

dian Railway interests, your Directors beg leave to say that in their opinion there is no good cause for uneasiness.

It is not to be believed that a body like the Congress of the United States will be moved to such a course by the false or exaggerated statements, concerning the actions and policy of the Canadian Pacific Railway Company, emanating from parties whose sole object is to check legitimate competition.

The matters in arbitration between the Dominion Government and the Company respecting the section of the railway made by the Government in British Columbia, have not yet been decided; but a decision as to the liability of the Government is expected very soon.

A first issue of £903,375 of the 4 per cent. Consolidated Debenture stock of the Company was made in June last for the purpose of acquiring the 5 per cent. guaranteed preferred stock of the Atlantic and North-west Railway, and for the construction of the Mission (British Columbia) branch.

The high standing of these, and all other securities of the Company, is gratifying evidence of the fact that the property and policy of the Company, and the strength of its position, are known and understood, abroad as well as at home.

At the close of the year your Directors felt warranted in increasing the dividends on the shares of the Company to five per cent per annum, 3 per cent being payable from the Guaranty fund deposited with the Dominion Government, and 2 per cent from surplus earnings.