New Issue

$25,000,000

Canadian Pacific Railway Company

Thirty-Year 4½% Collateral Trust Gold Bonds

To be dated July 1, 1930. To mature July 1, 1960

Principal and semi-annual interest (January 1 and July 1) payable in gold coin of the Dominion of Canada of the present standard of weight and fineness at any branch of the Bank of Montreal in Canada (Yukon excepted) or, at the option of the holder, in United States gold coin of the present standard of weight and fineness at the Agency of the Bank of Montreal in New York City. Coupon Bonds in the denominations of $1,000 and $500, registerable as to principal only. Fully registered Bonds in the denominations of $1,000, $5,000 and $10,000. Coupon and registered Bonds interchangeable.

Redeemable, at the option of the Company, in whole or in part, on any interest date, on 60 days' prior notice, at 104 on or before July 1, 1940; at 103 thereafter on or before July 1, 1945; at 102 thereafter on or before July 1, 1950; at 101 thereafter on or before July 1, 1955; at 100½ thereafter on or before July 1, 1959; and at 100 thereafter prior to maturity; in each case plus accrued interest.

THE ROYAL TRUST COMPANY, MONTREAL, Trustee.

Mr. E. W. Beatty, K.C., Chairman and President of the Canadian Pacific Railway Company has furnished the following information:

The Canadian Pacific Railway Company Thirty-Year 4½% Collateral Trust Gold Bonds will be direct obligations of the Canadian Pacific Railway Company and will be specifically secured by pledge with the Trustee of $30,000,000, principal amount, of Canadian Pacific Railway Company 4% Consolidated Debenture Stock.

The Consolidated Debenture Stock is authorized by Act of Parliament of the Dominion of Canada, passed in 1889, and subsequent Acts. By the terms of these Acts, the Consolidated Debenture Stock constitutes a first charge on the entire assets and undertaking of the Company, except lands received by way of subsidy, subject to certain priorities and to the payment of working expenses as defined in the Railway Act. The priorities, or underlying obligations, aggregate $38,641,724, principal amount, and cover only 1,642 miles of railroad, whereas the lines embraced in the Company's traffic returns aggregate 15,242 miles.

Interest on the Consolidated Debenture Stock is, therefore, a first charge, subject to the above priorities, upon the net earnings and special income of the Company, which in the year 1929 amounted to $58,376,764. The requirements of the securities underlying the Consolidated Debenture Stock amounted to $1,907,396, and the interest charges on the Consolidated Debenture Stock amounted to $11,061,795, which together with rentals and other interest charges, resulted in total fixed charges for the year 1929 of $16,149,003. Fixed charges were thus earned over 3.5 times. For the ten-year period ended December 31, 1929, such net earnings and special income have averaged over 3.5 times the average annual fixed charges.

The Company's Collateral Trust Gold Bonds have priority over $122,048,587, aggregate par value, of preference stock and $335,000,000, aggregate par value, of common stock, representing an equity at current market prices of over $700,000,000. The preference stock has received 4% dividends without interruption since its issuance in 1893. The common stock has received dividends continuously since 1882, the rate since 1911 having been 10% per annum.

As of December 31, 1929, there was outstanding in the hands of the public $276,544,882, aggregate principal amount, of Consolidated Debenture Stock, in addition to which $77,500,000, aggregate principal amount, of the said Consolidated Debenture Stock is pledged under three issues of Collateral Trust Gold Bonds now outstanding in the aggregate principal amount of $62,000,000, and an additional $30,000,000, principal amount, of Consolidated Debenture Stock will be pledged under this issue.

The proceeds of this issue will be used chiefly to reimburse the Company's treasury for capital expenditures made and being made.

Application will be made to list these Bonds on the New York Stock Exchange.

Price 98 and accrued interest, to yield 4.62%

These bonds are offered when, as and if issued to and received by us, and subject to the approval of legal proceedings by Messrs. Shearman and Sterling of New York, and Messrs. Meredith, Holden, Heward and Holden, of Montreal. It is expected that delivery in the first instance will be made on or about July 24, 1930, in the form of temporary bonds.

The National City Company
Limited

Guaranty Company of New York
Limited

Bank of Montreal

Lee, Higginson & Company

The Union Trust Company of Pittsburgh

The Royal Bank of Canada

Wood, Gundy & Company
Limited

The above information is based upon official statements and statistics on which we have relied in the purchase of these Bonds. We do not guarantee but believe it to be correct.