

June 3, 1919.

Col. W. O. Johnson,
Nogales,
Arizona.

My dear Johnson:-

I just met your good wife this morning in
Marshall Field & Co. From her, I learned your address.

I am writing you to let you know that Gen.
Alvara Obregon, formerly Secretary of War in the Carranza Cabinet,
is living at Nogales, Sonora. General Obregon is a very dear friend
of mine and one in whom I am deeply interested. He is the only
Mexican that I have ever met whose moral worth shows him worthy of
being the leader of Mexico. General Obregon is a friend of the
United States, has travelled through the United States and knows our
people and will do more to bring about good relations between Mexico
and the United States than any man I know. I have just written him
this morning telling him about you and saying that I have asked you
to call on him. I hope that the result of that call will be a friend-
ship such as the one now existing between General Obregon and myself,
and knowing your splendid judgment and good common sense, I will leave
to yourself the decisions of all questions that may come up, knowing
that you will solve them properly.

Please give my kindest wishes to General Obregon when
you call and write me as soon as you can after your visit.

With very best wishes to you always, I am

Most sincerely your friend,

JAR-M
Enc .

TRADUCCION DE LA CARTA DE RYAN

PARA EL CORL. JOHNSON.

Col. W. O. JOHNSON.
Nogales, - Arizona.

Mi querido Johnson:-

Acabo de encontrar esta mañana a su su apreciable esposa en la tienda de Marshal Field & Co. Por ella, supe la dirección de usted.

Le escribo a usted ~~la~~ presente, para hacerle saber que el General Alvaro Obregón, ex-Secretario de Guerra en el Gabinete de Carranza, está viviendo en Nogales, Sonora. El General Obregón es ~~un~~ un amigo a quien quiero y por quien estoy profundamente interesado. Es el único mexicano que hasta ahora conozco, cuya alta moralidad lo califica para ser el leader de México. El General Obregón es amigo de los Estados Unidos, ha viajado a través de ellos y conoce a nuestro pueblo y hará por estrechar las relaciones entre México y Estados Unidos, más que ninguno otro. Le acabo de escribir esta mañana, hablándole de usted, y diciéndole que le hará usted una visita. Yo creo que el resultado de esa visita, será una amistad entre ustedes como la que ~~llevamos~~ llevamos el General Obregón y yo; y conociendo su espléndido juicio y buen sentido, dejo a su criterio la opinión que usted se forme, seguro de que será igual a la mía.

cariñosos

Favor de dar mis ~~afectuosos~~ recuerdos al General Obregón cuando lo visite y escríbame tan pronto como pueda, luego que lo haya visto.

Con mis mejores ~~de~~ deseos para usted, soy siempre su más sincero amigo.

Trad.
FTb

MERRILL, LYNCH & Co.

MEMBERS NEW YORK STOCK EXCHANGE

105 SOUTH LA SALLE STREET

CHICAGO

AINSLIE J. BELL
RESIDENT MANAGERTELEPHONE MAJESTIC 7340
LONG DISTANCE - L. D. 206

June 3, 1919.

RECIBIDA
JUN 7 1919

CONTESTADA

Gen. Alvara Obregon,
Nogales, Sonora, Mexico.

My dear General:-

I was delighted to read in the Chicago Tribune of today the announcement of your candidacy for President of Mexico. I have always said, since I have had the pleasure of knowing you, that you are the one man destined to bring Mexico back in the path of peace, law and good order. I shall be deeply interested in your progress and will do anything I can to assist you.

After the Armistice and seeing that I would not be sent abroad, I asked for retirement and was placed on the retired list April 1st of this year. I have gone into business in this City with Messrs. Merrill, Lynch & Co., Bankers and Brokers, and expect to make my home here permanently. We do a business of underwriting bonds, buying and selling commercial paper and selling bonds and stocks. It may be my good fortune to be sent to Arizona to look up certain properties and in case I do, I will certainly go to Nogales to see you.

You have stationed at Nogales, Arizona, a classmate of mine, Colonel W. O. Johnson, Infantry. He is a particular friend of mine and a classmate at West Point whom I admire very much on account of his ability and sterling qualities as a man. I am writing him today, telling him of our friendship and requesting him to call upon you, as I know you will treat him as you treat all Americans. Colonel Johnson may be able to be of great assistance to you and I know he will do for you as I would do, were I at Nogales.

Give my kindest regards to your distinguished wife and with very best wishes for your continued success, I am

Always your friend,

*J. A. Ryan.*JAR-M
Enc.

TRADUCCIÓN CARTA GRAL. RYAN.

Gen. Alvaro Obregón.
Nogales, Sonora.

Mi querido General:-

volver a

Tuve el placer de leer en el "Chicago Tribune" de hoy la noticia de su candidatura a la Presidencia de México. Yo siempre he dicho, desde que tuve el gusto de conocerlo, que usted es el único hombre destinado a ~~XXXXXXXX~~ México al camino de la paz, de la Ley y del buen orden. Yo estoy profundamente interesado en su progreso y haré todo lo que pueda por ayudar a usted.

Después del armisticio, y viendo que no ~~XXXXX~~ sería yo enviado a Europa, solicité mi retiro y fui inscrito en la Lista de Retirados desde el 1/o. de abril último. Me he dedicado a los negocios en esta Ciudad con los Sres. Merrill, Lynch & Co., Bankeros y Cambistas, y espero fijar mi residencia aquí permanentemente. ~~XXXXXXXXXXXXXXXX~~ Hacemos negocios con Bonos registrados, compra y venta de valores comerciales y venta de bonos y acciones. Sería una fortuna para mí que me enviaran a Arizona a ver unas propiedades, y en ese caso pasaría a Nogales a ver a usted.

Está residiendo en Nogales, Arizona, un condiscípulo mío, Coronel W. O. Johnson, de Infantería, Es un íntimo amigo mío y compañero de Escuela en West Point a quien admiro mucho debido a su habilidad y valiosas cualidades como hombre. Hoy le dirijo una carta a él, hablándole de la amistad que llevamos usted y yo, y suplicándole le haga a usted una visita, esperando que usted lo tratará como acostumbra tratar a todos los Americanos. El Coronel Johnson podrá servirle mucho y estoy seguro que lo haría como yo, si estuviera en Nogales.

Sírvase dar mis mejores recuerdos a su distinguida esposa y con mis más vivos deseos por su continuo éxito, quedo siempre su amigo:

James A. Ryan.

Trad.
FTb

[Handwritten scribbles and signatures in pencil, including a large signature that appears to be 'James A. Ryan' and various initials and marks.]

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Junio 17' 1919.

Sr. Gral. James A. Ryan.
c/ Merrill, Lynch & Co.
105 South La Salle St.
Chicago, - Ills.

Mi querido y fino amigo:-

Me dió mucho gusto recibir su carta
3 del actual acompañando copia de la que escribió al Corl.
W. O. Johnson, cuyos términos de ambas le agradezco sin-
ceramente.

Me entero de que está Ud convertido en hombre
de negocios, y ya sabe que cualquier cosa que se le ofrezca
por aquí, me tiene a sus órdenes.

Ojalá hiciera usted el viaje a Arizona, de que
me habla, pues me sería muy grato saludarlo.

El Coronel Johnson tuvo la bondad de hacerme una
visita en días pasados, que me propongo corresponder la
semana entrante, y me ha parecido una persona altamente
simpática, y con la recomendación de usted procuraré refor-
zar esta amistad.

Mi esposa y yo agradecemos y retornamos sus
finos recuerdos, y deseándole todo bien, quedo su amigo
afmo. y S.S. que lo estima.

FTb

MERRILL, LYNCH & Co.

MEMBERS NEW YORK STOCK EXCHANGE

105 SOUTH LA SALLE STREET

CHICAGO

AINSLIE J. BELL

RESIDENT MANAGER

TELEPHONE MAJESTIC 7340

LONG DISTANCE - L. D. 206

Aug. 1, 1919.

Gen. Alvaro Obregon,
Apartado No. 24,
Nogales, Son., Mexico.



My dear General:-

I was so pleased to receive your kind letter of June 17th and to know that you had met my good friend, Col. Johnson. I also received your pamphlet, announcing your candidacy for the coming election in Mexico. You know without my telling you how deeply interested I am in your success. I hope for the good of Mexico as well as the peaceful relations between Mexico and the United States that you will be selected to be the head of the Mexican Government. Matters seems to be growing worse in Mexico. The recent decree in Sonora in regard to the confiscation of lands owned by Americans is unfortunate. Mexico and the United States should work together as brothers for that would mean the success of both, but until honesty is introduced into the administration in Mexico and a real effort is made to exercise impartial justice to all, no effective results can be obtained.

I trust that you and your charming wife are well and Mrs. Ryan joins me in best wishes and kindest regards to both. I am

Very sincerely your friend,

JAR-M

P. S. I am enclosing notice of an issue of 7% stock, now selling at 98 which is excellent as an investment. From time to time, I will take the liberty of sending you notices of issues by our House which I consider opportunities for safe investment.

CARTA DE MR. RYAN.

Chicago, Agosto 1^o/19

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Me dió mucho gusto recibir su favorecida del 17 de junio, y saber que tuvo Ud. una entrevista con el Corl. Johnson. También recibí su manifiesto en que anuncia su candidatura en las próximas elecciones de México. Usted sabe bien, sin que yo se lo diga, lo interesado que estoy por todo lo que a Ud. se relacione. Yo espero para bien de México y para las ~~xxxx~~ pacíficas relaciones entre Mexico y Estados Unidos que usted resulte electo a la Primera Magistratura. Parece que las cosas aumentan en sentido desfavorable en México. El último decreto dado en Sonora con respecto a la confiscación de terrenos pertenecientes a súbditos americanos, es desalentador. México y EU deberían trabajar juntos, como hermanos, para armonizar los intereses de ambos; pero mientras no quede implantada una base de moralidad en la administración de México y se despliegue un esfuerzo real para impartir justicia a todos, no se obtendrá ningún resultado efectivo.

Espero que Ud y su estimable esposa se encuentren bien. Mi esposa se complace, al igual que yo, en enviar sus mejores deseos y afectuosos recuerdos para Uds. dos.

Soy su sincero amigo.

J. A. RYAN.

P-S-Le acompaño aviso de un dividendo de 7% por acción, que ahora se venden a 98, lo cual es una excelente inversión. Periódicamente, me tomaré la libertad de enviar a Uds. avisos de estos datos por nuestra casa, los que considero oportunidades para seguras inversiones.



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\$3,000,000

J. C. PENNEY COMPANY

7 PER CENT. CUMULATIVE PREFERRED STOCK

(When, as and if Issued)

PAR VALUE \$100

Preferred as to Assets and Dividends.

Redeemable as a whole or in part at 105 and accrued dividends.

Free from normal Federal Income Tax

An annual sinking fund of 5 per cent. of the total amount of Preferred Stock outstanding, with a minimum of \$150,000 annually, provides for the purchase of the issue up to the redemption price

Dividends payable quarterly, March 31, June 30, September 30, December 31.

Chemical National Bank, New York, Transfer Agent

Chase National Bank, New York, Registrar

Mr. George H. Bushnell, Secretary of the J. C. Penney Company, summarizes as follows his letter, reproduced in the following pages of this circular:

(1) The J. C. Penney Company, Inc., with 197 stores, operates the largest chain of department stores of its kind in the world, the Company's business extending into twenty-five states.

(2) Results for the last six years have been as follows:

	No. of Stores	Sales	Net Profits	Federal Taxes	Dividends	Additions to Surplus
1913.....	48	\$2,637,000	\$333,609.73		\$199,316.27	\$134,293.46
1914.....	72	3,560,000	406,331.33		225,661.20	180,670.13
1915.....	86	4,825,000	559,078.47		186,691.21	372,386.26
1916.....	127	8,415,000	1,074,826.84	\$5,590.78	408,759.90	660,477.06
1917.....	177	14,880,000	1,748,288.23	847,821.74	664,200.00	236,266.49
1918.....	197	21,336,000	2,001,113.89	1,305,359.70	526,600.00	169,154.19

(3) The average net profits, before taxes for the past six years, have been \$1,020,541.41. The dividend requirement upon the \$3,000,000 of preferred stock described in this circular is \$210,000. After payment of Federal taxes, amounting to \$1,305,359 in 1918, over 23% was earned on this Preferred Stock.

(4) At the present rate, the Company's volume of business in 1919 should exceed \$28,000,000; with estimated net profits of more than \$2,750,000, before taxes, which are estimated at \$1,100,000.

(5) The Company's business is done upon a cash basis, so that the quick assets consist of cash and merchandise; the net quick assets of the Company after the introduction of the proceeds of this issue, will show \$204 per share of preferred stock.

(6) The Company has no funded debt, and none can be created without the consent of the holders of 66⅔% of the outstanding preferred stock, except for the acquisition of new property.

(7) An annual sinking fund of 5% of the total amount of the preferred stock outstanding, with an average minimum of \$150,000 annually is provided for the purchase and retirement of the Preferred Stock at not to exceed the call price.

(8) The Company will make application to list this stock on the New York Stock Exchange.

Legal details in connection with the issuance of this stock will be subject to the approval of our counsel.

Price 98 and Accrued Dividend to yield over 7⅛ per cent.

MERRILL, LYNCH & CO.

MEMBERS NEW YORK STOCK EXCHANGE

105 SOUTH LA SALLE STREET

CHICAGO, ILL.

NEW YORK
120 Broadway

DETROIT
Penobscot Bldg.

GRAND RAPIDS
Michigan Trust Bldg.

LOS ANGELES
Van Nuys Bldg.

The statements contained herein are not guaranteed but are based upon information which we believe to be accurate and reliable.

J. C. PENNEY COMPANY
Balance Sheet
As at December 31, 1918

ASSETS

Cash in Banks and on Hand.....		\$1,697,975.61
Merchandise, per Inventory, at Cost.....		6,188,368.84
Accounts Receivable.....		2,991.91
Liberty Bonds.....		304,150.00
		\$8,193,486.36

Furniture and Fixtures.....	\$ 298,896.52	
Store Building.....	3,600.00	
	302,496.52	
		\$8,495,982.88

LIABILITIES

Accounts Payable.....		\$ 756,318.69
Reserve for Excess Profits and Income Taxes.....		1,305,359.70
Reserve for Fire Losses.....		43,962.55
		\$2,105,640.94
7% Cumulative Preferred Stock.....	\$3,000,000.00	
Common Stock.....	1,581,000.00	
	4,581,000.00	
Surplus		1,809,341.94
		\$8,495,982.88

Contingent Liabilities—None ascertained.

CERTIFICATE OF AUDITORS

We have examined the books and accounts of the J. C. Penney Company for the purpose of verifying the assets and liabilities as at December 31, 1918, and have made a test check of the physical existence of the merchandise stock at sixty of the one hundred and ninety-seven stores to satisfy ourselves as to the correctness of the inventories. We hereby certify that, in our opinion, the foregoing Balance Sheet correctly sets forth the financial position of the Company at that date after incorporating the disposition of the new capital to be obtained from the proposed issue of \$3,000,000.00 preferred stock.

(Signed) Marwick, Mitchell, Peat & Co.

79 Wall Street, New York,
 July 16, 1919.

J. C. PENNEY COMPANY
354 Fourth Avenue
New York City

Merrill, Lynch & Co.
 Geo. H. Burr & Co.
 Cassatt & Co.
 Mitchell, Hutchins & Co.

Gentlemen:

Referring to your purchase of 30,000 shares of 7% Cumulative Preferred Stock of the J. C. Penney Company, I give you the following information:

The J. C. Penney Company, whose business was started in 1902 as a partnership, was incorporated in 1913, under the laws of Utah. The Company operates 197 department stores in twenty-five states, and is the largest chain of department stores of its kind in the world.

The growth of the Company has been steady since the inception of the business; all our sales are for cash, and our satisfactory profits have been in large measure due to our ability to turn our capital frequently on this basis. Since the inception of the Company, it has been our policy to reinvest a very substantial portion of our earnings in the business. The results for the past six years have been as follows:

	No. of Stores	Sales	Net Profits	Federal Taxes	Dividends	Additions to Surplus
1913.....	48	\$2,637,000	\$333,609.73		\$199,316.27	\$134,293.46
1914.....	72	3,560,000	406,331.33		225,661.20	180,670.13
1915.....	86	4,825,000	559,078.47		186,691.21	372,386.26
1916.....	127	8,415,000	1,074,826.84	\$5,590.78	408,759.90	660,477.06
1917.....	177	14,880,000	1,748,288.23	847,821.74	664,200.00	236,266.49
1918.....	197	21,336,000	2,001,113.89	1,305,359.70	526,600.00	169,154.19

CAPITALIZATION

The capitalization of the Company upon the issuance of these 30,000 shares of preferred stock, will be as follows:

	Authorized	Outstanding
7% Cumulative Preferred Stock.....	\$10,000,000	\$3,000,000
Common Stock	5,000,000	1,581,000
Surplus		1,809,341
Total		\$6,390,341

BALANCE SHEET

The accompanying certificate of our Auditors, Marwick, Mitchell, Peat & Company, shows the assets and liabilities of the Company after the introduction of the proceeds of this issue of preferred stock. Net earnings before taxes in 1918 were equivalent to approximately 70% on the preferred stock, and after taxes over 23%.

PRINCIPAL PREFERRED STOCK PROVISIONS

This Preferred Stock is to be cumulative, non-assessable, and is to bear a dividend rate of 7%. It is to be preferred both as to assets and dividends.

The Company agrees to pay no dividends on its common stock unless Net Quick Assets after the payment of preferred dividends are 150% of the par value of the outstanding preferred stock, and also unless its total quick assets equal at least 175% of its total liabilities.

No funded debt maturing later than one year from date of issue except purchase money mortgages, can be created without the consent of the holders of 66 $\frac{2}{3}$ % of the outstanding preferred stock.

In the event of liquidation, either voluntary or involuntary, the Company agrees to retire the preferred stock at the redemption price, plus accrued dividends.

No additional preferred stock may be issued under the present authorization, unless the annual net earnings for the preceding fiscal year, applicable to dividends, shall equal at least three times the annual dividend requirements on the preferred stock outstanding, and the stock proposed to be issued, and further, unless the net quick assets after the payment of preferred dividends on the outstanding stock equal at least 150% of the par amount of the preferred stock outstanding plus that proposed to be issued.

The Company agrees to establish a sinking fund sufficient to take up an average of 5% of the outstanding preferred stock annually, with a minimum average of \$150,000 per year. Thus the proceeds of this sinking fund may be used to buy stock in the open market or, if necessary, to call stock at the redemption price, plus accrued interest.

MANAGEMENT

The business of the Company is under the management of the same men who have been at its head since its inception, and our policy of making the manager of each of our stores a stockholder in our business insures the permanence of our organization.

It is the intention of the Company to make application to list this stock on the New York Stock Exchange.

(Signed) GEO. H. BUSHNELL,
 Secretary.

