

and that they were substantially offset by Station and Traffic Balances and Accounts Receivable, and that nothing stood against the Cash in Bank, save the interest on bonds shown as due and accrued. Since that date about two-thirds of the amount (\$316,767) advanced on account of the Montreal & Ottawa Railway has been recouped to the Treasury, and the amount shown as due from the Imperial and Dominion Governments (\$111,635) has been received. The amount of our Surplus Earnings Account was therefore represented to the extent of nearly \$3,000,000 by actual cash or its equivalent, and we hold against advances, among other securities, first mortgage bonds of the Montreal & Atlantic, and the Duluth, Superior & Western Railways, to an amount far exceeding the remainder of this account. In this connection it may not be out of place to refer to the fact that the Company has had no floating debt for the past nine years, and that even during the worst time of the past four years of depression it has always had a handsome cash balance over and above its current liabilities and accrued charges.

Your property is in excellent condition throughout. We have fortunately been able to continue its improvement without interruption, increasing its efficiency year by year and at the same time greatly reducing the cost of transportation. As an illustration of this I may say that the improvements which have been made since 1887 in Permanent Way and especially in the substitution of the highest type of permanent bridges for the original timber structures has enabled the Company to largely increase the weight of its locomotives and the size of its trains, and to effect a very large saving in the cost of its train service, in addition to the large saving which has been made in the cost of Maintenance of Way