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Canadian National Railways Annual Report 1960



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Canadian National Railways Annual Report 1960

Financial Highlights

	1960	1959	Better or (Worse)
Railway operating revenues	\$ 693 141 106	\$ 740 165 041	\$ (47 023 935)
Railway operating expenses	685 794 292	720 822 338	35 028 046
Net revenue from railway operations	7 346 814	19 342 703	(11 995 889)
Taxes and rents	20 024 018	21 029 922	1 005 904
Net railway operating loss	12 677 204	1 687 219	(10 989 985)
Other income	6 203 472	6 896 728	(693 256)
Deficit or surplus before fixed charges	6 473 732	5 209 509	(11 683 241)
Total fixed charges	69 088 803	52 512 649	(16 576 154)
Received from T.C.A.	8 065 758	3 714 850	4 350 908
Net fixed charges	61 023 045	48 797 799	(12 225 246)
Deficit	\$ 67 496 777	\$ 43 588 290	\$ (23 908 487)

Financial Results

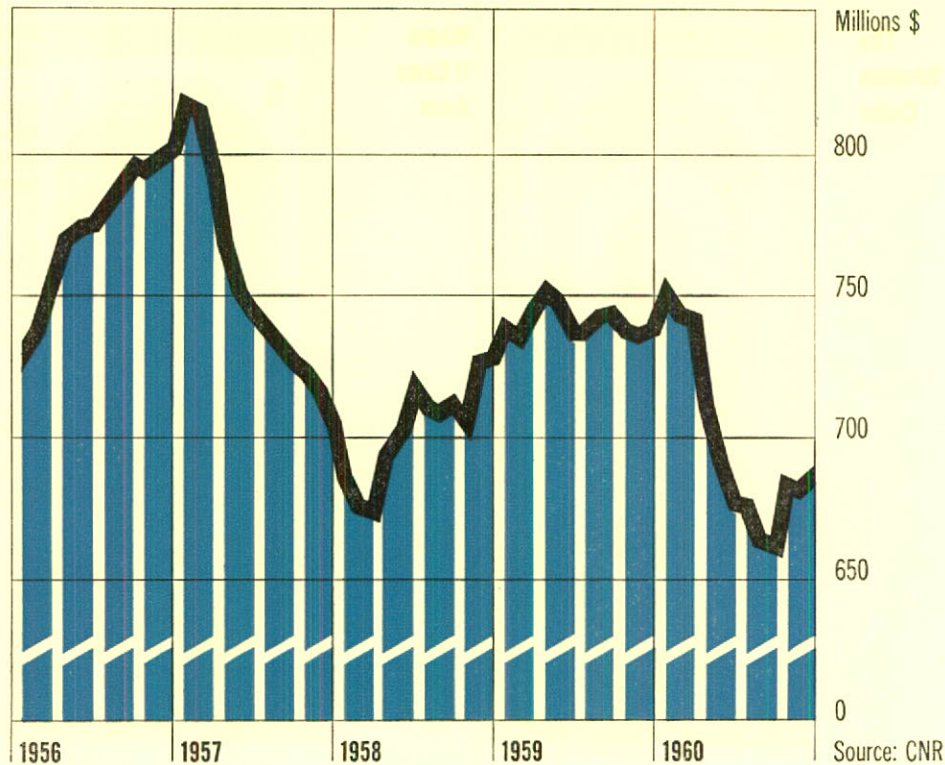
During 1960, the surface transportation industry on the North American continent suffered from an unexpected fall-off in traffic. Canadian National Railways was severely affected by the decline which closely paralleled a general slowing-down in the rate of economic expansion in the country. The pronounced drop in traffic began early in the second quarter and continued on a downward course until Fall before levelling off.

At the beginning of 1960, the management forecast a slight increase in revenue ton miles, which, coupled with a firm control on expenses, promised to provide a modest improvement in the System's net financial position. This prediction had to be drastically revised once the slackening in economic output and the associated downward trend in traffic was established in the third quarter.

Instead of the anticipated increase, revenue ton miles decreased 4.3 percent from 1959. Operating revenues dropped \$47.0 million, or 6.4 percent, while a reduction of \$35.0 million in operating expenses was achieved. At \$7.3 million, net operating income was down \$12.0 million from 1959. There was also a decrease in other income. Payments for equipment rentals were reduced due to lower traffic, but this saving was partially offset by increases in taxes. These factors, together with an increase in fixed charges, due in large part to the higher level of interest rates, resulted in a deficit of \$67.5 million compared to \$43.6 million in 1959.

Revenues from freight services declined 8 percent to \$541.9 million from \$589.6 million in 1959. While there were increases in the shipments of ores and concentrates, pulpwood, manufactured iron and steel articles and auto parts, these were more than offset by declines in the movement of grain and grain products, lumber, building materials, coal and other mine products.

**Monthly Operating
Revenues Seasonally
Adjusted at
Annual Rates**



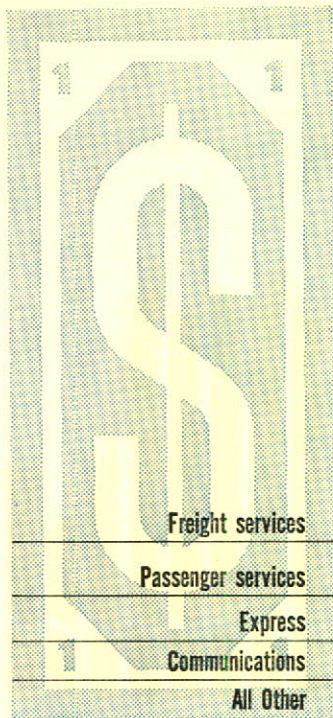
With major reductions in maintenance and transportation costs, operating expenses for 1960 amounted to \$685.8 million, compared to \$720.8 million in 1959. Remuneration to the System's work force continued to represent the major portion of the expense figure, with total compensation (including fringe benefits) chargeable to operating expenses amounting to \$433.5 million. This represents 63.2 percent of CN's 1960 expense dollar.

The financial record for 1960 dramatically illustrates the vulnerability of Canadian National to the varying levels of economic activity of its environment. The very nature of the railway as a service industry, plus the magnitude of its operations, contributes substantially to its lack of resiliency in responding to changing conditions. However, the experience served to highlight the necessity of pressing forward with programs designed to mould the System into an instrument better able to adjust and respond to both the prevailing business climate and the shifts and new challenges of a highly competitive transportation market. In meeting this challenge, far-reaching changes continued to be reflected in many facets of the railway in 1960. They embraced organization, marketing, technology and methods, and all had their roots in the need for greater effectiveness, flexibility and efficiency in both sales and operations.

Management Organization Structure

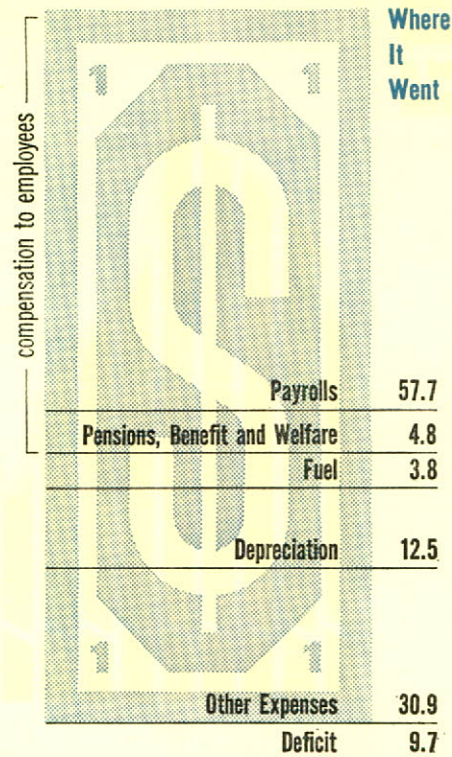
During 1960 the first stages of a new form of organization of the System's management and administrative structure

**The
Revenue
Dollar**



Freight services	78.2
Passenger services	6.9
Express	6.5
Communications	4.3
All Other	4.1

**Where
It Came
From**



Payrolls	57.7
Pensions, Benefit and Welfare	4.8
Fuel	3.8
Depreciation	12.5
Other Expenses	30.9
Deficit	9.7

compensation to employees

**Where
It
Went**

were implemented. The result of two years of study and planning by System officers, the new structure is designed to decentralize authority, modernize administrative techniques and integrate sales and operation functions at all levels. The former levels of administration in the Operation Department (and their parallels in the Traffic Department) comprising three regions, 10 districts and 31 divisions in Canada, were reconstituted into five regions subdivided into 18 management areas, or "business units", thus reducing the total number of administrative units below System Headquarters from 44 to 23.

Responsibility and authority is being decentralized to the regional and area management levels on a geographic, as distinct from a departmental, basis. Previously, operations, sales and other departmental functions were co-ordinated only at System Headquarters. Under the new plan, sales and operations are co-ordinated at the area and regional levels. Thus, Regional Vice-Presidents and Area Managers are to be responsible for all phases of marketing and operation of the company's rail transportation services in their territories. Headquarters activities will be concentrated on staff and service functions.

The objective of the new form of organization is to enable Canadian National to compete more aggressively and effectively in the transportation market and in so doing, improve its revenue position. The delegation of authority to the local levels where business originates, together with a streamlining of internal communication lines, provides a managerial frame-work capable of quick response to the changing demands of the market. At the same time, it is expected that the new structure will contribute to efficiency which, combined with the reduction in the number

of administrative units, will, in due course, improve the relationship between administrative costs on the one hand, and revenues on the other.

The transfer of responsibility to the regional and area levels under the new plan of organization, requires a reorganization of the accounting function. To meet this need, a program was introduced to modify the accounting system, over a period of time, to provide accounting, statistical and financial information by managerial responsibility in a form that will facilitate effective planning, decision-making and control.

Modern Approach to Sales

Coincident with the administrative reorganization was a more modern approach to sales, exemplified during 1960 by a re-alignment of the System's sales force. The Traffic Department was re-cast into a Sales Department employing a comprehensive program of sales development based on modern marketing concepts.

Existing staffs were assigned to specialist groups to study rate and tariff-making techniques, equipment and customer service, to forecast traffic, set sales objectives and plan market surveys.

The freight rate staff was also reorganized to focus specialist group attention on specific types of rates. The rate group is subdivided into sub-groups dealing with rates for selected types of commodities and services. The new establishment is designed to develop expert sub-groups capable of processing applications and negotiating rates quickly and efficiently.

Visual Redesign

The year 1960 saw the launching of a long-term program aimed at modernizing Canadian National's external appearances in the interests of increasing sales, helping to build employee pride in the company and improving the general public concept of the CN System.

As a first step, a new corporate trademark was introduced. Spelling out the letters "CN" in clean-flowing lines, the trademark symbolizes the movement of men, materials and messages across the country. By year-end, it had begun to appear on box cars, motor vehicles, advertising, credit cards and company forms. Work is continuing on the development of new designs and color schemes for trains, stations, offices, letterheads, telegram blanks and other applications. The changes will be introduced gradually in the normal course of maintaining and replacing property and stocks.

Plant and Equipment

During the year, CN made significant advances in achieving more efficient and economical operations through improvement and modernization of its plant and equipment. In general, these steps represent concrete rewards from the System's continuing research into new and improved methods of railroading.

An important accomplishment was the completion, in April, of the 10-year dieselization program and the subsequent retirement from service of all remaining steam locomotives. The delivery of 123 new diesel locomotives in 1960 completed the changeover and brought the total number of these units to 2,134.

To obtain maximum use of locomotives, regional motive power control bureaux were set up at Winnipeg, Toronto and Moncton, interconnected through the installation of a system-wide telephone network. These bureaux, through constant consultation, can co-ordinate the use and servicing of diesels with transportation requirements and repair shop loads. This enables the work load to be handled with fewer units and reduces the overall costs of locomotive repairs.

A new diesel locomotive maintenance shop was opened in Moncton to handle running repairs, while construction progressed on a similar shop at Winnipeg. Also at Winnipeg, conversion of the Transcona Motive Power Shop to handle main repairs on diesels proceeded.

A forward step in achieving fast, economical train classification was made during the year with the opening, in Moncton, of the first of four electronically-controlled, automatic hump yards. Capable of reducing by 75 percent the time required to make up freight trains, the yards make use of the newest developments in automatic controls, data processing, transmission equipment and shops. The Montreal Yard is scheduled to open early in 1961, while in the Winnipeg area, grading, drainage and ditching for the Symington Yard were about 85 percent complete and the track work 40 percent complete by the year end. Acquisition of land for the Toronto Yard and access line moved ahead, as well as preliminary engineering work. An important feature of the new yards is the comfortable working conditions in the modern yard offices and shops. In addition, attractive recreation, lounge, cafeteria and sleeping facilities are provided for employees laying over between runs.

Centralized Traffic Control, an automatic signalling system which greatly expedites train movements, was extended over seven more main-line subdivisions. At year-end, 2,039 miles of mainline track were equipped with CTC.

A program to apply radio communications to train and yard operations was extended during the year. The use of radio systems is designed to improve safety, reduce delays to trains and maintenance crews and to increase utilization of equipment. At the same time, radio communications provide "indoor" operations, thereby eliminating many of the outside duties performed by employees in the normal course of train and yard operations. This aspect is of particular importance under severe weather conditions. An end-to-end train radio system was placed in operation between Edmonton, Winnipeg and the Lakehead, and by the end of the year, two-way radio or talk-back communication systems were in operation in 29 yards.

Considerable progress was made in the application of integrated data processing techniques to System operations. The automatic transmission of waybill and freight train consist data between yard offices and car tracing bureaux at Moncton, Montreal, and Winnipeg was extended to a further 11 yards in 1960. The car reporting system, which now encompasses 19 principal yards, provides advance information on freight car movements in the area between Capreol, Ont., and the Atlantic coast.

New methods making use of operational research techniques were employed to determine optimum schedules for freight and passenger trains by simulating their operation on a computer. These simulations take into account a

multiplicity of factors involved in train movements, including grades, curves, speed restrictions, and lengths and weights of trains. Computers were also used to determine the most appropriate location for passing tracks and signals on certain main lines.

During the year, concentrated effort continued to be made to obtain more effective use of men, materials and equipment through the use of personnel trained in the techniques of Work Study. These efforts have produced important economies in nearly every phase of the System's operations.

Freight Services

Changes were also reflected in the methods and equipment employed to transport freight. Increasing emphasis was placed on improving service to the customer and the development of special types of equipment for particular traffic requirements.

Progress was made in co-ordinating road and rail transportation. The first full year of operation under the "railhead" principle in the Maritimes produced marked improvement in more efficient handling of less-than-carload traffic. Railheads, or distributing points, are located at strategic places where train and piggyback services receive and discharge traffic. Highway carriers provide swift, flexible pick-up and delivery service to and from the railheads and points in the surrounding territory. Studies continued throughout the year to apply the railhead principle to other parts of the System.

Hand in hand with the progress in road-rail co-ordination of less-than-carload-freight handling, is an associated plan to combine Express and LCL service. The ultimate aim of the program is to provide one superior service featuring speed and service and employing the most efficient co-ordinated use of train, piggyback and highway carrier transport.

Indicative of the rising demand for road-rail service was the expansion of CN's piggyback operations, an essential segment of the overall co-ordination program. Piggyback tonnage rose 8.6 percent over 1959, while revenues increased 23 percent. Service was extended to include Oshawa, Kitchener, Guelph, Galt, Brantford, Belleville, Kingston and North Bay in Ontario, and Shawinigan and Sherbrooke in Quebec. In British Columbia, the movement of household goods by piggyback was extended to include Terrace, Kitimat, Prince George and Prince Rupert.

Deliveries of new rolling stock during the year were confined to specialized equipment required for certain types of traffic, while research and experimentation widened possibilities for further advances in this area.

Equipment received included 299 fifty-ton insulated heated box cars; 186 flat cars of various capacities, and 48 seventy-ton covered hopper cars.

In addition, two newly-developed covered aluminum hopper cars were bought. Designed to carry dry ground or powdered products, they were given stringent engineering appraisal and service tests.

Advances were made in the field of mechanical refrigeration with the leasing and testing of 20 low-temperature cars to carry frozen freight. They are being tested for mechanical reliability and sales potential. Meanwhile, a method was developed for the conversion of standard ice refrigerator cars to mechanical deep-freeze operation.

Equipment, capable of side-loading piggyback vans and containers, was tested and placed in operation in Edmonton. Providing flexible loading and unloading of piggyback trains, the machine reduces costs yet gives faster service to the customer.

Passenger Services

A number of steps were taken during 1960 to adjust passenger services to the changing patterns of the travel market. Transcontinental passenger service was altered to conform to the decreasing demand for long-distance rail travel. Facilities on the Super Continental were improved, while during the off-season the second transcontinental train, the Continental, was transformed to supply a local service, offering sleeping accommodation on certain portions of its run.

Two-hour passenger train service at convenient times was instituted between Ottawa and Montreal.

To meet the popular demand for economical meal service on passenger trains, six diner cars were converted into cafeteria service cars.

All-inclusive fares, originally introduced on an off-season basis, were made effective throughout the year. They were also extended to include service locally between Montreal and the Maritimes, with group economy and incentive-loading features.

Station-to-station fares were replaced by zone fares on the Mount Royal tunnel commuter service in Montreal.

Trucking Services

Reacting to the changing demands of the transportation market in the area of rail-road co-ordination, Canadian National extended its highway services during 1960 through the purchase of four trucking companies operating across seven provinces. They are Sydney Transfer and Storage Limited, Eastern Transport Limited, Empire Freightways Limited, and East-West Transport Ltd. An option taken on a fifth company, Midland Superior Express Limited, was exercised in part. Offers of sale of certain other companies have been received and were under detailed examination at year end.

Telecommunications

The Telecommunications Department experienced a year of marked expansion of both commercial and railway services. Gross revenues increased 10.1 percent to a new high of \$29.9 million. The growth in Telex, private wire, broadcasting and telephone services resulted in increased revenues, while expansion of railway communications made a major contribution to greater efficiency in mainline and yard operations.

Approximately 80,000 miles of carrier telephone channels and 140,000 miles of carrier telegraph channels were added during the year to provide capacity for increased service.

Telex subscribers increased 11 percent from 2,800 to 3,100. Sarnia, Ont. and Medicine Hat, Alta., were added to the growing list of exchanges, bringing the coast to coast total to 35.

A public Wirefax service was introduced, in conjunction with Canadian Pacific Communications, between Toronto and Montreal, to provide rapid facsimile transmission of typed or hand-written letters, drawings and documents. The service will be extended to other centres as the market develops.

Canadian National continued to push back the country's northern frontiers through the extension of telephone and telegraph facilities to settlements in the Yukon and North West Territories. Construction of a telephone, telegraph and broadcast system was completed from Whitehorse to Dawson City, Mayo and Elsa in the Yukon, providing long-distance telephone communication between these centres and the rest of the world. Similar facilities are under construction in the Great Slave Lake Area. The most northerly public telephone system in Canada was inaugurated in November at Inuvik, N.W.T., where 100 subscribers now have dial telephone service.

Construction moved ahead steadily on the \$25 million microwave system between Grand Prairie and the Alaska-Yukon border. Scheduled to be placed in operation July 1, 1961, the system is being provided by Canadian National under contract with the Alaska Communications System, representing the Government of the United States.

In Eastern Canada, another link in Canadian Broadcasting Corporation's French language television network was provided through the extension of Canadian National-Canadian Pacific microwave facilities from Rimouski to Carleton, Que. An additional extension to Moncton was completed and went into service after the year end.

In Newfoundland, a new automatic telephone exchange was opened at Gander, expanding dial telephone service to approximately 1,260 subscribers. Meanwhile, subscriber capacity was expanded at seven other communities, and new dial telephone exchanges established at Musgrave-town and Port Blandford.

Hotels

Hotel operating income amounted to \$1.9 million before interest, compared with \$2.4 million in 1959. The decrease was mainly due to higher wages, depreciation and pension charges.

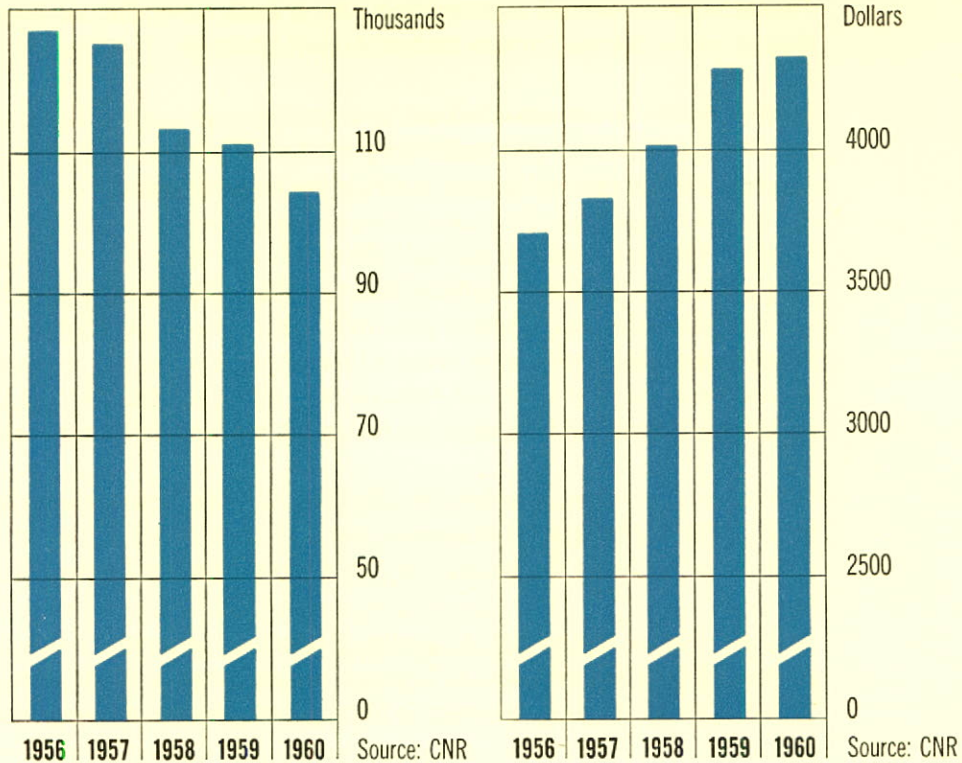
The management arrangement for the operation of The Queen Elizabeth continued to be highly successful. In 1960, the CN's return, after deducting depreciation, was \$1.4 million compared to \$1.3 million in 1959.

An extension to the Nova Scotian Hotel at Halifax was opened in 1960, making available the largest tourist and convention facilities in the Atlantic Provinces. It provides 160 additional bedrooms, as well as spacious public rooms. Rehabilitation of the original wing will proceed in 1961.

The refurbishing of bedrooms at the Bessborough Hotel, Saskatoon, was completed, while a similar program to improve accommodation in the west wing of the Chateau Laurier, Ottawa, will be completed in 1961.

Improvements are also underway at Jasper Park Lodge where nine guest cabins are being replaced.

Average Number
of Employees.
and
Average Annual Earnings
per Employee.



Personnel and Employee Relations

Through retraining and internal transfer, every effort was made to ensure that continuing modernization and reorganization occurred with a minimum of dislocation for the employees. In addition to established training programs which are carried out on a regular basis, numerous retraining programs were conducted to develop new skills in displaced employees, and to upgrade existing skills in others.

More than 3,000 employees in the mechanical and engineering departments received training to upgrade their skills. Retraining programs were held for 108 employees in machine bureaux operations and for 184 others resulting from the mechanization of yard offices. Other retraining courses conducted in methods study, work measurements, diesel maintenance and handling, air conditioning and refrigeration and instructional techniques were attended by nearly 300 employees. New employees were recruited only where no laid-off employees were available who qualified, or who could be retrained or were willing to fill vacancies which occurred.

A wage dispute between Canada's railways and employees represented by the 15 non-operating unions culminated in the unions calling a strike for December 3, 1960. Before that date parliament enacted the Railway Operation Continuation Act. The unions have since announced that they will withdraw from service at the expiration of the Act on May 16, 1961.

A strike by the Brotherhood of Railroad Trainmen closed down the Grand Trunk Western Railroad from September 1 to September 9. The terms of settlement were essentially the same as offered to the Brotherhood prior to the strike.

In the United States, a dispute with operating employees over requests for changes in working rules made by United States Railroads remained unresolved. The unions agreed to submit the requests, which include the elimination of firemen from freight and yard diesels, to a Presidential Commission. The Commission has been instructed to report (non-binding) by December 1, 1961. Employees on Canadian National's United States lines are involved in the issue.

In Canada, the modernization of working rules and arrangements was given special attention by both management and unions. Meetings were held with union representatives to discuss areas where collective agreements might be changed to bring them into conformity with modern methods, new kinds of jobs and the changing patterns of railway transportation requirements. These preliminary steps proved encouraging and the management is optimistic that progress in this field can be accomplished in a cooperative manner.

Pension Funding

During the year the funding of the Company's liabilities under the C.N.R. Pension Plans was changed from the previous terminal funding method to a form of current funding under which the Company makes its pension contributions concurrently with those of employees in service rather than deferring its contributions until the employees' retirement. This resulted in a reduction of \$10.2 million in pension costs charged to 1960 operations compared with 1959. The Company has given a written acknowledgement to the Trustee of the Pension Funds of its outstanding liability in respect of the prior service of active employees.

The revised method of funding in no way affects pension benefits but more accurately reflects the pension charges properly attributable to each year's operations. It also enables the Company's actuaries to certify each year as to the adequacy of the Pension Trust Funds for the provision of pensions both to existing pensioners and employees currently in service. Previous actuarial certificates related only to pensions actually in course of payment.

Pensions under plans other than the 1935, 1952 and 1959 C.N.R. Plans continue to be charged on a "pay-as-you-go" basis. Statements of the C.N.R. Pension Trust Funds for the year 1960 are included among the statements appearing later in this report.

A summary of the charges for pensions on the new basis in 1960 compared with 1959 follows:

	1960 (Millions of Dollars)	1959	Increase or (Decrease)
1935, 1952 and 1959 Pension Plans Pre-1935 Plans, etc.	\$20.4	\$31.4	\$(11.0)
(including I.C. and P.E.I. Railways Employees' Provident Fund)	6.8	6.0	.8
Total	\$27.2	\$37.4	\$(10.2)

Other Developments

New Branch Lines A 52-mile branch line in Northern Manitoba, between Optic Lake and Chisel Lake, was opened in September to serve mines of the Hudson Bay Mining and Smelting Company.

A survey was completed for a 60-mile branch line to serve Mattagami Lake mines in Northwestern Quebec. Parliamentary authority for construction of the new line has been granted.

As agent of the Federal Government, Canadian National is carrying out a branch line location survey from the vicinity of Grimshaw, Alta., on the Northern Alberta Railways, to Great Slave Lake, a distance of about 400 miles.

Industrial Promotion In addition to the attention directed toward major resource developments, added emphasis was given by CN's industrial development organization to the encouragement of new manufacturing developments along its lines. Economic opportunities, particularly in manufacturing, are brought to the attention of industrial and financial interests with a view to expanding the variety and volume of Canadian products, and achieving greater diversification of CN traffic. During 1960, more than 360 plants were located along Canadian National lines, and a total of 41 miles of new industrial trackage, spurs and private sidings were constructed.

Moncton Real Estate Project Negotiations between Canadian National and private developers were advanced for the redevelopment of real estate occupied by the railway in downtown Moncton. The plan envisions the transformation of 10 acres of property into a multi-million dollar transportation, commercial, business and entertainment centre. The plan was submitted following an invitation by CN for proposals from private capital on how the land could be developed to realize its fullest commercial potential. Included in the scheme is a new Regional Headquarters Building to accommodate the railway staff now working in a number of different locations.

Montreal Terminal Development The System's 17-storey Headquarters Building in Montreal neared completion during 1960 and is scheduled for occupancy early in 1961. Located south of the Queen Elizabeth Hotel, the building is an integral part of the development of 20 acres of company-owned property in the Central Station area. The Place Ville Marie project on the north side of Dorchester Boulevard took shape with the completion of foundations and the commencement of the erection of steel for the main 42-storey building. The project is being carried out by the Place Ville Marie Corporation under an agreement with Canadian National.

Marine Services A new passenger-cargo ship, the M.V. "Hopedale" was placed in operation in the Newfoundland coastal service.

St. Lawrence Seaway Project At Montreal, a diversionary rail-road span on Victoria Bridge was completed to provide for an uninterrupted flow of train and vehicular traffic over the St. Lawrence Seaway. The alternate route diverts bridge traffic around St. Lambert Lock when the lock is in use.

Royal Commission The CN completed its submissions and representations to the Royal Commission on Transportation which conducted hearings throughout the year.

Co-Operation Under CN-CP Act Discussions were held during the year to explore areas where co-operative action could be undertaken by the railways.

Corporate Structure The program to simplify CN's corporate structure was advanced by the amalgamation with Canadian National Railway Company of five subsidiary railway companies and the dissolution of two land companies.

It is with pleasure that the Board of Directors once again expresses its appreciation for the loyal services rendered by officers and employees throughout the System.

A handwritten signature in blue ink, appearing to read "Alexander", is written above a horizontal line.

Signed on behalf of the Board of Directors

Montreal, March 15, 1961

Financial and Statistical Statements

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Consolidated Balance Sheet at December 31, 1960

Assets

Current Assets	Cash	\$ 24,239,062	
	Accounts receivable	67,029,004	
	Material and supplies	84,605,144	
	Other current assets	15,282,892	
	Government of Canada—Due on deficit account	2,496,777	\$ 193,652,879
	<hr/>		
Insurance Fund			15,000,000
	<hr/>		
Investments in Affiliated Companies Not Consolidated			262,368,504
	<hr/>		
Property Investment	Road	2,319,010,276	
	Equipment	1,342,648,068	
	Other physical properties	105,658,286	
		<hr/>	
		3,767,316,630	
	Less recorded depreciation	627,462,210	3,139,854,420
	<hr/>		
Other Assets and Deferred Charges	Other investments	2,256,859	
	Prepayments	2,697,728	
	Unamortized discount on long term debt	26,762,278	
	Other assets	26,680,102	
	Deferred charges	12,379,318	70,776,285
	<hr/>		
			<u>\$3,681,652,088</u>

Auditor's Report

To The Honourable The Minister of Transport,
Ottawa, Canada.

I have examined the consolidated balance sheet of the Canadian National Railway System at December 31, 1960 and the consolidated income statement for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, subject to the position with regard to depreciation accruing prior to the adoption of depreciation accounting as referred to in Note 1, the accompanying consolidated balance sheet and the related consolidated income statement are properly drawn up so as to give a true and fair view of the state of the affairs of the System at December 31, 1960 and of the results of its operations for the year ended on that date according to the best of my information and the explanations given to me and as shown by the books of the System, and in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in the method of funding of liabilities under the Company's Pension Plans as referred to in Note 4.

I further report that, in my opinion, proper books of account have been kept by the System and the transactions that have come under my notice have been within the powers of the System.

J. A. de Lalanne,
Chartered Accountant.

February 27, 1961

Consolidated Balance Sheet at December 31, 1960

Liabilities

Current Liabilities	Accounts payable	\$ 58,148,244	
	Accrued charges	22,972,946	
	Other current liabilities	2,163,776	\$ 83,284,966
<hr/>			
Provision for Insurance			15,000,000
<hr/>			
Other Liabilities and Deferred Credits			29,394,733
<hr/>			
Long Term Debt	Bonds, debentures and equipment obligations	1,680,308,243	
	Government of Canada loans and debentures	148,021,700	1,828,329,943

Shareholders' Equity

Government of Canada	6,000,000 shares of no par value capital stock of Canadian National Railway Company	359,963,017	
	925,585,264 shares of 4% preferred stock of Canadian National Railway Company	925,585,264	
	Capital investment of Government of Canada in the Canadian Government Railways	435,594,881	
<hr/>			
Capital Stock of Subsidiary Companies Owned by Public		1,721,143,162	
		4,499,284	1,725,642,446
<hr/>			
			<u>\$3,681,652,088</u>

The notes appearing on page 18 are an integral part of this Balance Sheet.

L. J. Mills,
Comptroller.

Notes to Consolidated Financial Statements at December 31, 1960

Note 1: Property Investment

Additions since January 1, 1923 have been recorded at cost and properties and equipment brought into the System at January 1, 1923 are included at the values appearing in the books of the several railways now comprising the System to the extent that these have not been retired or replaced.

Depreciation on Canadian Lines: Depreciation accounting as adopted for equipment in 1940, for hotel properties in 1954 and for track and road structures and all other physical properties except land in 1956 has been continued in 1960. The depreciation rates used are based on the estimated service life of the properties but do not provide for depreciation which was not recorded in prior years under the replacement and retirement accounting principles then in force, nor for extraordinary obsolescence resulting from the introduction of more efficient equipment. Consistent with the policy adopted in the year 1958, capital losses of \$26,651,968 sustained in 1960 on the early retirement of steam locomotives have been charged against Shareholders' Equity. The total of such losses charged to Shareholders' Equity up to December 31, 1960 amounted to \$36,555,118.

Depreciation on U.S. Lines: Replacement accounting for track and depreciation accounting for equipment and other physical property except land has been continued in accordance with the regulations of the Interstate Commerce Commission.

Note 2: Material and Supplies

The inventory has been priced at laid down cost based on weighted average cost for ties, rails and fuel and latest invoice price for new materials in general stores, and at estimated utility or sales value for usable second hand, obsolete and scrap materials.

Note 3: Capital Stock

The capital stock of the Canadian National Railway Company (other than the four per cent preferred stock) and the capital investment of Her Majesty in the Canadian Government Railways are included in the net debt of Canada and disclosed in the historical record of government assistance to railways as shown in the Public Accounts of Canada.

Note 4: Pensions

The funding of liabilities under the Company's 1935, 1952 and 1959 Pension Plans has been changed from a terminal funding method to a form of current funding. This resulted in a reduction of \$10.2 million in pension costs charged to 1960 operations compared with 1959. The Company has given a written acknowledgement to the Trustee of the Pension Funds for the outstanding liability amounting to \$325,000,000 in respect of prior service of active employees. No change has been made relative to pensions granted under prior plans. The Reserve for Pensions (including members' contributions) at December 31, 1960 amounted to \$703,839,892.

Note 5: Major Commitments

(a) Chicago & Western Indiana Railroad Company:

Pursuant to a joint supplemental lease dated May 1, 1952, the Grand Trunk Western Railroad Company and four other proprietary-tenant companies are obligated to pay, as rental, sinking fund payments sufficient to retire bonds at maturity and interest as it falls due with respect to First Collateral Trust Mortgage 4 $\frac{3}{4}$ % Sinking Fund Bonds Series "A" due May 1, 1982. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of the other tenant companies. The bonds outstanding at December 31, 1960 total \$51,311,000.

(b) Detroit & Toledo Shore Line Railroad Company:

The Grand Trunk Western Railroad Company is jointly and severally liable as guarantor of principal, interest and sinking fund payments with respect to \$2,713,000 First Mortgage 3 $\frac{1}{4}$ % 30 year Series "A" Bonds, due December 1, 1982, of the Detroit & Toledo Shore Line Railroad Company.

Consolidated Income Statement

	1960	1959
Railway Operating Revenues		
Freight services	\$541,908,517	\$589,567,242
Passenger services	48,208,561	49,954,770
Express	44,835,020	44,939,513
Communications	29,933,930	27,195,071
All other	28,255,078	28,508,445
Total operating revenues	693,141,106	740,165,041
Railway Operating Expenses		
Road maintenance	157,098,674	163,766,953
Equipment maintenance	150,727,161	154,612,382
Traffic	15,497,178	15,633,771
Transportation	308,700,262	322,251,617
Miscellaneous operations	6,299,386	6,083,149
General	47,471,631	58,474,466
Total operating expenses	685,794,292	720,822,338
Net Revenue from Railway Operations	7,346,814	19,342,703
Taxes and Rents		
Railway tax accruals	20,252,512	18,945,938
Equipment and joint facility rents	228,494	2,083,984
Total taxes and rents	20,024,018	21,029,922
Net Railway Operating Loss	12,677,204	1,687,219
Other Income		
Miscellaneous rents	1,604,065	1,510,728
Income from non-rail properties	1,066,949	1,425,791
Hotel income	1,859,852	2,428,435
Dividend income	239,166	233,866
Interest income	1,695,224	708,072
Miscellaneous	261,784	589,836
Total other income	6,203,472	6,896,728
Deficit or Surplus before Fixed Charges	6,473,732	5,209,509
Fixed Charges		
Interest on bonds, debentures and equipment obligations	60,349,530	38,691,827
Interest on government loans	6,538,714	12,533,180
Amortization of discount on bonds	2,200,559	1,287,642
Total fixed charges	69,088,803	52,512,649
Received from T.C.A.	8,065,758	3,714,850
Net fixed charges	61,023,045	48,797,799
Deficit	\$ 67,496,777	\$ 43,588,290

Property Investment Statement

Property Investment at December 31, 1959		\$3,709,079,052																						
Additions to Road and Equipment	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Roadway improvements</td> <td style="text-align: right;">\$ 45,550,625</td> </tr> <tr> <td>Large terminals</td> <td style="text-align: right;">19,059,650</td> </tr> <tr> <td>Communications facilities</td> <td style="text-align: right;">26,611,910</td> </tr> <tr> <td>Roadway buildings</td> <td style="text-align: right;">16,884,278</td> </tr> <tr> <td>Yard tracks and sidings</td> <td style="text-align: right;">2,378,936</td> </tr> <tr> <td>Roadway and shop machinery</td> <td style="text-align: right;">4,035,297</td> </tr> <tr> <td>Signals</td> <td style="text-align: right;">4,078,856</td> </tr> <tr> <td>Highway crossing protection</td> <td style="text-align: right;">580,758</td> </tr> <tr> <td>Line diversions</td> <td style="text-align: right;">6,682,480</td> </tr> <tr> <td>Other facilities</td> <td style="text-align: right;">1,342,869</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">127,205,659</td> </tr> </table>	Roadway improvements	\$ 45,550,625	Large terminals	19,059,650	Communications facilities	26,611,910	Roadway buildings	16,884,278	Yard tracks and sidings	2,378,936	Roadway and shop machinery	4,035,297	Signals	4,078,856	Highway crossing protection	580,758	Line diversions	6,682,480	Other facilities	1,342,869		127,205,659	
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Additions to Other Physical Properties	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Hotels</td> <td style="text-align: right;">3,228,330</td> </tr> <tr> <td>Highway transport facilities</td> <td style="text-align: right;">4,088,492</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">472,623</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">7,789,445</td> </tr> </table>	Hotels	3,228,330	Highway transport facilities	4,088,492	Other	472,623		7,789,445															
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Property Investment at December 31, 1960		<u>\$3,767,316,630</u>																						

Recorded Depreciation Statement

Recorded Depreciation at December 31, 1959		\$ 605,939,177
Add Provision for depreciation for the year		
Road property	\$ 41,841,368	
Equipment	45,123,120	
Other Physical Properties	1,747,151	\$ 88,711,639
	1,140,701	
Recorded depreciation of companies acquired		1,140,701
		89,852,340
Deduct Charges in respect of property retirements		
Less Capital losses charged to Shareholders' Equity—steam locomotives	94,981,275	21,523,033
	26,651,968	68,329,307
Recorded Depreciation at December 31, 1960		<u>\$ 627,462,210</u>

Long Term Debt

	Rate %	Maturity (See Note)		Currency in which payable	Outstanding at Dec. 31, 1959	Transactions Year 1960 Increase or Decrease	Outstanding at Dec. 31, 1960
Bonds, Debentures and Equipment Obligations	3½	May 4, 1960	Canadian Northern Alberta Debenture Stock	Sterling	\$ 550,727	\$ 550,727	
	3½	May 19, 1961	Canadian Northern Ontario Debenture Stock	Sterling	3,597,518		\$ 3,597,518
	3	Jan. 1, 1962	Grand Trunk Pacific Bonds	Can.-U.S.-Stg.	26,465,130		26,465,130
	4	Jan. 1, 1962	Grand Trunk Pacific Bonds	Can.-U.S.-Stg.	7,999,074		7,999,074
	2¾	Feb. 1, 1963 a	Canadian National 8 Year 1½ Month Bonds	Canadian	250,000,000		250,000,000
	5½	Dec. 15, 1964 h	Canadian National 5 Year Bonds	Canadian	200,000,000	1,000,000	199,000,000
	3	Jan. 3, 1966 b	Canadian National 17 Year Bonds	Canadian	35,000,000		35,000,000
	2¾	Jan. 2, 1967 c	Canadian National 20 Year Bonds	Canadian	50,000,000		50,000,000
	4½	Apr. 1, 1967 h	Canadian National 6½ Year Bonds	Canadian		73,500,000	73,500,000
	5	May 15, 1968 h	Canadian National 9 Year Bonds	Canadian	57,600,000	1,200,000	56,400,000
	2¾	Sept. 15, 1969 d	Canadian National 20 Year Bonds	Canadian	70,000,000		70,000,000
	2¾	Jan. 16, 1971 e	Canadian National 21 Year Bonds	Canadian	40,000,000		40,000,000
	3¾	Feb. 1, 1974 f	Canadian National 20 Year Bonds	Canadian	200,000,000		200,000,000
	2¾	June 15, 1975 g	Canadian National 25 Year Bonds	U.S.	6,000,000		6,000,000
	5	May 15, 1977 h	Canadian National 18 Year Bonds	Canadian	88,200,000	1,800,000	86,400,000
	4	Feb. 1, 1981	Canadian National 23 Year Bonds	Canadian	300,000,000		300,000,000
	5¾	Jan. 1, 1985 h	Canadian National 25 Year Bonds	Canadian		99,500,000	99,500,000
	5	Oct. 1, 1987 h	Canadian National 27 Year Bonds	Canadian		173,250,000	173,250,000
	4½	Sept. 15, 1979	Grand Trunk Western Note	Can.-U.S.	400,000		400,000
	5½	Perpetual	Buffalo and Lake Huron 1st Mortgage Bonds	Sterling	795,366		795,366
	5½	Perpetual	Buffalo and Lake Huron 2nd Mortgage Bonds	Sterling	1,228,399		1,228,399
	5	Perpetual	Debenture Stocks — Various	Sterling	88,972		88,972
	4	Perpetual	Debenture Stocks — Various	Sterling	8,784		8,784
2¼	Mar. 15, 1960	Equipment Trust Certificates — Series "U"	Canadian	1,100,000	1,100,000		
2¾	Jan. 15, 1961	Equipment Trust Certificates — Series "V"	Canadian	2,025,000	1,350,000	675,000	
Total Bonds, Debentures and Equipment Obligations					1,341,058,970	339,249,273	1,680,308,243
Government of Canada Loans and Debentures	Capital Revision Act: Jan. 1, 1972 Debenture			Canadian	100,000,000		100,000,000
	Canadian Government Railways: Advances for Working Capital			Canadian	16,983,762		16,983,762
	Financing and Guarantee Acts: Temporary Loans			Canadian	188,695,267	157,657,329	31,037,938
	Refunding Act, 1955: Loans for Debt Redemption			Canadian	40,005,023	40,005,023	
Total Government of Canada Loans and Debentures					345,684,052	197,662,352	148,021,700
Total Long Term Debt					\$1,686,743,022	\$141,586,921	\$1,828,329,943

Note: a Callable at par on or after Feb. 1, 1961 e Callable at par on or after Jan. 16, 1966
b Callable at par on or after Jan. 3, 1961 f Callable at par on or after Feb. 1, 1972
c Callable at par on or after Jan. 2, 1964 g Callable on or before June 14, 1962, at 101½%;
d Callable at par on or after Sept. 15, 1964 thereafter at varying redemption premiums. h Amounts of ½% or 1% of the original issues may be purchased quarterly through Purchase Funds operated under the conditions of each issue.

Shareholders' Equity

Government of Canada	No par value capital stock of Canadian National Railway Company	\$ 386,614,985	\$ 26,651,968	\$ 359,963,017
	4% Preferred stock of Canadian National Railway Company	904,489,263	21,096,001	925,585,264
	Capital investment in Canadian Government Railways	432,805,474	2,789,407	435,594,881
Total Government of Canada		1,723,909,722	2,766,560	1,721,143,162
Capital Stock of Subsidiary Companies Owned by Public		4,503,549	4,265	4,499,284
	Total Shareholders' Equity	\$1,728,413,271	\$ 2,770,825	\$1,725,642,446

Investments in Affiliated Companies not Consolidated

		Percentage Held	Investment at Dec. 31, 1959	Transactions Year 1960 Increase or Decrease	Investment at Dec. 31, 1960
The Belt Railway Company of Chicago	Capital Stock	7.69	\$ 240,000		\$ 240,000
	Advances		53,032	\$ 19,312	72,344
Chicago & Western Indiana Railroad Company	Capital Stock	20	1,000,000		1,000,000
	Advances		5,999,548	390,304	6,389,852
The Detroit & Toledo Shore Line Railroad Company	Capital Stock	50	1,500,000		1,500,000
Detroit Terminal Railroad Company	Capital Stock	50	1,000,000		1,000,000
Northern Alberta Railways Company	Capital Stock	50	8,255,500	184,500	8,440,000
	Bonds	50	16,337,000	365,500	16,702,500
	Advances			300,000	300,000
The Public Markets, Limited	Capital Stock	50	575,000		575,000
Railway Express Agency, Inc.	Capital Stock	0.6	600		600
	Advances		173,493		173,493
The Shawinigan Falls Terminal Railway Company	Capital Stock	50	62,500		62,500
The Toronto Terminals Railway Company	Capital Stock	50	250,000		250,000
	Bonds	50	11,427,200	140,000	11,287,200
	Advances		90,015	110,000	200,015
Trans-Canada Air Lines	Capital Stock	100	5,000,000		5,000,000
	Debentures	100	68,194,000	113,906,000	182,100,000
	Advances		66,906,000	39,906,000	27,000,000
Vancouver Hotel Company Limited	Capital Stock	50	75,000		75,000
Total			\$187,138,888	\$ 75,229,616	\$262,368,504

Source and Application of Funds for the Year 1960

Source of Funds	Amount recoverable from Government of Canada in respect of deficit for the year (including \$65,000,000 received on account prior to December 31, 1960)	\$ 67,496,777
	Increase in long term debt	141,586,921
	Provision for depreciation	88,711,639
	Issue of 4% preferred stock	21,096,001
	Other	13,800,990

Total **\$332,692,328**

Application of Funds	Deficit for the year	\$ 67,496,777
	Additions to property investment — Road and equipment	164,823,139
	Other physical properties	7,789,445
	Advances to Trans-Canada Air Lines	74,000,000
	Increase in working capital	18,582,967

Total **\$332,692,328**

Inventory of Railway Equipment

		On Hand Dec. 31, 1960
Motive Power Equipment	Diesel Electric Units	2,134
	Electric Locomotives	27
	Steam Generator Units	108
Total		2,269
Freight Equipment	Box, Flat and Stock Cars	82,818
	Refrigerator Cars	5,679
	Gondola and Hopper Cars	24,139
	Caboose and Other Cars	1,757
Total		114,393
Passenger Equipment	Coach Cars	887
	Sleeping, Dining, Parlour, and Tourist	669
	Baggage, Mail and Express	1,436
	Other Cars in Passenger Service	341
Total		3,333
Work Equipment	Units in work service	9,752
Floating Equipment	Car Ferries	8
	Steamers	13
	Barges, Tugs and Work	13
Total		34

Revenue Tonnage by Commodities

	Year 1960 Tons	Year 1959 Tons	Increase or Tons	Decrease %
Agricultural Products	13,637,537	15,111,452	1,473,915	9.8
Animals and Animal Products	761,707	749,557	12,150	1.6
Mine Products	28,076,013	30,636,330	2,560,317	8.4
Forest Products	8,772,268	8,664,543	107,725	1.2
Manufactures and Miscellaneous	25,598,967	25,980,874	381,907	1.5
Total Carload Freight	76,846,492	81,142,756	4,296,264	5.3
All less than carload freight	842,434	892,783	50,349	5.6
Grand Total	77,688,926	82,035,539	4,346,613	5.3

Pension Trust Funds Balance Sheet at December 31, 1960

Assets

Current Assets	Cash	\$ 209,390	
	Accrued interest on investments	3,258,613	
	Accounts receivable — Banks, Insurance and Trust Companies re Mortgages	207,053	\$ 3,675,056
Investments	Bonds — at amortized value (Market value \$225,211,996)	255,498,262	
	Mortgages — at amortized value	100,971,229	
	Stocks — at cost (Market value \$22,876,936)	23,001,164	379,470,655
Canadian National Railways	Acknowledged liability in respect of past service of employees		325,000,000
			<u>\$708,145,711</u>

Liabilities

Current Liabilities	Accounts payable — Refunds to employees	\$ 67,968	
	Canadian National Railways — current account	4,237,851	\$ 4,305,819
Reserve for Pensions	In respect of pensions in force and pensions accruing to active employees under the 1935, 1952 and 1959 Pension Plans		703,839,892
			<u>\$708,145,711</u>

Note: The Reserve for Pensions includes the accumulated contributions of certain employees in service, with interest thereon, which are held in trust under the rules of the 1935 Pension Plan as follows —

Annuity Trust Fund	\$ 8,553,112	
Supplemental Annuity Trust Fund	2,151,182	
		<u>\$ 10,704,294</u>

L. J. Mills,
Comptroller

Pension Trust Funds Statement of Reserve at December 31, 1960

	Reserve at December 31, 1959	\$229,890,244
Additions to Reserve resulting from change in method of funding:	Unfunded liability in respect of past service, acknowledged by Canadian National Railways	\$325,000,000
	Accumulated contributions of employees in service at December 31, 1959, including interest	117,707,883
		442,707,883
		672,598,127
Additions to Reserve during the year:	Contributions from employees in service, less refunds on termination of service, etc.	18,842,542
	Contributions by the Company	20,357,055
	Interest earned	
	on contributions made by the Company and employees	15,585,234
		54,784,831
		727,382,958
Deductions from Reserve during year:	Pensions paid	23,543,066
		703,839,892
	Reserve at December 31, 1960	<u>\$703,839,892</u>

Auditor's Report

To the Trustee,
Canadian National Railways Pension Funds.

I have examined the balance sheet of the Pension Trust Funds of the 1935, 1952 and 1959 Pension Plans of Canadian National Railways at December 31, 1960 and the statement of reserve for pensions for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet and related statement of reserve for pensions are properly drawn up so as to give a true and fair view of the state of the affairs of the Funds at December 31, 1960 and of the results of their operations for the year ended on that date according to the best of my information and the explanations given to me and as shown by the books of the Funds, and in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in the method of funding of liabilities under the Company's Pension Plans as referred to in Note 4 to the System's consolidated financial statements. I further report that, in my opinion, proper books of account have been kept by the Trustee and that the transactions that have come under my notice have been within the powers of the Trustee.

J. A. deLalanne,
Chartered Accountant

February 27, 1961

Actuarial Certificate

This is to certify that, on the basis of the information made available to us, the Reserve for Pensions shown in the Balance Sheet of the Pension Trust Funds of Canadian National Railways, amounting to \$703,839,892 as at December 31, 1960, in our opinion, represented adequate provision for the accumulated liabilities of the pensions then approved and in force and the pensions accrued to the above date in respect of employees then in service under the 1935, 1952 and 1959 Plans, excluding pensions granted under prior Plans.

Denis R. J. George,
Dudley Funnell,
Fellows of the Institute of Actuaries.

William M. Mercer Limited
Montreal, February 17, 1961

Statistics of Rail-Line Operations

		1960	1959
Train-Miles	Freight service	34,379,411	37,754,181
	Passenger service	21,292,408	22,394,255
	Work service	1,854,116	2,407,865
	Total train-miles	57,525,935	62,556,301
Locomotive-Miles	Freight service	34,668,264	38,171,798
	Passenger service	18,889,759	19,830,190
	Train switching: Freight	2,277,620	2,562,579
	Train switching: Passenger	56,924	68,210
	Yard switching: Freight	15,150,381	15,945,034
	Yard switching: Passenger	1,751,959	1,785,950
	Work service	1,884,559	2,504,057
Total locomotive-miles	74,679,466	80,867,818	
Car-Miles	Freight Service:		
	Loaded freight cars	1,096,828,191	1,169,701,119
	Empty freight cars	640,637,859	641,428,080
	Passenger coach and combination cars	3,335,585	4,187,391
	Other cars	12,905,532	13,039,164
	Caboose cars	34,694,729	37,798,300
		1,788,401,896	1,866,154,054
	Passenger Service:		
	Loaded freight cars	2,637,008	2,068,552
	Empty freight cars	174,313	196,205
	Passenger coach and combination cars	46,282,768	47,495,183
	Sleeping, parlor and observation cars	48,136,271	50,662,550
	Dining cars	9,062,681	8,562,967
Motor unit cars	3,913,225	4,153,329	
Other cars (baggage and express cars, etc.)	88,302,987	89,626,547	
	198,509,253	202,765,333	
Work service	4,391,784	5,042,176	
Total car-miles	1,991,302,933	2,073,961,563	
Average Mileage of Road Operated	24,944.53	24,887.81	
Freight Traffic	Tons carried: Revenue freight	77,688,926	82,035,539
	Ton-miles: Revenue freight	34,011,491,932	35,542,136,785
	Revenue per ton	\$6.77332	\$6.98773
	Revenue per ton-mile	\$0.01547	\$0.01613
	Average haul (miles)	437.79	433.25
	Ton-miles: Revenue freight per mile of road	1,358,680	1,423,304
	Ton-miles: All freight per mile of road	1,400,758	1,473,014
	Gross ton-miles of cars, contents and cabooses	77,651,094,764	81,242,327,191
	Net ton-miles of freight (revenue and non-revenue)	34,578,461,593	36,422,957,318
	Train-hours in freight road service	1,663,290	1,890,372
	Gross ton-miles per freight train hour	46,628	42,937
	Average speed of freight trains (miles per hour)	20.7	20.0
	Average gross load: Freight trains (tons)	2,256	2,150
	Diesel unit miles per serviceable day (excluding stored)	204	215

Statistics of Rail-Line Operations (continued)

	1960	1959	
Passenger Traffic	Passengers carried	12,023,530	12,693,777
	Passenger-miles	1,201,314,291	1,272,152,625
	Revenue per passenger	\$3.18734	\$3.16544
	Average passenger journey (miles)	99.91	100.22
	Revenue per passenger mile	\$0.03190	\$0.03159
	Passenger-miles per mile of road	48,159	51,115
	Percent on time arrival principal passenger trains	68.1	71.6
	Diesel unit miles per serviceable day (excluding stored)	379	399
Net Railway Operating Income	Gross revenue per mile of road	\$27,787	\$29,740
	Gross railway operating charges per mile of road	\$28,295	\$29,808
	Net railway operating deficit per mile of road	\$508	\$68

Operated Mileage at December 31, 1960

	Owned	Leased	Trackage	
			Rights	Total
First main track in Canada	23,010	36	195	23,241
First main track in United States	1,435	182	121	1,738
Total first main track	24,445	218	316	24,979
Other main track	1,152		83	1,235
Spurs, sidings and yard tracks	7,076	72	1,636	8,784
Total all tracks	32,673	290	2,035	34,998

Companies Included in the Canadian National Railway System

Canadian National Railway Company	The Minnesota and Ontario Bridge Company
Canadian National Express Company	Montalta Holdings Limited
Canadian National Hotels, Limited	Montreal and Southern Counties Railway Company
Canadian National Railways (France)	Montreal Fruit & Produce Terminal Company, Limited
Canadian National Realties, Limited	The Montreal Stock Yards Company
Canadian National Rolling Stock Limited	The Montreal Warehousing Company
Canadian National Steamship Company, Limited	Mount Royal Tunnel and Terminal Company, Limited
Canadian National Telegraph Company	The Quebec and Lake St. John Railway Company
Canadian National Transfer Company	Sydney Transfer and Storage Limited
Canadian National Transportation, Limited	Wacos Holdings Limited
The Canadian National Railways Securities Trust	Yukon Telephone Company Ltd.
The Canadian Northern Quebec Railway Company	Central Vermont Railway, Inc.
The Central Counties Railway Company	Central Vermont Transportation Company
Eastern Transport Limited	Duluth, Rainy Lake & Winnipeg Railway Company
East-West Transport Ltd.	Duluth, Winnipeg and Pacific Railroad Company
Empire Freightways Limited	Duluth, Winnipeg and Pacific Railway Company
The Great North Western Telegraph Company of Canada	Grand Trunk-Milwaukee Car Ferry Company
The Minnesota and Manitoba Railroad Company	Grand Trunk Western Railroad Company

In addition, the property of the Canadian Government Railways is entrusted to the Canadian National Railway Company as part of the System.

A 25-Year Synoptical History of the Canadian National Railways

Year	Operating Revenues	Operating Expenses	Net Operating Revenue	Taxes Rents and Other Income	Surplus or Deficit before Fixed Charges	Fixed Charges	Surplus or Deficit	Freight Revenue Ton Miles	Freight Revenue per Ton Mile	Revenue Passenger Miles	Revenue per Passenger Mile	Average Number of Employees	Average Hourly Earnings per Employee
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Millions	c	Millions	c		\$
1936	\$186,611	\$171,478	\$ 15,133	\$ 6,264	\$ 8,869	\$52,172	\$43,303	14,814	.982	831	2.048	83,506	.590
1937	198,397	180,789	17,608	6,684	10,924	53,270	42,346	15,165	1.014	953	1.987	84,363	.613
1938	182,242	176,175	6,067	6,929	862	53,452	54,314	14,505	.964	892	2.030	79,940	.653
1939	203,820	182,966	20,854	7,461	13,393	53,488	40,095	17,084	.938	875	2.035	81,672	.652
1940	247,527	202,520	45,007	8,667	36,340	53,305	16,965	21,532	.904	1,125	1.929	86,366	.650
1941	304,377	237,769	66,608	9,430	57,178	53,162	4,016	27,200	.881	1,762	1.810	95,362	.682
1942	375,655	288,999	86,656	9,923	76,733	51,670	25,063	31,729	.909	2,708	1.784	100,651	.730
1943	440,616	324,476	116,140	28,311	87,829	52,190	35,639	36,327	.894	3,619	1.848	106,893	.763
1944	441,147	362,547	78,600	5,099	73,501	50,474	23,027	36,016	.893	3,697	1.888	108,278	.827
1945	433,773	355,294	78,479	4,713	73,766	49,010	24,756	34,600	.915	3,338	1.953	110,591	.832
1946	400,586	357,237	43,349	5,626	37,723	46,685	8,962	30,812	.975	2,289	2.190	109,809	.898
1947	438,198	397,123	41,075	11,034	30,041	45,926	15,885	32,945	1.040	1,845	2.332	112,801	.927
1948	491,270	464,740	26,530	13,721	12,809	46,342	33,533	32,943	1.195	1,755	2.368	115,395	1.064
1949	500,723	478,501	22,222	15,633	6,589	48,632	42,043	30,922	1.276	1,621	2.671	116,057	1.104
1950	553,831	493,997	59,834	15,673	44,161	47,422	3,261	31,988	1.394	1,408	2.834	116,347	1.133
1951	624,834	580,150	44,684	11,539	33,145	48,177	15,032	36,435	1.369	1,611	2.947	124,608	1.294
1952	675,219	634,853	40,366	14,809	25,557	25,415	142	38,430	1.397	1,635	2.964	131,297	1.425
1953	696,622	659,049	37,573	7,953	29,620	29,376	244	36,678	1.509	1,539	2.984	130,109	1.525
1954	640,637	626,465	14,172	10,403	3,769	32,527	28,758	32,882	1.529	1,472	2.973	122,237	1.550
1955	683,089	629,013	54,076	10,354	43,722	33,004	10,718	35,677	1.511	1,464	3.001	119,430	1.560
1956	774,801	703,304	71,497	13,637	57,860	31,783	26,077	41,935	1.461	1,501	3.054	126,639	1.645
1957	753,166	734,556	18,610	11,211	7,399	36,972	29,573	36,674	1.601	1,499	3.124	124,620	1.716
1958	704,947	700,021	4,926	9,996	5,070	46,521	51,591	35,077	1.554	1,269	3.270	113,086	1.798
1959	740,165	720,822	19,343	14,133	5,210	48,798	43,588	35,542	1.613	1,272	3.159	111,538	1.905
1960	693,141	685,794	7,347	13,821	6,474	61,023	67,497	34,011	1.547	1,201	3.190	104,155	1.945

