REPORT OF THE PROCEEDINGS

AT THE

THIRTY-SECOND ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, OCTOBER 1ST, 1913

AT THE

GENERAL OFFICES OF THE COMPANY AT
MONTREAL

Canadian Pacific Railway Company

REPORT

OF THE PROCEEDINGS AT THE THIRTY-SECOND ANNUAL MEETING OF THE SHAREHOLDERS HELD AT MONTREAL ON WEDNESDAY, OCTOBER 1ST, 1913.

The meeting assembled, in conformity with the notice convening the same, at noon, at the General Offices of the Company at Montreal.

The Chairman of the Company, Sir Thomas Shaughnessy, presided, and the Secretary of the Company acted as Secretary of the meeting.

The notice calling the meeting having been read by the Secretary, the President, Sir Thomas Shaughnessy, in moving the adoption of the report on the affairs of the Company for the fiscal year ended June 30th, 1913, which had been printed and distributed to the Shareholders, said:—

"With the active business conditions that prevailed throughout the year your gross earnings reached the high water mark of nearly $140,000,000, but since the turn of the year there has been a decrease, due to the falling off in the building and other trades throughout Canada. However, thus far in the year your gross revenue is larger than it was in 1911, and, with the renewed confidence and courage that will develop everywhere as the result of the bountiful crops with which the country has been blessed and the general improvement in the money market that begins to make itself manifest, there is every reason to anticipate another satisfactory year.

Your issue of additional capital stock early in the year, while it bore rather severely on shareholders who had to find money to meet their calls during the period of stringency that prevailed in Europe and elsewhere, was of great advantage to you, because it enabled you to proceed with important works essential to the future welfare of your property, and it was a distinct boon to the country, providing as it did wages for thousands who would otherwise have been unemployed, and furnishing circulation in a large way when it was most useful.

The constant demand for additional railway mileage, the recurring necessity for providing second tracks, larger stations, shops, yards and more cars and locomotives, to cope with your enormous traffic, involve expenditures that are almost startling, but we cannot afford to stop. In ten years the annual gross income has grown from $43,000,000 to $139,000,000, and if Canada is to meet our expectations in point of population and prosperity, as beyond doubt it will, there should be a proportionate increase during the next ten years, provided that we have the roadbed, equipment and facilities to handle the traffic as against all comers. This does not mean that the expenditures for these purposes during the next few years need be anything approaching those of the past, because, when the lines now being built are completed, our construction programme may be substantially modified, and, with the exception of important improvements at one or two points in Eastern Canada where congestion during the busy season is annoying as well as expensive, and the completion of a second track on portions of the main line, we will, by the end of this season, be well ahead of our requirements.

This year the Company's Bond, Debenture and Share capital, including the recent issue of $60,000,000, is

$283,000,000 more than it was in 1903. Of this, the amount of $124,000,000 was expended in the construction and acquisition of additional mileage and the purchase of ocean, lake and river steamers; and the additions to your car and locomotive equipment absorbed $101,000,000. The balance of $58,000,000 was used for the general improvement of your property, but this amount was supplemented by premiums on stock issues and appropriations from surplus earnings to the amount of $105,000,000, nearly all of which will have been expended by the end of the current year, so that you will have invested in your property in those ten or eleven years this large sum of $105,000,000 that will represent no capital liability and will consequently make no draft upon your revenue.

Only a very small portion of the earnings of your Atlantic and Pacific steamship lines were, during the past few years, included in your net revenue, having been transferred instead to the steamship replacement fund. As this fund now approximates the entire cost of your original Atlantic fleet, it is neither necessary nor desirable to increase it by liberal appropriations hereafter. Your Atlantic fleet has, in recent years, been supplemented by the acquisition of eighteen steamships with a gross tonnage of 146,361 tons. The earnings of these steamships have been utilized in reducing their cost to your Company, which now stands at about $2,750,000, included temporarily in Advances and Investments pending a determination of policy. The Trans-Pacific steamships, while useful as contributors of traffic to your railway system, have never been particularly profitable, and, indeed, the Atlantic Ocean traffic varies considerably from year to year in volume and value, but I think that we may, with safety, anticipate an annual net revenue of $2,000,000 from the Trans-Atlantic and Trans-Pacific steamship lines after making due provision for interest on their cost and for depreciation. The formation of a steamship company to acquire the vessels whose cost has not been capitalized, to charter or lease those purchased with the proceeds of securities, and to provide means for the construction or purchase from time to time of additional vessels of a suitable type to maintain the character of the fleet and to strengthen its earning power, is receiving some consideration.

Most of the Company's hotels are yielding a fair return, but some of them provided as necessary accessories to your tourist traffic during the Summer months, are operated at a loss. However, on the whole your hotel system is reasonably profitable, and hereafter the net profits, which have been used in the past for additions and improvements, will be treated as Special Income.

Legacies that came to you with acquired lines, the utilization of some of your coal lands, and other circumstances have involved you in a number of enterprises that do not ordinarily come within the province of a railway company. There are your mining, smelting and water power interests, of considerable value as compared with what they cost you, from which your revenue in the current year will be approximately $250,000; your coal mines at Bankhead, Hosmer and Lethbridge, from which you received in the year upwards of $300,000, and your lumber mill at Bull River, in British Columbia, where ties and timber are manufactured for the Company's use, a doubtful commercial enterprise excepting in so far as it serves to keep prices within reasonable bounds.

Railway companies in the United States are required to segregate their railway earnings proper and their income from other sources, and, while there is as yet no similar legal requirement in Canada, we have, as you know, recently made such a change in our system of accounting as to practically conform to the practice of other railway companies, but we still include in the earnings of the railway the returns from our Commercial Telegraph System and our Pacific Coast steamships. In the next annual report the revenue from these sources will be treated as Special Income, and, of course, there will be a corresponding reduction in the gross and net earnings of the railway.

To prevent large areas of your land from being purchased and held for speculative purposes, regulations were adopted last autumn limiting sales to actual settlers, and, in order that it may be as easy as possible for settlers to purchase and develop lands, only one-twentieth part of the purchase price is required to be paid down and the balance is spread over a period of twenty years with interest at six per cent. This policy should have the effect of bringing your lands under cultivation with increased rapidity, and, while the cash instalments will be less than heretofore, the deferred payments carrying interest will yield a larger income.

Your ownership of 6,287,250 acres of land in Manitoba, Saskatchewan and Alberta is mentioned in a foot-note to the balance sheet, but it plays no part in your accounts, excepting when the lands are sold. With established conditions in Western Canada and the experience of the last few years there would appear to be no difficulty about determining, with a fair degree of accuracy, the present value of this asset. Of course, as the lands are disposed of and the country becomes more thickly populated the market value of the remaining areas will naturally tend upwards, but, in order to be quite on the safe side, let us adopt a figure that is somewhat below the average of the last few years, namely, $14.00 per acre. On this basis your unsold lands are worth $88,021,500, but you have spent a large sum on irrigation works in the Calgary district, with the result that 500,000 acres of the irrigable land should bring an average of $25.00 per acre above the price mentioned, or $12,500,000 additional. The unsold Esquimalt and Nanaimo lands on Vancouver Island, and your residuary interest in other lands acquired with railway lines constituting a portion of your system, will realize at least $7,000,000. Then you have over six hundred townsites, including Vancouver, appraised by the officers of the Land Department at $21,500,000. The present estimated market value of these lands and townsites still belonging to the Company is, therefore, $129,021,500.

Your Directors have been considering the desirability of conveying these lands, townsites and other interests to a company in exchange for all its capital stock, to be held in your treasury and taken into the balance sheet with your other assets, but a conveyance of that description has its disadvantages, particularly with reference to the lands, and it is probable that the same end may be accomplished by the creation of an Investment Fund to be administered by trustees or by officers of the Company specially designated. In any event your Directors will endeavour, before the next annual report is published, to devise some plan for reconstructing the Special Income account and showing your extraneous assets in more definite and tangible form. Meantime, while the present policy in dealing with your land sales will remain unchanged and the proceeds will be conserved as heretofore, it is felt that the cash proceeds of sales in your townsites, which, last year, amounted to $1,409,747.44, may, with propriety, be taken into Special Income, to be dealt with as the Directors, in their discretion, deem best.

The report having been considered, it was moved by Sir Thomas Shaughnessy, seconded by Richard B. Angus, Esq., and unanimously

Resolved—That the report on the affairs of the Company for the fiscal year ended 30th June, 1913, now submitted, be and the same is hereby adopted.

The following resolution relating to the issue of Four Per Cent. Consolidated Debenture Stock on account of branch lines and extensions of branch lines, referred to in the Annual Report, was submitted, and on motion of Sir William Van Horne, seconded by Sir Edmund Osler, was unanimously adopted, viz.:—

Whereas the branch lines of railway and extensions set forth below have been constructed or are in course of construction, either in whole or in part, and it is deemed desirable that authority be given to the Directors to issue Consolidated Debenture Stock to meet the requisite expenditure in connection therewith;

It is therefore Resolved—That the construction and equipment of the following branch lines and extensions of other branch lines which have been heretofore authorized, be and they are hereby approved, that is to say:—

1. A branch from Gleichen to Shepard, a distance of 40 miles;

2. A branch from Bassano easterly, a distance of 118 miles;

3. A branch from Snowflake westerly, a distance of 9 miles;

4. An extension northerly of the Selkirk Branch, a distance of 26 miles;

5. An extension westerly of the Weyburn-Lethbridge Branch, a distance of 240 miles.

6. An extension north-westerly of the Suffield South-westerly Branch, a distance of 27 miles.

7. An extension north-westerly of the Swift Current North-westerly Branch, a distance of 175 miles.

And for the purpose of aiding the construction and equipment of the said branch lines and extensions of branch lines, the Directors may, from time to time, as may be necessary, and in accordance with the statutory provisions in that behalf, issue and dispose of Consolidated Debenture Stock of the Company to such amount as they may deem expedient, not exceeding in the aggregate an amount equal to £6,000 Sterling per mile in respect of the Gleichen-Shepard Branch, Bassano Branch, Suffield South-westerly Branch extension and Swift Current North-westerly Branch extension, £5,000 Sterling per mile in respect of the Weyburn-Lethbridge Branch extension, £4,000 Sterling per mile in respect of the Snowflake Branch, and £3,000 Sterling per mile in respect of the Selkirk Branch extension.

The following resolution relating to the issue of Four Per Cent. Consolidated Debenture Stock on account of Steamships referred to in the Annual Report, was submitted, and on motion of Henry Beatty, Esq., seconded by Charles R. Hosmer, Esq., was unanimously adopted, viz:

Whereas this Company has statutory power to issue Consolidated Debenture Stock in aid of the acquisition of Steam Vessels to the extent of the cost thereof, upon being authorized so to do by the votes of at least two-thirds of the Shareholders present or represented at an Annual Meeting, or at a Special Meeting of the Shareholders duly called for the purpose;

And whereas the firm of Barclay, Curle & Company, Limited, is constructing for this Company, at the former's yards at Whiteinch, Glasgow, Scotland, two steel twin screw Passenger Steamships, of an intermediate class, for the Trans-Atlantic Service, each being about 500 feet long, with beam of about 64 feet, moulded depth of about 41 feet, to be equipped with quadruple expansion engines and having a tonnage of about 11,600 tons;

And whereas the firm of Messrs. William Denny & Bros. of Dumbarton, Scotland, is constructing for the Company, for use in connection with its British Columbia Coast Service, two first-class steel two-compartment turbine Passenger Steamships, each being about 395 feet long with beam of 54 feet, moulded depth of 20 feet, to be propelled by two independent sets of Parsons compound steam-geared turbine engines, and having a tonnage of about 5,000 tons;

And whereas the total cost of the said four vessels, including rigging, appurtenances and auxiliaries, will amount to about the sum of £1,000,000 sterling;

And whereas, in order to provide funds for payment of the cost of the said steamships above described, it is deemed advisable, pursuant to the power above recited, to create an issue of Consolidated Debenture Stock;

Now therefore, it is resolved by the Shareholders present personally or represented by proxy at this Meeting, that this Company is hereby authorized to create, issue and dispose of Consolidated Debenture Stock of this Company, payable in sterling money of Great Britain, and bearing interest not exceeding 4% per annum, to the amount of £1,000,000 sterling, for the purpose of paying the cost of the Steamships above described and their rigging, appurtenances and auxiliaries; and that such Stock may be issued in such manner and in such amounts respectively as shall, from time to time, be determined by the Board of Directors who 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, to create and issue such Stock, according to the provisions of the Acts relating thereto, and to dispose of the same for the purposes herein set forth.

By-law No. 55 amending By-law No. 40 relating to the form of Stock Certificate to be issued in Montreal and By-laws Nos. 44 and 45 relating to the transfer books of the Company was read, and on motion of Alfred Piddington, Esq., seconded by William H. Evans, Esq., the following Resolution was unanimously adopted, viz:—

Resolved,—That By-law No. 55 passed by the Directors on the 9th day of June, 1913, amending By-law No. 40 relating to the form of Stock Certificate and By-laws Nos. 44 and 45 relating to the transfer books of the Company and reading as follows, that is to say:—

"That the form of Stock Certificate to be issued in "Montreal and set forth in By-law No. 40 of the Company's "General By-laws, be amended by striking out the words "'and Transfer Agent' where they occur in the twentieth "line thereof, and by adding the words 'Countersigned the "..................day of..........................

....
Transfer Agent.'

"such amendment to take effect on and from the First day of "August, 1913;"

"*That* By-law No. 44 be amended by inserting the words "'and at such other place in Montreal as the Directors may "from time to time direct' after the words 'Head Office' "where they occur in the second line of the said By-law;"

"*That* By-law No. 45 be amended by striking out the "words 'at the offices of the Company' occurring in the first "and second lines of such By-law."

be and the same is hereby approved.

The meeting then proceeded to the election of Directors to replace the four retiring Directors, and on motion of Sir Thomas Shaughnessy, seconded by Richard B. Angus, Esq., the following resolution was unanimously adopted, viz:—

Whereas in pursuance of By-law No. 6, David McNicoll, Esq., Charles R. Hosmer, Esq., the Honourable Robert Mackay and the Honourable James Dunsmuir, Directors of the Company, retire from office at this Meeting;

And whereas four Directors to replace the said retiring Directors, who are, however, eligible for re-election, must be elected at this Meeting for the term of four years as provided for in the said By-law;

It is resolved,—That a ballot be now taken for the election of four Directors for the term of four years to fill the vacancies created as above stated; that William R. Miller, Esq., and Major George R. Hooper be appointed scrutineers to take such ballot, and that the poll be closed when five minutes shall have elapsed without a vote being cast at such election.

The ballot having been taken and no further votes having been cast within the specified time, the Chairman read the report of the scrutineers which declared that David McNicoll, Esq., Charles R. Hosmer, Esq., the Honourable Robert Mackay and the Honourable James Dunsmuir had been unanimously re-elected Directors of the Company for the term of four years from the date of this meeting, and the report was adopted.

The proceedings then terminated.

T. G. SHAUGHNESSY,
Chairman.

W. R. BAKER,
Secretary.

At a Meeting of the Board held immediately after the Shareholders' Meeting, Sir Thomas G. Shaughnessy, K.C.V.O., was re-elected President of the Company, and Mr. David McNicoll, Vice-President, and the following were appointed the Executive Committee:

MR. RICHARD B. ANGUS.

MR. DAVID MCNICOLL.

SIR EDMUND B. OSLER, M.P.

SIR THOMAS G. SHAUGHNESSY, K.C.V.O.

THE RIGHT HON. LORD STRATHCONA AND MOUNT ROYAL, G.C.M.G.

SIR WILLIAM C. VAN HORNE, K.C.M.G.