

5. The passenger rate difficulty which prevailed at the date of the last annual report continued until November, when it was terminated with results not unsatisfactory to your Directors. This settlement resulted in a restoration of the North Bay arrangement with the Grand Trunk Company, and in removing all visible causes of friction with that Company.

6. The Company's ocean and lake steamships, and its telegraph, express, sleeping cars and grain elevators, have continued to add largely to your profits, and together show a handsome increase over any past year.

7. Your property has been maintained in excellent condition throughout and has been much improved in the way of permanent structures and station and terminal facilities, and large additions have been made to its equipment. A detailed statement of the expenditures for permanent improvements and new equipment is appended.

8. Two hundred and eighty miles of your principal lines were relaid during the year with steel rails weighing 73 pounds per yard in place of the original 56 and 60 lbs. rails.

9. The application of automatic couplers and air brakes to your freight equipment is well advanced, and the end of this heavy expense will soon be reached.

10. The Crow's Nest Pass line, mentioned in the last annual report, was completed to Kootenay Lake in October, too late in the year to affect your year's results as regards earnings.

11. The acquisition of the Columbia and Western Railway, which was authorized at your last Annual Meeting,