

Prospectus.

CANADIAN PACIFIC RAILWAY COMPANY.

ISSUE OF £1,320,000 STERLING FOUR PER CENT. PREFERENCE STOCK.

In pursuance of the resolution of the shareholders at the annual meeting in May last, the CANADIAN PACIFIC RAILWAY COMPANY is prepared to receive applications for £1,320,000 Four per Cent. Preference Stock, part of the \$8,000,000 then authorized.

The price of issue is 90 per cent., payable as follows:—

£5 0 0	per cent. on application.
25 0 0	" " allotment.
30 0 0	" " 21st November.
30 0 0	" " 19th December.

£90 0 0	

Or payment in full may be made under discount at the rate of 5 per cent. per annum on any Tuesday, between the hours of 11 a.m. and 3 p.m.

The stock will rank for dividend from the 1st October, and 1 per cent. dividend for the three months to December 31, the close of the Company's financial year, will be payable on the 1st April next, and thereafter 2 per cent. will be payable on each 1st April and 1st October.

Allowing for deferred payments and the dividend date, the stock at the net price of issue yields nearly 4½ per cent.

The subscription list will be closed on or before 4 p.m. on the 23rd inst., and in cases where it is not practicable to make any allotment the amount deposited on application will be returned as soon as possible.

Failure to pay any instalment when due renders all previous payments liable to forfeiture.

The above-mentioned preference stock is issued under the authority of the Dominion Government given by "The Canadian Pacific Railway Act, 1893," and a resolution passed at the annual meeting of the shareholders of the Company in May, 1893.

It is provided by that Act that the preference stock shall never exceed one half the amount of ordinary stock outstanding; that the holder of each £20 of preference stock shall have the same voting power as is conferred by one ordinary share of \$100—namely, one vote; that the dividend on such preference stock shall not exceed 4 per cent., and shall not be cumulative, but shall rank upon the earnings of each financial year, taking priority as to dividend over the ordinary share capital, which now amounts to \$65,000,000.

This preference stock will be registered at the Company's London office, will be transferable in amounts of £1 and multiples thereof, and in all other respects the transfer arrangements will be identical with those which prevail in regard to the Company's debenture stock.

Below is given a memorandum upon this issue and the general affairs of the Company, by Mr. Van Horne, the president.

1, Queen Victoria-street, London, E.C.

October 21, 1893.

MEMORANDUM BY THE PRESIDENT.

In reference to the present issue of preference stock I desire to state that at the annual meeting of the shareholders held on the 10th May last, the directors were authorized to expend capital during the current year, as follows:—

1. Permanent bridges and improvements on the Company's railway not chargeable to operating expenses, according to estimates submitted	\$1,900,000
2. For grain elevators and additional terminal facilities, according to estimates submitted	750,000
3. Additional rolling stock, according to estimates submitted.....	1,250,000
4. For satisfying or acquiring bonds of the Montreal and Ottawa Railway Company, the interest on which the Company has undertaken to pay by way of rental under existing lease....	400,000
5. For the construction of the extension of the Souris branch from the International boundary to Pasqua, 162 miles; and of the Temiscamingue Railway, 50 miles; and of the Revelstoke branch line, 25 miles; and of a section of the Eganville branch line	3,700,000
Total	\$8,000,000

Of the new works contemplated in the foregoing schedule the line from the International boundary to Pasqua and 22½ miles of the Eganville branch are completed and in operation, and the Temiscamingue and Revelstoke branches are under construction.

The amounts required for improvements, equipment, &c., have been reduced to \$2,500,000 for the season, so that the total amount of new capital required is \$6,600,000 or £1,320,000, instead of \$8,000,000 or £1,600,000.

The present year has been a disastrous one for many prominent American railways, but it should be remembered that the main causes of their difficulties have not prevailed in Canada, where the financial storm has been scarcely felt.

The Company's traffic, however, has been affected by the light crop of last year and the exceptionally low price of wheat, which have reduced the profits of the producer, and resulted in a large decrease in earnings in the sections where wheat-growing is the chief industry, but, owing to the the great extent of the Company's lines and to the comprehensive character of its traffic, the losses in the wheat-growing districts have been made good elsewhere, and the season is now so far advanced that it is safe to predict results for the year about equal to those of 1892, the best year in the history of the Company.

The crop just harvested is a full average one in point of yield, and an excellent one in point of quality.

The Company entered upon the present year with an undivided surplus of \$6,923,531, practically all of which was in cash or in loans on security and immediately available. The advantage of such a large and liquid surplus has been well illustrated during the past months of financial depression, the Company having been able, by drawing upon this fund, to proceed with its new lines and all of its other new work, without interruption and without borrowing; and this issue of preference stock will recoup to the Treasury the amount so advanced.

The close of the present year will find the Company with an undivided surplus—after setting aside \$1,625,000 for the dividend of 2½ per cent. for the current half-year—of about seven and three-quarter million dollars; four million dollars of which will be specially held in cash in accordance with the decision of the directors, as announced in the last annual report.

WM. C. VAN HORNE, President.

London, October 20, 1893.

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