CANADIAN PACIFIC RAILWAY.

ANNUAL REPORT FOR 1885

AND

REPORT OF PROCEEDINGS

AT THE

FIFTH ANNUAL MEETING

OF SHAREHOLDERS,

HELD AT THE GENERAL OFFICES OF THE COMPANY,

MONTREAL,

ON

WEDNESDAY, 12TH MAY, 1886.

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GAZETTE PRINTING CO., MONTREAL.

BOARD OF DIRECTORS.

SIR GEORGE STEPHEN, BART., - - - - - - MONTREAL.
MR. WM. C. VAN HORNE, - - - - - - - - do
HON. DONALD A. SMITH, - - - - - - - - do
MR. RICHARD B. ANGUS, - - - - - - - - do
" EDMUND B. OSLER, - - - - - - - TORONTO.
" SANDFORD FLEMING, C.E., C.M.G., - - - - OTTAWA.
" H. S. NORTHCOTE, - - - - - - - LONDON.
" R. V. MARTINSEN, - - - AMSTERDAM AND NEW YORK.
HON. W. L. SCOTT, - - - - - - - - - ERIE, PA.
MR. GEORGE R. HARRIS, of Messrs. Blake Bros. & Co., BOSTON.
HON. LEVI P. MORTON, } of Messrs. Morton, Bliss & Co., NEW YORK.
MR. RICHARD J. CROSS, }

OFFICERS.

SIR GEORGE STEPHEN, BART., *President*, - - - MONTREAL.
MR. WM. C. VAN HORNE, *Vice-President*, - - - do
" CHAS. DRINKWATER, *Secretary*, - - - - - do
" GEORGE OLDS, *General Traffic Manager*, - - do
" HENRY BEATTY, *Manager Steamship Lines & Lake Traffic*, TORONTO.
HON. J. J. C. ABBOTT, *General Counsel*, - - - - MONTREAL.
MR. T. G. SHAUGHNESSY, *Asst. General Manager*, - do
" I. G. OGDEN, *Auditor*, - - - - - - - - do
" W. SUTHERLAND TAYLOR, *Treasurer*, - - do
" W. WHYTE, *Gen. Supt. Eastern & Ontario Divisions*, - do
" JNO. M. EGAN, *Gen. Supt. Western Division*, - - WINNIPEG.
" HARRY ABBOTT, *Gen. Supt. Pacific Division*, - VANCOUVER, B.C.
" JOHN H. McTAVISH, *Land Commissioner*, - - WINNIPEG.
" HARRY MOODY, { *Manager of London Office and Registrar of Transfers*, 88 *Cannon St.*, LONDON, E.C.

EXECUTIVE COMMITTEE.

SIR GEORGE STEPHEN, BART. — MR. WM. C. VAN HORNE.
HON. DONALD A .SMITH. — " R. B. ANGUS.

GENERAL OFFICES, - - - - - MONTREAL.

Canadian Pacific Railway.

FIFTH ANNUAL MEETING.

REPORT OF PROCEEDINGS AT THE FIFTH ANNUAL MEETING OF SHAREHOLDERS, HELD THIS 12TH DAY OF MAY, 1886.

The meeting assembled in conformity with the notice convening the same, at noon, at the General Offices of the Company in Montreal. The President, Sir George Stephen, Bart., took the chair, and the Secretary of the Company acted as Secretary of the meeting.

The notice calling the meeting having been read, the President submitted and read the following report on the affairs and operations of the Company for the year ended 31st December last:

FIFTH ANNUAL REPORT

OF THE

DIRECTORS OF THE CANADIAN PACIFIC RAILWAY COMPANY, SUBMITTED AT THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY, HELD AT MONTREAL ON THE 12TH MAY, 1886.

The Directors take great pleasure in congratulating the Shareholders on the successful accomplishment of the great work which called the Company into existence five years ago.

On the 17th February 1881, the Company was incorporated under the authority of the Parliament of the Dominion. In the month of June following, active operations were begun, and on the 7th November last, at

Craigellachie, British Columbia, after fifty-three months of arduous labor, some anxiety, and much unfair and undeserved hostility, the last rail was laid; our co-Director, the Honourable Donald A. Smith, driving the last spike.

On the same day, Her Majesty the Queen, through His Excellency the Governor-General, graciously congratulated the people of Canada on the completion of the Railway;—a work which Her Majesty regarded as of great importance to the whole British Empire.

Within three or four weeks from this time, through freight and passengers trains will be running regularly between Montreal and the Pacific Ocean. The Company will then, within a period of five years, have built, equipped, and put into operation, over 2,400 miles of new railway, embracing on the Lake Superior and Mountain Sections many hundreds of miles of the heaviest and most difficult railway work to be found on either side of the Atlantic.

Financial Position.

A balance sheet of the affairs of the Company at 31st December last, and the usual statements relating to the business of the past year, are herewith submitted.

The following is a comparative statement of earnings and expenses, showing the results of the operation of the railway for the last two years:

	1884	1885
Passengers	1,980,902 30	2,859,222 98
Freight	3,410,365 39	4,881,865 58
Mails	85,736 83	137,151 92
Express	95,671 68	172,303 01
Parlor and Sleeping Cars	43,492 60	73,523 55
Miscellaneous	134,352 47	244,426 08
Total	5,750,521 27	8,368,493 12
Expenses	4,558,630 75	5,143,276 45
Net	1,191,890 52	3,225,216 67

Construction material included in above earnings and charged at actual cost

1884	1885
$623,193 Gross.	$716,418 Gross.

It will be observed that the net result of the past year's operation is $825,216, in excess of the estimate made to the shareholders in the last annual report.

The balance sheet now submitted shows clearly the position of the Company on 31st December last. It will be seen that of the £7,191,500 sterling, 5 p.c. first mortgage bonds, authorized by the Act of the Dominion Parliament last year, the sum of £3,000,000, had been sold, and that the year was closed with a cash balance in hand of $5,297,812, available for the work of improving and perfecting the railway, and for providing it with the equipment and appurtenances necessary for successful operation.

It will be remembered that, under the legislation of the last session, the Company's debt to the Government, amounting to $29,880,912, was divided into two parts, and the time of its repayment postponed until 1891.

To secure the repayment of the first part, amounting to $20,000,000, the Government agreed to hold $20,000,000 of the newly authorized 5 p.c. first mortgage bonds.

To secure the repayment of the balance, amounting to $9,880,912, the Government took a lien on the whole of the Company's Land Grant, with the provision that the interest on this part of the debt should be paid out of the proceeds of land sales, and, failing the sufficiency of the income from that source to meet the annual interest, that it should ultimately become the first charge on the net revenues of the Company, after the payment of interest on bonds and rentals of leased lines; and consequently no dividend from net earnings could be paid to the shareholders, while any arrears of interest due to the Government should remain unpaid.

In view of the practical completion of the contract with the Government, for the construction of the railway, and of the necessity for restoring to the Company the free

control of its own resources; and for the purpose of providing for a final settlement of all matters between the Government and the Company; a new agreement was made with the Government on the 30th March last, a copy of which is herewith submitted.

This agreement, in effect, provides that the Company shall, by the 1st July next, repay to the Government in full, in cash, the amount of that portion of the debt secured by the pledge of the $20,000,000, First Mortgage Bonds, and that the Government shall then accept in full satisfaction of its claim for the balance of the debt, amounting to $9,880,912, with interest, lands sufficient to cover the amount at the rate of $1.50 per acre.

In pursuance of this agreement, the unsold balance of the 5% First Mortgage Bonds, authorized by the Act of last year, amounting to £4,191,500, was recently placed on the London market by Messrs. Baring Brothers & Co. at the price of 104. From the proceeds of this issue, the Company was able, on the 1st May instant, to make a payment to the Government of over £2,000,000 on account; and on the 1st July next, the remainder of the debt due to the Government, will be paid.

The Company will then have discharged all its obligations to the Government, and will have honorably paid back in full, the money loaned to it, five years before it was due; in this respect standing alone among Canadian and American railways. And it will have completed its contract for the construction of the railway within one half of the stipulated time. In the future it will neither expect nor need anything from the Government but fair treatment, and earnest and judicious effort in the important work of settling up the country, developing its resources, and promoting the general prosperity of the whole people of the Dominion; in all which it will have the hearty co-operation of the Company.

The position of the Company on the 1st July next, the balance of the debt to the Government having then been paid, will be approximately as follows :—

FIXED CAPITAL LIABILITIES.

1st Mortgage Bonds	$35,000,000
Canada Central Bonds	1,823,333
Province of Quebec	3,500,000
Leased lines capitalized at 5 p. c.	21,560,680
Total fixed liabilities	61,884,013
Add ordinary Share Capital	65,000,000
Total Capital	$126,884,013

ANNUAL FIXED CHARGES.

$35,000,000, 1st Mortgage Bonds, 5 p. c. interest on	$1,750,000
$3,500,000, due Province of Quebec, account Q. M. O & O. Railway, 5 p. c. interest on	175,000
$1,823,000, Canada Central Bonds and Sinking fund, 6 p. c.	107,400

RENTALS AND INTEREST.

Ontario Lines	$739,500	
St. Lawrence & Ottawa Railway	38,934	
Manitoba South Western Railway	102,600	
North Shore Railway	197,000	
		1,078,034
		$3,110,434

These fixed charges will represent 4338 miles of completed railway ; a completed telegraph system ; $12,263,-264 in cash on deposit with the Government to provide the guaranteed dividend of 3% on the capital stock of the company for 7½ years ; and about 14,734,000 acres of farming lands, subject to $3,612,500 outstanding Land Grant Bonds as hereinafter stated.

The Ontario and Quebec Railway Company, under its chartered rights, and in accordance with the terms of the lease of its railway to this company, is now engaged in the construction of the extension of its line from Smith's Falls to Montreal, and in building a bridge across the St. Lawrence river at Montreal. Both these important works will be finished this year, and when finished, will be handed over to this company for operation, as provided by the lease; adding greatly to the volume of the company's business, increasing the efficiency of the railway, and diminishing the cost of operating it, while only adding to the fixed charges about $200,000 per annum. These, with some not important extensions in the North West, in Western Ontario, and on the Pacific Coast, constitute this season's new work.

The negotiations with the Government for obtaining access to the city and harbour of Quebec, alluded to in last year's report, resulted in the acquisition of the North Shore Railway by this company on the 20th September last, on terms which, aided by the Government subsidy make the cost to this company practically something less than $200,000 a year.

It is impossible, and it would be folly for the Directors to attempt, to forecast the nature or the extent of the opportunities that may occur for the profitable employment of additional capital in the future, in developing and increasing the business of the company. But to "hasten slowly," will, now that the main line is finished, be the wisest policy for the company to pursue. And while the results of the operation of the railway up to the present time have been highly satisfactory and have exceeded the expectations of the most sanguine, and while everything points to a continued and rapid increase

in profits, the Directors feel strongly, that until the net earnings have reached an amount sufficient to pay, above fixed charges, a reasonably fair dividend to the shareholders independently of the 3 per cent. guaranteed dividend, they are bound to take special care not to incur any expenditure on capital account, involving an increase in fixed charges, unless such expenditure can be clearly shown to be to the immediate advantage of the holders of the ordinary shares.

Traffic.

The number of passengers carried in 1885 was 1,660,719 and the average rate per mile was 2 $\frac{45}{100}$ cents. The number of tons of freight carried was 1,996,355 and the average rate per ton per mile was 1 $\frac{20}{100}$ cents.

The wisdom of establishing unusually low tolls for the carriage of freight and passengers is already manifest in the development of business along the line. The gratifying results of the operation of the railway for the past year were obtained from tolls far below those of most of the neighbouring lines in the United States as shown by the following comparisons:

		Passengers per mile.	Freight per ton per mile.
Canadian Pacific	1885	2.45	1.20
* Northern Pacific	1884	3.44	1.96
* St. Paul, Minneapolis and Manitoba	1884	3.11	1.80
* Union Pacific	1884	2.90	1.91
* Central Pacific	1884	2.63	1.96
Chicago, Milwaukee and St. Paul	1885	2.56	1.28
* Chicago and North Western	1884	2.40	1.31
Atchison, Topeka and Santa Fé	1885	2.59	1.79
Illinois Central	1885	2.21	1.31
* Boston and Lowell	1884	2.12	2.33
New York and New England	1885	1.93	1.72
Boston and Providence	1885	1.84	2.83

* Lines given for 1884 have not yet reported for 1885.

It is worthy of note that throughout Canada the average local railway tolls are lower than in any other country; and that in the older Provinces of Canada especially, they are lower than in any other district in America or in Europe.

The ability of the Canadian Pacific Railway to earn a handsome profit from the carriage of traffic at comparatively low rates, is owing to the fact, that in its construction no reasonable expense has been spared to secure light gradients and easy curvature, and in every other way suggested by modern experience to provide for its economical working; and the Directors feel safe in stating that in almost every condition affecting economy, the Canadian Pacific has a great advantage over any of its competitors. But its greatest advantage lies in the very small capital charges for which it has to provide.

It is too early to estimate with any degree of accuracy the earnings of the railway for the present year, but in view of the constant increase in business, the large emigration to the North-West from the older Provinces and from abroad, and the signs of prosperity everywhere along the line, a large increase in net as well as in gross earnings over 1885, may be confidently expected.

A grain elevator, of 600,000 bushels capacity, has been built by the Company at Montreal within the year, affording needed facilities for storing and shipping grain. The Company has also grain elevators at Port Arthur and Fort William, with storage capacity for 1,700,000 bushels, and another at Owen Sound, holding 350,000 bushels. The rapid increase in the production of grain in the North-West will require additional elevators at Fort William, Toronto, Montreal, and Quebec, in the near future.

The Directors, believing it an unwise policy that would starve the traffic of the railway for want of ample facilities for handling it, have made liberal provisions in the

way of equipment of all kinds, and will continue to provide amply for the growing needs in this direction.

The development of coal mining in the Canadian North-West has already had a most beneficial effect on the operating expenses of the Company, and the transportation of coal has become an important item in its traffic. The general use of local coals for railway and domestic purposes has put at rest all questions as to their quality ; and the discovery of coal beds in all directions, in, and for hundreds of miles east of the mountains, indicates the existence there of one of the most extensive coal areas in the world The great coal deposits at the Pacific terminus, which already supply nearly all of the North American Pacific Coast, and most of the steamships crossing the North Pacific Ocean, have been mentioned in former reports.

Extensions and Connections.

The working of the Company's line between Montreal and Toronto (via Ottawa), while most satisfactory in its results, has been conducted under great disadvantage, owing to its greater length as compared with its competitor ; but the extension of the Ontario and Quebec line from Smith's Falls to Montreal, before mentioned as under construction, will overcome this disadvantage, and largely increase the earnings of the Company. It is expected that this extension will be in operation before another winter, and that by the same time the bridge across the St. Lawrence River, at Montreal, and a short line connecting this bridge with the South Eastern Railway which is mainly owned by this Company, will also be completed.

The completion of the St. Lawrence Bridge will enable the company to turn to good account its investment in

the South Eastern Railway, and to secure at the same time independent connections with the Maritime Provinces, the New England States, and the Atlantic Seaboard, for want of which connections the interests of the company have suffered severely in the past.

The American lines advancing towards a connection with the Algoma branch of the Canadian Pacific at Sault Ste. Marie, from St. Paul and Minneapolis on the one hand and from Duluth on the other, will almost certainly be completed before the end of next year. These connections will afford to the States of Minnesota and Dakota and a large part of Wisconsin, the shortest and cheapest possible route to the tide-waters of the Atlantic, and to New York and the New England States, and bring to the Canadian Pacific a great volume of valuable traffic.

Since the last annual report the Manitoba South Western Railway, owned by this Company, has been extended to Holland, 40 miles, and another extension of 80 miles has been made, under the same charter, from Manitou to Whitewater Lake, to both of which extensions a grant of 6,400 acres per mile of valuable agricultural lands in Southern Manitoba is attached. These extensions afford much needed railway facilities to the already well settled districts they traverse.

A branch line of 4 miles was built last year to Buckingham, about 20 miles east of Ottawa, to secure the important traffic afforded by the phosphate mines on the Lievre river.

Owing to the inadequacy of the harbour at Port Moody, and the unfavorable topography of the surrounding lands, the Pacific terminus of the Railway has been fixed at the

entrance to Burrard Inlet, embracing both Coal Harbour and English Bay, where the harbour advantages are all that could be desired, and where the adjacent lands afford an excellent site for a city. In consideration of the extension of the main line of the railway to the new terminus, the company has received a grant from the Government of British Columbia of about nine square miles of land, upon which a city has been laid out and named Vancouver.

This extension will be completed within a few months, and a branch line of 9 miles, also under construction, from a point near Port Moody to the important town of New Westminster will be completed about the same time. A considerable town has already sprung up at Vancouver, and the company has sold many building lots. The Docks and other terminal works of the company at this point will be extensive and of the best description; but the proceeds of the sale of its city property will much more than cover all expenditures in this direction, including the cost of the extension of the main line and the building of the New Westminster Branch.

The Gravenhurst extension of the Northern Railway which has been completed to the main line of the Canadian Pacific at Thorncliff, near Lake Nipissing, will soon be in operation.

The Manitoba Northwestern Railway—an independent company—connecting with the Canadian Pacific at Portage la Prairie, has been extended 50 miles within the year. That company has now 130 miles in operation north of the Canadian Pacific main line and brings to it considerable traffic. Another independent railway has been built from Dunmore on the Canadian Pacific to the coal mines at Lethbridge, 110 miles, and the principal coal supply for railway and domestic purposes in the

Northwest now comes from that line. Still another railway has been built from Regina northward to Long Lake, about 20 miles, and other independent extensions will be made in the Northwest during the present year; all of which will greatly benefit the Canadian Pacific Railway.

The negotiations with the Imperial Government, of which the shareholders are already aware, for the establishment of a first-class line of steamships between the Pacific terminus of the railway and Japan and China, are still pending. The many advantages to Imperial interests, and the sense of security that would be created by a thoroughly efficient and purely British alternative route to the East, inspire the Directors with the belief that their proposals must soon be accepted by Her Majesty's Government. The question of connections with the Australasian Colonies is also receiving the attention of the Directors, and they are also looking towards such steamship service on the Atlantic as will fully meet the requirements of the Company.

Arrangements have been made with the Pacific Coast Steamship Company for a first class steamship connection between the Pacific terminus of the railway and San Francisco, immediately upon the opening of the through line for traffic; and other important water connections on the Pacific Coast will be established shortly, from all of which a considerable amount of paying traffic will be obtained. The Directors are confident that the opening of the line to the Pacific will result in a large and immediate development of through traffic, which, in a very short time, will exceed any estimate that has yet been made.

Telegraph.

The Company's telegraph lines have as yet only been opened for commercial service between Lake Superior and the Rocky Mountains, and on the branch lines of railway in the North-west; but the net profit from their operation in that district in 1885 was $60,530 as against $36,273 for the previous year. The Company's wires both east and west are being rapidly extended, and it is expected that its telegraph system will soon be in full operation. Desirable connections with the principal cities in the United States have been practically secured, and cable connections with Europe are also available.

The Directors place a very high money value upon the telegraphic property and privileges of the Company, which they intend to fully protect and develope.

Land Grant Mortgage Bonds.

Total issue		$25,000,000
Deposited with the Government as security under the contract, without interest	$5,000,000	
Held by the Government under the Loan Act, 1884, without interest	8,996,000	
Redeemed by Land sales and cancelled	7,391,500	
		21,387,500
Baiance outstanding in hands of public		$3,612,500

Against this the Company holds interest-bearing obligations for lands sold on deferred payments, amounting to $1,579,708.

The new agreement with the Government provides for the immediate cancellation of the $8,996,000 of these bonds now held by the Government; and for the ultimate cancellation of the remaining $5,000,000. When these bonds have all been cancelled, the $3,612,500 bonds outstanding in the hands of the public, will be the only charge on the Company's land grant of 14,734,667 acres.

LANDS.

	ACRES.	ACRES.
Total Land Grant		25,000,000
Sales to 31st December, 1885	3,757,662	
Less cancelled	285,644	
		3,472,018
		21,527,982
To be retained by Government, under new agreement, approximately		6,793,315
		14,734,667

In accordance with the policy indicated in the last annual report; and as the most practical and effectual method of giving a value to, and creating a market for, the Company's lands; the Directors have devoted their attention almost entirely to promoting the settlement of the free Government lands within the railway belt and south of it to the International boundary, meantime making little effort to effect sales of its own lands. Until the free homesteads are pretty well taken up and occupied, there cannot be any great quantity of land sold to settlers. The free homestead lands in the railway belt and south of it, as far west as Moosejaw, are already largely taken up, and it cannot be long before there will be a good market for the Company's lands in all that section of country, when the great importance of the Land Grant as an asset of the Company will begin to be appreciated.

In conclusion, the Directors beg to renew their expressions of entire confidence in the success of the enterprise, as a commercial undertaking. With its main line stretching from the Atlantic seaboard to the shores of the Pacific; with its extensive system of branch and connecting lines, enabling it to reach the chief centres of trade in Canada and the Northern United States, with its own steamships on the great Lakes, and all this under one management;

with the further great advantage of having only to provide for a total capital charge, including bonds, leases and ordinary shares, of less than $30,000 per mile, or about one-fifth of that of its principal Canadian competitor, and far below that of any of its American competitors;—with all these advantages, and its superior facilities for attracting business and conducting it economically and efficiently, and with no telegraph, sleeping car or elevator companies, or any other private interests whatever to sap its revenues, the Canadian Pacific Railway can hardly fail to meet the expectations of its projectors, and to be a source of large and certain profit to its shareholders; and, finally, with the establishment of steamship connections of the best class, both on the Atlantic and the Pacific, it must soon become a powerful factor in the world's commerce.

The railway being now practically in operation throughout, and the Company beyond the reach of the political or other motives which have prompted many persons at home and abroad to decry the country traversed by the line; and their statements having been proved false as to the lands by the results of agriculture, and as to the railway, by the results of its operation, it is hoped that we may henceforth escape the malice, which in the past has done so much to embarass the Company and retard the settlement of the country.

The contract with the Government having been completed, Messrs. P. du P. Grenfell and Charles D. Rose decline re-election as Directors. The Hon. Levi P. Morton and Mr. Richard J. Cross, of the firm of Morton, Bliss & Co., of New York, are willing to accept the vacant seats on the Board and now offer themselves for election.

For the Directors.

GEO. STEPHEN,
President.

And the report having been considered, it was moved by Sir George Stephen, seconded by Mr. W. C. Van Horne, and unanimously

Resolved :

That the Annual Report on the affairs and operations of the Company for the year ended December 31st, 1885, now submitted, be adopted; and that the same be published and forwarded to the Shareholders and others interested in the Company.

The President submitted a copy of the agreement, between the Grand Trunk Railway Company, and the Government, dated the 19th September 1885; also copy of the agreement between the Canadian Pacific Railway Company and the Government, bearing the same date; and copies of Orders in Council dated the 13th March, and 5th April last, having reference to the acquisition by and transfer to this Company of the North Shore Railway ;

And the same having been considered, it was moved by Mr. Sandford Fleming, seconded by Mr. Andrew Robertson, and unanimously

Resolved :

That the action of the Board in respect of the acquisition of the North Shore Railway be approved, and that the agreement relating thereto be and the same is hereby ratified and confirmed.

Submitted also the agreement dated 30th March 1886, between the Government and the Company, relating to the re-payment to the Government of the loan of $29,880,912, secured, as to $20,000,000, under the Act 48 and 49 Vic. Cap. 57, by the deposit with the Government of First Mortgage Bonds of the Company to that amount; and

providing for the satisfaction of the remainder of the said loan, viz : $9,880,912, by a reduction of the Land Grant by such number of acres as shall be sufficient, computing the value thereof at $1.50 per acre, to extinguish the said sum.

A copy of the Bill now before the Dominion Parliament to carry the arrangement into effect was also submitted :—

Whereupon it was moved by Mr. Richard J. Cross, seconded by Mr. Geo. R. Harris, and unanimously

Resolved :

That the action of the Board in respect of the said agreement be, and the same is hereby ratified and confirmed ; that the terms of the Bill relating thereto be also approved, and that the Board of Directors are hereby authorized to accept the same as binding on this Company.

The President referred to the steps that are being taken, as mentioned in the Annual Report, for the construction of the St. Lawrence Bridge and approaches, and of the extension of the Ontario & Quebec Railway from Smith's Falls to a junction with the Atlantic and North-West Ry., and stated that in conformity with resolutions of the shareholders and Boards of Directors of the several Companies interested, a further issue of the Debenture Stock of the Ontario and Quebec Railway Company would have to be made to meet the cost of such construction. And that, although the requisite authority for the purpose had already been voted and was technically sufficient, it might be as well that the meeting should signify the approval of the measures adopted, and of those which must necessarily follow in respect of the requisite financial arrangements :

Whereupon it was moved by the Hon. Donald A. Smith, seconded by Mr. Henry Beatty, and unanimously

Resolved:

That the proceedings of the Board, in conjunction with the Boards of the Ontario and Quebec and Atlantic & North-West Railway Companies, for the construction of the extension from Smith's Falls, eastward, and of the St. Lawrence Bridge; and the contemplated issue of Debenture Stock of the Ontario & Quebec Railway Company, under the terms of the lease executed by that Company to this Company on the 4th day of January 1884, and of the agreement between the Ontario & Quebec Railway Company and the Atlantic & North-West Railway Company, dated the 3rd and 27th December 1883 be, and the same are hereby approved and confirmed.

On motion of Mr. Andrew Robertson, seconded by Mr. Henry Beatty, it was also unanimously

Resolved:

That the minutes of the meetings of the Board, and of the Executive Committee, held since the adjourned Annual Meeting, held on the 13th of June last, and now laid on the table, be, and the same are hereby approved, ratified and confirmed.

The President having named Messrs. Andrew Robertson and John W. Sterling as Scrutineers, a ballot was taken for the election of Directors for the ensuing year; and on the report of the Scrutineers the following gentlemen were declared duly elected:—

Sir George Stephen, Bart.....Montreal.
Mr. Wm. C. Van Horne..... "

Hon. Donald A. Smith.. .....Montreal.
Mr. Richard B. Angus ..... "
Mr. Edmund B. Osler.....Toronto
Mr. Sandford Fleming, C.E., C.M.G..... .....Ottawa.
Mr. H. S. Northcote.....London.
Mr. R. V. Martinsen.....New York & Amsterdam.
Hon. W. L. Scott.....Erie, Pa.
Mr. George R. Harris, of Mess. Blake, Bros. & Co., Boston.
Hon. Levi P. Morton, } of Messrs. Morton, Bliss & Co.,
Mr. Richard J. Cross, } New York.

And the proceedings terminated.

GEO. STEPHEN,
President.

C. DRINKWATER,
Secretary.

Note.—At a meeting of the new Board, subsequently held, Sir George Stephen, Bart., was re-elected President, and Mr. William C. Van Horne, Vice-President, of the Company; and the following were appointed the Executive Committee:

Sir George Stephen, Bart., (ex-officio).
Mr. Wm. C. Van Horne.
Hon. Donald A. Smith.
Mr. Richard B. Angus.

APPENDIX.

BALANCE SHEET

STATISTICS,

ETC.

GENERAL BALANCE SHEET. December 31st 1885.

COST OF ROAD.		
Main Line	$107,251,468 87	
Acquired Lines	8,436,341 19	
Branch Lines	4,967,253 56	
		$120,655,063 62
NOTE		
Lines built by Govt. not included.		
Estimated cost.. $35,000,000		
EQUIPMENT.		
Rolling Stock	7,958,288 58	
Lake Steamers	478,252 99	
Shops and Machinery at and near Montreal	907,755 84	
		9,344,297 41
CONSTRUCTION PLANT TOOLS AND OUTFIT		130,812 38
REAL ESTATE at and near Montreal		414,581 64
ADVANCES and Expenditure on Leased Lines.		
South Eastern Railway	1,595,688 03	
St. Lawrence and Ottawa R'y.	281,077 11	
Atlantic and N. W. R'y	218,123 54	
Ontario Leased Lines	1,219,018 15	
		3,313,906 83
ACCOUNTS RECEIVABLE		2,139,136 78
MATERIAL AND SUPPLIES ON HAND		1.586,707 09
DOMINION GOVT. GUARANTEE FUND.		
Amount on deposit to guarantee 3 per cent. per annum on Capital Stock until August 17th, 1893		13,238,263 87
BALANCE DUE ON LANDS SOLD.		
Deferred Payments		1,579,708 44
CASH ON DEPOSIT AT INTEREST		2,287,333 33
CASH IN HAND		3,010,479 40

NOTE—21,527,982 acres of land unsold, valued at $2 per acre, $43,055,964..

CAPITAL STOCK			$65,000,000 00
FIRST MORTGAGE BONDS, 5 p.c.			
Amount authorized	£7,191,500 00		
Amount as security to Dominion Government on Loan ($19,150,700 at 4%)	£4,109,500		
Amount in Treasury	82,000	4,191,500	
Amount negotiated		£3,000,000 00	14,600,000 00
MORTGAGE BONDS ON ACQUIRED LINES.			
CANADA CENTRAL (1st Mortgage Bonds, 5 p.c) Amount of issue, £500,000 equals	$ 2,433,333		
Sinking Fund deposited with Dom. Govt	1,500,000		
Amount necessary to redeem balance at maturity		850,000 00	
Canada Cen. (2nd Mortgage Bonds, 6 p.c.)		973,333 33	
Due Province of Quebec, on Q. M. O. & O. R'y. (5 p.c.)		3,500,000 00	5,323,333 33
LAND GRANT BONDS (1st Mortgage.) Amount of issue	$25,000,000		
Less amount redeemed and cancelled	7,391,500		
	17,608,500		
Amount held in trust by Dominion Government and not bearing interest	13 996,000		3,612,500 00
DOMINION GOVERNMENT LOAN, at 4 p.c. per annum (secured by $20 000,000 1st Mortgage Bonds)			19,150,700 00
DOMINION GOVERNMENT LOAN (Principal & interest due 1891) secured by land			9,880,912 00
UNPAID VOUCHERS AND ACCOUNTS.			
On construction Account		725,000 00	
Current Vouchers & Pay Rolls.		1,376,775 86	2,101,775 86
CASH SUBSIDY PAID BY GOVERNMENT.			
Total Cash Subsidy		25,000,000 00	
Amount received		24,539,912 87	
Amount to be received		460,087 13	24,539,912 87
LAND GRANT.			
3,472,018 acres sold amount'g to		10,452,302 69	
Less expenses and 10 p.c. Premium on Land Grant Bonds taken in payment		1,481,094 25	8,971,208 44
TOWN SITES. Amount received for sale of Town Sites not covered by Land Grant Mortgage			505,626 43
BONUSES RECEIVED FROM MUNICIPALITIES			232,600 00
NET REVENUE FROM ROAD TO DATE (All fixed charges having been deducted)			3,781 721 86
			$157,700,290 79

$157,700,290 79

I. G. OGDEN, Auditor.

Statement of Earnings for the Year 1885.

From Passengers	$2,859,222 98
" Freight	4,881,865 58
" Mails	137,151 92
" Express	172,303 01
" Parlor and Sleeping Cars	73,523 55
" Miscellaneous; Telegraph, &c	244,426 08
Total earnings	$8,368,493 12

Statement of Operating Expenses for the Year 1885.

Conducting transportation	$1,225,801.71
Maintenance of Way and Structures	961,330 34
Motive Power	1,915,250 49
Maintenance of Cars	399,084 37
Parlor and Sleeping Cars	24,098 99
Expenses of Lake Steamers	165,430 08
General Expenses	452,280 47
Total expenses	$5,143,276 45

Note.—The usual Statement of description of Freight carried during the year 1885 is omitted, owing to the loss of a great portion of the statistics necessary for its preparation, by the burning of the Company's Station and Offices at Winnipeg.

MILEAGE OF ALL THE COMPANY'S LINES.

Main Line.

	Miles.
Montreal to Savona's Ferry	2,679.0
Savona's Ferry to Port Moody (built by the Government, but not yet transferred to the Company)	213.0
Port Moody to Vancouver (under construction)	14.0
Total Main Line	2,906.0

Other Lines owned.

Eastern Division.

	Miles.	
Quebec Section—Quebec to St. Martin's Junction	159.1	
Piles Branch —Piles Junction to Grand Piles	27.5	
Joliette " —Joliette Junction to St. Felix	17.1	
Berthier " —Berthier Junction to Berthier	2.0	
Aylmer " —Hull to Aylmer	7.5	
St. Jerome " —Ste. Thérèse to St. Jérôme	13.6	
St. Lin " —St. Lin Junction to St. Lin	12.4	
St. Eustache " —Ste. Thérèse to St. Eustache	8.0	
Brockville " —Carleton Junction to Brockville	45.5	
Algoma " —Sudbury to Algoma (not in operation)	96.0	
Buckingham " —Buckingham Station to Village	4.0	
Atlantic & North West Section (not in operation)	8.0	
		400.7

Western Division.

Emerson Branch—Emerson to Winnipeg Junction	64.5	
Selkirk " —Winnipeg to West Selkirk	22.6	
Stonewall " —Air Line Junction to Stonewall	18.3	
Gretna " —Rosenfeld to Gretna	13.9	
Pembina Mountain Branch—Winnipeg to Boissevain	182.4	
Manitoba & South-Western —Winnipeg to Holand	91.0	
		392.7

Pacific Division.

New Westminster Branch (under construction)	9.1

Leased Lines.

Ontario & Quebec Railway.

	Miles.
Smith's Falls to Toronto Junction	211.0
Toronto to St. Thomas	116.2
Toronto to Owen Sound	120.5
Orangeville Branch—Streetsville to Orangeville	31.6
Elora Branch—Church's Falls to Elora	27.5
Teeswater Branch—Orangeville to Teeswater	69.5
St. Lawrence & Ottawa Railway—Ottawa to Prescott	53.0
Total Leased Lines	629.3
Total Mileage of the Company's Lines	4,337.8

Statement of Equipment at December 31st, 1885.

Locomotives	336
First and Second Class Passenger Cars, Baggage Cars and Colonists Sleeping Cars	289
First Class Sleeping and Dining Cars	31
Parlor Cars, Official and Paymasters Cars	25
Freight and Cattle Cars, all kinds	7,838
Conductors' Vans	168
Boarding, Tool and Auxillary Cars	48

THIS AGREEMENT, made subject to the approval of Parliament

BETWEEN Her Majesty the Queen acting for the Dominion of Canada, herein represented by the Hon. A. W. McLelan, Minister of Finance, hereinafter called "The Government" and the Canadian Pacific Railway Company, herein represented by the Chief Executive Officer thereof, hereinafter called "The Company."

WITNESSES.

1. THAT inasmuch as the amount actually advanced to the Company by the Government, on account of the sum of $20,000,000 secured by the First Mortgage Bonds of the Company, to the amount of £4,109,500 sterling, is $19,150,700, it is agreed that the Company shall repay to the Government, with interest at the rate of four per cent. per annum, as provided by the Act 48 and 49 Vict., chap. 57, the said sum of $19,150,700, such payment to be made in two equal instalments, the first of which shall be paid on the first day of May next, and the second thereof on or before the first day of July next, both with interest as aforesaid.

2. THAT upon full payment of the said two cash instalments and interest, as hereinbefore provided, the Land Grant of the Company shall be reduced by such number of acres as shall be sufficient, computing the value thereof at $1.50 per acre, to extinguish the balance of the loan of $29,880,912 mentioned in the Act 48 & 49 Vic., chap. 57, that is to say, the sum of $9,880,912, with interest at the rate aforesaid to the 1st day of May next; and such reduc-

tion shall be effected by the retention by the Government of lands of equal average quality and value with the lands constituting the portion of the Company's Land Grant not heretofore disposed of by the Company.

3. THAT upon the settlement of all accounts respecting the said authorized loan of $29,880,912, and payment and settlement, as aforesaid, of all sums of money due thereon, all the Bonds of the Company secured exclusively upon the Land Grant of the Company, commonly called Land Grant Bonds, now held by the Governmeut in excess of the sum of $5,000,000 of such bonds held by the Government under the construction contract of the 21st October, 1880, shall be cancelled, and the Debenture Stock of the Ontario & Quebec Railway Company, held by the Government under the Act, 47th Vic., chap. 61, sec. 1, shall be returned to the Company. And the Government shall authorize the Company, under section 10 of 48 and 49 Vic., chap. 57 to mortgage the Algoma Branch to such amount per mile as is authorized by the Charter of the Company, with respect to the main line.

4. THAT upon the settlement in manner aforesaid of the indebtedness of the Company to the Government, the Company may issue first mortgage bonds upon the remainiug lands granted to them under their said contract, in such manner as is provided by their Charter in respect of the issue of Land Grant Bonds, and to such amount per acre as they shall deem fit, not to exceed $2.00 per acre, subject to the approval of the Governor in Council, all of the outstanding Land Grant Bonds obtainable being first duly cancelled, and a reserve being made from the new issue to cover such outstanding Land Grant Bonds as cannot be obtained for cancellation. And in the event of the Company making such issue, the Government will accept in exchange for the said $5,000,000 of the said Land Grant

Bonds a like amount of the new issue of bonds, such bonds to be held and dealt with in the same manner as the Government were by 44 Vict., chap. 1, intituled "An Act respecting the Canadian Pacific Railway," authorized to hold and deal with the said $5,000,000 so exchanged.

5. THAT all necessary legislation required to carry the provisions hereof into force shall be asked for from Parliament at its present session.

IN WITNESS WHEREOF the Minister of Finance has hereto set his hand and seal, and the Chief Executive Officer and the Secretary of the Canadian Pacific Railway Company have hereto set their hands and havo caused the seal of the Company to be hereto affixed, the 30th day of March, in the year of Our Lord one thousand eight hundred and eighty-six.

Signed and sealed by the Minister of Finance, in the presence of (Signed) GEO. W. BURBIDGE. } (Signed) A. W. McLELAN, *Minister of Finance.*

Corporate Seal

The Canadian Pacific Railway Co.

(Signed) GEORGE STEPHEN, *President.*

(Signed) C. DRINKWATER, *Secretary.*


Map of
THE
Canadian Pacific
RAILWAY
AND ITS
CONNECTIONS
DOMINION OF CANADA
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
ASSINIBOIA
MANITOBA
ATHABASCA
KEEWATIN
ONTARIO
QUEBEC
NEW BRUNSWICK
NOVA SCOTIA
PRINCE EDWARD ISLAND
CANADIAN PACIFIC RAILWAY
INTERNATIONAL BOUNDARY
VANCOUVER TO YOKOHAMA 4334 MILES
VANCOUVER TO SAN FRANCISCO 833 MILES
BOSTON TO LIVERPOOL 3040 MILES
NEW YORK TO LIVERPOOL 3150 MILES
Longitude West from Greenwich
SEE OTHER SIDE FOR COMPARATIVE PROFILE.

PROFILE
OF THE
CANADIAN PACIFIC RAILWAY
West of Lake Superior

IN COMPARISON WITH

THE NORTHERN, UNION AND CENTRAL PACIFIC RAILWAYS.

COMPARATIVE DISTANCES

Can. Pac. Ry.	Montreal to Vancouver	2905 Miles
" " "	New York " " via Brockville	3162 "
Nor. Pac. Ry.	New York to Portland, & Shortest Connections	3235 "
Union & Cen. Pac.	New York to San Francisco " "	3271 "

