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Central Vermont Reorganization.

A special general meeting of proprietors of the Grand Trunk was held in London, Eng., May 29th, to approve an agreement made May 1 between the Co. & the Central Vermont Ry. Co. for working arrangements between the two companies for 22 years. The notice of the meeting gave the following particulars: The C.V. system forms the chief connection of the G.T. Co. with Boston & the New England States. In 1895, for the protection of the interests of the G.T. Co., & also on account of its valuable traffic relations with the C.V. R.R. Co., it was found necessary in conjunction with E. C. Smith, the President, to apply to the courts for a receivership of that Co., & C. M. Hays & Mr. Smith were appointed Joint Receivers.

The President of the G. T., when in Canada in Aug., 1897, arranged with a committee of C. V. bondholders a plan for placing that Co. on a sound financial footing, & after prolonged & anxious negotiations, the reorganization of the Co. has been completed, & unencumbered by unprofitable leases, it has been incorporated by the laws of the State of Vermont under the title of the Central Vermont Ry. Co. The capital of the reorganized Co. consists of \$3,000,000 common stock, & \$12,000,000 twenty-one-year 1st mortgage bonds bearing 4% interest. Of these bonds \$1,000,000 will be set apart & applied as required for improvements in the property, & the remainder will be issued by the C.V.R. Co. in exchange for the bonds & in the payment of certain liens, charges & equities upon the property of the old C.V.R. Co. The G.T. Co. will receive \$1,186,000 of the said 4% bonds; \$435,000 being in payment of that amount of traffic balances due by the C.V.R.R. Co. at the date of the receivership, & the remaining \$751,000 on account of investments made by the G.T. Co., in the securities of the C.V.R.R. Co. The G.T. Co. will also receive \$2,180,000 of the common stock of the reorganized company. In consideration of this settlement the agreement provides for the interchange of traffic between the two companies to continue during the currency of the 4% mortgage bonds, the G.T. Co. undertaking, in the event of the net receipts of the C.V. Co., as defined in the agreement, being in any year insufficient to meet the interest on such bonds as may from time to time be outstanding, to make good such deficiency, provided that the G.T. liability payable in any year shall not exceed 30% of its share of the gross earnings from traffic interchanged between the two companies.

In moving a resolution approving the agreement Sir C. Rivers Wilson detailed at length the history of the C.V., which was

chartered in 1843, opened in 1849, & gradually grew by extensions & by the acquisition of leased lines to 772 miles. When the G.T. management changed in 1895 it was found that the previous board, rightly appreciating the importance of the G.T. having a connection with the C.V., & securing access to Boston, had in 1883 begun to purchase a considerable amount of C.V. securities. By 1885 the G.T. had \$1,768,000 of securities, comprising \$751,300 of 1st mortgage bonds, \$114,775 of notes given by the C.V. on account of traffic balances & preferred & common stock amounting to \$902,000, which though a large majority of the stock did not

decided to put it into the hands of receivers as explained in the notice of the meeting. In Jan., 1897, there was default on the bonds & foreclosure followed. Negotiations with the bondholders followed, a new company was chartered & took over the line on May 1, making with the G.T. Co. the agreement under consideration. The G.T. Co. has a majority of the stock & a controlling influence in the new company. Several of the unproductive leased lines have been surrendered, reducing the system to about 470 miles. The main line has a few branches, some of which have been acquired by purchase by means of issue of bonds. Three small lines, aggregating 77 miles, for which \$90,000 a year rental was paid, have been secured for \$1,000,000, saving \$50,000 a year. Judging by results while in the receivers' hands it is estimated there will be a very considerable surplus over the fixed charges, admitting, it is hoped, of something material for the common stock. The line had been worked in interests which were not those of the G.T. Henceforth it would be run on a business basis, & the undue extravagance of the past would be stopped. The President warmly commended Mr. Hays' services in connection with the reorganization, & referred approvingly to the appointment of E. H. Fitzhugh as Vice-President & General Manager, & to that of G. B. Reeve as Traffic Manager. The agreement was unanimously approved of.



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give the G.T. control, as the Vermont Legislature passed an act prohibiting any holder of stock, no matter how large the holding, to have more than one-tenth voice in the meetings of the Co. In 1895 the C.V. had an issue of \$7,000,000 1st mortgage bonds, an indebtedness of about \$360,000 equipment bonds, a floating debt of about \$2,000,000 & a 2nd mortgage of \$15,000,000, made to extinguish liabilities, but only partly issued. There was a liability of \$900,000 a year for leased lines, many of which were unproductive & traffic balances of \$400,000 due to the G.T.R. The C.V. Co. being practically bankrupt, it was

forward from 1897, makes an available balance of \$69,775, out of which a dividend of 1 1/2% has been declared on the income bonds, leaving a balance to carry over of \$12,203. The percentage of working expenses was 69.24, against 69.64 for 1897. The decrease in the gross earnings was due mostly to the falling off in the lumber traffic to the U. S. It was known at the close of 1896 that on July, 1897, there would be a duty of \$2 upon every 1,000 ft. of lumber sent to the States from Canada, & the consequence was that owners sent every ton they could during the first 6 months of 1897. The traffic, therefore, for the first 6

Quebec Central Railway Co.

At the annual meeting in London, Eng., June 5, the President, E. Dent, said:—"The gross earnings for 1898 were \$450,249, against \$457,643 for 1897, a decrease of \$7,394. The working expenses were \$303,908, against \$309,555 for 1897. The net earnings were \$146,341, against \$148,088 for 1897, to which is added \$1,013 for interest earned, making total net earnings \$147,354. After paying \$85,166 for interest on prior lien bonds & writing off \$5,863 for settlement of some old claims, there remains a net balance of \$56,325, which, added to the \$13,450 brought