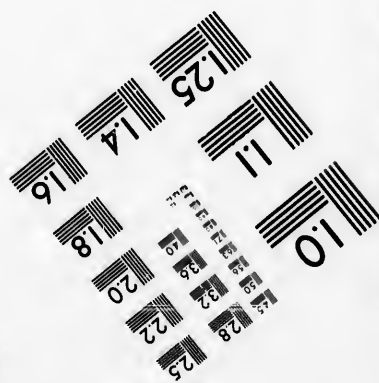
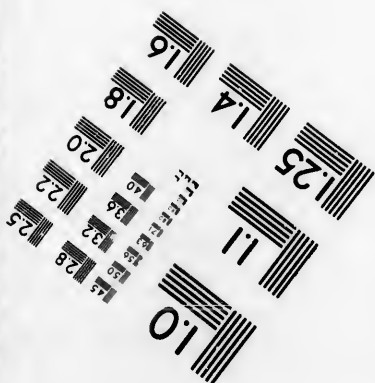
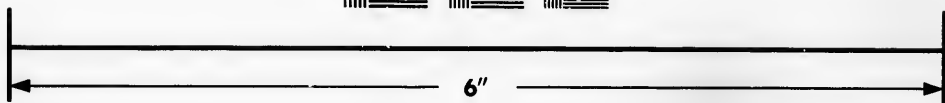
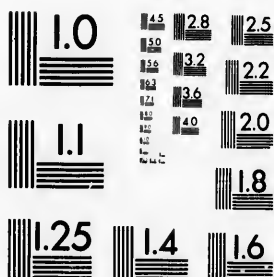


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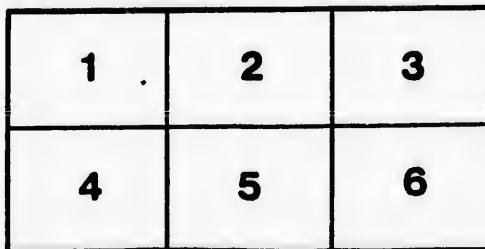
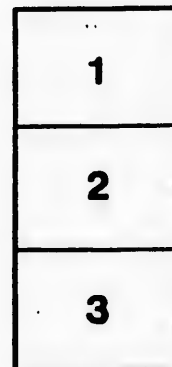
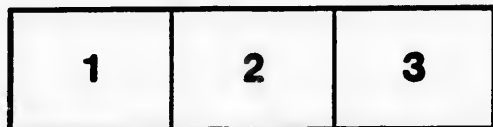
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*Statement of the London Directors of the Grand
Trunk Railway Company of Canada.*

21, OLD BROAD STREET, LONDON, E.C.,
8th March, 1859.

THE undersigned London Directors of the Grand Trunk Railway of Canada believing that an erroneous impression prevails respecting its present and future position, and as the statutory constitution of the Grand Trunk Company requires the general meetings of the shareholders to be held in Canada, the Directors are anxious at the present time to lay before the proprietors, by this circular, a concise account of the present position of their undertaking, showing the amount of capital already expended and still required, the works which have been finished and those that remain to be executed, and to make some remarks on the present revenue and future prospects when the line is open to Sarnia and the Victoria Bridge completed.

The total capital set forth in the original prospectus as necessary to complete the line amounted to £9,500,000. The sum of £3,111,500 has been raised in bonds of the Province of Canada, the interest on which formed the first claim on the railroad. The remaining capital consists of the debentures and shares of the company.

Many circumstances arose, especially connected with the line between Montreal and Portland, which caused an expenditure not originally contemplated, and a junction of twenty-two miles in length has also been made between St. Mary's and London; but, on the other hand, the Canadian Legislature liberally consented to forego all claims for interest on the amount of provincial bonds above stated, until the original shareholders received 6 per cent.; and the eastern portion of the line has been curtailed nearly thirty miles, causing a saving of about £250,000.

The actual capital raised and expended to this date, on which

interest is payable, is £8,426,200, which stands in the following order:—

1st.	£2,000,000	Preference Debentures,	6 per cent.
2nd.	2,144,600	Ordinary	„ „
3rd.	1,500,000	7 per cent.	„
4th.	2,781,600	Consolidated Stock	

£8,426,200

And authority is to be asked for at the meeting about to be held in Canada, to raise the further sum of £1,111,500, by Second Preference Debentures, under the powers granted by the Act of 1858, which sum, with existing assets, will be required to pay off present liabilities, and to open the whole line from Sarnia to Quebec and Rivière du Loup, and to Portland, a total distance of 1,057 miles, including the Victoria Bridge.

The cost, therefore, of the railway to the shareholders, equipped with working stock, and including the bridge, will be about £10,000 per mile, a sum which the directors cannot but consider extremely moderate, when it is remembered that all the works will be of the most substantial character, the bridges and viaducts being of stone and iron, that the Victoria Bridge will cost £1,350,000, and that interest has been paid by the company, during the construction of the works, to the extent of £1,200,000. The length of line now open is 880 miles, and by October next, the bridge and the extension to Sarnia, of seventy miles, will be ready for traffic; and at the same time a railway in the State of Michigan, between Port Huron, opposite to Sarnia, and Detroit, fifty-five miles in length, promoted in the interests of the Grand Trunk Railroad, and to be worked by it, will also be open.

The position of this latter railway must insure to its own shareholders a highly-remunerative return, whilst its importance to the Grand Trunk cannot be over estimated, as it completes the link with all the American railways extending west and south, thus forming a continuous line between Chicago and the eastern seaports of Quebec and Portland.

It now remains for the Directors to examine into the extent and character of the Traffic already obtained, to compare it with that calculated upon in the Prospectus, and thus to enable the shareholders to form their own opinion as to the future.

The traffic to the present time has been almost entirely local; but it is most gratifying to find that the receipts upon the portions of the line

now open, 880 miles, have already exceeded the total amount originally looked for from that source over the whole length of the road, and this Traffic is evidently increasing. The gross amount calculated upon in the Prospectus was £460,000 on 1,112 miles, or at the rate of £8 per mile per week. The sum actually received in the two years, 1857 and 1858, has been at the average rate of £11 per mile per week upon the whole distance as opened.

In regard to the Through Traffic, the Directors can see no reason for doubting the accuracy of the original calculations. The vast trade of the West has greatly increased during the last few years, as likewise the exports and imports and the population of the Province of Canada. A regular line of steam packets between Quebec and Portland and Europe, shortly to form a weekly communication, has been established. The Grand Trunk will thus form the best route to the Western States of America and the Red River settlement of the Hudson's Bay Company, and ultimately to British Columbia.

At the close of this year, when the junction between the Grand Trunk and the various railways in the state of Michigan has been effected at Detroit, the advantages offered by the Grand Trunk for the conveyance of the Western produce to the Eastern ports, a distance of 800 miles, without break of gauge, must attract to itself a large share of this traffic; and with the view of forming an opinion of its extent, the directors have examined the gross revenue actually obtained on the four principal lines, which have hitherto transported a large proportion of it, and it appears that, taking the total receipts during the two years 1857 and 1858, the latter being one of great commercial stagnation, the average amount received per mile per week has been; on the Michigan Central, £31 4s.; on the Great Western of Canada, £32 6s.; on the New York and Erie, £46 10s.; and the New York Central, £49 16s.; the average on these four lines exceeding £40 per mile per week.

In addition to a share of this vast trade, to obtain which the Grand Trunk is in a most favourable position, it will derive additional traffic from the produce brought by the Lake navigation, and intercepted at Sarnia, where ample provision will be made for its reception and transport.

With these facts before them the Directors have every confidence that the very moderate estimate of £30 per mile on the Western, and £20 on the Eastern half, making an average, on the whole line, of

£25 per mile per week, from the local and through traffic combined will be realised, and also that the working expenses under these circumstances will not exceed 50 per cent. of the receipts.

On the portions of the line west of Toronto already opened, the local receipts for the last few months have exceeded £20 per mile per week, and the working expenses have been less than 50 per cent.

Assuming that the total capital on which interest will have to be paid may in round numbers be £10,000,000, the result will be as follows:—

£25 per mile per week on 1,057 miles	...	...	...	£1,374,100
50 per cent. for working expenses	...	...	...	687,050
				<hr/>
Deduct rent on Portland section	...	...	...	687,050
				73,000
				<hr/>
Leaving a net profit	...	...	...	£614,050

or more than sufficient to pay 6 per cent. on the whole debenture and share capital of the company.

Under these circumstances the London Directors, in offering, without reserve, their views on the position of the Railway, feel that the Board have adopted the best and most equitable mode of raising the necessary funds by the proposed new issue of 1,111,500 Second Preference Debentures, which, with the 2,000,000 of First Preference already issued, assume the position originally occupied by the Provincial Debentures of £3,111,500.

As soon as the London Directors have received from Canada the information that the requisite sanction has been given for this issue, they will announce the arrangements they propose to make for the disposal of the debentures.

THOMAS BARING, *Chairman.*
 GEORGE CARR GLYN,
 KIRKMAN D. HODGSON,
 H. WOLLASTON BLAKE,
 WILLIAM CHAPMAN.

