

C.P.R. ANNUAL REPORT.

A Gratifying & Interesting Statement.

The 17th annual report of the directors for the year ended Dec. 31, 1897, was issued Feb. 26, over the signature of the President, Sir Wm. C. Van Horne, & reads as follows:

A balance sheet of the affairs of the Co. at Dec. 31, 1897, together with the usual statements and schedules are herewith submitted.

The gross earnings for the year were \$24,049,534.65
The working expenses were 13,745,758.76

And the net earnings were \$10,303,775.89
Add interest earned on deposits

and loans \$ 74,001.48

Add interest due from

Duluth, South Shore

& Atlantic Ry. Co.

on consolidated

bonds held by your

Co. against debenture

stock issued, \$601,390.00

Less advanced by

your Co. 412,065.00

159,325.00

Add interest from

Minneapolis, St.

Paul & Sault Ste.

Mary Ry. Co. on

bonds held by your

Co. against debenture

stock issued,

107,380.00

340,706.48

\$10,644,482.37

Deduct Fixed Charges accrued during the

year, including interest on land bonds,

6,783,367.76

\$3,861,115.11

The surplus for the year was,

From this there has been charged

off the $\frac{1}{2}$ yearly dividend

on preference stock; 2/ paid

Oct. 1, 1897,

\$167,413.33

And $\frac{1}{2}$ yearly dividend on ordinary

stock; $1\frac{1}{2}$ paid Oct. 1,

1897,

975,000.00

1,142,413.33

Leaving balance,

From this there has been declared

a $\frac{1}{2}$ yearly dividend on preference

stock of 2/ payable

April 1, 1898,

\$196,613.33

And a dividend on common stock

for the last $\frac{1}{2}$ year of 2 1/2 /,

payable April 1, 1898,

\$1,625,000.00

The working expenses for the year amount-

ed to 57.16 % of the gross earnings, & the

net earnings to 42.84 %, as compared with

60.80 & 39.20 % respectively in 1896. The

earnings per passenger per mile were 1.82c.

& per ton of freight per mile 0.78c., as against

1.83, & 0.75c. respectively in 1896. Following

is a statement of the results of working by

months :

Notwithstanding the unfavorable results of

the 1st 3 months of the year the directors are

able to report a substantial increase in the

earnings & profits of the Co. The improve-

ment in the traffic of the Co. is due in large

measure to the mining development in British

Columbia; the mining development in the

Lake of the Woods district also contributed

in no small degree. The discovery of extra-

ordinary deposits of gold in the Canadian

Yukon Territory has contributed appreciably

to the general improvement, & is likely to

contribute vastly more in the immediate future,

for the movement in that direction can hardly

be said to have commenced until within the

past few weeks.

Under the authority given by the sharehold-

ers at the last meeting, the directors entered

into an arrangement with the Dominion Gov-

ernment providing for the immediate con-

struction of a railway from Lethbridge, Alberta, through the Crow's Nest Pass to a connection with your line at Nelson, B.C., 340 miles. This line has been completed to within 12 miles of the Crow's Nest Pass, at the summit of the Rocky Mountains, & the work beyond is well advanced. It is expected it will be completed to Kootenay Lake before the end of August. On reaching Kootenay Lake a temporary connection will be made with Nelson by means of a train ferry, whereby a through train service may be established, pending the completion of the railway along the shore of the lake to that point 60 miles distant. The Dominion Government has entered into an agreement with the Co. to assist the undertaking to the extent of \$11,000 a mile, & the balance required will form part of your capital expenditure. This agreement will be submitted for your confirmation. It is worthy of remark that the maximum gradients on the Crow's Nest line through the Rocky and Selkirk ranges of mountains are only 1 ft. in 100 (with compensation for curvature), or barely $\frac{1}{2}$ the maximum of any other railway crossing either of these ranges. This much-needed Canadian outlet for the Kootenay mining district, afforded by the Crow's Nest Ry., will give a decided impetus to mining and smelting, & is certain to add largely to the earnings of the Co.; but that the fullest advantage may be derived from it, & that the interests of your Co. may be protected in Southern B.C., it is necessary to move on westward from the Columbia River at Robson, the western end of your line, so as to reach the Boundary Creek District—about 100 miles—during the present year, & your authority in this regard will be asked. The opening of mines in the Boundary Creek district has been retarded by the lack of transportation facilities, but the mineral deposits have been proven to an extent sufficient to justify the belief that this is the richest district yet discovered in the Province. As a preliminary step towards the construction of the Crow's Nest line, the shareholders at their meeting on May 10, 1893, authorized the purchase of the section of the Alberta Railway between Dunmore, on your main line, & Lethbridge—109 miles—for \$976,590. This purchase was consummated early in January last. The section of the Crow's Nest line west of the summit of the Rocky Mountains is being constructed under the charter of the B.C. Southern Railway Co., the acquisition of which, for an almost nominal consideration, you will be asked to approve. The work is being carried on by the officers of your Co. & on its completion the railway will become the property of your Co. at the actual cost of construction. Through the B.C. Southern Ry. your Co. acquires about 3,350,000 acres of land granted to that Co. by the Province of B.C., & also acquires 6 square miles of valuable coal lands near the Crow's Nest Pass—an amount of coal lands quite sufficient for the protection of the public as well as the Co., if need be, against unduly high prices. The lands first mentioned are all adjacent to the railway as it is laid out between the Crow's Nest Pass & Kootenay Lake. They have not as yet been examined in detail, but will no doubt prove a valuable asset. The lands are not taxable until leased or alienated. The coal deposits made accessible by the Crow's Nest Ry. are of great extent and extraordinary character. The aggregate thickness of the beds in the immediate vicinity of the railway exceeds 125 ft., and the coals are of excellent quality and make superior coke, the latter being of especial consequence as affecting the smelting of ores; & in this connection it is worthy of remark that the mining districts of southern B.C. are exceptionally fortunate in possessing an abundance of coal, a boundless supply of timber, numerous water-powers, a healthy climate, & close at hand, agricultural districts, affording cheap and plentiful food.

Arrangements have been completed, subject to the approval of the Dominion Parliament, whereby your Co. may acquire the Columbia & Western Ry., extending from Robson to Rossland, 33 miles, for \$800,000. With this property will be acquired the smelting works at Trail Creek, & about 270,000 acres of land in the vicinity, these being included in the purchase price named. Rossland having become the principal mining centre in B.C., it was necessary either to build an independent line to that place or acquire the Columbia & Western Ry., & the latter was clearly the wiser course. Your authority for the acquisition of this property will be asked, & you will be asked to approve the construction of a line 32 miles in length, connecting the Columbia & Kootenay Ry. with Slocan Lake, which was demanded by the Slocan mining district & which your directors felt obliged to carry out last year, anticipating your authority.

You will be asked to approve a lease of the St. Stephen & Milltown Ry. 4 $\frac{1}{2}$ miles in length at a rental of \$2,050 a year. This line affords access to a number of saw mills & manufacturing in the vicinity of St. Stephen, N.B.

The Montreal & Ottawa Ry. is now practically completed to the city limits of Ottawa, & is expected to be in readiness for traffic at the beginning of the coming summer.

The results of the purchase of the Columbia & Kootenay steamers, as authorized by the shareholders a year ago, have been most gratifying. Additions have already been made to this fleet & more boats are required.

The directors have anticipated your authority in purchasing 2 ocean steamships for the new trade of the Canadian Yukon (Klondike) district. These steamships are intended to ply from Vancouver & Victoria, & are far superior to any now engaged in the trade, & should secure to your Co. a large share of it. Your directors have also caused to be put under contract 11 steamboats, costing approximately \$350,000, for the lakes & rivers in the Southern B.C. mining districts, & for river service in the Canadian Yukon trade.

Your railway has been maintained in excellent condition & has enjoyed its usual immunity from serious accident. Two hundred & forty-seven miles of the principal lines of the Company were relaid with heavy rails (70 & 80 lbs. a yard) during the year. The sudden increase of traffic, subsequent to the last annual meeting, made necessary considerable expenditures on capital account for rolling stock, grain elevators & for terminal & station facilities, mining spurs, sidings & spurs for new industries, &c., which were not anticipated at that time, & the directors will ask your approval of these expenditures. They will also ask you to authorize them to make liberal provision for rolling stock, improvements of roadway, additional repair shops & various other matters, in order that your railway may be well prepared for the large traffic ahead, which now seems assured.

The rapid increase of traffic on the line between Montreal & Toronto makes it necessary to take steps towards the double tracking of that section of the Co.'s line, the traffic having now practically reached the limit of the capacity of a single track line. Your authority to proceed with this work as it may be conveniently & economically done will be asked.

Two hundred & fifteen timber bridges aggregating 5.7 miles were replaced with permanent work—masonry, steel or embankments—during the year.

A grain elevator of 1,000,000 bus. capacity was erected at Owen Sound & another, built of steel, & having a capacity of 1,500,000 bus., at Fort William.

Since the close of the year your Co.'s shares in the Pacific Postal Telegraph-Cable Co. have been sold for an equal amount in the bonds of the Commercial Cable Co., & your directors propose, with your approval, to expend a considerable part of the proceeds of this sale in

Month.	Earnings.	Expenses.	Net Earnings.
Jan.	1,312,924.07	939,584.09	373,343.10
Feb.	1,272,094.42	887,471.34	384,623.08
Mar.	1,528,944.01	1,008,731.77	520,212.24
April	1,617,859.14	990,741.80	627,117.34
May	1,986,295.12	1,104,725.28	881,569.84
June	2,000,576.58	1,114,449.28	886,127.30
July	2,107,002.22	1,192,643.35	914,358.87
Aug.	2,232,114.98	1,227,707.87	1,004,407.11
Sept.	2,344,529.07	1,284,038.03	1,059,491.04
Oct.	2,799,001.37	1,375,263.04	1,414,738.28
Nov.	2,439,450.61	1,350,718.01	1,088,732.60
Dec.	2,322,742.44	1,269,287.95	1,053,454.49