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CANADIAN PACIFIC RAILWAY COMPANY.

ISSUE OF £3,093,700 $3\frac{1}{2}$ PER CENT. 50 YEAR LAND GRANT BONDS OR INSCRIBED STOCK.

Interest unconditionally Guaranteed by the Government of the Dominion of Canada.

MESSRS. BARING BROTHERS & CO. are prepared to receive applications for £3,093,700 Land Grant Bonds or Stock of this Company, bearing interest at the rate of $3\frac{1}{2}$ per cent. per annum from the 1st July, 1888, payable half-yearly on the 1st of January and 1st of July of each year. The principal will become due 1st July, 1938.

Under an Agreement between the Dominion Government and the Company, the full interest on this issue up to the date of maturity is unconditionally guaranteed by the Dominion Government, by which also the funds destined to repay the principal will be held in trust as described in the said Agreement, copy of which is annexed. This Agreement has received legislative sanction and was approved by the Shareholders at their Meetings of the 9th and 30th ultimo.

The principal is secured by a Mortgage to Trustees of the whole Land Grant of the Company, consisting of 14,934,230 acres, which is free from all liabilities except (about \$2,300,000) in respect of old Land Grant Bonds. The Trustees for the Bondholders will be the Minister of the Interior for the time being, or such other Minister as the Dominion Government shall name, and two other persons approved by the Dominion Government.

The Company's sales in the past year averaged \$3.39 $\frac{1}{2}$ per acre, and the President states that from present prospects he feels warranted in believing that within a comparatively short period the land sales will be sufficient to cover the new issue, when by Clause 6 of the Agreement, the Bonds will become Dominion Government Bonds both as to Principal and Interest.

The Bonds will be in denominations of £1,000, £500, and £100, and Inscribed Stock will be transferable in any amount divisible by £10. Bonds to Bearer may at any time be converted into Registered Stock, but Registered Stock cannot be converted into Bonds to Bearer.

The price of issue is 95 per cent., payable as follows:—

£5 per cent. on application.		
20	"	" allotment.
25	"	" 20th July, 1888.
25	"	" 21st August, 1888.
20	"	" 20th September, 1888.
£95 per cent.		

The failure to pay any instalment when due forfeits all previous payments.

The remaining instalments may be paid up under discount, at the rate of 3 per cent. per annum on allotment, or on any Tuesday or Friday subsequent to the issue of Scrip Certificates.

The Subscription will be closed on or before the 5th instant at 4 p.m., and in cases where it is not practicable to make any allotment, the amount deposited on application will be returned as soon as possible.

Subscriptions will also be received in Amsterdam by Messrs. HOPE & CO.

8, BISHOPSGATE STREET WITHIN,
1st June, 1888.

COPY OF AGREEMENT

BETWEEN THE

Dominion Government & The Canadian Pacific Railway Company,

WHICH AUTHORISES THIS ISSUE.

Whereas it has been agreed between the Government and the Company, amongst other things, that the restrictions contained in clause fifteen (15) of the contract, dated the twenty-first day of October, A.D. 1880, and executed between the Government and the said Sir George Stephen and others on behalf of the Company, shall be removed, and that in order to enable the Company, notwithstanding such removal, to preserve to Canada and its seaports the carrying trade for which the Canadian Pacific Railway was designed and constructed, the Government shall assist the Company in the manner and upon the conditions hereinafter described, in obtaining funds wherewith to perfect its connections, increase its rolling stock, and otherwise improve its position, and that the said agreement shall be evidenced by the execution of these presents.

Now these presents witness that the said parties have mutually agreed each with the other as follows, that is to say:

1. The Company agrees that all restrictions imposed upon the action of the Dominion Parliament by the terms of the said clause fifteen of the said contract, as set out in the schedule to the Act 44th Vic., chap. 1, shall now cease to exist, and they are accordingly hereby removed for ever.

2. The Government agrees to guarantee the payment of interest up to the time of maturity on bonds of the Company, to be hereafter issued, to an amount not exceeding in the aggregate fifteen million dollars (or its equivalent in sterling money), the principal to be payable not later than fifty years from their date, and the interest thereon to be payable half-yearly at the rate of three and one-half per centum per annum, such bonds to be secured as hereinafter specified on the unsold lands to which the Company is still entitled out of the subsidy of twenty-five million acres mentioned in the said contract, and which unsold lands are now estimated at fourteen million nine hundred and thirty-four thousand two hundred and thirty eight acres.

3. The security shall be by deed of bargain and sale, by way of mortgage to three trustees, of all the Company's title to the said unsold lands, which mortgage shall contain such conditions for securing the said bonds, such remedies for enforcing the payment thereof with interest, and such provisions (consistent with the terms of this agreement) respecting the sale of the said lands and the disposition of their proceeds as are authorised by the charter of the Company and its amendments, and as shall be approved by the Governor-in-Council.

4. It shall be a condition of the said mortgage that the net proceeds of the sales of the said lands shall from time to time be paid over to the Government, and the Company may, at its option, also pay over other moneys to the Government, the whole to constitute a fund to be set apart and held by the Government exclusively for the purpose of satisfying the principal of the said bonds.

5. On the money thus set apart, which is not to exceed an amount sufficient to redeem the outstanding bonds of the said issue, the Government shall pay to the Company half-yearly on the first day of the months of July and January, in each year, interest at the same rate as that carried by the said bonds, namely, three and one-half per centum per annum, the same to be applied towards satisfying interest as it shall mature on the said bonds. But if the Company should at any time make default in the payment of any interest which may become due on any of the said bonds then, if required by the Government, the Company shall thereafter pay over to the Government all interest which it may collect, under uncompleted sales, upon the price of lands sold, as well as of the principal realised from the sales thereof, and the Government shall allow, on the amount of such payments, interest at the said rate, and shall apply all of such additional payments and the interest thereon, as well as all interest accrued on the said principal fund, towards satisfaction of the interest on the said bonds.

6. As soon as the aggregate amount of the said fund in the hands of the Government shall equal the principal of all bonds of the said issue then outstanding, then the Company may pay in to the said fund also a sum sufficient to cover the interest, if any, up to that time, and thereupon the said mortgage shall be discharged, and the Government shall assume and pay all interest which shall thereafter become due on the said bonds, as well as the principal of the said bonds at maturity; and the Company shall be thereafter for ever freed from any liability in respect of such principal or interest; nothing herein contained to be construed as making the Government liable at any time to pay any part of the principal of the said bonds, except in so far as the Company shall have provided it with a fund for that purpose in the manner herein-before specified.

7. The Minister of the Interior for the time being, or such other Minister as the Government shall name, shall be one of the trustees under the said mortgage, and the appointment of any other trustee or trustees shall be subject to the approval of the Government.

8. All land grant bonds forming part of the former issue by the Company, and now held by the Company (amounting to four million dollars), shall be cancelled and destroyed, and the said mortgage shall be subject to the payment of such of the said land grant bonds as are now outstanding in the hands of the public, amounting to about \$3,463,000 three million four hundred and sixty-three thousand dollars, but the sums due or to become due to the Company for unpaid purchase money of lands heretofore sold, amounting to about (\$1,200,000) one million two hundred thousand dollars, shall be applied towards the payment of the said land grant bonds now outstanding, according to the provisions of the mortgage securing the same.

[Paragraphs 9, 10, and 11 do not appertain to this issue.]

12. The Company will expend the proceeds of the sale of the said bonds so to be issued as aforesaid, as stated in the schedule hereto marked "A."

13. The rights and liabilities of the respective parties hereto shall be determined, and this agreement shall be construed as binding on them according to the law of the place where it is executed.

14. The Supreme Court of Canada shall have jurisdiction to decide any question which may arise concerning the rights or liabilities of the said parties, or of either of them, under this agreement, and to enforce the provisions thereof in such manner and by such proceedings as to the said court may seem proper.

15. The legislation necessary to give effect to this agreement and to enable its provisions to be carried out shall be asked for from Parliament at its present Session.

Witness our Hands and Seals at the City of Ottawa, this eighteenth day of April, A.D. 1888.

Signed, Sealed, and delivered in the presence of,
of, as to the execution by Hon. J. H. Pope. (Signed) J. H. POPE.

(Signed) ROBT. SEDGEWICK.

As to the execution by Sir George Stephen. (Signed) GEO. STEPHEN.
(Signed) A. PIERS.

SCHEDULE "A" REFERRED TO IN FOREGOING AGREEMENT.

Showing how the Company will expend the proceeds of the sale of the Bonds referred to in the annexed Agreement.

1. On account of Capital Expenditure on Main Line between Quebec and Vancouver, in buildings of various kinds, snow-sheds, sidings, permanent bridges, filling trestles, reducing grades and curves, and other improvements and facilities, and on vouchers and pay-rolls	\$5,498,000
2. For required rolling stock, locomotives, box cars, passenger cars, flat cars, tool cars, snow ploughs, &c.	5,250,000
3. For required improvements on the said main line, elevators, bridges, locomotive shops, filling trestles, sidings, docks, lake and coast steamers, the residue, whatever it may be, estimated at	4,252,000
	<u>\$15,000,000</u>

Note.—The expenditure on Item 3 may be increased, and for that purpose the expenditure on either of the other items may be diminished.

(Signed) { J. H. POPE,
GEO. STEPHEN.

Deposit No.

Allotment No. 202243.6

DOMINION OF CANADA.

Canadian Pacific Railway Company.

ISSUE OF £3,098,700 3½ PER CENT. 50 YEAR LAND GRANT
BONDS OR INSCRIBED STOCK.

Interest unconditionally Guaranteed by the Government of the Dominion of Canada.

Messrs. BARING BROTHERS & Co.,

_____ request that you will allot to _____

£ _____ in Bonds to Bearer

£ _____ in Stock

nominal capital of the above Loan on which _____ enclose the required
deposit of Five per Cent. or £ _____, and _____ agree to
accept that amount or any less amount that may be allotted to _____, and
to pay the balance of such allotment according to the conditions of your Prospectus
of the 1st instant.

Signature _____

Name in full _____

Description _____

Address _____

Broker _____

Date _____

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