one seventh of all the cotton ginned in the Southern States. The increase of rice culture in the State has been rapid during the last ten years. In 1860,

* The returns are but partial. The increase in the remaining counties, it is safe to assume, would be as great as in those given.

the value of Louisiana's product of this article, was \$95,000; in 1865, \$275,000; in 1869, \$869,000, and in 1870, much greater. The New Orleans *Price Current*, of September 1, 1870, says: "A few years ago the cultivation of rice was confined to a narrow strip along the Mississippi, below New Orleans, but has since extended to other parts of the State, and it is now successfully cultivated in fifteen parishes—the returns from which, for the past year, amount to 100,748 barrels, of 200 pounds each." And it may be added, that this Company own many thousand acres of rice lands lying in the parishes or counties above referred to. The soil of Louisiana's extensive river bottoms is unexcelled in fertility. To the settler, it offers millions of acres of unimproved lands, and constantly enhancing values on every crop raised for market. THE NEW ORLEANS, MOBILE AND TEXAS RAILROAD passes through the richest and most highly cultivated sugar and cotton sections of the State. By its trains the planter must necessarily seek the markets.

MISSISSIPPI

Stands at the head of our cotton-producing States. The census of 1860 marks its production at 1,202,507 bales of four hundred pounds each, or nearly a quarter of the entire crop of the country, which was 5,387,052 bales. The same year it raised more peas and beans than any other State, and, with the exception of two States, its crop of sweet potatoes was the largest in the Union, while its production of Indian corn and live stock may be reckoned among the most important items of national wealth.

Of its area of thirty million acres of land, less than three and a half millions were improved in 1860. Cheap and expeditious transit and transportation are here, as elsewhere, the keys to Southern development in population, industry and wealth.

ALABAMA

Holds the position next to Mississippi as a cotton-growing State. In 1860 it produced nearly one-fifth of the whole crop of that year. Scarcely less important to the enterprise we are

considering, are the pine lands, especially in the southern counties of the State, where vast tracts still belong to the General Government, subject to entry under the Homestead Law. Fields of excellent bituminous coal comprise an area of five or six thousand acres, and inexhaustible beds of iron ore are found in certain portions of the State. These products of forest and mines will be needed in large quantities in Louisiana, Texas and elsewhere on or near the line of this railway, and will necessarily seek transportation over it.

While Alabama is classed as an agricultural State, it possesses water-power and other natural facilities for manufacturing. Enterprise, which inevitably follows the opening of railways, will promote this, in common with every other business pursuit, thereby not only diversifying the industry of a rapidly increasing population, but largely augmenting, likewise, the local carrying trade.

NEW ORLEANS

Outranks all other cotton markets of the world; and, in the extent and value of its exports, has long been counted as the second city of America. Of domestic products, indeed, its exports exceed those of New York; while its domestic commerce, connecting with all parts of the Southern interior, employs a far greater number of steamboats than any other city of the continent. Its crescent-shaped levees—miles in length and raised at the cost of millions—“have scarcely a parallel in the world for the advantages they afford to the loading and shipment of produce.” Its great and peculiar advantages as a business centre combine to increase the usefulness and value of this new railroad, over which a large percentage of the augmenting exports and imports must find their way. The increase of business at New Orleans is shown by the amount of produce of the interior, received, as follows:

In 1867-8, the total value is placed at.....	\$127,459,561
1868-9, “ “ “	167,559,658
1869-70, “ “ “	200,820,496

Of which a large per cent. would naturally find its way over this

road. Of the above values, the following items may be particularized:

Cotton (exported), 1867-8....	681,692 bales, 400 pounds each.
1868-9....	842,405 “ “ “
1869-70..	1,185,050 “ “ “
Flour (exported), 1867-8....	285,704 barrels.
1868-9....	377,236 “
1869-70..	556,323 “

The rate at which the shipping of this port is increasing may be judged from the following aggregate of arrivals of the larger class of vessels:

In 1867-8	159
“ 1868-9	175
“ 1869-70	251

The importations at New Orleans are rapidly recovering from the effects of the war. For November last, they amounted to \$2,410,644, and the duty collected to \$635,000—the largest since 1861.

The immediate value of the road to the people at New Orleans, in one item alone, may be seen in the following from the *N. O. Republican* of January 29, 1870, which says: “The people of New Orleans will save not less than \$1,500,000 each year in beef alone, when the N. O., M. & T. Railroad is completed to Texas, as inferior beef, brought here by steamers, now sells for fifteen cents per pound.”

MOBILE

Is the only seaport town of Alabama, and only less important than New Orleans in the extent of its exports of cotton. Prior to the war, its average yearly shipments of cotton were not less than six hundred thousand bales; and the vast forests of pine, located near the line of this road, gave one hundred and eighty thousand dollars worth of timber for masts and spars to supply French vessels alone. The railroad facilities opening, under the charter to this Company, will add immensely to the commercial facilities and advantages of the port.

HOUSTON

Is not only the centre of the railway system of Texas, but is rapidly becoming the commercial centre as well. Already the principal place of shipment for the ever increasing crops of corn, sugar and cotton of the adjacent counties, it needs only the facilities which direct railroad communication with New Orleans will afford, to draw to it, over the new lines of railway radiating therefrom, a great traffic from the interior—the bulk of which would pass over this road. The region round about Houston is noted for its excellence as a grazing country, and will be found to be a source of large supply of beef cattle for eastern markets.

GROWTH OF THE GULF STATES.

There has been a marked growth in the population of Alabama, Mississippi and Louisiana, notwithstanding the losses by the war, and Texas has increased full thirty-five per cent. during the past ten years. Indeed, very recent advices assure the officers of this Company, that emigration to that State was never so great as now, although its population last year was increased more than a hundred thousand from this source alone.

Of the cotton crop, which exceeds the combined value of all other export articles of the United States—the four Gulf States through which this road passes, raised last year, according to the recent report of the Department of Agriculture, fifty-eight per cent.; and the improving modes of culture are likely largely to increase this relative per centage.

THIS RAILWAY A NECESSITY.

Nature has interposed a perpetual barrier against successful rivalry between land and water carriage in the several States through which THE NEW ORLEANS, MOBILE AND TEXAS RAILROAD will run. Although these States possess an unbroken coast of nearly three thousand miles, measuring from Mobile to a parallel drawn southward from Houston, yet this extreme sea line is skirted landward, in many parts, by salt

marshes, and bordered “with a chain of low sand islands formed by the deposits of the Mississippi and other rivers.”

The route chosen for this railway, while avoiding the region of swamp and low lands, so far as practicable, still keeps near enough the coast to receive the commerce of many navigable rivers, floating toward its depots from long distances far in the interior. In fact, the road taps the trade of rivers along its entire extent.

A railway is not only the efficient equalizer of prices, but the promoter, especially, of economy. At present, cattle in Texas, owing to the expenditure of time and the risks and losses by drowning and drawbacks known to drovers, are worth only from five to nine dollars per head, while in New Orleans, beef is quoted at fifteen cents per pound;* and so completely is the carrying trade under individual control in Texas, owing to deficiency of railroad facilities, that not even a calf can be brought to eastern markets unless it pass thence over a circuitous route, and finally by a certain line of boats, to New Orleans. So great, indeed, is the disparity of prices between West and South-west, that when wheat was quoted at \$2.82 per bushel in Cincinnati, it sold for \$1.12 at Brenham, Texas—a difference in favor of the Western farmer, based entirely on the accessibility to markets which the latter enjoys.

It is believed, by those who have opportunities of judging, that “the cattle trade would alone support and keep fully employed a single track the year round.”

A well-informed writer in the New Orleans *Picayune*, says :

“Every boat going up (the Mississippi) carries from 300 to 800 head of cattle, to be distributed all over the plains and prairies of the Western States, there to be fattened and forwarded to feed the millions in the east; while tens of thousands are driven to the banks of the Red River for shipment. From two to three hundred thousand are being driven through Arkansas and Missouri to the extreme north-west.”

* An agent of The New Orleans, Mobile and Texas Railroad, in the Fall of 1868, was offered, at San Antonio, 500 selected bullocks for \$500 in gold.

(It may be added, that almost the entire business of the Kansas railroads, is the carrying of south-western cattle, so great is becoming the business, and so all but limitless is the supply.)

The article above quoted continues: "An intelligent Texan, engaged in the cattle trade, told me that with all this depletion, the number would scarcely be missed from the vast herds that still cover the prairies of Texas. The trade as now carried on, is attended with great waste to cattle dealers. If they start to drive through Missouri, they lose a great many by the way; then the journey is so long, that the expense is very considerable. If they bring beeves to New Orleans by the Gulf, or by the steamer down the Red River, to ship west, a great many are scattered and lost. Nothing but the completion of our great Western road will meet the wants of this important branch of trade, which is yet only in its infancy. The most experienced traders and drovers say, that the road finished with a double track from the Sabine to New Orleans, there would be shipped over it a million head the first year. * * * * It is estimated that the transportation in live stock alone, would amount to from three to four millions of dollars annually, as an item in the list of railroad receipts.* Other traffic, merchandise and travel, would amount to as much more."

In connection with the question of the cattle-carrying traffic, it is eminently proper to state that, while on northern roads, cattle trains running eastward, invariably return unladen, owing to the unsuitableness of the cars for merchandise, the lumber trade of Alabama will require all the facilities afforded by the returning stock trains over THE NEW ORLEANS, MOBILE AND TEXAS RAILROAD, to meet the interior and far south-western lumber market, thus netting a clear gain over eastern roads to the Company for return freights, and thereby doubling receipts of the round trip without essential increase in operating expenses. Lumber, at the present time, is selling in South-western and Central Texas at \$80 per thousand feet, in gold, which, during the war was, and has since remained, the only circulating medium in use in that region.

* And this is independent of the large traffic that has recently sprung up in Texas, in packing and shipping beef.

A writer in the Calvert (Texas) *Enterprise*, under date of January 4, 1870, says:

"Nearly the whole country, from Trinity river to the Rio Grande is destitute of timber, suitable for building and manufacturing purposes. In all this extensive country, not a pine, a white oak or cypress can be found; and yet it is one of the most inviting countries upon God's earth. A large portion of it is now being filled up with an industrious, hardy, intelligent and enterprising population. The tide of emigration from Europe and the Eastern States is truly wonderful. * * * You would be astonished to see the amount of money we pay out for the most common implements, such as plows, reapers, threshers and gins, down to an ax-handle and carriages of all kinds. The first order of one house in Calvert, for this winter's trade, included a bill for 1,300 plows."

ASSURANCE TO CAPITALISTS.

Experience demonstrates that improved modes of transporting staple products tend to the rapid development of an agricultural country. In this instance, not only will the ordinary forces operate to enlarge the business of the road, but it will be completed just in time to receive the advantages of that rapid agricultural growth produced by the impulse which the close of war in Europe, and other causes, are giving to the best elements of immigration.

It is within the memory of living men, that before the Erie Canal was completed, the wheat producing region of New York afforded small addition to the eastern markets. The grain movement that has since done so much for the wealth of this portion of the State, and for our carrying trade, waited long before cheap transportation made it an object and means of investment. But no sooner was the grand water-way completed, than unexampled crops were raised, and very soon the canal could not supply sufficient carrying facilities, although the population of the country was then sparse as compared with the present. Steadily, since then, one railroad after another, extending through the State of New York, has found ample employment for its means of transportation. The fact is emphasized when, on a broader field, the Pennsylvania

Central, Baltimore and Ohio, and Grand Trunk of Canada, are mentioned, all alike competing for the same trade.*

THE COMPANY—ITS CHARTER AND PRIVILEGES.

The Company's charter was granted by the Legislature of Alabama, in November, 1866. In February following, the Legislature of Mississippi formally recognized and approved that charter, which it re-enacted and confirmed, giving within its own limits, all the rights, powers, privileges and franchises conferred by Alabama. The same was done by the Legislature of Louisiana, in August, 1868; and on the 19th of January, 1869, the Reconstruction Convention of Texas, by public Declaration, in session, likewise recognized and re-enacted the act of incorporation of the Company, as granted by the other three States, and formally granted the franchises requisite for the construction of the road in Texas. The charter authorizes the board of directors to regulate all fares and freight charges; and, under the special laws passed in Alabama and Mississippi, *the Company is exempted from all taxes, of whatever name or nature, including state, county, town, city and municipal taxes*, except a State assessment of three per cent. on all dividends declared and paid to the stockholders. The franchises, powers and advantages granted by the charter and amendments are ample and highly favorable. Valuable wharf privileges are secured in the port cities, and rights of locating depots and shops, and the use of streets; and an Act of Congress passed in March, 1868, empowers the Company to maintain bridges over and across the navigable waters of the United States upon the line of its road, and declaring said road and bridges a post road.

* "The rapidity of the growth and the present extent and value of the tonnage transported upon the railroads of the U. S., is by far the most interesting and wonderful phenomenon connected with these works. The tonnage has not only been the creation of these works, but has been wholly created by them since 1851: tonnage of all railroads in U. S. in 1851, 5,000,000 tons, value of freight transported, \$20,000,000; tonnage of all railroads in U. S. in 1869, 100,000,000 tons, value of freight transported, \$300,000,000. This vast commerce has been wholly a creation of railroads, by the reduction they have offered in the cost of transportation."—*Poor's Railroad Manual*.

THE ROUTE.

Starting at Mobile, the road bears south-westerly to New Orleans, on a line nearly parallel with and close to the Gulf shore, passing through Pascagoula (where it first touches the coast), Ocean Springs, Biloxi, Mississippi City, Pass Christian and Shieldsboro', all important towns and places of fashionable resort, and others of lesser note, and especially desirable points of residence during the long southern summer of seven months. It is estimated by those best capable of judging, that the pleasure travel to these watering places, which are the only ones available to the great cities of the Gulf, will alone amount to nearly or quite 500,000 single passages every season. Crossing the Mississippi at New Orleans by the Company's steam ferry, the road proceeds nearly due west, following the general course of the Mississippi and at a short distance, therefrom, to Donaldsonville and thence to Bayou Goula. From the latter point it runs due west to Vermillionville, where it receives the north-western branch, nearly two hundred miles in length, which will be constructed to Shreveport.* The main line thence runs due west to the Sabine. The latter stream crossed, the road proceeds westerly through Beaumont and Liberty, to the City of Houston, its present western terminus.

THE NORTH-WESTERN BRANCH.

Leaving the main route at Vermillionville, the North-western Branch road follows up the valley of the Teche River, nearly to Alexandria, where the line touches the Red River, whose general course it takes, passing through Natchitoches, until it reaches Shreveport, its terminus, a distance of more than one hundred and ninety miles.

CHARACTERISTICS OF THE ENTERPRISE.

The trunk route of the road is longer than the direct lines of both the Hudson River and the New York Central Railways.

* This branch will connect with the "Thirty-second Parallel" Southern Pacific Road.

Throughout its entire length it is free from grades exceeding five feet in a mile,* which is probably unprecedented by any railroad of its length in the world. The streams offer no more than ordinary difficulties in bridging. Its curves are few, and in one instance the track, for 85 consecutive miles, is perfectly straight. Moreover, the track will be unaffected by frosts—thus materially reducing the expenses of operating the road, as compared with lines at the North. For the reasons given, the cost of operating the road and its branches must always remain exceptionally moderate.

In length, the road measures 475 miles:

From Mobile to New Orleans (Eastern Division)	140 miles.
From New Orleans to the Sabine (Louisiana Division)	226½ miles.
From the Sabine to Houston (Texas Division)	108 miles.
	—
	475 miles.

PROGRESS OF THE ROAD.

The road has just been completed and is running between Mobile and New Orleans, and is equipped in the best manner. The Louisiana division, extending from New Orleans to the Sabine, is under construction, and the work is being prosecuted with great energy, the first section of eighty five miles being about ready for business. The Western or Texas division, extending from the Sabine to the City of Houston, was constructed prior to and during the war by a former company. It is now controlled by this Company, and is to be thoroughly repaired and equipped. It will thus be seen that the early completion of the entire road is assured.

The right of way has, with small exceptions, been donated to the Company, as well by individuals as by the States where, as in Alabama and Texas, especially, its course passes over State lands.

ESTIMATES OF BUSINESS.

The completed portion of the line has been in operation long enough to enable careful observers to see that the local

* With two or three exceptions, where a grade is reached, for a short distance only, of a maximum of twenty-one feet to the mile.

carrying trade—the most profitable part of railway traffic—must be very large. The introduction of railroad facilities at the south promises to change essentially the course of the cotton trade, and incidentally of the importing business of the country. The New Orleans *Price List* says:

“The value of the New York trade with Texas ports, is estimated at sixty millions of dollars. Three-fourths of that trade would be drawn to New Orleans if we had direct railroad communications therewith.”

Located as this road is, without any possible competing route to contend with, it must become the highway of travel, both to and from Middle and Western Texas, and its geographical position is such that it must receive as tributary the business of all the lines of railway west of the Mississippi, as well as that of the Great Northern and North-Eastern line through Mobile, which, when its connections, now being rapidly perfected, are complete, will save 175 miles of distance between New Orleans and connections west, and the City of New York, over the present most popular route, by way of Louisville.

The Shreveport branch will traverse a highly productive country, which is now destitute of transportation facilities, save by uncertain water courses. The need of an outlet for the vast region through which it will pass is very great. One article of carrying traffic alone will give an idea of the necessity which exists for such a road. Says the *Rusk (Texas) Observer*: “Texas sends to New Orleans annually, by way of Red River, more than 100,000 bales of cotton, at an average of \$12 per bale, which makes the sum of *one million two hundred thousand dollars* expended alone for transportation of cotton, and quite as much is paid for return freight, making a total of *two million four hundred thousand dollars* expended every year for transportation.” When we add to this the demand for facilities by the immediate region of country drained by the Red River, comprising half the State of Louisiana, and consider the proverbial uncertainty of the navigation of that river, the necessity of this branch line will be manifest.

We think it may safely be said, that probably no railroad has ever been constructed in the United States, of equal length,

that has had assured to it so many tons weight of freight a mile per annum from the start; such absolute security from competition, or one so free from grades and curves—two most important elements in securing profits—as the one whose securities are now offered. We have referred to the importance of the road to the section traversed, and we might quote largely from private letters and newspapers to prove this fact. Northern capital and Northern immigration are welcomed as aids in developing the immense resources of the Southwestern Gulf States. Governor Warmoth, of Louisiana, writes as follows upon this subject :

STATE OF LOUISIANA, EXECUTIVE DEPARTMENT,
NEW ORLEANS, Dec. 17th, 1870.

SIR :

Yours of December 5th, inquiring, "what is the feeling of the South toward Northern capital and enterprise, and especially towards railroads and other enterprises at the South, whose management is controlled in whole or in part by Northern men," is received.

In reply to your inquiries I have to say that the people of this State have regarded railroad communications as most essential to the development of its resources, and, in the absence of their own ability to undertake such enterprises, are disposed to hail with pleasure any efforts, from whatever source, calculated to afford facilities for transportation, &c.

The vigorous prosecution of the work on your railroad, which is already complete and in running order between this city and Mobile, gives new courage to our people, and they are looking forward with hopeful anxiety to the completion of the road to Texas.

I know no reason why Northern capital may not be invested in railroad enterprises in this State with as much safety as in any other State.

Very respectfully,

Your obedient servant,

H. C. WARMOTH.

To the Treasurer N. O., M. & T. R. R. Co.

The New Orleans *Picayune* of December 10, 1870, contained a long editorial upon the subject of the importance of the extension of railroads from that city to Texas, from which we quote a few paragraphs :

A Houston paper says New Orleans will not lack for capital whenever a railroad is built from our city to central Texas. Such a railroad would increase the value of landed property in Southeastern Texas very greatly. It is entirely within bounds to say that the southeastern third of Texas, bounded by the Sabine on the east, by the Gulf on the south to a point

200 miles west of the mouth of the Sabine, by the twentieth Washington meridian on the west, and by the thirty-second parallel on the north, will gain in estimated and assessed valuation more than a hundred millions of dollars within three years after the opening of a railroad from New Orleans to Houston. At Houston, a road from New Orleans will enter a focus of Texas roads constructed or in contemplation—one south to Galveston, communicating with the Gulf—one southwest to Brazoria and the fruitful valley of Brazos—one west by way of Navasota to San Antonio—one northwest to Austin—and one north to Sherman in Grayson County, nearly north of Matagorda Bay, and on the proposed route through the Indian Territory to southwest Missouri, where a completed road will be met leading to St. Louis. Moreover, Houston lies in the direct line of the great route to the Pacific through northern Mexico to Mazatlan, on the ocean, the best harbor on the coast and the destined centre of a very extensive commerce. Houston may well send the hopeful greeting to the Crescent City that capital will not be lacking when the railroad connection shall be made. The whole State is interested in hastening the connection, and there is reasonable assurance that the Legislature of Texas will second the enterprise. All the public acts of the Southwestern Empire have been characterized by generosity and an enlightened faith in the future progress of Texas. Their Government, representing a growing and progressive people, desires to open free and rapid communication with the outer world by the best means of travel and transport.

The New Orleans, Mobile and Texas Railroad Company will be entitled to a million and a half of Louisiana State 8 per cent. bonds when their road is open to travel to Vermillionville. They are allowed three years to finish it to Houston, when they will be entitled to three millions in bonds. We observe this enterprise with extreme interest, because it is at present the only one which promises to us an early opening between the great valley and the Lone Star Empire.

RESOURCES OF THE COMPANY.

In offering their Mortgage Bonds to the public, this Company think it but just to present a condensed statement of leading facts bearing upon the financial progress of the enterprise, and the security of the Bonds.

After the close of the war, it was believed by the most sagacious men of the South, that the interests of that region would be best served by offering special inducements to Northern capital to aid in developing all local resources, and, especially, to build railways that would open fertile lands to settlement and furnish adequate transportation for their generous products. Various projects of this kind were brought to the attention of the principal stockholders in this Company, but none which, after careful investigation, seemed to possess so many elements of success, or were strengthened by so liberal and reliable offers of State aid, as the one in which they are now engaged. They, therefore, made choice of this line—con-

necting Mobile and New Orleans, the two largest cities of the South, with Houston, the railroad centre of Texas—as the most profitable unappropriated route in the whole country for a great trunk railroad. Mobile, with over 50,000, and New Orleans, with nearly 200,000 inhabitants, and each the seat of an immense commerce, were connected only by a circuitous waterway. Texas, with no harbor of sufficient depth to accommodate foreign shipping, was obliged to send its exports—large already in amount, and capable of almost infinite extension—by a long, dangerous and costly coastwise navigation, to New Orleans for transshipment. It needs no argument to show that the foreign commerce of Texas only awaits railway facilities to assume proportions commensurate with the great extent and productiveness of her territory. To unite, by a direct, well-built and carefully managed railroad line, these separated points, each so capable of affording large and profitable railroad traffic, and each so important to the other, was an enterprise in itself of very unusual promise.

But, when to such natural advantages were added the material and munificent aid tendered by the states and cities chiefly to be benefited by the proposed line, there could no longer be a question as to the practicability, or desirability of the enterprise. Comprised in the aid thus guaranteed were:

1st, an absolute donation by the State of Louisiana of her 8 per cent. Bonds to the amount of three million dollars;

2d, the endorsement, by the same State, of Second Mortgage Bonds (both principal and interest), to the amount of \$12,500 per mile on the main trunk line in Louisiana;

3d, the perpetual use of depot grounds, &c., in New Orleans, worth, at a low estimate, at least one million dollars;

4th, the subscription, by the State of Louisiana, for two and a half million dollars of the capital stock of the Company, to be paid for with the 8 per cent. bonds of the State.

5th, the exemption of the Company, by special laws of Alabama and Mississippi, from all taxes of whatever kind or

nature in those States, except a State tax of three per cent. on all dividends paid to stockholders.

Under such extraordinary auspices some fifty or sixty gentlemen and business firms, of large individual resources, associated themselves as stockholders, in what is now The New Orleans, Mobile and Texas Railroad Company. They probably represent more individual wealth than was ever before associated in any new railroad corporation in this country. Among them are Messrs. E. D. Morgan & Co., Morton, Bliss & Co., J. & W. Seligman & Co., L. Von Hoffman & Co., George Opdyke, J. Pierrepont Morgan, James H. Banker, John Steward, and others, well-known bankers, with C. K. Garrison, and Hon. John A. Griswold, of New York; Franklin Haven, President of the Merchants' Bank, Benjamin E. Bates, President of the Bank of Commerce, Hon. Oakes Ames, P. Adams Ames, and others, of Boston, and many well-known capitalists besides. It is safe to say that the various stockholders represent an aggregate of from fifty to seventy-five million dollars, and probably much more, and that their names are sufficient guarantee of the soundness of any enterprise with which they are connected. Six million dollars were subscribed toward the construction of the road from Mobile, through New Orleans, to the Sabine River, a distance of 366 $\frac{2}{3}$ miles; of this subscription, \$5,250,000 has now been paid in cash, and expended upon the work, and the stockholders have also advanced further large sums from their own private means. The 140 miles constituting the division between Mobile and New Orleans, have been built, equipped, and recently opened for business. More than two and a half million dollars have already been expended on the line west of New Orleans, and the remainder of the subscription is being paid in monthly installments. The line from the Sabine River to Houston, constructed prior to and during the war by another Company, as already stated, has been secured by this Company, and \$600,000 is provided to place it in thorough repair. This line is worth not less than \$3,000,000.

At a low average estimate for the road already constructed, we have the following as the

EXPENDITURE AND VALUATION OF WORK ALREADY DONE.

Mobile and New Orleans Division, 140 miles.....	\$5,000,000
Work done and paid for, from New Orleans to Sabine River, 226 $\frac{2}{3}$ miles.....	2,500,000
Texas Division—Sabine River to Houston, 108 miles.....	3,240,000
	<hr/>
	\$10,740,000

Adding to the above the	
Donation from State of Louisiana	3,000,000
Guarantee of Second Mortgage Bonds by Louisiana	2,825,000
	<hr/>

We have a total of.....\$16,565,000

(Exclusive of the local aid given by New Orleans, and of the stock subscription of \$2,500,000 by the State of Louisiana), which large sum represents less than the value of the work *already* done, the property *already* acquired, and the State aid *already* pledged to complete the remaining 140 miles and furnish adequate equipment.

In addition to this, the Company have their First Mortgage Bonds on the Louisiana Division, to be issued at the rate of \$12,500 per mile, and amounting to \$2,825,000, making a grand total of value for cash expenditure, property secured (Texas Division), State aid and its own Bonds, of \$21,890,000

The foregoing plain statement of facts makes any argument, in relation to the Company's ability to finish its work, entirely unnecessary. The large expenditures above noted, the fact that the entire line is two-thirds done, and that the remaining resources of the Company are ample for any contingency, prove that the stockholders are abundantly able to take care of their property. We know of no other railroad corporation in the country that has ever shown so large a basis of value or so large a proportion of money spent by its own stockholders before offering bonds to the public. This action shows their implicit confidence in the value of their investments, which would be a total loss to them if the bonds were not protected and the interest promptly paid.

THE SINKING-FUND MORTGAGE BONDS.

(Louisiana Division.)

The MORTGAGE BONDS on the Louisiana Division are the only form of security which this Company has thus far offered to the public. As before stated, the capitalists who constructed the line from Mobile to New Orleans have secured the line from the Sabine to Houston, and have themselves furnished all the means requisite for the construction, equipment and operation of those two divisions. The First Mortgage bonds are secured by a mortgage running forty-five years, executed to the Hon. Oakes Ames and the Hon. Edwin D. Morgan, Trustees, upon the trunk line from New Orleans to the Sabine River, a distance of 226 miles, the mortgage covering all the real and personal property, equipments, appurtenances and franchises of the Company, acquired or which may be hereafter acquired, pertaining to the Louisiana Division of the Company's road. The issue of First Mortgage Bonds upon this division of the road is limited by law to an amount not exceeding \$12,500 per mile, amounting in the aggregate to \$2,825,000.

The bonds are only in the denomination of \$1,000 each. The principal is payable in New York, in currency, or in London, in sterling, at the rate of £200 for each \$1,000; the interest is payable in January and July of each year, at the rate of *eight per cent.* in currency, in New York, or at the rate of £7 for each coupon of forty dollars, in London, at the option of the holder, at the time when each coupon is due, and in all cases, *free of United States Government tax.* By the terms of the mortgage, a Sinking Fund is provided, to be paid to the Trustees and invested by them only in these bonds, sufficient to pay the whole amount of the bonds at their maturity.

The capital stock of the Company is issued upon the entire line, as a whole, but the First Mortgage is upon separate divisions. That upon the Louisiana Division is but \$12,500 per mile.

The bonds are prepared with coupons attached, but, at the option of the holder, the bond may be registered in the Company's office, for which due provision is made, thereby enabling

persons to protect themselves from the danger of loss in case of theft. A copy of the Bond will be found in the Appendix.

SECOND MORTGAGE BONDS.

The Company is authorized to issue a Second Mortgage Eight Per Cent. Bond, at the rate of \$12,500 per mile, on the Louisiana Division, *both principal and interest of which are guaranteed by the State of Louisiana.* When a continuous portion or section of ten miles of the main line of the above division has been constructed and rails laid thereon, and upon the completion of each additional section of ten miles, the Governor of the State is required by law to endorse one hundred and twenty-five thousand dollars of second mortgage bonds with the following guarantee upon each bond:

“The payment of the principal of the within Bond, when due, and of the interest thereon, as it accrues, is guaranteed by the State of Louisiana, pursuant to the provisions of the Act of the General Assembly of said State, authorizing such guaranty.

IN TESTIMONY WHEREOF, I,
 Governor of the State of Louisiana,
 have subscribed this certificate, hereto, which is at-
 tested by the signature of the Secretary of State, at
 the City of New Orleans, this _____ day of
 _____ in the year one thousand eight hundred
 and seventy-_____.

Governor of the State of Louisiana.”

Attest,
 Secretary of State.
 [SEAL OF STATE OF LA.]

Subscribers can take their choice at the same price, between the First Mortgage or the Second Mortgage Guaranteed Bonds.

THE BONDS AS AN INVESTMENT.

As an investment, railroad bonds, at a moderate rate per mile, and especially upon trunk lines like this, are as a rule, safer than bank stock. The correctness of this assertion is emphasized when it is stated, as it is by a careful authority, that the entire losses on First Mortgage Bonds “on all the

railroads in the Northern and Western States, have not been one-half of one per cent. These roads have now say 30,000 miles of finished lines, on which there is a bonded debt of six hundred and sixty-two million dollars. This debt is divided among no less than 235 companies, and after diligent inquiry, we can learn of but two companies which do not pay their interest regularly. Both of these companies are controlled and their securities held in England, and badly as they have been managed, it is probable that the holders of the mortgages will sustain no ultimate loss.”

The bonds upon the old Northern and Eastern roads, now pay an average of but little if any more than six per cent. in currency, upon their cost.

The N. Y. Railroad Journal, of April 15, 1871, gives the following as the market prices of some of the leading Northern and Eastern First Mortgage Bonds.

Cleveland and Pittsburg	currency 6's,	99
North Pennsylvania	“ “	99½
Northern New Hampshire	“ “	99
Old Colony and Newport	“ “	97¾
Pennsylvania	“ “	102
Philadelphia and Reading	“ “	98¼
Connecticut River	“ “	100¼

The only reason why bonds upon the new lines can be bought at a better rate, is that money is always wanted rapidly, and in large amounts for their completion, and that their future business is but partially developed.

If the enterprise is good in itself—if the line has been selected with sound judgment, and the Company has the means to carry it through—a bond upon a new road is practically as good as upon an old one, and it generally pays one-third more interest upon the amount invested.

PROFIT OF THE EXCHANGE OF GOVERNMENTS.

The great advantage with which holders of Government bonds may exchange them for the bonds of this Company, is shown in the following figures:

Ten thousand dollars in six per cent. Government Gold-bearing interest Bonds (at 10 per cent. premium), are worth, to the holder, eleven thousand dollars in greenbacks, yielding, however, interest on its par value only.....	\$600 00
Add gold premium thereon, of 10 per cent.....	60 00
	<hr/> \$660 00
Deduct income tax (on the interest)	16 50
	<hr/> \$643 50

The same sum, \$11,000, invested in the 8 per cent. Mortgage Bonds of this Company, at 90 per cent. free of Government Tax, would produce an annual interest of.....	977 77
	<hr/> \$334 27

Or more than fifty per cent. in favor of this Company's securities over Governments.

The difference in favor of the Mortgage Bonds of this Company, is still greater when the comparison is made with 6 per cent. Currency-Bearing Governments, as will be seen below:	
Ten thousand dollars 6 per cent. Currency-Bearing Government Bonds (at 116½ quotation of April 14, 1870), costing to the holder eleven thousand six hundred and fifty dollars in greenbacks would yield..	600
Deduct income tax (2½ per cent. on interest).....	15
	<hr/> \$585

The same sum, \$11,650, invested in the 8 per cent. Mortgage Bonds of this Company, at 90 per cent., free of Government tax, would produce an annual interest of.....	\$1,035 55
---	------------

Difference in favor of this Company's Bonds of.... \$449 45

Or about seventy-six per cent. over Currency-Bearing 6 per cent. Government Bonds.

To illustrate further: We will suppose an investment of \$10,000 currency in the United States new five per cent. loan and the same amount in the bonds of this Company.

With gold at 10 per cent. premium, the \$10,000 will purchase \$9,090.91 in Government Fives, yielding gold interest,.....	\$454 54½
Add 10 per cent. premium,.....	45 45½
	<hr/> \$500 00

The same amount will buy \$11,111.11 in the 8 per cent. bonds of this Company, yielding currency interest,.....	888 88
---	--------

Difference in favor of this Company's bonds,.....\$388 88
or more than seventy-seven per cent.

RELATIVE VALUE OF A 7 PER CENT. GOLD AND AN 8 PER CENT. CURRENCY BOND.

The course of financial events and the state of the money market warrant the belief that we shall reach a point where specie payments may be resumed in three years' time. From and after such resumption, gold interest bearing bonds will have no advantage over those paying an equal rate in currency. Hence, at the same price an 8 per cent. long bond is far cheaper than a 7 per cent. gold one. Taking the time that the bonds of the New Orleans, Mobile and Texas Railroad have to run—45 years—we find, by careful computation, that by compounding the interest of each, every six months, at 7 per cent. an 8 per cent. currency bond at 90 will give a return of \$2,641.18 MORE than a 7 per cent. gold bond, at the same price, or nearly three times the amount of the original investment.

While the purchaser of the 8 per cent. bonds of this Company can realize this special profit, he also holds the option of taking advantage of any temporary advance in gold, as he has choice, at every separate coupon day, of gold interest at 7 per cent. or currency interest at 8 per cent.

It would be easy to supply figures showing what, in the opinion of skilled statisticians, the business of this road will be; but the fact that capitalists—thoroughly conversant with the route, who have already invested largely, and who, month by month, are investing still more in its securities—repose unquestioning faith in its success, affords to the public far more emphatic assurances than could any array of figures,

which, at best, must be dependent upon data more or less crude. It will be noted that the Company have already finished and equipped over two hundred miles of their trunk line, and acquired the one hundred and eight miles completed before the war, running from Houston, Texas, east to the Sabine River; and have expended over ten million dollars of their own money upon the work, before offering any of their securities to the public.

The foregoing statements of facts, show—

1st. That The New Orleans, Mobile and Texas Railroad will be one of the great trunk lines of the country—and that its business must be large and profitable.

2d. That its Stockholders have already completed and acquired two-thirds of the line with their own money, and are abundantly able to finish the remainder, without selling any of their securities.

3d. That the Stockholders are men of such ample means that the punctual payment of interest as well as security of the principal of the Bonds is assured.

4th. That the First Mortgage of the Louisiana Division, issued at the rate of only \$12,500 to the mile, on a property which costs four times that amount, must, in any event, be a thoroughly safe as well as profitable investment. We believe no other railroad company offers a First Mortgage to so small an amount to the mile from so strong a company and upon a great trunk line.

5th. That a Second Mortgage Bond, to so small an additional amount (making the total mortgage debt much less than that of many railroads not as favorably situated for business as this) and endorsed, both principal and interest, by so wealthy a State as Louisiana, may well be considered an unusually good security.

The fullest information concerning the character of the enterprise and the progress of the work, will be given at any time on application to the officers of the Company, at the Office, corner of Exchange Place and New Street (entrance No. 2 Exchange Court), New York, or to any of the advertised Agents.

APPENDIX.

LAWS AND ORDINANCES.

Below will be found a summary of the Acts of State Legislatures and Municipal Corporations referred to in the foregoing pages.

THE ACT OF INCORPORATION.

The Legislature of Alabama, by Act approved Nov. 24th, 1866, enacted

“That Oakes Ames, Peter Butler, William Sprague, James A. Raynor, William S. Williams, Charles W. Durant, John M. Courtenay, Charles Walsh and William O. Winston and their associates, be and are hereby incorporated into, and constituted a body politic and corporate,” * * * * to have, enjoy and exercise all the rights, powers and privileges pertaining to corporate bodies, etc., etc.

Section twelve provides

“That the said corporation shall be exempt from all taxes in the said State of Alabama, of whatever name or nature, including State, County, Town, City and Municipal taxes, except that a State tax of three per centum on all dividends declared and paid to the stockholders of said corporation, from time to time, shall be paid by said corporation to the State.

Section seventeen enacts

“That this corporation is authorized and empowered, from time to time, to borrow money, or to purchase property upon its own credit, for the purpose of constructing or maintaining said railroads, or establishing continuous and connecting lines of railroad, as heretofore provided, and as evidence of the indebtedness of said Company for such loans, or the purchase of such property, may issue its corporate bonds and promissory notes, bearing interest at a rate not to exceed eight per cent. per annum, and, to secure the payment of such bonds and notes, may mortgage its railroads, its capital stock, its corporate franchises, and any of its real or personal property, or any part or portion of the same; and it may, by its President, or other officers or agents duly authorized by its Directors, sell, dispose of or negotiate such bonds and notes, or may sell,

dispose of or negotiate its capital stock, or any of its personal property, at such times and places, and at such rates and for such prices, either within or without the limits of this State, as in the judgment of the said Corporation, or its Directors, will best advance its interests; and if such bonds, notes or stock are thus sold at a discount, such sale shall be in all respects valid and binding upon this Corporation, and such stock, bonds or notes shall be as valid for the par value thereof as if the same had been sold at par value."

An Act recognizing the Charter of the Company as granted by the State of Alabama, and granting the franchises requisite for the construction of the road within the State of Tennessee, was passed by the Legislature of that State, March 9th, 1867; a similar Act of the Legislature of Mississippi was approved, February 7th, 1867; and one of similar tenor by the Legislature of Louisiana, approved August 19th, 1868.

THREE MILLION DOLLARS DONATION FROM THE STATE.

By Section VII of the Act of February 21, 1870, the State of Louisiana grants to the Company the bonds of the State to the amount of three million dollars, said bonds to bear eight per cent. interest and be payable forty years from their date, seven hundred and fifty thousand dollars to be delivered to the Company by the Governor upon the completion of the road to Bayou Lafourche, at or near Donaldsonville; and an equal amount upon its completion to Vermillionville, the Sabine River and the city of Houston, respectively, provided the Company construct the road between the Mississippi and the Sabine Rivers within three years from the filing of an agreement by the Company to comply with the provisions of the Act, and between the Sabine River and Houston within six months thereafter.

STOCK SUBSCRIPTION BY STATE OF LOUISIANA.

The State of Louisiana, by act of General Assembly, authorized and directed the Governor to subscribe for two and a-half million dollars of the capital stock of the New Orleans, Mobile and Texas Railroad Company at par, for which payment will be made in 8 per cent. bonds of the State.

DEPOT PRIVILEGES IN NEW ORLEANS.

By Joint Resolution of the Legislature of Louisiana, approved March 6, 1869, the Company is authorized to enclose and occupy for its uses, portions of the levee and wharf

in the city of New Orleans; and section fifth of a law of the same State, approved February 21, 1870, confirms this privilege, and prohibits the Mayor and Common Council of that city from "doing or authorizing any act interfering with the said grant, or in any way obstructing the enjoyment thereof by the Company, or of any benefits or advantages to be derived therefrom," the Company only being required to give free wharfage to all shippers to or from the cars.

By ordinances of February 16, 1867, November 14, 1867, and June 17, 1869, the city of New Orleans granted valuable privileges in the use of streets and other grounds for the occupation and benefit of the Company.

FORM OF FIRST MORTGAGE BOND.

UNITED STATES OF AMERICA.

FIRST MORTGAGE BOND OF
THE NEW ORLEANS, MOBILE AND TEXAS RAILROAD COMPANY.

\$1,000	No.	No.	\$1,000
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Know all Men by these Presents, That The New Orleans, Mobile and Texas Railroad Company, a corporation of the State of Alabama, is indebted to or bearer, in the sum of one thousand dollars, in the lawful money of the United States of America, which the said Company promises to pay to the bearer, on the first day of January, in the year one thousand nine hundred and fifteen, at the Agency of said Company in the city of New York, with interest from the first day of April, one thousand eight hundred and seventy, at the rate of eight per cent. per annum, payable at said Agency, on the first days of January and July in each year, on the presentation and surrender of the proper annexed coupons; and in case of the non-payment of any installment of interest which shall have become payable, and shall have been demanded, if such default shall continue for six months, the principal of this bond shall become due in the manner provided in the deed of trust hereinafter mentioned. This bond is one of an issue, authorized by said Company, to an amount not exceeding (exclusive of side tracks) twelve thousand five hundred dollars per mile for each mile of the main line of railroad which said Company shall construct within Louisiana, west of the Mississippi River, and twenty-five thousand dollars per mile for each mile of railroad which said Company shall construct in Texas, and for each mile of its branches in Louisiana west of the Mississippi. The said bonds may be of such denominations, and bear such rates of interest (not exceeding eight per centum per annum), as the directors of said Company may elect. The said Company is authorized to issue of said bonds, the amount accruing at the above named rates per mile, upon that part of the main line of its railroad to be constructed west of the Mississippi River, on the line from the city of New Orleans in the State of Louisiana, to the city of Houston in the State of Texas, at such time as the directors of said Company may elect; but all other of said bonds shall be signed by the Trustees and issued by said Company, only when and after that part of the railroad of said Company, upon which such bonds shall accrue, and for which such bonds are to be issued, shall have been constructed and the track laid thereon. The payment of the principal and interest of all of said bonds is secured by a deed of trust bearing date March 15th, 1870, with a confirmatory deed dated May 1, 1871, executed to Oakes Ames and Edwin D. Morgan, Trustees, which conveys all the railroads within the State of Louisiana, west of the Mississippi River, and all the railroads within the State of Texas, which the said Company has constructed, or shall hereafter construct, together with all the real and

personal property, equipments and appurtenances, and franchises of said Company, acquired, or which may be hereafter acquired, for said railroads, as in said deed of trust fully described and set forth; said deed of trust being a first lien upon the said railroads and appurtenances, to the extent (exclusive of side tracks) of twelve thousand five hundred dollars upon each mile of said railroads within Louisiana, and twenty-five thousand dollars per mile for each mile of said railroads in Texas, and for each mile of branches in Louisiana, west of the Mississippi River; and said deed of trust provides that a sinking fund of one half of one per centum annually (beginning July 1st, 1876), upon the entire amount of bonds issued, shall be paid to the Trustees and invested in said bonds, at a price not exceeding par; said Company hereby reserving the right to draw by lot annually from the bonds outstanding the number of bonds required for the sinking fund, and on thirty days public notice being given of the numbers drawn, and that said Company will pay the principal and interest of the same, on presentation, the interest on the bonds so drawn will cease. This bond may be registered on the books of said Company at said Agency, at the option of the holder, after which the same shall be transferable only by the endorsement of such transfer on the bond, by an authorized Agent of the Company, unless it shall be transferred and assigned to bearer, when it may pass by delivery. It is agreed by said Company with the holder of this bond, in case of any default in the payment hereof, that said Company will waive, and hereby waives, the benefit of any extension, stay or appraisal laws now existing, or which may hereafter exist, in any of the United States. This bond shall not be obligatory until it shall have been authenticated by certificate hereto attached, and duly signed by the Trustees.

In witness whereof, the said Company has caused this Bond to be executed, its corporate seal to be hereunto affixed, and attested by the signatures of its President and Treasurer, this 1st day of May, in the year one thousand eight hundred and seventy-one.

..... Secretary.
 [L. s.] President.
 Treasurer.

We, the undersigned, do hereby certify, that the above bond is one of an issue duly authorized as in said bond set forth, that the payment of the same has been secured by the execution and delivery of the deed of trust therein described, and that said deed of trust has been duly recorded, or registered, in compliance with the laws of the States in which the property therein described is situate.

..... } Trustees.

(Blank Form of Coupon.)

THE NEW ORLEANS, MOBILE AND TEXAS RAILROAD COMPANY will pay the Bearer, at its Agency in the city of New York, Forty Dollars, on the 1st day of _____ for semi-annual interest on its First Mortgage Bond No. _____

Treasurer.

(Blank Form of Sterling Endorsement.)

The New Orleans, Mobile and Texas Railroad Company will pay the within bond, and the coupons thereto attached, or either or any of them, at or after maturity, according to the tenor of the bond, or, at the option of the holder, in the STERLING GOLD COIN OF GREAT BRITAIN, at the rate of two hundred pounds (£200) for the principal of said bond, and seven pounds (£7) for each coupon, on the presentation thereof at the AGENCY of said Company in the city of London, England. And in either and every case, all payments on said bond or coupons, however and wherever made, shall be FREE FROM UNITED STATES GOVERNMENT TAX.

In witness whereof, the said Company has caused its corporate seal to be affixed to this stipulation, and the same to be attested by the signature of its Secretary at the city of New York, this _____ day of _____ 187____

[SEAL.] Secretary.

THE

New Orleans, Mobile and Texas

RAILROAD COMPANY

Is composed of strong Capitalists, who have already expended about TEN MILLION DOLLARS of their own funds, in the construction of their railroad from Mobile, through New Orleans to Houston, Texas, a distance of 475 miles. Two-thirds of the entire line have been built, before offering to the public either Stock or Bonds.

The Company now offer for sale the

EIGHT PER CENT. MORTGAGE BONDS

upon the Louisiana Division, of 226 $\frac{3}{4}$ miles, extending from New Orleans to the Sabine River. This Division will probably be the most valuable portion of the whole line, forming as it does, the only rail communication between New Orleans and the great productive State of Texas. So important is this Division considered, that the State of Louisiana has granted very liberal aid toward its construction, as shown in detail in the enclosed pamphlet.

The Bonds have forty-five years to run, and pay interest at the rate of 8 per cent. Currency in New York, or 7 per cent. Gold in London, at the option of the holder, at the time each Coupon is due. They are offered for the present at 90 and accrued interest. The Bonds are of two classes :

FIRST MORTGAGE BONDS, to the amount of 12,500 per mile, and

SECOND MORTGAGE BONDS, to an equal amount, both principal and interest guaranteed by the State of Louisiana.

The price of the two classes is the same, and subscribers can take their choice.

No better security has been offered to investors. The line is important and sure of a large and profitable traffic, and its early completion is ensured by the very large amount already expended in the work by the stockholders of the Company.

Holders of Government bonds may exchange them for these at a large present profit, and the assurance of a greatly increased annual income upon the capital invested.

The fullest information given on application to the undersigned, or to any of the Company's advertised agents.

W. B. SHATTUCK, Banker,

AND

Financial Agent, New Orleans, Mobile and Texas R. R.

No. 23 Nassau Street, New York.

May 10, 1871.

Banking House of WALTER S. MORGAN.

Poughkeepsie, N. Y., August 31, 1871.

DEAR SIR :

The successful negotiation of two hundred millions of the New Government Five per cents demonstrates the fact that our Government will not pay more than from four to five per cent. upon any future securities. It is also evident that the outstanding six per cents of the Government are to be rapidly called in for redemption, the funds received from the sale of the new Fives being all appropriated, by act of Congress, to that purpose alone. The Secretary of the Treasury will give notice, on September 1st, of the cancellation of the interest on *one hundred millions* of the Five-Twenties. This call will be followed by monthly purchases of other large amounts.

It is, therefore, an established fact that holders of Government Sixes must either accept a lower interest national security in place of that now held, or take the high prices that may now be realized by sale of their Bonds, and reinvest in other securities which will pay a greater income. That the majority will take the latter course is evident when we consider the profit of such transaction. The *Financial Chronicle* (the recognized leading financial authority in New York) of August 19th, says :

"For Railroad Bonds the demand is being stimulated by the prospect of the payment of the United States 6 per cent. Bonds, and for substantial Railroad Bonds of long date, well secured, it is to be expected that the demand will continue to be very good. If the Government negotiates with success the new Five per cent. Bonds, the fact will be practically established that 5 per cent. is the highest rate of interest that will be paid on United States Bonds, and as investments they will no longer be sought by private parties, as the rate of interest is too low to make them desirable. Railroad Bonds are next in order, and we doubt not that the dealing in these will be greatly increased every year."

Among the Railroad Securities which have an established reputation, and which present many guarantees of safety and profit, are the First Mortgage Bonds of THE NEW ORLEANS, MOBILE AND TEXAS RAILROAD COMPANY, which bear 8 per cent. currency, or 7 per cent. gold interest; have forty-five years to run; are in the denomination of \$1,000 or £200 each; are limited in amount to \$12,500 per mile, and are based upon the Louisiana Division of the great trunk line, from Mobile through New Orleans to Houston, of which line two-thirds is already built. These Bonds are offered for the present at 90, and accrued interest from July 1.

At this price, these Bonds pay more than *seventy-five per cent.* greater annual interest upon the investment than an equal amount put into the new Government Fives; and it is believed that in point of safety they are beyond question.

The accompanying pamphlet contains detailed information concerning this important enterprise, and the undersigned will take pleasure in receiving subscriptions for the Bonds.

Very truly yours,

WALTER S. MORGAN.