REPORT OF THE PROCEEDINGS

AT THE

FORTY-FOURTH ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, MAY 6TH, 1925

AT THE

GENERAL OFFICES OF THE COMPANY AT MONTREAL

CANADIAN PACIFIC RAILWAY COMPANY

REPORT

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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, Mr. E. W. Beatty, 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, Mr. E. W. Beatty, in moving the adoption of the report on the affairs of the Company for the year ended December 31st, 1924, which had been printed and distributed to the shareholders, said:—

The report of the Company's operations during the year under review has been in your possession for some time and must, your Directors feel, be regarded as satisfactory in view of existing conditions. A very substantial decrease in gross earnings, due to the much smaller movement of grain and flour owing to the lighter crop in Western Canada and a decrease in the movement of manufactured articles because of the depression which existed in Canada during the latter portion of the year, compelled transportation economies which were satisfactorily effected without causing any physical deterioration to the property. The tonnage moved during the year amounted to 28,776,386, being a decrease under the previous year of 2,076,608, all of which is accounted for by the lesser movements of the articles indicated in the report and referred to in the fore part of these remarks.

The depression of last Fall has continued and there was much less grain to be moved out of Western Canada at the beginning of 1925 than at the beginning of 1924. These combined factors have occasioned a shrinkage in the gross earnings of the Company for the first three months of the year of $4,673,712, and a decrease in the net earnings of $593,366. The decrease in gross earnings was, however, appreciably less during the month of April, which gives ground for the belief that conditions are slowly improving. If a good crop is garnered this year, particularly in Western Canada, we have cause for confidence that the results of the year's operations will be reasonably satisfactory. I would, however, be sadly lacking in my duty if I did not point out to the shareholders that neither rail nor ocean traffic has reached normal proportions, and until they do the Company's expenditures for capital, maintenance and general operation must be curtailed so far as that can be done without impairing the high standard in which the property has always been maintained or the Company's prestige as a transportation agency. There is nothing in the recommendations of the Board in respect of the policy for the coming year with its attendant expenditures that requires further detailed comment. The branch line construction to which your approval is asked is moderate and will not be prosecuted save to the extent that public necessity requires and as economic and financial conditions warrant.

The necessity for capital expenditures owing to the widespread character of the Company's operations and the need for the maintenance of substantial cash balances have been referred to in the reports for the past few years, and while the exigencies of the present situation demand the utmost economy consistent with the maintenance of the property in a condition of high physical efficiency, commitments of prior years in respect of capital expenditures must be met. For this reason your Directors considered it advisable to issue $10,000,000. 4% Consolidated Debenture Stock, the issuance of which you had previously approved, and $30,000,000. 4½% Sinking

Fund Secured Note Certificates, secured by the assignment of unpaid purchase moneys or deferred payments on lands sold. Each of these issues was readily disposed of and at satisfactory prices. In order to extend the holdings of your Company's securities in Canada, the issue of Note Certificates was made purely Canadian. The results both in the expedition with which the issue was absorbed and in the widespread character of the distribution were very gratifying.

The shareholders will have observed a rather extended reference in the Report to the Freight rate situation in Canada. I had hoped that prior to this meeting appropriate measures would have been introduced in Parliament respecting what are known as the Crow's Nest Rates, but up to this time no official announcement has been made of the character or scope of the proposed legislation. It would therefore be unwise, even if it were possible, for me to hazard a prediction of its nature or to comment upon the situation more than I have done in the Annual Report. Those comments represent the considered judgment of your Directors in respect to the methods which should be followed in order to secure the establishment of a proper rate scale in Canada free from unjust or burdensome discrimination, and at the same time fair to the transportation interests of the country.

The shareholders are no doubt fully informed through the Press of the action contemplated by the Government to subsidize a line of freight vessels on the Atlantic in consideration of control of rates on traffic carried by such vessels being vested in the Department of Trade and Commerce. The proposals, embodied in what is now known as the Petersen Contract, were announced without any previous reference to this Company or, so far as I am aware, to any other Canadian or British steamship line. While the impression has been created that the policy is the result of a report made by a representative of the Government, this has since been denied. The fact remains, however, that the widespread publicity given to that report and to the many wholly inaccurate statements in it, has necessitated the fullest exposition of their position and operations by the British and Canadian lines trading to and from the Canadian ports. It is a singular coincidence that the present should be chosen as the moment at which control by the Government, having as its admitted object the establishment of lower rates, should be demanded even to a very limited extent, because it is within the knowledge of all steamship companies and could readily have been ascertained by the Government itself that operations during the past two years in particular have been conducted with very unsatisfactory financial returns, especially in respect of freight traffic. Your Directors felt that the publication of the report mentioned had placed the companies on trial in the opinion of the Canadian shipping public, and therefore they, in common with the other lines, members of the North Atlantic Conference, are making the fullest disclosure of the traffic conditions and of the results of the operations of your subsidiary, the Canadian Pacific Steamships Limited. Whether or not the policy of the Government will be altered in consequence of the representations now being made to the Committee of the House, a much more accurate appreciation of the real situation will be obtained as a result of the evidence being given.

For the past few years your Directors have insistently advocated the need of an aggressive immigration policy as a vital necessity to the development of this country. The progress has not been satisfactory, the immigration results for the first three months of this year being particularly disappointing in that 10,792 immigrants were admitted into Canada as against 23,880 during the same period of the previous year. While there is nothing fundamentally unsound in the immigration laws of this country, we have apparently suffered from a lack of concerted and definite policies in Great Britain and on the Continent. Representations have recently been made by the President of the Canadian National Railways and myself which, I think, will bring about a closer co-operation between the Government departments and the transportation and other immigration agencies and which should obviate the embarrassing delays in obtaining permits which have heretofore existed. The situation, however, is not without its encouraging features in that emigration from the British Isles is becoming more active, enquiries from the United States are numerous and the Continental field shows considerable promise. As you are aware, your Company has been unremitting in its efforts to bring about colonization and settlement, and in spite of the relatively slow progress recently made, the importance of greater immigration to Canada is so obvious that the immigration and colonization departments will not relax their efforts though the expense involved is substantial.

While the general railway situation has not materially changed since I last addressed you, there has been in recent months a marked difference in the attitude of the business communities and the public at large towards what is known as our Railway Problem—an attitude quite contrary to the disinterested apathy which has heretofore characterized that of the Canadian people towards transportation matters, and therefore one which is welcomed by all thinking Canadians. It is not necessary for me to recall to your recollection the series of mistakes with which the transportation history of Canada is filled. Neither is it desirable that I should repeat the representations which were unsuccessfully made from time to time by the Executives of your Company in an attempt to persuade those in authority that the policies formerly adopted could only result in disaster to the promoters and possible embarrassment to the country itself. The successive policies of over-construction and duplication with Government assistance forced the acquisition by the Government of practically all lines save those of your Company, and the resultant burdens are being heavily felt, especially under the rather sub-normal conditions now prevailing. It is asserted that the present situation is due to the failure in former years of private undertakings, the inference being that defects of private ownership and administration resulted in the establishment of public ownership in respect of these properties. Such statements without an exposition of the sequence of policies are misleading to a degree. The principal cause of the present unsatisfactory conditions was undoubtedly the adoption from time to time of policies of extensive new construction and duplication of then existing railway lines, in most, if not all cases by the Government or with Government assistance, and in anticipation of a much greater development than the country has enjoyed. It does not seem to be material whether the over-ambitious projects were launched by the Government of the day or were conceived by individuals or companies. In each case the undertakings received the financial support of the Government and the approval of the people, and without such support their completion would have been impossible. Private administration, as I appreciate the situation, did not break down, but the undertakings were so far in advance of the country's existing or immediate future requirements that their failure was almost inevitable. Undoubtedly, too, the situation is aggravated by the disappointment in the honest hopes of many of our public men and others that in a relatively short period the burdens would be lightened, if not altogether removed, and that they would then be in a position to assure themselves that the Canadian railway problem was behind them. In consequence of the existing conditions, there is a general and deep-rooted desire for railway economies, for the elimination where possible of intensive competition and duplicate services, and the utilization where feasible of joint instead of separate terminal facilities. The position of your Company in this situation is almost as unique as that in which it has found itself for some years in respect to the Canadian railway situation generally. Many of the lines of railway now forming the National System were not constructed as part of one railway conception, but were conceived and designed to compete with each other as separate transportation units, each of them in addition, of course, competing with the lines of your Company. The consolidation has in consequence brought under one administration lines which were originally designed to be competitive and in no sense part of a unified system. Your Company's railway, on the other hand, having been conceived and constructed as one system, has been extended from time to time always as a single system, each part of which was planned to support the others. Further, the consolidation has resulted in heavy expenditure of the public moneys to bring these lines to a higher state of efficiency, in particular by the addition of much modern equipment and power. The purpose of these policies was naturally to compete on an equality with this Company or perhaps go beyond that, and inasmuch as little new traffic has been developed in Canada in the last five years and a very moderate amount of new territory opened, the expenditures were almost entirely in an effort to secure a larger proportion of the existing traffic; in other words, to take from the lines of the Canadian Pacific as much traffic as improved service and large expenditures could procure. The results have not warranted the hopes of those responsible for the policy, and in consequence the annual burdens of the country continue to be heavy and a matter of grave importance. It is not to be wondered at, therefore, that a demand for saving wherever possible is insistently made. Your Company has neither duplicated any important railway line nor has it increased in any appreciable degree the extent of its services during the past five years, and it therefore cannot be held responsible for the growth of the conditions which your Directors, in common with the business interests of the country, seriously regret. We have indicated that we would be very glad to join with the National Railways in reducing by common action as much of the duplication as public requirements and the interests of the individual companies will permit. It is probably true that the results of these policies of restriction in services which, in the first instance, will be directed to passenger service, will come at a time when the tourist and ordinary summer traffic of both companies is at its heaviest and that the convenience, in fact, the absolute necessities of the travelling public will demand train service which would not otherwise be required. I am, however, entirely in favour of this action because I think it is dictated by common sense, but I should not like to have it felt by the public at large that it will constitute an adequate solution of Canada's railway difficulties.

As to the larger question of the future relations which the companies will bear to each other, no comment from me is desirable save to express the view that next to the prosperity of their own railway, there is nothing that intelligent self-interest would lead your Directors so much to desire as the prosperity of the National Railways and the lessening and ultimately the entire elimination of the burden its operations impose upon the Canadian people. We propose to work in the greatest possible harmony with the National Railways consistent with the interests of your property and of its owners, and in the expectation that the contribution of this Company to the country's development and the importance of the services which it has rendered, and is rendering, will be fully recognized and appreciated by the Government of Canada. I am convinced that the vast majority of Canadians, especially the business interests of the country, do not desire to see the Company either absorbed or menaced. I do not know of any situation which has arisen which should give the shareholders of this Company any apprehension or ground for the belief that in working out the railway problems of the country in the future their interests will be adversely or unfairly affected.

I should, perhaps, add too that no proposals of any kind from the Company to the Government or from the Government to the Company have been made save those having to do with the question of reducing economic waste through the elimination so far as possible of duplicate services.

Since the Report reached you, the Company has suffered a serious loss in the death of Sir Augustus M. Nanton, which occurred on the 25th of last month. Sir Augustus had been a loyal friend of the Company for many years, a Director since 1914 and a member of the Executive Committee since 1923. He was a man of exceptional qualities of mind and heart, conscientious to a degree, genuine, courteous, of unimpeachable integrity, unremitting in his efforts wherever the interests of the Company or of other corporate affiliations required it, and possessed of conspicuously sound judgment in commercial and financial matters. It might be truly said of him that his unselfish sense of duty, tremendous energy and unceasing zeal in everything he undertook impaired a naturally robust constitution. Most of his life was spent in the West, with the problems of which he was entirely familiar and the interests of which he had deeply at heart. Rarely has the Company had on its Board a man of greater faith in its operations or greater loyalty to its officers and employees nor one who gave its interests more consistent or more diligent consideration. In his passing his associates on the Board have lost a valued friend and Western Canada its most outstanding citizen.

I have the pleasant duty of advising you that the service of the officers and men of the Company during the year just ended was all that could be desired and that in the face of competition of an unusual character they have been most assiduous and loyal in the Company's interest. The appreciation of the Directors is sincere because it is thoroughly deserved, and the fact that year after year I am permitted, speaking for them, to acknowledge their debt to the officers and men of the Company for their loyalty and efficiency must constitute evidence of the continuance of the high morale for which they have always been notable.

The report having been considered, it was moved by Mr. E. W. Beatty, seconded by Sir Herbert S. Holt, and unanimously

Resolved—That the report on the affairs of the Company for the year ended 31st December, 1924, now submitted, be and the same is hereby adopted, and that the expenditures on capital account reported and recommended therein be and the same are hereby approved and authorized.

The following resolution relating to the construction of the Toronto Viaduct, referred to in the Annual Report, was submitted, and on motion of Sir Thomas Tait, seconded by Mr. Alister F. Mitchell, was unanimously adopted, viz.:—

Resolved—That the Agreement, dated November 7th, 1924, between the City of Toronto, the Canadian National Railway Company, the Canadian Pacific Railway Company and the Toronto Harbour Commissioners respecting the construction of a viaduct in the City of Toronto from a point at or near Bathurst Street on the West to a point at or near

Logan Avenue on the line of the Canadian National Railway, and to a point at or near Eastern Avenue on the Toronto Belt Line Railway on the East, with an overhead bridge at Spadina Avenue and with subways at York, Bay, Yonge, Jarvis, Sherbourne, Parliament, Cherry and Queen Streets and Eastern Avenue, and providing for the location of the viaduct and the re-arrangement of existing tracks and yards, and the payment by the City of Toronto of thirty per cent. of the cost thereof be and the same is hereby approved, ratified and confirmed.

The following resolution relating to the financing of the cost of construction of the New Union Station, terminals and Viaduct at Toronto, was submitted to the meeting, and on motion of Mr. William A. Grant, seconded by Mr. Edgar Smith, was unanimously adopted, viz.:—

Resolved—That for the purpose of financing the Company's share of the cost of constructing the New Union Station, terminals and viaduct at Toronto, pursuant to the Act of Parliament, 14-15 George V., Chapter 70, the Directors are hereby authorized to issue Consolidated Debenture Stock bearing interest at Four per cent. (4%) per annum, for the purpose of acquiring one-half of the bonds, debentures or other securities at any time issued by The Toronto Terminals Railway Company, provided that the annual charge for interest on such Consolidated Debenture Stock shall at no time exceed in amount the interest on the securities so acquired.

The following resolution authorizing the construction of Branch Lines and the issue of Four per cent. Consolidated Debenture Stock in respect thereof, referred to in the Annual Report, was submitted, and on motion of Mr. Henri Jonas, seconded by Mr. W. B. Blackader, was unanimously adopted, viz.:—

Whereas it is in the view of the Directors expedient that the undermentioned portions of Branch Lines be constructed in the near future, as follows:—

Cutknife-Whitford Lake Branch, Mile 40-95	55 miles
Amulet-Dunkirk Branch, Mile 25-45	20 miles

Pashley Northeasterly Branch—Pashley to junction with Leader Southerly Branch.............. 33 miles
Pashley Northeasterly Branch-Pivot to Fox Valley. 25 miles
Fife Lake Branch, Southeasterly from a junction with the Moose Jaw Southwesterly Branch.... 43 miles

It is therefore resolved—That the Directors be and they are hereby authorized to proceed with the construction of the said portions of the said Branch Lines when in their opinion conditions warrant, and that to aid in the construction and equipment of the said portions of the said Branch Lines the Directors be and they are hereby authorized to issue and dispose of Consolidated Debenture Stock to such an amount as they may deem expedient, but not exceeding in respect of any of the said lines the amount which the Company is or may be empowered by Statute to issue.

The President explained and laid on the table a draft of an agreement with the Minneapolis, St. Paul and Sault Ste. Marie Railway Company varying the working arrangement of May 27th, 1890, by providing for the guarantee by this Company of interest at the rate of Five per cent. per annum instead of Four per cent. per annum on First Consolidated Mortgage Bonds for the purpose of refunding the outstanding Mortgage Bonds of the Minneapolis, Sault Ste. Marie and Atlantic Railway Company, and submitted the following resolution which, on motion of Hon. Frederick L. Béique, K.C., seconded by Mr. F. W. Molson, was unanimously adopted, viz.:—

Whereas the Company's Board of Directors consider it advantageous to enter into an agreement with the Minneapolis, St. Paul and Sault Ste. Marie Railway Company varying the subsisting working agreement dated May twenty-seventh, 1890, by providing that this Company shall guarantee the interest at the rate of Five per cent. (5%) per annum instead of Four per cent. (4%) per annum on the First Consolidated Mortgage Bonds of the Minneapolis, St. Paul and Sault Ste. Marie Railway Company to be issued to the aggregate principal amount of Eight Million One Hundred and Thirty-six Thousand Dollars ($8,136,000.) for the purpose of refunding the outstanding First Mortgage Bonds of the Minneapolis, Sault Ste. Marie and Atlantic Railway Company aggregating the same principal amount.

Now therefore it is resolved—That the shareholders do hereby approve of the transaction embodied in the said agreement, and do authorize the Board of Directors to cause the said agreement to be executed under the corporate seal of the Company and the signatures of such of its officers as they may appoint for that purpose, and from time to time to do whatever may be necessary in order to carry out and give effect to the terms thereof.

The meeting then proceeded to the election of Directors to replace the four retiring Directors, and on motion of Sir Herbert S. Holt, seconded by Mr. J. K. L. Ross, the following resolution was unanimously adopted, viz.:—

Whereas in pursuance of By-law No. 6, Mr. Edward W. Beatty, Hon. Frederick L. Béique, K.C., Mr. Charles R. Hosmer and Rt. Hon. Lord Shaughnessy, K.C., 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 Mr. William R. Miller and Lt.-Col. 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 Secretary read the report of the scrutineers, which declared that Mr. Edward W. Beatty, Hon. Frederick L. Béique, K.C., Mr. Charles R. Hosmer and Rt. Hon. Lord Shaughnessy, K.C., 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.

Chairman.

E. Alexander

Secretary.

At a meeting of the Board held immediately after the Shareholders' meeting Mr. E. W. Beatty was elected Chairman and President of the Company, and Mr. Grant Hall, Vice-President, and the following were appointed the Executive Committee:—

MR. E. W. BEATTY,
MR. GRANT HALL,
SIR HERBERT S. HOLT,
MR. CHARLES R. HOSMER,
SIR VINCENT MEREDITH, BART.,
MR. W. N. TILLEY, K.C.