

am very glad that the opportunity has been afforded us of establishing ourselves now in the harbor of Montreal, in an eminently advantageous position. An agreement has been entered into with the city which will be of the greatest possible advantage both to it and to us, and will, I hope, tend to our popularity in Canada.

At our last general meeting, I ventured on the cautious prediction that we might within reasonable limits, by which I meant in the period immediately ahead of us, hope for the continuance of the good times which we were then experiencing. The result has so far borne out what I then said, and, whatever the future may have in store for us, up to the present business is still on the increase. From July 1 last up to Oct. 7 our traffic returns show a gross increase in respect of the G. T. R., the G. T. W., and the Detroit, Grand Haven and Milwaukee, of £122,060. The increased passenger and express earnings last ½-year specially reflect, even to a greater extent, perhaps, than the freight earnings, the continued prosperity and good business prevailing in every direction. We were apprehensive that when we reached the period comparing with the heavy passenger traffic resulting from the Pan-American exposition of last year, decreases would appear in passenger earnings, but there were only two weeks in which such was the case, and our reports of the passenger traffic on the occasion of the Toronto fair, which was held in Sept., show over 30,000 more passengers carried this year than last. The same proportionate increase occurs with the less important fairs, such as at London, Stratford and other places. An increase in passenger traffic is an excellent indication of the prosperity of the country, because it means ready money, and shows that people have the means to travel, and they only travel when they have money to pay for tickets. The freight earnings showed a very satisfactory increase, considering the shortage in the corn crop, which materially affected our exports, this class of traffic showing a decrease of 210,000 tons, as compared with the same period of last year. But the total increased tonnage carried was 61,000 in excess of last year. This is a particularly favorable feature in the situation, because what was lost in corn—which is not one of the most profitable classes of our business—has been more than compensated for by the carriage of a miscellaneous traffic of a more remunerative character. An interesting return has been prepared by our traffic department affording an illustration of the remarkable development of business in Canada. It appears that during 1901 no less than 115 new industries were established, or put in course of establishment, along our lines in Canada, representing a capital of \$5,541,000, and 51 industries along our lines in the U.S. with a capital invested of \$1,985,000, making a total capitalization of \$7,526,000. These establishments comprise many large works and manufactures such as pulp works, electric lighting works, cement works, steel works, lumber mills, butter factories, saw mills, tanning establishments, carpet factories, and others of a miscellaneous and widely differing character, ranging from these larger works which I have mentioned down to coffin and pickle factories. It would be difficult to afford a more practical illustration of the recent prosperous conditions of the times, and of the increased earning power of the G. T. R. arising therefrom." Sir Rivers concluded by moving the adoption of the report, etc., and that the following dividends be paid: 4% guaranteed stock 2%; 1st preference stock, 2½%; 2nd preference stock, 2½%, which was carried after a brief discussion, during which a shareholder complained that the third preference and common stockholders were not being fairly treated. In reply, Sir Rivers defended the directors' action and

pointed out that when the present board took office the third preference were quoted at about 12, while now they stand at about 43.

Calgary and Edmonton Ry. Report.

At the adjourned meeting in Toronto, Nov. 10, the following report was presented for the year ended June 30: The gross earnings, after deducting earnings from Government service, were \$536,521.10, against \$399,481.59 for the previous year, an increase of 34.30%. The total expenses for the year were \$275,981.56, against \$227,532.82 for the previous year, an increase of 21.29%. The percentage of expenses to earnings for the year was 51.44%, against 56.95% for the previous year. The net earnings for the year were \$260,539.54, against \$171,948.77 for the previous year. The earnings from passenger traffic (including Government service) were \$169,996.19, against \$119,610.72 for the previous year, an increase of 42.12%. Freight, express, mail and miscellaneous earnings (including Government service) were \$377,829.98, against \$286,742.11, an increase of 31.76%. The increase in gross earnings is very satisfactory, and is due to the natural increase in the Co.'s business. The increase of \$48,448.74 in operating expenses is for the most part due to increased traffic. Of this amount \$21,509.34 is applicable to increase in expenditure for maintenance of way and structures, and \$14,979.43 for motive power. Owing to heavy freshets which occurred twice this spring and once later in the summer, carrying away one span of the bridge over the Old Man's river, and the approaches to both Sheep creek and Bow river bridge, also considerably damaging the piers and abutments, a very considerable sum will have to be expended during the current year for building a new bridge over the Old Man's river and for repairing the other structures. Although the expenditure for putting the roadbed in proper shape will be very heavy, the directors consider that owing to the large number of settlers going in along the line and the large increase in general business, the Co. will be in a fair position to meet these expenditures.

EARNINGS.

Balance brought forward.....	\$ 77,364 97
Passenger.....	\$169,996 19
Freight.....	364,680 38
Express.....	4,890 84
Mail.....	7,354 90
Miscellaneous.....	894 86
	<u>\$547,826 17</u>

Less amount of Government service included in above.....	11,305 07
	<u>\$536,521 10</u>
	<u>\$611,886 07</u>

OPERATING EXPENSES.

General and legal expenses.....	\$ 6,823 29
Conducting of transportation.....	50,817 31
Management expenses.....	5,250 17
Motive power.....	70,848 52
Maintenance of way and structures.....	130,875 47
Maintenance of cars.....	11,400 80
	<u>\$275,981 56</u>

Balance to interest account.....	\$337,904 51
	<u>\$613,886 07</u>

INTEREST ACCOUNT.

Balance from earnings.....	\$337,904 51
Interest received.....	2,260 65
	<u>\$340,174 16</u>

2% in cash paid on account, Jan. 1, 1902, coupon.....	\$22,434 0 0
2% in cash on account July 1, coupon.....	22,434 0 0
	<u>\$44,868 0 0</u>
Less Government subsidy for year, \$80,000.....	16,438 7 2
	<u>\$28,429 12 10</u>
	<u>\$138,670 46</u>

Expenses re service of coupon (London).....	1,097 27
Balance carried forward.....	200,406 43
	<u>\$340,174 16</u>

ASSETS.

Cost of road.....	\$6,472,013 33
Sundry debtors.....	108,035 33
Cash in bank.....	91,249 98
Suspense account, interest unpaid.....	818,841 00
Southern extension.....	1,393 91
	<u>\$7,494,533 55</u>

LIABILITIES.

Capital stock paid up.....	\$1,000,000 00
First mortgage bonds.....	5,474,513 33
Coupons due and not presented.....	774 79
Interest unpaid.....	818,841 00
Profit and loss account.....	200,406 43
	<u>\$7,494,533 55</u>

The directors and officers for the current year were re-elected as follows:—President, H. C. Hammond; Vice-President, N. Kingsmill; Secretary, R. A. Smith; other directors, E. B. Osler, D. W. Saunders, W. P. Torrance, C. E. L. Porteous.

Calgary and Edmonton Ry. Bonds.

A meeting of the bondholders was held in London, Eng., in Oct., "to consider the present position of the company, to appoint a committee to arrange either for the sale of the property or the future working of the line, and generally for the protection of the bondholders' interests." The following letter, addressed to the bondholders by Osler & Hammond, Toronto, was read by the Chairman, who explained that E. B. Osler, though in England, could not attend the meetings being a director both of the Calgary and Edmonton Ry. Co. and of the C.P.R. Co.:

"As you are aware, this road has been operated for the past six years by the C.P.R. Co., that Co. having provided all the rolling stock, and given to the C. and E. Co. a most favorable division of gross earnings. The term of this agreement has expired, and the road is being operated on a month-to-month agreement. The C.P.R. Co. have notified the C. and E. Co. that they will not continue operating in the future on the same favorable terms as to division of gross earnings, and, further, that if they are to operate the road in future, it will be necessary for them to have an agreement extending over a long period of years. Should an agreement of this nature be made, it will be necessary for the bondholders to agree to scale down the interest on their bonds. Failing being able to make an agreement with the C.P.R. Co., the C. and E. Co. must at once arrange to operate its road as an independent property, and must provide for rolling stock, car shops, etc. This will involve the raising of a considerable sum of money. The road suffered from serious damage by floods this summer, and money must be provided to replace the bridges and culverts washed away, and to put the road-bed in proper condition. For this \$150,000 is required. For car shops and rolling stock the lowest estimate would be \$900,000. Of this amount, however, probably \$600,000 could be raised by means of a car trust, leaving \$450,000 as the amount required to be raised at once to enable the road to be operated as an independent line; and further, if the road is to be maintained as an independent property it will be necessary to provide for the building of two or three branch lines north of Calgary and eastwards into territory which now supplies a considerable share of the Co.'s business, but which will be occupied by another company if this Co. does not, in the near future provide for these necessary extensions. As the C. and E. bonds are so scattered, we think that it will be necessary to call a meet-