Canadian Pacific Railway Company.

ISSUE OF

£903,375 STERLING PERPETUAL 4 PER CENT. CONSOLIDATED DEBENTURE STOCK.

Messrs. **BARING BROTHERS & CO.** are prepared to receive applications for the above Stock, bearing interest at the rate of 4 per Cent. per annum, from the 1st October, 1889, payable at the Company's London office, on the 1st January and 1st July in each year, the said Stock being issued under the powers conferred by "The Canadian Pacific Railway Act, 1889," and by the Shareholders of the Company at the meeting held in May, 1889.

A Coupon, for three months' interest due 1st January, 1890, will be attached to the Scrip.

The price of issue is 90 per Cent., payable as follows :—

£ 5	per Cent. on	Application.
20	" "	Allotment.
30	" "	15th November.
35	" "	13th December.
£90		

The Balance Sheet of the Company for the year 1888 showed surplus net earnings of $326,423 after providing for all fixed charges, and from the experience of the current year (the net revenue for the eight months to August 31st having been $3,243,000), the officials of the Company estimate the net earnings for 1889 at upwards of $6,000,000, or at least $2,200,000 in excess of the fixed charges for the year. And further, the Company have funds with the Dominion Government from which the annuity of 3 per Cent. upon the share capital is provided and secured to the shareholders for a yet unexpired period of four years.

The proceeds of £835,312 10s. of this issue will be applied to take up $3,240,000 5 per Cent. Preferred Stock issued by the Atlantic and North-West Railway Company to complete the construction and equipment of its railway, the payment of the interest on which Preferred Stock has been assumed by the Canadian Pacific Railway Company as additional rental of the said Atlantic and North-West Railway, and the balance to complete a branch line of eleven miles from Mission, a station on the Company's line in British Columbia, to connect at the International Boundary with a line now being built by an American Company to the City of Seattle on Puget Sound. This line forms the last link in the chain of railway connections along the Pacific Coast from the Canadian Pacific Railway to the Gulf of California.

The issue of 4 per Cent. Debenture Stock is strictly defined by the Act, the full text of which is printed overleaf. Except for the purposes above-mentioned this stock may only be issued, first, in substitution of the present bonded and similar indebtedness, according to the Schedule appended to the Act, and to such an amount as shall not exceed the interest charge of such indebtedness thereby cancelled; and, second, to the extent of £500 a mile for such improvements and auxiliary work as may from time to time become necessary and be authorised by two-thirds of the Stockholders present in person or by proxy at a meeting called for the purpose.

The failure to pay any instalment when due renders all previous payments liable to forfeiture.

The remaining instalments may be paid up under discount at the rate of 4 per cent. per annum on any Tuesday or Friday subsequent to the issue of Scrip Certificates.

The subscription will be closed on or before the 11th 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.

8, Bishopsgate Street Within, E.C.
October 8th, 1889.

An Act respecting the Canadian Pacific Railway Company.

(Passed at the Session of Parliament held in 52nd Victoria, 1889).

WHEREAS the Canadian Pacific Railway Company has, by its petition, represented that its railway system is composed of various railways, having an aggregate mileage of five thousand and ninety-seven and one-half miles, principally lying within the Dominion of Canada, each of which it now holds either as owner or lessee; that it has entered into obligations in respect thereof, in some cases for debts and securities created by other parties upon such railways and assumed by it as part of the price of acquisition thereof, in some cases for the rental of leased railways, payable to the holders of shares and securities issued by the lessors, and in other cases for charges created by itself upon the railways owned by it, such obligations bearing different rates of interest, being payable at different periods respectively, and being described in detail in the schedules A and B, to this Act appended; that for the purpose of consolidating its said obligations, and for the other purposes in its said petition and hereinafter described, it desires to issue consolidated debenture stock, bearing interest at a rate not exceeding four per cent. per annum, and constituting a charge upon its entire railway system; and whereas it has prayed for authority to consolidate its said indebtedness and to make the said issues of consolidated debenture stock upon such conditions and with such powers as Parliament deems fit, and it is expedient to grant the prayer of the said petition: Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act May be cited as "*The Canadian Pacific Railway Act*, 1889."

2. The expression "the Company," when used in this Act means the Canadian Pacific Railway Company, as now constituted.

3. The Company, being first authorised so to do by at least two-thirds of the votes of the shareholders present or represented at a special general meeting duly called for the purpose, may, from time to time, issue consolidated debenture stock, payable either in Canadian currency or in sterling money of Great Britain, and bearing interest at a rate not exceeding four per cent. per annum, which consolidated debenture stock shall, subject to the priorities created in respect of charges existing at the time of such issue and to the payment of any penalty imposed for non-compliance with the requirements of "*The Railway Act*" respecting returns to be made to the Minister of Railways and Canals, and to the payment of working expenses as at present defined by law, become a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, including all the rights of the Company in the several railways held by it under lease and all branches or extensions of the said railways now held by the Company, either as lessees or proprietors thereof, including the branch from Mission hereinafter mentioned; but the charge created by such consolidated debenture stock on any branch or extension of any railway, or any part thereof, held or operated by the Company and lying in whole or in part beyond the international boundaries of Canada, shall be according to the law of the State in which such branch or extension or portion thereof is situate: Provided always, that nothing in this Act shall take from any of the securities mentioned in the said schedules any right or priority which it now has, or give it any new right.

4. The amount of consolidated debenture stock which may be so issued by the Company shall be composed of—

(*a.*) Such amounts as are issued for the purpose of satisfying the said existing obligations or of acquiring the stock or other security in respect of which they exist, upon such terms as are from time to time agreed on between the Company and the holders thereof;

(*b.*) Such further amounts for the general purposes of the Company, the annual interest upon which, in addition to the annual interest upon the consolidated debenture stock issued under the next preceding paragraph, together with the annual interest, dividends and rentals, as the case may be, payable in respect of so much of the said existing obligations as are still outstanding, shall never exceed the annual charges on the Company set out in the schedules to this Act, namely the sum of four million three hundred and sixty-five thousand and twenty-nine dollars or its equivalent in sterling money;

(*c.*) A further amount to be issued for the improvement of the said railways held by the Company either as owner or lessee, including double tracks, sidings, permanent bridges, grain elevators, warehouses, workshops, wharves and grounds, and for additions to its plant and equipment, not exceeding in the aggregate five hundred pounds sterling per mile of such railways;

(*d.*) And a further amount not exceeding three hundred and thirty thousand dollars for the completion of a branch line of eleven miles, now under construction from Mission in British Columbia to a point south thereof on the International boundary.

5. The consolidated debenture stock authorized to be issued under paragraphs (*a*), (*b*), (*c*) and (*d*) of the next preceding section of this Act respectively, and the proceeds thereof, if sold, shall be used exclusively for the purposes mentioned in the said several paragraphs respectively and for no other purposes whatever.

6. So long as any portion of any one of the said obligations set out in the schedules to this Act is not satisfied, or the stock or other security in respect of which such obligation exists is not acquired, under the provisions hereof, the portion of such obligation, if any, which has been satisfied and the portion of such stock or other security which has been acquired, shall be held by the Company as still subsisting and continuing as a security *pro tanto* for the benefit of the holders of the said consolidated debenture stock, in the same way in all respects as if the portion so satisfied or acquired had been duly transferred to and was held by trustees for the benefit of the holders of the said consolidated debenture stock: and when the whole of any one of such obligations shall be satisfied, or the stock or other security in respect of which it exists shall be acquired, then it may be either cancelled or continued in force in the way above mentioned, whichever shall be most for the advantage of the holders of the debenture stock so to be issued under this Act as aforesaid and of the shareholders of the Company; but unless and until default is made in payment of any interest on such stock, the revenue derived from the portion so redeemed, acquired or converted, shall be considered as part of and included in the general revenue of the Company.

7. The holders of the said consolidated debenture stock shall not have the right of voting thereon, unless and until the Company makes default in the payment of a portion of an instalment of the interest due thereon, constituting not less than ten per cent. of such instalment of interest on the outstanding consolidated debenture stock, nor unless and until such default has continued for the space of ninety days.

2. But if such default occurs, and as often as it occurs and continues for ninety days, all holders of debenture stock issued and outstanding shall *ipso facto* have the right to vote thereon as shareholders, at all meetings of the shareholders of the Company, in the proportion of one vote for every one hundred dollars thereof (not including fractions of such sum) and shall have all the rights and powers of ordinary shareholders; and from and after the period at which holders of the said consolidated debenture stock acquire such right, the ordinary shareholders or holders of the common stock shall cease to have the right to vote or act as shareholders of the Company.

3. But if at the end of any calendar year which elapses after such default, the net earnings up to that date are sufficient to satisfy all interest in arrears, including the interest matured for and during that year, or, if not sufficient, if the shareholders pay the deficiency, then in either of such cases and thereafter, the right of the holders of consolidated debenture stock to vote as aforesaid shall cease, and the right of ordinary shareholders or holders of common stock to vote and act as shareholders shall revive and shall thereafter have full force and effect, but subject from time to time to all the provisions hereof in the event of a subsequent default in the payment of interest as aforesaid for ninety days.

8. Previous to the issue of any of the consolidated debenture stock hereby authorised, the Company shall make by-laws prescribing the amounts in which, or in multiples of which, the said stock shall be issued, and the rate or respective rates of interest thereon, and whether different issues shall bear different rates of interest, if deemed expedient, and the dates and places at which such interest shall be payable, containing also provisions for the convenient transfer and registration of such consolidated debenture stock, which registration may be in classes if such stock is issued at different rates of interest (each class comprising only stock bearing one and the same rate of interest,) and the due exercise of the remedies of the holders thereof, and for all other matters incidental to the said issue, its protection and general management; and such by-laws shall form the basis of the issue of such consolidated debenture stock. and shall not be altered in any matter affecting the interests of the holders of such stock otherwise than as is therein provided; and a certified copy of such by-laws, authenticated by the seal of the Company, shall be deposited for reference in the office of the Secretary of State of Canada.

9. The amount of the debenture stock to be issued under this Act in respect of the Atlantic and North-West first mortgage bonds shall be governed by the annual charge thereon specified in Schedule A, until the subsidy in respect of that railway specified in Schedule B shall cease to be paid, after which time the Company may make a further issue of debenture stock in respect of those bonds, on which further issue the interest shall not exceed one hundred and eighty-six thousand, six hundred dollars per annum; and no debenture stock shall be issued under this Act in respect of the North Shore Railway bonds mentioned in Schedule B until the liability of the Company to pay interest thereon shall have become positive.

10. This Act shall not apply to any of the lands to which the Company is or may become entitled by way of subsidy under the terms of the Act which authorized its incorporation, nor shall this Act affect any present incumbrance on such lands or any part thereof or any agreement in respect of the same.

SCHEDULE A

Obligations.	Amount.		Rate of Interest.	Interest or Annual Charges.		Date of Maturity
	£	$	per cent.	£ s.	$	
Canadian Pacific Railway—First Mortgage Bonds	7,191,500	34,998,633	5	359.575	1,749,932	July 1, 1915
Algoma Branch—First Mortgage Bonds	750,000	3,650,000	5	37,500	182,500	" 1, 1937
Canada Central—First Mortgage Bonds, original issue £500,000; interest to maturity on deposit with Dominion Government, amount £10,500, added each year and Bonds retired, leaving amount to be paid at maturity	....	850,000	....	10,500	51,100	Sept. 1, 1899
Canada Central—Second Mortgage Bonds	200,000	973,333	6	12,000	58,400	Nov. 1, 1910
St. Lawrence and Ottawa—First Mortgage Bonds	200,000	973,333	4	8,000	38,933	June 15, 1910
Manitoba South-Western Colonization Ry.—First Mortgage Bonds	....	2.544,000	5	....	127,200	" 1, 1934
Atlantic and North-West—First Mortgage Bonds	1,330,000	6,472,667	....	28,013 14	137,033	Jan. 1, 1937
Do. Guaranteed and Preferred Stock	....	3,240,000	5	....	162,000	
North Shore Railway—First Mortgage Bonds	126,600	616,120	5	6,330	30,806	April 20, 1904
Toronto, Grey and Bruce—First Mortgage Bonds	719,000	3.499,133	4	28,760	139,965	July, 1904
Ontario and Quebec—Ordinary Stock	....	2,000,000	6	....	120,000	
Do. Debenture do.	4,007,382	19,502,591	5	200,369	975,129	
Province of Quebec on Q.M.O. & O. Ry.	....	3,500,000	5	....	175,000	Sept. 1, 1902
Do. North Shore Ry.	....	3,500,000	5	....	175,000	"
		$86,319,810			$4,122,998	

SCHEDULE B.

	£	$	per cent.	£ s.	$	
North Shore Railway—First Mortgage Bonds in hands of the Government on which there is a contingent liability of the Company to pay interest in case at some future time the earnings of that road become adequate for the purpose	227,800	1,108,626	5	11,390	55,431	April 20, 1904
Atlantic and North-West—First Mortgage Bonds above mentioned on which there will be an increased yearly charge of $186,600 after the Government subsidy of that amount expires at the end of 20 years	....	....	5	38,486 6	186,600	Jan. 1, 1937
		$1,108,626			$242,031	