

CANADIAN PACIFIC RAILWAY.

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ANNUAL REPORT FOR THE YEAR

-1888-

REPORT OF PROCEEDINGS

AT THE

EIGHTH ANNUAL MEETING

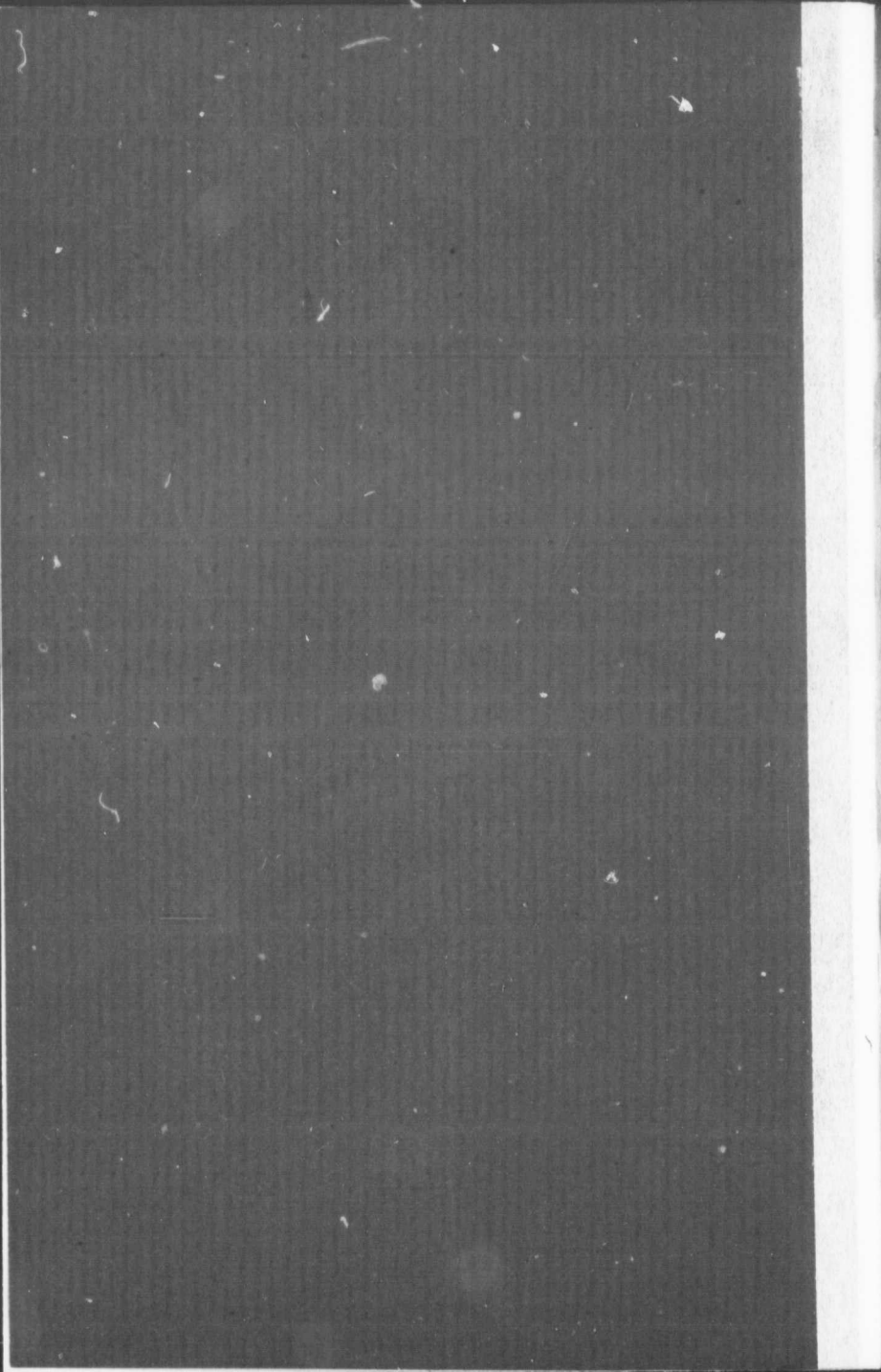
OF SHAREHOLDERS.

HELD AT THE GENERAL OFFICES OF THE COMPANY,

MONTREAL,

ON

WEDNESDAY, 8th MAY, 1889.



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GAZETTE PRINTING CO., MONTREAL.

## BOARD OF DIRECTORS.

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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.
“ SANDFORD 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.
MR. RICHARD J. CROSS, of Messrs. Morton, Bliss & Co.,	NEW YORK.
“ WILMOT D. MATTHEWS,	TORONTO.
HON. DONALD MACINNES, Senator,	HAMILTON.
MR. THOMAS SKINNER,	LONDON.

## OFFICERS.

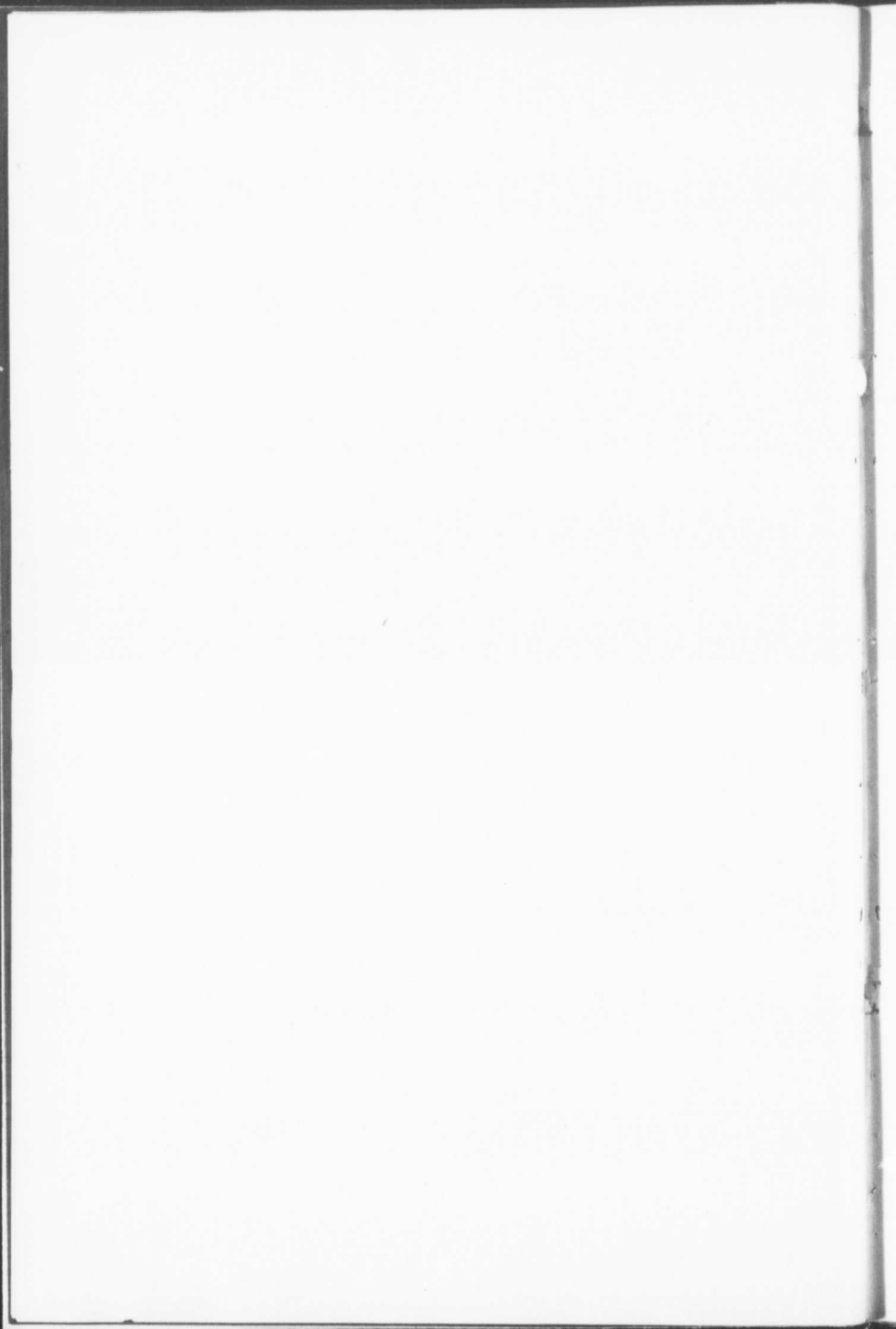
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MR. WM. C. VAN HORNE, <i>President</i> ,	MONTREAL.
“ CHAS. DRINKWATER, <i>Secretary</i> ,	do.
“ T. G. SHAUGHNESSY, <i>Asst. General Manager</i> ,	do.
“ GEO. M. CLARK, <i>Chief Solicitor</i> ,	do.
“ GEORGE OLDS, <i>General Traffic Manager</i> ,	do.
“ HY. BEATTY, <i>Manager Steamship Lines and Lake Traffic</i> ,	TORONTO.
“ I. G. OGDEN, <i>Comptroller</i> ,	MONTREAL.
“ W. SUTHERLAND TAYLOR, <i>Treasurer</i> ,	do.
“ D. McNICOLL, <i>General Passenger Agent</i> ,	do.
“ C. W. SPENCER, <i>Gen. Supt. Eastern Division</i> ,	do.
“ T. A. MACKINNON, <i>Gen. Supt. Ontario &amp; 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.

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



# Canadian Pacific Railway.

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## EIGHTH ANNUAL MEETING.

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REPORT OF PROCEEDINGS AT THE EIGHTH ANNUAL MEETING, AND AT A SPECIAL GENERAL MEETING OF THE SHAREHOLDERS, HELD ON WEDNESDAY, THE 8TH DAY OF MAY, 1889.

The meeting assembled in conformity with the notice convening the same, at noon, at the General Offices of the Company in Montreal. The President, Mr. Wm. C. Van Horne, 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 306,790 shares of the stock of the Company.

The notice calling the meeting was read as follows:—

### CANADIAN PACIFIC RAILWAY COMPANY.

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#### NOTICE TO SHAREHOLDERS,

The Eighth 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 8th 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 taking such steps as will make available any legislation during the present session of the Canadian Parliament, respecting the issue by the Company of Consolidated Debenture Stock, and of authorizing such issue for the purposes, and within the limits prescribed by such legislation.

The transfer books of the Company will close in Montreal and New York on Tuesday, April 30th, and in London on Tuesday, April 16th, and will be re-opened on Thursday, May 9th next.

By order of the Board,

CHARLES DRINKWATER,

*Secretary.*

Montreal, 6th April, 1889.

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

## EIGHTH ANNUAL REPORT

OF THE

DIRECTORS OF THE CANADIAN PACIFIC RAILWAY COMPANY, SUBMITTED AT THE ANNUAL MEETING OF THE SHAREHOLDERS, HELD AT MONTREAL, 8TH MAY, 1889.

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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.

The gross earnings for the year were.....	\$13,195,535 60
The working expenses were.....	9,324,760 68
And the net earnings were.....	\$3,870,774 92
Deducting the fixed charges accruing during the year.....	3,544,351 00
The surplus was.....	\$326,423 92

The working expenses amounted to 70.66 per cent. of the gross earnings and the net earnings to 29.34 per cent.

The South-Eastern Railway was worked by your Company during the year, for account of the Trustees; but the results are not included in this report.

The fixed charges for the year were :—

£7,191,500	1st Mortgage Bonds, 5 per cent.....	\$1,749,931 66
\$7,000,000	Province of Quebec (Q. M. O & O. Ry.), 5 p.c..	350,000 00
£89,600	North Shore Ry. 1st Mortgage, 5 per cent.....	21,802 66
£200,000	Canada Central, 2nd Mortgage, 6 per cent.....	58,400 00
	Canada Central, 1st Mortgage, Sinking Fund... ..	51,100 00
£200,000	St. Lawrence & Ottawa, 4 per cent.....	38,933 34
\$2,544,000	Man. S. W. Col. Ry. 1st Mortgage, 5 per cent. . .	127,200 00
	Toronto Grey & Bruce Ry, rental.....	140,000 00
£2,032,191	15s. 5d. Ont. & Que. Debentures, 5 per cent.....	494,500 00
\$2,000,000	Ont. & Que. Ry. ordinary stock, 6 per cent.....	120,000 00
£1,090,000	Ont. & Que. Ry. Debenture, 5 per cent., issued on Smith's Falls & Montreal Short Line, West Ontario Pacific Line and St. Lawrence Bridge	265,233 34
£147,945	A. & N. W. Ry. 1st Mortgage on 36 miles, St. Lawrence Bridge to Farnham, 5 per cent.....	36,000 00
£750,000	Algoma Branch, 1st Mortgage, 5 per cent., from July 1st.....	91,250 00
		<u>\$3,544,351 00</u>

The interest on the Land Grant bonds, while an obligation of the Company, is not included in the fixed charges, because the interest paid is chargeable against the land grant and will ultimately be returned to the shareholders. The proceeds of land sales, less the expenses of the Land Department, going for the present towards the extinguishment of the debt upon the lands, the arrangement works practically as a sinking fund. It is expected that the annual receipts from Vancouver and other town-sites, together with the surplus proceeds of the Manitoba

South-western lands (the property of your Company) will cover the interest on the land grant bonds, leaving the ordinary revenues of the Company intact.

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

RECEIPTS.

Cash on hand January 1st, 1888.....		\$1,014,802 11
Surplus Revenue (as per statement).....	\$ 326,423 92	
Bonus (from St. Andrews Municipality)...	3,633 34	
<i>Land Department.</i>		
Proceeds of Land Sales .....	\$435,995 81	
Less expenditures in connection with Land Sales, Premiums on Bonds, &c. ....	111,209 39	
	<hr/>	\$324,786 42
Deduct amount remaining in Deferred Payments.....	19,580 24	
	<hr/>	\$305,206 18
Deduct amount of Land-Grant Bonds redeemed & cancelled	29,000 00	
	<hr/>	276,206 18
<i>Land Bonds (3½ per cent.).</i>		
Net proceeds, sale of £3,093,700.....	13,715,224 90	
<i>Algoma Branch, 1st Mortgage Bonds.</i>		
Net proceeds, sale of £750,000...	3,457,951 16	
Less expenditure in construc- tion and equipment of Branch	981,344 29	
	<hr/>	2,476,606 87
	<hr/>	16,798,095 21
		\$17,812,897 32
Deduct Station balances, Accts receivable &c.....	4,899,042 72	
Less amount at December 31st, 1887.....	2,615,323 29	
	<hr/>	2,283,719 43
		<hr/> <hr/>
		\$15,529,177 89

## EXPENDITURE.

Construction and improvements as per Schedule "A".....		\$1,804,659 29
Equipment .....		1,572,695 09
Increase in material and stores on hand, ..		26,922 46
Additions to construction plant and outfit..		2,928 50
Real estate.....		1,704 83
Amount expended in construction and equipment of Hotel and other buildings at Vancouver, and Banff Springs Hotel..	\$361,782 71	
Less received from town-sites.		
Total proceeds of sales.....	\$519,827 16	
Amount remaining in deferred payments at interest.....	264,416 29	
Net cash .....	255,410 87	
Deduct expenditures for clear- ing, improvements, &c.....	81,981 76	
	<u>173,429 11</u>	188,353 60

## ADVANCES.

Ontario & Quebec Ry. Amount expended during year in improvements, equipment, construction of lines including entrance to, and terminals and stations at Toronto and Montreal, and extension to Detroit	1,711,659 94	
Less proceeds sale of debentures, &c.....	346,389 01	
	<u>1,365,270 93</u>	
Atlantic & North-West Ry. Am't expended on line Farnham to Mattawamkeag....	2,664,798 72	
Interest advanced against lands .....	389,893 34	
Interest on funded debt and rentals of leased lines due Jan. 1st, 1888, and accrued to that date.....	1,250,189 06	
	<u>9,267,415 82</u>	

*Current Liabilities.*

Amount at December 31st, 1887.....	7,036,820 69	
Amount at December 31st, 1888.....	1,599,325 98	
	<u>5,437,494 71</u>	
	14,704,910 53	
Add cash in Treasury, Dec. 31st, 1888....	2,616,059 43	
Less amount on deposit in bank for accrued fixed charges.....	1,791,792 07	
	<u>824,267 36</u>	
	<u>\$15,529,177 89</u>	

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

	1886.	1887.	1888.
Passengers.....	\$3,170,713 69	\$3,453,818 49	\$3,800,883 16
Freight.....	6,112,379 89	6,924,130 47	8,017,313 66
Mails.....	205,024 18	241,949 05	265,344 46
Express.....	206,872 41	235,035 09	244,247 18
Parlor and Sleeping Cars.....	118,658 99	176,826 39	187,694 13
Telegraph and Miscellaneous.....	268,154 43	574,653 31	682,052 99
Total.....	\$10,081,803 59	\$11,606,412 80	\$13,195,535 60
Expenses.....	6,378,317 05	8,102,294 64	9,324,760 68
Net Earnings.....	\$ 3,703,486 54	\$ 3,504,118 16	\$ 3,870,774 92

The earnings per passenger per mile for the past year were 1.79 cents, and per ton of freight per mile 1.02 cents, as compared with 1.98 and 1.006 respectively for 1887. The decrease in the rate per passenger per mile was chiefly, if not entirely, due to the large increase in emigration to the North-West and British Columbia as compared with the previous year—the emigrants being carried at exceedingly low rates.

The results of the past year's working have not proved so satisfactory as was anticipated at the date of the last annual report. This was mainly due to the exceedingly light crop of Ontario in 1887. Nearly all of that crop was moved before the close of the year in which it was harvested, leaving but little to be carried in 1888. Ontario, in point of traffic, being equal to nearly half of the entire Dominion, a crop failure there is a most serious matter, affecting as it does passenger traffic and trade generally.

The deficiency in Ontario was fortunately more than made good by the development of business along the main line, and of the through traffic to and from the

Pacific Coast; but the through traffic had to be carried at rates affording comparatively small profit, and the net earnings for the year, while \$366,656.76 in excess of the year before, were not in proportion to the increase in gross earnings.

The average grain crop of 1888 in Ontario resulted in a gratifying improvement in the gross earnings and profits of the last quarter of the year, notwithstanding an unusually bad harvest in Manitoba; and the first quarter of the present year shows a still greater improvement, the profits for January, February and March having been \$426,978.36 more than for the corresponding three months of 1888; and with average crops this improvement should continue throughout the year.

Several important sources of traffic which were counted upon at the time of the last annual meeting, to commence soon to swell the earnings of the Company, were practically unavailable during the year. The American Railways west of Sault Ste. Marie, connecting with the Algoma Branch, were delayed in completion by an unfavorable season. The one to St. Paul and Minneapolis was available for through freight traffic to a limited extent during the greater part of the year, but was not fully completed until too late in the season to justify the establishment of a through passenger service. The line to Duluth was not ready for either through freight or passenger traffic when winter set in.

The line to St. Paul and Minneapolis will be fully opened for traffic on the 2nd proximo, and that to Duluth very soon thereafter.

The completion of the Atlantic and North-West Railway (your Company's leased line to the Maritime Provinces) was also delayed by unfavorable weather as well as by

unexpected difficulties in construction. It was not quite ready for traffic at the close of the year, but will be fully opened on the 2nd proximo.

The development of traffic, especially in the newer districts traversed by your railway lines, is most gratifying. Many sections, which at first promised nothing, are already contributing materially to the earnings of the Company; and your Directors are confident that their expectation, as stated in earlier reports, that the most unpromising sections would become self-sustaining, will be very soon realized.

The increase in acreage already seeded in the North West for the coming season is much greater than ever before. The light crop of last year in the North-West brought very high prices, affording even greater profit to the farmers than they have obtained from the heavier crops of other years, and the general trade of that part of the country has not, therefore, suffered appreciably.

The freight traffic to and from China and Japan continues to increase, but the steamships forming the present temporary line on the Pacific have accommodation for very few passengers, and the passenger business in that direction, which should afford to the railway far greater profit than the freight, is consequently limited.

The Company has obtained the authority of Parliament to issue debentures to cover the cost of steamships with especial reference to a service between Vancouver and China and Japan; but the Dominion Government being in negotiation with an independent company for a fast Atlantic Steamship service, and a first class service between Vancouver and Australia, your Directors are disposed to surrender the proposed Japan and China service

to the same company if favorable arrangements can be made; otherwise you will be asked to confer upon the Board the necessary authority to carry out the contract with the Imperial Government, the terms of which have already been arranged, for a line of steamships between Vancouver and Yokohama and Hong Kong.

The profits from the Lake Steamers for the past year were \$32,914.02 less than for 1887, owing to the loss of a month by the late opening of navigation. The Company's Commercial Telegraph system, its Sleeping Cars and the similar branches of its service all contributed increased profits.

The town-sites along the line which have, as far as possible, been secured for the benefit of the Company are contributing handsomely to its revenues. The sales from town-sites last year were \$519,827, and the total sales to 31st December last have been \$1,399,327. Only a small proportion of the Company's interest in town-sites has, as yet, been disposed of, and its receipts from this source will rapidly increase as the country increases in population.

At Vancouver alone the sales from the town-site last year were \$483,984, making a total of \$868,059 since the town was laid out three years ago. That city has already ten thousand inhabitants and is still growing rapidly.

From the proceeds of the town-sites, large and handsome hotels have been built and equipped at Banff, in the Canadian Rocky Mountain Park, and at Vancouver, together with a number of other buildings at the latter point. These hotels have already had a marked effect



in attracting through passengers and tourists, and they will soon be numbered among the available assets of the Company, in addition to those shewn in the Balance Sheet.

The railway system of the Company has been thoroughly well maintained and is in excellent condition throughout; and the entire cost of maintenance and renewals is included in the working expenses.

A large number of wooden bridges and other structures between Lake Nipissing and Winnipeg have been replaced by embankments or other permanent work, and it is desirable that the remainder should be similarly dealt with as rapidly as the means at the disposal of the Company will permit, in order to save the large expense of watchmen, and repairs and renewals. The number of these structures has been greatly reduced since the line was opened for traffic.

The extensive works which were commenced three years ago, for the protection of the railway in the mountains from snow, were completed during the past year in a most thorough and substantial manner, and the Directors are confident that no serious detention to trains in winter is now likely to occur. During the past winter, the transcontinental trains arrived at both ends of the line practically on time; one detention of 13 hours occurred, but this did not result from snow or stress of weather.

A large part of the expenditure charged to construction and improvements on the Pacific Division, was made on the section built by the Government, and this, it is expected, will be recovered as one of the results of the arbitration now going on between the Government and the Company respecting that section, which will probably reach a conclusion before the end of the present year.

A second grain elevator of 1,500,000 bushels capacity has been erected at Fort William, and a third of like capacity has been commenced, and will be completed in time to meet the requirements of the coming season's crop.

The improvement of the various lines worked by the Company, the increased facilities provided, and the large number of very heavy locomotives that were added to the equipment during the year, have favourably affected the working expenses of the past seven months. On some sections of the line the number of freight cars to a locomotive has been fully doubled.

A detailed statement of expenditures on construction and improvements is appended.

The leased portion of the Atlantic and North-West Railway (constituting the "Short Line" to the Maritime Provinces) which at the date of the last annual report was under construction, is practically completed and ready for traffic. Its cost, owing to unexpected difficulties in construction, and to an extremely unfavourable season, was much larger than was anticipated, and the proceeds of the bonds issued for its construction proved inadequate. This work was carried on by the Atlantic and North-West Railway Company, for the account of the Canadian Pacific, and the deficit had therefore to be provided for from the general funds of your Company. It is proposed, therefore, to recover to the Treasury of the Company the amount advanced for this purpose, together with the over-expenditure on the Montreal new entrance and station (also built under the powers of the A. & N. W. Ry. Co.) by the issue of 4 per cent. consolidated debenture stock in lieu of the \$3,240,000 Atlantic and North-west guaranteed preferred

stock, as authorized by the Act of the Dominion Parliament appended hereto.

An agreement has been reached with the Government, subject to the ratification of Parliament, respecting that section of the Atlantic and North-West Railway from Harvey to Moncton, New Brunswick (about 115 miles), whereby the Government agreed to construct the line, and the Company to work it for 20 years without rental, and to pay thereafter a rental of \$73,400 per annum. This agreement is coupled with a traffic agreement covering business to and from the Intercolonial Railway which will make it of value to your Company, and has been executed by the Government, and on behalf of the Company under the authority of the Directors. But it has not been ratified by Parliament, nor has the necessary appropriation been made for the expenditure on construction. The matter is therefore in abeyance at present, but your approbation of the action of the Board will be asked for.

The western entrance to Montreal and the Central Passenger station in that city are practically completed, and have been in partial use for the past two months; and the eastern entrance to Toronto and the line along the lake front of that city are well advanced, and are expected to be ready for use before the end of the coming summer. The Company has been harshly treated at Montreal in the matter of land damages, and the cost of its work in that city has, in consequence, exceeded the original estimates. At Toronto, however, it is expected that the original estimates will fully cover the cost of the work.

The extension of the Ontario & Quebec Railway (under perpetual lease to this Company) from London, Ontario, to the Detroit River is advancing rapidly, and

the line will be ready for traffic before another winter. This line will connect at Detroit with a number of important railways extending to Chicago, St. Louis, etc., and will at once enable the Eastern lines of the Company to command a large and profitable traffic from which they have hitherto been debarred. An attempt was made to secure the use of one of the existing railways for the purpose of reaching the Detroit River, but this could not be done except under conditions to which your directors felt it would be most unwise to submit.

Aside from the Detroit extension, and the eastern entrance to Toronto, the only new work now in hand is a branch of 10 miles from Mission, in British Columbia, 43 miles east of Vancouver, to the International boundary, to connect with a railway that is being made by an independent company extending southward to the important city of Seattle, on Puget Sound. This short branch is the last link in the chain of railway connections along the Pacific coast from the Canadian Pacific Railway to the Gulf of California. The construction of this line will add largely to the through business of your railway, which has heretofore been unable to reach the cities of the Pacific Coast except by water from Vancouver.

The growth of traffic between Ontario and the Northwest and the Pacific coast, and the disadvantage under which the Company has been labouring in carrying this traffic over its very round-about line by the way of Smith's Falls,—a disadvantage in time as well as in expense of transportation, led your Directors early last year to cause surveys to be made for a direct line between Sudbury Junction and Toronto, which would answer not alone for the main line traffic, but for that of the lines by the way of Sault Ste. Marie as well. A favourable route was

found from a point five miles east of Sudbury to Kleinburg, on the Toronto Grey and Bruce section, near Toronto, over which a railway with easy gradients and good alignment could be made at moderate expense, and upon which by the construction of 212 miles of new line, the distance could be reduced between Toronto and Sudbury to 238 miles, as against 528 miles by the way of Smith's Falls, saving no less than 290 miles.

The Grand Trunk Company, through its purchase of the Northern and North-western railways, had acquired a line from Toronto to a point on the Canadian Pacific, by the use of which the distance between Sudbury and Toronto would be 309 miles, and although its use would require traffic to be carried 71 miles farther than by the surveyed line before mentioned, and your Company would have to bear all or nearly all of the expense due to the longer distance, it was deemed expedient to arrange, if possible, with the Grand Trunk Company for handling the traffic between Toronto and North Bay over its line, and thus to avoid any additional expenditure of capital. Such an arrangement is nearly completed, and has been anticipated by sending the traffic that way for the past two months. It is hoped that the arrangement may be found so satisfactory to both Companies as to prevent the construction of a new line for a long time to come.

The connections necessary to the full completion of your railway system are now few in number. The most important are between Toronto (or Cooksville) and Hamilton, Hamilton and Niagara Falls, and Hamilton and Woodstock, and will require short lines of 30, 43, and 47 miles respectively. The South Ontario Pacific Railway Company, a friendly organization, is likely soon to provide these connections. The construction of these short lines will give your Company independent

access to Hamilton—the third city in importance in Canada—and to the important manufacturing towns of Brantford, Dundas, St. Catharines, Thorold, &c., and at the same time afford a much desired connection between the independent American railways centering at the Niagara frontier and those west of Detroit, and an urgently needed connection between your lines and those leading to New York from Niagara Falls and Buffalo.

The only other connection that remains to be established is one from the south end of your St. Lawrence Bridge, near Montreal, south-westerly to a junction with the Rome Watertown and Ogdensburg Railway near Dundee. This line, 55 miles in length, is proposed to be constructed by the South-Western Railway Company, another friendly organization, and will extend through a chain of towns on the south bank of the St. Lawrence River, and afford to your Company's lines east of Montreal a direct connection with central and western New York.

It is highly desirable that a branch line of about 100 miles should be made, as soon as practicable, from Brandon, Manitoba, south-westerly to the Souris Coal Fields. The country along the Souris River is already well settled, and is suffering for want of railway facilities; and the early construction of the line is necessary, besides, for the protection of your interests in south-western Manitoba. This would have to be made by your Company under its general powers in respect of branch lines.

In order to effectually secure the Company's interests west of Sault Ste. Marie, certain advances have been made in connection with the system of railways extending from that point. These are included in the Accounts Receivable and Miscellaneous Securities, as shewn in the Balance Sheet, and represent the major portion of the increase under that head.

At the last Session of the Dominion Parliament, an Act was passed providing for the consolidation of the various obligations of the Company into a perpetual debenture stock, bearing a rate of interest not exceeding four per cent; and it is hoped that arrangements will be made for the conversion of a considerable portion of the existing securities on terms that will be advantageous to the Company. It was deemed wise, at the same time, to obtain power to provide, to a reasonable extent, for future requirements in the way of improvements, equipment and facilities, not alone for the lines owned by the Company, but for those leased to it; but the authority to issue debentures at the rate of £500 per mile for these purposes will not have to be used at present.

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The land sales for the past year were 138,001 acres for \$443,526, as against 53,803 acres for \$179,813 in 1887—an increase of 156 per cent in the number of acres sold, and 146 per cent in the amount realized.

Old sales to the extent of 11,300 acres were cancelled in 1888 for reasons stated in former reports. Of the lands recovered by the Company by such cancellations during the past four years, 91,840 acres have been re-sold at a profit of \$83,960.

The free Government lands in the vicinity of the railway are so far absorbed as to encourage your Directors to believe that the time is at hand when the lands of the Company will not only be readily saleable, but will bring higher prices than in the past. Notwithstanding the large increase in the number of acres sold in 1888 over 1887 (156 %), the increase for the first four months of the present year over the corresponding four months in 1888 has been 162 per cent.

The movement of emigrants to the North-West during

the past four months has increased in even greater proportion.

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

		Acres.
Original Grant.....		25,000,000
Surrendered to Government under agreement of March 30th, 1886.....		6,793,014
		<hr/>
		18,206,986
Sales to Dec. 31st, 1888.....	3,410,750	
Less cancelled in 1888.....	11,300	
	<hr/>	
		3,399,450
		<hr/>
Quantity of land unsold.....	Acres.	<u>14,807,536</u>

In addition to the lands embraced in the foregoing statement, the Company holds 1,309,424 acres of lands in Southern Manitoba, which came to it through the purchase of the Manitoba South-western Railway. These lands are among the best and most available in the North-West, and at the average of the sales last year, \$4.54 per acre, their value is \$5,944,785. They are subject only to a lien of \$884,873 in favor of the Province of Manitoba. Your Directors believe that they will yield at least \$5,000,000 over and above the amount due to the Province, and as they are not covered by any other mortgage or lien, the surplus will be available for the general purposes of the Company.

These lands have not as yet appeared in the accounts of the Company. The net proceeds have been applied to the principal and interest of the lien of the Province, and will continue to be so applied until it is paid off.

The sales of these Manitoba South-Western Railway lands last year were 24,309 acres for \$110,384, as against 6,190 acres for \$23,869 in 1887; and for the first four months of the present year there have been sold 17,493 acres for \$78,471, as compared with 3,982 acres for \$17,604 during the same four months of last year.



Taking the Canadian Pacific and Manitoba South-Western lands together, the sales for 1888 were 162,310 acres for \$553,910, as against 59,993 acres for \$203,682 in 1887, and for the first four months of the present year 72,441 acres for \$259,922 as against 24,970 acres for \$89,860 during the same four months of last year. It will readily be seen that at such a rate of increase the expectations which have been based upon the value of the Company's lands must very quickly be realized.

In comparing the Canadian Pacific with other railways in Canada and the United States, the great and increasing value of its lands should not be overlooked. These lands have been selected with especial reference to their agricultural value, and at the average of last year's sales, and including the Manitoba South-Western lands, will yield more than \$55,000,000, an amount sufficient to pay off the Land Grant Mortgages, as well as the whole of the First Mortgage Bonds of the Company. Nor in such a comparison should it be forgotten that the profits from the telegraph, sleeping cars, express, grain elevators, Lake steamers, and other similar adjuncts of the railway service, which on nearly all other lines are given over to private parties or corporations, are, in the case of the Canadian Pacific, preserved to its shareholders; and their value is shown by the fact that the profits from them last year amounted to about one-third of the interest on the First Mortgage bonds of the Company, notwithstanding that it was only the second year of full operation.

For the Directors,

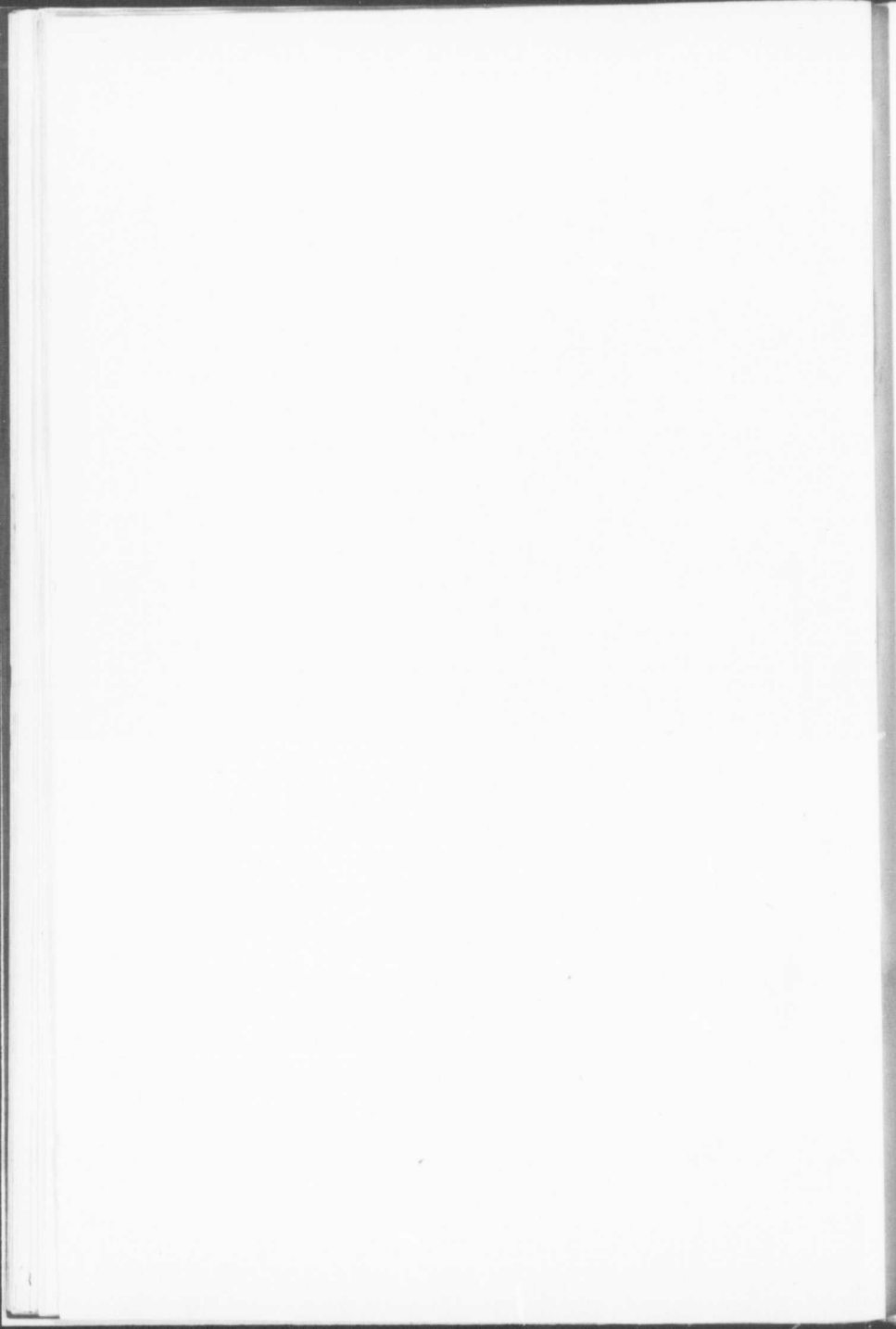
WM. C. VAN HORNE,

*President.*

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APPENDIX.  
BALANCE SHEET,  
STATISTICS,  
ETC.

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CONDENSED BALANCE SHEET—December 31st, 1888.

COST OF ROAD	CAPITAL STOCK.....		
		20,862,058 26	\$65,000,000 00
	Less expenses, cultivation re- bates, and 10 p. c. on Land Grant Bonds taken in pay- ment.....	1,922 578 20	18,939,480 06
	<u>TOWN SITES.</u>		
	Amount received from sale of Town Sites not covered by Land Grant Mortgage.....	1,435,170 11	
	Less expenditure improvements, grading, clearing, &c.....	251,685 04	
		1,183,485 07	
	Cost of Hotel and other Build- ings at Vancouver, and Banff Springs Hotel.....	496,934 73	686,550 34
	<u>SURPLUS EARNINGS.</u>		
	Net earnings for year 1888, after payment of all fixed charges .....		326,423 92
		\$180,004,825 37	\$180,004,825 37

I. G. OGDEN,  
Comptroller.

**CONDENSED BALANCE SHEET—December 31st, 1888.**

**COST OF ROAD.**

Main Line (including dividends paid) .....	\$121,571,152 88	
Acquired Lines.....	12,730,486 67	
Branch Lines.....	2,864,124 01	
Algoma Branch.....	4,729,524 24	
		<u>\$141,895,287 80</u>

**NOTE.**

Lines built by Government not included. — Estimated cost ..... \$35,000,000  
 14,807,536 acres of land unsold, which, at average of last year's sales (\$3.21 per acre), would realize ..... \$47,532,190.

**EQUIPMENT.**

Rolling Stock.....	\$10,619,427 63	
Lake Steamers.....	478,952 69	
Shops and Machinery (Montreal, Hochelaga, Perth and Carleton Place).....	1,045,247 69	
		<u>12,143,628 31</u>

CONSTRUCTION PLANT, TOOLS & OUTFIT.	127,631 13	
REAL ESTATE (at and near Montreal).....	285,490 63	
ADVANCES AND EXPENDITURES.		

South-Eastern Ry.....	1,604,780 53	
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**ON LEASED LINES.**

St. Lawrence & Ottawa Ry ..	\$ 296,414 34	
Ontario & Quebec Ry .....	3,044,634 33	
Atlantic & North-West Ry ..	884,527 62	
		<u>4,225,576 29</u>

STATION BALANCES, ACCOUNTS RECEIVABLE, Miscellaneous Securities, and Advances .....	4,899,042 72	
MATERIAL AND SUPPLIES ON HAND....	1,912,457 58	

**DOMINION GOVT. GUARANTEE FUND.**

Amount on deposit to guarantee 3 per cent. per annum on Capital Stock until August 17th, 1893 .....	8,758,017 32	
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BALANCE DUE ON LAND SOLD—(Deferred Payments) .....	1,272,437 34	
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BALANCE DUE ON TOWN SITE SALES—(Deferred Payments).....	264,416 29	
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CASH IN TREASURY .....	2,616,059 43	
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\$180,004,825 37

CAPITAL STOCK.....		\$65,000,000 00
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**MORTGAGE BONDS.**

First Mortgage, 5 p.c.	47,191,500	\$34,998,633 33
Canada Central First Mortgage. Amount of issue, 4500,000	\$2,433,333	
Sinking Fund deposited with Govt....	1,500,000	
Balance at maturity.	850,000 00	
Canada Central 2nd Mortgage, 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	
Algoma Branch, 1st Mortgage, 5 p. c.....	3,650,000 00	
North Shore Ry, 1st Mortgage.	436,053 00	
		<u>47,908,019 66</u>

**LAND GRANT BONDS, First Mortgage.**

Amount of issue .....	25,000,000 00	
Less amount redeemed and cancelled .....	20,558,000 00	
	4,442,000 00	
Amount held in trust by Dom. Govt. and not bearing interest	1,000,000 00	
	3,442,000 00	
Land Bonds, 3½ p. c. interest guaranteed by Dom. Gov't....	15,000,000 00	
		<u>18,442,000 00</u>

CURRENT LIABILITIES (including Vouchers and Pay-rolls).....	1,599,325 98	
---	--------------	--

**INTEREST ON FUNDED DEBT and Rental of Leased Lines.**

Coupons not presented, including amounts due Jan. 1st, '89.	1,559,678 13	
Accrued to date not due.....	241,113 94	
		<u>1,791,792 07</u>

CASH SUBSIDY FROM DOMINION GOVERNMENT .....	25,000,000 00	
---	---------------	--

BONUSES FROM MUNICIPALITIES .....	311,233 34	
		<u>25,311,233 34</u>

**LAND GRANT.**

3,399,450 acres sold, amounting to .....	\$10,672,537 26	
6,793,014 acres taken by Dom. Govt. in reduction of Land Grant .....	10,189,521 00	
	20,862,058 26	
Less expenses, cultivation rebates, and 10 p. c. on Land Grant Bonds taken in payment.....	1,922 578 20	
		<u>18,939,480 06</u>

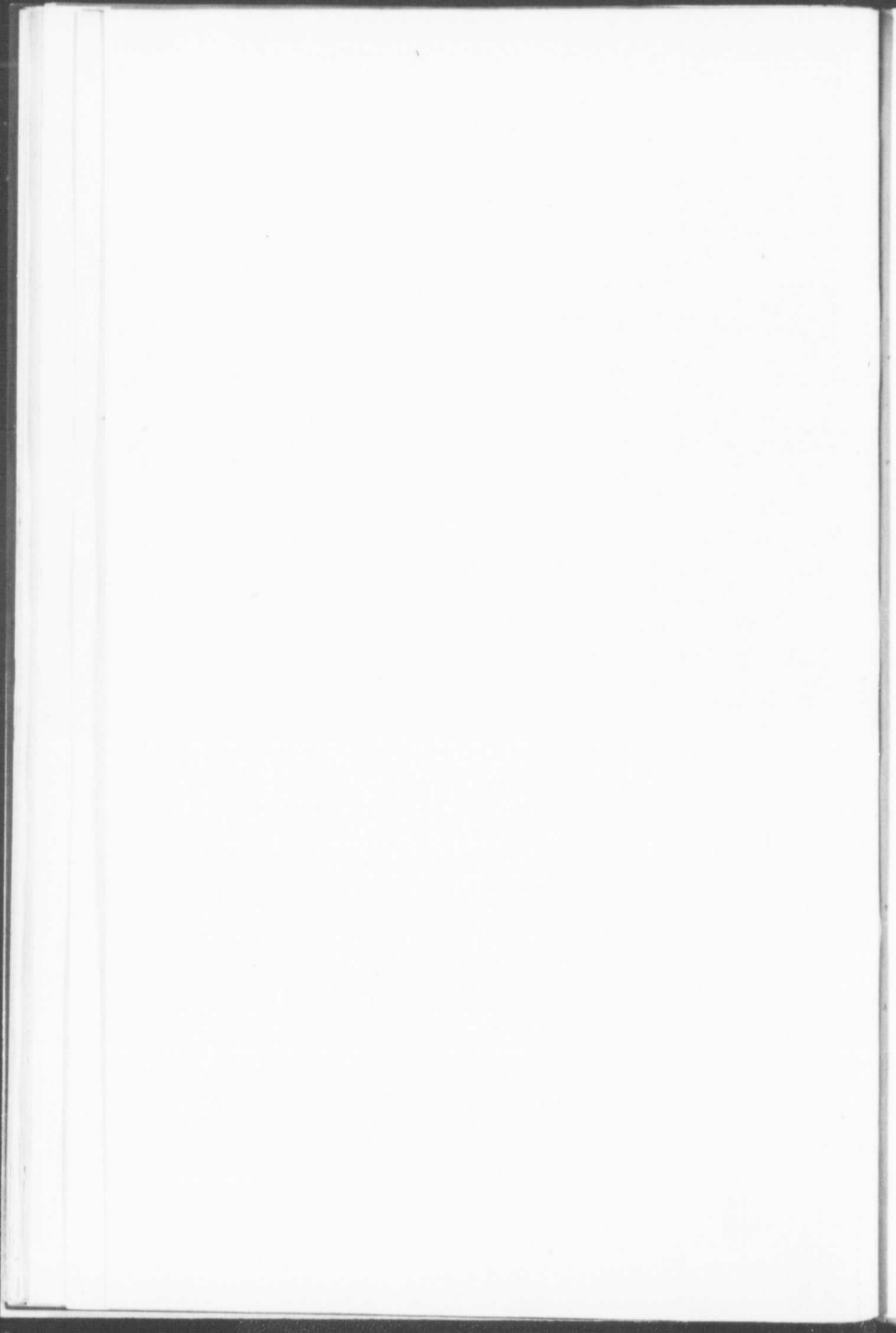
**TOWN SITES.**

Amount received from sale of Town Sites not covered by Land Grant Mortgage.....	1,435,170 11	
Less expenditure improvements, grading, clearing, &c.....	251,685 04	
	1,183,485 07	
Cost of Hotel and other Buildings at Vancouver, and Banff Springs Hotel.....	496,934 73	
		<u>680,550 34</u>

**SURPLUS EARNINGS.**

Net earnings for year 1888, after payment of all fixed charges .....	326,423 92	
--	------------	--

\$180,004,825 37



## STATEMENT OF EARNINGS FOR THE YEAR 1888.

From Passengers .....	\$3,800,883 18
“ Freight .....	8,017,313 66
“ Mails .....	263,344 46
“ Express.....	244,247 18
“ Parlor and Sleeping Cars.....	187,694 13
“ Telegraph and Miscellaneous.....	682,052 99
	<hr/>
Total earnings.....	\$13,195,535 60
	<hr/> <hr/>

BILLING

## STATEMENT OF WORKING EXPENSES FOR THE YEAR 1888.

Conducting Transportation.....	\$2,154,684 26
Maintenance of Way and Structures.....	2,233,764 60
Motive Power.....	3,224,922 69
Maintenance of Cars.....	584,229 27
Parlor and Sleeping Car Expenses.....	59,451 74
Expenses of Lake Steamers.....	96,579 87
General Expenses.....	763,175 49
Commercial Telegraph.....	207,952 76
	<hr/>
Total Expenses.....	\$ 9,324,760 68
	<hr/> <hr/>

## STATEMENT OF EQUIPMENT AT DECEMBER 31ST, 1888.

Locomotives .....	408
First and Second-class Passenger Cars, Baggage Cars and Colonist Sleeping Cars.....	354
First-class Sleeping and Dining Cars.....	56
Parlor Cars, Official and Paymasters' Cars.....	24
Freight and Cattle Cars, all kinds.....	11,020
Conductors' Vans.....	202
Boarding, Tool, and Auxiliary Cars .....	86
Lake Steamers—"Alberta," and "Athabasca."	

## SCHEDULE "A."

DETAILS OF EXPENDITURE ON CONSTRUCTION AND  
IMPROVEMENTS DURING 1888.

## MAIN LINE.

QUEBEC TO CALLANDER. 503 Miles.		
Grain Elevators at Montreal.....	\$	2,798.75
Additions to Stockyards Hotel, Montreal.		970.00
Additional stables in Stock yards, Montreal .....		2,236.77
Electric light plant for Shops at Montreal		346.96
Extension and improvement to yard at Montreal, and paving of approaches to Freight Station.....		13,698.79
Additional land for enlargement of yard at Ottawa.....		850.47
Filling and widening roadway and additional ditches .....		1,830.71
Improving water supply between Quebec and Callander.....		3,203.26
Additional fencing.....		3,213.76
Additional sidings between Quebec and Callander.....		1,124.66
Iron bridges between Quebec and Callander .....		12,271.71
Real estate at Quebec and Montreal....		26,504.05
		<hr/>
		\$69,049.89
CALLANDER TO PORT ARTHUR. 649 Miles.		
Additional stations and buildings.....	\$	3,112.47
Additional sidings and semaphores.....		4,413.88
Right of way settlements .....		1,143.84
Additional fences .....		5,553.21
Widening cuttings, embankments, sur- facing and ballasting, filling trestles..		81,673.82
Expenses and settlements of disputed claims, original construction.....		52,083.69
		<hr/>
		\$147,980.91
PORT ARTHUR TO DONALD. 1454.2 Miles.		
Additional buildings, stations and yards		30,943.38
Additional fencing.....		19,239.26
Improvement of water supply .....		37,348.62
Permanent Bridges.....		106,646.42
Widening embankments and ballasting		156,047.30
Elevators at Fort William .....		340,851.21
Enlargement and improvement of yards at Port Arthur and Fort William.....		7,323.44
Additional sidings .....		17,822.52
Prospecting for coal .....		11,802.38
Cattle Yards.....		1,051.86
Right of way and perfection of title .....		24,156.74
		<hr/>
		\$753,233.13
Carried forward.....	\$	970,263.93



Brought forward..... \$ 970,263.93

DONALD TO PACIFIC COAST. 461 Miles.

Additional stations and buildings.....	4,783.30	
Round-Houses and Shops.....	32,057.53	
Additional snow sheds.....	136,400.95	
Additional fencing.....	250.45	
Permanent bridges.....	35,919.27	
Ties on Government Section.....	39,283.10	
Additional sidings.....	757.14	
Cattle Yards.....	151.06	
Right of way and perfection of title....	21,600.41	
Yard and wharves at Vancouver.....	50,605.09	
Widening embankments, sloping cuts, ballasting, and removing earth slides	307,525.30	
Permanent water supply.....	920.48	
Depreciation in value of construction stores sold.....	14,926.24	
Expenses of arbitration with Dominion Government.....	40,808.88	
		<u>685,989.20</u>

Total on Main Line.....

\$1,656,253.13

BRANCH LINES.

Sudbury Copper Mines Branches.....	416.54	
Claremont Branch.....	4,421.26	
Selkirk Branch.....	739.70	
South-western Branch.....	8,292.92	
		<u>\$13,870.42</u>

Telegraph, additions and extensions all sections.....

\$1,670,123.55

\$134,535.74

\$1,804,659.29

## DESCRIPTION OF FREIGHT CARRIED.

Description.		1886.	1887.	1888.
Flour .....	Barrels.	1,000,044	1,010,157	1,667,584
Grain.....	Bushels.	10,960,582	15,013,957	15,965,682
Live stock .....	Head.	244,257	205,572	251,297
Lumber .....	Feet.	327,700,432	310,180,542	351,466,992
Firewood .....	Cords.	75,625	97,541	107,654
Manufactured Articles.	Tons.	476,698	470,699	600,521
All other Articles .....	Tons.	498,940	534,976	586,396

## FREIGHT TRAFFIC.

	1886.	1887.	1888.
Number of Tons carried.....	2,046,195	2,144,327	2,496,557
Number of Tons carried one mile	555,438,159	687,786,049	784,972,511
Earnings per Ton per mile....	1.10 cents.	1.006 cents.	1.02 cents.

## PASSENGER TRAFFIC.

	1886.	1887.	1888.
Number of Passengers carried...	1,899,319	2,057,089	2,280,049
Number of Passengers carried one mile.....	150,466,149	174,687,802	212,766,865
Earnings per Pass. per mile...	2.10 cents.	1.98 cents.	1.79 cents.

## MILEAGE OF ALL THE COMPANY'S LINES.

	MAIN LINE	Miles
Montreal to Vancouver .....		2,906.5
	OTHER LINES OWNED.	
<i>Eastern Division.</i>		
Quebec Section—Quebec to St. Martin's Junction....	159.8	
Piles Branch—Piles Junction to Grand Piles.....	27.5	
Joliette " —Joliette Junction to St. Felix.....	16.8	
Berthier " —Berthier Junction to Berthier.....	2.0	
Aylmer " —Hull to Aylmer.....	7.5	
St. Jérôme " —St. Lin Junction to St. Jérôme.....	11.0	
St. Lin " —Ste. Thérèse to St. Lin.....	15.0	
St. Eustache " —Ste. Thérèse to St. Eustache.....	8.0	
Brockville " —Carleton Junction to Brockville.....	45.5	
Algoma " —Sudbury to Sault Ste. Marie.....	182.5	
Buckingham Branch—Buckingham Station to Village	4.2	
Copper Mines Branches—Sudbury.....	5.0	
		484.8
<i>Western Division.</i>		
Emerson Branch—Emerson to Winnipeg Junction... ..	64.8	
Selkirk " —Winnipeg to West Selkirk.....	22.5	
Stonewall " —Air Line Junction to Stonewall... ..	18.1	
Gretna " —Rosenfeld to Gretna.....	13.7	
Pembina Mountain Branch—Winnipeg Junction to Manitou .....	100.6	
Manitoba South-Western—Manitou to Deloraine.....	101.0	
" " " —Winnipeg to Glenboro....	104.2	
" " " —Maryland Branch.....	6.0	
		430.9
<i>Pacific Division.</i>		
New Westminster Branch.....	9.2	
Vancouver to Coal Harbour.....	1.2	
		10.4
	LEASED LINES.	
<i>Ontario and Quebec Section.</i>		
Mile End Junction to south end Lachine Bridge....	9.1	
Montreal (Windsor St.) to Toronto Junction.....	339.0	
Toronto Junction to Strachan Avenue.....	3.2	
Toronto Junction to St. Thomas.....	116.1	
Toronto Junction to Owen Sound.....	116.6	
Don Junction to Union Station (Don Branch, under construction) .....	5.0	
Woodstock to London.....	26.6	
London to Windsor (under construction).....	112.0	
Orangeville Branch—Streetsville Jct. to Melville Jct..	31.6	
Elora " —Cataract to Elora .....	27.5	
Teeswater " —Orangeville Jct. to Teeswater... ..	67.1	
Wingham " —Glenannan to Wingham .....	5.0	
		858.8
<i>Atlantic and North-West Section.</i>		
Lachine Bridge (south end) to Mattawamkeag.....	327.0	
("Short Line" to Maritime Provinces.)		
<i>St. Lawrence and Ottawa Section.</i>		
Ottawa to Prescott.....	51.8	
Chaudière Junction to Sussex street, Ottawa.....	4.7	
		1,242.3
Total Leased Lines .....		1,242.3
Total Mileage of the Company's Lines.....		5,074.9

The Report having been read, the President in moving its adoption made the following remarks :—

In submitting the annual report I beg your permission to step for a moment aside from our custom at these meetings to speak of a matter which has been a source of much annoyance to your Directors, and possibly of loss to some of the shareholders of the Company, and in doing so I wish in the first place to express the hope that unfriendly remarks or impertinent comments upon the affairs of our neighbours will never characterize the meetings of the shareholders of this Company. For my own part I would prefer not to refer to their affairs at all; but lest continued silence should be misconstrued I feel that I should, on this occasion, say a few words about the attitude of the Grand Trunk Company, as indicated by its acts in Canada and by the utterances of its President in England; and as to the latter especially, I feel that I am more than justified in what I have to say by the increasing freedom of his remarks concerning this Company, with which his shareholders are entertained at their half-yearly meetings, and which clearly indicate that he lacks that first requisite of good neighbourhood, the faculty of minding his own business.

We have, as you know, scrupulously refrained from interference with any of the projects of the Grand Trunk Company, or with its legislation or financial operations; and in our every day relations we have as scrupulously avoided rate-cutting and unfair competition in any form. But almost every project and measure of your Company, from the time of its organization up to

this day, has met with the active hostility of the Grand Trunk Company at every turn—in the Dominion and Provincial Parliaments, in the money markets and in the public press. It is hardly necessary to go beyond the reports of the half-yearly meetings of the Grand Trunk Company for proof of this. At these meetings the most mendacious and absurd statements concerning the Canadian Pacific Railway seem to be received without question, and insinuations against the credit of your Company are greeted with cheers. At the last meeting of the Grand Trunk shareholders, only a few days ago, their President boasted of the successful interference of their officers in Canada with some of our recent legislation,—unwarranted interference with legislation relating to our internal affairs and in no way concerning the Grand Trunk; and on the same occasion he indulged again in his often repeated hints about impending disaster to your Company. Our offence is that in the necessary development of our railway system—in securing that independence which you know to be absolutely necessary to the success of the enterprise, we have come into competition with the Grand Trunk in certain districts, and that we have been obliged to go and get what the Grand Trunk would not bring to us. But when your representatives signed the contract with the Dominion Government for the construction and future working of the Canadian Pacific Railway, they bound you, without knowing it, perhaps, to an unwritten obligation, but one from which there was no escape, to do practically all that has been done since, and to do some things which have yet to be done. The interests of the Grand Trunk were already firmly established in the direction of Chicago, and they could not be reversed and made to fit in with yours. What is not to their interest the Grand Trunk people will not do, if they know it.

They saw, perhaps as soon as any, what the building of the Canadian Pacific Railway implied, and they fought against it from the very beginning; and with a Bourbon-like disregard for the logic of events, they are fighting against it yet. They say a great deal about the aggressiveness of the Canadian Pacific, about its extensions and acquisitions in Ontario, regardless of the fact that since the Canadian Pacific came into existence, the Grand Trunk has absorbed in that province more than two miles of railway for every one made or acquired by the Canadian Pacific, aside from its main line. They would have it believed that the Great Western, the Midland, the North Shore, the Grand Junction and other railways were acquired in frantic haste and without higgling about prices, because they would be profitable to their shareholders, and not for the purpose of depriving the Canadian Pacific of connections. They would have it believed that the Northern and North-western Railways were acquired for the same reason, and with the friendly desire, at the same time, to secure a connection with the Canadian Pacific, and not for the purpose of preventing the Canadian Pacific from reaching Ontario from the North-West to advantage.

They also say a great deal about the assistance the Canadian Pacific has received in the way of subsidies, forgetting that the Grand Trunk and the lines amalgamated with or held by it have received many times the amount in subsidies in Ontario and Quebec that the Canadian Pacific has received for its lines in these provinces; and they forget to say that the Ontario and Quebec railway, between Montreal and Toronto, about which so much complaint has been made, was built without any subsidies whatever.

Every line made or acquired by the Canadian Pacific

in Ontario was made or acquired with especial reference to its necessity to the general system of the Canadian Pacific Company—in no case because of mere profit in itself, but in no case, either, without the certainty that it would be profitable. Whether or not the extensive acquisitions of the Grand Trunk Company in Ontario bring profit or loss to that Company does not concern us any more than does the fate of the Canadian Pacific shareholders concern the President of the Grand Trunk, according to his latest half-yearly speech.

I should feel proud of the entire responsibility for the present geography of the Canadian Pacific railway system if it all rested upon me, for I believe that no mistakes of any consequence have been made, and that the results have more than proved the wisdom of all that has been done; and I am confident that, with a knowledge of the reasons which have actuated your Directors and with the results before you, there is little that you would wish undone, or that you could afford to have undone.

Had you stopped at the completion of your main-line across the continent your enterprise would have come to ruin long ago, or at best it would have existed only as a sickly appendage of the Grand Trunk. Like a body without arms it would have been dependent upon charity—upon the charity of a neighbour whose interest would be to starve it. But to-day you have neither the Grand Trunk nor any other Company to fear, and the monthly returns of net profit may be confidently depended upon to furnish a conclusive answer to all of the misrepresentations which have been so industriously showered upon us for the past eight years.

I do not intend to refer again to such matters at these meetings, and I only do so now for the purpose of putting

our shareholders on their guard against unfavourable reports about our affairs coming from Grand Trunk sources.

I now move that the report of the affairs of the Company for the year ended December 31st, 1888, now submitted, be adopted; and that the same be printed and forwarded to the shareholders and others interested in the Company.

Sir George Stephen, Bart., in seconding the motion, said:—

I wish to express my concurrence in every word our President has said about the senseless hostility of the Grand Trunk Company, as manifested by its President and some of its chief officers towards our enterprise from its inception to the present time. I was in London in October last when Sir Henry Tyler, fresh from Canada and posing before his shareholders as a well informed railway expert, spoke of the position and prospects of the Canadian Pacific Company in most unwarrantable and unneighbourly terms, and for no other purpose, so far as I could see, than to discredit this Company, in the hope of preventing our getting the necessary capital to build the line from London to Detroit, the construction of which had been forced upon us by the failure of our earnest efforts to lease one of Sir Henry's spare lines. The partizans of the Grand Trunk, following Sir Henry's lead, made an organized attack of the most unscrupulous character upon the credit of the Canadian Pacific, which however failed of its object—the Company having, as you know, secured the capital required on much more favorable terms than ever before in its history. The flood of false and damaging statements which were put before the public in one form or another, day after day,



frightened, no doubt, a good many holders of our shares and bonds into selling out at prices far below the value of their securities. This, I am sure, you regret as much as I do.

I am happy to believe that the results of the current year will so completely establish the ability of your Company to pay dividends on its ordinary shares out of the net profits of the working, that Sir Henry Tyler will have no need in future to concern himself about the welfare of its shareholders. We have seen nothing in Grand Trunk methods that would justify us in asking Sir Henry's advice as to how we should manage our property, or how we should shape our legislation or finances. When the results prove that his methods are right and ours are wrong, we may ask his advice; but until then, I, for one, will not thank him for it.

I have always been most anxious to see the two Companies acting together in harmony and good-will, for in this way only can they properly serve the interests of their shareholders. I know that this has been the feeling of every one of your Directors, and I believe that no opportunity has been neglected to give evidence of it. But we are not likely to be frankly and fairly met by the Grand Trunk officials on this side of the Atlantic so long as their President continues to exhibit such a feeling of animosity as is evidenced by his half-yearly speeches to his shareholders, nor until he is willing to accept the situation and recognize in the Canadian Pacific an independent but well-disposed neighbour—a neighbour who has come to stay and is abundantly able to hold his own.

On one point I am happy to be able to agree with Sir Henry, and that is as to Government subsidies to com-

peting lines in districts already provided with railway facilities. The only grounds on which railway subsidies can be justified, according to my views, are the entire absence of railway facilities and the impossibility of providing them by private and unaided enterprise; and I will promise Sir Henry my hearty co-operation in any effort to induce the Dominion and Provincial Governments to put a stop to the subsidising of competing lines, most of which, if built, will only bring disaster to those who may be induced to invest in them.

I earnestly concur in the hope of the President that it will not again be necessary at the annual meetings of the Shareholders of this Company to say anything about our neighbours or to go outside of the body of our formal report.

And the Report was unanimously adopted.

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

BY-LAW No. 7.

“ The Board of Directors shall meet without notice on  
 “ the second Monday of each month, at 12 o'clock noon,  
 “ at the principal Office of the Company; but if such  
 “ day should be a public holiday, such meeting shall be  
 “ held on the following day, and at any such meeting busi-  
 “ ness may be transacted by a quorum of the Board in  
 “ the same manner, and with the same validity, as if such  
 “ meeting had been specially called and notice thereof  
 “ duly given.”

BY-LAW No. 55.

“ The Board may appoint and authorize any one of the  
 “ Directors or Officials of the Company to sign certificates

“ of stock in lieu of the President, and in such cases the form of the certificates shall be altered accordingly, such Director or Official using the following words above his signature, that is to say :

“ For the President, by authority of the Board of Directors.”

(Signature.)

Whereupon it was moved by Mr. R. J. Cross, seconded by Mr. Geo. R. Harris, and unanimously

*Resolved,*

That By-laws Nos. 7 and 55, now submitted, be and the same are hereby approved.

It was further moved by Mr. R. J. Cross, seconded by Mr. Geo. R. Harris, and unanimously

*Resolved,*

That By-laws Nos. 57 and 58, respecting Consolidated Debenture Stock, be and the same are hereby approved as passed by the Directors.

By-law “A” respecting Consolidated Debenture Stock was read to the meeting in the words and figures following, that is to say :—

#### BY-LAW A.

##### *Respecting Consolidated Debenture Stock.*

Whereas “The Canadian Pacific Railway Act, 1889” enacted, amongst other things, that the Company (being first authorized as is therein specified) might from time to time issue for the purposes and to the extent therein mentioned, Consolidated Debenture Stock, payable either in Canadian currency or in sterling money of Great Britain, and bearing interest at a rate not exceeding four per cent. per annum.

And further, that previous to the issue of any such stock, the Company should make By-laws prescribing the amounts in which, or in multiples of which, the stock should be issued, and the rate or respective rates of interest thereon, and whether different issues should bear different rates of interest, if deemed expedient, and the dates and places at which such interest should be payable, containing also provisions for the convenient transfer and registration of such stock, and the due exercise of the remedies of the holders thereof, and for all other matters incidental to the said issue, its protection and general management; and that such By-laws should form the basis of the issue of such Consolidated Debenture Stock, and should not be altered in any manner affecting the interests of the holders of such stock otherwise than as is therein provided.

And Whereas, it is expedient now to make such By-laws,

Therefore the Canadian Pacific Railway Company hereby enacts as follows,—that is to say :

1. In this By-law, the word "Stock" means Consolidated Debenture Stock, authorized to be issued by the Company under the provisions of the said Act, and any word in the singular number means also the plural, unless that be inconsistent with the context.

2. The stock shall be issued in amounts of one pound sterling each, or in multiples of that sum, and different issues may bear different rates of interest, but all stock shall bear interest at the rate of four per cent. per annum, payable half-yearly on the first day of the months of January and July in each year, at some place in the city of London, England, except such stock, if any, as

shall be issued bearing interest at a lower rate, or payable at other dates or places in pursuance of some future By-law or By-laws which may be passed as hereinafter mentioned.

3. From time to time any future By-law may direct that any proposed issue of stock shall bear a rate of interest lower than four per cent. per annum, and may fix dates or places for the payment of interest other than those above mentioned, in which case such proposed issue shall be made according to the terms of such By-law.

4. Each twenty pounds sterling of stock shall entitle the holder of it to vote as and when one hundred dollars of stock would have entitled the holder of it to vote under sub-sections 2 and 3 of section 7 of the said Act, if the issue had been in Canadian currency instead of in sterling money; the said sum of twenty pounds sterling being hereby declared to be equivalent to one hundred dollars for the purposes of the said sub-sections.

5. All holders of stock shall rank *pari passu*, and without priority or preference amongst themselves for any cause whatever.

6. This By-law shall come into force as soon as the Company is authorized to issue stock by at least two-thirds of the votes of the Shareholders present or represented at a special general meeting duly called for the purpose.

Dated this eighth day of May, A. D. 1889.

And it was moved by Mr. H. S. Macdougall, seconded by Mr. George R. Harris, and

*Resolved,*

That By-law A as read, be, and the same is hereby

passed, the seal of the Company and the signature of the Secretary to be affixed thereto.

By-law "B," respecting Consolidated Debenture Stock, was read to the meeting in the words and figures following, that is to say:—

BY-LAW B.

*Respecting Consolidated Debenture Stock.*

In order to provide for the convenient transfer and registration of Consolidated Debenture Stock to be issued under "The Canadian Pacific Railway Act, 1889," and for other matters incidental to the issue of such stock, the Canadian Pacific Railway Company hereby enacts as follows, that is to say:—

1. In this By-law, the word "Stock" means Consolidated Debenture Stock, authorized to be issued by the Company under the provisions of the said Act, and any word in the singular number means also the plural, unless that be inconsistent with the context.

2. The Company shall keep at the Office of the Canadian Pacific Railway Company in London, in England, a written Register of the Stock issued, and shall cause to be entered in such register the name and address of every holder of such stock, as well as the amount of stock from time to time belonging to him, and the date at which he became the holder.

3. The Company shall also keep at the said Office a transfer book, in which every transfer or transmission of stock shall be recorded; and shall provide a competent Transfer Agent, who shall take charge of such book and

perform such other duties, and be subject to such orders, rules and regulations as shall be from time to time prescribed by the Board of Directors.

4. Every transfer shall be made by an instrument in writing in such form as shall from time to time be directed by the Board of Directors, signed by the Transferor, and an acceptance of it shall be signed by the Transferee; in each case the signature to be by the party himself or his Attorney appointed as hereinafter mentioned, and the said transfer and acceptance shall be delivered to the transfer agent, together with the then outstanding certificate of the stock intended to be transferred, which outstanding certificate, when so delivered, shall be treated as surrendered and shall be cancelled, and thereupon the transfer shall be recorded in the said transfer book; but no transfer shall be valid until it be recorded in the said Transfer book, and it shall take effect as against the Company only at and from that time; provided, however, that upon proof to the satisfaction of the Board of Directors that any outstanding certificate of stock has been destroyed or irretrievably lost, its production and surrender may be dispensed with by an order of the Board upon such conditions as shall be prescribed in such order, in which case such order shall (if such conditions be complied with) have the same effect as the surrender and cancellation of the certificate.

5. The appointment of any attorney to transfer or accept the transfer of stock shall be by a writing under the hand of the principal, and witnessed by a subscribing witness, and it shall be deposited with the Company before the transfer is recorded.

6. If any stock, or interest in stock, be by force of law transmitted from a holder by virtue of his last will, or

because of his bankruptcy, insolvency or intestacy, or by the marriage of a female shareholder, or by any other means instead of by a transfer as above mentioned, such transmission shall be evidenced by a declaration in writing, made by such person or persons as the Directors shall from time to time reasonably require, distinctly stating the facts which are relied on as effecting the transmission, and the name and address of the person or persons to whom it is claimed such stock, or interest in stock shall have been transmitted, such declaration to be acknowledged by the party making the same before a Judge of a Court of Record, or the Mayor, Provost or Chief Magistrate of a city, town, borough or other place, or before a Public Notary or British Consul having authority in the place where the same shall be made and signed; and every declaration so made and acknowledged shall be delivered to the Transfer Agent and left with him, together with the outstanding certificate of the stock in question, and with duly certified copies of such documents, if any, as shew any of the facts relied on as effecting the transmission, or of sufficient extracts from such documents. And if the stock or interest in stock, shall have been transmitted as is claimed, the said certificate so delivered shall be cancelled, and the name of the person entitled under such transmission shall thereupon be recorded in the proper register as the holder of the stock, or interest in stock so transmitted; but until such transmission shall have been so authenticated and recorded as aforesaid, no person claiming under it shall be entitled to be treated as interested in such stock: provided always that nothing herein contained shall be held to debar the Directors, or the Transfer Agent, from requiring corroborative evidence of any fact or facts alleged in any such declaration: and provided also that upon proof to the satisfaction of the Board of Directors that any out



standing certificate of stock has been destroyed or irretrievably lost, its production and surrender may be dispensed with by an order of the Board, upon such conditions as shall be prescribed in such order; in which case such order shall (if such conditions be complied with) have the same effect as the surrender and cancellation of the certificate.

7. Upon the issue of any stock, or upon its transfer or transmission being recorded as aforesaid, a certificate shall be issued to the person entitled to be registered as holder thereof, stating that it has been registered in his name.

8. If a holder of stock transfers a portion only of the stock covered by any one certificate, he shall, on the surrender of such certificate, be entitled to a new certificate for the residue not transferred.

9. If any stock be registered in the names of more than one person, the Company may, on the death of any one or more of such persons, deal with the survivor or survivors of them as if such survivor or survivors had been the only person or persons interested in such stock, and any receipt, transfer or other instrument respecting such stock, signed or executed by such survivor or survivors, shall be as valid and effectual as if it were signed or executed by all the persons in whose names such stock stood before such death.

10. The Company shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any stock is subject; and the receipt of the person in whose name it stands in the books of the Company, or if it stands in the name of more than one person, the receipt of one of the persons named in the

register of holders of stock in respect thereof, shall, from time to time, be a sufficient discharge to the Company for any dividend or other sum of money which shall be paid in respect of such stock, notwithstanding any trust to which it is then subject, and whether or not the Company has had notice of the Trust; and the Company shall not be bound to see to the application of any money paid upon such receipt.

11. Each certificate of stock shall be in such form as the Board shall from time to time determine, and shall be valid without being under the corporate seal of the Company. It shall be signed by the President, Vice-President or Secretary of the Company, or by such other official as the Board may from time to time appoint for that purpose, and shall be countersigned by the Registrar and by the Financial Agents in London, England, of the Company, for the time being.

12. The Board of Directors may from time to time close any register or transfer book, and may refuse to register any transfer of stock for a period to be from time to time fixed by them, or by any by-law of the Company, whenever they shall deem it expedient so to do, preparatory to the payment of any instalments of interest or to any meeting of the holders of stock, or to any meeting of Shareholders at which such holders may have the right to vote.

13. This By-law may from time to time be altered by a By-law, adding any place or places to that above mentioned, or to any theretofore established, for the issue or registry or transfer of stock, and providing for matters incidental to the issue, registry and transfer of stock at the place or places so added.

14. This by-law shall come into force as soon as the Company is authorized to issue stock by at least two-thirds

of the votes of the Shareholders present, or represented, at a special general meeting duly called for the purpose.

Dated this eighth day of May A.D., 1889.

And it was moved by Mr. H. S. Macdougall, seconded by Mr. George R. Harris, and

*Resolved,*

That By-law B, as read, be and the same is hereby passed, the seal of the Company, and the signature of the Secretary to be affixed thereto.

The following resolution, also relating to Consolidated Debenture Stock was submitted, and on motion of Mr. Wm. Mackenzie, seconded by Mr. R. B. Angus, it was unanimously

*Resolved,*

That any Consolidated Debenture Stock which may be issued in pursuance of the provisions of "The Canadian Pacific Railway Act 1889," may be disposed of from time to time under order of the Board of Directors, for the purpose of satisfying outstanding existing obligations of the Company, or for any other of the purposes mentioned in the said Act, on such terms as to them shall seem fit and proper.

The President laid upon the table the agreement between the Government of Canada and the Company, dated 5th April 1889, respecting the construction and leasing of that portion of the Short Line extending from Harvey to Salisbury.

Whereupon it was

Moved by Mr. L. J. Forget, seconded by Mr. Wm. Mackenzie, and unanimously

*Resolved,*

That the Shareholders do hereby adopt and confirm an

Indenture of Agreement dated the fifth day of April last between Her Majesty the Queen of the one part, and the Company of the other part, and executed by the President on behalf of the Company, whereby the Government of Canada undertook to construct a Railway between Harvey and Salisbury in New Brunswick, as is therein specified, and to lease the same in perpetuity to the Company at a rental for the first twenty years of one dollar a year and taxes, and thereafter of seventy-three thousand four hundred dollars a year and taxes; and the Company undertook, amongst other things, to lease the said Railway on those terms and to equip and operate it forever; which said agreement provides also for the interchange of traffic between the said line and the Intercolonial Railway, and for the running of through cars to and from Halifax, and for other usual and necessary traffic facilities, the said agreement being identified by the signature of the Secretary endorsed thereon.

An agreement between the Company, and the Atlantic and North-West Railway Company, dated 27th March 1889, for the payment, as additional rental of the latter Railway, of the interest on the \$3,240,000 guaranteed preferred stock of the Atlantic and North-West Railway, issued to provide for the additional cost of construction of the said Railway, over and above the amount realized from its First Mortgage Bonds, was laid on the table.

Whereupon it was

Moved by Hon. Geo. A. Kirkpatrick, seconded by Mr. J. Alexander Strathy, and unanimously

*Resolved,*

That the Shareholders do hereby adopt and confirm an Indenture of Agreement dated the twenty-seventh day of March last between the Company and the Atlantic

and North-West Railway Company, and executed by the President and Secretary on behalf of the Company, pursuant to a resolution of the Board of Directors, whereby the Company undertook to pay an additional rent for the Railway of the Atlantic and North-West Railway Company, equal to the interest at five per cent. on \$3,240,000 of guaranteed preferred stock issued by that Company; the said Agreement being identified by the signature of the Secretary endorsed thereon.

On motion of Mr. R. J. Cross, seconded by Mr. George R. Harris, it was

*Resolved,*

That the speech of the President in moving the adoption of the Annual Report submitted to this meeting, and of Sir George Stephen in seconding the motion, be printed in the report of the proceedings of this meeting and transmitted to the Shareholders.

It was further moved by Mr. George R. Harris, seconded by the The Hon. J. J. C. Abbott, and unanimously

*Resolved,*

That the action of the Board and of the Executive Committee since the last Annual Meeting of the Shareholders, as shown by the minutes of their proceedings now laid on the table, be and the same is hereby approved, ratified and confirmed.

The President having named Mr. H. S. Macdougall and Mr. L. J. Forget as Scrutineers, a ballot was taken for the election of Directors for the ensuing year, and on their report the following gentlemen were declared elected by the unanimous vote of the meeting:—

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.
“ SANDFORD FLEMING, C.E., C.M.G.,	- - - - -	OTTAWA.
HON. J. J. C. ABBOTT, Senator,	- - - - -	MONTREAL.
“ GEO. A. KIRKPATRICK, M.P.,	- - - - -	KINGSTON.
MR. R. V. MARTINSEN,	- - - - - AMSTERDAM AND	NEW YORK.
HON. W. L. SCOTT,	- - - - -	ERIE, PA.
MR. GEORGE R. HARRIS (of Messrs. Blake Bros. & Co.),	- - - - -	BOSTON.
“ RICHARD J. CROSS (of Messrs. Morton, Bliss & Co.),	- - - - -	NEW YORK.
“ WILMOT D. MATTHEWS,	- - - - -	TORONTO.
HON. DONALD MACINNIS, Senator,	- - - - -	HAMILTON.
MR. THOMAS SKINNER,	- - - - -	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 submitted the following resolution relating to the issue of Consolidated Debenture Stock under “The Canadian Pacific Railway Act 1889,” and the same having been considered, it was moved by Sir Geo. Stephen, Bart., and seconded by Mr. R. J. Cross,

That whereas an Act of the Parliament of Canada passed at its last session, and which may be cited as “The Canadian Pacific Railway Act 1889,” enacted amongst other things, that the Company being first authorized so to do by at least two-thirds of the votes of the shareholders present or represented at a Special General Meeting duly called for the purpose, might from time to time issue Consolidated Debenture Stock, payable either in Canadian currency or in sterling money of Great Britain, and bearing interest at a rate not exceeding four per cent. per annum. The amount to

which, and the respective purposes for which it might be issued being specified in the said Act;

And whereas it is expedient that the Company should avail itself of the power to issue Consolidated Debenture Stock in the manner, for the purposes, and to the extent below mentioned;

It is therefore resolved by the Shareholders (present personally or represented by proxy) at this meeting, that the Company is hereby authorized to create and issue from time to time Consolidated Debenture Stock, payable in sterling money of Great Britain, and bearing interest not exceeding four per cent. per annum, for the respective purposes and to the respective amounts specified in the said Act, and according to the provisions thereof, provided that such stock shall be issued only in such manner and in such portions as shall from time to time be determined by the Board of Directors; and the Directors are hereby empowered to do or cause to be done every act, matter or thing which may become expedient or necessary in order to give effect to this resolution, and to have such stock duly issued according to the provisions of the said Act.

And the proceedings ended.

C. DRINKWATER,  
Secretary.

WM. C. VAN HORNE,  
President.

*Note.*—At a meeting of the new Board subsequently held, Mr. Wm. C. Van Horne was re-elected President of the Company, and the following were appointed the Executive Committee:—

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

An Act respecting the Canadian Pacific Railway Company.  
(Passed at the Session of Parliament held in 52nd Victoria, 1889)

**W**HEREAS the Canadian Pacific Railway Company has by its petition, represented that its railway system is composed of various railways, having an aggregate mileage of five thousand and ninety-seven and one-half miles, principally lying within the Dominion of Canada, each of which it now holds either as owner or lessee; that it has entered into obligations in respect thereof, in some cases for debts and securities created by other parties upon such railways and assumed by it as part of the price of acquisition thereof, in some cases for the rental of leased railways, payable to the holders of shares and securities issued by the lessors, and in other cases for charges created by itself upon the railways owned by it, such obligations bearing different rates of interest, being payable at different periods respectively, and being described in detail in the schedules A and B, to this Act appended; that for the purpose of consolidating its said obligations, and for the other purposes in its said petition and hereinafter described, it desires to issue consolidated debenture stock, bearing interest at a rate not exceeding four per cent per annum, and constituting a charge upon its entire railway system; and whereas it has prayed for authority to consolidate its said indebtedness and to make the said issues of consolidated debenture stock upon such conditions and with such powers as Parliament deems fit, and it is expedient to grant the prayer of the said petition: Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as "*The Canadian Pacific Railway Act, 1889.*"



2. The expression "the Company" when used in this Act means the Canadian Pacific Railway Company, as now constituted.

3. The Company, being first authorized so to do by at least two-thirds of the votes of the shareholders present or represented at a special general meeting duly called for the purpose, may, from time to time, issue consolidated debenture stock, payable either in Canadian currency or in sterling money of Great Britain, and bearing interest at a rate not exceeding four per cent. per annum, which consolidated debenture stock shall, subject to the priorities created in respect of charges existing at the time of such issue and to the payment of any penalty imposed for non-compliance with the requirements of the "*The Railway Act*" respecting returns to be made to the Minister of Railways and Canals, and to the payment of working expenses as at present defined by law, become a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, including all the rights of the Company in the several railways held by it under lease and all branches or extensions of the said railways now held by the Company, either as lessees or proprietors thereof, including the branch from Mission hereinafter mentioned; but the charge created by such consolidated debenture stock on any branch or extension of any railway, or any part thereof, held or operated by the Company and lying in whole or in part beyond the international boundaries of Canada, shall be according to the law of the State in which such branch or extension or portion thereof is situate: Provided always, that nothing in this Act shall take from any of the securities mentioned in the said schedules any right or priority which it now has, or give it any new right.

4. The amount of consolidated debenture stock which may be so issued by the Company shall be composed of,—

(a.) Such amounts as are issued for the purpose of satisfying the said existing obligations or of acquiring the stock or other security in respect of which they exist, upon such terms as are from time to time agreed on between the Company and the holders thereof;

(b.) Such further amounts for the general purposes of the Company, the annual interest upon which, in addition to the annual interest upon the consolidated debenture stock issued under the next preceding paragraph, together with the annual interest, dividends and rentals, as the case may be, payable in respect of so much of the said existing obligations as are still outstanding, shall never exceed the annual charges on the Company set out in the schedules to this Act, namely the sum of four million three hundred and sixty-five thousand and twenty-nine dollars, or its equivalent in sterling money;

(c.) A further amount to be issued for the improvement of the said railways held by the Company either as owner or lessee, including double tracks, sidings, permanent bridges, grain elevators, warehouses, workshops, wharves and grounds, and for additions to its plant and equipment, not exceeding in the aggregate five hundred pounds sterling per mile of such railways;

(d.) And a further amount not exceeding three hundred and thirty thousand dollars for the completion of a branch line of eleven miles, now under construction from Mission in British Columbia to a point south thereof on the International boundary,

5. The consolidated debenture stock authorized to be issued under paragraphs (a), (b), (c) and (d) of the next

preceding section of this Act respectively, and the proceeds thereof, if sold, shall be used exclusively for the purposes mentioned in the said several paragraphs respectively and for no other purposes whatever.

6. So long as any portion of any one of the said obligations set out in the schedules to this Act is not satisfied, or the stock or other security in respect of which such obligation exists is not acquired, under the provisions hereof, the portion of such obligation, if any, which has been satisfied and the portion of such stock or other security which has been acquired, shall be held by the Company as still subsisting and continuing as a security *pro tanto* for the benefit of the holders of the said consolidated debenture stock, in the same way in all respects as if the portion so satisfied or acquired had been duly transferred to and was held by trustees for the benefit of the holders of the said consolidated debenture stock; and when the whole of any one of such obligations shall be satisfied, or the stock or other security in respect of which it exists shall be acquired, then it may be either cancelled or continued in force in the way above mentioned, whichever shall be most for the advantage of the holders of the debenture stock so to be issued under this Act as aforesaid and of the shareholders of the Company; but unless and until default is made in payment of any interest on such stock, the revenue derived from the portion so redeemed, acquired or converted, shall be considered as part of and included in the general revenue of the Company.

7. The holders of the said consolidated debenture stock shall not have the right of voting thereon, unless and until the Company makes default in the payment of a portion of an instalment of the interest due thereon, constituting not less than ten per cent. of such instalment of interest on the outstanding consolidated debenture

ture stock, nor unless and until such default has continued for the space of ninety days.

2. But if such default occurs, and as often as it occurs and continues for ninety days, all holders of debenture stock issued and outstanding shall *ipso facto* have the right to vote thereon as shareholders, at all meetings of the shareholders of the Company, in the proportion of one vote for every one hundred dollars thereof (not including fractions of such sum) and shall have all the rights and powers of ordinary shareholders; and from and after the period at which holders of the said consolidated debenture stock acquire such right, the ordinary shareholders or holders of the common stock shall cease to have the right to vote or act as shareholders of the Company.

3. But if at the end of any calendar year which elapses after such default, the net earnings up to that date are sufficient to satisfy all interest in arrears, including the interest matured for and during that year, or, if not sufficient, if the shareholders pay the deficiency, then in either of such cases and thereafter, the right of the holders of consolidated debenture stock to vote as aforesaid shall cease, and the right of ordinary shareholders or holders of common stock to vote and act as shareholders shall revive and shall thereafter have full force and effect, but subject from time to time to all the provisions hereof in the event of a subsequent default in the payment of interest as aforesaid for ninety days.

8. Previous to the issue of any of the consolidated debenture stock hereby authorized, the Company shall make by-laws prescribing the amounts in which, or in multiples of which, the said stock shall be issued, and the rate or respective rates of interest thereon, and whether different issues shall bear different rates of interest, if deemed expedient, and the dates and

places at which such interest shall be payable, containing also provisions for the convenient transfer and registration of such consolidated debenture stock, which registration may be in classes if such stock is issued at different rates of interest (each class comprising only stock bearing one and the same rate of interest,) and the due exercise of the remedies of the holders thereof, and for all other matters incidental to the said issue, its protection and general management; and such by-laws shall form the basis of the issue of such consolidated debenture stock, and shall not be altered in any matter affecting the interests of the holders of such stock otherwise than as is therein provided; and a certified copy of such by-laws, authenticated by the seal of the Company, shall be deposited for reference in the office of the Secretary of State of Canada.

9. The amount of the debenture stock to be issued under this Act in respect of the Atlantic and North-West first mortgage bonds shall be governed by the annual charge thereon specified in Schedule A, until the subsidy in respect of that railway specified in Schedule B shall cease to be paid, after which time the Company may make a further issue of debenture stock in respect of those bonds, on which further issue the interest shall not exceed one hundred and eighty-six thousand, six hundred dollars per annum; and no debenture stock shall be issued under this Act in respect of the North Shore Railway bonds mentioned in Schedule B until the liability of the Company to pay interest thereon shall have become positive.

10. This Act shall not apply to any of the lands to which the Company is or may become entitled by way of subsidy under the terms of the Act which authorized its incorporation, nor shall this Act affect any present incumbrance on such lands or any part thereof or any agreement in respect of the same.

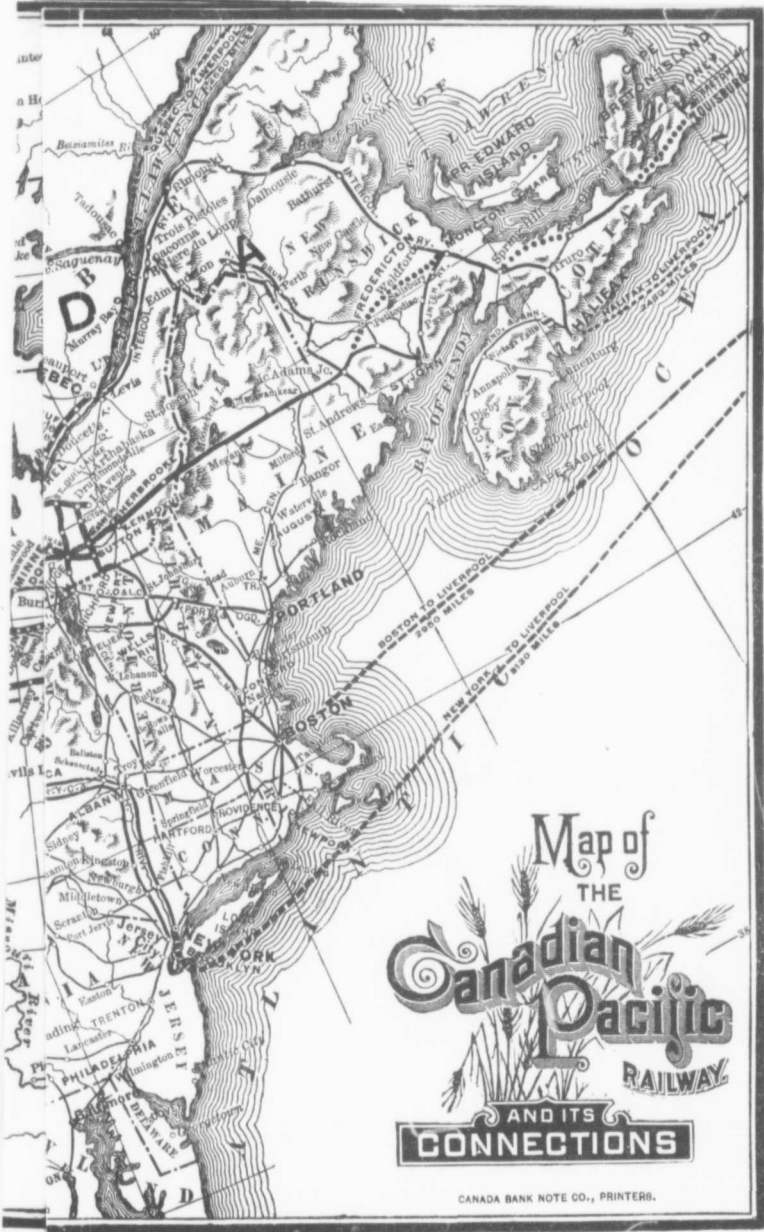
SCHEDULE A.

OBLIGATIONS.	Amount.		Rate of Interest.	Interest or Annual Charges.		Date of Maturity.
	£	\$		per cent.	£ s.	
Canadian Pacific Railway—First Mortgage Bonds.....	7,191,500	34,908,633	5	359,575	1,740,932	July 1, 1915.
Algoma Branch—First Mortgage Bonds.....	750,000	3,650,000	5	37,500	182,500	do 1, 1937.
Canada Central—First Mortgage Bonds, original issue £300,000; interest to maturity on deposit with Dominion Government, amount £10,500, added each year and bonds retired, leaving amount to be paid at maturity.....		850,000		10,500	51,100	Sept. 1, 1899.
Canada Central—Second Mortgage Bonds.....	200,000	973,333	6	12,000	58,400	Nov. 1, 1910.
St. Lawrence and Ottawa—First Mortgage Bonds.....	200,000	973,333	4	8,000	38,933	June 15, 1910.
Manitoba South-Western Colonization Ry.—First Mortgage Bonds.....		2,544,000	5		127,200	do 1, 1934.
Atlantic and North-West—First Mortgage Bonds.....	1,330,000	6,472,667	5	28,013 14	137,023	Jan. 1, 1937.
do Guaranteed and Preferred Stock.....		3,240,000	5		162,000	
North Shore Railway—First Mortgage Bonds.....		616,120	5	6,320	30,806	April 20, 1904.
Toronto, Grey and Bruce—First Mortgage Bonds.....	719,000	3,499,133	4	28,760	139,965	July, 1904.
Ontario and Quebec—Ordinary Stock.....		2,000,000	6		120,000	
do Debenture do.....	4,007,382	19,502,591	5	200,369	975,129	
Province of Quebec on Q. M. O. & O. Ry.....		3,500,000	5		175,000	Sept. 1, 1902.
do North Shore Ry.....		3,500,000	5		175,000	do
		86,319,810			4,122,908	

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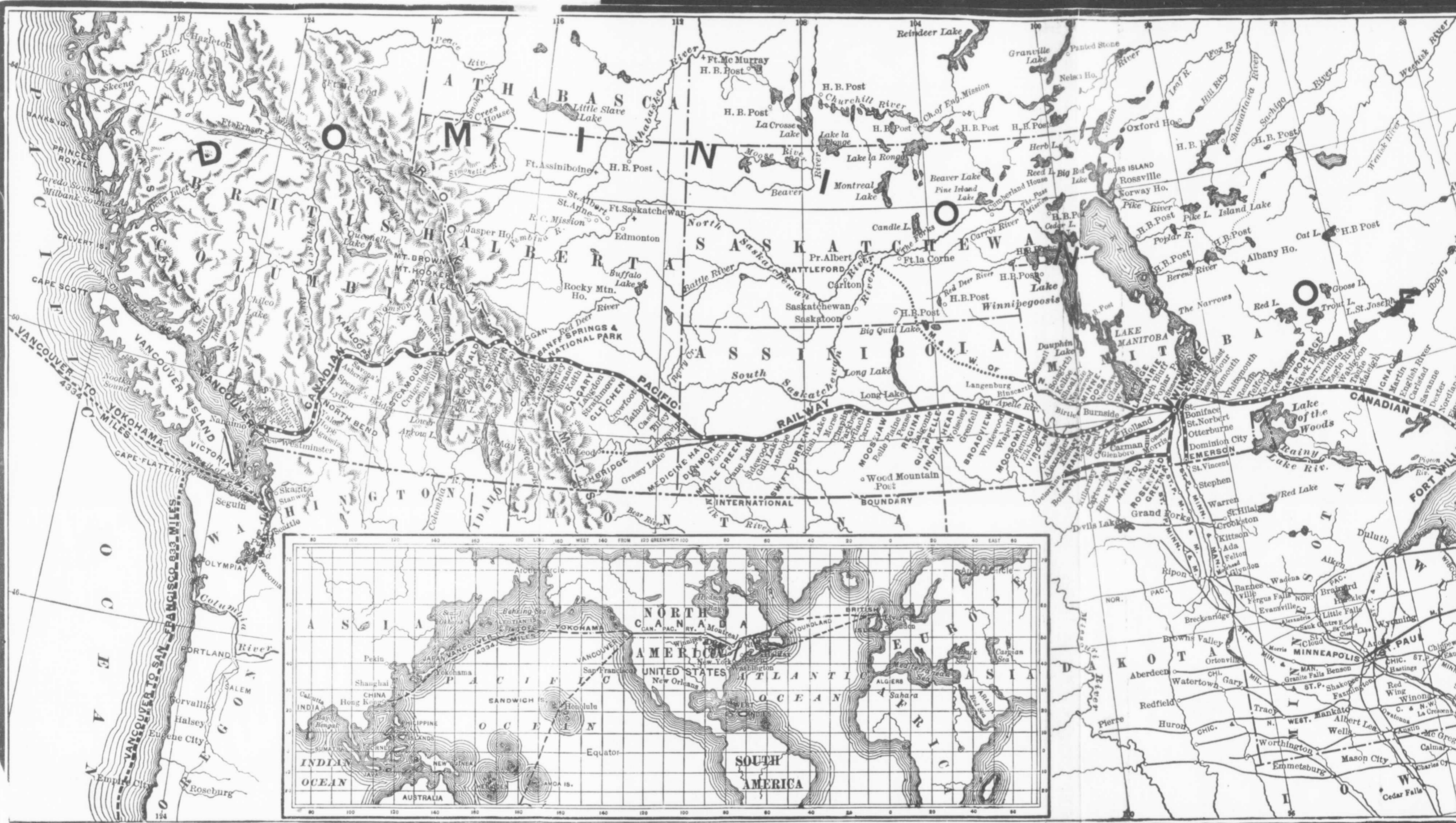
SCHEDULE B.

North Shore Railway—First Mortgage Bonds in hands of the Government on which there is a contingent liability of the Company to pay interest in case at some future time the earnings of that road become adequate for the purpose.....	227,800	1,108,626	5	11,390	55,431	April 20, 1904.
Atlantic and North-West—First Mortgage Bonds above mentioned on which there will be an increased yearly charge of \$185,600 after the Government subsidy of that amount expires at the end of 20 years.....			5	38,483 6	185,600	Jan. 1, 1937.
		1,108,626			242,031	



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.