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**THE MEXICAN LIGHT AND POWER COMPANY, LIMITED**

(COMPAÑIA MEXICANA DE LUZ Y FUERZA MOTRIZ, S. A.)

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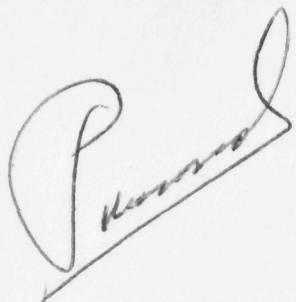
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MEXICO 1, D. F.

**AIR MAIL**

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New York 4, N.Y.



April 14, 1952.

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REC'D: APR 17 1952						
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FILE: Messersmith						

Dear D<sub>e</sub>nnie :

Marion and I returned from Cuernavaca this morning after a delightful Easter holiday. We went down last Wednesday evening late so that we had four full days there. We had some friends with us and the weather could not have been better. There is really nothing doing here in Mexico during Easter - from Thursday to Sunday - so that some of our people here got their first rest for some time.

I am wondering whether you are going to come down here before the end of the month. Marion and I would love to see you at any time you can come. There are loads of things to talk over but most of them have kept so long that they can keep longer. My own plans have to be very fluid. I had thought that we would have a Board meeting early in May to discuss immediate financial problems and their solution. However, I do not see much use in having a Board meeting on these matters until we know just what the Mexican Government is going to do. We have been busy placing all these problems before the Mexican authorities and have given them very complete information. I sent Mr. Lorie a copy of all these studies we have made, and you may have seen them by this time. I sent them of course also to Toronto, and another set of copies to Mr. Wilmers in Brussels. I suggested to Sofina and to Amitas that there was no need of going into detailed studies or comments on their part for the present, because they are in a fluid form. The Bank in Washington has them. The whole purpose of the studies is to bring the importance and scope of the near- and long range problem to the attention of the Mexican authorities. I think they are already aware of the situation.

I do not feel, however, that Mexlight can undertake any new obligations until we know more about what our rate of return is going to be, and even though the Mexican authorities are willing to make us short-term loans, I do not think that we should take them until we know what the long-range solution is going to be. I feel that all this is going to work out alright and will end up with a stronger position for the Company for the long range,

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D.N.Heineman  
New York 4, N.Y.

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but it is a problem which has to be dealt with here primarily.

I am sure that those of the Mexican officials with whom we have to deal on these matters and who were away over Easter week, will be back by tomorrow, and we expect to have important conversations this week as they will have had a chance to look at the statistics we have given them, and to grasp the problem. I will be writing you when I know what the reaction here is. There is no question of nationalization for the near or - I believe - for the long range, but the question is how to put the private companies on their feet with regard to earnings and capacity to finance etc. I am against borrowing more from the Mexican Government than we have to because we have some bad precedents which you know, in other places. I think the responsible people in the Mexican Government appreciate this too.

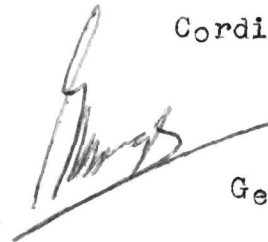
There is a meeting of the shareholders of the Tramways Company in Toronto on April 28, and the Board will have to place before the shareholders as nearly as possible an exact statement of the costs involved in the negotiations and transfer and the financial position of the Company in general. I have a letter from Mr. Stewart and I think we can give him close estimates of what we can tell the Board from here. As to special compensation for several people, about which Mr. Rongé spoke to you in Brussels, and which you said you would discuss with me, there is no question of Mr. Maryssael, Mr. Bernier or myself making any recommendation about this, as it is a matter for the Board of Mextrams to decide.

I am wondering what your plans are, and I have tried several times to call you on the telephone since this strike is on, but without success. If there is any possibility of your coming down here before the end of the month, I would appreciate your letting me know.

I suppose Hettie is very busy with her plans for moving etc. Marion and I are both well and join in love and good wishes to you both.

With all good wishes

Cordially and faithfully yours



George S. Messersmith.

GSM/go