REPORT OF THE PROCEEDINGS

AT THE

TWENTY-THIRD ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, OCTOBER 5TH, 1904.

AT THE

GENERAL OFFICES OF THE COMPANY, AT MONTREAL.

Canadian Pacific Railway Company

REPORT

OF THE PROCEEDINGS AT THE TWENTY-THIRD ANNUAL MEETING OF THE SHAREHOLDERS, HELD AT MONTREAL, ON WEDNESDAY, OCTOBER 5TH, 1904.

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 Board, Sir William C. Van Horne, K.C.M.G., 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 G. Shaughnessy, in moving the adoption of the report on the affairs of the Company for the fiscal year ended June 30th, 1904, said :—

In moving the adoption of the Annual Report, which was printed and distributed to the shareholders some weeks ago, I am glad to be able to say, after an extended inspection of your Western Lines, that the conditions prevailing in the country served by your railway are generally very gratifying. Progress and thrift are apparent in every direction, and the result of the harvest in Manitoba and the Territories, while it will not meet the anticipation of the early summer, will be quite satisfactory, and the return to the producers will, by reason of the enhanced price of wheat, be considerably larger than it was a year ago.

The works of improvement on the different sections of your railway,which have been in progress for the past three years, are practically completed, and, with a few exceptions, they are now being utilized to your great convenience and advantage. For some reasons it was unfortunate that so much important work had to be crowded into so short a period, but your Directors are convinced that the prudent policy of postponing large capital expenditures, until your revenue was established upon a basis that would warrant them beyond peradventure, was best in your interests, and met with your approval.

In this connection a brief analysis of the changes in your balance sheet during the last three years may be interesting. Since June 30th, 1901, there has been no change in your mortgage debt, but the total amount of debenture stock and share capital has been increased by $43,788,468. During the same period 769 miles of railway have been added to your system, and two hundred miles more are practically completed ; the Atlantic and the Pacific Coast Steamship Lines have been acquired and supplemented at a cost of about $8,000,000; your rolling stock equipment has been increased by nearly forty per cent. at a cost of over $12,000,000 ; extensive and most modern shops and machinery have been provided at Montreal and other points on the system at a cost of nearly $4,000,000 ; the yards and terminals at Montreal, North Bay, Fort William, Ignace, Winnipeg, Brandon, Broadview, Regina, Moosejaw and other points of lesser importance have been enlarged, in many cases more than doubled in size ; additional grain elevators have been provided at Fort William and Port Arthur ; an important amount has been expended for the reduction of gradients and improvement of alignment to enable you to increase the haulage capacity of your locomotives, and miles of new crossing sidings have been built and old ones lengthened so that they may accommodate longer trains.

During the three years your gross revenue from traffic has grown from $30,855,000 in 1901 to $46,469,000 in 1904, or about 51 per cent.

Your Land Grant Bonds outstanding at the end of the fiscal year 1901 amounted to $17,831,000, while at the end of 1904 only $11,500,000 remained to be provided for, and in the intervening period the deferred payments on land sold increased from $3,652,869 to $15,252,308 ; so that your large capital expenditures to improve the standard of your property and fit it for the handling of a much greater volume of traffic came just at the time when the marked change in your affairs made it easy for you to provide the requisite funds.

With the construction of the second track between Fort William and Winnipeg, upon which work will be commenced this Autumn, the main lines west of the Lakes will be in excellent shape, but many of the branch lines, upon which there has been a large increase of business, will require attention ; some sections of the system east of Lake Superior can be improved with excellent results, and additions to your locomotive and car equipment must continue to be made unless your Directors are deceived as to the future.

Hence your Directors decided to recommend an increase in your Ordinary Share Capital of $25,500,000, to be issued from time to time in such amounts as they might consider desirable. If the requisite authority be given at the special meeting to be held to-day, it is the intention of your Directors to offer to the shareholders of record, at a date to be forthwith fixed for the closing of the books for the purpose, an amount of $16,900,000, of the new stock at par, being the equivalent of one share in five.

Reference is made in the Annual Report to the irrigation work now in progress on your lands in the vicinity of Calgary. Rather than select lands in remote districts to satisfy the final 3,000,000 acres of your Grant, your Directors arranged with the Government to take the lands along the line of your railway between Langevin and Calgary in solid blocks instead of alternate sections. The soil is good and the climate excellent, but the rainfall in that district is not reliable. To overcome this difficulty a system of irrigation canals is being provided. The present expenditure will cover the cost of lateral canals to serve about 300,000 acres only, but it will also complete the main canal for a much larger area. The money for the purpose has been appropriated from the proceeds of sales of land not covered by the land mortgage, and if the project prove as successful, and the consequent value of your lands be enhanced as your Directors anticipate, they will ask your authority to continue the work over the remaining 2,700,000 acres. Apart from the higher value that will be given to your lands, the advantage from a traffic stand-point of having this large area along your main line brought under cultivation cannot be over-estimated.

The report having been considered, it was moved by Sir Thomas G. 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, 1904, now submitted, be and the same is hereby adopted.

The following resolution relating to the lease to this Company of the Tilsonburg Lake Erie and Pacific Railway, referred to in the Annual Report, was submitted, and on motion of The Hon. L. J. Forget, seconded by Wilmot D. Matthews, Esq., the same was unanimously adopted, viz. :

Resolved,—That the Indenture of Lease from the Tilsonburg Lake Erie and Pacific Railway Company, as lessor, to this Company, as lessee, of which a draft is submitted to this meeting, endorsed by the Secretary for the purpose of identification, be and the same is hereby sanctioned and approved, which Indenture, amongst other things, demises to this Company for the term of nine hundred and ninety-nine years, the railway of the Tilsonburg Lake Erie and Pacific Railway Company from Port Burwell to Ingersoll, and all other railways or branches heretofore or hereafter constructed by that Company, and their appurtenances, at an annual rental of a sum equal to the interest payable on all bonds carrying interest at a rate not exceeding four per cent. per annum, payable half-yearly, which the Lessor may issue at the request of this Company expressed in writing under its corporate seal, the payment of such interest being guaranteed by this Company, the aggregate of all such Bonds outstanding not to exceed at any time the rate of twenty-five thousand dollars per mile of railway then either constructed or under contract to be constructed;

And further resolved, that the President and Secretary be and they are hereby authorized to execute the said Indenture, on behalf and under the Corporate Seal of this Company, with such verbal changes, if any, as they may deem proper not altering the substance thereof as above described.

A draft of the proposed lease from La Compagnie du Chemin de Fer de Colonisation du Nord, of that Company's Railway to this Company, referred to in the Annual Report, was submitted, and on motion of Alfred Piddington, Esq., seconded by Samuel Jeffrey, Esq., the following resolution relating thereto was adopted unanimously, viz. :—

Resolved,—That the Indenture of Lease from La Compagnie du Chemin de Fer de Colonisation du Nord (the Northern Colonization Railway Company) as lessor, to this Company, as lessee, of which a draft is submitted to this meeting endorsed by the Secretary for the purpose of identification, be and the same is hereby sanctioned and approved, which Indenture, amongst other things, demises to this Company for the term of nine hundred and ninety-nine years, the railway of the Northern Colonization Railway Company from a point on the Montreal and Western Railway known as "the Labelle Branch" of the Canadian Pacific Railway, about three miles north of Labelle to Nominingue, in the township of Loranger, in the county of Labelle and Province of Quebec, and all other railways or branches heretofore or hereafter constructed by that Company, and their appurtenances, at an annual rental of a sum equal to the interest payable on all bonds carrying interest at a rate not exceeding four per cent. per annum, payable half-yearly, which the lessor may issue at the request of this Company expressed in writing under its Corporate Seal, the payment of such interest being guaranteed by this Company, the aggregate of all such bonds outstanding not to exceed at any time the rate of twenty thousand dollars per mile of railway then either constructed or under contract to be constructed;

And further resolved, that the President and Secretary be and they are hereby authorized to execute the said Indenture on behalf and under the Corporate Seal of this Company, with such verbal changes, if any, as they may deem proper not altering the substance thereof as above described.

The following resolution relating to the lease to this Company of the Guelph & Goderich Railway, referred to in the Annual Report was submitted, and on motion of The Hon. J. K. Ward, seconded by W. H. Evans, Esq., was unaminously adopted, viz.:—

Resolved,—That the Indenture of Lease from the Guelph and Goderich Railway Company, as lessor, to this Company as lessee, of which a draft is submitted to this meeting, endorsed by the Secretary for the purpose of identification, be and the same is hereby sanctioned aud approved, which Indenture, amongst other things, demises to this Company for the term of nine hundred and ninety-nine years the railway of the Guelph and Goderich Railway Company now under construction from the City of Guelph to the Town of Goderich, Ontario, a distance of $80\frac{1}{10}$th miles, and all other railways or branches heretofore or hereafter constructed by that Company, and their appurtenances, at an annual rental of a sum equal to the interest payable on all bonds carrying interest at a rate not exceeding four per cent. per annum, payable half-yearly, which the Lessor may issue at the request of this Company expressed in writing under its Corporate Seal, the payment of such interest being guaranteed by this Company and the aggregate of all such Bonds outstanding not to exceed at any time the rate of twenty-five thousand dollars per mile of railway then either constructed or under contract to be constructed ;

And further resolved, that the President and Secretary be and they are hereby authorized to execute the said Indenture on behalf and under the Corporate Seal of this Company, with such verbal changes, if any, as they may deem proper not altering the substance thereof as above described.

A resolution authorlzing the acquisition or construction of two additional passenger steamships as recommended by the Directors in the Annual Report was submitted, and on motion of Henry Beatty, Esq., seconded by M. Nolan DeLisle, Esq., the same was unanimously adopted as follows, viz :—

Resolved,—That, in accordance with the recommendation of the Board of Directors, they are hereby authorized to make at such time or times as in their opinion is expedient, all necessary arrangements and contracts for the acquisition, either by construction or purchase, of two additional passenger steamships and equipment to supplement the Company's existing ocean fleets, and to incur the necessary capital expenditure therefor.

The following resolution authorizing the issue of 4% Consolidated Debenture Stock to provide for the cost of construction of the Toronto-Sudbury Branch Line, in accordance with the recommendation of the Directors was read, and on motion of Charles R. Hosmer, Esq., seconded by George Olds, Esq., the same was unanimously adopted, viz :—

Whereas, the Company has commenced the construction of a branch line of railway from a point on its main line in the vicinity of Sudbury, in the Province of Ontario, to a point near Kleinburg on the Ontario Division, a distance of about 235 miles, and it is desirable that such branch line be completed in the near future, and to make provision for the moneys expended and to be expended on the said branch line, and for that purpose to obtain the authority of the shareholders to issue Consolidated Debenture Stock ;

Be it therefore resolved,—That for the purpose of aiding the construction and equipment of the said branch line of Railway, which construction and equipment are hereby approved of, the Directors may 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 $30,000 per mile thereof, and at the same rate for any portion of a mile, bearing interest at the rate of 4% per annum, payable at the times and places and in the same manner as interest is payable on the Consolidated Debenture Stock heretofore issued.

By-law No. 91 passed by the Directors on 9th May last was read as follows :—

By-law No. 91.—The Board of Directors of the Canadian Pacific Railway Company do hereby enact as follows :—

The Fourth Vice-President, the Freight Traffic Manager and the Passenger Traffic Manager of the Company, and such other officer or officers as they or any one of them may designate for the purpose, are and each of them is hereby authorised to prepare and issue tariffs of the tolls to be charged, as provided in the Railway Act, 1903, and any amendments thereof, for all freight and passenger traffic carried by the Company upon that portion of its railway to which the toll clauses of the said Act apply, and upon other railways owned or operated by this Company, and also upon vessels owned or chartered by the Company and carrying freight and passengers between places and ports in Canada.

Dated at Montreal the 9th day of May, 1904.

Whereupon it was moved by The Hon. Robert Mackay, seconded by E. H. Lemay, Esq. and

Resolved,—That By-law No. 91 relating to the issue of tariffs of tolls for passengers and freight to be charged by the Company 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 Edmund B. Osler, Esq., seconded by Richard B. Angus, Esq., the following resolution was adopted, viz :—

Whereas, in pursuance of By-law No. 88 The Hon. Sir George A. Drummond, K.C.M.G., Sir Sandford Flemming, K.C M.G. George R. Harris, Esquire, and Wilmot D. Matthews, Esquire, 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 Charles Meredith, Esquire, and William R. Miller, Esquire, 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 The Hon. Sir George A. Drummond, K.C.M.G., Sir Sandford Fleming, K.C.M.G., George R. Harris, Esquire, and Wilmot D. Matthews, Esquire, had been unanimously re-elected Directors of the Company for the term of four years from the date of this meeting.

The Report of the scrutineers was adopted.

The meeting was thereupon made special for the purpose of considering an increase of the Ordinary Capital Stock of the Company, by an amount not exceeding $25,500,000, in accordance with the notice to the shareholders; and the following resolution on the subject having been read and considered was, on motion of Sir Thomas G. Shaughnessy, President, seconded by Richard B. Angus, Esq., unanimously adopted, viz :

Whereas, the Ordinary Capital Stock of this Company at this date is $84,500,000, divided into 845,000 shares of the par or face value of $100 each, the whole of which has been subscribed for, issued and fully paid up;

And whereas, pursuant to the provisions of Section 3 of the Act 55-56 Victoria, Chapter 35, Canada, the Company being duly authorized in that behalf by its shareholders at a Special General Meeting duly called for the purpose, may from time to time, increase its Capital Stock for any purpose for which the Company requires new capital, to such amounts and at such times as the shareholders at any such meeting may determine, such issue being first approved by the Governor-in-Council ;

And whereas, the rapid expansion of the Company's business and the consequent necessity for improving its property, and adding to its facilities and equipment from time to time, will require new capital ;

And whereas, it is deemed advisable in the interests of the Company that the amounts required for the purposes aforesaid, be obtained by means of a further issue of the Ordinary Capital Stock of the Company ;

And whereas, the Governor-in-Council has approved of an increase of the Ordinary Capital Stock of the Company by an amount not exceeding $25,500,000 ;

Resolved,—1. That an increase of the Company's Ordinary Capital Stock to the extent of 255,000 shares of the par or face value of $100 each, over and above the amount of 845,000 shares of the par or face value of $100 each which this Company is now authorized to issue, be and the same is hereby approved;

2. *That* the said increase of Ordinary Capital Stock be issued by the Directors from time to time according to the exigencies of the Company, and be disposed of by the Directors in such manner and form, at such price not less than par, at such times and upon such terms of payment as the Directors may determine;

3. *That* the proceeds of the said increased Capital Stock be applied in payment of expenditure on Capital Account not otherwise provided for, and for the purposes set forth in the above recitals, in such manner and at such times as the Directors may determine.

And the proceedings terminated.

WM. C. VAN HORNE,
Chairman.

C. DRINKWATER,
Secretary.

At a meeting of the Board held immediately after the shareholders meeting, Sir William C. Van Horne, K.C.M.G., was re-elected Chairman of the Board, and Sir Thomas G. Shaughnessy, President of the Company, and the following were appointed the

Executive Committee:

SIR WILLIAM C. VAN HORNE, K.C.M.G, *Chairman.*
THE RIGHT HON. LORD STRATHCONA AND MOUNT ROYAL, G.C.M.G.
MR. RICHARD B. ANGUS. MR. EDMUND B. OSLER.
SIR THOMAS G. SHAUGHNESSY.