$25,000,000

Canadian Pacific Railway Company

4% Coupon Consolidated Debenture Stock

PERPETUAL **NON-CALLABLE**

Outstanding in the hands of the public (including this issue), $232,644,882

Interest payable January 1 and July 1 in New York City, in U. S. gold coin. Certificates issuable in coupon form in denominations of $100, $500, $1,000 and multiples of $1,000, exchangeable for fully registered Certificates.

Application will be made to list on the New York Stock Exchange the Consolidated Debenture Stock now offered.

The following description of the Consolidated Debenture Stock has been summarized principally from a letter, dated December 19, 1921, of E. W. Beatty, Esquire, President of the Canadian Pacific Railway Company:

The Canadian Pacific Railway Company 4% Consolidated Debenture Stock is authorized by Act of Parliament of the Dominion of Canada passed in 1889 and subsequent Acts.

By the terms of the Act the stock is a first charge upon and over the whole undertaking, railways, works, rolling stock, plant, property and effects of the Company, excepting lands received by way of subsidy, subject however to the payment of working expenses, and to certain priorities in respect to charges, which now consist of securities aggregating approximately $38,651,724, issued in respect to only 1,642 miles of railroad, while the lines embraced in the Canadian Pacific Railway's traffic returns aggregate 13,402.2 miles.

The interest on the Consolidated Debenture Stock is therefore a first charge, subject to the above-mentioned priorities, upon the net earnings of the Company derived from the operation of its railway lines.

The net earnings of the railway system in the year ended December 31st, 1920, were $33,153,044.60, while the net earnings from ocean and coastal steamships, telegraphs, hotels, investments, etc., were $10,966,447.81, or a total of $44,119,492.41. The interest and dividend requirements of the securities underlying the Debenture Stock were $1,907,396.20 and the interest charges on the Consolidated Debenture Stock were $7,181,587.30, which together with rentals and interest on equipment obligations made total fixed charges for the year 1920 of $10,775,408.99.

The Debenture Stock has priority over $80,681,921.12 Preference Stock and $260,000,000 Common Stock. The Preference Stock has received dividends without interruption since its issuance in 1895 at the rate of 4% per annum. The Common Stock has paid dividends continuously since 1882, with the exception of the year 1895. The rate since 1912 has been 10% per annum.

At present quotations the preference and common stocks represent an equity of over $357,000,000.

Price to yield about 5.13%

When, as and if issued and received by us, and subject to approval of counsel. It is expected that temporary certificates of the Company will be ready for delivery on or about January 4, 1922, exchangeable for definitive engraved Consolidated Debenture Stock, when available.

Guaranty Company of New York

140 Broadway

Fifth Avenue and 44th Street — Madison Avenue and 60th Street — 268 Grand Street

ALBANY, N. Y.	BUFFALO, N. Y.	ERIE, PA.	JOHNSTOWN, PA.	PITTSBURGH, PA.	ROCHESTER, N. Y.
ATLANTA, GA.	CHICAGO, ILL.	HARRISBURG, PA.	LOS ANGELES, CAL.	PORTLAND, MAINE	ST. LOUIS, MO.
BALTIMORE, MD.	CINCINNATI, O.	HARTFORD, CONN.	MINNEAPOLIS, MINN.	PROVIDENCE, R. I.	SAN FRANCISCO, CAL.
BOSTON, MASS.	CLEVELAND, O.	JAMESTOWN, N. Y.	PHILADELPHIA, PA.	READING, PA.	SCRANTON, PA.
	WASHINGTON, D. C.			WILKES-BARRE, PA.	

We do not guarantee the statements and figures presented herein, but they are taken from sources which we believe to be reliable

December, 1921

Canadian Pacific Railway Company

The Company

The Canadian Pacific Railway Company operates a transcontinental line from St. John, New Brunswick, to Vancouver, British Columbia, operating directly about 13,402 miles of railway; mileage of other lines worked, 940; mileage under construction, 357. It also controls through majority stock ownership 4,964 miles located principally in the United States, making the total mileage of the system 19,663 miles. In addition, the company operates directly its own steamship lines to European and Asiatic ports.

The Consolidated Debenture Stock

The Consolidated Debenture Stock is the premier security of the Canadian Pacific Railway Company.

This stock is authorized by an Act of Parliament of the Dominion of Canada, passed in 1889, and subsequent Acts. By the terms of the Act of 1889 the stock, subject to certain priorities created in respect to charges existing at the time of 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 defined by law, is a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company (except lands received by way of subsidy), including all 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.

The interest on the Consolidated Debenture Stock is, therefore, a first charge subject to the priorities referred to above, upon the net earnings of the Company derived from its operation of its railway lines.

The priorities mentioned in the Act as being outstanding in 1889 now aggregate approximately $38,651,724. These securities are issued in respect to only 1,642 miles of railroad, while the lines embraced in the Canadian Pacific Railway traffic returns aggregate 13,402.2 miles.

The Consolidated Debenture Stock is not redeemable and is entitled to interest at the rate of 4% per annum, payable semi-annually on January 1 and July 1. Upon the sale of the $25,000,000 now offered there will be outstanding in the hands of the public an aggregate amount of $232,644,882. Issues of the stock may be made from time to time when authorized by Act of Parliament and by at least two-thirds of the votes of the Preference and Common shareholders present or represented at a Special General Meeting called for the purpose.

Earnings

The net earnings of the Canadian Pacific Railway System in the year ended December 31, 1920, were $33,153,044.60, while the net earnings from ocean and coastal steamships, telegraphs, hotels, investments, etc., were $10,966,447.81, or a total of $44,119,492.41. The interest and dividend requirements of the securities underlying the Consolidated Debenture Stock were $1,907,396.20 and interest charges on the Consolidated Debenture Stock were $7,181,587.30, which together with rentals and interest on equipment obligations made total fixed charges for the year 1920 of $10,775,408.99. For the past ten and one-half years the Company has earned a yearly average of 4.74 times the fixed charges.

In the ten months ended October 31, 1921, net earnings have increased $1,754,196 or 6½% over the corresponding period in 1920.

The following table gives the condensed income account of the Company for the ten and one-half year period July 1, 1910, to December 31, 1920, showing total operating revenues, amount available for fixed charges and net income:

Year Ended June 30	Total Oper. Revenue	Available for Fixed Charges	Fixed Charges	Net Income
1911	$104,167,808	$42,732,215	$10,011,071	$32,721,144
1912	123,319,541	49,561,277	10,524,937	39,036,340
1913	139,395,700	54,089,589	10,876,352	43,213,237
1914	129,814,824	48,897,956	10,227,311	38,670,645
1915	98,865,210	43,049,807	10,446,510	32,603,297
1916	129,481,886	57,243,586	10,306,196	46,937,390
1916*	76,717,965	36,146,047	5,132,551	31,013,496
1917**	152,389,335	55,290,635	10,229,143	45,061,492
1918**	157,537,698	42,437,162	10,177,513	32,259,649
1919**	176,929,060	41,982,378	10,161,510	31,820,868
1920**	216,641,349	44,119,492	10,775,409	33,344,083

*Six months ended December 31.
**Year ended December 31.

Equity

The Consolidated Debenture Stock has priority over $80,681,921.12 Preference Stock and $260,000,000 Common Stock. The Preference Stock has received regular 4% dividends without interruption since its issuance in 1895. The Common Stock has paid dividends continuously since 1882 with the exception of the year 1895. The rate since 1912 has been 10% per annum. At present market prices the Preference and Common Stocks indicate an equity of over $357,000,000.

Price Record

The Canadian Pacific Railway Consolidated Debenture Stock has been listed for many years on the London Stock Exchange. Its high price was 118½ in 1902 and for the fourteen years preceding the outbreak of the World War, averaged well above the average prices of premier American railroad first mortgage bonds, viz.:

Average price Canadian Pacific Debenture Stock, 107⅝. Average price Atchison, Topeka & Santa Fe General 4s, 100⅛. Average price Northern Pacific Prior Lien 4s, 101¾. Average price Union Pacific First Mortgage Land Grant 4s, 102.