

CANADIAN PACIFIC RAILWAY.

ANNUAL REPORT FOR THE YEAR

-1887-

AND

REPORT OF PROCEEDINGS

AT THE

SEVENTH ANNUAL MEETING

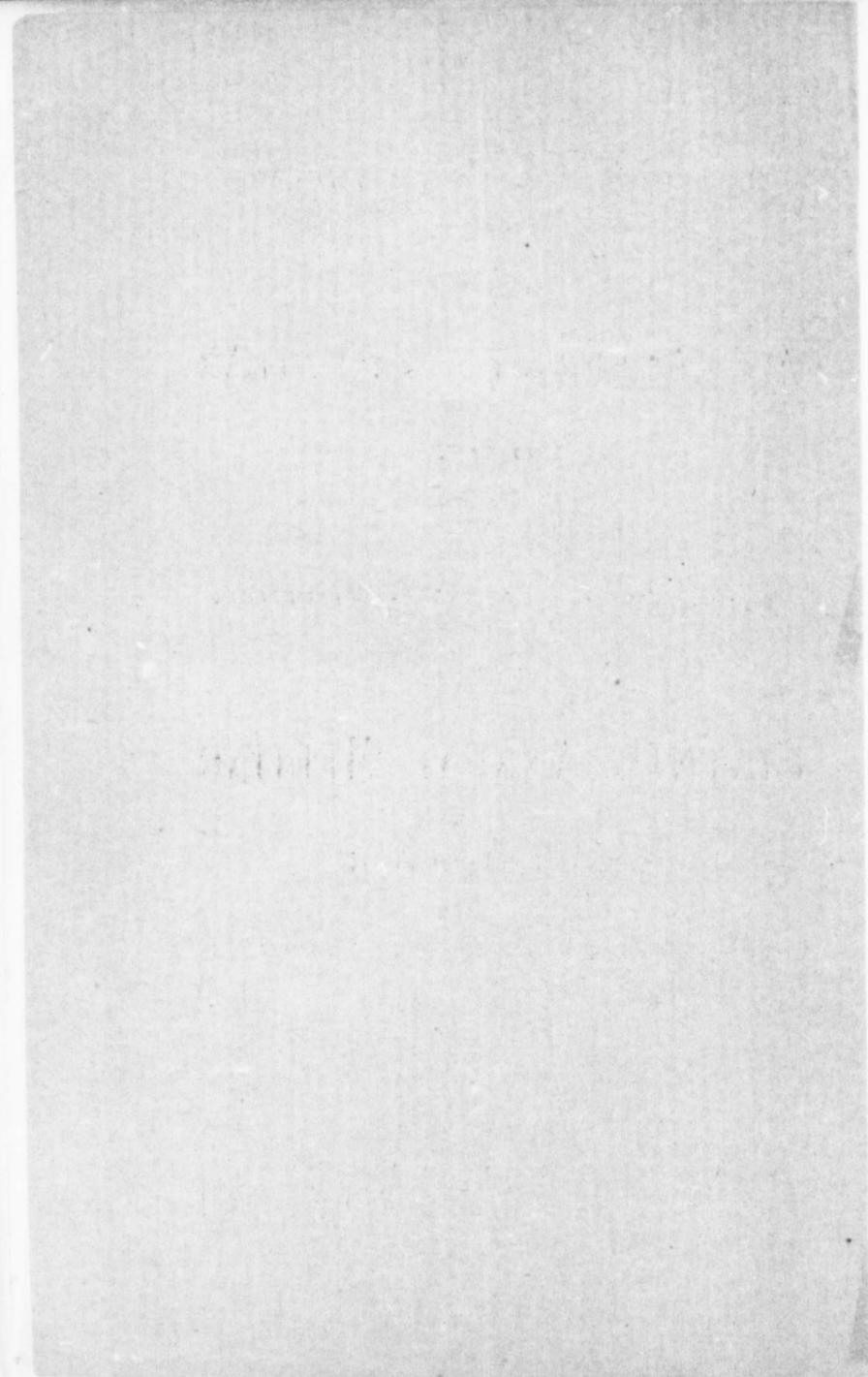
OF SHAREHOLDERS,

HELD AT THE GENERAL OFFICES OF THE COMPANY,

MONTREAL,

ON

WEDNESDAY, 9th MAY, 1888.



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GAZETTE PRINTING CO., MONTREAL.

BOARD OF DIRECTORS.

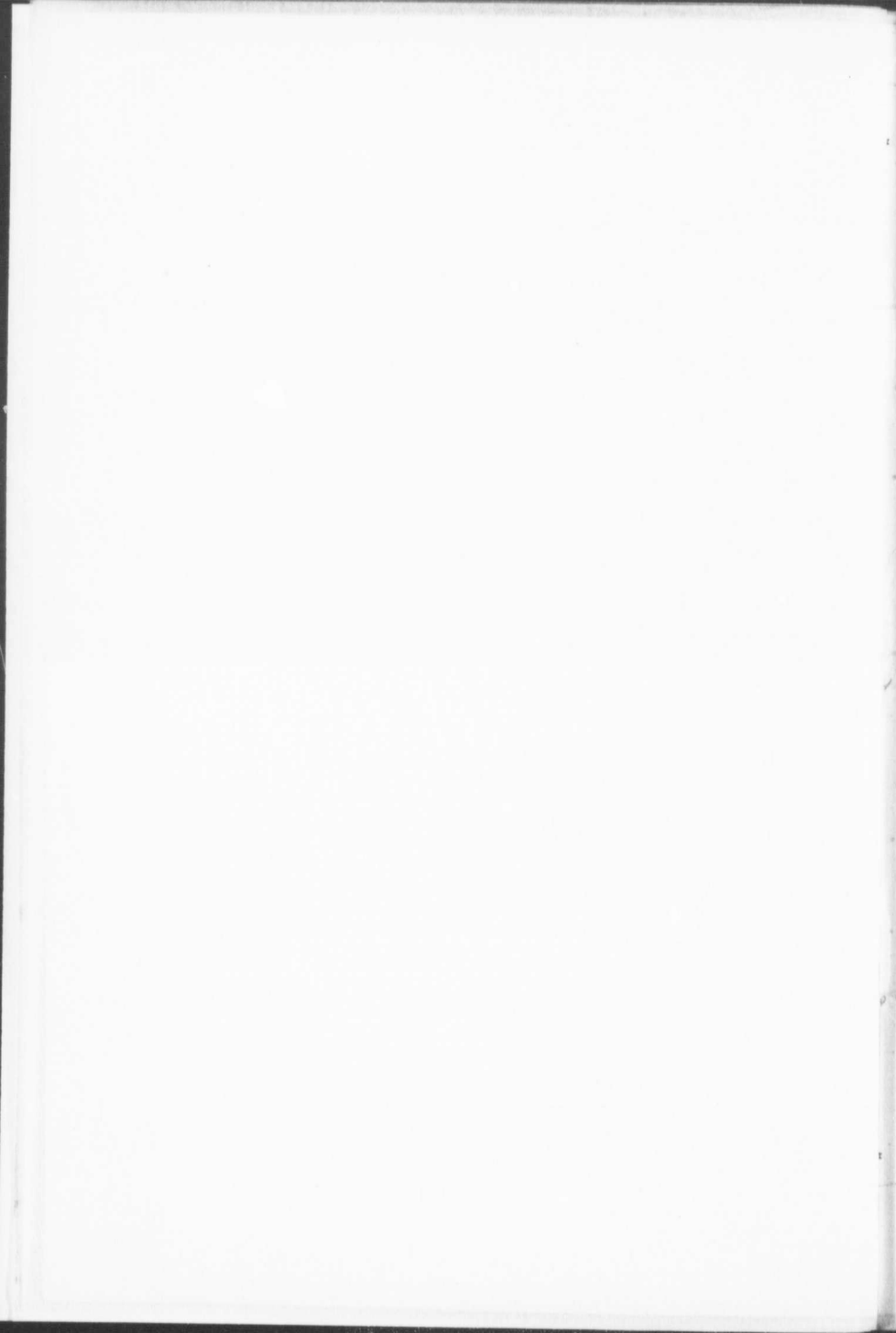
SIR GEORGE STEPHEN, BART., - - - - -	MONTREAL.
MR. WM. C. VAN HORNE, - - - - -	do.
SIR DONALD A SMITH, K.C.M.G., M.P., - - - - -	do.
MR. RICHARD B. ANGUS, - - - - -	do.
" EDMUND B. OSLER - - - - -	TORONTO.
" ANDFORD FLEMING, C.E., C.M.G., - - - - -	OTTAWA.
" R. V. MARTINSEN, - - - - -	AMSTERDAM AND NEW YORK.
HON. W. L. SCOTT, - - - - -	ERIE, PA.
MR. GEORGE R. HARRIS, of Messrs. Blake Bros. & Co.,	BOSTON.
HON. J. J. C. ABBOTT, Q.C., Senator, - - - - -	MONTREAL.
" GEO. A. KIRKPATRICK, M.P., - - - - -	KINGSTON.
" LEVI P. MORTON	} Of Messrs. Morton, Bliss & Co., NEW YORK.
MR. RICHARD J. CROSS,	
" WILMOT D. MATTHEWS, - - - - -	TORONTO.
" P. DU P. GRENFELL, - - - - -	LONDON.

OFFICERS.

SIR GEORGE STEPHEN, BART., <i>President</i> , - - - - -	MONTREAL.
MR. WM. C. VAN HORNE, <i>Vice-President</i> , - - - - -	do.
" CHAS. DRINKWATER, <i>Secretary</i> - - - - -	do.
" T. G. SHAUGHNESSY, <i>Asst. General Manager</i> , - - - - -	do.
" GEO. M. CLARK, <i>Chief Solicitor</i> - - - - -	do.
" GEORGE OLDS, <i>General Traffic Manager</i> , - - - - -	do.
" HY. BEATTY, <i>Manager Steamship Lines & Lake Traffic</i> ,	TORONTO.
" LUCIUS TUTTLE, <i>Passenger Traffic Manager</i> , - - - - -	MONTREAL.
" I. G. OGDEN, <i>Comptroller</i> , - - - - -	do.
" W. SUTHERLAND TAYLOR, <i>Treasurer</i> , - - - - -	do.
" C. W. SPENCER, <i>Gen. Supt. Eastern Division</i> , - - - - -	do.
" T. A. MACKINNON, <i>Gen. Supt. Ontario & Atlantic Div.</i> ,	do.
" W. WHYTE, <i>Gen. Supt. Western Division</i> , - - - - -	WINNIPEG.
" H. ABBOTT, <i>Gen. Supt. Pacific Division</i> - - - - -	VANCOUVER, B.C.
" L. A. HAMILTON, <i>Land Commissioner</i> , - - - - -	WINNIPEG.
" HARRY MOODY, } <i>Manager of London Office, and Registrar of Transfers, 88 Cannon Street, LONDON, E.C.</i>	

EXECUTIVE COMMITTEE.

SIR GEORGE STEPHEN, BART.,	MR. WM. C. VAN HORNE.
" DONALD A. SMITH, K.C.M.G., M.P.	" RICHARD B. ANGUS.
GENERAL OFFICES - - - - -	MONTREAL.



Canadian Pacific Railway.

SEVENTH ANNUAL MEETING.

REPORT OF PROCEEDINGS AT THE SEVENTH ANNUAL MEETING AND SPECIAL GENERAL MEETING OF THE SHAREHOLDERS, HELD ON WEDNESDAY, THE 9TH DAY OF MAY, 1888.

The meeting assembled in conformity with the notice convening the same, at noon, at the General Offices of the Company in Montreal. The President, Sir George Stephen, Bart., took the chair, and the Secretary of the Company, acted as Secretary of the meeting.

The Shareholders present in person, and by proxy, were ascertained to represent 407,740 shares of the stock of the Company.

The notice calling the meeting was read as follows:—

CANADIAN PACIFIC RAILWAY COMPANY.

NOTICE TO SHAREHOLDERS.

The Seventh Annual Meeting of the Shareholders of this Company, for the election of Directors and the transaction of business generally, will be held on WEDNESDAY, the 9th day of May next, at the principal office of the Company in Montreal, at 12 o'clock noon.

The Meeting will be made special for the purpose of,

1. Authorizing the issue of Bonds secured by Mortgage on the Company's subsidy of lands, and determining, under the authority of the Charter, all matters relating to such Bonds and Mortgage.

2. Confirming any Agreement that may be made with the Canadian Government concerning the said Bonds and Mortgage, and authorizing the removal of certain restrictions imposed by the original Contract, as set out in the schedule to the Act 44 Victoria, Chapter 1.

3. Considering and accepting, and taking such steps as will make available any legislation during the present Session of the Canadian Parliament respecting the foregoing matters.

The transfer books of the Company will close in Montreal and New York on Tuesday, 1st May, and in London on Monday, 16th April, and will be re-opened on Thursday, 10th May next.

By order of the Board,

CHARLES DRINKWATER,

Montreal, 7th April, 1888.

Secretary.

The President submitted the following Report on the affairs and operations of the Company for the year ended 31st December last:—

SEVENTH ANNUAL REPORT

OF THE

DIRECTORS OF THE CANADIAN PACIFIC RAILWAY COMPANY, SUBMITTED AT THE ANNUAL MEETING OF THE SHAREHOLDERS, HELD AT MONTREAL,
9TH MAY, 1888.

A balance sheet of the affairs of the Company at 31st December last, together with the usual statements relating to the business of the past year, are submitted herewith.

The gross earnings for the year were.....	\$11,606,412.80
The working expenses were.....	8,102,294.64
	<hr/>
And the net earnings were	\$3,504,118.16
Deducting the fixed charges accruing during the year.....	3,250,263.81
	<hr/>
The surplus was	\$ 253,854.35 . . ;

The working expenses amounted to 69.81 per cent of the gross earnings and the net earnings to 30.19 per cent.

The fixed charges for the year were :—

£7,191,500 1st Mortgage Bonds 5 p.c. from Jan. 1st.....	\$1,749,931.66
\$7,000,000 Province of Quebec (Q., M., O. & O. Ry.) 5 p.c. from Jan. 1st.....	350,000.00
£89,600 North Shore Ry. 1st Mortgage, 5 p.c., from Jan. 1st.....	21,802.66
£200,000 Canada Central 2nd Mortgage, 6 p.c. from Jan. 1st.....	58,400.00
Canada Central 1st Mortgage, Sinking Fund, from Jan. 1st.....	51,100.00
£200,000 St. Lawrence & Ottawa 4 p.c. from Jan 1st.....	38,933.34
\$2,544,000 Man. S. W. Col. Ry. 1st Mortgage, 5 p.c., from Jan. 1st.....	127,200.00
Toronto, Grey & Bruce Ry. rental	140,000.00
£2,032,191 15s 5d Ont. & Que. Ry. Debentures, 5 p.c., from Jan. 1st.....	494,500.00
\$2,000,000 Ont. & Que. Ry. ordinary stock, 6 p.c., from Jan. 1st.....	120,000.00
£1,090,000 Ont. & Que. Ry. Debenture, 5 p.c., issued on Smith's Falls & Montreal Short Line, West- ern Ontario Pacific Line, St. Lawrence Bridge, interest from Sept. 1st.....	88,411.15
£88,356 A. & N. W. Ry. 1st Mortgage on 21½ miles St. Lawrence Bridge to St. John's, 5 p.c., from Sept. 1st.....	7,166.00
£59,589 A. & N. W. Ry. 1st Mortgage on 14½ miles St. John's to Farnham, 5 p.c., from Oct 21st....	2,819.00
	<hr/>
	\$3,250,263.81

The receipts and expenditures for the year were as follows :—

RECEIPTS.

Surplus revenue as per statement.....		\$253,854.35
Bonuses on New Westminster Branch...		75,900.00
Sales of Real Estate.....		123,748.22
Sales of construction plant and outfit....		6,404.75
Receipts from Town Sites.....	\$ 253,182.24	
Less Expenditure at Vancouver....	131,680.92	
		<u>121,501.32</u>

Atlantic and North West Ry.

Sale of £1,330,000 1st Mortgage Bonds	\$6,352,408.63	
Less Expenditure during 1887.....	2,468,511.05	
		<u>3,883,897.58</u>
		<u>4,464,406.22</u>

Deduct cash on hand Dec. 31st, 1887....	\$1,014,802.11	
do balances at stations and accounts receivable	\$2,615,323.29	
Less amount at Dec. 31st, 1886	1,630,037.00	985,286.29
		<u>2,000,088.40</u>

Less fund held for accrued fixed charges	1,250,189.06	749,859.34
		<u>3,714,506.88</u>

Deduct current liabilities at Dec. 31, 1886	4,314,497.44	
Less cash in hand.....	2,427,894.28	1,886,603.16
		<u>1,827,903.72</u>

Add current liabilities at Dec. 31st, 1887.		<u>7,036,820.69</u>
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Total.....		<u><u>\$8,864,724.41</u></u>
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EXPENDITURES.

Construction and improvements as per Schedule "A".....		\$4,996,616.09
Equipment.....		49,974.06
Increase in material and stores in hand.		211,142.56

Land Department.

Expenditures in connection with Land Sales and promoting Immigration and settlement in the North-west	110,052.44	
Less proceeds of land sales... \$66,342.53		
Deduct amt. remaining on deferred payments.....	29,318.51	37,024.02
		<u>73,028.42</u>

Carried forward		<u>\$5,330,761.13</u>
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<i>Brought forward</i>		\$5,330,761.13
Amount of Land Grant Bonds received on account of sales in terms of mortgage and cancelled by Trustees	56,000.00	
Premium and costs of redemption..	6,291.67	
		<u>62,291.67</u>
<i>Ontario & Quebec Ry.</i>		
Amount on hand at Dec. 31, 1886, for completion of work, entrance to and terminals at Montreal and Toronto, and applied on expenditure during year.....		\$1,774,951.15
Amount expended during year in permanent improvements, equipment and construction of new lines, including Short Line Montreal Junction to Smith's Falls, Line Woodstock to London, entrance to and terminals and stations at Montreal and Toronto	\$3,454,314.55	
Less amount in hand at Dec. 31, 1886, applied as above	\$1,774,951.15	1,679,363.40
<i>Advances.</i>		
South Eastern Ry.....	9,092.50	
St. Lawrence and Ottawa	8,264.56	
		<u>17,357.06</u>
Total.....		<u>\$8,864,724.41</u>

The following is a comparative statement of earnings for the past three years :—

	1885.	1886.	1887.
Passengers	\$ 2,859,922 98	\$ 3,170,713 69	\$ 3,453,818 49
Freight.....	4,881,865 58	6,112,379 89	6,924,130 47
Mails.....	137,151 92	205,024 18	241,949 05
Express.....	172,303 01	206,872 41	235,035 09
Parlor and sleeping cars.....	73,523 55	118,658 99	176,826 39
Telegraph and miscellaneous..	244,426 08	268,154 43	574,653 31
Total.....	\$ 8,368,493 12	\$10,081,803 59	\$11,606,412 80

The St. Lawrence bridge and the different sections of new line referred to in the last annual report, with the exception of the extension of the main line from Port Moody to Vancouver, were not completed in time to contribute to any but the results of the last three or four months of the year.

Reference was made in the last report to the unusual severity and extraordinary snow fall of the winter then just ended. This so retarded and crippled the business of the country, and so greatly increased the expense of working the railway during the first four months of the year, that the net earnings at the date of that report had fallen nearly \$400,000 below those of the corresponding period of the year before.

At that time, however, it was expected that this decrease would be more than made up before the end of the year, but this expectation was not fully realized owing mainly to a serious deficiency in the grain crops in Ontario, and partly to the fact that the rolling stock and elevator facilities of the Company were insufficient to take full advantage of the heavy grain traffic offering in the North-west during the last quarter of the year.

The deficiency in the Ontario crops affected the passenger and all other traffic in that Province, and the earnings of the Company were, consequently, derived in a greater proportion than usual from traffic to and from the North-west and British Columbia; and as such long-distance traffic is carried at relatively low rates the average earnings per passenger per mile and per ton of freight per mile were reduced 0.12 cents and 0.094 cents respectively as compared with 1886.

A considerable part of last year's bountiful crop in the North-west remains to be moved out after the opening of lake navigation, now just at hand, assuring satisfactory returns for the first half of the present year.

The total amount of grain moved during the past year was 15,013,957 bushels as against 10,950,582 bushels for the preceding year, an increase of nearly 50 per cent., which was entirely due to the increased production in the North-west.

The extraordinary success of the North-western farmers last year, which was due largely to a better knowledge of the conditions surrounding them, and to improved and more careful methods of cultivation, is beginning to be felt in the trade of the country and in the impetus it has given to immigration—the movement in that direction being now much larger than at any time in the past. It has also resulted in the preparation of a greatly increased acreage for crops for the present season.

The difficulties between the American trans-continental lines, mentioned in the last report, continued without much change until November, when an agreement was reached looking to the restoration and maintenance of rates. Up to that time, the greater part of the freight traffic to and from the Pacific Coast was carried without profit, and some of it at an actual loss; but while satisfactory rates have not yet been fully established a great improvement has been made.

The through passenger business has grown steadily and rapidly since the opening of the line, and although it has been carried at very low rates, owing to the lack of harmony referred to between the American lines, it has, on the whole, afforded a not unsatisfactory profit.

The temporary steamship service between Vancouver and Yokohama and Hong Kong, referred to in the last Annual Report, has fully justified the expectations of your Directors as to the value and importance of the trade to be developed in that direction. The negotiations then in progress with the Imperial Government for the

establishment of a permanent line of first-class steamships, suitable for service as armed cruisers in case of need, resulted in an official notification, early last autumn, that Her Majesty's Government had decided to grant a subsidy of £60,000 per annum for a monthly service between Vancouver and Hong Kong *via* Yokohama. In December last the details of a formal contract were practically settled, but owing to negotiations still pending between the Imperial Government and the Government of the Dominion, with reference to an improved Atlantic service, which concerns your Company only in a general way, the formal contract has not yet been signed.

The Company's Commercial Telegraph system is rapidly growing in importance and shows a most satisfactory gain in earnings. The lines have been extended to most of the important towns in Ontario and Quebec, and during the present year they will reach St. John, Halifax, and the other chief towns in the Maritime Provinces. Jointly with the Postal Telegraph Company of the United States, your Company has extended a telegraph line southward from Vancouver to San Francisco, reaching all the intermediate towns and cities of any importance, and bringing to its other lines a large and profitable business.

The Company's grain elevators at Fort William, Port Arthur, Owen Sound and Montreal, notwithstanding their large use for the special purposes of the railway, have earned a satisfactory return upon their cost. The increase in the production of grain in the North-west makes necessary an immediate increase in the elevator capacity at the lake ports, and two additional elevators of large size are planned to be built at Fort William, and a third, but smaller one, at Owen Sound during the present

season. With sufficient elevator capacity at Fort William and Port Arthur the movement of grain can be kept up throughout the winter, avoiding the necessity of carrying it through to the Eastern Provinces, and to the sea-board, by rail at a season when the rates must be either unremunerative or higher than the grain can bear.

The Company's Sleeping Car service, which has been most satisfactory to the public, shews a handsome increase in its earnings.

The Lake Steamers belonging to the Company have proved so useful to the railway, and yielded such gratifying results that your Directors contemplate the addition of one or more similar vessels at an early date.

The output of bituminous coal from the local mines in the North-west has considerably increased during the year; and the anthracite mines near Banff are not alone supplying the local demand for hard-coals as far east as Winnipeg, but are shipping successfully to San Francisco and other Pacific Coast points, by the way of Vancouver.

Considerable advance has been made in silver mining in British Columbia, and the shipment of ores is already important.

Towards the close of the year the first shipments of cattle from the ranches near the mountains were successfully made to Eastern Canada and Great Britain.

The Town of Vancouver at the Pacific Terminus of the Railway, although but two years old, has already a population of 7,000, and has become an important centre of trade. It is admirably situated for commanding the rapidly developing trade of the North Pacific coast which

is destined to become of very great importance in the near future.

A detailed statement of the expenditures on Capital Account is appended. The expenditures in this direction have been made chiefly on the Pacific Division, (embracing the greater part of the mountain section), and include the completion of the extension from Port Moody to Vancouver, and the yards, wharves, workshops and other terminal facilities at the latter point.

The works required for snow protection in the mountains were practically completed during the year, and the experience of the past winter has fully confirmed that of the previous one as to the sufficiency of the methods adopted. A comparatively small amount of work remains to be done to secure the regular working of the mountain section at all seasons.

A considerable expenditure was made on that part of the railway in British Columbia between Savona's Ferry and Port Moody, which was built by the Government and turned over to the Company in an unsatisfactory condition. An arbitration has been agreed upon to settle all questions relating to that section of the line, and it is confidently expected that this will result in the recovery by the Company of the greater part of the money it has expended in correcting defects, and that it will, at the same time, provide for putting the section in proper condition without further expense to the Company.

The extension of the main line from Port Moody to Vancouver was opened for traffic on the 1st June, and extensive wharves, warehouses and other terminal works were constructed during the year.

The rails were laid on the extension of the Algoma branch from Algoma to Sault Ste. Marie before the end of the year, but much ballasting remains to be done, and the station buildings, permanent water service, and some other facilities have yet to be provided before the line can be opened for regular traffic. It is expected, however, that all this work will be completed during the month of June.

The rails on the Minneapolis, Sault Ste. Marie & Atlantic Railway were laid continuously from Minneapolis and St. Paul to Sault Ste. Marie at the close of the year, and this important connection will also be ready for regular traffic by the end of June.

Of the Duluth, South Shore & Atlantic Railway, extending from Sault Ste. Marie to Duluth, about thirty miles remain to be completed, and it is expected that this equally important railway will be in full working order before August.

The Sault Ste. Marie bridge, connecting the Algoma branch of the Canadian Pacific with the two American lines above mentioned, was completed in December. In this bridge your Company holds a half interest, the other half being divided between the two American companies.

The extension of the Ontario & Quebec Railway from Smith's Falls to the Atlantic and North-west Junction, near Montreal, was completed and put in regular operation on the 1st September.

The St. Lawrence bridge was completed at the same date and the section of the Atlantic & North-west Railway from the bridge to West Farnham was opened for traffic shortly afterwards, affording to the South Eastern Rail-

way (mainly owned by your Company) an independent connection with the Canadian Pacific, and an independent entrance to Montreal, and affording to the Canadian Pacific a direct connection with the lines of the Boston & Lowell Railroad reaching Boston, Portland, and the other principal points in New England.

With a view to economy, and to the efficient working of through traffic, the Company undertook, from the date of the completion of the St. Lawrence Bridge, the operation of the South Eastern Railway, for the account of the Trustees. The earnings and expenses of the South Eastern Railway are not included in any of the statements accompanying this report.

On the extension of the Atlantic & North-west Railway across the State of Maine (the "Short Line" to the Maritime Provinces) unexpected difficulties and unfavorable weather have greatly retarded the work of construction, and it is not now expected that this line will be ready for traffic before the end of the coming summer.

The first section of the extension to Detroit River, viz: from Woodstock to the important city of London, Ont., twenty-seven miles, was completed and put in operation on 1st September.

A branch of five miles was made during the year from Glenannan, on the Toronto Grey and Bruce section, to Wingham, an important town in the Ontario Salt District.

A line from Campbellville, on the Credit Valley Section, to Guelph, was commenced during the year by a Company organized and controlled by the city of Guelph. This line, which will be completed during the early summer, has been leased to your Company at a rental of 40 per cent. of its gross earnings.

The last Annual Report referred to the steps that were being taken to secure a western entrance to the city of Montreal, and an eastern entrance to the city of Toronto, and central stations in both cities. The rights of way and station grounds have practically all been secured in both places, but litigation has caused vexatious delays. The Montreal passenger station, which occupies the most favourable position in the city, will be completed, with its approaches, by the end of October. The Company has heretofore been at a great disadvantage in competing for passenger traffic in Montreal, by reason of the inconvenient situation of its station, and it is believed that the new station will bring a large and immediate increase of business. At Toronto the Company has likewise been at a disadvantage both as regards passenger and freight traffic, its trains to and from the east having to go around the city at a loss of nearly ten miles in distance, and its freight station being more than twice as far from the business centre as that of its chief competitor. The eastern entrance for its passenger trains will save the distance named, and the new freight terminus will be in a most convenient position on the lake front, and in the very centre of the city.

These terminal facilities are necessarily very expensive; but they are indispensable to the railway, and any delay in providing them would so greatly increase the cost as to soon render them impracticable.

It has been the policy of the Company, as stated in previous reports, not to press the sale of its own lands so long as large areas of free government lands should remain in their vicinity, but rather to encourage the settlement of the government lands instead. It is believed that a much better price can be obtained for the railway lands

when the free government lands are out of the way, and this belief is justified by the experience of the Land Grant railways in the United States.

It has also been the policy of the Directors to secure the cancellation, as rapidly as possible, of such sales of lands in large blocks as were made during the period of high speculation to parties who proved to be unable to comply with the conditions as to cultivation. These cancellations amounted to 21,762 acres during the past year, against 280,686 acres in 1886. In many cases the lands recovered have been re-sold to actual settlers, and are now producing crops. It is believed that these cancellations are now practically at an end.

The sales to settlers during the year, including lands of the Manitoba South Western Railway, were 59,993 acres, at an average price of \$3.39½ per acre, as against \$3.28 per acre in 1886.

The following was the position of the Land Grant at December 31st :—

Original Grant.....		Acres.	25,000,000
Surrendered to Government under agreement of March 30th, 1886.....			6,793,014
			<hr/> 18,206,986
Sales to 31st December, 1887.....	3,294,511		
Loss—Cancelled in 1887.....	21,762		
			<hr/> 3,272,749
Quantity of land unsold.....	Acres.		<hr/> <hr/> 14,934,237

The agreement recently executed between the Dominion Government and the Company, a copy of which is appended, provides for the termination of the restrictions upon the Dominion Parliament, imposed by clause 15 of the original contract between the Government and the Company respecting charters for railways extending to

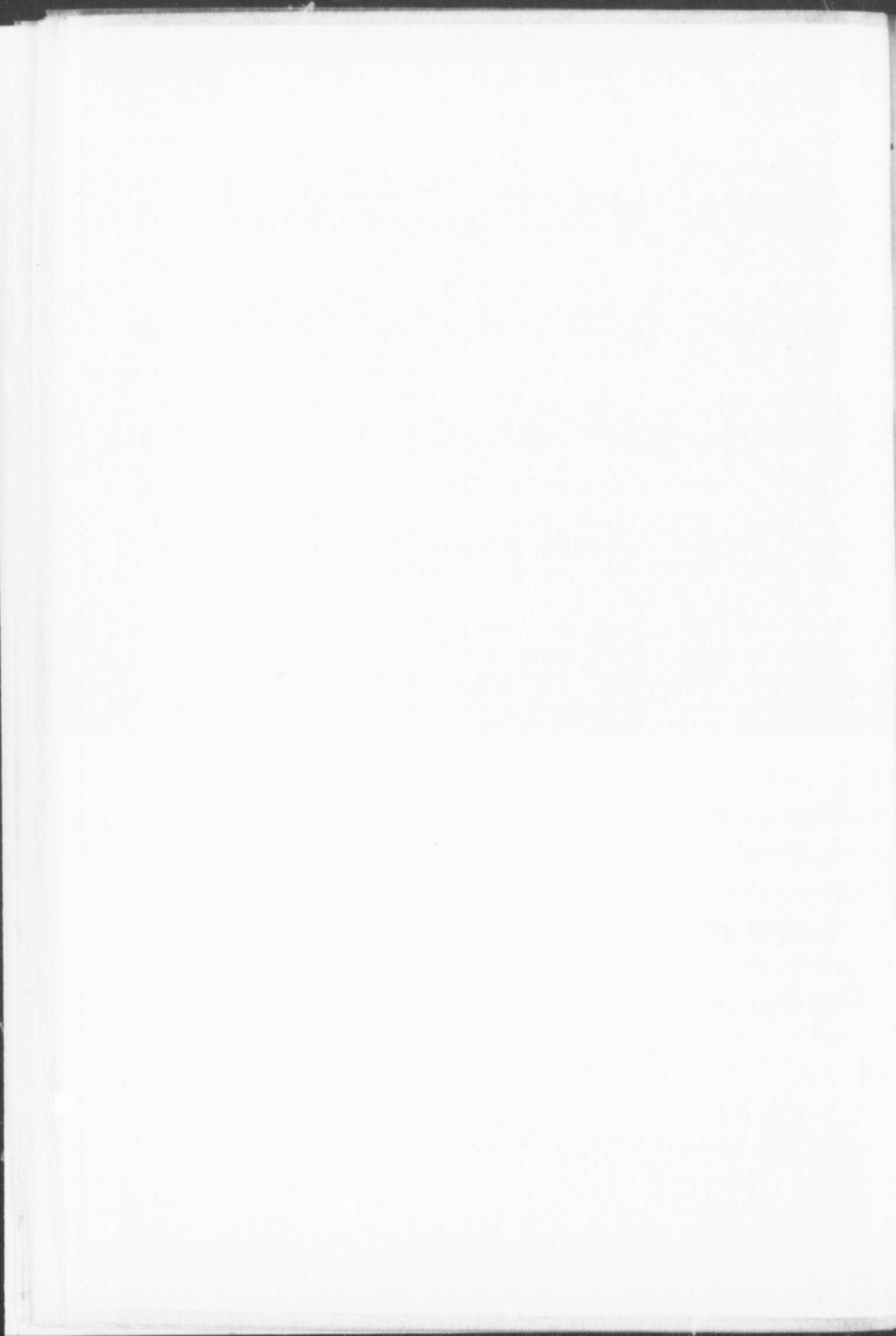
the International Boundary. This agreement will put an end to the unfortunate agitation which has done so much harm to the Company and the country for the past two years, and will at the same time place the Company in a position to provide at a very low rate of interest, the necessary capital required for permanent improvements of the railway, additional rolling stock, and facilities of all kinds for its rapidly increasing traffic, so that the surplus earnings may not in future be absorbed for these purposes, but may be devoted to the payment of dividends to the shareholders.

In view of the large amount of grain from the last year's crop remaining to be moved from the North-West, of the large increase in acreage under crop for the present year, of the unusual flow of emigration to the North-West and the evidences of a general revival in the trade of the country; in view of the growth of the local industries along the line and the constant increase in the through traffic of the railway, and the more harmonious relations with competing lines; and in view of the new lines of the Company that have only recently been completed, and the new connections that have recently been made; and of the early opening of the two important American lines to Sault Ste. Marie, both of which will command a heavy traffic, already existing, the Directors feel justified in concluding this report with an expression of their belief that the results of the present year's operations will be most gratifying to the shareholders.

For the Directors,

GEORGE STEPHEN,

President.



CONDENSED BALANCE SHEET—December 31st, 1887.

COST OF ROAD.

Main Line (Including divi-

CASH IN TREASURY..... 1,014,802 11

NOTE.—14,934,237 acres of land unsold,
valued at \$2 per acre, \$29,868,474.

\$165,548,810 70

CAPITAL STOCK.....

\$65,000,000 00

MORTGAGE BONDS.

LAND GRANT.

3 272,749 acres sold
amounting to....\$10,236,541 45

Less expenses, re-
bates and 10 p. c.
premium on L. G.
bonds taken in
payment 1,811,368 81

8,425,172 64

6,793,014 acres taken
by Govt. at \$1.50
per acre.....

10,189,521 00

18,614,693 64

TOWN SITES.

Amount received from the sale of
Town Sites, not covered by Land
Grant Mortgage.....

915,342 95

Less—Expenditure grading Sts.,
Buildings, &c., at Vancouver...

304,855 30

610,487 65

BONUSES RECEIVED FROM
MUNICIPALITIES.....

307,600 00

\$165,548,810 70

I. G. OGDEN, Comptroller.

CONDENSED BALANCE SHEET—December 31st, 1887.

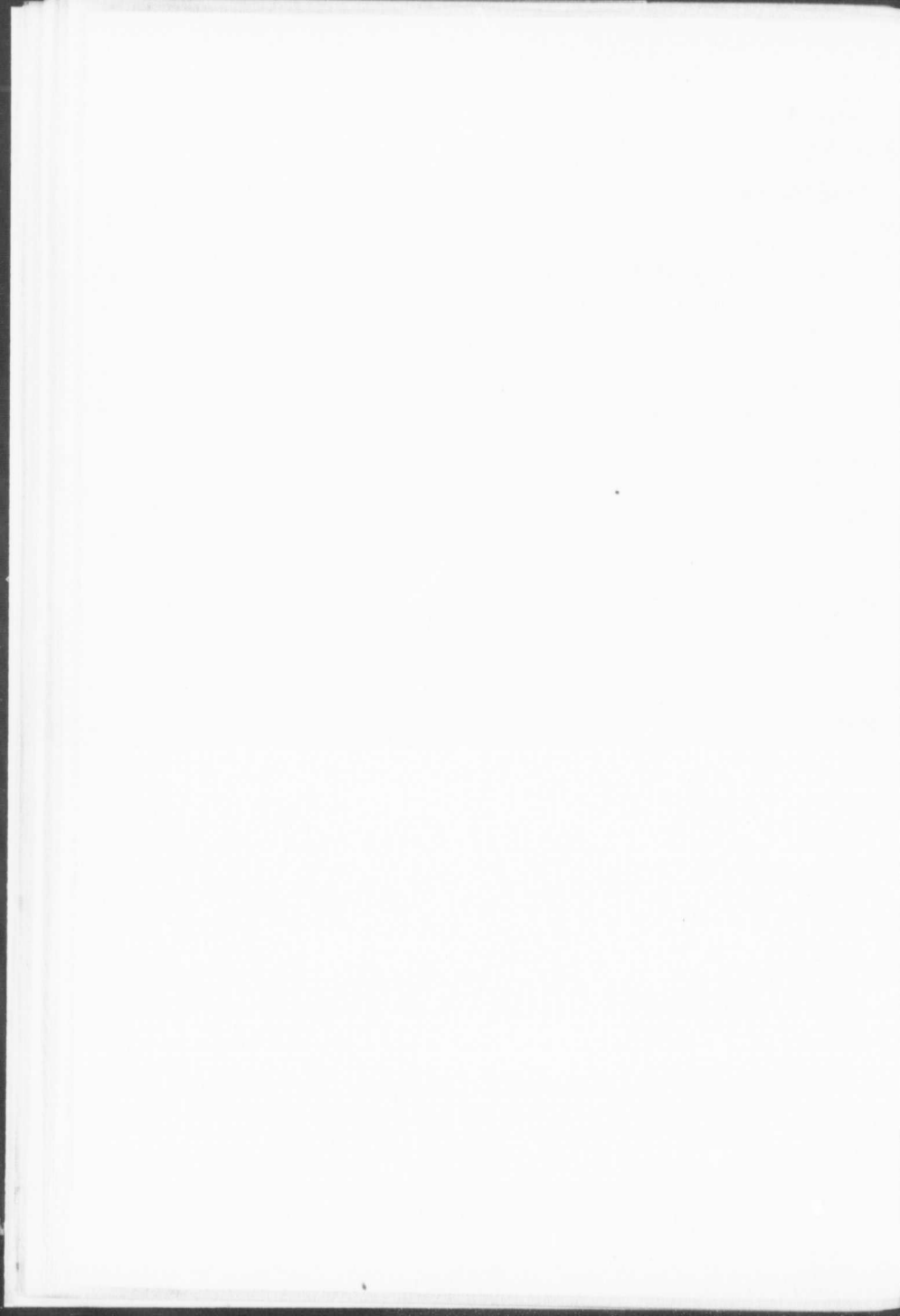
COST OF ROAD.	
Main Line (Including dividends paid—Less net earnings to date).....	\$116,618,039 28
Acquired Lines.....	12,665,205 53
Branch Lines.....	2,850,253 59
Algoma Branch.....	3,556,131 11
	<u>\$135,689,629 51</u>
NOTE.	
Lines built by Government not included.	
Estimated cost - \$35,000,000	
EQUIPMENT.	
Rolling Stock.....	\$9,107,067 95
Lake Steamers.....	478,952 99
Shops and Machinery (Montreal, Hochelaga, Perth and Carleton Place).....	984,912 28
	<u>10,570,932 22</u>
CONSTRUCTION PLANT, TOOLS AND OUTFIT.....	124,702 63
REAL ESTATE (at and near Montreal).....	283,785 80
ADVANCES AND EXPENDITURES ON LEASED LINES.	
South-Eastern Ry.....	1,604,780 53
St. Lawrence & Ottawa Ry.....	296,414 34
Ontario & Quebec Ry.....	1,679,363 40
	<u>3,580,558 27</u>
At credit of At. & N. W. Ry (Amount in hand for completion of Line).....	1,780,271 10
	<u>1,800,287 17</u>
STATION BALANCES, ACCOUNTS RECEIVABLE, and Miscellaneous Securities outside of Capital Account.....	2,615,323 29
MATERIAL AND SUPPLIES ON HAND.....	1,885,535 12
DOMINION GOVT. GUARANTEE FUND.	
Amount on deposit to guarantee 3 per cent. per annum on Capital Stock until August 17th, 1893.....	10,310,954 75
BALANCE DUE ON LAND SOLD.	
Deferred Payments.....	1,252,857 10
CASH IN TREASURY.....	1,014,802 11
	<u>\$165,548,810 70</u>

NOTE.—14,934.237 acres of land unsold, valued at \$2 per acre, \$29,868,574.

CAPITAL STOCK.....	\$65,000,000 00
MORTGAGE BONDS.	
First mortgage 5 p.c. £7,191,500	\$34,998,633 33
Canada Central 1st Mortgage Amount of issue £500,000,	\$2,433,333
Sinking Fund deposited with Dominion Government.	\$1,500,000
Amount necessary to redeem balance at maturity.....	850,000 00
Canada Central 2nd Mortgage Bonds 6 p. c.....	973,333 33
Due Province of Quebec on Q.M.O. & O. Ry, 5 p. c.....	3,500,000 00
Due Province of Quebec on North Shore Ry., 5 p. c.....	3,500,000 00
North Shore Ry 1st Mtge Bonds.	436,053 00
	<u>44,258,019 66</u>
LAND GRANT BONDS 1st Mortgage.	
Amount of issue.	\$25,000,000 00
Less Amt. redeemed and cancelled....	16,529,000 00
	<u>8,471,000 00</u>
Amount held in trust by Dom. Govt and not bearing interest.....	1,000,000 00
Amount held by Co.	4,000,000 00
	<u>5,000,000 00</u>
	<u>3,471,000 00</u>
CURRENT LIABILITIES.	
Including Vouchers and Pay rolls and amount advanced in anticipation of sale of Bonds on Algoma Branch.....	7,036,820 69
NOTE—Algoma Branch 1st Mortgage Bonds, £750,000 in Treasury, sold early in 1888 realizing \$3,467,500.	
INTEREST ON FUNDED DEBT and Rental of Leased Lines:—	
Coupons not presented, including Amounts due January 1st, 1887	1,015,361 24
Accrued to date not due.....	254,827 82
	<u>1,250,189 06</u>
CASH SUBSIDY PAID BY DOMINION GOVERNMENT.....	25,000,000 00
LAND GRANT.	
3 272,749 acres sold amounting to....	\$10,236,541 45
Less expenses, rebates and 10 p. c. premium on L. G. bonds taken in payment.....	1,811,368 81
	<u>8,425,172 64</u>
6,793,014 acres taken by Govt. at \$1.50 per acre.....	10,189,521 00
	<u>18,614,693 64</u>
TOWN SITES.	
Amount received from the sale of Town Sites, not covered by Land Grant Mortgage.....	915,342 95
Less—Expenditure grading Sts., Buildings, &c., at Vancouver...	304,855 30
	<u>610,487 65</u>
BONUSES RECEIVED FROM MUNICIPALITIES.....	307,600 00
	<u>\$165,548,810 70</u>



APPENDIX.
BALANCE SHEET,
STATISTICS,
ETC.



STATEMENT OF EARNINGS FOR THE YEAR 1887.

From Passengers.....	\$3,453,818	49
" Freight.....	6,924,130	47
" Mails.....	241,949	05
" Express.....	235,035	09
" Parlour and Sleeping Cars.....	176,826	39
" Telegraph and Miscellaneous.....	574,653	31
	<hr/>	
Total Earnings.....	\$11,606,412	80

STATEMENT OF WORKING EXPENSES FOR THE YEAR 1887.

Conducting Transportation.....	\$1,831,211	21
Maintenance of Way and Structures.....	1,871,175	41
Motive Power.....	2,969,716	91
Maintenance of Cars.....	612,052	66
Parlour and Sleeping Car Expenses.....	52,468	57
Expenses of Lake Steamers.....	122,724	91
General Expenses.....	462,150	08
Commercial Telegraph.....	180,794	89
	<hr/>	
Total Expenses.....	\$8,102,294	64

STATEMENT OF EQUIPMENT AT DECEMBER 31ST, 1887.

Locomotives	874
First and Second Class Passenger Cars, Baggage Cars and Colonist Sleeping Cars	330
First Class Sleeping and Dining Cars.....	48
Parlor Cars, Official and Paymasters' Cars..	23
Freight and Cattle Cars, all kinds.....	9296
Conductors' Vans.....	185
Boarding, Tool, and Auxiliary Cars.	86
Lake Steamers " Alberta " and " Athabasca."	

SCHEDULE " A. "

DETAILS OF EXPENDITURE ON CONSTRUCTION AND IMPROVEMENTS DURING 1887.

MAIN LINE.

QUEBEC TO CALLANDER. 503 Miles.	
Grain Elevators at Montreal.....	\$105,356.40
Approach to East End Station, Montreal...	26,605.76
Additional Stations and Buildings between Quebec and Callander.....	4,753.72
Round House at Hochelaga.....	5,793.41
Additional Sidings between Quebec and Callander.....	2,167.88
Additional Fences between Quebec and Cal- lander.....	7,962.95
Iron Bridges between Quebec and Cal- lander.....	64,990.06
Additional Freight Shed at Montreal.....	11,410.71
Extensions and improvements to yards at Montreal and Hochelaga.....	24,555.22
Double track to Mile End.....	1,932.11
Improving Water Supply between Quebec and Callander.....	114.31
Filling and widening Roadway and addi- tional ditches between Quebec and Cal- lander.....	1,860.53
Balance paid on purchase of Canada Cen- tral Ry.....	6,499.65
Payments of principal and interest on North Shore Railway Real Estate at Quebec and Montreal.....	47,461.86
	\$ 311,464.57

CALLANDER TO PORT ARTHUR. 649 Miles.	
Additional Stations and Buildings.....	11,468.42
Permanent Bridges.....	119,224.80
Additional Engine Houses and Shops.....	2,287.20
Improving Water Supply.....	1,491.56
Additional Sidings.....	2,521.22
Additional Fences.....	14,811.60
Widening Cuttings, Embankments, Surfac- ing and Ballasting.....	238,749.60
Depreciation in value of construction plant sold.....	3,600.00
Expenses and settlements of Contractors disputed claims.....	34,675.20
	428,829.60

PORT ARTHUR TO WINNIPEG. 430.6 Miles.	
Additional Stations, Shops and Buildings..	5,010.18
Coal Derricks.....	1,292.40
Additional Fencing.....	286.57
Additional Sidings.....	7,755.16
Widening Embankments and Ballasting...	29,517.35
Improvement of Water Supply.....	4,294.80
Permanent Bridges.....	40,216.68
	88,373.14

<i>Carried forward</i>	\$828,667.31
------------------------------	--------------

Brought forward..... \$ 828,067.31

WINNIPEG TO DONALD. 1023.6 Miles.

Widening Cuts and Embankments and Ballasting.....	88,287.59	
Additional Stations, Shops and other buildings.....	15,228.08	
Right of Way.....	5,858.70	
Additional Cattle Yards and Sidings.....	10,050.07	
Additional Fences.....	7,206.89	
Improving Water Supply.....	3,534.65	
New line around "Mud Tunnel".....	12,519.64	
Improvements at Stations.....	1,269.24	
Permanent Bridges.....	13,519.00	
		157,473.86

DONALD TO PACIFIC COAST. 446 Miles.

Completing roadway and ballasting.....	849,920.58	
Snow sheds.....	691,062.46	
Completion of bridges and special bridges over snow sheds.....	252,851.20	
Round Houses and Shops.....	32,186.96	
Right of Way and Expenses of clearing..	6,313.20	
Additional Fencing.....	6,273.61	
Divisional Yard at Revelstoke.....	9,757.24	
Additional Sidings.....	19,011.61	
Additional Station and other Buildings...	120,254.28	
Permanent Water Supply.....	27,427.08	
		2,015,058.22

EXTENSION, PORT MOODY TO VANCOUVER, 12.5 MILES.

Right of Way.....	24,202.12	
Engineering.....	12,099.68	
Grading.....	166,896.02	
Rails, Ties, Fastenings and laying.....	28,539.67	
Surfacing and Ballasting.....	41,779.20	
Water Stations.....	7,557.75	
Terminal Yards and Buildings.....	36,636.90	
Bridges.....	41,718.20	
Round Houses and Shops.....	31,916.42	
Fences and Road Crossings.....	2,367.94	
Wharves and Warehouses.....	31,778.10	
		425,492.00

Telegraph Lines..... 247,549.40

Total on Main Line..... \$3,674,240.79

BRANCH LINES.

Buckingham branch.....	108.04	
Brockville Loop line.....	1,624.34	
Sudbury Copper Mines Branches.....	25,989.02	
Selkirk Branch.....	3,260.29	
South Western Branches.....	4,480.29	
Stonewall Branch.....	339.12	
New Westminster Branch.....	11,579.50	
Sault Ste. Marie Extension.....	1,274,985.70	
		\$1,322,375.30

\$4,096,616.09

DESCRIPTION OF FREIGHT CARRIED DURING THE YEARS

	1886.	1887.	
Flour	1,000,044	1,010,157	Barrels.
Grain	10,960,582	15,013,957	Bushels.
Live Stock	244,257	205,572	Head.
Lumber	327,700,432	310,180,542	Feet.
Firewood	75,625	97,541	Cords.
Manufactured Articles	476,698	470,699	Tons.
All other Articles	408,940	534,976	Tons.

FREIGHT TRAFFIC.

	1885.	1886.	1887.
Number of Tons carried	1,996,355	2,046,195	2,144,327
Number of Tons carried one mile.	406,822,166	555,438,159	687,786,049
Earnings per Ton per mile....	1.20 cents.	1.10 cents.	1.006 cents.

PASSENGER TRAFFIC.

	1885.	1886.	1887.
Number of Passengers carried....	1,660,719	1,899,319	2,057,089
Number of Passengers carried one mile	116,702,980	150,466,149	174,687,802
Earnings per Pass. per mile..	2.45 cents.	2.10 cents.	1.98 cents.

AGREEMENT RELATING TO THE BUILDING OF LINES TO
THE INTERNATIONAL BOUNDARY IN MANITOBA
AND THE NORTH WEST TERRITORIES.

This Agreement, made at Ottawa (subject to the approval of the Parliament of Canada) between HER MAJESTY THE QUEEN, acting in respect of the Dominion of Canada, and represented herein by the Honourable JOHN HENRY POPE, Minister of Railways and Canals, hereinafter called "The Government," of the one part, and THE CANADIAN PACIFIC RAILWAY COMPANY, represented herein by SIR GEORGE STEPHEN, Baronet, its President, hereinafter called "The Company," of the other part.

Whereas it has been agreed between the Government and the Company, amongst other things, that the restrictions contained in clause fifteen (15) of the contract, dated the twenty-first day of October, A.D. 1880, and executed between the Government and the said Sir George Stephen and others on behalf of the Company, shall be removed, and that in order to enable the Company, notwithstanding such removal, to preserve to Canada and its sea-ports the carrying trade for which the Canadian Pacific Railway was designed and constructed, the Government shall assist the Company in the manner and upon the conditions hereinafter described, in obtaining funds wherewith to perfect its connections, increase its rolling stock, and otherwise improve its position, and that the said agreement shall be evidenced by the execution of these presents.

Now these presents witness that the said parties have mutually agreed each with the other as follows, that is to say :

1. The Company agrees that all restrictions imposed upon the action of the Dominion Parliament by the terms of the said clause fifteen of the said contract, as set out in the schedule to the Act 44th Vic., chap. 1, shall now cease to exist, and they are accordingly hereby removed forever.

2. The Government agrees to guarantee the payment of interest up to the time of maturity on bonds of the Company, to be hereafter issued, to an amount not exceeding in the aggregate fifteen million dollars (or its equivalent in sterling money) the principal to be payable not later than fifty years from their date, and the interest thereon to be payable half-yearly at the rate of three and one-half per centum per annum, such bonds to be secured as hereinafter specified on the unsold lands to which the Company is still entitled out of the subsidy of twenty-five million acres mentioned in the said contract, and which unsold lands are now estimated at fourteen million nine hundred and thirty-four thousand, two hundred and thirty-eight acres.

3. The security shall be by deed of bargain and sale, by way of mortgage, to three trustees, of all the Company's title to the said unsold lands, which mortgage shall contain such conditions for securing the said bonds, such remedies for enforcing the payment thereof with interest, and such provisions (consistent with the terms of this agreement) respecting the sale of the said lands and the disposition of their proceeds as are authorized by the charter of the Company and its amendments, and as shall be approved by the Governor-in-Council.

4. It shall be a condition of the said mortgage that the net proceeds of the sales of the said lands shall from time to time be paid over to the Government, and the Company may, at its option, also pay over other moneys to the Government, the whole to constitute a fund to be set apart and held by the Government exclusively for the purpose of satisfying the principal of the said bonds.

5. On the money thus set apart, which is not to exceed an amount sufficient to redeem the outstanding bonds of the said issue, the Government shall pay to the Company half-yearly on the first day of the months of July and January, in each year, interest at the same rate as that

carried by the said bonds, namely, three and one-half per centum per annum, the same to be applied towards satisfying interest as it shall mature on the said bonds. But if the company should at any time make default in the payment of any interest which may become due on any of the said bonds, then, if required by the Government, the Company shall thereafter pay over to the Government all interest which it may collect, under uncompleted sales, upon the price of lands sold, as well as the principal realized from sales thereof, and the Government shall allow, on the amount of such payments, interest at the said rate, and shall apply all of such additional payments and the interest thereon, as well as all interest accrued on the said principal fund, towards satisfaction of the interest on the said Bonds.

6. As soon as the aggregate amount of the said fund in the hands of the Government shall equal the principal of all bonds of the said issue then outstanding, then the Company may pay in to the said fund also a sum sufficient to cover the interest, if any, up to that time, and thereupon the said mortgage shall be discharged, and the Government shall assume and pay all interest which shall thereafter become due on the said bonds, as well as the principal of the said bonds at maturity; and the Company shall be thereafter forever freed from any liability in respect of such principal or interest; nothing herein contained to be construed as making the Government liable at any time to pay any part of the principal of the said bonds, except in so far as the Company shall have provided it with a fund for that purpose in the manner hereinbefore specified.

7. The Minister of the Interior for the time being, or such other Minister as the Government shall name, shall be one of the trustees under the said mortgage, and the appointment of any other trustee or trustees shall be subject to the approval of the Government.

8. All land grant bonds forming part of the former issue by the Company, and now held by the Company (amounting to four million dollars), shall be cancelled and destroyed, and the said mortgage shall be subject to the payment of such of the said land grant bonds as are now outstanding in the hands of the public, amounting to about (\$3,463,000) three million four hundred and sixty-three thousand dollars, but the sums due or to become due to the Company for unpaid purchase money of lands heretofore sold, amounting to about (\$1,200,000) one million two hundred thousand dollars, shall be applied towards the payment of the said land grant bonds now outstanding, according to the provisions of the mortgage securing the same.

9. The Company, if it should deem it for its advantage so to do, may, subject to the approval of the Governor-in-Council, lease the branch of its railway east of Red River between St. Boniface and the American Boundary or any part thereof, on such terms as the Board of Directors of the Company may decide,—or it may sell the same or any part thereof at such price and on such terms as shall be approved of at a special general meeting of its shareholders called for that purpose, and subject also to approval by the Governor-in-Council, and any incorporated railway company leasing or purchasing the said branch, or any part thereof, shall be empowered to hold and operate it as fully as if such railway company had been duly incorporated for that purpose; provided always that the rental under such lease or the proceeds of such sale, as the case may be, shall be applied (to the satisfaction of the Governor-in-Council, and with the assent of the trustees appointed under the deed of mortgage securing the bonds issued upon the said railway) either towards payment of the said last mentioned bonds, or towards increasing the security for such bonds by expending the

same on the Company's railway, or partly in one way and partly in the other.

10. If the Dominion Parliament shall hereafter authorize the construction of a railway from Winnipeg to the American Boundary, or from St. Boniface to the American Boundary and following the general direction of the Red River, the Company shall thereafter be obliged to maintain and operate only such one of its two branches now existing between these points as it shall think fit.

11. Whenever a Railway Company which has leased its line to the Canadian Pacific Railway Company for more than sixty years has power by law to make any arrangement concerning its line or any branch thereof with another Company, then the Canadian Pacific Railway Company shall, during the currency of the lease, have power to make the same arrangement and to do whatever is necessary to carry it out, but always at its own costs and charges, and also subject to all conditions and restrictions which in such a case would be binding on the Railway Company which has leased its line as aforesaid.

12. The Company will expend the proceeds of the sale of the said Bonds so to be issued as aforesaid, as stated in the schedule hereto marked "A".

13. The rights and liabilities of the respective parties hereto shall be determined, and this agreement shall be construed as binding on them according to the law of the place where it is executed.

14. The Supreme Court of Canada shall have jurisdiction to decide any question which may arise concerning the rights or liabilities of the said parties, or of either of them, under this agreement, and to enforce the provisions thereof in such manner and by such proceedings as to the said Court may seem proper.

15. The legislation necessary to give effect to this agree-

ment and to enable its provisions to be carried out shall be asked for from Parliament at its present Session.

WITNESS OUR HANDS AND SEALS at the City of Ottawa this eighteenth day of April A. D. 1888.

Signed, Sealed, and delivered in the presence of, as to the execution by } (Signed) J. H. POPE
Hon J. H. Pope. }

(Signed) ROBT. SEDGEWICK.

As to the execution, by Sir } (Signed) GEO. STEPHEN.
George Stephen. }

(Signed) A. PIERS.

SCHEDULE "A" REFERRED TO IN FOREGOING AGREEMENT.

SHOWING HOW THE COMPANY WILL EXPEND THE PROCEEDS OF THE SALE OF THE BONDS REFERRED TO IN THE ANNEXED AGREEMENT.

1. On account of Capital Expenditure on Main Line between Quebec and Vancouver, in buildings of various kinds, snow-sheds, sidings permanent bridges, filling trestles, reducing grades and curves and other improvements and facilities, and on Vouchers and Pay rolls.	\$	5,498,000
2. For required rolling-stock, locomotives, box cars, passenger cars, flat cars, tool cars, snow plows, etc.		5,250,000
3. For required improvements on the said Main Line, Elevators, Bridges, Locomotive shops, filling trestles, sidings, docks, Lake and Coast Steamers, the residue whatever it may be, estimated at.....		4,252,000
		<u>\$ 15,000,000</u>

NOTE.—The expenditure on Item 3 may be increased and for that purpose the expenditure on either of the other items may be diminished.

(Signed)

J. H. POPE,

"

GEO. STEPHEN.

And the report having been considered, it was moved by Sir George Stephen, seconded by Mr. Wm. C. Van Horne, and unanimously

Resolved,

That the report on the affairs of the Company for the year ended December 31st, 1887, now submitted, be adopted; and that the same be published and forwarded to the Shareholders and others interested in the Company.

The following By-laws, passed by the Board, since the last meeting of Shareholders, were read, viz. :—

BY-LAW NO. 53.

By-law No. 5 is hereby amended by the substitution of the word "Fifteen" for the word "Twelve" therein.

NOTE.—This refers to an increase in the number of Directors.

BY-LAW NO. 54.

The following shall be the Tariff of Tolls, Rates, and Fares to be charged on the Pacific Division, comprising that portion of the Railway between Vancouver and Canmore, including Branch Lines.

(Here follows schedule of rates.)

Between Canmore and Vancouver, including Branch Lines, the rates for excess baggage shall not exceed per 100 pounds, fifteen per cent of the First Class Passenger Fares, but no less than 25 cents per 100 pounds shall be payable in any case.

The Passenger Tariff of Fares to and from points between Vancouver and Medicine Hat, including Branch Lines, shall be at the rate of five cents per mile, but no less sum than fifteen cents shall be payable for a single ticket.

The Emigrant Rates to Manitoba, the North-west Territories, and British Columbia, via Port Arthur, shall not exceed one half the authorised passenger tariffs applicable to the several sections of the railway.

The Maximum Tariff of Passenger Fares to and from points between Quebec and Montreal, including Branch Lines, shall be three and one-third cents per mile.

The following shall be the Maximum Tariff of Freight Rates to be charged on that portion of the Railway between Pembroke and Port Arthur, including Branch Lines.

(Here follows schedule of rates.)

That so much of By-law No. 50 as relates to the charging of ten cents extra for each ticket purchased on the Company's trains be rescinded and cancelled, and that the following be substituted therefor, and incorporated with and form part of By-law 54, viz :

“ An additional sum of ten cents may be charged for each ticket purchased on the Company's trains on any portion of its line, or its leased or acquired lines, but for the additional amount so paid a rebate ticket shall be given to every person paying the same, on presentation of which ticket at any Ticket Office of the Company, within thirty days from date of issue, the amount will be refunded, but such ticket shall not be transferable.”

That so much of by-law No. 54, passed at the meeting of the Board held on the 21st day of July last as relates to the Tariff of Freight Rates between Pembroke and Port Arthur be rescinded; and that the following schedules of rates to be charged between Pembroke and Callander, and Callander and Port Arthur, respectively, be substi

tuted therefor, and be incorporated with and form part of the said By-law :—

(Here follows schedule of rates.)

Whereupon it was moved by Sir Donald A. Smith, seconded by Mr. Sandford Fleming, and unanimously

Resolved :—

That the several by-laws and amendments now submitted be, and the same are hereby ratified and confirmed.

The President submitted a proposed By-law relating to the number of Directors, etc., and on motion of the Hon. George A. Kirkpatrick, seconded by Mr. R. B. Angus, it was unanimously

Resolved :—

That by-law No. 5 be and the same is hereby repealed, and the following enacted instead thereof, that is to say :—

BY-LAW NO. 5.

The Board of Directors shall be fifteen in number, and shall be qualified as provided by the charter; and at the first meeting of the Board of Directors after each election they shall elect from their own number a President, and one or more Vice-Presidents for the ensuing year,—if more than one, then one of such Vice-Presidents shall be called the First Vice-President; if two, one shall be called the First Vice-President, and the other shall be called the Second Vice-President; if more than two, another shall be called the Third Vice-President, and so on.

It was further moved by Mr. P. du P. Grenfell, seconded by Mr. R. J. Cross, and unanimously

Resolved,

That the minutes of the meetings of the Board, and of

the Executive Committee held since the last annual meeting of the shareholders, and now laid on the table, be and the same are hereby approved, ratified and confirmed.

The President having named Mr. John Burns and Mr. Lorn S. Macdougall as Scrutineers, a ballot was taken for the election of Directors for the ensuing year; and on their report, the following gentlemen were declared duly elected:—

Sir George Stephen, Bart.....	Montreal.
Mr. W. C. Van Horne.....	Do.
Sir Donald A. Smith, K.C.M.G., M.P.....	Do.
Mr. Richard B. Angus	Do.
Mr. Edmund B. Osler.....	Toronto.
Mr. Sandford Fleming, C.E., C.M.G.....	Ottawa.
Hon. J. J. C. Abbott, Senator	Montreal.
Hon. Geo. A. Kirkpatrick, M.P.....	Kingston.
Mr. R. V. Martinsen.....	Amsterdam and New York.
Hon. W. L. Scott.....	Erie, Pa.
Mr. Geo. R. Harris, of Messrs. Blake Bros. & Co.....	Boston.
Hon. Levi P. Morton, { Of Messrs. Morton, Bliss	
Mr. Richard J. Cross, } & Co.....	New York.
Mr. Wilmot D. Matthews.....	Toronto.
Mr. P. du P. Grenfell	London.

This ended the proceedings of the Annual General Meeting.

The meeting was thereupon made special for the consideration of the special business mentioned in the notice convening the same.

The President having laid upon the table the agreement dated the 18th day of April, A.D. 1888, between the Gov-

ernment of Canada, and the Company, respecting the guarantee of interest on fifteen million dollars of Bonds, and the removal of the restrictions imposed by section 15 of the original Contract, it was on motion of Mr. P. du P. Grenfell, seconded by Mr. Gaspard Farrar, and unanimously

Resolved :

That the agreement between the Government of Canada of the one part and the Company of the other part made at Ottawa on the 18th day of April, A.D. 1888, as set out in full in the appendix to the report of the Directors made this day to the Annual Meeting of Shareholders, be and the same is hereby approved, confirmed and adopted as binding on the Company, and the Directors and officials of the Company are hereby requested and authorized to give effect to the same as the act and deed of the Company and to do all things necessary and proper to make it effective.

The meeting then proceeded to consider the expediency of making an issue of bonds, not exceeding in the aggregate fifteen million dollars, as contemplated by the agreement between the Government and the Company, dated 18th April, 1888.

Whereupon it was moved by Mr. Richard B. Angus, seconded by Mr. George R. Harris, and unanimously

Resolved :—

That it is desirable and expedient in the interest of the Company to make an issue of bonds to the extent of fifteen million dollars, or its equivalent in sterling, payable at fifty years from the date of issue, with interest at the rate of three and one half ($3\frac{1}{2}$) per cent. per annum, payable half-yearly, and that the Company do avail itself of the guarantee of the Government for the payment of the interest thereon on the terms of the agreement between the Government and

the Company, dated the 18th April, 1888, which agreement is set out in full in the appendix to the report of the Directors made this day to the annual meeting of shareholders, the mortgage to secure this proposed issue being subject to the mortgage already existing for securing the outstanding Land Grant Bonds; and that the Directors of the Company are hereby requested and authorized to do all things necessary and proper to complete the said issue of bonds, and to have executed a mortgage on the said lands for the purpose of securing the payment of the same, and the interest thereon, as provided by the terms of the said agreement, such issue to be of such respective numbers and denominations as the Directors may decide, the draft form of such bonds and the coupons to be attached thereto, as well as of the mortgage to be executed in pursuance of this resolution, to be submitted for approval at the time to which this meeting will be adjourned. And that the Directors be and they are hereby authorized to ask for such legislation, at the present session of the Dominion Parliament, as will authorize the issue of the said bonds, and ensure the validity of the said mortgage for securing the same, as well as the carrying out of all the provisions of the said agreement of the 18th April, 1888; and that if the directors shall decide that it be expedient to issue inscribed stock instead of bonds, either in whole or in part of the said amount, then that may be done, the principal of such inscribed stock and the interest thereon to be payable, and to be secured in the same way as is provided for in the said agreement in relation to bonds and the interest thereon, and the interest on such inscribed stock to be guaranteed by the Government to the same extent and on the same terms as is provided for in the said agreement in relation to the interest on bonds.

And on motion of Mr. Edmund B. Osler, seconded by Mr. Henry Beatty it was;

Resolved :—

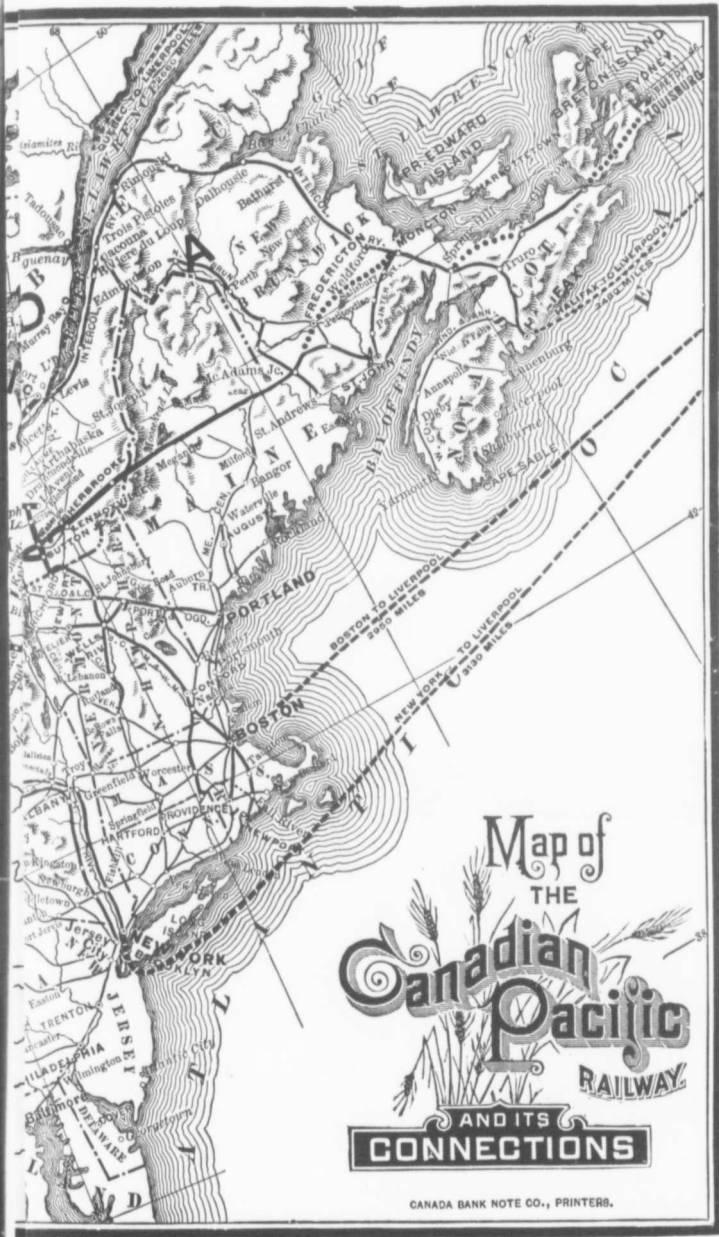
That this meeting stand adjourned till noon of Wednesday the 30th instant, at the same place, for the further consideration of the matters mentioned in the notice calling this meeting.

GEORGE STEPHEN,
President.

C. DRINKWATER,
Secretary.

Note.—At a meeting of the new Board, subsequently held, Sir George Stephen, Bart., was re-elected President, and Mr. Wm. C. VanHorne, Vice-President, of the Company; and the following were appointed the Executive Committee:—

Sir George Stephen, Bart. (ex-officio.)
Mr. Wm. C. Van Horne.
Sir Donald A. Smith, K.C.M.G.. M.P.
Mr. Richard B. Angus.



Map of
THE
Canadian Pacific
RAILWAY
AND ITS
CONNECTIONS

CANADA BANK NOTE CO., PRINTERS.



Map of
THE
Canadian Pacific
RAILWAY
AND ITS
CONNECTIONS

CANADA BANK NOTE CO., PRINTERS.