

\$12,500,000

Canadian Pacific Railway Company

Convertible Ten-year 6% Collateral Trust Bonds

Due March 15, 1942
(Non-Callable)

Principal and semi-annual interest (March 15 and September 15) payable in lawful money of Canada at any branch of the Bank of Montreal in Canada (Yukon Territory excepted). Coupon bonds in denominations of \$1,000 and \$500 registerable as to principal only. Fully registered bonds in denominations of \$1,000, \$5,000 and \$10,000. Coupon and fully registered bonds interchangeable. Bonds will bear interest as from March 15, 1932.

Bonds will be convertible at the option of the holder at any time during the period beginning September 15, 1932 and terminating September 15, 1937 (inclusive of both days), into shares of the Ordinary Capital Stock of the Company, in the ratio of 4 shares of the par value of \$25. each to each \$100. principal amount of the bonds. In the event of conversion of any bond, interest accrued on such bond after the last preceding interest date shall not be payable. In the event of change in, or replacement of, the Ordinary Capital Stock of the Company, corresponding variation and adjustment of the conversion privilege will be made.

THE ROYAL TRUST COMPANY, MONTREAL, Trustee

**These Bonds are legal investments for Canadian Life Insurance Companies under
The Insurance Act of Canada.**

The following information has been summarized from a letter dated March 16, 1932 from Mr. E. W. Beatty, K.C., Chairman and President of the Canadian Pacific Railway Company:

The Canadian Pacific Railway Company Convertible Ten-year 6% Collateral Trust Bonds will be direct obligations of the Company and in addition will be specifically secured by pledge under a Trust agreement to The Royal Trust Company, Montreal, of Canadian Pacific Railway Company 4% Consolidated Debenture Stock, in the ratio of not less than \$136 principal amount of Consolidated Debenture Stock to \$100 principal amount of Bonds from time to time outstanding.

The Consolidated Debenture Stock is a perpetual obligation authorized by Act of Parliament of the Dominion of Canada passed in 1889 and subsequent Acts. By these Acts the Consolidated Debenture Stock is a first charge on the whole of the undertaking property and effects of the Company (except lands received by way of subsidy under the terms of the Act authorizing the incorporation of the Company), subject to the payment of working expenses of the railway as defined by law and to the priorities created by charges existing at the time of the issue of Consolidated Debenture Stock. The priorities consisting of First Mortgage Bonds of the Company aggregate \$3,650,000 principal amount, on which the annual interest charge is \$182,500, and the annual rentals to which the Company's rights in railways held under lease are subject, amount to \$3,628,940.

In 1931 the Company's net earnings and special income available for fixed charges amounted to \$36,634,836. Fixed charges for the period were \$22,050,364. Fixed charges were thus earned 1.66 times. For the five-year period ended December 31, 1931, the Company's net earnings and special income averaged over three times the average annual fixed charges.

Following is a summary of the results of operations for the past five years:

Year Ended Dec. 31	Gross Earnings	Working Expenses including all taxes	Net Earnings	Special Income	Available for Fixed Charges	Fixed Charges	Times Fixed Charges Earned
1927.....	\$201,145,751	\$161,630,180	\$39,515,571	\$11,876,560	\$51,392,131	\$15,378,867	3.34
1928.....	229,039,297	177,344,845	51,694,452	12,677,683	64,372,135	15,308,698	4.20
1929.....	209,730,955	166,586,411	43,144,544	15,232,220	58,376,764	16,149,003	3.61
1930.....	180,900,804	142,652,146a	38,248,658	20,042,923b	58,291,581	19,159,865	3.04
1931.....	142,337,648	116,654,776a	25,682,872	10,951,964b	36,634,836	22,050,364	1.66

(a) Not inclusive of expenditures, made in advance of necessity, for unemployment relief.

(b) Special Income for 1930 included accumulated surplus of the Allan Steamship Line Company of \$6,500,000 and of the Esquimalt and Nanaimo Railway \$1,040,167, and for the year 1931 the accumulated surplus of the Kettle Valley Railway \$1,823,010.

The Convertible Ten-year 6% Collateral Trust Bonds will have priority over \$137,256,921 par value of Preference Stock and \$335,000,000 par value of Ordinary Stock. Dividends at the rate of 4% per annum have been paid on Preference Stock without interruption since 1893. Dividends have been paid on the Ordinary Stock without interruption since 1882; for the years from 1911 to 1930 inclusive, at the rate of 10% per annum, and for 1931 at 5% per annum.

These bonds are offered when, as and if issued and received by us and subject to the approval of all legal proceedings by Messrs. Meredith, Holden, Heward & Holden of Montreal. It is expected that delivery in the first instance will be made on or about March 29, 1932, in the form of temporary bonds.

Price 100 and accrued interest, to yield 6%

(Plus Transfer Tax)

Bank of Montreal

The Royal Bank of Canada	The Canadian Bank of Commerce	The Bank of Nova Scotia
The Dominion Bank	Banque Canadienne Nationale	The Bank of Toronto
Imperial Bank of Canada	La Banque Provinciale du Canada	The National City Company Limited
A. E. Ames & Co. Limited	Dominion Securities Corporation Limited	Wood, Gundy & Company Limited
Royal Securities Corporation Limited	Nesbitt, Thomson & Co. Limited	Hanson Bros. Incorporated
Harris, Forbes & Company Limited	McLeod, Young, Weir & Co. Limited	F. W. Kerr & Company
Drury & Co	W. C. Pitfield & Company	Bell, Gouinlock & Co. Limited
Fry, Mills, Spence & Co. Limited	R. A. Daly & Co. Limited	Matthews & Company
Osler & Hammond	James Richardson & Sons	Eastern Securities Company Limited
L. G. Beaubien & Co. Limited	Midland Securities Corp. Limited	Ernest Savard Limitée
Mead & Co. Limited	Geoffrion & Rainville	Hannaford, Birks & Company Limited
John Gordon Incorporated	Iselin Corporation of Canada	T. M. Bell & Company Limited

The information contained in this advertisement has been obtained from sources which we regard as reliable. We do not guarantee, but believe it to be correct.