

out of the indebtedness to the Government. Last year, as is already known, the net earnings reached \$1,191,900; in the first four months of the present year they exceeded those of the corresponding period in 1884 by \$924,014; the directors feel warranted in anticipating for the current year a net profit of \$2,400,000, while in the first twelve months succeeding the opening of the line throughout a gross traffic of \$12,000,000, and a net revenue of \$3,600,000 is predicted, or more than half a million in excess of all fixed charges from the very outset of the operation of the whole system. That is, indeed, a magnificent prospect, one which all Canadians will rejoice to see realised, and which, from the results already achieved, there is reason to believe will be fully accomplished. There is much more of interest and of profit in the report of the directors and the speech of the president, to which we direct the careful attention of our readers, who will in the statements submitted find the fullest vindication of the policy which initiated the Canadian Pacific railway, and the highest testimony to the pluck and enterprise of the gentlemen who have carried the work to a successful completion.

Adjourned Annual Meeting of the Shareholders.

THE PRESIDENT'S ADDRESS.

Important Statements of the Position of the Company.

ITS ASSETS AND LIABILITIES

The Fixed Charges and Probable Revenue of the Year.

The following is a report of the proceedings at the adjourned annual meeting of shareholders of the Canadian Pacific railway held at the offices of the company, Montreal, on Saturday, June 12th, 1885:—

In submitting the annual report of the directors for the year 1884, Mr. George Stephen, president of the company, said:—

In moving the adoption of the report which has just been read, I desire to say a few words which I think necessary fully to explain the position of this company's affairs at present, and which could not well be compressed within the limits of the official report.

You will, no doubt, concur with me in thinking that the statements which the directors have laid before you in the report are such as to inspire confidence in the success of the undertaking, while, at the same time, they indicate much that remains to be done before that success can be secured to its fullest extent.

I congratulate you upon what I think I may venture to call the unparalleled rapidity with which the railway has been constructed, and upon the results which its operation has already accomplished. The figures placed before you are not approached in the history of railway construction, and as well from the reports of persons skilled in such matters, as from my own observation, I can state that the efficiency and thoroughness of the work are as remarkable as the rapidity with which it has been performed.

In the recent unhappy disturbances in the Northwest the company has been fortunate in being able to assist in the transport of troops and material to the field of action, and although, of necessity, some discomfort was experienced by the volunteers in their passage north of Lake Superior, the speed with which that transport was effected, contributed, in no small degree, to the suppression of the outbreak. This circumstance has drawn attention, both here and in Europe, to the probability that the railway may, upon its completion to the Pacific ocean, bear a still more important part in the defence of the Empire, and that its usefulness, in that respect, will form an important adjunct to its value as a peaceful instrument in the consolidation and development of the resources of the Dominion.

One of the subjects which are most debated with reference to the railway, is the position and value of its acquired and leased lines. On this subject you have some statistics in the report, and I would only desire to add a few words to the information so given you. The main line of the railway, as you are aware, terminates at Callander, but for the purpose of connecting it with the sea-board, with inland navigation, and with the railway systems of Ontario and Quebec, an extension of it to Montreal and Brockville has been acquired, and the consolidated line known as the Ontario & Quebec railway, passing through Ontario and connecting with American lines and with Lake Huron, has been leased in perpetuity.

These acquisitions by purchase and lease have been frequently referred to as involving the expenditure of money more properly applicable to the construction of the main line. But as respects the original expenditure upon these lines, it is sufficient to say that it has already been repeatedly shown that the cost of the acquisition of the extension to Brockville and Montreal, with many other similar expenditures, was more than provided for by the company itself from funds derived from its own stock; and that the Ontario & Quebec system was acquired and constructed by individuals, independent of assistance from any portion of the funds of this company.

What I desire now to point out to you is, that returns of the actual traffic on the acquired and leased lands east and south of Callander show, at this moment, a net revenue exceeding by 25 per cent. the fixed charges upon them, and exceeding by above 10 per cent. the interest upon the entire cost of those extensions and leased lines, including such fixed charges. This gratifying result, as it seems to me, should put an end to the

statements so freely made in various quarters, that the acquisition of these lines by the company constitutes any burden upon the enterprise, to say nothing of the argument, which I fully endorse, that their importance to the Canadian Pacific railway, in securing for it the handling of traffic, will be at least equal to, and probably greatly exceed in value, the revenue directly derived from them.

I am pleased also to be able to point out to you that the advantages afforded by the company's stock as an investment are beginning to be appreciated by foreign investors. Large numbers of persons in Britain are holders of the stock, and as very little speculation prevails, these persons seem to have purchased mainly for investment. I am enabled to state that of the \$65,000,000 of stock issued by the company about \$40,000,000 are held in England, about \$10,000,000 in the United States and about \$15,000,000 in Canada; and it may not be uninteresting also for you to know that the amount of stock now held by the original promoters of the enterprise is greater than at any previous time in the history of the company.

Another subject has been engaging the attention of the directors which had not reached a position to be mentioned in the report. I refer to the informal discussions which have been taking place during the past year with reference to obtaining access to the port of Quebec, and towards procuring the construction of a shorter line of railway from Montreal to the Atlantic coast in the Maritime provinces.

The directors have felt the importance of obtaining access to the city of Quebec, and to the sea-board at points open in the winter season, and resolutions are now before the House of Commons tending to further both these objects. The importance of a free access to Quebec was strongly felt at the time of the acquisition of the western section of the Quebec, Montreal, Ottawa and Occidental railway, and conditions were inserted in the agreement of purchase from the Quebec Government which, if carried out, would have afforded the company the desired exit for its summer traffic.

These conditions, however, were not performed by the company which obtained control of the Eastern section, and, although as you will no doubt have perceived by the published correspondence, every effort was made by the Canadian Pacific Railway company to obtain the carrying out of the agreement with the Quebec Government, short of proceedings at law for enforcing them, these efforts were not successful. And the discontent which arose among the citizens of Quebec respecting the very imperfect connection with the interior which was afforded by the North Shore railway, through the controlling influence under which it had fallen, had culminated in an agitation for an efficient and convenient access, to and from the city for the internal and foreign trade which naturally appertains to that important seaport.

Such access this company is equally solicitous with the citizens of Quebec to have placed on a proper footing, and no effort will be spared on its behalf to obtain such access, either by acquiring the North Shore railway, if that be practicable upon reasonable terms, or by making arrangements for such access as will operate as effectively as would the actual acquisition of the railway itself.

The further alternative of procuring the construction of a second line of railway from