

Funds from
where to be
taken.

4. The funds required for the construction and purposes mentioned in this act may be taken from and out of the proceeds of the securities issued or to be issued under the authority of the charter of the Quebec Central Railway Company and more especially of the act 6 Edward VII, chapter 58.

Beginning,
&c., of work.

5. The work and construction authorized by this act shall be commenced and completed within three years from the completion of the bridge across the river St. Lawrence near Quebec and of the line of railway between the northern extremity of the said bridge and the city of Quebec and the opening of both to public traffic.

Coming into
force.

6. This act shall come into force on the day of its sanction.

C H A P . 8 2

An Act to amend the charter of the Quebec Central Railway Company and to confirm an agreement between the Quebec Central Railway Company and the Canadian Pacific Railway Company.

[Assented to 3rd April, 1912.]

Preamble.

WHEREAS the Quebec Central Railway Company, hereinafter referred to as the Company, has by its petition prayed that an act be passed authorizing it to carry out an agreement with the Canadian Pacific Railway Company which they have executed conditionally and a copy of which is contained in the schedule to this act, and to further amend certain provisions of its charter, and it is expedient to grant the prayer of the said petition.

Therefore, His Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

Certain
agreement
ratified.

1. The agreement between the Quebec Central Railway Company and the Canadian Pacific Railway Company dated the 10th day of August, 1911, set out in the schedule hereto is hereby ratified in so far as the Quebec Central Railway Company is concerned, subject to its being adopted and confirmed by the shareholders and other security holders of the said company in the manner hereinafter provided by the present act, and so soon as the present act shall come into force the said company may execute such deeds and perform such further acts and have all such powers as are necessary

to give full effect to the substance and intention thereof and that are incidental thereto.

2. In furtherance of the aforesaid agreement the directors of the company shall have power to create and issue second mortgage debenture stock of the total nominal amount of three hundred and thirty-eight thousand pounds sterling bearing interest at the rate of three and a half per centum per annum payable half yearly in London in sterling on the 15th day of January and on the 15th day of July of each year. Issue of certain debenture stock.

The said second mortgage debenture stock shall be redeemable fifty years from the date of the issue thereof, shall rank as a second charge on the company's railway, rolling stock, property and undertaking without registration, next after the outstanding four per cent debenture stock and shall be fully guaranteed in principal and interest by the Canadian Pacific Railway Company. Redemption of same, &c.

The said three and one half per centum second mortgage debenture stock shall be exchanged for and in all respects take the place of the present existing three per centum debenture stock issued under the provisions of the act 1 Edward VII, chapter 60 with due adjustment of interest and upon such exchange being effected the said three per cent debenture stock shall forthwith be cancelled. Exchange of same for certain other debenture stock.

The Directors of the company in order to effect such exchange and cancellation of securities shall give notice published in the *Quebec Official Gazette* and in the *London, England Times*, once a week for at least four weeks which notice shall briefly set out the nature of the conversion and call upon the holders of the said three per cent debenture stock within such period as may be fixed by the directors to surrender their stock for cancellation and to receive in exchange therefor their due proportion of such new securities. After the publication of such notice and the expiration of such period all rights of the holders of existing second debenture stock, in respect of the said stock other than the right to receive their due proportion of such new securities as aforesaid, shall cease and determine. Notice of exchange, &c.

3. The directors of the company are further authorized and empowered to create and issue third mortgage bonds or debenture stock of the total nominal amount of three hundred and thirty-eight thousand pounds sterling bearing interest at the rate of five per centum per annum payable half yearly in sterling in London on the 15th day of January and the 15th day of July in each year. Issue of third mortgage bonds, &c.

The said bonds or debenture stock shall be redeemable fifty years from the date of the issue thereof and shall rank Redemption of same.

as a third charge upon the company's railway, rolling stock, property and undertaking without registration next after the above mentioned three and one half per centum second mortgage debenture stock and shall be fully guaranteed in principal and interest by the Canadian Pacific Railway Company.

Exchange of same for certain income bonds.

The said five per centum bonds or debenture stock shall be exchanged for and in all respects take the place of the present existing seven per centum income bonds issued under the provisions of the act 1 Edward VII, chapter 60, with due adjustment of interest and upon such exchange being effected the said seven per cent income bonds shall forthwith be cancelled.

Notice of exchange, &c.

The directors of the company in order to effect such exchange and cancellation of securities shall give notice published in the *Quebec Official Gazette* and in the *London England Times* once a week for at least four weeks which notice shall briefly set out the nature of the conversion and call upon the holders of seven per cent income bonds within such period as may be fixed by the directors to surrender their bonds for cancellation and to receive in exchange therefor their due proportion of such new securities. After the publication of such notice and the expiration of such period all rights of the holders of existing seven per cent income bonds in respect of the said bonds other than the right to receive their due proportion of such new securities as aforesaid shall cease and determine.

49-50 V., c. 82, s. 8a, replaced.

4. Section 8a of the act 49-50 Victoria, chapter 82 as replaced by the acts 63 Victoria, chapter 66, section 3 and 8 Edward VII, chapter 106, section 4, is replaced by the following:

Elected directors of company.

"8a. The elected directors of the said company shall consist of six members of whom the Canadian Pacific Railway Company shall appoint four and the company two. The board of directors may however at any time reduce the number of its members to five, in which case the Canadian Pacific Railway Company shall name three and the company two.

Directors appointed by C. P. R.

The directors so appointed by the Canadian Pacific Railway Company shall not retire at the annual meeting of the company and shall not be required to hold any qualification and the Canadian Pacific Railway Company shall have the right to remove any director so appointed by them and to fill any casual vacancy caused by death, resignation or removal.

Qualifications of certain directors.

Any holder of shares or of five per cent bonds or of debenture stock of either class amounting to five hundred pounds at par value or the holder of any such shares and securities or of such securities which together amount to five hundred

pounds at par value shall be qualified for election as one of the directors of the company.

5. Notwithstanding anything contained in the act 49-^{Head office} 50 Victoria chapter 82, sections 8 and 9, or in any by-law^{of company.} of the company to the contrary, during the term of the present lease the Canadian Pacific Railway Company are authorized and empowered to establish the head office of the company at the city of Sherbrooke or at such other place as they may from time to time hereafter determine.

6. The board of directors of the company may convert any paid up shares into stock and thereupon the several^{Conversion} holders of such stock may thenceforth transfer their respective^{of paid up} interests therein or any part of such interests in the same^{shares into} manner and subject to the same regulations as and subject^{stock.} to which shares in the company's share capital may be transferred or as near thereto as circumstances will admit, provided that the minimum amount of stock transferable shall be one pound sterling, and that fractions of one pound sterling shall not be dealt with.

7. The stock shall confer on the holders thereof respectively the same privileges and advantages as regards participation in profits and voting at meetings of the company^{Rights of} and for other purposes as would have been conferred by^{stockholders,} shares of equal amount in the capital of the company, but^{&c.} so that none of such privileges or advantages except the participation in profits of the company shall be conferred by any such aliquot part of consolidated stock as would not if existing in shares have conferred such privileges or advantages; and save as aforesaid all the provisions heretofore applicable to shares shall so far as circumstances will admit apply to the stock.

8. The directors shall obtain the consent to the terms and stipulations of this act and the schedule attached thereto^{Consent of} of the majority in amount of the holders of the capital stock^{certain persons} of the company and of the holders of a majority in amount^{to this} of the total issue of each of the several securities present^{act.} in person or by proxy at a meeting of such shareholders and of each class of such security holders specially called for that purpose, to wit:—The holders of four per cent debenture stock, three per cent debenture stock, seven per cent income bonds and shareholders.

9. This act shall come into force only upon the proclamation of the Lieutenant-Governor of the Province of Quebec^{Coming into} force.

which shall be issued upon the declaration of the company that the said act and schedule thereto has received the assent of the majority in amount of the security holders and shareholders of the company as mentioned in the foregoing section and that the Canadian Pacific Railway Company have executed the intended lease and guaranteed the principal and interest of the new three and a half per cent debenture stock and five per cent bonds and share dividend in terms of the said agreement, and unless such lease be executed and guarantee and assent be given prior to the 31st day of December 1912, this act shall be inoperative and of no effect and the relative rights, rank and position of the present security holders and shareholders shall remain unchanged.

SCHEDULE

Heads of agreement made this 10th day of August, 1911.

BETWEEN:

THE QUEBEC CENTRAL RAILWAY COMPANY, incorporated under the laws of the Province of Quebec, represented by Edward Dent, Esq., president and hereinafter referred to as "The Quebec"

Of the one part.

AND

THE CANADIAN PACIFIC RAILWAY COMPANY, incorporated under the laws of the Dominion of Canada, represented by Sir Thomas Shaughnessy, president, and hereinafter referred to as "The Pacific",

Of the other part.

WHEREBY IT IS MUTUALLY AGREED AS FOLLOWS:

1. This agreement is conditional upon:—

(a) A grant to the Quebec of a charter from or other recognition by the government of the Dominion of Canada;

(b) The passing by the Parliament of the Dominion of Canada or of the Legislature of the Province of Quebec of an act sanctioning this agreement and making such alterations in the constitution of the Quebec as this agreement may involve;

(c) The sanction by the holders of the debenture stocks, bonds and common stock of the Quebec or such majority of the respective classes as may be required to make this agree-

ment binding—and the parties hereto respectively undertake to use their best efforts to procure the fulfilment of the above conditions.

2. The Quebec shall create debenture stock of the total nominal amount of three hundred and thirty-eight thousand pounds bearing interest at the rate of $3\frac{1}{2}\%$ per annum payable half yearly, in London, in sterling, on 15th January and 15th July, principal to be repaid on the expiration of 50 years from the date when this agreement shall become effective, and ranking as a second charge upon the undertaking of the Quebec next after the existing authorized first mortgage 4 per cent debenture stock, the interest and rights of which are to remain undisturbed, to an amount not exceeding fifteen thousand dollars per mile of railway, such $3\frac{1}{2}\%$ second debenture stock to be exchanged pound for pound for the existing 3% second debenture stock of the Quebec which shall be cancelled.

3. The Quebec to create bonds of the total nominal amount of three hundred and thirty eight thousand pounds bearing interest at the rate of 5% per annum payable half yearly, in London, in sterling, on the 15th January and 15th July, principal to be repaid on the expiration of 50 years from the date when this agreement shall become effective and ranking as a third charge upon the undertaking of the Quebec next after the above mentioned $3\frac{1}{2}\%$ second debenture stock, such 5% bonds to be exchanged pound for pound for the existing 7% income bonds of the Quebec which shall be cancelled, a cash payment of 10% on the face value to be paid on conversion to the holders of 7% income bonds as compensation for reduction of interest,

4. The Quebec to grant and the Pacific to accept a lease of all the assets, property and undertaking of the Quebec wherever situate, for a term of 999 years commencing from midnight on the 31st day of December or 30th June as the case may be next after the date when this agreement shall become effective. The rent payable by the Pacific shall be such sum as shall be required to provide:—

(a) Interest at 4% per annum on the amount of first mortgage debenture stock of the Quebec for the time being issued and outstanding.

(b) Interest at three and a half per cent per annum on the above mentioned sum of new $3\frac{1}{2}\%$ second debenture stock of the Quebec and any stock or bonds which may be created in place thereof on its maturity.

(c) Interest at 5% per annum (on the above mentioned sum of new 5% third mortgage bonds of the Quebec) and any stock or bonds which may be created in place thereof on their maturity.

(d) Interest or dividend on the issued and outstanding shares in the common stock of the Quebec at the rate of four per cent per annum for four years from the date when this agreement shall become effective and thereafter at the rate of 5% per annum payable half-yearly.

(e) The Pacific shall provide the offices and clerks for the head office of the Quebec at such place as the Pacific may from time to time determine and shall pay the directors of the Quebec one hundred pounds a year each.

All such rents to be payable half yearly in sterling in London.

5. A valuation and inventory of the rolling stock and equipment assets and properties of the Quebec other than the railway itself shall be made as of the date of the commencement of the lease and the lease shall contain a covenant by the Pacific to operate and maintain in good repair the railway of the Quebec and to maintain in good repair the rolling stock and equipment and to renew and replace such items thereof as may be worn out or destroyed and upon the expiration or other determination of the lease to surrender to the Quebec the railway rolling stock and equipment, assets and properties to the extent of the inventory in at least as good order and condition as the same are now in or cash or assets of equivalent value after deducting any monies due to the Pacific in respect of the guarantee of principal mentioned in clause 11 hereof. The lease shall contain all usual covenants for payment by the Pacific of rates and taxes and all claims for compensation and the making of all such returns and statistics as may for the time being be required by law and determination of the lease and re-entry in case of default.

6. The Quebec until the date of commencement of the lease shall continue to operate the railway in the ordinary course of business and shall defray the operating expenses out of the earnings of the railway and shall not incur any liabilities exceeding one thousand pounds without the written consent of the Pacific except such as have been already authorized and provided for or may be incurred in the ordinary course of operating the railway. Subject as aforesaid the Pacific shall pay and discharge out of the liquid assets of the Quebec comprised in the lease all debts and liabilities of the Quebec. The Pacific shall take over the employees in the service of the Quebec at the date of the commencement of the lease other than the London staff and any member of the Quebec staff so taken over shall be admitted to the full benefits of the pension regulations of the Pacific, their term of service with the Quebec counting as service with the Pacific, and the pension benefit shall be based on salaries in the same manner as provided in the said Pacific regulations.

7. As further consideration for the granting of the said

intended lease the Pacific will upon its execution pay to the Quebec a sum equal to ten per cent on the face value of the issued and outstanding 7% income bonds of the Quebec to enable the Quebec to effect the conversion thereof as hereinbefore mentioned and will also pay to the Quebec the sum of fifteen thousand pounds to be applied by the directors of the Quebec so far as they may deem necessary in compensation to London staff and the balance to be retained by the directors of the Quebec as extraordinary remuneration for their special services in negotiating and carrying into effect the agreement.

8. The existing assets and earnings of the Quebec shall not pending the granting of the said lease be divided amongst the stockholders of the Quebec or without the written consent of the Pacific used in any other way except for the payment of all interest as it accrues due on the Debenture capital of the Quebec and out of its audited earnings for the year after deducting debenture interest, of a dividend at the rate of not exceeding three per cent per annum on the ordinary stock of the Quebec for the year ending 30th June, 1911, and four per cent per annum for any subsequent period prior to the commencement of the lease and the expenses or ordinary working of the railway. The balance of net earnings for the year to the 30th June, 1911 to be at the disposal of the Quebec.

9. The existing board of six directors of the Quebec shall be increased to seven of whom the Pacific shall during the currency of the lease appoint four but in the event of the Provincial Government of Quebec ceasing to appoint a director the number of directors shall be reduced to five of whom the Pacific shall during the currency of the lease appoint three, such appointed directors not to retire at the annual meeting of the Quebec and not to be required to hold any qualification and the Pacific shall have the right to remove any director so appointed and to fill any casual vacancy caused by death resignation or removal.

10. During the currency of the lease the Pacific shall afford to the New York, New Haven and Hartford Railroad Company traffic facilities not inferior to those now enjoyed by that company.

11. The Pacific shall guarantee the principal and interest of the new second debenture stock and the new five per cent third mortgage bonds of the Quebec hereinbefore referred to and shall arrange for renewal or repayment on their maturity.

12. The Pacific shall be at liberty to use all assets transferred to it pursuant to the said lease for the purposes of the Quebec undertaking and any payments to be made by the Pacific pursuant to the agreement other than the payment

of the said rent, and if any further capital is required after issuing the present unissued common stock referred to in clause 13 the Pacific shall provide the same taking an equivalent in stock of the Quebec.

13. The Quebec shall not without the previous written consent of the Pacific create or issue any further common stock or debentures or debenture stock other than such as by law they may be bound to issue in respect of outstanding rights of conversion or outstanding but at present unsubstantiated titles to common stock, but the Quebec shall from time to time as and when required by the Pacific issue the whole or part of the balance of its unissued common stock.

14. In the event of the conditions mentioned in clause 1 hereof not being fulfilled within twelve calendar months of the date of this agreement either party shall be at liberty at any time thereafter on giving to the other one calendar month's notice in writing to determine this agreement and on the expiration of such notice this agreement shall be determined accordingly and neither party shall have any claim for damages expenses or otherwise against the other except such as are provided for by article 15.

15. The Pacific shall defray all costs charges and expenses of and incidental to the preparation and completion of this agreement and obtaining fulfilment of the conditions contained in article 1 of this agreement and of the lease to be prepared and executed in pursuance hereof.

16. Arbitration clause.

As witness the hands of the parties this 10th day of August, 1911.

THE CANADIAN PACIFIC RAILWAY COMPANY,

By (Signed) T. G. SHAUGHNESSY,

Witness:—

President.

(Signed) A. R. CREELMAN.

Seal of

Canadian Pacific Railway.

The signature of the Quebec Central Railway Company, and its seal, as hereafter mentioned, are affixed to a duplicate of the above agreement which is now in the possession of the Canadian Pacific Railway Company.

(Signed) EDWARD DENT.

Witnesses to the signature of EDWARD DENT,

(Seal of Q. C. Ry. Co.)	}	(Signed) A. BREMNER,
		" J. LINDLEY.

The undersigned hereby certifies that the foregoing is a true copy of the original agreement signed in duplicate by the parties mentioned therein.

Montreal, 18th January, 1912.

A. R. CREELMAN,
General Counsel,
Can. Pac. Ry. Co.

CHAP. 83

An Act respecting the Quebec and Lake St. John Railway Company.

[Assented to 3rd April, 1912.]

WHEREAS the Quebec and Lake St. John Railway Com-^{Preamble.}
 pany has by its petition represented that its act of
 incorporation and the act amending the same should be
 amended as hereinafter set forth :

And whereas it is expedient to grant the prayer of the said
 petition

Therefore, His Majesty, with the advice and consent of the
 Legislative Council and of the Legislative Assembly of Quebec,
 enacts as follows :

1. This act may be cited as "The Quebec and Lake St. Short title.
 John Railway Act, 1912."

2. Notwithstanding anything in any of the acts relating ^{Certain}
 to the Quebec and Lake St. John Railway Company (herein-^{agreement}
 after called the "Quebec Company") the agreement set out in ^{ratified.}
 schedule A hereto, made between the Quebec Company,
 the Railway Share, Trust and Agency Company, Limited,
 and the Canadian Northern Railway Company (and herein-
 after called "the said agreement") is duly confirmed and de-
 clared to be valid and binding upon all persons and companies
 affected thereby or interested therein, in every respect as if
 the said agreement had been enacted hereby ; and the parties
 thereto are hereby authorized and required to observe and
 carry out all the terms and provisions of the said agreement
 according to the true intent and meaning thereof.

3. The said agreement having been sanctioned or approv-^{Said agree-}
 ed by extraordinary resolutions duly passed by the holders ^{ment bind-}