

Room 11, 96 602

CANADIAN PACIFIC RAILWAY COMPANY.



SIXTEENTH ANNUAL MEETING
OF
THE SHAREHOLDERS,
AT
MONTREAL, 7TH APRIL, 1897.

REPORT OF THE PROCEEDINGS.

In moving the adoption of the Report, for the year ended 31st December, 1896, which had previously been mailed to Shareholders, the President said:—

In submitting the report for your approval, I beg leave to refer to a supposed discovery by a London financial journal that our outstanding interest liabilities at January 1st are understated in the Balance Sheet by something like a million dollars, the last half year's interest on the Consolidated Debenture Stock not being shown as due on that date. The explanation is simple. The interest on the Debenture Stock is and always has been paid by cheque in June and December. The Bond interest, on the other hand, is represented by coupons, which come due on the 1st July and 1st January, and are paid on presentation; consequently the second half year's bond interest always appears in the Balance Sheets as due and payable. There has been no change in our method of dealing with these interest payments in our Balance Sheet.

It will be seen by the Balance Sheet that at 1st January the Company's current liabilities were about normal,



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

and in other directions. In 1888 the average size of freight trains was 11.75 loaded cars while last year it was 16.31, an increase of 39 per cent; and leaving out the decrease in the price of fuel, the cost of locomotive service last year was less by \$1,149,929 than it would have been at the cost per ton moved in 1888. I doubt if the Company has ever invested any money which has brought a more satisfactory return, and the amounts still required for improvements will, I am sure, produce an equally good return.

Some alarm has been caused by the recent decision of the United States Supreme Court, which is generally interpreted as holding all associations for the adjustment and maintenance of rates to be illegal. If such be the meaning of the decision it is to be regretted, for there can be no doubt of the conserving influence of such associations both in the interest of the public and of the Railways. However, the good sense of the American railway managers may be trusted to find lawful means of protecting the interests in their charge, and I may point out that your Company has comparatively little interest in the traffic within the scope of the several associations, and that we got along very well for many years, indeed, until within a year, outside of them.

The past four years of panic and disaster and depression on this side of the Atlantic have been so full of unpleasant surprises that one may well hesitate about expressing an opinion as to the future, but I fully share in the belief expressed in the report of the Directors that a turn for the better is at hand. The small wheat crop of last year realized to the farmers a much better profit than the heavy crop of the year before and the shortage was felt by the carriers alone; therefore our late losses in earnings should not be taken as indicating unfavourable

conditions in the business of the country. On the contrary, while the shrinkage in our earnings from the carriage of wheat from the last crop as compared with that of the year before will reach at least a million and a quarter dollars, this, as stated in the report, has largely been made up by an increase in general business.

One of the most encouraging features of our situation is the wide attention the mines of British Columbia are attracting and the great activity which prevails there. The effect of the mining developments in that Province last year is manifest in an increase of 21 per cent. in the freight and passenger earnings of our Pacific Division, which embraces the lines between the Columbia River and the Pacific Coast. The new traffic contributed, of course, more or less to the earnings of the rest of the system. But the mining developments are not confined to British Columbia. In the hitherto unproductive section between Lake Superior and the Lake of the Woods and especially about the Lake of the Woods, rich discoveries have been reported in great number and mining operations are actively going on. For these and other reasons our outlook seems to me promising, and if we are blessed with average crops, I think we may fairly expect a prosperous year.

And the Report having been considered, it was moved by Sir William C. Van Horne, President, seconded by Mr. Thomas G. Shaughnessy, Vice-President, and unanimously

Resolved,

That the report on the affairs of the Company for the year ended December 31st, 1896, now submitted be adopted.

The President submitted and explained estimates approved by the Directors of proposed Capital expenditure

to be incurred during the current year on construction and improvement account; and the same having been laid on the table and considered, it was moved by Dr. A. R. C. Selwyn, seconded by Mr. Edmund B. Osler, and unanimously

Resolved,

That in accordance with the recommendation of the Directors, the Shareholders do hereby authorize the expenditure of Capital as follows:

For permanent bridges, ballasting and other improvements of permanent way	\$1,165,723 00
For station and other facilities, additional sidings and fencing, grain elevators at Owen Sound and Windsor, terminal facilities at Toronto and Montreal, etc.....	514,012 00
For Rolling Stock and other equipment.....	377,001 00
For Steamers on Arrow and Kootenay Lakes.....	280,000 00
Total.....	<u>\$2,336,736 00</u>

The President submitted and explained an agreement with the Qu'Appelle, Long Lake and Saskatchewan Railroad & Steamboat Company providing for the operation of that Company's railway by this Company, and for the interchange of traffic between the two lines; and the same having been considered, it was moved by Mr. Donald Macmaster, seconded by Hon. Donald MacInnes, and unanimously

Resolved,

That the Shareholders present and represented at this meeting do hereby approve, adopt and confirm the agreement between this Company and the Qu'Appelle, Long Lake & Saskatchewan Railroad and Steamboat Company now submitted, providing for the regulation and interchange of traffic between the railways of the two companies, and for the operation by this Company, as Agents for the Qu'Appelle, Long Lake and Saskatchewan Railroad

& Steamboat Company, of their line of railway, for a term of five years, from the first day of August, 1896, and for the division and apportionment of tolls, rates and charges in respect of such traffic.

The President submitted and explained an agreement of the 25th March last, with regard to the acquisition of the Montreal and Western Railway by the Canadian Pacific Railway Company, and the same having been considered, it was moved by Mr. John Morrison, seconded by Mr. Sandford Fleming, and unanimously

Resolved,

That the purchase of the Railway (seventy miles in length) of the Montreal and Western Railway Company, as embodied in an indenture executed and acknowledged before Mr. H. P. Pepin, of Montreal, notary public, on the 25th day of March, 1897, a copy of which is submitted to this meeting, is hereby adopted and confirmed; such purchase being in accordance with the agreement between this Company and the Montreal and Western Railway Company, confirmed by the Act of Parliament, 53 Victoria, Chapter 67, the price stipulated for in the agreement, namely \$6,000 per mile, being satisfied by this Company undertaking to pay the liabilities of the Montreal and Western Company amounting to \$28,000 a year for thirty years without interest, payable in sixty half-yearly payments of \$14,000 each.

The following resolution was moved by Captain Henry Beatty, seconded by Dr. A. R. C. Selwyn, and unanimously

Resolved,

That in view of the Directors' expressed opinion that the Company's main line should be connected with our Columbia and Kootenay Railway by the construction of

a branch line to Nelson, the Shareholders hereby authorize the Directors to take such steps in that direction, and to enter into any such arrangement for the construction of the line as may to them appear most desirable.

The following By-law passed by the Board of Directors since the last Annual Meeting, was submitted for approval as follows :—

BY-LAW NO. 75.

By-law No. 69 is repealed and the following enacted in lieu thereof, that is to say :—

For the payment of interest coupons on Land Grant Bonds, special deposits shall be made and a separate Bank account kept. All such payments to be made by cheques drawn by the Treasurer without counter-signature ; and all coupons when paid to be immediately defaced or otherwise cancelled and forwarded to the Comptroller.

For the payment of dividends on Common Stock, a special account shall be re-opened at the Company's Bankers to be called " Dividend Account ". Cheques on this account to be signed by the Treasurer or by some person authorized by the Board to sign in his stead, and counter-signed by the Secretary or by some person authorized by the Board to sign in his stead ; except as to Common Stock on the London Register in respect of which cheques for dividends need be signed only by the Deputy Secretary in London on regulations to be laid down by the Board.

Dated this 8th day of February, 1897.

Whereupon it was moved by Mr. Wilmot D. Matthews, seconded by Mr. George R. Harris, and

Resolved,

That By-law No. 75 now submitted and read be and the same is hereby approved.

The meeting then proceeded to the election of Directors for the ensuing year and it was moved by Mr. Sandford Fleming, seconded by Mr. Edmund B. Osler, and unanimously

Resolved,

That a ballot be now taken for the election of Directors for the ensuing year and that Mr. Charles Meredith and Mr. William R. Miller be appointed Scrutineers to take such ballot.

The ballot having been taken, the President read the report of the Scrutineers, which declared that the under-mentioned gentlemen had been elected by the unanimous vote of the meeting, viz. :

SIR DONALD A. SMITH, G.C.M.G.
 SIR WM. C. VAN HORNE, K.C.M.G.
 MR. RICHARD B. ANGUS.
 MR. THOMAS G. SHAUGHNESSY.
 MR. EDMUND B. OSLER, M.P.
 MR. SANDFORD FLEMING, C.E., C.M.G.
 HIS HONOR LIEUT-GOV. KIRKPATRICK.
 GEN. SAMUEL THOMAS.
 MR. GEORGE R. HARRIS.
 MR. WILMOT D. MATHEWS.
 HON. DONALD MACINNES.
 MR. THOMAS SKINNER.
 MR. JOHN W. MACKAY.

And the proceedings terminated.

WM. C. VAN HORNE, *President.*

A. R. G. HEWARD, *Acting-Secretary.*

NOTE :—At a meeting of the Board subsequently held, Sir Wm. C. Van Horne was re-elected President and Mr. Thomas G. Shaughnessy, Vice-President of the Company, and the following were appointed the

EXECUTIVE COMMITTEE :

Sir Wm. C. Van Horne, K.C.M.G.,	Mr. Thomas G. Shaughnessy,
Sir Donald A. Smith, G.C.M.G.,	Mr. Richard B. Angus.