

THE Railway and Shipping World

With which is incorporated The Western World. Established 1890.

Devoted to Steam & Electric Railway, Shipping, Express, Telegraph & Telephone Interests.

OLD SERIES, No. 150.
NEW SERIES, No. 68.

TORONTO, CANADA, OCTOBER, 1903.

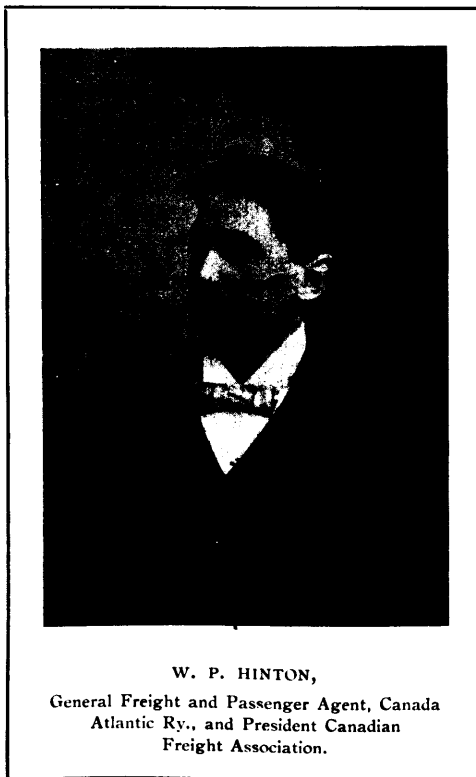
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G.T.R. GUARANTEED STOCK.

The full text of the speech of Sir C. Rivers Wilson, President, in explanation of the reasons for the issue of the additional amount of guaranteed stock, authorized at the general meeting of shareholders in London, Aug. 24, has been published.

The President said the meeting had been called in pursuance of a section in the act which gave powers to the directors on behalf of the company from time to time to create and issue, in addition to the amount of £5,220,000 of 4% guaranteed stock at present existing, a further amount, amounting in the aggregate to £10,000,000. The stock so issued would be applied for the general purposes of the company. It would rank *pari passu* with the existing 4% guaranteed stock, and the holders of it would be entitled to all the rights and privileges at present enjoyed by the holders of that security. By the deed of union of 1882 a fusion was effected between the Grand Trunk Ry. of Canada and the Great Western of Canada. The fusion of these two companies was in its inception what might be called an administrative union; it did not amalgamate and combine the stocks of the two companies, which remained distinct. It was provided that the net receipts of the united undertaking, after providing interest on the debenture stock and other preference securities, should be divided in the following proportions, *viz.*, 70% was to be attributed to the holders of the preference and ordinary stocks of the old Grand Trunk, and 30% to the holders of the preference and ordinary stocks of the Great Western, with this qualification, however, that if the amounts so provided were insufficient to pay 3% to the holders of the ordinary stock of the Great Western Ry., the balance of the 30% was to be made up out of the 70% attributed to the Grand Trunk, and to be paid before their preferences. Certain other privileges were accorded to these two securities of the Great Western. In the case of the Great Western preference stock, which was a cumulative stock, and in the case of the ordinary stocks, it was provided that, in the event of the amount earned being more than sufficient to pay 3%, that should belong to the ordinary stocks. This arrangement and other arrangements arising out of the act of union of 1882 were found to be of a rather complicated nature, and a certain amount of dissatisfaction was experienced by the holders of these securities. This dissatisfaction found its expression at the meeting held in March, 1883; and at that time there was a certain agitation going on as to the advisability of dividing the ordinary shares of English railways into preferred ordinary and deferred ordinary. Partly on account of this question being very much in discussion at the time, and partly owing to the dissatisfaction which arose out of the arrangements under

the act of union, resolutions were passed in March, 1883, which resulted in the Grand Trunk Ry. Act of 1884. The act of 1884 might be taken as a complement to the deed of union of 1882, because, whereas under the arrangement of 1882 the fusion of the two companies was really an administrative fusion, under the act of 1884 the stocks of the two companies were to all intents and purposes combined and amalgamated. The act of 1884 provided for the creation of a new stock, to be called the guaranteed 4% stock; and it was enacted that the holders of the Great Western 5% preference—that stock



amounting at that time to £506,000—should receive of this new 4% guaranteed stock £125 for each £100 of their holding, thereby securing them in their income of 5%. It was also arranged that they should receive £20 in ordinary stock in respect of their holding to compensate them for the cumulative privileges they would lose. The holders of Great Western ordinary stock were to receive £75 for each £100 of their holding, and, inasmuch as they would lose the contingent privilege, they had allocated to them ordinary stock of the same amount as their own holdings. The total of the preference and ordinary Great

Western stocks, so dealt with and exchanged for the new 4% guaranteed stock, amounted to £6,651,000, and were now represented by the £5,220,000 guaranteed 4% stock. The proprietors would wish to know the reasons which had led the board to obtain from the Dominion of Canada this act. The reasons were very simple. He had stated them at the last general meeting, and they met with the approval of the shareholders present. Up to the present time it had been the practice of the company to raise money for general purposes in 4% debenture stock, and the reason was obvious, especially during the past few years, owing to the much more advantageous position which that security had held in the market as compared with the junior securities. Since the present board took office, they had issued, altogether, 4% debenture stock amounting to £3,858,000, but no less than £1,723,000 of this issue represented an exchange for terminal bonds and other securities bearing a much higher rate of interest—6% and 5%. There only remained, therefore, an expenditure incurred for the general purposes of the company, since the present board took office, of £2,135,000, which was a small amount, and rather indicated a conservative, economical, and discreet management of the finances, when it was remembered that during that period they had almost reconstructed and re-equipped the whole system. The total amount of 4% debenture stock at present in existence was £15,134,731, the annual charge for which amounted to £605,389. It appeared to the directors that, in view of the greatly increased credit of the company, it was no longer desirable to go on creating new capital and more fixed charges in front of the guaranteed and preference stock. It was evident that an abandonment of that system must be very much to the advantage of the 4% debenture stock itself, and it would also very much strengthen all junior securities, both the guaranteed and the preference stocks. The amount the board asked latitude to issue was considerable—being an increase from £5,220,000 to £10,000,000. But they had been in the habit of taking these general powers from time to time from the Parliament of the Dominion of Canada, with a view to using them, as necessity might arise, for the improvement of the road and the general purposes of the company. Therefore, they must not run away with the idea that because they had these large powers there was any idea of putting them into operation, except in the manner they had done in the past with the 4% debenture stock. He then moved: "That the Grand Trunk Railway Act, 1903, be and is hereby assented to and accepted, and the directors of the company are hereby authorized to create and issue the 4% guaranteed stock under the powers conferred by the said act."

The motion was seconded by Jos. Price, Vice-President, and carried.