holder for each £100 to receive £50 in 3 % second debenture stock, and £50 in a new income bond bearing interest up to 7 % when earned in any one year. The present income bond is entitled to interest up to 5 % when earned, and the 3 % on the 50 % of second debenture stock and 7 % on the 50 % of new income bond is, therefore, the equivalent of the 5 % on the present income bond. The position of the preferred shareholders will not be affected in any way. They are entitled to the surplus earnings after 5 % has been paid on the present income bonds, and they will be entitled to the surplus earnings after 7 % has been paid on the new income bonds. By exchanging, the income bondholder will have two securities which will probably have an increased combined value over his existing bond, as the 3 % second debenture stock will be a safe 3 % investment, having a margin behind it, if we take the earnings of last year of $38,870, and taking the same earnings the interest available for the new income bonds would be 2 %. Hitherto the income bondholder has received his interest earned in any one year in May of the following year, but as the interest on the 3 % second debenture stock will be payable half-yearly on Jan. 15 and July 15 he will now receive this portion of his interest, half 3½ months earlier and the other half 2½ months later, so that taking the average he will receive it a fortnight sooner. The interest on the second debenture stock being fixed at 3 %, the new income bonds will consequently derive all the benefits from increased net earnings. The directors recommend this scheme as one entirely in the interests of the income bondholders. If nothing is done until 1911, they can claim par for their bonds, but as the Co. most probably could not pay it, all they could do would be to put in a receiver subject to the claims of the outstanding prior lien bonds and the 4 % debenture stock. It is thought, therefore, for the sake of all concerned that an amicable arrangement should be arrived at now, and we therefore put this proposition before you, on which only income bondholders can vote :—

"That each existing £100 income bond be exchanged for £50 3% second debenture stock, the interest upon which shall be contingent upon the net profits of each year after payment of prior charges, and be payable half-yearly upon Jan. 15 and July 15, the first payment to be made on Jan. 15, 1902, and £50 new income bond, entitled to interest not to exceed 7 % per annum, payable annually as soon as the available surplus net revenue of the year is ascertained. The second debenture stock will have priority over the new income bonds both as regards principal and interest. The second debenture stock and new income bonds will both be redeemable at par on six months' notice given by the Co. by advertisement in the London Times and the Quebec Official Gazette at any time after Jan. 1, 1922 ; otherwise they will be perpetual. The second debenture stock to be registered stock transferable only in multiples of £1. The new income bonds to be bonds to bearer, with interest coupons attached. The exchange to be effected on and after Oct. 1, 1901, and a period of three months to be allowed for the purpose."

A bondholder asked if it were optional on the part of income bondholders to exchange. The President said the scheme depended upon the assent of three-fourths of the holders, and if thus carried it would be compulsory. A long conversation took place, a number of gentlemen maintaining that the scheme would be of no advantage to income bondholders.

G. T. Rait asked if the directors were unanimous in bringing this scheme forward ; if so, he said he would certainly support it. They were all good business men, and, he had no doubt, were better able to form an opinion on the matter than the bondholders.

Mr. Sheppard said that every one who was interested in the Co. ought to be extremely thankful to fall in with an arrangement which would place the Q.C. in a satisfactory position.

Mr. Norman said the directors had considered this question with absolutely impartial minds, and they had recommended unanimously that it was the best scheme for the present and future interests of the Co. He believed that after 10 years the bonds would be of better value and more marketable than they were at the present time. Taking a large and extensive view of the whole thing, he believed that 10 years hence they would receive a larger return than they received at the present moment, although it was quite true that the scheme deprived the income bondholders of the right to be paid off at par 10 years hence.

Further conversation ensued as to the right of members voting on the resolution who had not deposited their bonds, and on the advice of the Solicitor it was agreed to take two separate votes, one on the deposited bonds and the other including the undeposited bonds. The result of the first vote was —For the resolution £48,000 ; against £6,700. The second vote resulted in £12,000 voting in favor and £2,000 against. The total vote for the proposition was, therefore, £60,000, and against £8,700. The resolution was, therefore, carried by the requisite majority of three-fourths to make it binding and compulsory on all concerned.

Michigan Central Railroad.

The report for the year ended Dec. 31, 1900, was presented at the recent annual meeting. Following are extracts :—

The capital stock remains unchanged ; it is $18,738,000.

Road Operated.	MILES. Main Track.	Second Track.
Main Line—		
Michigan Central system	1,178.18	164.65
Canada Southern system	457.30	97.56
Total	1,635.48	262.21

In addition there are 969.26 miles of side track, aggregating a track mileage of 2,852.-95, of which 2,724.47 are laid with steel and 128.48 with iron rails.

Earnings.	1900.	1899.
Freight	$11,876,036 95	$11,000,685 48
Passenger	3,889,756 17	3,600,024 63
Mail	418,098 51	419,715 56
Express	472,917 58	426,783 95
Miscellaneous	73,321 97	56,852 84
Total	$16,730,131 18	$15,504,062 46

An increase of $1,226,000.

The freight traffic shows an increase in tons moved one mile of 55,488,453, and an increase in earnings of $875,351. The rate per ton per mile shows an increase in cents from 0.564 to 0.592 or 0.028. The passenger traffic shows an increase of 12,273,560 in passengers moved one mile, and an increase of $289,731 in earnings. The rate per passenger per mile shows an increase in cents from 2.181 to 2.194, or 0.013.

Gross Operating Expenses.	1900.	1899.
Expenses	$12,762,284 58	$11,577,423 69
Taxes	467,205 77	426,693 02
Expenses and taxes	$13,229,490 35	$12,004,116 71

An increase of $1,225,000.

The cost of all betterments and additions, excepting $80,000 set aside out of net revenue of 1900 and credited to a special fund for the construction of a second track between Ypsilant and Dexter, is included in this account.

OPERATING RESULTS.

Gross earnings from traffic	$16,730,131 18
Operating expenses and taxes	13,229,490 35
Net earnings	$3,500,640 83
Interest and rentals	2,404,218 33
Residue	$1,096,422 50

Paid Canada Southern Ry. Co. its proportion of net income		300,852 33
Net revenue from traffic		$795,570 17
Income from investments		45,094 50
Total net revenue (per share $4.49)		$840,664 67
Dividends 4%, paid July, 1900, and Jan., 1901	$749,520 00	
Additional set aside in special account for construction of second track between Ypsilanti and Dexter	80,000 00	
Premium on Jackson, Lansing & Saginaw bonds purchased by land grant trustees	4,401 67	
		833,921 67
Balance		$6,743 00

EARNINGS AND EXPENSES.

1899.	EARNINGS.	1900.
$11,000,685 48	Freight	$11,876,036 95
3,600,024 63	Passenger	3,889,756 17
419,715 56	Mail	418,098 51
426,783 95	Express	472,917 58
56,852 84	Miscellaneous	73,321 97
$15,504,062 46	Total	$16,730,131 18
	EXPENSES.	
$2,334,394 49	Maintenance of way and structures	$2,643,616 85
2,161,394 16	Maintenance of equipment	2,406,879 90
6,784,152 51	Conducting transportation	7,368,608 93
297,482 53	General expenses	343,178 90
$11,577,423 69	Total	$12,762,284 58
426,693 02	Taxes	467,205 77
$12,004,116 71	Total, including taxes	$13,229,490 35
$3,499,945 75	NET EARNINGS.	$3,500,640 83
	PER CENT. OF EXPENSES TO EARNINGS.	
77.43	Including taxes	79.08
74.67	Excluding taxes	76.28

The locomotive department statistics show 18,747,329 miles run by locomotives, an average of 40,667 per locomotive. The cost per mile run for repairs, service, fuel, oil and waste was 18.62 cents. The fuel consumed cost $1,257,306.76, the miles run per ton of coal being 27. The cost of maintenance $1,016,336.64, an average of $2,204.63 per locomotive.

CANADA SOUTHERN RAILWAY.

The report for the year ended Dec. 31, 1900, presented at the annual meeting at St. Thomas, June 5, shows that the Co. has 380.04 miles of track in Canada, 65.61 in Michigan, and 11.65 in Ohio, total 457.30, also 97.56 miles of second track, and 244.87 of sidings. The equipment consists of 151 locomotives, 121 passenger equipment cars, and 4,148 freight equipment cars.

RESOURCES OF THE YEAR 1900.

Net earnings	$300,852 33
Received from Michigan Central R.R. Co., balance of 1899 account	150,393 98
Receipts from other sources	2,500 87
Cash and cash assets, Dec. 3, 1899	11,858 11
	$465,605 29

DISPOSITION OF RESOURCES.

Dividends paid Feb. 1 and Aug. 1, 1900	$300,000 00
Balance of net earnings, 1900, due from M.C. R.R. Co	150,831 35
Cash and cash assets, Dec. 31, 1900	14,773 94
	$465,605 29

For details of operation and traffic reference is made to the annual report of the M. C.R. Co.

The board was re-elected as follows :—President and Treasurer, C. F. Cox, New York ; Vice-President, E. A. Wickes, New York; Secretary, N. Kingsmill, Toronto; other directors, W. K. and F. W. Vanderbilt, C. M. Depew, S. F. Barger, and J. E. Brown, New York; H. B. Ledyard, Detroit; Assistant Treasurer, F. Middlebrook, New York.

The other subsidiary companies elected the following directors :

NIAGARA GRAND ISLAND BRIDGE.—W. K. Vanderbilt, F. W. Vanderbilt, C. M. Depew, S. F. Barger, E. A. Wickes, E. D. Worcest-