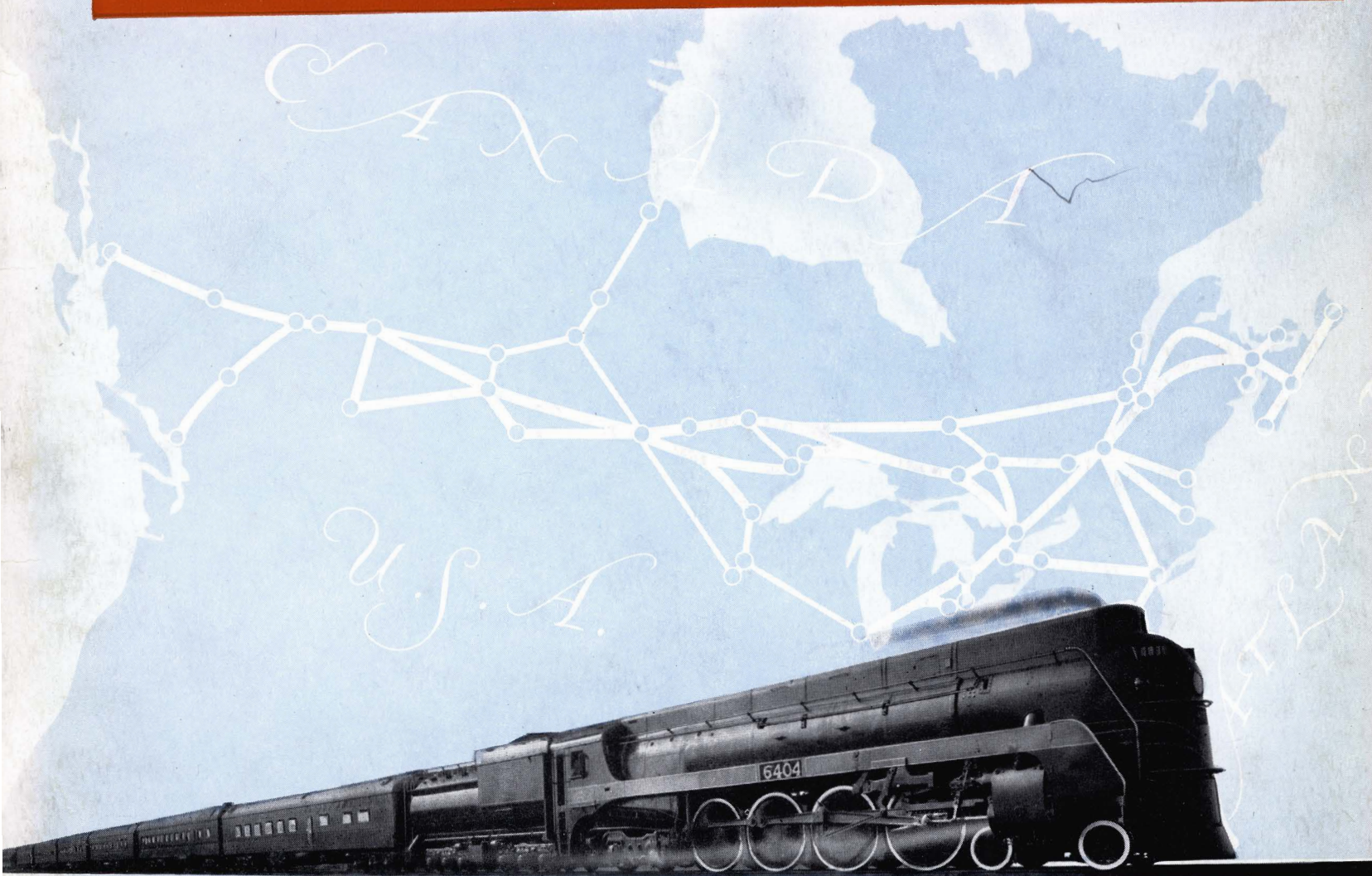


SF827 C169

Canadian National Railways

ANNUAL REPORT

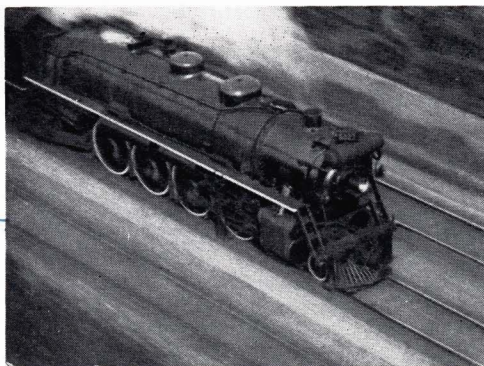
1946



McGILL U. LIBRARY

APR 24 1947

*Canadian National Railway
System*



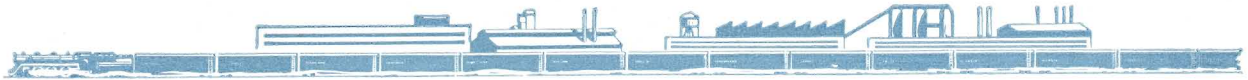
ANNUAL REPORT

1946

FOR THE YEAR ENDED 31st. DECEMBER

mcl

1112457



Speed, power and attractive design are characteristics of main line passenger train locomotives of the Canadian National Railways.



BOARD OF DIRECTORS

R. C. VAUGHAN, C.M.G., Chairman, Montreal.

WILFRID GAGNON, C.B.E., Montreal.	J. A. NORTHEY, Toronto.
H. J. SYMINGTON, C.M.G., K.C., Montreal.	E. J. YOUNG, Dummer, Sask.
B. L. DALY, Montreal.	R. B. BRENNAN, Saint John, N.B.

GENERAL OFFICERS

PRESIDENT.....	R. C. VAUGHAN, C.M.G.	MONTREAL
VICE-PRESIDENT AND EXECUTIVE ASSISTANT.....	M. A. METCALF, C.B.E.	MONTREAL
ASSISTANT TO PRESIDENT.....	G. W. V. SHAW.....	MONTREAL
SECRETARY.....	W. H. HOBBS.....	MONTREAL
OPERATION AND CONSTRUCTION DEPARTMENTS		
EXECUTIVE VICE-PRESIDENT.....	N. B. WALTON, C.B.E.....	MONTREAL
VICE-PRESIDENT, WESTERN REGION.....	W. R. DEVENISH.....	WINNIPEG
GENERAL MANAGER, WESTERN REGION.....	W. C. OWENS.....	WINNIPEG
VICE-PRESIDENT AND GENERAL MANAGER, CENTRAL REGION.....	J. F. PRINGLE.....	TORONTO
VICE-PRESIDENT AND GENERAL MANAGER, ATLANTIC REGION.....	J. P. JOHNSON.....	MONCTON
VICE-PRESIDENT AND GENERAL MANAGER, GRAND TRUNK WESTERN RAILROAD.....	C. A. SKOG.....	DETROIT
GENERAL MANAGER, CENTRAL VERMONT RAILWAY.....	J. A. ROGERS.....	ST. ALBANS
CHIEF ENGINEER, OPERATION.....	B. WHEELWRIGHT.....	MONTREAL
CHIEF OF MOTIVE POWER AND CAR EQUIPMENT.....	E. R. BATTLE.....	MONTREAL
CHIEF OF TRANSPORTATION.....	S. F. DINGLE.....	MONTREAL
ACCOUNTING DEPARTMENT		
VICE-PRESIDENT AND COMPTROLLER.....	T. H. COOPER.....	MONTREAL
FINANCIAL DEPARTMENT		
VICE-PRESIDENT AND TREASURER.....	C. D. COWIE.....	MONTREAL
TRAFFIC DEPARTMENT		
VICE-PRESIDENT.....	ALISTAIR FRASER.....	MONTREAL
GENERAL FREIGHT TRAFFIC MANAGER.....	*JOHN PULLEN.....	MONTREAL
GENERAL PASSENGER TRAFFIC MANAGER.....	A. A. GARDINER.....	MONTREAL
LAW DEPARTMENT		
GENERAL COUNSEL.....	N. J. MACMILLAN.....	MONTREAL
PURCHASING AND STORES DEPARTMENTS		
VICE-PRESIDENT.....	D. MCK. FORD.....	MONTREAL
GENERAL PURCHASING AGENT.....	E. A. BROMLEY.....	MONTREAL
MANAGER OF STORES.....	L. C. THOMSON.....	MONTREAL
RESEARCH AND DEVELOPMENT DEPARTMENT		
VICE-PRESIDENT.....	S. W. FAIRWEATHER.....	MONTREAL
CHIEF OF RESEARCH.....	J. E. GIBAULT.....	MONTREAL
CHIEF OF DEVELOPMENT.....	M. W. MAXWELL.....	MONTREAL
PUBLIC RELATIONS, PUBLICITY, ADVERTISING		
DIRECTOR.....	W. S. THOMPSON, C.B.E.....	MONTREAL
EXPRESS DEPARTMENT		
GENERAL MANAGER.....	G. E. BELLEROSE.....	MONTREAL
SLEEPING AND DINING CAR DEPARTMENT		
MANAGER.....	W. W. SWINDEN.....	MONTREAL
INVESTIGATION DEPARTMENT		
DIRECTOR.....	G. A. SHEA, O.B.E.....	MONTREAL
REAL ESTATE DEPARTMENT		
MANAGER.....	L. C. GROOM.....	MONTREAL
COLONIZATION AND AGRICULTURE DEPARTMENT		
DIRECTOR.....	J. S. MCGOWAN.....	MONTREAL
DEPARTMENT OF LABOUR RELATIONS		
DIRECTOR.....	R. C. JOHNSTON.....	MONTREAL
HOTEL DEPARTMENT		
GENERAL MANAGER.....	R. SOMMERVILLE.....	OTTAWA
CANADIAN NATIONAL TELEGRAPHS		
GENERAL MANAGER.....	W. M. ARMSTRONG.....	TORONTO
MEDICAL DEPARTMENT		
CHIEF MEDICAL OFFICER.....	DR. K. E. DOWD.....	MONTREAL
EUROPEAN MANAGER.....	†J. B. THOM.....	LONDON
EUROPEAN SECRETARY AND TREASURER.....	A. H. CONEYBEARE.....	LONDON

*Succeeded G. R. Fairhead who retired on pension March 6, 1947

†Succeeded P. A. Clews who retired on pension January 19, 1947



RESULT OF 1946 OPERATIONS

CONSOLIDATED INCOME ACCOUNT

	1946	1945
RAILWAY OPERATING REVENUES:		
Freight	\$300,313,198.90	\$316,533,328.90
Passenger	50,128,223.16	65,199,923.28
Mail	4,275,981.70	4,204,835.42
Express	19,579,478.94	19,209,446.01
Commercial Telegraphs	7,353,600.20	7,554,813.82
All other	18,935,542.99	21,071,046.13
TOTAL OPERATING REVENUES	\$400,586,025.89	\$433,773,393.56
RAILWAY OPERATING EXPENSES:		
Maintenance of Way and Structures	\$ 67,156,485.69	\$ 70,311,162.19
Maintenance and Depreciation of Equipment	73,733,329.72	76,784,609.37
Traffic	7,092,888.80	6,046,603.02
Transportation	185,353,576.11	179,119,172.42
Miscellaneous Operations	4,709,676.65	6,282,609.09
General	19,190,761.32	16,749,892.39
TOTAL OPERATING EXPENSES	\$357,236,718.29	\$355,294,048.48
NET OPERATING REVENUE	\$ 43,349,307.60	\$ 78,479,345.08
Taxes	7,122,247.83	6,476,981.25
Equipment Rents—Net Debit	4,145,828.24	3,567,783.92
Joint Facility Rents—Net Debit	522,284.33	556,641.66
NET RAILWAY OPERATING INCOME	\$ 31,558,947.20	\$ 67,877,938.25
OTHER INCOME:		
Income from Lease of Road and Equipment	\$ 59,505.15	\$ 58,960.79
Miscellaneous Rent Income	930,662.24	930,962.20
Income from Non-transportation Property	615,265.13	643,859.61
Results of Separately Operated Properties—Profit	337,968.71	346,186.51
Hotel Operating Income	1,102,082.63	1,235,850.94
Dividend Income	530,446.55	543,514.50
Interest Income	3,672,202.10	3,463,027.50
Miscellaneous Income	235,440.99	298,490.98
TOTAL OTHER INCOME	\$ 7,483,573.50	\$ 7,520,853.03
DEDUCTIONS FROM INCOME:		
Rent for Leased Roads and Equipment	\$ 975,745.93	\$ 1,109,929.74
Miscellaneous Rents	547,925.15	652,343.81
Miscellaneous Taxes	124,656.72	121,027.01
Interest on Unfunded Debt	491,096.99	387,514.73
Amortization of Discount on Funded Debt	537,376.48	1,183,920.48
Miscellaneous Income Charges	1,130,154.79	1,104,234.99
Profit and Loss Items— <i>Net Credit</i>	483,962.28	244,452.22
TOTAL DEDUCTIONS FROM INCOME	\$ 3,322,993.78	\$ 4,314,518.54
NET INCOME AVAILABLE FOR PAYMENT OF INTEREST	\$ 35,719,526.92	\$ 71,084,272.74
Interest on Funded Debt—Public	23,358,514.18	26,021,784.56
Interest on Government Loans	21,322,583.23	20,306,358.18
<i>Deficit 1946—Surplus 1945</i>	\$ 8,961,570.49	\$ 24,756,130.00



CANADIAN NATIONAL RAILWAYS

Montreal, March 15, 1947.

THE HONOURABLE LIONEL CHEVRIER, K.C., M.P.,
 MINISTER OF TRANSPORT,
 OTTAWA.

Sir:

In conformity with *The Canadian National-Canadian Pacific Act, 1936*, the Board of Directors submit the following report of the operations of the Canadian National Railways for the calendar year 1946.

The repatriation of Canada's armed forces has been completed and during the year large numbers of wives and dependents were also carried from dockside to various parts of the country. The change-over from a war economy to one of peace perplexed the world with urgent and serious problems, of which Canada had its share, and produced for the Canadian National System, as a vital public utility, a difficult year. Return to a normal flow of traffic was hampered by reconversion in industry, by strikes, and by shortages of rolling stock, conditions common to all railways in Canada and the United States.

Nevertheless, railway traffic moved in heavy volume and, measured in train miles, was only 3.8% below the traffic of 1945. In revenue earned, however, the decrease was 7.7%. The savings in operating costs from the reduction in traffic were far more than offset by increased rates of pay and increased prices for fuel and the materials used in railway operation and maintenance.

With revenues reduced and expenses increased, it was inevitable that the net income should be sharply decreased in 1946 as compared with the preceding year.

The following is a summary of the operating results. The full income statement appears on the opposite page.

	1946	1945
Operating Revenues.....	\$400,586,025.89	\$433,773,393.56
Operating Expenses.....	357,236,718.29	355,294,048.48
Net Operating Revenue.....	\$ 43,349,307.60	\$ 78,479,345.08
Taxes, Equipment and Joint Facility Rents.....	11,790,360.40	10,601,406.83
Net Railway Operating Income.....	\$ 31,558,947.20	\$ 67,877,938.25
Other Income, less deductions— <i>Credit</i>	4,160,579.72	3,206,334.49
Interest on Funded Debt—Public.....	\$ 23,358,514.18	\$ 26,021,784.56
Interest on Government Loans.....	21,322,583.23	20,306,358.18
<i>Deficit 1946—Surplus 1945</i>	<u>\$ 8,961,570.49</u>	<u>\$ 24,756,130.00</u>

RESULTS OF OPERATIONS

OPERATING REVENUES. There was a recession from the high levels reached during the war years, but nevertheless the gross receipts during 1946 totalled \$400,586,000. This is an indication of the tremendous transportation services furnished by the National Railway System during the reconversion period.

The 1946 revenues were 7.7% below those of the previous year. Traffic commenced to decline in August, 1945, and the reduction continued at an increasing pace until June, 1946, when it began to level off. In the last quarter of the year the downward trend was reversed and there was an increase of 3.7% as compared with the same period of 1945.



Passenger train service revenue (fares, mail, express, dining and sleeping cars, etc.) in 1946 was less by \$17,267,000, and revenue from the carriage of grain decreased \$14,726,000. The decreases in these two sources of revenue account, in the main, for the reduction in gross receipts.

The freight rate increases authorized by the Interstate Commerce Commission of the United States effective July 1, 1946, added \$4,290,000 to the gross revenues of the System.

OPERATING EXPENSES. In passenger service, passenger miles decreased 31.4% and revenues from fares 23.1%, while train miles decreased only 4.1%. Passengers per car mile decreased by 20%. These figures reflect a change in the type of traffic.

In freight service, although car loadings were greater by 2.6% than in 1945, revenue decreased 5.1% and tons hauled 1.2%. The average length of haul decreased 9.8%. The volume of grain moved was less by 27%. The decrease in the amount of grain handled and the change in the character of commodities hauled resulted in a lighter per car load of 7.9%, and net train load of 7.3%. This condition—more cars carrying lighter loads for shorter distances—was one of the factors which made it impossible to reduce costs in proportion to the reduction in revenues.

Wage increases added \$17,821,000 to operating costs. The cost of fuel and materials continued to rise, resulting in an estimated increase in operating costs of \$4,338,000 as compared with the previous year.

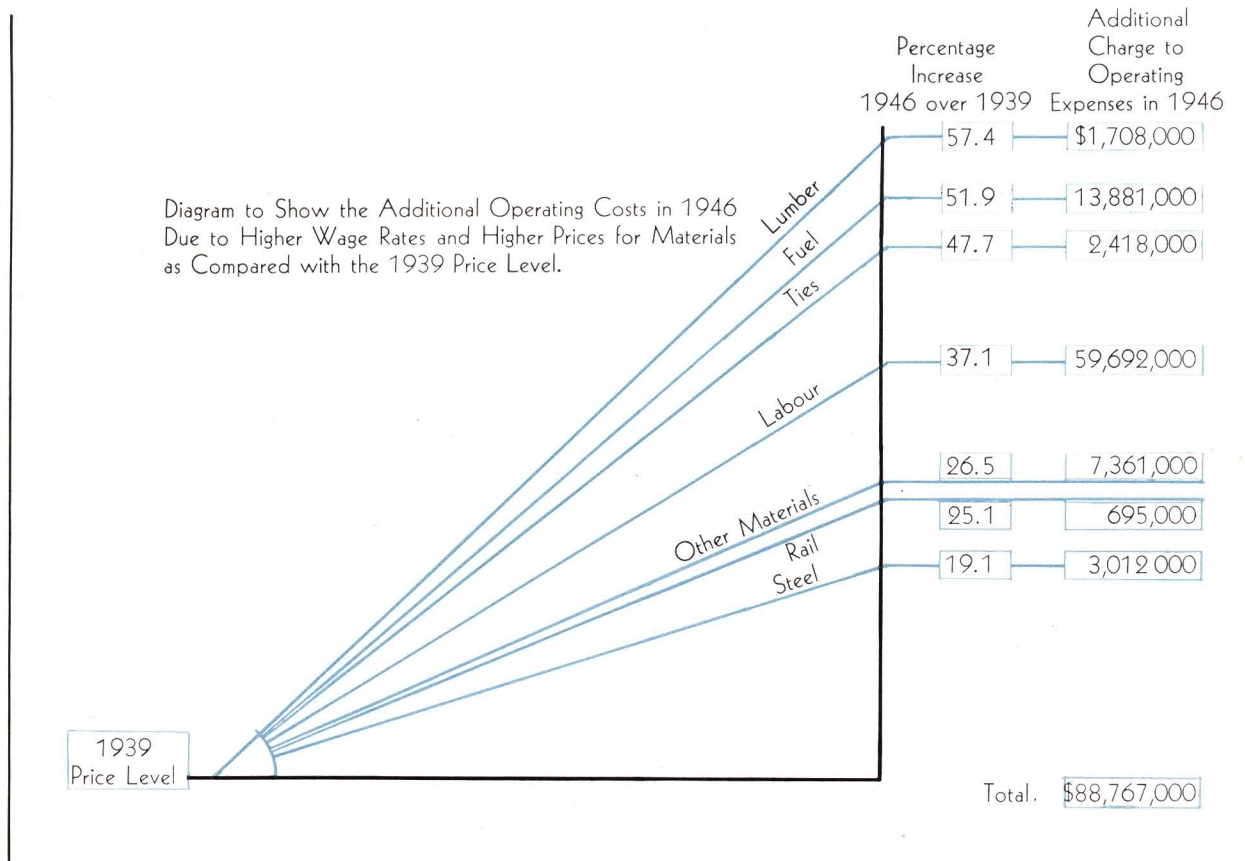
Commencing in 1942 and continuing through 1945, reserves were accumulated against a possible decline in inventory values and for repairs and renewals to road and equipment which had to be deferred due to shortages of labour and material. These reserves were built up to a total of \$46,524,000. During 1946, some progress was made in overtaking deferred maintenance and \$13,524,000 was taken from these reserves and credited to the expense accounts which had been charged in the first instance.

For depreciation on rolling stock the total charge to operating expenses was \$17,701,420 as compared with \$16,974,015 in the previous year. The rates remained the same, but the investment in rolling stock was greater.

The number of employees throughout the year averaged 105,353. The payrolls for the year totalled \$237,335,781.

The official cost of living index in Canada stood at 127.1% in December, 1946, against 103.8% in December, 1939, an increase of 22.45%. For the Railway the cost of living means the cost of labour and materials. Labour costs increased 37.1% between 1939 and 1946 and the cost of materials increased 35.9% during the same period. The additional operating costs in 1946 due to higher wage rates and material prices as compared with the 1939 price level amounted to \$88,767,000.

In previous reports the Directors have called attention to mounting operating costs. They pointed out that with freight rates and passenger fares frozen at their pre-war levels the Railway was dependent upon additional volume of traffic to produce satisfactory financial results and that in the event of any substantial decrease in traffic, not otherwise compensated for, a continuance of favourable financial results would not be possible. The developments in 1946 demonstrated the truth of that warning. The higher costs, which have been obscured by peak traffic conditions, became apparent as traffic volume diminished, and their impact has not yet been fully felt. The wage increases of June 1, 1946, will be in effect for the full year in 1947. It is estimated that material prices will be 10% higher. Thus operating costs will be some \$20 millions greater than in 1946. Confronted with these facts the Directors approved of the Canadian National Railways joining with other Canadian railways in making application, through the Railway Association of Canada, to the Board of Transport Commissioners for an increase in freight rates. This application is now being heard by the Board.



NET OPERATING REVENUE. After deducting operating expenses of \$357,236,718 from operating revenues of \$400,586,025, the net operating revenue was \$43,349,307. The corresponding amount in 1945 was \$78,479,345.

NET INCOME RESULT. After making provision for various charges consisting of taxes, equipment and joint facility rents, exchange and discount, also for various income credits such as dividends and interest income, the results of hotel and subsidiary company operations, etc., the net income available for the payment of interest was \$35,719,527, equal to a return of 1.78% on the total capitalization of the System. Interest payments due to the public and to the government totalled \$44,681,097. Thus, after providing for interest, there was an income deficit for the year of \$8,961,570, as compared with an income surplus of \$24,756,130 in 1945.

CAPITAL EXPENDITURES

The capital expenditure during the year amounted to \$16,309,797, details of which are given on page 18.

New equipment acquired included 16 diesel-electric locomotives and 856 box cars.

In September the lines of the Manitoba Railway Company, which had been under long-term lease, were purchased for the capital sum of \$7,000,000 resulting in an annual saving of \$106,000.

Surveys were completed for the new line of railway in Quebec from Barraute to Kiask Falls, which will permit of the development of the natural resources of the Bell River valley north of the National Transcontinental Railway. The contract has been awarded for the construction of 39 miles in 1947. The length of the line is approximately 55 miles.



Looking toward the development of the valuable building sites above the track area of the Company's Central Station in the centre of the business section of the city of Montreal, the Directors submitted to the government a proposal for the construction of an office building and an hotel on the south side of Dorchester Street, between Ste. Geneviève and Mansfield Streets, one wing of the office building to be devoted to the international aviation organizations now having their world headquarters in Montreal. The project was approved in principle and authority given for the immediate construction of the aviation wing and the essential service facilities common to the whole project. The aviation wing will contain the offices of the International Civil Aviation Organization and the International Air Transport Association and will include ticket offices, waiting rooms and baggage rooms for the various air line companies. The contract for the structural steel has been awarded and work will begin as soon as conditions permit.

FINANCE

The capital debt of the System was reduced during the year by \$15,193,307.43. Details are as under:

Funded Debt Retirements

2¼% 7-year Gtd. Bonds, matured Jan. 15, 1946.	\$15,000,000.00	
6½% S.F. Deb. Bonds, matured July 1, 1946.	23,752,000.00	
4% St. John & Quebec Ry. Debenture Stock.	622,657.40	
Equipment Trusts—annual principal payments.	3,150,000.00	
Various securities repatriated.	232,342.59	
Reduction in Funded Debt.		\$42,756,999.99

New Government Loans

Loans to retire the first two bond issues referred to at par, Atlantic & St. Lawrence Railroad Stock and various securities repatriated at market value.	\$38,713,077.75	
Loan under Equipment Hire Purchase Agreement.	2,345,949.56	
		\$41,059,027.31

Government Loans Repaid

Loans repaid out of 1945 surplus earnings.	\$ 4,756,130.00	
Equipment Hire Purchase annual principal payments.	6,193,793.46	
Payment under Financing and Guarantee Act 1945.	2,545,411.29	
		\$13,495,334.75
		\$27,563,692.56
Reduction in debt during the year.		\$15,193,307.43

Details of the funded debt and government loans and of the interest charges thereon are shown on pages 18 and 19.



GENERAL

The total number of shipments handled by Canadian National Express in 1946 was 18,937,707, an increase of 1,873,991 (10.98%) over 1945. Traffic handled and revenues earned were the largest in the history of the department. The greater proportion of the traffic was general merchandise.

Canadian National Telegraphs handled more telegrams and cablegrams than in any previous year, the total number exceeding twelve millions. The demand for leased telegraph, telephone and broadcasting circuits continued at a high level.

With a view to the expansion of commercial telegraph facilities, experimental work was advanced during the year on a radio relay system, Montreal-Ottawa-Toronto. These experiments are conducted by Canadian National Telegraphs in collaboration with Canadian Pacific Communications and the National Research Council. A radio link between Toronto and Hamilton will be included.

During the year, the Railway re-opened its traffic office in Hong Kong and established a new office in Calcutta.

Following a decision that the Company would undertake its own testing of materials, a well equipped chemical and physical laboratory has been established in Montreal.

Industry is making increasing demands upon the services of the Company's Department of Research and Development. Based on a broad experience in this field, on extensive source material and surveys on the ground, detailed economic studies are made by this department, ensuring a scientific and cooperative approach to the problems connected with the location and servicing of industrial plants.

The Department of Colonization and Agriculture is active in promoting the settlement of agricultural lands served by the Railway. During the year, 1,439 families and 690 single men were established on 253,742 acres of land and 4,922 persons were placed in agricultural, forestry and mining employment. The department brought a limited number of British immigrants into Canada and is in a position to deal with large-scale movements when it is called upon to do so.

An agreement was completed with the Canadian Pacific Railway for the abandonment of 12.2 miles of Canadian National line between Trelle Junction and Morinville, Alberta, and the joint use of 20.2 miles of the Northern Alberta Railways between N.A.R. Junction and Morinville. The appeal to the Governor-in-Council from the order of the Board of Transport Commissioners authorizing the abandonment of 64.7 miles of Canadian Pacific line between Forth (near Red Deer) and Ullin, Alberta, was dismissed and an agreement between the two railways is being negotiated.

The Interstate Commerce Commission authorized the abandonment of 49.08 miles of line of the Grand Trunk Western Railroad between Greenville and Muskegon, Michigan, and service was discontinued as of May 30, 1946.

The Directors desire to express appreciation of the excellent work done by the officers and employees throughout the System during a busy and difficult year.

Practically all the employees who served in the Armed Forces during the war have now been re-established in the Company's service and many war veterans not previously in the employ of the Company have been engaged.

For the Board of Directors,

Chairman and President.



CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
Road and Equipment Property	\$1,987,950,289.98		
Improvements on Leased Property	2,092,069.76		
Miscellaneous Physical Property	62,598,083.38	\$2,052,640,443.12	
<hr/>			
Capital and Other Reserve Funds:			
System Securities at par	\$ 471,500.00		
Other Assets at cost	3,692,933.20	4,164,433.20	
<hr/>			
Deferred Maintenance Fund		33,000,000.00	
Investments in Affiliated Companies		43,463,493.16	
Other Investments:			
System Securities at par	\$ 80,000.00		
Other Assets at cost	916,563.50	996,563.50	\$2,134,264,932.98
<hr/>			
CURRENT ASSETS:			
Cash		\$ 13,095,225.50	
Temporary Cash Investments		8,208,638.99	
Special Deposits		7,552,145.74	
Net Balances Receivable from Agents and Conductors		15,004,290.63	
Miscellaneous Accounts Receivable		8,628,666.58	
Dominion of Canada—Railway Deficit, 1946		8,961,570.49	
Material and Supplies		53,887,477.48	
Interest and Dividends Receivable		656,996.79	
Accrued Accounts Receivable		3,118,033.12	
Other Current Assets		162,850.31	119,275,895.63
<hr/>			
DEFERRED ASSETS:			
Working Fund Advances		\$ 359,681.10	
Insurance Fund:			
System Securities at par	\$ 4,734,802.38		
Other Assets at cost	7,599,966.58	12,334,768.96	
<hr/>			
Pension Contract Fund		35,943,000.00	
Other Deferred Assets		2,771,910.19	51,409,360.25
<hr/>			
UNADJUSTED DEBITS:			
Prepayments		\$ 77,117.65	
Discount on Funded Debt		5,164,916.57	
Other Unadjusted Debits		2,209,785.56	7,451,819.78
<hr/>			
			<u>\$2,312,402,008.64</u>

CERTIFICATE

We have examined the books and records of the companies comprising the and subject to our report to Parliament, we certify that, in our opinion, the above view of the affairs of the System as at the 31st. December, 1946, and that the correctly stated.

15th. March, 1947.



AT 31st. DECEMBER, 1946.

LIABILITIES

STOCKS:		
Capital Stocks of Subsidiary Companies held by Public		\$ 4,635,440.00
LONG TERM DEBT:		
Funded Debt Unmatured:		
Held by Public	\$525,136,695.17	
Held in Special Funds	5,286,302.38	530,422,997.55
DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):		
Loans	\$701,765,305.39	
Canadian Government Railways—Working Capital	16,771,980.54	718,537,285.93
CURRENT LIABILITIES:		
Traffic and Car-Service Balances—Credit	\$ 8,938,477.50	
Audited Accounts and Wages Payable	16,543,035.69	
Miscellaneous Accounts Payable	6,018,149.62	
Interest Matured Unpaid	6,152,189.94	
Interest Payable to Dominion of Canada	19,261,876.25	
Unmatured Interest Accrued	6,097,254.28	
Accrued Accounts Payable	5,280,083.64	
Taxes Accrued	2,276,647.93	
Other Current Liabilities	3,010,739.68	73,578,454.53
DEFERRED LIABILITIES:		
Pension Contract Reserve	\$ 35,943,000.00	
Other Deferred Liabilities	5,855,621.40	41,798,621.40
RESERVES AND UNADJUSTED CREDITS:		
Insurance Reserve	\$ 12,334,768.96	
Accrued Depreciation—Canadian Lines—Equipment only	85,786,241.90	
Accrued Depreciation—U.S. Lines—Road and Equipment	24,013,924.23	
Accrued Amortization of Defence Projects	3,691,602.43	
Deferred Maintenance Reserve	33,000,000.00	
Other Reserves	946,924.10	
Other Unadjusted Credits	7,637,172.34	167,410,633.96
DOMINION OF CANADA—PROPRIETOR'S EQUITY—(See Note)		
Represented by:—		
1,000,000 shares of no par value capital stock of Canadian National Railway Company	\$ 18,000,000.00	
5,000,000 shares of no par value capital stock of The Canadian National Railways Securities Trust	380,403,604.43	
Capital Expenditures by Dominion of Canada on Canadian Government Railways	377,614,970.84	776,018,575.27
CONTINGENT LIABILITIES:		
Major contingent liabilities, as shown on statement attached.		
		\$2,312,402,008.64

NOTE:—The Proprietor's Equity is included in the net debt of Canada and is disclosed in the historical record of Government assistance to railways as shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1937.

T. H. COOPER,
Vice-President and Comptroller

OF AUDITORS

Canadian National Railway System for the year ended the 31st. December, 1946, Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct relative Income Account for the year ended the 31st. December, 1946, is

GEORGE A. TOUCHE & CO.,
Chartered Accountants.



DOMINION OF CANADA—PROPRIETOR'S EQUITY ACCOUNT

	Balance at 31st. Dec., 1945	Transactions Year 1946	Balance at 31st. Dec., 1946
CAPITAL STOCK OF CANADIAN NATIONAL RAILWAY COMPANY	\$ 18,000,000.00	\$ —	\$ 18,000,000.00
CAPITAL STOCK OF THE CANADIAN NATIONAL RAILWAYS			
SECURITIES TRUST:			
Initial stated value	\$270,037,437.88	\$ —	\$270,037,437.88
Surplus earnings	112,502,061.64	—	112,502,061.64
Capital gains	19,105,651.38	—	19,105,651.38
Capital losses	19,933,594.12	* 1,307,952.35	21,241,546.47
	\$381,711,556.78	\$ 1,307,952.35	\$380,403,604.43
CAPITAL EXPENDITURES BY DOMINION OF CANADA ON CANADIAN GOVERNMENT RAILWAYS	\$377,614,970.84	\$ —	\$377,614,970.84
	\$777,326,527.62	\$ 1,307,952.35	\$776,018,575.27

*Loss (applicable to period prior to 1940) on retirement of rolling stock equipment.

CAPITALIZATION OF CANADIAN NATIONAL RAILWAYS

	Balance at 31st. Dec., 1946		Percent of Total
EQUITY CAPITAL:*			
Capital Stock of Canadian National Railway Company	\$ 18,000,000.00		
Capital Stock of The Canadian National Railways Securities Trust	380,403,604.43		
Capital Expenditures by Dominion of Canada on Canadian Government Railways	377,614,970.84	\$ 776,018,575.27	38.6%
FIXED INTEREST DEBT:			
Held by the public	\$530,422,997.55		
Dominion of Canada—Loans	701,765,305.39	1,232,188,302.94	61.4%
		\$2,008,206,878.21	100.0%

*Excluding shares of subsidiary companies held by public—\$4,635,440.



OPERATING REVENUES

	1946	1945
Freight	\$296,403,320.83	\$313,013,450.06
Payments under Maritime Freight Rates Act (20%)	3,909,878.07	3,519,878.84
Passenger	50,128,223.16	65,199,923.28
Baggage	182,522.20	159,084.91
Sleeping Car	3,587,104.21	4,580,963.69
Parlor and Chair Car	284,444.29	271,537.54
Mail	4,275,981.70	4,204,835.42
Railway Express Agency	118,269.78	534,662.43
Express	19,461,209.16	18,674,783.58
Other Passenger-train	41,901.84	61,942.53
Milk	504,275.89	469,169.82
Switching	3,334,010.96	3,358,414.26
Water Transfers	242,268.32	183,272.66
Dining and Buffet	3,104,899.44	4,608,534.74
Restaurants	281,704.48	301,391.10
Station, Train and Boat Privileges	462,921.99	570,327.56
Parcel Room	118,919.06	150,749.63
Storage—Freight	140,305.04	116,214.52
Storage—Baggage	77,644.73	117,651.20
Demurrage	2,270,174.93	1,840,217.42
Telegraph Commissions (U.S.)	13,580.86	14,314.32
Telegraph—Commercial	7,340,019.34	7,540,499.50
Grain Elevator	205,476.07	513,618.04
Rents of Buildings and Other Property	868,635.14	898,493.41
Miscellaneous	2,524,982.72	2,165,022.58
Joint Facility—Credit	812,390.49	822,641.49
Joint Facility—Debit	109,038.81	118,200.97
	<u>\$400,586,025.89</u>	<u>\$433,773,393.56</u>

OPERATING EXPENSES

MAINTENANCE OF WAY AND STRUCTURES

	1946	1945
Superintendence	\$ 4,467,817.94	\$ 3,944,226.92
Roadway Maintenance	8,761,886.50	8,705,847.73
Tunnels and Subways	51,215.45	35,459.50
Bridges, Trestles, and Culverts	2,859,062.67	2,715,192.03
Ties	6,168,103.68	7,599,421.14
Rails	2,825,137.53	3,183,715.56
Other Track Material	2,660,235.82	3,025,663.44
Ballast	1,721,467.58	1,803,873.16
Track Laying and Surfacing	18,381,101.75	18,150,434.30
Fences, Snowsheds, and Signs	648,759.21	660,415.74
Station and Office Buildings	2,801,982.31	2,956,783.30
Roadway Buildings	362,193.55	352,973.30
Water Stations	563,851.22	517,550.95
Fuel Stations	315,665.52	290,714.31
Shops and Enginehouses	2,023,021.72	2,210,765.77
Grain Elevators	43,447.21	49,693.94
Wharves and Docks	197,504.42	217,414.67
Telegraph and Telephone Lines	1,255,079.31	1,078,893.03
Telegraph—Commercial	1,475,967.63	1,389,630.12
Signals and Interlockers	1,219,980.43	1,137,962.58
Power Plants	17,268.47	9,262.96
Power Transmission Systems	185,378.39	170,753.66
Miscellaneous Structures	2,490.45	3,193.01
Road Property—Depreciation—U.S. Lines	903,079.96	853,390.97
Road Property—Retirements	1,860,910.12	1,231,167.29
Deferred Maintenance	—	2,500,000.00
Roadway Machines	642,934.84	594,557.02
Dismantling Retired Road Property	248,973.14	81,071.66
Amortization of Defence Projects	2,147.41	2,284.68
Small Tools and Supplies	887,800.55	887,741.95
Removing Snow, Ice, and Sand	3,192,937.07	3,540,663.13
Public Improvements—Maintenance	656,394.58	369,035.18
Injuries to Persons	718,369.45	661,012.09
Insurance	28,329.53	28,140.76
Stationery and Printing	79,530.04	70,819.65
Other Expenses	41,343.70	63,059.99
Maintaining Joint Tracks, Yards, etc.—Debit	909,722.71	1,015,097.95
Maintaining Joint Tracks, Yards, etc.—Credit	2,084,511.95	1,942,157.33
Right of Way Expenses	59,905.78	75,431.46
Protective Services	—	70,004.62
	<u>\$ 67,156,485.69</u>	<u>\$ 70,311,162.19</u>



OPERATING EXPENSES (Continued)

MAINTENANCE OF EQUIPMENT

	1946	1945
Superintendence	\$ 1,782,438.48	\$ 1,539,394.18
Shop Machinery	2,216,834.46	2,083,485.62
Power Plant Machinery	133,788.39	115,858.50
Machinery—Retirements	371,828.28	200,386.19
Machinery—Depreciation—U.S. Lines	66,352.14	65,986.47
Dismantling retired machinery	4,345.76	2,963.50
Steam Locomotives—Repairs	23,160,658.70	22,780,691.45
Other Locomotives—Repairs	386,951.98	379,394.25
Freight-train Cars—Repairs	19,060,111.97	16,879,507.30
Passenger-train Cars—Repairs	10,559,617.41	9,358,057.50
Floating Equipment—Repairs	483,483.83	361,454.04
Work Equipment—Repairs	2,239,503.28	2,187,604.46
Express Equipment—Repairs	226,514.32	207,157.24
Miscellaneous Equipment—Repairs	209,953.42	201,051.70
Miscellaneous Equipment—Retirements	11,154.35	1,798.53
Dismantling Retired Equipment	79,149.70	56,308.77
Equipment—Depreciation	17,701,420.95	16,974,015.87
Express Equipment—Depreciation	170,773.90	167,252.45
Injuries to Persons	527,141.28	579,957.56
Insurance	31,396.38	35,089.17
Stationery and Printing	63,278.45	60,202.15
Other Expenses	47,555.34	2,667.17
Joint Maintenance of Equipment—Debit	412,118.29	250,211.17
Joint Maintenance of Equipment—Credit	213,041.34	205,885.87
Deferred Maintenance—Equipment	6,000,000.00	2,500,000.00
	<u>\$ 73,733,329.72</u>	<u>\$ 76,784,609.37</u>

TRAFFIC

Superintendence	\$ 2,394,625.68	\$ 2,145,109.43
Outside Agencies	3,139,627.52	2,853,589.00
Advertising	729,962.98	341,215.04
Traffic Associations	124,634.02	121,328.18
Stationery and Printing	329,271.27	267,094.28
Other Expenses	—	225.00
Industrial Bureau	138,375.29	115,414.99
Colonization, Agriculture and Natural Resources	236,392.04	202,627.10
	<u>\$ 7,092,888.80</u>	<u>\$ 6,046,603.02</u>

TRANSPORTATION

Superintendence	\$ 4,105,576.51	\$ 3,765,343.35
Dispatching Trains	2,313,357.02	2,271,473.15
Station Employees	27,621,315.08	25,073,729.27
Weighing, Inspection, and Demurrage Bureaus	130,763.83	101,453.06
Coal and Ore Wharves	78,885.12	15,236.45
Station Supplies and Expenses	1,806,146.24	1,830,272.84
Yardmasters and Yard Clerks	5,256,575.69	4,912,250.62
Yard Conductors and Brakemen	9,304,920.39	8,518,726.18
Yard Switch and Signal Tenders	907,568.58	854,640.08
Yard Enginemen	5,871,797.48	5,364,395.97
Yard Motormen	762,186.62	666,539.83
Yard Switching Fuel	6,457,988.44	6,661,625.37
Yard Switching Power Produced	16,216.95	16,203.75
Yard Switching Power Purchased	83,300.13	95,393.59
Water for Yard Locomotives	228,337.42	215,453.80
Lubricants for Yard Locomotives	91,655.52	79,906.67
Other Supplies for Yard Locomotives	64,643.58	58,692.35
Enginehouse Expenses—Yard	2,237,604.10	2,101,901.21
Yard Supplies and Expenses	207,415.36	202,198.84
Operating Joint Yards and Terminals—Debit	1,909,538.93	1,828,166.68
Operating Joint Yards and Terminals—Credit	2,087,574.92	2,031,612.59
Train Enginemen	16,035,536.72	15,501,769.73
Train Motormen	133,665.09	121,351.22
Train Fuel	32,185,554.37	35,698,139.57
Train Power Produced	5,309.93	7,038.71
Train Power Purchased	49,531.11	43,019.07
Water for Train Locomotives	1,415,603.09	1,363,258.83
Lubricants for Train Locomotives	595,205.92	582,271.77
Other Supplies for Train Locomotives	331,374.48	326,289.07
	<u>\$118,119,998.78</u>	<u>\$116,245,128.44</u>

Carried Forward

\$118,119,998.78

\$116,245,128.44



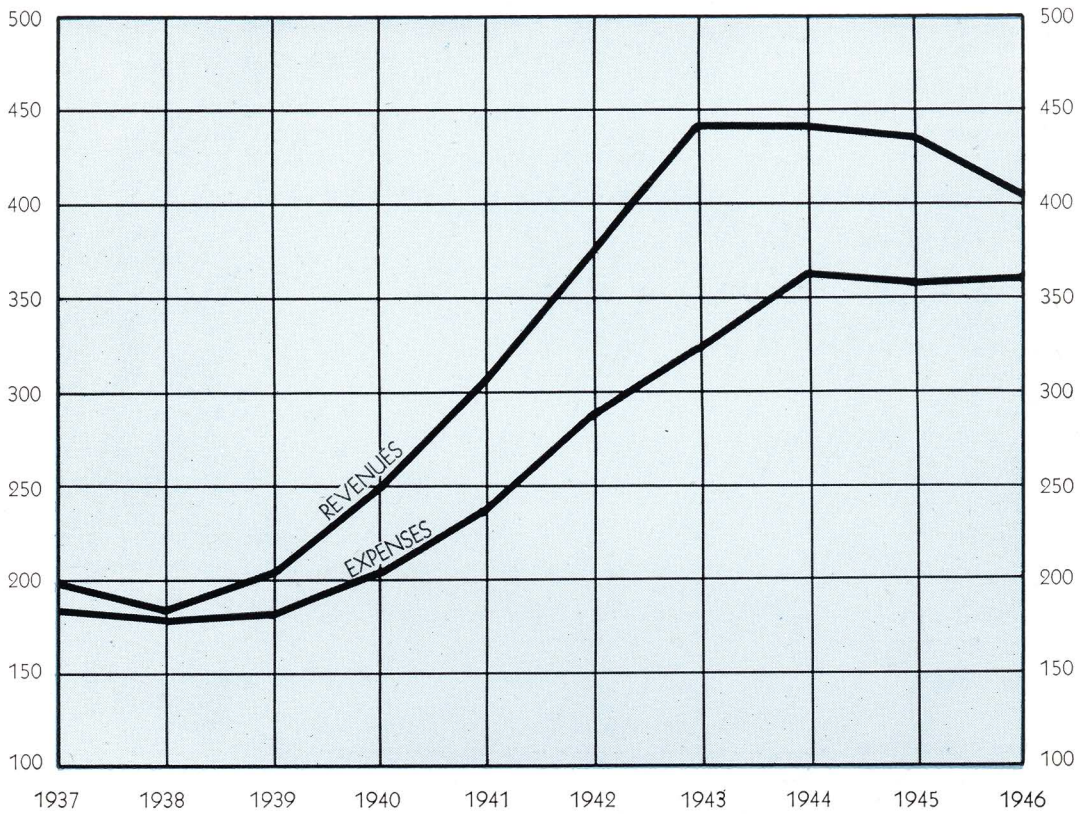
OPERATING EXPENSES (Continued)

TRANSPORTATION (Continued)	1946	1945
Brought Forward	\$118,119,998.78	\$116,245,128.44
Enginehouse Expenses—Train	6,379,506.62	6,031,058.67
Trainmen	18,710,228.33	17,902,623.65
Train Supplies and Expenses	11,445,162.14	11,108,584.78
Operating Sleeping Cars	2,150,487.70	2,157,966.96
Signal and Interlocker Operation	650,174.62	564,925.05
Crossing Protection	979,709.04	846,625.97
Drawbridge Operation	166,447.98	131,636.51
Telegraph and Telephone Operation	464,575.98	434,880.56
Telegraph—Commercial	5,798,271.25	5,418,338.96
Operating Floating Equipment	1,265,123.95	1,231,744.64
Express	11,117,190.76	9,905,469.86
Stationery and Printing	795,388.85	761,103.05
Other Expenses	1,505,911.48	1,307,751.13
Operating Joint Tracks and Facilities—Debit	1,102,710.56	880,785.07
Operating Joint Tracks and Facilities— <i>Credit</i>	494,378.63	421,589.49
Insurance	21,676.65	16,976.80
Clearing Wrecks	496,239.06	500,501.25
Damage to Property	99,436.65	78,515.34
Damage to Live Stock on Right-of-Way	76,434.34	77,005.86
Loss and Damage—Freight	2,318,846.70	2,050,234.82
Loss and Damage—Baggage	16,416.69	15,744.26
Injuries to Persons	2,168,016.61	1,873,160.28
	<u>\$185,353,576.11</u>	<u>\$179,119,172.42</u>
MISCELLANEOUS		
Dining and Buffet Service	\$ 4,193,154.21	\$ 5,615,717.45
Restaurants	280,544.06	278,591.80
Grain Elevators	195,697.54	351,532.81
Other Miscellaneous Operations	40,280.84	36,767.03
	<u>\$ 4,709,676.65</u>	<u>\$ 6,282,609.09</u>
GENERAL		
Salaries and Expenses of General Officers	\$ 539,613.28	\$ 493,631.92
Salaries and Expenses of Clerks and Attendants	6,904,342.48	6,197,145.02
General Office Supplies and Expenses	354,481.91	308,283.54
Law Expenses	429,900.22	393,064.75
Relief Department Expenses	27,500.00	27,500.00
Pensions	10,446,942.09	8,864,923.03
Stationery and Printing	280,250.94	247,722.64
Valuation Expenses	15,075.89	15,987.70
Other Expenses	148,898.15	165,347.34
General Joint Facilities—Debit	55,756.14	47,948.29
General Joint Facilities— <i>Credit</i>	11,999.78	11,661.84
	<u>\$ 19,190,761.32</u>	<u>\$ 16,749,892.39</u>



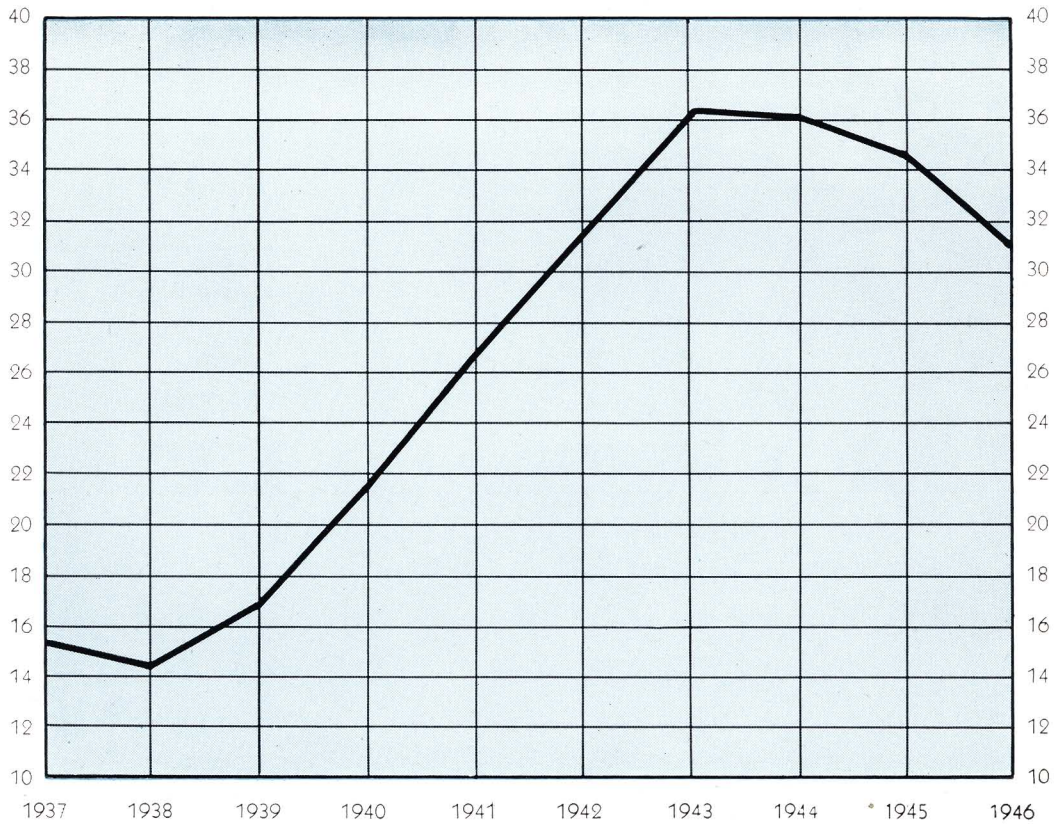
OPERATING REVENUES AND EXPENSES

Millions of Dollars:—Years 1937 to 1946, inclusive.



REVENUE TON MILES

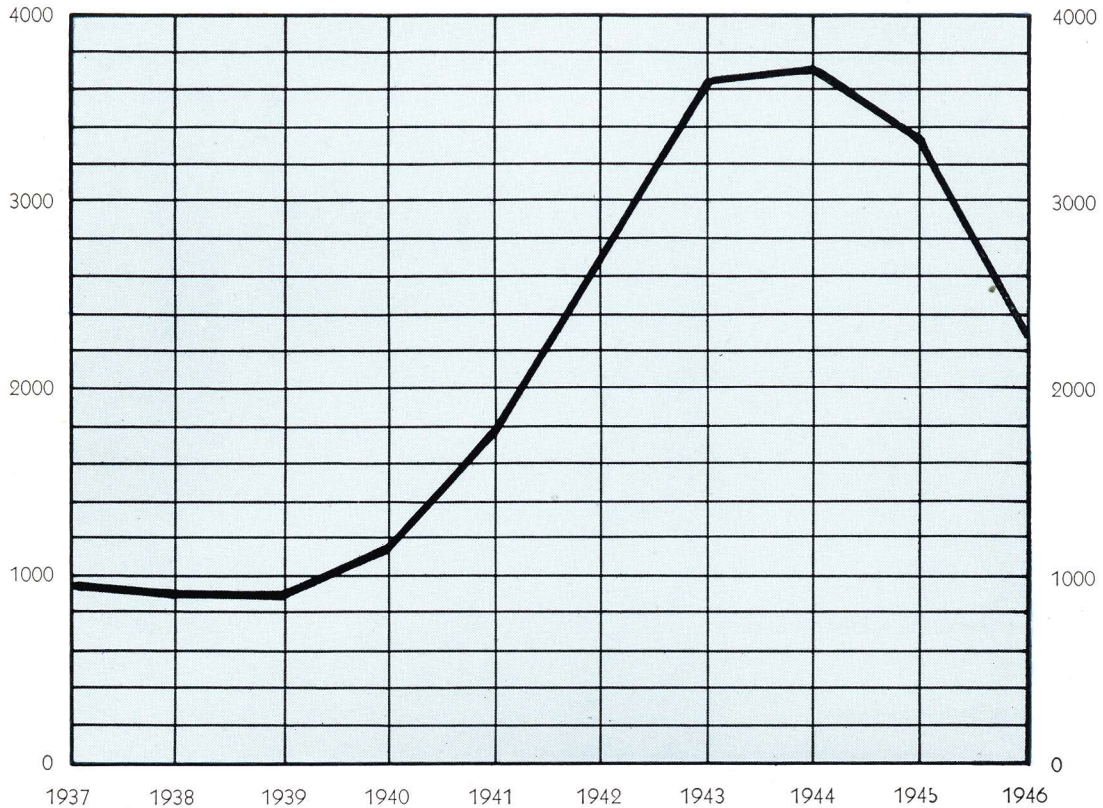
Billions of Revenue Ton Miles:—Years 1937 to 1946, inclusive.





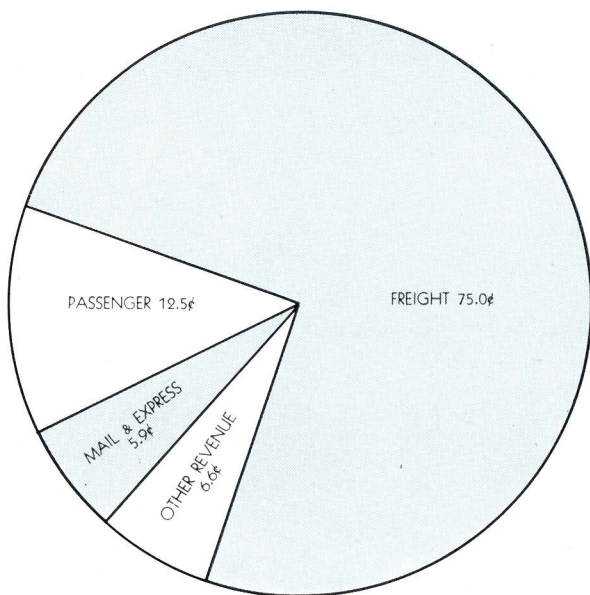
REVENUE PASSENGER MILES

Millions of Revenue Passenger Miles:—Years 1937 to 1946, inclusive.

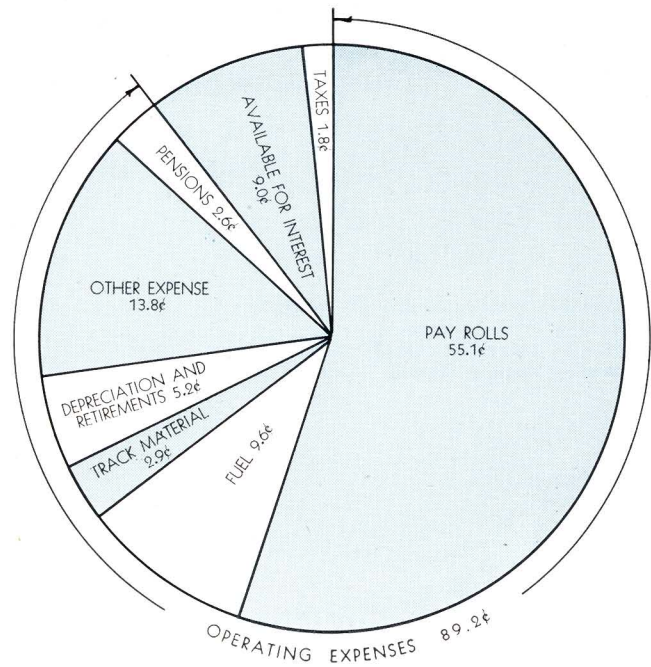


THE CANADIAN NATIONAL DOLLAR

WHERE IT CAME FROM



WHERE IT WENT





PROPERTY INVESTMENT ACCOUNT

Expenditures Year 1946

ROAD:		
New Lines Constructed	\$ 23,645.15	
New Lines Acquired	7,000,000.00	
Abandoned Lines	788,321.20	
Rails and Fastenings	542,882.92	
Tie Plates and Rail Anchors	848,592.03	
Ballast	491,232.85	
Widening Cuts and Fills, etc	210,548.03	
Large Passenger Terminals	108,340.00	
Yard Tracks and Sidings	432,647.67	
Roadway Machines	170,722.22	
Bridges, Trestles and Culverts	541,053.78	
Stations and Station Facilities	550,312.93	
Shops, Enginehouses and Machinery	1,314,920.09	
Automatic Signals and Interlocking Plants	128,507.69	
Telegraphs—Railway	157,656.40	
Telegraphs—Commercial	753,570.13	
Land	864,436.91	
General	90,188.42	\$11,712,062.20
EQUIPMENT:		
Equipment Purchased or Built	\$5,909,373.89	
Equipment Retirements	1,607,382.21	
General Betterments to Equipment	877,606.40	
Equipment Conversions	191,204.07	
Express and Miscellaneous Equipment	105,093.52	5,093,487.53
HOTELS		46,912.26
SEPARATELY OPERATED PROPERTIES		542,664.55
		<u>\$16,309,797.44</u>
Ledger Balance 1st. January, 1946	\$2,037,638,598.03	
Net Additions and Betterments during the year	\$16,309,797.44	
Equipment retirements—proportion of ledger value charged to Proprietor's Equity	1,307,952.35	15,001,845.09
		<u>\$2,052,640,443.12</u>

DOMINION OF CANADA—LOANS

	Principal Outstanding at Dec. 31, 1946	Interest Accrued 1946	Average Interest Rate
Loans for repatriation of U.K. securities	\$391,390,473.11	\$13,693,940.90	3.50%
Loans for debt redemption	226,464,594.21	5,001,669.12	2.30%
Loans for new rolling stock	70,003,238.36	2,140,228.23	2.89%
Loans for working capital	13,906,999.71	486,744.98	3.50%
	<u>\$701,765,305.39</u>	<u>\$21,322,583.23</u>	<u>3.05%</u>



FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1946	Interest Accrued 1946	
GUARANTEED BY DOMINION OF CANADA:						
5%	Perpetual Debenture Stock	G.T.R.	1875 to 1883	Perpetual	\$ 1,473,495.26	\$ 73,342.58
5%	G.W. Perp. Debtr. Stock and Bonds	G.T.R.	1858 to 1876	Perpetual	853,272.66	42,372.47
4%	Perpetual Debenture Stock	G.T.R.	1883 to 1918	Perpetual	5,960,094.73	236,903.50
4%	Nor. Rly. Perpetual Debtr. Stock	G.T.R.	July 31, 1884	Perpetual	27,457.73	1,098.31
3%	1st. Mortgage Bonds	G.T.P.	July 1, 1905	Jan. 1, 1962	26,465,130.00	793,953.90
4%	Sterling Bonds	G.T.P.	July 1, 1914	Jan. 1, 1962	7,999,074.00	319,962.96
3%	1st. Mortgage Debenture Stock	Can. Nor.	July 29, 1903	July 10, 1953	1,162,768.33	34,883.04
3½%	1st. Mortgage Debenture Stock	Can. Nor.	Mar. 1910	July 20, 1958	5,636,508.16	197,287.05
3½%	1st. Mortgage Debenture Stock	C.N.A.	Mar. 22, 1911	May 4, 1960	550,726.60	19,276.88
3½%	1st. Mortgage Debenture Stock	C.N.O.	Dec. 8, 1911	May 19, 1961	3,603,182.68	126,008.21
5%	30 Year Guaranteed Bonds	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
4½%	30 Year Guaranteed Gold Bonds	Can. Nat.	July 1, 1927	July 1, 1957	64,136,000.00	2,886,120.00
5%	40 Year Guaranteed Gold Bonds	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	57,728,500.00	2,886,425.00
5%	40 Year Guaranteed Gold Bonds	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	17,338,000.00	866,900.00
4¾%	25 Year Guaranteed Gold Bonds	Can. Nat.	June 15, 1930	June 15, 1955	48,496,000.00	2,303,560.00
4½%	25 Year Guaranteed Gold Bonds	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	67,368,000.00	3,031,560.00
4½%	20 Year Guaranteed Gold Bonds	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	48,022,000.00	2,160,990.00
3%	17 Year Guaranteed Bonds	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
3%	15 Year Guaranteed Bonds	Can. Nat.	Feb. 1, 1937	Feb. 1, 1952	20,000,000.00	600,000.00
3%	20 Year Guaranteed Bonds	Can. Nat.	Jan. 15, 1939	Jan. 15, 1959	35,000,000.00	1,050,000.00
Total					\$486,820,210.15	\$20,880,643.90
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:						
4%	1st. Mortgage Debenture Stock	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	\$ 798,055.48	\$ 31,687.99
4½%	Terminal Debenture Stock	C.N.P.	1913 and 1914	Apr. 2, 1950	1,154,052.13	51,979.00
Total					\$ 1,952,107.61	\$ 83,666.99
EQUIPMENT TRUST ISSUES:						
2½%	Series "O"	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	\$ 1,430,000.00	\$ 56,604.17
2¾%	" " "P"	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	3,600,000.00	108,739.61
2½%	" " "Q"	Can. Nat.	July 1, 1939	Ser. 1, 7, '49	1,950,000.00	56,875.00
2½%	" " "G.T.W."	G.T.W.	June 1, 1941	Ser. 1, 6, '51	2,557,000.00	73,425.00
Total					\$ 9,537,000.00	\$ 295,643.78
OTHER ISSUES:						
4%	Canada Atlantic 1st. Mtge Bonds	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	9,947,934.00	397,919.79
4%	1st. Mortgage Bonds	Pem. Sou.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4%	2nd. Mtge. Bonds, Prairie "A"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,574,530.00	142,991.45
4%	2nd. Mtge. Bonds, Mountain "B"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,144,906.00	125,827.00
4%	1st. Mtge. Bonds, "Lake Superior"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	2,152,008.00	86,090.57
4%	Perpetual Cons. Debenture Stock	Can. Nor.	1903 to 1912	Perpetual	3,994,024.66	158,939.70
4%	Perpetual Cons. Debenture Stock	C.N.O.	June 21, 1909	Perpetual	890,084.13	35,605.37
4%	Perpetual Cons. Debenture Stock	C.N.Q.	Oct. 1906	Perpetual	465,545.33	18,621.81
4%	1st. Mtge. Perp. Debenture Stock	Q & L.St.J.	June 1, 1912	Perpetual	287,289.07	11,491.56
4%	1st. Mortgage Bonds	G.T.W.	Nov. 30, 1900	July 1, 1950	6,527,336.00	261,237.86
4½%	1st. Mortgage Series "A" Bonds	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4%	1st. Mortgage Gold Bonds	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
5%	Indebtedness to Province of N.B.	Can. Nat.	Sept. 3, 1929	Feb. 15, 1958	380,022.60	19,001.12
Interest on Securities retired in 1946					—	808,833.28
Total					\$ 32,113,679.79	\$ 2,098,559.51
Total Debt held by Public (including therein \$5,286,302.38 par value held in Special Funds and Accounts) as per Balance Sheet					\$530,422,997.55	\$23,358,514.18

These obligations are stated in Canadian currency, Sterling and United States currencies being converted at the par of exchange. This schedule does not include securities in the Railway treasury or those held by The Canadian National Railways Securities Trust, or by the Dominion Government as collateral.



INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Total Par Value Outstanding	Owned by Can. Nat. System	
		Par Value	Book Value
STOCKS:			
The Belt Railway Company of Chicago	\$ 3,120,000.00	\$ 240,000.00	\$ 240,000.00
Canadian Government Merchant Marine, Limited	800.00	800.00	800.00
Central Vermont Transportation Company	200,000.00	50,000.00	20,000.00
Chicago & Western Indiana Railroad Company	5,000,000.00	1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company	3,000,000.00	1,500,000.00	1,500,000.00
Detroit Terminal Railroad Company	2,000,000.00	1,000,000.00	1,000,000.00
Northern Alberta Railways Company	625,000.00	312,500.00	312,500.00
(representing amount paid up, i.e. 10%)			
The Ontario Car Ferry Company (Limited)	500,000.00	250,000.00	179,007.53
The Public Markets, Limited	1,150,000.00	575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value)	1,000 shares	6 shares	600.00
The Toronto Terminals Railway Company	500,000.00	250,000.00	250,000.00
The Toledo Terminal Railroad Company	4,000,000.00	387,200.00	387,200.00
Trans-Canada Air Lines	6,600,000.00	6,600,000.00	6,600,000.00
(representing amount paid up, i.e. 82.5%)			
Vancouver Hotel Company Limited	150,000.00	75,000.00	75,000.00
			\$12,140,107.53
BONDS:			
Northern Alberta Railways Co. 1st. Mortgage Bonds	\$31,530,000.00	\$15,765,000.00	\$15,765,000.00
The Toronto Terminals Railway Co. 1st. Mortgage Bonds	25,810,000.00	12,905,000.00	12,905,000.00
			\$28,670,000.00
ADVANCES:			
Chicago & Western Indiana Railroad Company			\$ 2,482,544.01
The Railroad Credit Corporation			5,555.86
Railway Express Agency, Incorporated			155,077.87
Vancouver Hotel Company Limited			10,207.89
			\$ 2,653,385.63
			\$43,463,493.16

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

At 31st. December, 1946, Canadian National Railway Company had subscribed for \$8,000,000 of the Capital Stock of the Air Lines of which \$6,600,000 has been called and paid in.

NORTHERN ALBERTA RAILWAYS COMPANY:

At 31st. December, 1946, Canadian National Railway Company had subscribed for \$312,500 of the Capital Stock of the Railways Company of which \$312,500 has been called and paid in.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4%—50 Year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½%—50 Year Gold Bonds due 1957. The guarantee is as to interest only and is several and not joint. Grand Trunk Western's proportion is 9.68%.

CHICAGO & WESTERN INDIANA RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company, pursuant to joint supplemental lease dated 1st. July, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 Year 4% bonds due 1952 and the amounts outstanding at 31st. December, 1946, are:—

Issued for "common" property	\$39,973,019.39
Issued for "exclusive" property	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st. March, 1936, between Grand Trunk Western Railroad Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 4¼% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st. December, 1946, is \$17,198,000.

C.N.R. PENSION PLAN:

Reserves have been set up against contracts in force under the 1935 contractual plan, but not against pensions conditionally accruing under that plan or prior non-contractual plans.



COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

CAPITAL STOCKS OWNED BY DOMINION OF CANADA

Company Number		
1	Canadian National Railway Company	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust	380,403,604.43
		\$398,403,604.43

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3 Atlantic and St. Lawrence Railroad Company	1	\$ 6,302,340.00	\$ 111,840.00
4 The Bay of Quinte Railway Company	22	1,395,000.00	
5 The Bessemer and Barry's Bay Railway Company	22	125,000.00	
6 *Brooksay Realty Company	28	2,000.00	
7 The Canadian Express Company	1	1,768,800.00	
8 Canadian National Electric Railways	22	1,750,000.00	
9 Canadian National Express Company	23	1,000,000.00	
10 Canadian National Land Settlement Association	1	—	
11 *Canadian National Railways (France)—francs 30,000,000	1	1,893,573.92	
12 *Canadian National Realities, Limited	22	40,000.00	
13 Canadian National Rolling Stock Limited	1	50,000.00	
14 *Canadian National Steamship Company, Limited	43	15,000.00	
15 Canadian National Telegraph Company	22	500,000.00	
16 *Canadian National Transportation, Limited	1	500.00	
17 The Canadian Northern Alberta Railway Company	22	3,000,000.00	
18 Canadian Northern Manitoba Railway Company	22	250,000.00	
19 The Canadian Northern Ontario Railway Company	22	10,000,000.00	
20 Canadian Northern Pacific Railway Company	22	25,000,000.00	
21 The Canadian Northern Quebec Railway Company	22	9,550,000.00	3,849,200.00
22 The Canadian Northern Railway Company	1	18,000,000.00	
23 The Canadian Northern Railway Express Company, Limited	22	1,000,000.00	
24 Canadian Northern Steamships, Limited	22	2,000,000.00	
25 Canadian Northern System Terminals (Limited)	22	2,000,000.00	
26 Canadian Northern Western Railway Company	22	2,000,000.00	
27 Cannar Oils Limited	1	100.00	
28 *The Centmont Corporation	30	176,400.00	
29 The Central Ontario Railway	22	3,331,000.00	
30 Central Vermont Railway, Inc.	1	10,000,000.00	
31 Central Vermont Terminal, Inc.	30	5,000.00	
32 *Central Vermont Transit Corporation	28	5,000.00	
33 *Central Vermont Warehouse, Inc.	28	5,000.00	
34 The Champlain and St. Lawrence Railroad Company	1	50,000.00	
35 *Consolidated Land Corporation	46	64,000.00	
36 *The Dalhousie Navigation Company, Limited	22	50,000.00	
37 Duluth, Rainy Lake & Winnipeg Railway Company	39	2,000,000.00	
38 Duluth, Winnipeg and Pacific Railroad Company	39	100,000.00	
39 Duluth, Winnipeg and Pacific Railway Company	22	3,100,000.00	
40 *Grand Trunk-Milwaukee Car Ferry Company	46	200,000.00	
41 The Grand Trunk Pacific Branch Lines Company	43	200,000.00	
42 *The Grand Trunk Pacific Development Company, Limited.	43	3,000,000.00	
43 The Grand Trunk Pacific Railway Company	1	24,940,200.00	
44 The Grand Trunk Pacific Saskatchewan Railway Company	43	20,000.00	
45 *Grand Trunk Pacific Terminal Elevator Company, (Limited) ...	43	501,000.00	
46 {Grand Trunk Western Railroad Company (Common) }	1	20,000,000.00	
46 {Grand Trunk Western Railroad Company (Preferred) }	1	25,000,000.00	
47 The Great North Western Telegraph Company of Canada (Including \$331,500.00 held in escrow)	15	373,625.00	6,925.00
48 The Halifax and South Western Railway Company	22	1,000,000.00	
49 *Industrial Land Company	46	1,000.00	
50 International Bridge Company	1	1,500,000.00	
51 The James Bay and Eastern Railway Company	22	125,000.00	
Carried Forward		\$183,389,538.92	\$ 3,967,965.00



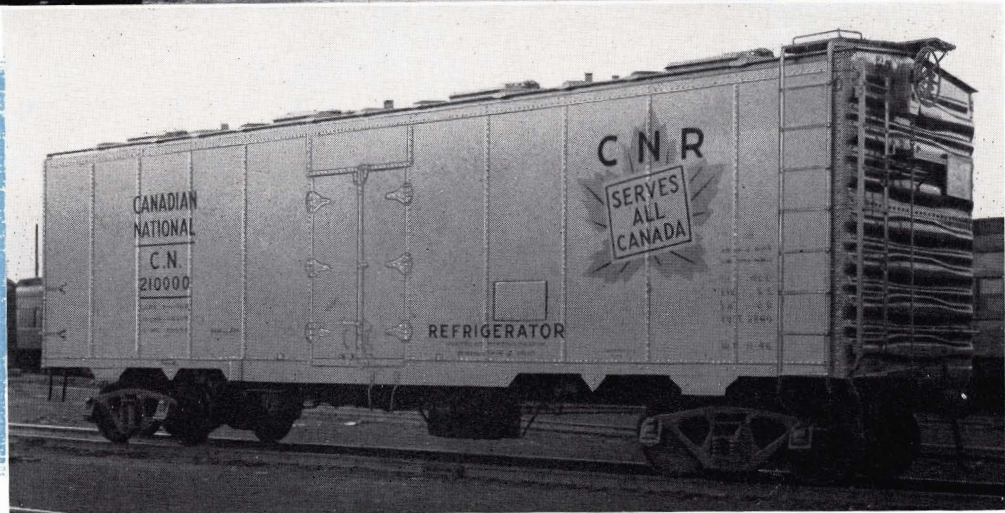
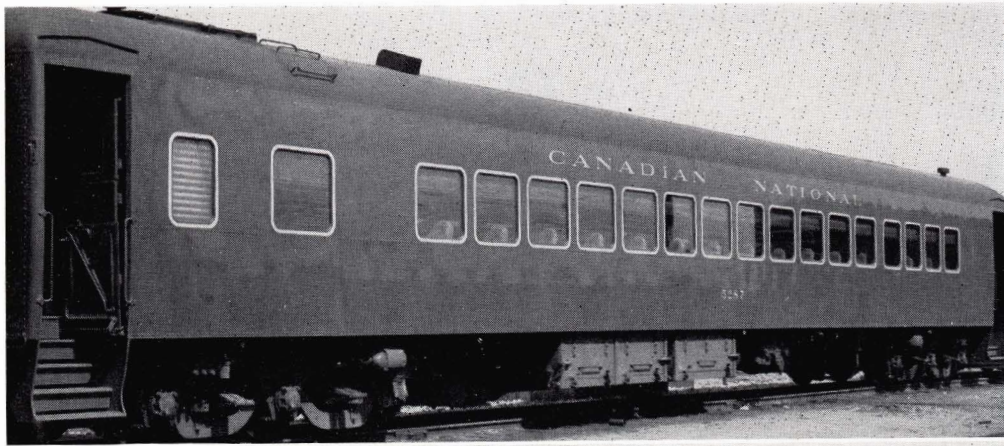
**COMPANIES COMPRISING THE CANADIAN NATIONAL
RAILWAY SYSTEM (Continued)**

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (CONT'D)

Company Number	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
	Brought Forward		\$183,389,538.92	\$ 3,967,965.00
52	The Lake Superior Terminals Company Limited	22	500,000.00	
53	The Maganetawan River Railway Company	1	30,000.00	
54	Manitoba Northern Railway Company	1	500,000.00	
55	The Marmora Railway and Mining Company	22	128,600.00	
56	The Minnesota and Manitoba Railroad Company	22	400,000.00	
57	The Minnesota and Ontario Bridge Company	22	100,000.00	
58	Montreal and Province Line Railway Company	28	1,000,000.00	
59	*Montreal and Southern Counties Railway Company	1	500,000.00	165,600.00
60	The Montreal and Vermont Junction Railway Company	30	197,300.00	
61	*Montreal Fruit & Produce Terminal Company, Limited	1	500.00	
62	*The Montreal Stock Yards Company	1	350,000.00	
63	*The Montreal Warehousing Company	1	236,000.00	12,240.00
64	Mount Royal Tunnel and Terminal Company, Limited	22	5,000,000.00	
65	Muskegon Railway and Navigation Company	46	161,293.00	
66	*National Terminals of Canada, Limited	1	2,500.00	
67	National Transcontinental Railway Branch Lines Company	1	500.00	
68	*The Niagara, St. Catharines and Toronto Railway Company	22	925,000.00	
69	*The Niagara, St. Catharines and Toronto Navigation Company (Limited)	68	100,000.00	
70	*The Oshawa Railway Company	1	40,000.00	
71	The Ottawa Terminals Railway Company	1	250,000.00	
72	The Pembroke Southern Railway Company	1	107,800.00	
73	*Prince Rupert, Limited	1	10,000.00	
74	The Quebec and Lake St. John Railway Company	22	4,508,300.00	489,160.00
75	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company	22	201,000.00	
76	*Rail & River Coal Company	1	2,000,000.00	
77	St. Boniface Western Land Company	22	250,000.00	
78	The St. Charles and Huron River Railway Company	22	1,000.00	
79	St. Clair Tunnel Company	1	700,000.00	
80	*The Thousand Islands Railway Company	1	60,000.00	
81	†Trans-Canada Air Lines	1	6,600,000.00	
82	The United States and Canada Rail Road Company	1	219,400.00	475.00
83	Vermont and Province Line Railroad Company	1	200,000.00	
84	The Winnipeg Land Company Limited	22	100,000.00	
			<u>\$208,768,731.92</u>	<u>\$ 4,635,440.00</u>

The Income Accounts of Companies indicated (*) are included in the System Income Account as "Separately Operated Properties."

†Treated as an Affiliated Company.



Top: Exterior view of a Canadian National day coach.

Centre: Latest type Canadian National refrigerator car which features an entirely new system of wet and dry flues.

Below: One of the new 1000-h.p. Canadian National diesel locomotives for switching-yard use. A number of these are in service and others are on order.





RAILWAY EQUIPMENT

	December 31, 1945	Additions During Year	Retirements During Year	Conversions During Year Added	Retired	December 31, 1946
LOCOMOTIVES:						
Passenger—Freight.....	1,975		7		1	1,967
Switching.....	523		2	1		522
Electric.....	24					24
Oil Electric.....	37	16	3			50
Total.....	2,559	16	12	1	1	2,563
FREIGHT EQUIPMENT:						
Box Cars.....	70,901	856	750	26	341	70,692
Flat Cars.....	5,373		29	1	33	5,312
Stock Cars.....	3,037		8			3,029
Coal Cars.....	15,661		94		5	15,562
Tank Cars.....	142		1			141
Refrigerator Cars.....	3,205	1	8			3,198
Caboose Cars.....	1,648		35			1,613
Other Cars in Freight Service.....	10		3	3		10
Total.....	99,977	857	928	30	379	99,557
PASSENGER EQUIPMENT:						
Coach Cars.....	1,196		21		30	1,145
Combination Cars.....	270		4			266
Dining Cars.....	96					96
Colonist Cars.....	190		1			189
Parlor Cars.....	47			3		50
Cafe Cars.....	28					28
Sleeping Cars.....	302		3	1	2	298
Tourist Cars.....	46			1		47
Baggage and Express Cars.....	1,042	* 22	14			1,050
Postal Cars.....	49					49
Unit Cars.....	40		2		1	37
Other Cars in Passenger Service.....	65		1		6	58
Total.....	3,371	22	46	5	39	3,313
WORK EQUIPMENT:						
Cars in Work Service.....	7,444	20	385	385	2	7,462
FLOATING EQUIPMENT:						
Car Ferries.....	8					8
Barges.....	5					5
Tugs.....	4					4
Work.....	3					3

*Previously under lease from Arms-Yager Company.



Interior of one of the redesigned, refurbished chair cars.



Roomier seats and larger windows are features of Canadian National day coaches now being built.

The lately redesigned bedroom-buffet-lounge cars have single bedrooms with a movable partition allowing them to be converted into a double bedroom.



Interior lounge section of redesigned bedroom-buffet-lounge cars showing arrangement of furniture, with library in centre of car.



STATISTICS OF RAIL-LINE OPERATIONS

	1946	1945
TRAIN-MILES:		
Freight Service	41,817,432	43,381,957
Passenger Service	23,581,125	24,600,264
Total	65,398,557	67,982,221
Work Service	1,583,828	1,732,082
Total	66,982,385	69,714,303
LOCOMOTIVE-MILES:		
Freight Service	44,374,635	46,392,068
Passenger Service	23,380,822	24,382,258
Train Switching—Freight	3,797,979	3,659,667
—Passenger	118,597	104,120
Yard Switching—Freight	15,339,794	15,247,844
—Passenger	1,647,359	1,474,192
Total	88,659,186	91,260,149
Work Service	2,154,186	2,402,612
Total	90,813,372	93,662,761
CAR-MILES—FREIGHT SERVICE:		
Loaded Freight Cars	1,140,162,216	1,173,624,393
Empty Freight Cars	477,233,755	528,469,997
Passenger Coach and Combination cars	6,605,024	6,956,586
Sleeping, Parlor and Observation Cars	308,517	313,716
Dining Cars	20,328	15,796
Other Cars	6,851,524	6,789,874
Caboose	41,314,017	42,490,621
Total	1,672,495,381	1,758,660,983
CAR-MILES—PASSENGER SERVICE:		
Loaded Freight Cars	213,046	386,155
Empty Freight Cars	29,557	162,865
Passenger Coach and Combination Cars	67,830,334	81,828,393
Sleeping, Parlor and Observation Cars	54,245,384	61,263,172
Dining Cars	9,189,041	11,440,316
Other Cars	70,863,420	69,802,421
Motor Unit Cars	890,569	972,725
Caboose	1,147,231	1,669,296
Total	204,408,582	227,525,343
Car-Miles—Total	1,876,903,963	1,986,186,326
Work Service	4,598,630	3,989,987
Total	1,881,502,593	1,990,176,313
AVERAGE MILEAGE OF ROAD OPERATED	23,437.12	23,498.36
FREIGHT TRAFFIC:		
Tons carried—Revenue freight	78,950,008	79,941,296
Tons carried one mile—Revenue freight	30,811,920,078	34,599,518,473
Freight revenue	\$300,313,199	\$316,533,329
Revenue per ton	\$3.80384	\$3.95957
Revenue per ton mile	\$0.00975	\$0.00915
Miles per revenue ton	390.27	432.81
Ton-miles—Revenue freight per mile of road	1,314,663	1,472,423
Ton-miles—All freight per mile of road	1,425,942	1,589,767
Gross ton-miles of cars, contents and cabooses	71,654,047,848	77,301,216,775
Net ton-miles of freight (Revenue and non-revenue)	33,419,975,710	37,356,916,946
Train-hours in freight road service	2,723,640	2,850,886
PASSENGER TRAFFIC:		
Passengers carried	22,320,490	30,370,680
Passengers carried one mile	2,289,022,387	3,338,197,658
Passenger revenue	\$50,128,223	\$65,199,923
Revenue per passenger	\$2.24584	\$2.14680
Miles per revenue passenger	102.55	109.92
Revenue per passenger mile	\$0.02190	\$0.01953
Passenger-miles per mile of road	97,667	142,061
NET RAILWAY OPERATING INCOME:		
Gross Revenue per mile of road	\$17,091.95	\$18,459.73
Gross Railway operating charges per mile of road	\$15,745.41	\$15,571.11
Net railway operating income per mile of road	\$1,346.54	\$2,888.62



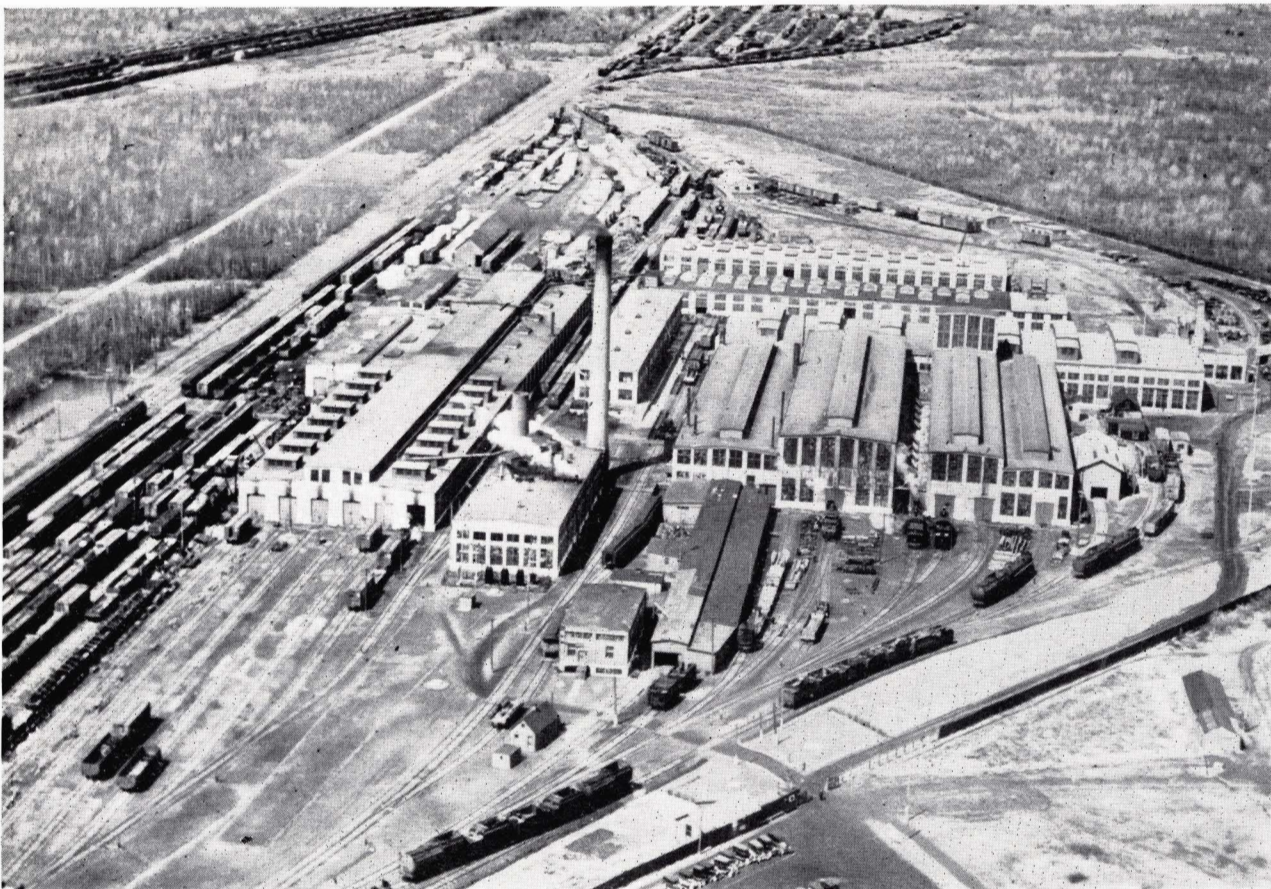
OPERATED MILEAGE, 31st. DECEMBER, 1946

OPERATED ROAD MILEAGE

Territory	Owned	Leased	Trackage	Total
Atlantic Region	2,986.85	6.41	82.95	3,076.21
Central Region	7,089.00	353.13	27.85	7,469.98
Western Region	11,427.18	34.84	64.07	11,526.09
Grand Trunk Western Lines	903.19	9.50	59.75	972.44
Central Vermont Lines	237.92	125.18	58.73	421.83
Total First Main Track	22,644.14	529.06	293.35	23,466.55
Lines in Canada	21,287.60	222.05	170.48	21,680.13
Lines in United States	1,356.54	307.01	122.87	1,786.42

OPERATED MILEAGE ALL TRACKS

First Main Track	22,644.14	529.06	293.35	23,466.55
Second Main Track	1,218.37	9.34	85.42	1,313.13
Third Main Track	26.65	—	3.49	30.14
Fourth and Other Main Tracks	10.78	—	5.09	15.87
Spurs, Sidings and Yard Tracks	5,926.39	172.79	1,178.51	7,277.69
Total All Tracks	29,826.33	711.19	1,565.86	32,103.38



Air view of the important C.N.R. shops at Moncton, N.B.



DISBURSEMENT OF TOTAL OPERATING REVENUES AND EXPENSES

	Operating revenues were disbursed:—		Operating expenses were disbursed:—	
	1946—%	1945—%	1946—%	1945—%
Labour	55.10	47.19	61.79	57.61
Fuel	9.65	9.77	10.82	11.92
Other Expenses	24.43	24.95	27.39	30.47
Total Operating Expenses	89.18	81.91	100.00	100.00
Available for Taxes and Other Accounts	10.82	18.09		
Total	100.00	100.00	100.00	100.00
Maintenance of Way Accounts	16.76	16.21	18.80	19.79
Maintenance of Equipment Accounts	18.41	17.70	20.64	21.61
Traffic Accounts	1.77	1.39	1.99	1.70
Transportation Accounts	46.27	41.30	51.88	50.42
Miscellaneous Accounts	1.18	1.45	1.32	1.77
General Accounts	4.79	3.86	5.37	4.71
Total Operating Expenses	89.18	81.91	100.00	100.00

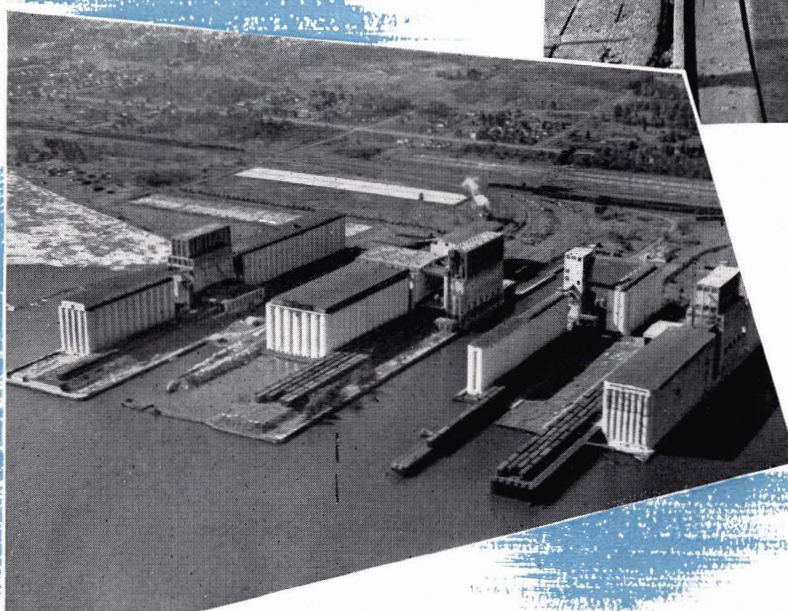
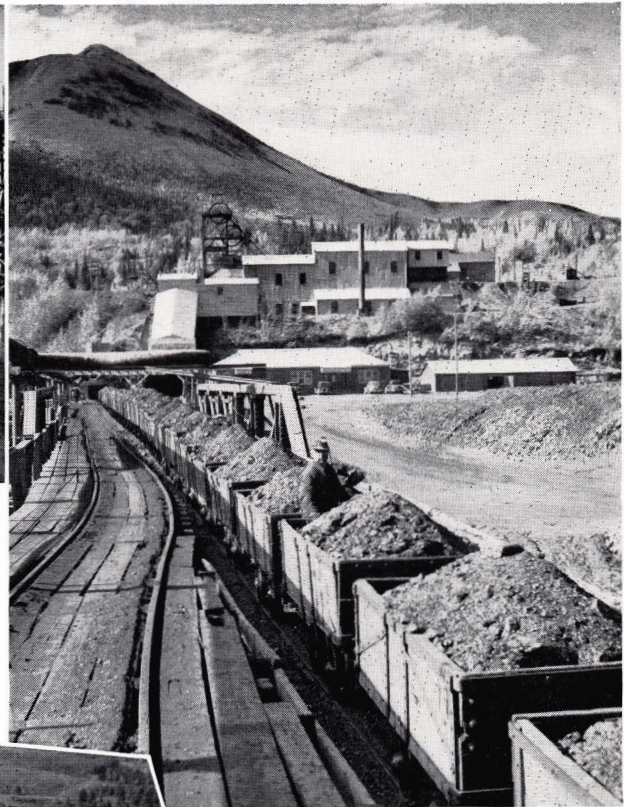
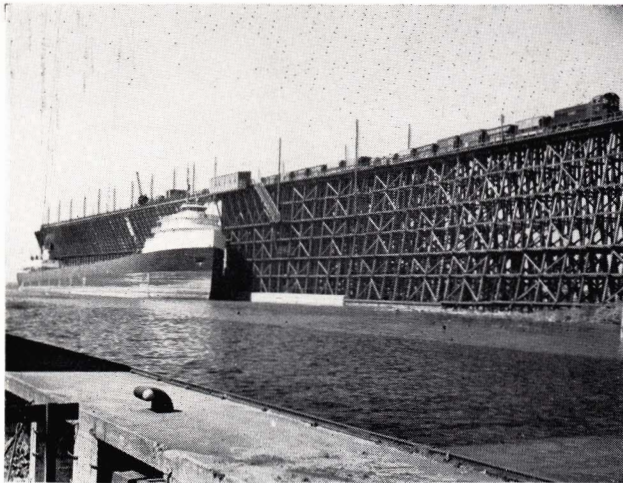
EMPLOYEES AND THEIR COMPENSATION

Year	*Average Number of Employees	*Total Payroll	% Inc. over Previous Year	
			Employees	Payroll
1939	78,129	\$122,354,101		
1940	82,831	132,584,063	6.02	8.36
1941	89,536	153,654,368	8.09	15.89
1942	94,592	177,042,773	5.65	15.22
1943	101,126	195,555,045	6.91	10.46
1944	102,764	222,649,839	1.62	13.86
1945	105,624	220,507,637	2.78	.96
1946	105,353	237,335,781	.26	7.63

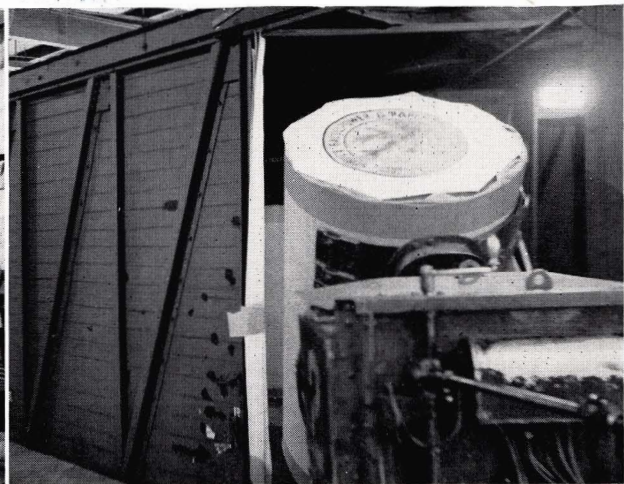
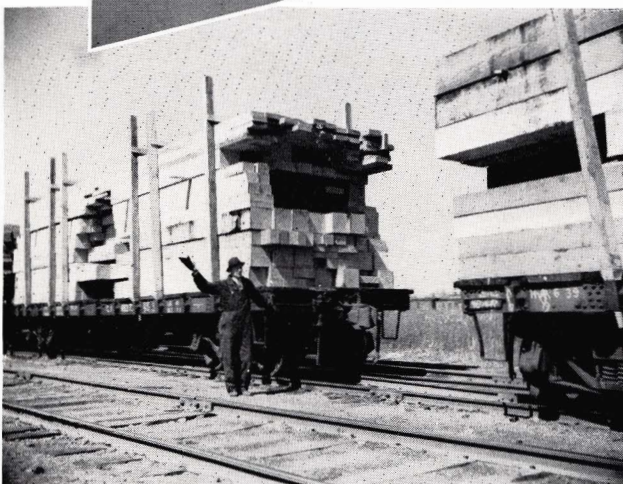
*Includes railway, express and telegraph employees. Excludes hotel and subsidiary company employees.



Classroom training of apprentices is a long-established part of shop practice of the Canadian National Railways.



*The industrial life of Canada
is dependent upon modern,
efficient railway service.*





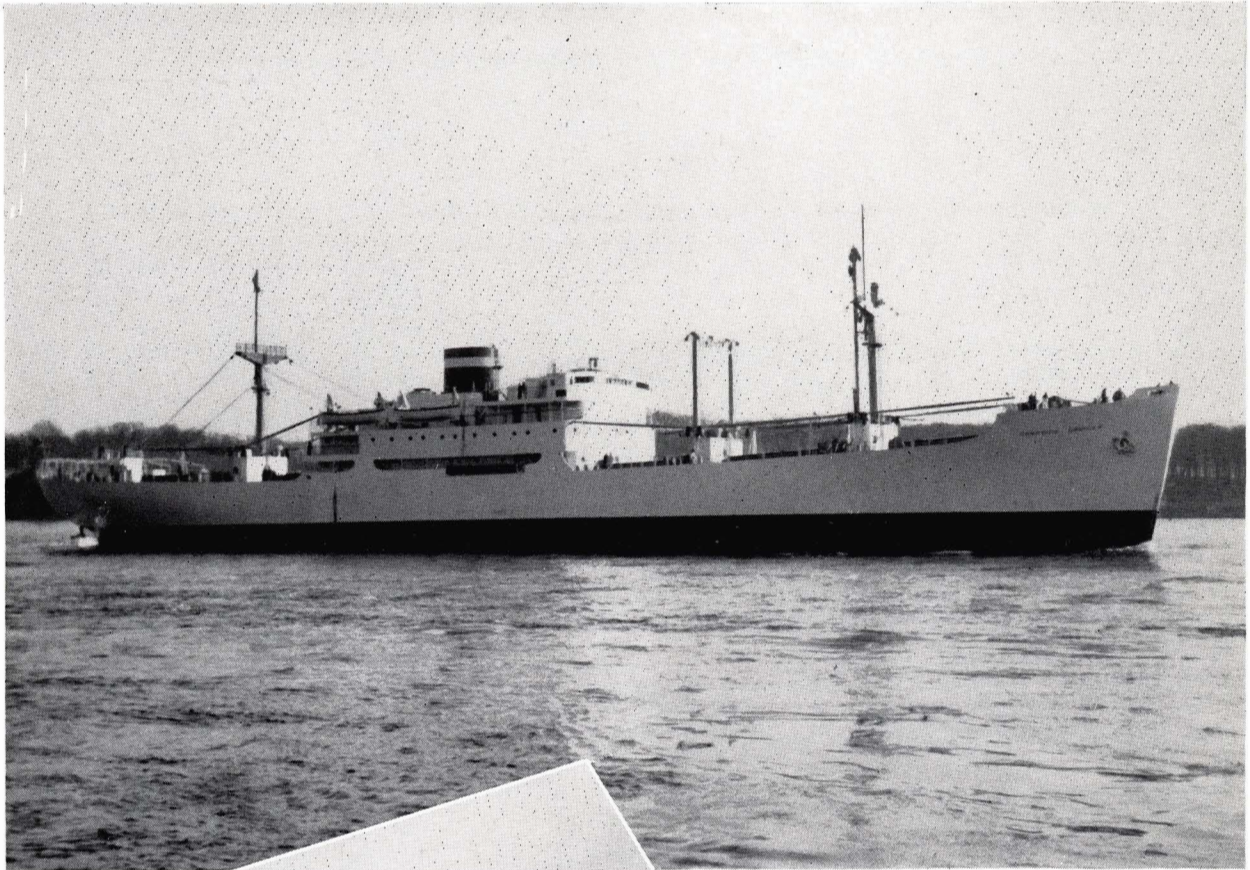
REVENUE TONNAGE BY COMMODITIES

	Year 1946	Year 1945	Increase or Decrease	Per- cents
	Tons	Tons	Tons	
AGRICULTURAL PRODUCTS:				
Wheat	5,630,365	8,836,831	3,206,466	36.29
Corn	442,397	470,431	28,034	5.96
Oats	1,724,535	1,853,887	129,352	6.98
Barley	1,141,953	1,370,197	228,244	16.66
Rye	76,929	85,227	8,298	9.74
Flaxseed	104,275	116,848	12,573	10.76
Other Grain (including dried peas, beans, soya beans)	166,668	155,894	10,774	6.91
Flour	1,216,415	1,177,277	39,138	3.32
Other Mill Products	2,235,176	2,120,249	114,927	5.42
Hay and Straw	242,828	253,578	10,750	4.24
Cotton	92,383	79,755	12,628	15.83
Apples (fresh)	110,715	91,224	19,491	21.37
Other Fruit (fresh)	470,823	432,482	38,341	8.87
Potatoes	397,721	411,572	13,851	3.37
Other Fresh Vegetables	262,100	261,268	832	.32
Other Agricultural Products (excluding dried peas, beans, soya beans)	747,320	725,845	21,475	2.96
Total	15,062,603	18,442,565	3,379,962	18.33
ANIMAL PRODUCTS:				
Horses	68,869	46,296	22,573	48.76
Cattle and Calves	390,505	398,994	8,489	2.13
Sheep	27,983	27,136	847	3.12
Hogs	153,108	218,802	65,694	30.02
Poultry (live)	990	2,431	1,441	59.28
Dressed Meats or Dressed Poultry (fresh or frozen)	230,219	294,449	64,230	21.81
Dressed Meats (cured or salted)	132,800	233,454	100,654	43.12
Other Packing House Products (edible)	55,474	42,377	13,097	30.91
Eggs	73,970	91,125	17,155	18.83
Butter	50,205	65,345	15,140	23.17
Cheese	61,519	88,219	26,700	30.27
Wool	72,043	67,404	4,639	6.88
Hides and Leather	85,239	85,696	457	.53
Other Animal Products (non-edible)	127,285	114,463	12,822	11.20
Total	1,530,209	1,776,191	245,982	13.85
MINE PRODUCTS:				
Anthracite Coal	3,077,841	2,095,409	982,432	46.88
Bituminous Coal	9,882,636	9,193,585	689,051	7.49
Sub-Bituminous Coal and Lignite Coal	1,836,392	1,823,304	13,088	.72
Coke	1,274,250	1,472,883	198,633	13.49
Iron Ores and Concentrates	977,456	646,270	331,186	51.25
Copper Ore and Concentrates	161,310	181,605	20,295	11.18
Other Ores and Concentrates	1,348,638	2,033,078	684,440	33.67
Base Bullion, Matte, Pig and Ingot (non-ferrous metals)	506,658	819,398	312,740	38.17
Sand and Gravel	1,944,218	1,438,943	505,275	35.11
Stone (crushed, ground, broken)	2,030,272	2,009,009	21,263	1.06
Slate, Dimension or Block Stone	103,640	70,984	32,656	46.00
Crude Petroleum	523,124	606,176	83,052	13.70
Asphalt (natural, by-product petroleum)	268,972	199,882	69,090	34.57
Salt	515,273	567,193	51,920	9.15
Other Mine Products (not fully processed)	1,440,335	1,042,179	398,156	38.20
Total	25,891,015	24,199,898	1,691,117	6.99
Carried Forward	42,483,827	44,418,654	1,934,827	

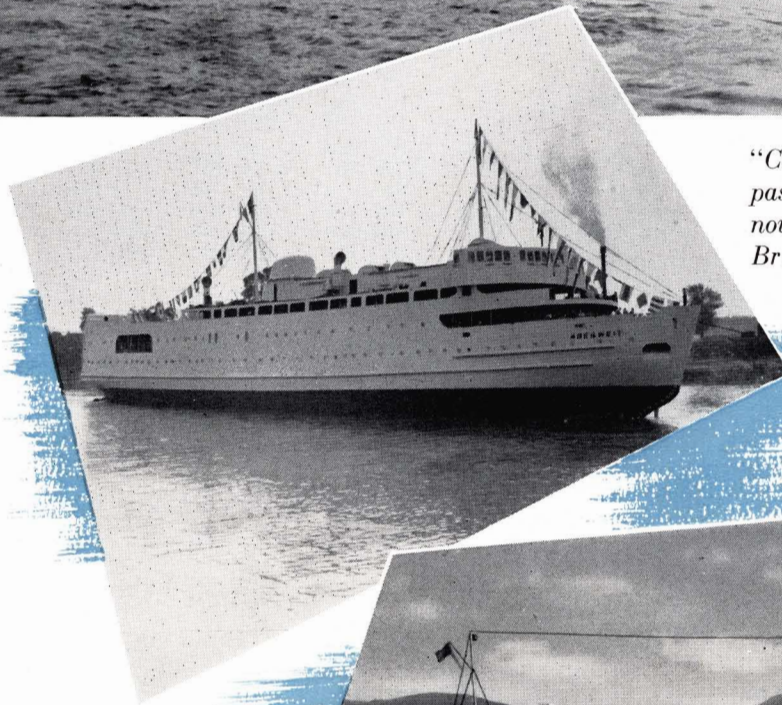


REVENUE TONNAGE BY COMMODITIES (Continued)

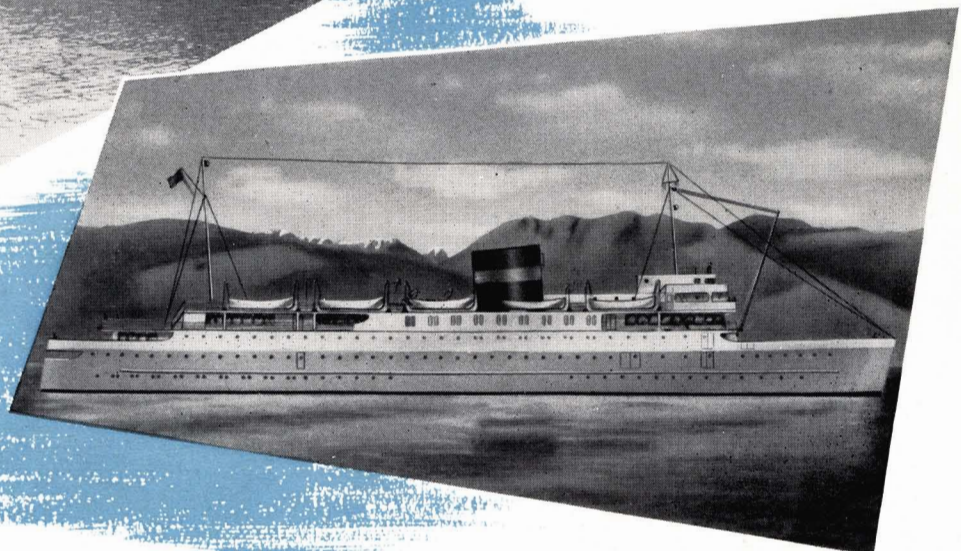
	Year 1946	Year 1945	Increase or Decrease	Per- cents
	Tons	Tons	Tons	
Brought Forward.....	42,483,827	44,418,654	1,934,827	
FOREST PRODUCTS:				
Logs, Posts, Poles, Piling.....	988,519	677,158	311,361	45.98
Cordwood and Other Firewood.....	553,648	580,163	26,515	4.57
Ties.....	56,505	61,290	4,785	7.81
Pulpwood.....	4,842,085	4,104,087	737,998	17.98
Lumber, Timber, Box, Crate and Cooperage Material.....	4,461,841	4,090,454	371,387	9.08
Other Forest Products.....	254,088	252,371	1,717	.68
Total.....	11,156,686	9,765,523	1,391,163	14.25
MANUFACTURES AND MISCELLANEOUS:				
Gasolene.....	1,726,698	1,391,244	335,454	24.11
Petroleum Oils and Petroleum Products (except asphalt and gasolene).....	1,382,975	1,767,601	384,626	21.76
Sugar.....	294,174	375,950	81,776	21.75
Iron, Pig and Bloom.....	290,772	288,527	2,245	.78
Rails and Fastenings.....	48,110	61,635	13,525	21.94
Iron and Steel (bar, sheet, structural, pipe).....	1,479,516	1,733,839	254,323	14.67
Castings, Machinery and Boilers.....	308,264	259,747	48,517	18.68
Cement.....	728,357	488,525	239,832	49.09
Brick and Artificial Stone.....	309,630	213,776	95,854	44.84
Lime and Plaster.....	371,760	367,387	4,373	1.19
Sewer Pipe and Drain Tile.....	36,479	30,085	6,394	21.25
Agricultural Implements and Vehicles other than autos.....	249,980	228,674	21,306	9.32
Automobiles, Auto Trucks and Auto Parts.....	1,255,043	1,701,549	446,506	26.24
Household Goods and Settlers Effects.....	26,815	20,268	6,547	32.30
Furniture.....	64,680	49,525	15,155	30.60
Beverages.....	506,792	473,298	33,494	7.08
Fertilizers, All Kinds.....	1,266,345	1,130,242	136,103	12.04
Newsprint Paper.....	1,833,686	1,462,742	370,944	25.36
Other Paper.....	419,293	317,307	101,986	32.14
Paper Board, Pulpboard and Wallboard (paper).....	440,603	400,422	40,181	10.03
Woodpulp.....	1,237,955	1,295,781	57,826	4.46
Fish (fresh, frozen, cured, etc.).....	152,113	164,628	12,515	7.60
Canned Goods (all canned food products).....	681,801	624,518	57,283	9.17
Other Manufactures and Miscellaneous.....	7,736,068	8,709,255	973,187	11.17
Merchandise (all L.C.L. Freight).....	2,461,586	2,200,594	260,992	11.86
Total.....	25,309,495	25,757,119	447,624	1.74
Grand Total.....	78,950,008	79,941,296	991,288	1.24



"Canadian Cruiser"—one of the three new passenger-carrying cargo, motor vessels now in service between Canada and the British West Indies.



New Canadian Government ice-breaking, car-ferry for service between New Brunswick and Prince Edward Island.



Architect's sketch of steamship now being constructed on the B.C. coast for service by the Canadian National between Vancouver, Prince Rupert and Alaska.



WORLD-WIDE SERVICE

The Canadian National maintains offices in the British Isles, Australia, New Zealand, the Orient, France and the United States to render helpful service and to give information in connection with the traffic and other interests of the Company and of Canada generally. The principal offices of this kind are located at the following points:

UNITED STATES

Boston	Mass.
Buffalo	N.Y.
Birmingham	Ala.
Cedar Rapids	Iowa
Chicago	Ill.
Cincinnati	Ohio
Cleveland	Ohio
*Detroit	Mich.
Duluth	Minn.
Flint	Mich.
Grand Rapids	Mich.
Kansas City	Mo.
Los Angeles	Cal.
Mason City	Iowa
Memphis	Tenn.
Milwaukee	Wis.
Minneapolis	Minn.
New Haven	Conn.
New Orleans	La.
*New York	N.Y.
Omaha	Neb.
Philadelphia	Pa.
Pittsburgh	Pa.
Portland	Me.
Portland	Ore.
St. Albans	Vt.

St. Louis	Mo.
St. Paul	Minn.
Saginaw	Mich.
San Francisco	Cal.
Seattle	Wash.
South Bend	Ind.
Toledo	Ohio
Tulsa	Okla.
Washington	D.C.

GREAT BRITAIN

Belfast	Northern Ireland
Cardiff	Wales
Glasgow	Scotland
Liverpool	England
*London	England
Southampton	England

FRANCE

Paris	France
-------	--------

AUSTRALIA AND NEW ZEALAND

Melbourne	Australia
Sydney	Australia
Wellington	New Zealand

THE ORIENT

Hong Kong	
Calcutta	India

*Industrial Development representatives located at these points.



His Excellency Viscount Alexander,
Governor General of Canada



Gen. Dwight D. Eisenhower,
Chief of Staff, U.S. Army



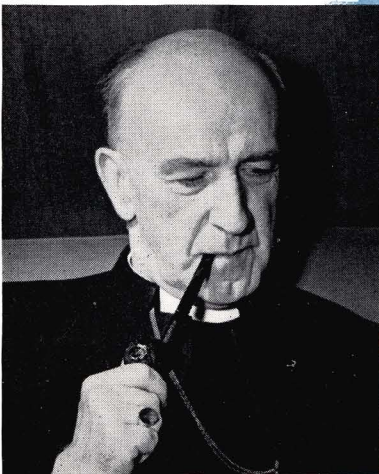
Rt. Hon. R. Anthony Eden,
P.C., M.C., D.C.L.



Sumner Welles, LL.D.



Field Marshal the Viscount Montgomery,
Chief of the Imperial General Staff



Rt. Rev. and Rt. Hon. Geoffrey Francis Fisher,
D.D., P.C., Archbishop of Canterbury



Lord Rowallan,
Chief Scout,
British Commonwealth and Empire



Bing Crosby

During 1946, the Canadian National Railways had the honor of serving many distinguished travellers, some of whom are shown above.



CANADIAN NATIONAL HOTELS

- HALIFAX, N.S. *The Nova Scotian*
- CHARLOTTETOWN, P.E.I. *The Charlottetown*
- OTTAWA, ONT. *Chateau Laurier*
- PORT ARTHUR, ONT. *Prince Arthur Hotel*
- WINNIPEG, MAN *The Fort Garry*
- BRANDON, MAN. *Prince Edward Hotel*
- SASKATOON, SASK. *The Bessborough*
- EDMONTON, ALTA. *The Macdonald*



- VANCOUVER, B.C. **Hotel Vancouver*

*Operated under the joint management of Canadian National Railways and the Canadian Pacific Railway Company.



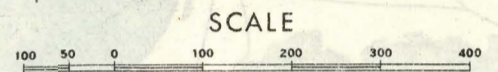
SUMMER RESORT HOTELS

- Jasper Park Lodge* JASPER, ALTA.
- Minaki Lodge* MINAKI, ONT.
- Pictou Lodge* PICTOU, N.S.



TRANS-CANADA AIR LINES
Canada's National Air Service

T.C.A. existing routes —————
 T.C.A. projected extensions - - - - -



To Hawaii and Australasia

To Bermuda, West Indies, etc.

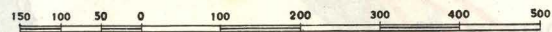


CANADIAN NATIONAL RAILWAYS

The Largest Railway System in America

- Canadian National Railways (MAIN LINES ——— BRANCH LINES ———)
- Other Through Passenger Car Service (Canada ——— U.S.A. ———)
- Canadian National Steamships and Ferries (-----)
- Northern Alberta Railways (jointly owned) (N.A. RYS. ———)
- U.S. Traffic Offices (•)

SCALE



Serves all the Provinces of Canada and many Sections of the United States

