Mortgage Bonds—		
First mortgage bonds, 5%	$34,998,633	
Canada Central Ry., 6%	973,333	
Due Province of Quebec on Q.M.O. & O. & North Shore Ry.	7,000,000	
Algoma branch, 1st mortgage	3,650,000	
North Shore Ry., 1st mortgage.	616,119	
		47,238,086
Land grant bonds—		
Guaranteed 3½% land bonds	15,000,000	
Less amount paid Dominion Government towards redemption	500,000	
		14,500,000
Current accounts, pay rolls and traffic balances		7,153,477
Interest on funded debt and rental of leased lines :—		
Coupons due July 1, 1903, and including coupons overdue, not presented	1,487,015	
Accrued to date, not due	285,055	
		1,772,070
Equipment replacement fund		588,543
Cash subsidies from Dominion and Provincial Government and municipalities		30,229,109
Land grant:—		
Sales of land and town sites		37,119,561
Surplus		18,846,175
		$341,699,276

FIXED CHARGES FOR YEAR ENDED JUNE 30, 1903.

1st Mortgage Bonds 5% due July 1, 1915	$1,749,931 66
Province of Quebec, 4 1-20%	283,500 00
North Shore Ry. 1st Mortgage 5% Bonds due April 20, 1904	267 66
Canada Central Ry. 2nd Mortgage 6% Bonds due Nov. 1, 1910	58,400 00
St. Lawrence & Ottawa Ry. 4% 1st Mortgage Bonds due June 15, 1910	38,933 34
Man. South-Western Colonization Ry. 1st Mortgage 5% Bonds due June 1, 1934	127,200 00
Toronto, Grey and Bruce Ry. Rental	140,000 00
Ontario and Quebec Ry. Debenture Stock 5%	975,129 56
Ontario and Quebec Ry. (Ordinary Stock) 6%	120,000 00
Atlantic & North-West Ry. 1st Mortgage Bonds (less Government proportion) due Jan. 1, 1937	136,333 34
Algoma Branch 5% First Mortgage Bonds due July 1, 1937	182,500 00
Rental, Farnham to Brigham Jct	1,400 00
Rental, Mattawamkeag to Vanceboro	23,800 00
Rental, New Brunswick Railway system	372,829 74
Rental of terminals at Toronto	32,957 89
Rental of terminals at Hamilton	32,791 39
Rental, Hamilton Junction to Toronto	40,027 86
Rental, St. Stephen and Milltown Ry	2,050 00
Interest on Montreal and Western Ry. purchase	20,098 73
Interest on equipment leases	93,486 06

4% DEBENTURE STOCK.

Issue for general purposes	£ 3,933,748	
Issue for China and Japan steamers	720,000	
Issue for Souris branch	1,004,000	
Issue to retire Canada Central Ry. 1st Mortgage Bonds	250,000	
Issue for branch lines	581,250	
Issue for Pacific coast steamers.	225,000	
Issue for acquiring mortgage bonds of roads of which principal or interest is guaranteed by C.P.Ry	7,104,958	
	£13,818,956	$2,620,560 04
		$7,052,197 27

EARNINGS FOR THE YEAR ENDED JUNE 30, 1903.

Passengers	$11,001,973 71
Freight	28,502,081 76
Mails	657,905 26
Express	909,098 02
Parlor and Sleeping Cars	637,642 05
Telegraph, Grain Elevators and Miscellaneous, including profit on Pacific steamships	2,248,672 24
Total	$43,957,373 04

STATEMENT OF WORKING EXPENSES FOR THE YEAR ENDED JUNE 30, 1903.

Conducting transportation	$ 6,434,321 57
Maintenance of way and structures	6,723,241 17
Motive power	8,989,111 77
Maintenance of cars	2,487,976 69
Parlor and sleeping car expenses	144,349 83
Expenses of lake and river steamers	470,773 06
General expenses	2,323,315 02
Commercial telegraph	547,438 15
Total	$28,120,527 26

DESCRIPTION OF FREIGHT CARRIED — YEAR ENDED JUNE 30.

	1902	1903
Flour, brls	4,921,993	5,110,757
Grain, bush	52,719,706	63,822,710
Live stock, head	963,742	1,103,686
Lumber, ft	1,033,569,377	1,190,378,217
Firewood, cords	204,963	268,401
Manufactured articles, tons.	2,288,234	2,665,260
All other articles, tons	2,571,136	2,942,736

FREIGHT TRAFFIC — YEAR ENDED JUNE 30.

	1902	1903
Tons carried	8,769,934	10,180,847
Tons carried one mile	3,247,922,167	3,862,242,993
Earnings per ton per mile	0.75 cts.	0.74 cts.

PASSENGER TRAFFIC — YEAR ENDED JUNE 30.

	1902	1903
Passengers carried	4,796,746	5,524,198
Passengers carried one mile.	534,777,135	635,855,533
Earnings per passenger per mile	1.75 cts.	1.73 cts.

TRAFFIC TRAIN EARNINGS—YEAR ENDED JUNE 30, 1903.

	Mileage.	Earnings.	Earnings per Traffic Train Mile.
Passenger	9,699,891	$12,874,480 00	$1.33
Freight	14,744,064	27,671,887 20	1.88
Total	23,053,079	$40,546,367 20	$1.76

The above earnings of traffic trains include earnings from mails, express and sleeping cars, but do not include ocean, lake and river steamers, telegraph, elevators, rents, etc., the net earnings from which amounted to $2,392,794.63.

EXPENSES PER TRAFFIC TRAIN MILE—YEAR ENDED JUNE 30, 1903.

	Expenses.	Expenses per Traffic Train Mile.
Maintenance of way and structures	$ 6,723,241 17	0.292
Motive power	8,989,111 77	0.390
Maintenance of cars.	2,487,976 69	0.108
Traffic and general expenses	8,901,986 42	0.386
	$27,102,316 05	1.176

Mileage included in C.P.R. traffic returns	7,748.4	
Mileage in other lines worked	872.9	
Mileage under construction	364.0	
		8,985.3
Mileage of Minneapolis, St. Paul & Sault Ste. Marie Ry	1,469.5	
Mileage of Duluth, South Shore & Atlantic Ry	565.0	
		2,034.5
		11,019.8

Minneapolis, St. Paul and Sault Ste. Marie Railway.

Following are extracts from the report for the year ended June 30, presented at the annual meeting in Minneapolis, Sept. 15:

	1903.	1902.
Gross earnings from all sources	$7,293,743.26	$6,257,591.47
Operating expenses	3,719,922.63	2,941,627.40
Net earnings	3,573,820.63	3,315,964.07
Fixed charges, taxes, etc	1,909,323.20	1,729,462.59
Surplus	1,664,497.43	1,586,501.48

The increase in gross earnings was $1,036,151.79 or about 16.5%, while the net earnings increased but $257,856.56 or about 7.8%. Several causes contributed to the increased expenses and decreased net results; the abnormal conditions affecting the fuel supply resulting in inferior coal at higher prices; the material increase in the cost of other supplies and the demands for increased compensation from every class of labor; also the increased cost of more substantial buildings and more modern engines to replace those worn out or obsolete; the cost of replacing temporary wooden bridges with permanent steel structures and the fact that many minor items for improvements formerly carried to capital account, but now charged direct to operating expenses, were active factors in the increased cost of operations.

The operating expenses were 51.4% of the gross earnings compared with 47.3% the preceding year; notwithstanding the increase the percentage compares very favorably with the average for the past four or five years.

The standard of the company's equipment has been fully maintained and strengthened by the addition of the following equipment: 12 locomotives; 8 sleeping cars, including four tourist sleepers; 7 first-class passenger cars; 5 baggage cars; 1 dining car; 300 box cars, 200 flat cars; 50 refrigerator cars; a wrecking crane of the most modern type, besides a steam shovel and various smaller equipment.

The mileage was increased by the completion of a line from Braddock to Bismarck, N.D., about 41 miles. The additional line under construction this year, including an extension of the Birchwood line and a branch line running north from Glenwood, Minn., will add about one-tenth to the present mileage.

The entire Wisconsin and Peninsular Division from Minneapolis to Sault Ste. Marie has been relaid with heavy rails and 80 lb. rails are being laid from Minneapolis to Hoffman, Minn., about 145 miles.

During the year the company acquired property for terminal facilities at St. Paul, at a cost of about $321,000, and additional grounds at Minneapolis at a cost of $55,000. When these shall have been fully improved it will have independent terminals as favorably located as any in the Twin Cities.

The grain crop tributary to the company's road was somewhat better than the previous year and at this writing a crop of at least equal quantity and quality is practically assured for this year; the promise of higher prices, however, should reflect favorably on the coming year's earnings by the increased purchasing power of the producers.

The immigration and settlement along the line of both east and west divisions continues satisfactory and cannot but result in greater stability of revenue.

The mileage owned and operated is 1,430.15 and 23.13 miles of spur lines, total 1,453.28 miles. In addition the company has trackage facilities over 18.52 miles of terminal property in Minneapolis, St. Paul and Sault Ste. Marie.

EARNINGS AND EXPENSES.

Passenger	$1,524,378.01	
Freight	5,254,735.41	
Express, mail and miscellaneous	458,150.86	
		$7,237,264.28
Maintenance of way and structures	$ 800,791.71	
Maintenance of equipment	661,058.37	
Conducting transportation	2,098,027.42	
General expenses	160,045.13	
		3,719,922.63
Net earnings from operation		$3,517,341.65

REVENUE FROM OTHER SOURCES.

Interest, discount and exchange.	$ 54,248.98	
Interest on bonds and stock owned	2,230.00	
		56,478.98
Total income		$3,573,820.63

OTHER PAYMENTS.

Interest on bonds	$1,428,114.60	
Taxes	394,938.64	
Rental of terminals	84,066.34	
Interest on equipment notes	2,203.62	
		1,909,323.20
Surplus earnings		$1,664,497.43
Deduct amount appropriated for additions and betterments		200,000.00
Net surplus for year		$1,464,497.43

The expenditure account for construction of new lines and equipment contains these items: Rice Lake line—extensions of same, $48,693.19; Polk county line, $23,964.88; Missouri river division extensions, $321,220.64; Rapid river branch - extension from Trenary, $43,590.47; Glenwood extension, $221,372.43; Tony branch line, $15,762.74; preliminary surveys, $2,508.77; terminal property St. Paul and Minneapolis, $376,494.67; betterments to main line, 251,755.45; new equipment, $774,851.98; joint terminals, Sault Ste. Marie, $11,288.18; $2,091,503.40; less refund by St. Paul Union Depot Company, $192.85. Total, $2,091,310.55.