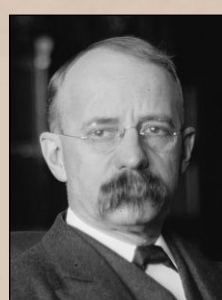


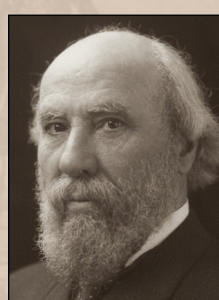
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WHO CHANGED THE LANDSCAPE OF AMERICAN BUSINESS

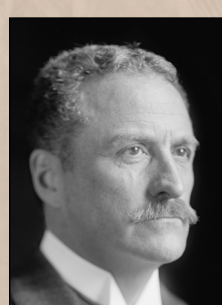
The war between Edward H. Harriman and James J. Hill for control of America's western railroads in the early 20th century involved a fascinating array of brilliant railroad leaders and financiers. Here's more about eleven of them who have prominent roles in *Harriman vs. Hill*:



Edward Henry Harriman (1848-1909), whose railway network (the Union Pacific, Southern Pacific, Illinois Central, Chicago & Alton, Chicago & Terminal Transfer, and Kansas City & Southern) spanned 20,000 miles of track—more than any other American railroad system at the time of this story. Bitter adversary of Morgan and Hill, he lost the battle for control of the Chicago, Burlington & Quincy (CBQ). Blocked by Hill-Morgan from any opportunity for minority ownership of the CBQ or a seat on its board, he decided on a backdoor effort: the secret pursuit for majority control of Hill-Morgan's Northern Pacific, resulting in a corner on its stock and the first modern-day panic on the New York Stock Exchange.

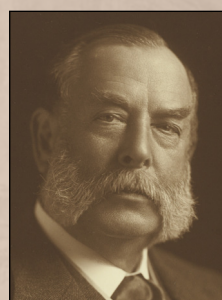


James Jerome Hill (1838-1916), Ontario-born, arriving in Saint Paul in 1856 before the Minnesota territory had a single track of rail, he became by turns a steamboat agent, warehouse manager, wharf master, steamboat manager, head of a coal business, and reviver of the bankrupt St. Paul & Pacific Railroad (chrysalis for the Great Northern). Prevented by Minnesota law and the U.S. Supreme Court from owning a controlling interest in the Northern Pacific, he became its single largest individual shareholder and, with J.P. Morgan, ran it as if he owned it, anyway.



Robert Bacon (1860-1919) was a 40-year-old junior partner at J.P. Morgan and Company, in charge of the firm while Morgan was in Europe when the Northern Pacific Corner occurred. An outstanding scholar and athlete at Harvard, classmate of Teddy Roosevelt, he joined Morgan in 1894. He suffered what was called a "nervous breakdown" months after the Northern Pacific Corner and departed the firm in

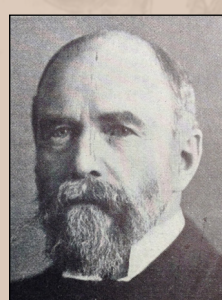
1903. He then embarked on a noteworthy career in public service: U.S. Secretary of State briefly in 1909; U.S. Ambassador to France 1909-1912; on General Pershing's staff in World War One, and chief of U.S. Military Mission at the British General Headquarters. He died of blood poisoning in 1919.



George Fisher Baker (1840 -1931), the dean of New York banking, was co-founder and president of the First National Bank of New York, the first national bank chartered in New York City under the National Currency Act of 1863.

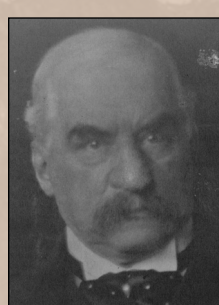
Baker was an ally and confidante of Morgan and Hill, director at one time of some thirty banks, railways and insurance companies, in addition to U.S. Steel. He later lived in a New York mansion with its own private underground railroad track and private railroad car.

Otto Hermann Kahn (1867-1934) was a junior partner at Kuhn, Loeb and Company at the time of the Northern Pacific Corner, in awe of Harriman for his revival of the bankrupt Union Pacific. He was a master of publicity for the firm, perhaps the first to realize that the panic resulting from the Corner could damage the firm's reputation if Kuhn, Loeb and Company failed to manage public opinion in the aftermath. He later criticized high finance for its "cult of silence . . . nothing could be better calculated to irritate democracy, which dislikes and suspects secrecy and aloofness."

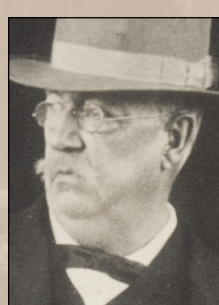


James R. Keene (1838-1913), the legendary market manipulator, trader, manager of investment pools and horse-breeder. "He did not bet on fluctuations," said one observer. "He made them." Morgan chose him to manage the initial public stock offering for U.S. Steel in March 1901 and then chose him again two months later to swoop into the market on Monday, May 6, and buy enough shares of Northern Pacific common stock to protect the railway from Harriman and Schiff.

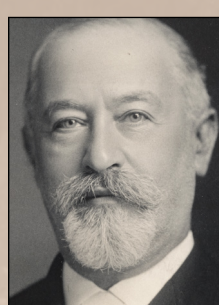
Daniel Scott Lamont (1851-1905) As chief presence for the Northern Pacific in New York, and thus Wall Street, he partnered with Hill in negotiations to buy the Chicago, Burlington & Quincy and then tried to mediate a truce after the Hill and Harriman factions had cornered Northern Pacific's stock. The ultimate Washington insider, he was private secretary for Grover Cleveland when Cleveland was governor of New York and served as Secretary of War during Cleveland's second term as president.



John Pierpont Morgan (1837-1913), the world's most influential financier, de facto Central Banker of the U.S., builder of trusts, "head-keeper of the railroad morgue," and partner with Hill in the Northern Pacific and their pursuit of the Chicago, Burlington & Quincy. At the time of the Northern Pacific Corner he dominated, through voting trust or stock ownership, one of every six miles of railroad track in the U.S. and a quarter of all U.S. railroad earnings.



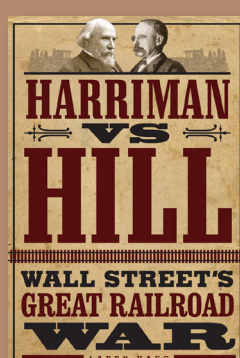
Charles Elliott Perkins (1840 -1907). President of the Chicago, Burlington & Quincy, the most valuable Chicago-based railroad, a "virtual granary on wheels." Perkins reported to a risk-averse board in Boston, loathe to extend the line west from Denver to the Pacific coast. The CBQ, instead, chose to accept its role as an acquisition target in the grouping of railroads into regional systems, and Perkins and his board cast their lot with Hill's system.



Jacob Schiff (1847-1920). Frankfurt-born, "Jewish grand duke" of American finance, head of Kuhn, Loeb & Company, he was second only to J.P. Morgan in influence as an investment banker and railroad financier. Initially an ally of Hill, he switched allegiance to Harriman in the late 1890s with their revival of the Union Pacific, then found himself caught between the two in their battle for the Northern Pacific. On May 4,

1901, he made the fateful decision to ignore Harriman's order for a final purchase of shares of Northern Pacific common stock that would have given Harriman indisputable control of the Hill-Morgan railroad.

James Jewett Stillman (1850-1918) During the 1890s, the secretive, inscrutable Stillman built National City Bank, with Rockefeller capital, into the nation's largest private reservoir of cash. The predecessor of today's Citigroup held about one of every seven dollars on deposit in New York City banks and soon had cash resources that would have made it the ninth-largest state in the union. Stillman was one of the largest private investors in the Harriman-Schiff revival of the Union Pacific and helped finance Harriman-Schiff's secret purchase of shares of Northern Pacific. Stillman's "City Bank crowd," said Hill associate John Stewart Kennedy, had talked of "cutting [Morgan's] wings" to show he wasn't the only banker in America.



"I enjoyed every word of it." —Warren Buffett

Harriman Vs. Hill: Wall Street's Great Railroad War, by Larry Haeg.

More info: www.upress.umn.edu.

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