

CANADIAN PACIFIC RAILWAY.

Twenty-eighth Annual Report of Directors Shows
Largest Gross Earnings in History of Company.

The twenty-eighth annual report of the directors of the Canadian Pacific Railway Company was officially issued this week. Preliminary information, as given out in these columns a month ago, showed that gross earnings from railway operations alone were \$76,313,320 for the year ending June 30, 1909. Thus the increase amounted to over \$4,000,000 above even the 1907 record. Net earnings of \$22,955,573 were well beyond those of 1908, though considerably less than the 1907 showing.

Gross and Net Earnings.

Gross and net earnings as compared with those of the five preceding years have been as follows:

Year ended June 30	Gross	Net
1909.....	\$76,313,320	\$22,955,573
1908.....	71,384,173	21,791,366
1907.....	72,217,528	25,303,309
1906.....	61,669,758	22,973,312
1905.....	50,481,922	15,475,088
1904.....	46,469,132	14,213,105

Giving in some detail the operations of the past and preceding year, the following summary may be arrived at from the directors' report:

	1909	1908
Gross earnings.....	\$76,313,320	\$71,384,169
Op. exp.....	53,357,748	49,591,803
Net earnings.....	\$22,955,572	\$21,792,366
Other income.....	2,306,488	2,654,633
Total income.....	\$25,262,060	\$24,446,999
Charges.....	9,427,032	8,770,077
Balance.....	\$15,835,028	\$15,676,922
SS., replacement and pension funds.....	880,000	880,000
Balance.....	\$14,955,028	\$14,796,922
Dividends.....	11,107,867	9,217,207
Net surplus for year	\$3,847,161	\$5,579,715

As has already been pointed out, largely increased requirements for both fixed charges and dividends arose from issue of new securities. The \$11,107,867 in dividends was made up of two half-yearly dividends on preference stock of 2 per cent. each, totalling \$2,107,867; and two half-yearly dividends of 3 per cent. each on ordinary stock, totalling \$9,000,000. In addition to these dividends on ordinary stock there was paid last year the usual one per cent. from interest on land funds.

Year's New Issues.

During the year four per cent. consolidated debenture stock to the amount of £2,727,340 was created and sold, and, of the proceeds, the sum of £120,848 was used to increase the fleet of steamships on the Pacific coast; £1,861,835 was applied to the construction of branch lines, and the balance, £735,657, was devoted to the acquisition of the bonds of other railway companies whose lines constitute a portion of the C.P.R. system.

Four per cent. preference stock to the amount of £800,000 was created and sold, one-half of the proceeds being used for the purchase of a control-

ling interest in the shares of the Alberta Railway & Irrigation Company, authorized at the last annual meeting, and the balance to meet capital expenditures.

A guarantee of interest was endorsed on 4 per cent. consolidated mortgage bonds of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company to the amount of \$1,600,000, issued and sold to meet the cost of constructing eighty miles of railway added to that company's system.

The Minneapolis, St. Paul & Sault Ste. Marie Railway Company, having acquired a majority of the outstanding shares of the common stock of the Wisconsin Central Railway Company, made an agreement for a lease of that company's railway for a period of ninety-nine years, undertaking to pay by way of rental four per cent. per annum on the preference stock, amounting to \$12,500,000, of which \$1,232,805 is in the company's treasury.

In January last the directors sold in the market the small residue of the last issue of common stock, amounting to \$3,984,000. The sale yielded a premium of \$2,304,779, which will be used for additions and improvements.

The Growth in Mileage.

The directors seek the approval of the investment of \$5,172,000 of the company's surplus earnings in 34,486 shares of the common stock, and 17,243 shares of the preferred stock of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company for which the C.P.R. subscribed at par when that company increased its capital stock, this being its *pro rata* proportion of the issue.

The company has acquired all the capital stock of the Orford Mountain Railway Company, whose railway connects with the C.P.R. at Eastman, in the Province of Quebec. The Orford Mountain Railway Company owns 58½ miles of railway, against which there are outstanding bonds at the rate of \$12,000 per mile, or \$702,000 in all. The consideration for the transfer of the stock and a lease of the railway for nine hundred and ninety-nine years is the guarantee by C.P.R. Company of the payment of the interest on these bonds at the rate of four per cent. per annum.

In the last three years the Canadian Pacific system in Canada has been extended 1,101 miles, viz., from 8,777 to 9,878 miles, and work is progressing on 403 additional miles, most of which will be completed this autumn. A considerable portion of this mileage was constructed through new and sparsely settled districts. Meantime, of course, the additional mileage has increased fixed charges and operating expenses out of proportion to traffic returns.

The year was a particularly trying one to those engaged in the steamship trade, and there was a shrinkage in the net revenue from that source of over \$700,000.

Assets and Liabilities.

The balance sheet of the company shows total assets of \$459,318,424, of which \$21,078,812 consists of cash in hand, while \$4,861,901 is temporarily invested in Dominion Government securities. Railway and equipment total \$302,106,637, while steamers are valued at \$18,085,886. Acquired securities are entered at (cost) \$63,153,544.