REPORT OF THE PROCEEDINGS

AT THE



THIRTY-FIFTH ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

# CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, OCTOBER 4TH, 1916

AT THE

GENERAL OFFICES OF THE COMPANY AT MONTREAL

# CANADIAN PACIFIC RAILWAY COMPANY

## REPORT

OF THE PROCEEDINGS AT THE THIRTY-FIFTH ANNUAL MEETING OF THE SHAREHOLDERS HELD AT MONTREAL ON WEDNESDAY, OCTOBER 4th, 1916

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, Lord 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, Lord Shaughnessy, in moving the adoption of the report on the affairs of the Company for the fiscal year ended June 30th, 1916, which had been printed and distributed to the Shareholders, said:—

On behalf of the Directors, I have the honour to submit for your consideration and approval the Thirty-fifth Annual Report of the Company.

The information contained in the Report with reference to the outcome of the Company's operations during the year, and the condition of its affairs generally, must be as gratifying to the Shareholders as it is to the Directors. While the gross income from the business of your railway lines was below the maximum that had been reached, the net revenue was in excess of any previous year. The statements and statistics give evidence of improved operating effectiveness and of greater financial strength and stability.

Although the amount of the taxes that the Company may be called upon to pay in Great Britain and Canada in connection with special war assessments is not as yet definitely determined, it will, no doubt, be considerable, and prudence suggests preparation to meet it. Then, as you are aware, most of your ocean steamships have during the past two years been engaged in Admiralty service. Some of them were lost, although in this respect we have been singularly fortunate, some were taken over by the Admiralty, and the character of the service that the others have been performing will make extensive rebuilding necessary whenever the steamships are released.

To make provision for these excess war profit taxes and other war assessments that the Company may be required to pay, and for the rehabilitation of your ocean fleets at the prices now current and that are likely to prevail for some time to come, the Directors decided to transfer to a fund for contingencies a very substantial sum that would in other circumstances have gone to Special Income. I am confident that this policy will meet with your hearty approval.

It is very comforting to know that June 30th last the cash in hand, including the temporary investment in War Loans, readily convertible, was nearly $47,000,000., or about $30,000,000. more than at the end of the previous fiscal year, although in the meantime no capital securities of any description had been disposed of, but, of course, important works requiring large expenditure, that were not immediately necessary, were postponed until a more opportune time. In addition to the cash in the Treasury you have available for sale upwards of $40,000,000. of 4% Consolidated Debenture Stock for additional railway mileage built with funds advanced by the Shareholders.

In the opinion of the Directors the time has arrived when the Company should arrange to carry its own fire and marine insurance, or the greater portion of it, instead of paying large annual premiums as at present. To that end, a transfer of $331,000. was made to the fund last year, and further transfers will be made year by year until the fund is sufficient for the purpose in view.

In Eastern Canada the outcome of farming operations this year was generally satisfactory, but the grain crops in portions of the Western Provinces were injuriously affected by unfavourable weather conditions during the late Summer, and it is now thought that the total yield will be little more than half of last season's phenomenal crop. These conditions will naturally be reflected in the Company's revenue returns during the next year, but general business is showing decided improvement, and in any event there is every reason to expect that the Company's net income for the year will be quite sufficient to meet the ordinary dividend distribution without encroaching on the surplus of previous years.

The progress and prosperity of your Company during the past few years tempted other railway companies to enter the field, and they received encouragement and support from the Dominion and Provincial Governments in the shape of cash bonuses and guaranteed securities, with the result that hundreds of millions of dollars were invested in railway lines throughout Canada, many of them in territory already served by your railway, years before they were required or could be made self-sustaining. It has been necessary for Government on more than one occasion to come to the aid of these companies by advancing large amounts of money to prevent liquidation and collapse. As a consequence, a situation fraught with anxiety and some apprehension has developed. Within the last few months a Board of Inquiry composed of expert and capable men has been selected by the Dominion Government to study every phase of the railway problem, and to make a report incorporating suggestions and advice that may serve to guide Government in dealing with the subject hereafter. It is to be regretted that a Board of this kind was not asked to give information and advice before these large expenditures and obligations were incurred, rather than afterwards, but there is little doubt that its report and recommendations will be very useful to Parliament and the Government.

I cannot too highly commend the Vice-Presidents and their assistants for the splendid organization, the intelligence and energy that were manifest in every branch of the Company's service, and to which may be attributed the very gratifying outcome of the year's business.

The vacancy in the Board of Directors caused by the death of the late Sir Sandford Fleming has not been filled. Your Directors recommend that Sir Vincent Meredith, Bart., be elected a Director to fill the vacancy, and his name will appear on the ballot paper to be submitted to you to-day.

Prior to the adoption of the Resolution approving of the report, Mr. Huntly Drummond, a Shareholder, stated that he desired on behalf of the Shareholders to express their gratification at the satisfactory results of the year's operations of the Company, which could only be attributed to the wisdom and foresight exercised by the President and the remarkable esprit de corps which was known to exist throughout the Company's service. Mr. Drummond also referred to the enormous assistance the Company's organization had been in matters connected with the prosecution of the war and to the generosity of the Company and its employees in their contributions to the Patriotic Fund and for other war purposes. He concluded his remarks by referring to the anxiety that was felt amongst the Shareholders at the rumours which had been current for some little time past of the possibility of the retirement of Lord Shaughnessy from the Presidency of the Company. He stated that in his opinion, which he felt was generally shared, it was of vital importance that Lord Shaughnessy should continue to direct the affairs of the Company and suggested, if he was not on too delicate ground, that it would be very re-assuring to the Shareholders if Lord Shaughnessy would make some statement on the subject.

Lord Shaughnessy in his reply, after thanking Mr. Drummond for his expression of appreciation, stated that there were two factors to be considered in the selection of a President, namely, the Board of Directors and the person who might be named, but that if the Directors at the Meeting to be held after this Meeting were to ask him to be President of the Company he would be very pleased to accept, and that if a year from now they again proposed that he should be President, he would be very glad to serve. He did not think any man at his time of life should predict beyond two years.

The President referred to his thirty-four years' connection with the Company, seventeen of them as President, and the splendid organization which the Company possessed and in which he personally took much pride. He mentioned that many of his assistants and advisers on the staff had been with him from the beginning. Indeed, that some of those now holding positions of greatest responsibility he had known when they started as boys in the Company's service. In conclusion he assured Mr. Drummond and the Shareholders that so long as he was mentally and physically capable his services would always be at their command.

Lord Shaughnessy's reply was received with loud cheers.

The report having been considered, it was moved by Lord 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, 1916, now submitted, be and the same is hereby adopted.

The following resolution relating to an agreement between the New York Central, Michigan Central, Canada Southern Railway Companies and this Company and the Toronto, Hamilton & Buffalo Railway Company, referred to in the

Annual Report, was submitted, and on motion of Sir Edmund Osler, seconded by Charles R. Hosmer, Esquire, was unanimously adopted, viz:—

*Whereas* an Agreement has been entered into, dated the First day of February, 1916, *Between* the Toronto, Hamilton & Buffalo Railway Company, the Michigan Central Railroad Company, the Canada Southern Railway Company, the New York Central Railroad Company and this Company, providing for the interchange of traffic between the several Companies parties to the agreement and for the issuance from time to time by the Toronto, Hamilton & Buffalo Railway Company (but only with the consent in writing of the Michigan Central, Canada Southern, New York Central and Canadian Pacific Companies) of Bonds to an amount not exceeding in the aggregate $10,000,000. bearing interest at a rate not exceeding 5% per annum, such Bonds to be secured on the property and assets, present and future, of the Toronto, Hamilton & Buffalo Company, subject however to the Indenture of Mortgage dated the first day of June, 1896, and to be unconditionally guaranteed by the Michigan Central, Canada Southern, New York Central and Canadian Pacific Companies, the said Agreement providing that if the earnings of the Toronto, Hamilton & Buffalo Company are not sufficient to provide for the payment of any of the interest on the Bonds, the deficit shall be borne by the other Companies parties to the agreement in the proportions therein mentioned;

*Now therefore be it resolved* that the said Agreement dated the First day of February, 1916, between the above recited Companies be and the same is hereby approved and the execution thereof by the President and Secretary of the Company be and the same is hereby ratified and confirmed.

The following resolution relating to the arrangement with the Canadian Pacific Ocean Services, Limited, referred to in the Annual Report, was submitted, and on motion of Wilmot D. Matthews, Esquire, seconded by A. M. Nanton, Esquire, was unanimously adopted, viz:—

*Whereas* by Resolution passed at the Annual Meeting of the Shareholders held on the 6th day of October, 1915, the sale of the Shares of the Allan Line Steamship Company held by this Company and the transfer of the several steamships named in the schedule attached to the Resolution and other property therein mentioned to the Canadian Pacific Ocean Services, Limited, was duly ratified and confirmed to be effective from the first day of November, 1915, or from such later date as the Directors might determine;

*And whereas* by Agreement dated the 7th day of December, 1915, approved by the Directors at the Meeting of the Board held on the 13th day of December, 1915, the effective date of such sale and transfer was deferred to a date to be fixed by agreement between this Company and the Canadian Pacific Ocean Services, Limited, and the last named Company was appointed Managers and Agents to operate and manage the steamships of the Allan Line Steamship Company and of this Company;

*And whereas* the conditions pertaining to ocean traffic may render it desirable in the Company's interests that in giving effect to the proposals previously approved a somewhat different plan should be adopted, and it is desirable to authorize and empower the Directors to take such action as may seem to them advisable in the premises;

*Therefore, be it resolved* that the Agreement dated the 7th day of December, 1915, providing for the operation of the fleets of this Company and of the Allan Line Steamship Company by the Canadian Pacific Ocean Services, Limited, as Managers and Agents, be and the same is hereby ratified and approved.

*And be it further resolved* that the Directors of the Company be and they are hereby authorized and empowered to give effect to the Resolution passed at the last Annual Meeting relating to the sale of the shares of the Allan Line Steamship Company held by this Company and the transfer of the several steamships and other property therein mentioned by completing the sale and transfer therein authorized either to the

Canadian Pacific Ocean Services Limited, or to some other Company created for that purpose in which this Company shall have full ownership and control, in such manner and at such times and upon such conditions as to them seem proper.

The following resolution relating to By-law No. 91, which names the Officers of the Company authorized to prepare and issue tariffs of the tolls to be charged for the carriage of freight traffic on the Company's lines, was submitted, and on motion of Sir Herbert Holt, seconded by the Hon. Robert Mackay, was unanimously adopted, viz:—

*Resolved* That amendment to By-Law No. 91 enacted by the Directors, and reading as follows, that is to say:—

"That By-law No. 91 be and is hereby amended by the "substitution of the name of H. E. Macdonell for that of "W. B. Bulling as Assistant Freight Traffic Manager of "Eastern lines."

be and the same is hereby approved.

The meeting then proceeded to the election of four Directors, three to replace retiring Directors and one to fill the vacancy caused by the death of the late Sir Sandford Fleming, and on motion of Lord Shaughnessy, seconded by Richard B. Angus, Esq., the following resolution was unanimously adopted, viz:—

*Whereas* in pursuance of By-law No. 6, Wilmot D. Matthews, Esquire, Augustus M. Nanton, Esquire, and George Bury, Esquire, Directors of the Company, retire from office at this Meeting and the vacancy caused by the death of the late Sir Sandford Fleming requires to be filled at this Meeting;

*And whereas* four Directors, three to replace the said retiring Directors (who are, however, eligible for re-election) and one to fill the said vacancy, 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 Wilmot D. Matthews, Esquire, Augustus M. Nanton, Esquire, George Bury, Esquire, and Sir Vincent Meredith, Bart., had been unanimously 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.

W. R. BAKER, *Chairman.*
*Secretary.*

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At a meeting of the Board held immediately after the Shareholders' meeting, The Right Hon. Lord Shaughnessy, K.C.V.O., was elected President of the Company, Mr. George Bury, Vice-President, and Mr. E. W. Beatty, K.C., Vice-President and General Counsel, and the following were appointed the Executive Committee:

Mr. Richard B. Angus.
Mr. E. W. Beatty, K.C.
Mr. George Bury.
Sir Herbert S. Holt.
Sir Edmund B. Osler, M.P.
The Right Hon. Lord Shaughnessy, K.C.V.O.