

The Subscription List will open on Monday, June 27, and close on or before Tuesday, July 5th.

MCCUAIG BROS. & COMPANY

MEMBERS MONTREAL STOCK EXCHANGE

on behalf of the Underwriters offer at 95 and accrued interest

\$600,000 5 per Cent. Consolidated First Mortgage Sinking Fund Gold Bonds

Carrying 40 per cent. Stock Bonus of the

SHERBROOKE RAILWAY & POWER CO.

(Incorporated under the Laws of the Province of Ontario)

Trustees	-	-	-	-	-	-	-	-	-	The Montreal Trust Company
Bankers	-	-	-	-	-	-	-	-	-	The Eastern Townships Bank
AUTHORIZED										ISSUED
\$1,500,000										\$700,000
\$1,500,000										\$700,000

The Bonds are dated July 1st, 1910, and are due July 1st, 1940.
Interest payable at par at any branch of the Eastern Townships Bank.
Interest payable January 1st and July 1st. Denominations \$500.
Bonds may be registered.
The Balance of \$800,000 Consolidated First Mortgage Bonds and Ordinary Shares will remain in the Treasury, and will be available for future requirements.
Of the \$700,000 Consolidated First Mortgage Bonds now being issued, \$100,000 are held in escrow to retire the outstanding issue of \$100,000 Sherbrooke Street Railway Bonds, due 30th June, 1927.

The Bonds are redeemable as a whole at 105 and interest on any interest date after 1st July, 1916, or annually for sinking fund drawings.
Messrs. McCUAIG BROS. & CO., MONTREAL, are prepared to receive subscriptions for the above \$600,000 of 5 p.c. Consolidated First Mortgage Sinking Fund Gold Bonds at the price of 95 p.c. of par with a bonus of common stock equal in par value to 40 p.c. of the par value of the Bonds allotted to be delivered on payment of subscription in full, on the following terms:—

10 PER CENT. ON APPLICATION.
15 " " JULY 2ND.
25 " " AUGUST 1ST.
25 " " SEPTEMBER 1ST.
25 " " OCTOBER 1ST.

The right is reserved to allot only such subscriptions and for such amounts as may be approved, and to close the subscription books without notice.
Payments can be made in full on allotment or on any instalment date.
Application will be made for the listing of the securities of the Company on the Montreal Stock Exchange.
Firm subscriptions have already been received for \$135,000 of the above Bonds, and the allotment of them has been guaranteed.

BOARD OF DIRECTORS

CLARENCE, J. McCUAIG, Montreal, President.....	Vice-President Black Lake Consolidated Asbestos Co.	Director Ottawa Light, Heat & Power Co.
WM. FARWELL, Sherbrooke.....	President of the Eastern Townships Bank.	
S. H. EWING, Montreal.....	President Montreal Cotton Co.	Vice-President Molsons Bank.
R. T. HOPPER, Montreal.....	Director Amalgamated Asbestos Corporation.	President Dominion Marble Co.
W. H. BROUSE, Toronto.....	Brouse, Mitchell & Co.	Vice-President Cobalt Hydraulic Power Co. Director Canadian Niagara Power Co.
FRANK THOMPSON, Montreal, Sec.-Treas.....	Frank Thompson & Co.	

Security and Earning Power

The bonds of the Company are secured by a deed of trust in favor of the Montreal Trust Co., which is an absolute First Mortgage upon the hydraulic development and transmission lines, upon all street railway extensions, present and future, and upon all new rolling stock of the Company, and which is a mortgage on the rights, powers, franchises and existing lines, subject only to the outstanding \$100,000 Sherbrooke Street Railway Bonds.

Messrs. Ross & Holgate, Consulting Engineers, of Montreal, who have examined and reported upon the position of the Company, estimate that its earnings for the first year after the work is completed should be as follows:

Street Railway—	
Gross Revenue	\$68,250
Operating Costs	40,950
Net Revenue	\$27,300
POWER Department—	
Gross Revenue	\$52,000
Operating Costs	13,000
Net Revenue	\$39,000
Rentals	3,000
Total	\$69,300
Bond Interest	35,000
Surplus	\$34,300

RAILWAY EARNINGS—As the gross earnings of the old system for 1909 amounted to \$31,222, with the largely increased mileage, reaching the residential portions of the city, the above estimate should be conservative.

POWER EARNINGS—As applications have already been received for the greater part of the available power, there is every reason to believe that on the completion of the development in November the whole will be contracted for.

Business for Traction System and Market for Total Production of Power

The city of Sherbrooke and surrounding country offer a very attractive field for both the Traction and Power Departments of the Company.

The growth of the population of Sherbrooke has been of a very steady and permanent character. In 1871 it had a population of 4,332, which has increased to about 17,000 at the present time. It is estimated that, including the town of Lennoxville, where Bishop's College is situated, the Street Railway serves a population of 20,000.

Although the population of the city has increased over fifty per cent. in the fifteen years since it commenced operations, the present street railway system has never been extended. It is now proposed to more than double the existing mileage.

Sherbrooke is the commercial centre of the Eastern Townships, which results in it having at nearly all times of the year a fairly large transient population.

It is also an important railway and industrial centre. It is a divisional point of the Canadian Pacific Railway; the Canadian terminus of the Boston & Maine system, the headquarters of the Quebec Central Railway Co., and is on the main line of the Grand Trunk Railway.

Its importance as an industrial centre may be judged from the fact that it is the headquarters of such well-known concerns as the Jenckes Machine Company and Rand Drill Company, which supply a large part of the mining machinery used in Canada; the Paton Manufacturing Company, the largest woollen company in the Dominion; the Fairbanks Scale Company (Canadian Branch), the Webster Cigar Company, the Silver Springs Breweries, the Sherbrooke Iron and Foundry Company, and the Paper Machinery Manufacturing Company.

In addition to the above, several important interests are considering at the present time locating in Sherbrooke, the conditions pertaining to labor, transportation and cheap power being favorable for the operation of industrial plants. The surrounding district, besides being rich in timber and minerals, comprises the greatest asbestos deposits in the world.

Strong Franchise Position

The Sherbrooke Railway and Power Company is right from its inception a going concern.

As a Street Railway concern the new Company has a 40-year franchise from the city of Sherbrooke which gives the exclusive right to build and operate a street railway within the limits of the city during this period, with exemption from all taxation for the first twenty years. At the end of twenty years the municipality has the right to purchase the street railway as a going concern.

For its power department the company has purchased certain water powers on the Magog River within the precincts of the city of Sherbrooke. These will be developed at one site, and will have sufficient capacity not only to provide for the increased requirements of the extended street railway, but also to leave 2,600 H.P. available for sale outside to the numerous industries in and about Sherbrooke.

These figures are based upon the minimum flow of the Magog River. Under its charter the Company has the right to sell hydro-electric power not only in the city of Sherbrooke, but as well throughout the District of St. Francis. This district takes in the counties of Sherbrooke, Stanstead, Wolfe, Compton, Richmond and Megantic, and comprises a total population of about 150,000 people.

Outlook for City

Sherbrooke, by its situation as an industrial centre, is destined to keep pace with the tremendous development that is taking place in Montreal, and in the future an increasing number of industries will find it advantageous from a point of view of labor and power to locate within its limits.

As the centre of one of the richest farming districts in Eastern Canada, it will gain additional importance as a retail and distributing centre.

The Sherbrooke Railway and Power Company will share in both its departments the growth and development of the city and its surrounding districts.

Prospectus and forms of application may be obtained at any branch of the Royal Bank of Canada or the Eastern Township Bank, or from McCuaig Bros. & Co., Montreal, or Brouse, Mitchell & Co., Toronto.

APPLICATIONS FOR BONDS SHOULD BE MADE UPON THE FORM ACCOMPANYING THE PROSPECTUS, AND ACCOMPANIED BY CHEQUE OR DRAFT PAYABLE AT PAR IN MONTREAL FOR 10% OF THE AMOUNT OF BONDS APPLIED FOR, AND SENT TO ANY BRANCH OF

THE ROYAL BANK OF CANADA,

MCCUAIG BROS. & CO.

MEMBERS MONTREAL STOCK EXCHANGE

175 St. James St., MONTREAL.

22 Metcalf St. OTTAWA.

OR

THE EASTERN TOWNSHIPS BANK,

BROUSE, MITCHELL & CO.

MEMBERS TORONTO STOCK EXCHANGE

19 Colborne Street, TORONTO.