4

REPORT OF THE PROCEEDINGS

AT THE

TWENTY-SIXTH ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, OCTOBER 2ND, 1907,

AT THE

GENERAL OFFICES OF THE COMPANY, AT MONTREAL.

Canadian Pacific Railway Company

REPORT

OF THE PROCEEDINGS AT THE TWENTY-SIXTH ANNUAL MEETING OF THE SHAREHOLDERS HELD AT MONTREAL ON WEDNESDAY, OCTOBER 2ND, 1907.

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, K.C.V.O., in moving the adoption of the report on the affairs of the Company for the fiscal year ended June 30th, 1907, which had been printed and distributed to the shareholders, said:—

The twenty-sixth annual report of the Company, which I have the honour, on behalf of the Directors, to submit for your approval, shows an increase in your gross revenue from traffic of more than eleven million dollars for the year, but the effect of an unusually severe winter and of the enhanced cost of labour and material is shown in the increased ratio of working expenses to income.

You will have noticed by the statements included in the report that the works of improvement on different sections of your system, necessary to facilitate the handling of your traffic, have been vigorously prosecuted, and that the outlay for additional cars and locomotives was particularly large. I may add that since the close of the fiscal year there has been no change in the policy of your Directors with reference to these matters; indeed, unless the business of the country has a serious and prolonged set-back, and there are no present grounds for such an apprehension, circumstances will make it necessary to continue these expenditures year by year, but it may be on a somewhat reduced scale.

To provide the requisite means your Directors will, at a future date, ask you to sanction the issue of the balance of the ordinary share capital authorized, as and when required, but there are sufficient funds in hand to meet all immediate requirements.

In Ontario, although the yield of wheat was satisfactory, the season has not been an auspicious one for other crops, and in Western Canada, where you are more largely interested, the very backward spring has resulted in a shrinkage of probably 25% in the quantity of marketable wheat as compared with last autumn. There will, however, be a very considerable increase in the quantity of oats and other grains, so that, with the higher price of wheat, the farmers of Western Canada will receive in the aggregate quite as much for their produce as they did last year.

Because of the late harvest, and the consequent delay in the movement of grain, we carried to the ports on Lake Superior during the month of September only 1381 carloads as against 4898 carloads in September, 1906; but notwithstanding this large falling off in that particular class of traffic your comparative weekly earnings have thus far shown no diminution, and we anticipate an extraordinary rush of grain to the head of Lake Superior before the close of navigation.

While the comments on the report in financial papers are generally complimentary, my attention has been called to one or two articles in which it is suggested that the Directors should bring before the shareholders the tangible value of the Company's land assets. It is not easy to do this with any degree of accuracy, but it may be fairly assumed that, in the case of your agricultural lands, as sales are made and the area decreases, the value of the remaining lands will be enhanced, and, as a consequence, the 8,900,000 acres of the original grant still unsold will yield on the average a price per acre considerably higher than has heretofore been realized, without in any manner obstructing settlement or depriving your Company of the traffic advantages resulting from the cultivation of lands tributary to your lines.

Your lands in British Columbia are of a different character, their main value being in the standing timber and the possibility of large coal deposits, although there are some areas in the valleys suitable for cultivation. During the last couple of years a considerable demand has sprung up for these lands and the timber, and ultimately they will yield a handsome return.

By the end of the present season 361 miles of canals and ditches will have been completed in the Western section of the irrigation block, sufficient to give water to approximately 210,000 acres out of a total of 350,000 acres to be served in that section, and the ultimate cost of the work, which should be finished next year, will be in the neighborhood of $6.50 per acre, including the expenditure on the main canal which will be available for the Central and Eastern sections as well. While this expenditure gives a largely increased value to the irrigated lands themselves, the adjoining areas, greater in extent, but that are above the ditches and cannot therefore be served by water, are being made available and are now selling at prices considerably above the average of your sales. Thus your Directors confidently believe that not only will your investment in the irrigation canals and ditches be profitable, but that a large tract of territory along your main line East of Calgary, that by reason of the uncertainty of the rainfall would otherwise have remained bleak and uncultivated, will be converted into a pleasing and productive district.

Your steamship lines on both the Atlantic and Pacific Oceans have not only been directly profitable but they are very substantial contributors to the revenue of the railway by bringing to it traffic that could not otherwise be secured.

It may be interesting to the shareholders to know that with the exception of the discount on the original sixty-five million dollars of common stock sold nearly twenty-five years ago, when few people had faith in the ultimate success of the enterprise, the aggregate of all the capital stock and securities of other descriptions appearing in the balance sheet has yielded to your treasury cash in excess of their face value. Government and municipal subsidies, whether in the shape of constructed railway lines or money, and the proceeds of the land sales expended on the property, amounting in the aggregate to more than one hundred million dollars, have never been capitalized, nor are they included in the balance sheet item "Railway and Equipment."

As indicating how widespread is the interest in your property and the confidence in your stock that prevails with investors in Great Britain, on the Continent and elsewhere, I might mention that when the books closed for the October dividend there were 11,203 ordinary shareholders whose respective holdings were fifty shares or less, and from information received through banking and security organizations, whose own certificates are outstanding against stock held in trust for clients, I estimate that there are 3,000 other investors of the same class, making in all upwards of 14,000 people whose individual holdings do not exceed fifty shares. Hence it would appear that practically one-third of your entire ordinary share capital is held by these small investors.

There are now in the service of the Company quite 74,000 officers and employees with a monthly pay-roll of $3,700,000, and of the whole number of employees I am safe in saying that 70,000 are located in Canada. Estimated on the ordinary basis of five persons to a family these would represent 350,000 souls, or more than one-twentieth of the entire population of the Dominion, and if there be added the men in rail and rolling mills, lumber mills, car and locomotive manufactories, and other industrial establishments, who are engaged in the manufacture of material in large quantities for the purposes of the Company, I should say that one-fifteenth, if not one-twelfth, of the people of the country directly or indirectly receive their income from the Company.

The dividend from land interest account will be the same in the current year as it was in the last, namely, one per cent., in two semi-annual instalments of one-half per cent. each.

The report having been considered, it was moved by Sir Thomas G. Shaughnessy, K.C.V.O., 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, 1907, now submitted, be and the same is hereby adopted.

The agreement providing for a lease of the St. Mary's and Western Ontario Railway referred to in the annual report, was submitted, and on motion of W. H. Evans, Esq., seconded by M. Nolan de Lisle, Esq., the following resolution was unanimously adopted, viz:—

Resolved,—That the agreement between this Company and the St. Mary's and Western Ontario Railway Company, and James Chalmers, of the Town of St. Mary's in the County of Perth, Merchant, Henry Lincoln Rice, of the same place, Miller and Produce Merchant, Archibald Baird, of the same place, Merchant, Frank Edward Butcher, of the same place, Manufacturer, James White Graham of the same place, Barrister, David Bonis, of the Township of Blanshard in the County of Perth, Farmer, Thomas O. Robson, of the same place, Drover, David R. Ross, of the Village of Embro, in the County of Oxford, Manufacturer, and E. L. Sutherland, of the same place, Gentleman, and the draft Indenture of lease from that Company as Lessor, to this Company as Lessee, and which draft is annexed to the said agreement now submitted to this meeting and endorsed by the Secretary for the purpose of identification, be and the same are hereby sanctioned and approved, which agreement, amongst other things, provides for a lease to this Company in the form attached thereto of the St. Mary's and Western Ontario Railway when constructed, from St. Mary's, in the Province of Ontario, to a connection at or near the Village of Embro with the proposed extension of the Tilsonburg, Lake Erie and Pacific Railway leased to your Company, a distance of about 15¼ miles, for a term of ninety-nine years on the basis of a rental of 40% of the gross earnings as defined in the said proposed lease, with a minimum rental of $7,930 per annum, which represents the interest at 4% per annum on $198,250 first mortgage bonds of the St. Mary's and Western Ontario Railway Company to be issued by that Company, and being at the rate of $13,000 per mile of its railway, and with an option in favor of this Company to purchase the whole of the capital stock of the said Company at any time within twelve years on payment of the sum of $25,000;

And further,—That the execution by the President and Secretary of the said agreement on behalf and under the corporate seal of the Company, be and the same is hereby approved and ratified, and when the said railway shall have been constructed and shall be ready to be handed over to this Company for operation, the President and Secretary are hereby authorized to execute a lease in the terms of the said draft Indenture 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 agreement referred to in the annual report for the construction of an extension of the Northern Colonization Railway, and authorizing the issue of Consolidated Debenture Stock for the purpose of acquiring bonds to be issued in respect thereof, was, on motion of Hon. J. K. Ward, seconded by G. R. W. Notman, Esq., unanimously adopted, viz:—

Resolved,—That the action of the Board of Directors in entering into an agreement with the Directors of La Compagnie du Chemin de Fer de Colonisation du Nord (The Northern Colonization Railway Company) for the construction of an extension of that Company's railway from Nominingue to Rapide de L'Orignal, in the Province of Quebec, a distance of about 34 miles, be and the same is hereby sanctioned and approved; and the Directors are hereby authorized and empowered to acquire the bonds issued or to be issued by the said Company in respect of such extension, the interest thereon, at 4% per annum, being guaranteed by this Company, such issue not to exceed in the aggregate an amount equal to

$20,000 per mile of such extension, and to dispose of Consolidated Debenture Stock of the Company for the purpose of acquiring the said bonds.

A resolution providing for the issue of additional Consolidated Debenture Stock on account of the Sudbury Branch, the necessity for which is explained in the annual report, was submitted, and on motion of George Olds, Esq., seconded by Robert Reford, Esq., was unanimously adopted, as follows, viz:—

Whereas, the shareholders of this Company at the annual meeting held on 5th October, 1904, approved of the construction and equipment of a branch line of railway from a point on the Company's main line in the vicinity of Sudbury, in the Province of Ontario, to a point near Kleinburg on the Company's Ontario Division, and authorized the Directors to issue and dispose of Consolidated Debenture Stock of the Company to such amount as they might deem expedient, not to exceed in the aggregate an amount equal to $30,000 per mile thereof, and at the same rate for any portion of a mile, for the purpose of aiding in the construction and equipment of the said branch line of railway;

And Whereas, the said branch line of railway has been constructed or is now under construction from a point near Romford, on the Company's main line in the vicinity of Sudbury aforesaid, to Bolton (near Kleinburg) on the Company's Ontario Division, a distance of 226 miles;

And Whereas, owing to the difficult character of the country and the increased cost of labour and material, the expense involved in the construction of the said branch line of railway has exceeded the original estimate, and, in order to meet such increased expense, and to equip the said branch line of railway, it is deemed expedient to create a further issue of Consolidated Debenture Stock;

And Whereas, by the Act 6-7 Edward VII, C. 74 of the Parliament of Canada, the limit of $30,000 per mile to the amount of securities which the Company was, by previous legislation, empowered to issue was extended to $40,000 per mile in respect of the said branch line of railway;

Be it therefore Resolved,—That for the purpose of aiding the construction and equipment of the said branch line of railway 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 $40,000 (or its equivalent in sterling money of Great Britain) per mile thereof, being $10,000 per mile in addition to the amount heretofore authorized in respect of the said branch line of railway, and at the same rate for any portion of a mile, bearing interest at the rate of 4% per annum payable at the same times and places and in the same manner as interest is payable on the Consolidated Debenture Stock heretofore issued.

The following resolution relating to the purchase or construction of additional ocean steamships, referred to in the annual report, was, on motion of Henry Beatty, Esq., seconded by Alfred Piddington, Esq., unanimously adopted, viz:—

Resolved,—That the Directors be and they hereby are authorized to make such arrangements and contracts as they may deem advisable, and at such time and times as they may deem expedient, for the purpose of meeting the requirements of the Company's Pacific Ocean trade by providing a faster and more frequent service, and, with that object in view, to acquire by purchase or construction two additional steamships and equipment, or to transfer the steamships "Empress of Britain" and "Empress of Ireland" from the Atlantic to the Pacific service, and in the event of such transfer to make such arrangements and contracts as they may deem advisable, and at such time and times as they may deem expedient, for the acquisition by purchase or construction of two larger and faster steamships and equipment to take the places of the two so transferred, and to incur such capital expenditure as may be necessary to give effect to this resolution.

A resolution authorizing the extension of the Moose Jaw branch and the construction of a branch line from Regina to Saskatoon, referred to in the annual report, was submitted, and on motion of Charles R. Hosmer, Esq., seconded by Hon.

L. J. Forget, the same was adopted unanimously as follows, viz:—

Whereas, the branch line of railway authorized by the shareholders at the annual meeting on 3rd October, 1906, being the branch line of railway known as "The Moose Jaw Branch" extending from Moose Jaw on the Company's main line in a North-westerly direction, a distance of about 50 miles, is now under construction and is nearing completion, and it is deemed desirable that authority be given to the Directors to extend the said branch and also to construct the branch line of railway hereinafter described, and to issue Consolidated Debenture Stock to meet the requisite expenditure;

It is therefore Resolved.—That the Directors be and they hereby are authorized to construct an extension of the said Moose Jaw branch a further distance of 100 miles in a North-westerly direction, and a branch line of railway from a point in or near Regina to a point in or in the vicinity of Saskatoon, a distance of about 165 miles, whenever they deem it advisable so to do, and that for the purpose of aiding the construction and equipment of the said extension and branch line above described, 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 £4,000 sterling 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.

The following resolution relating to the acquisition of two additional lake steamships, and one Pacific Coast steamship, referred to in the report of the Directors, was submitted, and on motion of Wm. Molson Macpherson, Esq., seconded by Donald Macmaster, Esq., K. C., was adopted unanimously, viz:—

Whereas, this Company has statutory power to issue Consolidated Debenture Stock in aid of the acquisition of steam-vessels, to the extent of the cost thereof, upon being authorized so to do by the votes of at least two-thirds of the shareholders present or represented at an annual meeting or at a special meeting of the shareholders duly called for the purpose;

And Whereas, the Fairfield Shipbuilding and Engineering Company, at its Govan Shipyards on the Clyde, Scotland, has recently constructed for this Company two single screw steel steamships named respectively "Assiniboia" and "Keewatin," for service on the Great Lakes of Canada, each steamship having a gross tonnage of about 4,300 tons, a length of 336 feet between perpendiculars, and 348 feet overall, beam 43 feet six inches, moulded depth of 26 feet 9 inches to awning deck, and being furnished with triple expansion four cylinder engines of the most modern type; the whole cost thereof, including rigging, appurtenances and auxiliaries complete, when delivered at Owen Sound, being £180,000 sterling;

And Whereas, this Company has entered into a contract for the construction for this Company, by the said Fairfield Shipbuilding and Engineering Company, at its said Govan Shipyards, of a twin screw steel steamship of the general type of the steamship "Princess Victoria," for service on the British Columbia Coast between Vancouver, Victoria and Seattle, such steamship to have a tonnage of about 2,500 tons, a length of about 330 feet between perpendiculars and 340 feet overall, beam of about 48 feet, moulded depth of about 18 feet to main deck, and to be furnished with triple expansion four cylinder engines of the most modern type, the whole cost thereof, including rigging, appurtenances, and auxiliaries complete when delivered at Victoria, being £125,000 sterling;

And Whereas, in order to provide funds for payment of the cost of the said steamships and their rigging, appurtenances and auxiliaries, and pursuant to the power above recited, it is deemed advisable to create an issue of Consolidated Debenture Stock;

Now therefore it is Resolved, by the shareholders present personally or represented by proxy at this meeting, that this Company is hereby authorized to create, issue and dispose of Consolidated Debenture Stock of this Company payable in sterling money of Great Britain and bearing interest not exceeding 4% per annum, to the amount of £305,000 sterling, for the purpose of paying the cost of the three steamships above described and their rigging, appurtenances and auxiliaries, and that such stock may be issued in such manner and in such amounts respectively as shall from time to time be determined by the Board of Directors who are hereby empowered to do or cause to be done every act, matter or thing which may become expedient or necessary in order to give effect to this resolution, to create and issue such stock according to the provisions of the Acts relating thereto, and to dispose of the same for the purposes herein set forth.

By-law No. 92 relating to the Executive Committee was read, and on motion of Sir George A. Drummond, K.C.M.G., seconded by Wilmot D. Matthews, Esq., the following resolution was unanimously adopted, viz:—

Resolved,—That By-law No. 92 increasing the membership of the Executive Committee, passed by the Directors on 12th November, 1906, and reading as follows, that is to say:—

" By-law number seventeen of the general By-laws of this Company is hereby amended by striking out the word 'three' where it occurs therein and inserting in lieu thereof the word 'four.' "

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 Sir Thomas G. Shaughnessy, K.C.V.O., seconded by Richard B. Angus, Esquire, the following resolution was unanimously adopted, viz:—

Whereas, in pursuance of By-law No. 88, R. B. Angus, Esquire, Honourable L. J. Forget, E. B. Osler, Esquire, M.P., and Sir William C. Van Horne, K.C.M.G., 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, Esq. and Wm. R. Miller, Esq., 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 Richard B. Angus, Esq., Hon. L. J. Forget, E. B. Osler, Esq., M.P., and Sir William C. Van Horne, K.C.M.G., 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 read and adopted 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, Sir Thomas G. Shaughnessy, K.C.V.O., President of the Company, and Mr. David McNicoll, Vice-President, and the following were appointed the

EXECUTIVE COMMITTEE :

SIR WILLIAM C. VAN HORNE, K.C.M.G.
THE RIGHT HON. LORD STRATHCONA AND MOUNT ROYAL, G.C.M.G.
MR. RICHARD B. ANGUS. MR. EDMUND B. OSLER, M.P.
SIR THOMAS G. SHAUGHNESSY, K.C.V.O.
MR. DAVID McNICOLL.