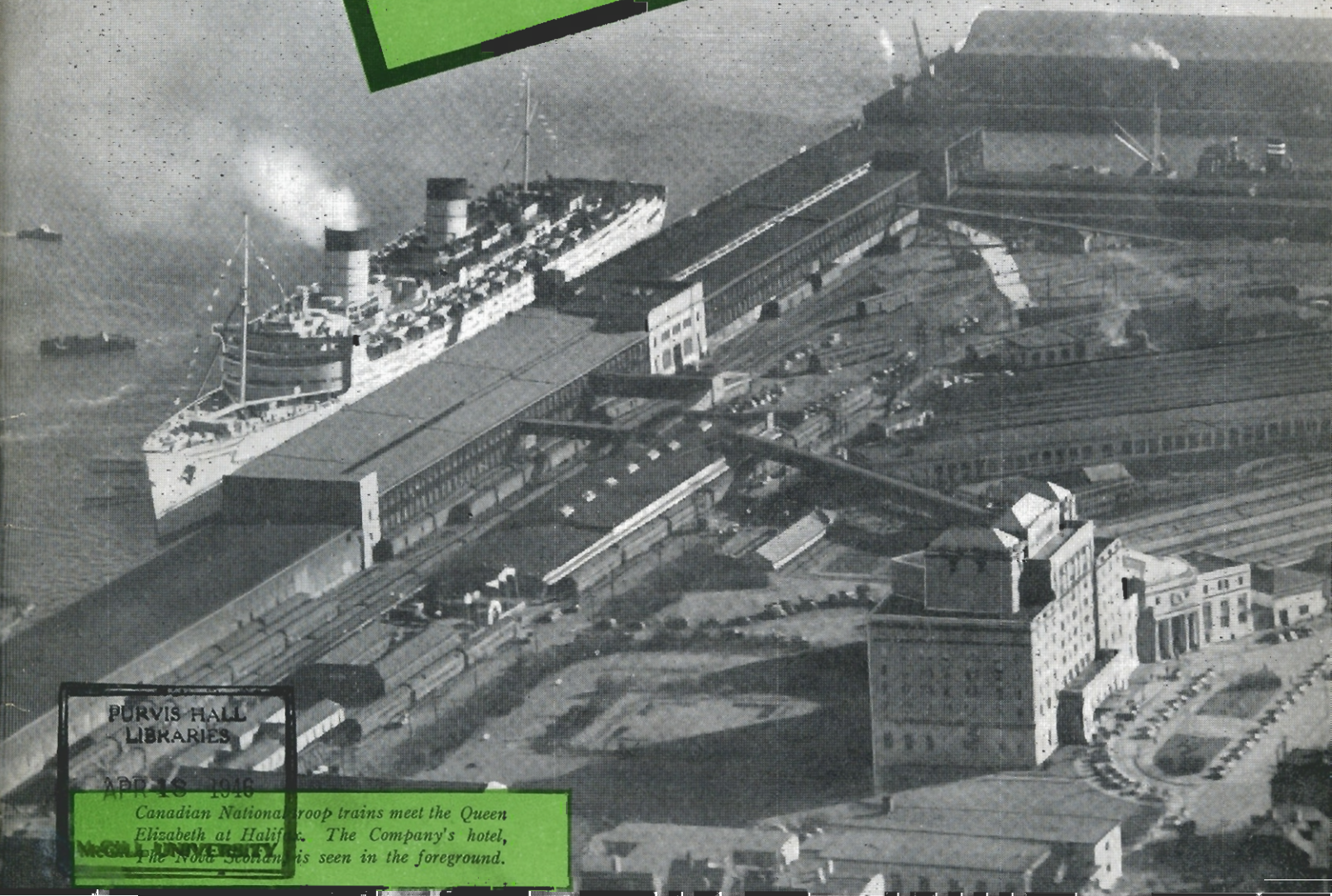


CANADIAN NATIONAL
RAILWAYS

Annual Report

1945



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Canadian National troop trains meet the Queen Elizabeth at Halifax. The Company's hotel, The Nova Scotian, is seen in the foreground.

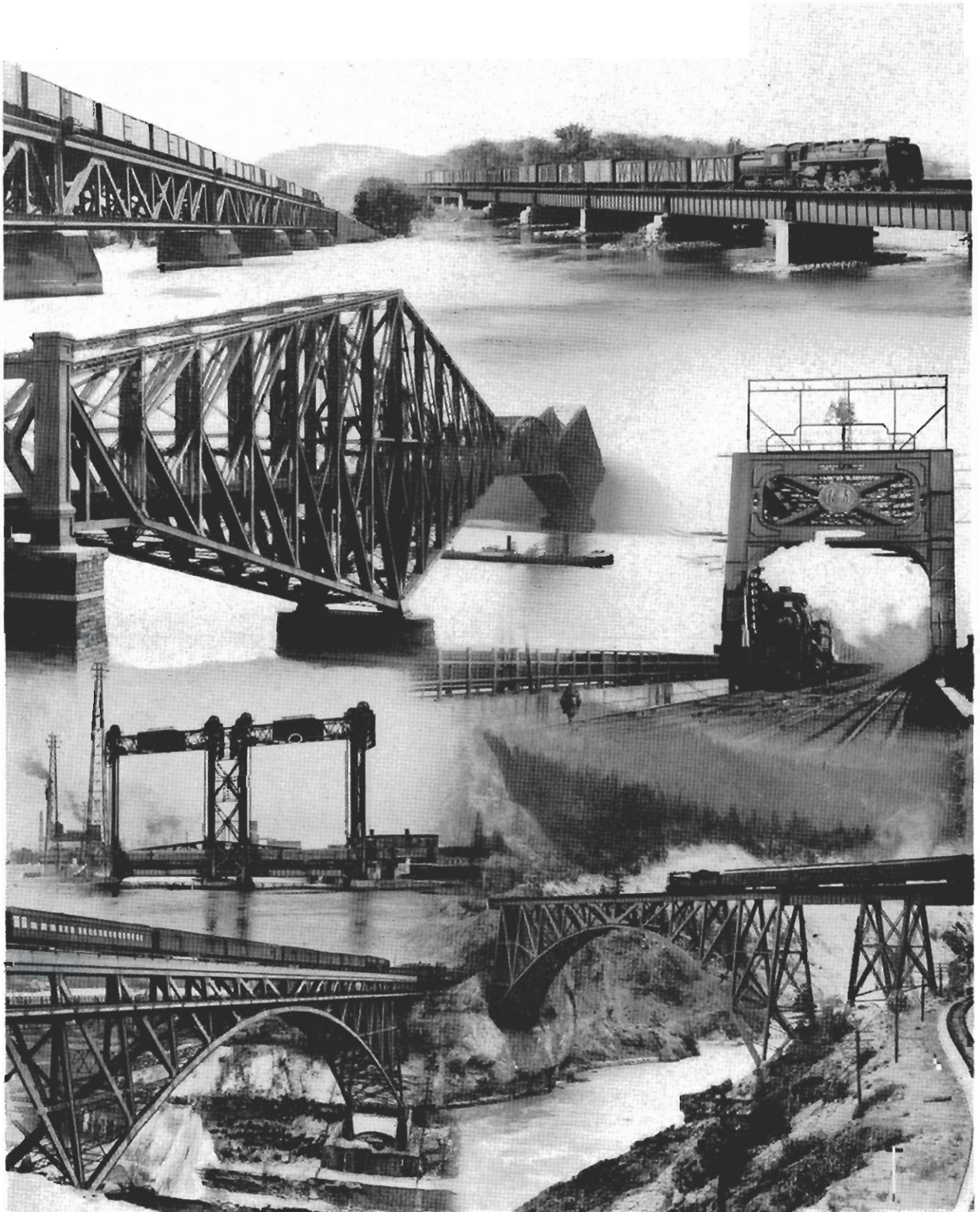


Canadian National Railway System

ANNUAL REPORT

1945

for the year ended 31st. December



The 23,600 miles of the Canadian National System are served by splendid bridges of various types.



BOARD OF DIRECTORS

R. C. VAUGHAN, 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.

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PRESIDENT	R. C. VAUGHAN	MONTREAL
EXECUTIVE ASSISTANT	M. A. METCALF	MONTREAL
SECRETARY	W. H. HOBBS	MONTREAL
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EXECUTIVE VICE-PRESIDENT	N. B. WALTON, C.B.E.	MONTREAL
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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
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	H. H. SPARLING	MONTREAL
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VICE-PRESIDENT AND COMPTROLLER	T. H. COOPER	MONTREAL
FINANCIAL DEPARTMENT		
VICE-PRESIDENT AND TREASURER	C. D. COWIE	MONTREAL
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VICE-PRESIDENT	ALISTAIR FRASER	MONTREAL
GENERAL FREIGHT TRAFFIC MANAGER	G. R. FAIRHEAD	MONTREAL
GENERAL PASSENGER TRAFFIC MANAGER	A. A. GARDINER	MONTREAL
LAW DEPARTMENT		
GENERAL COUNSELLOR	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	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	F. W. EDGE	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		
	P. A. CLEWS	LONDON
EUROPEAN SECRETARY AND TREASURER		
	A. H. CONEYBEARE	LONDON

*Succeeded R. D. Garner who died March 9, 1916.



RESULT OF 1945 OPERATIONS

CONSOLIDATED INCOME ACCOUNT

	1945	1944
RAILWAY OPERATING REVENUES:		
Freight	\$316,533,328 90	\$321,588,728 39
Passenger	65,199,923 28	69,776,256 67
Mail	4,204,835 42	4,204,761 03
Express	19,209,446 01	18,008,142 96
Commercial Telegraphs	7,554,813 82	7,012,442 34
All other	21,071,046 13	20,557,178 96
TOTAL OPERATING REVENUES	\$433,773,393 56	\$441,147,510 35
RAILWAY OPERATING EXPENSES:		
Maintenance of Way and Structures	\$ 70,311,162 19	\$ 76,503,925 59
Maintenance and Depreciation of Equipment	76,784,609 37	80,215,292 75
Traffic	6,046,603 02	6,058,693 52
Transportation	179,119,172 42	177,889,699 03
Miscellaneous Operations	6,282,609 09	5,922,378 37
General	16,749,892 39	15,957,054 27
TOTAL OPERATING EXPENSES	\$355,294,048 48	\$362,547,043 53
NET OPERATING REVENUE	\$ 78,479,345 08	\$ 78,600,466 82
Taxes	6,476,981 25	7,341,513 86
Equipment Rents—Net Debit	3,567,783 92	2,956,314 10
Joint Facility Rents—Net Debit	556,641 66	577,994 85
NET RAILWAY OPERATING INCOME	\$ 67,877,938 25	\$ 67,724,644 01
OTHER INCOME:		
Income from Lease of Road and Equipment	\$ 58,960 79	\$ 61,578 31
Miscellaneous Rent Income	930,962 20	954,858 42
Income from Non-transportation Property	643,859 61	598,717 23
Results of Separately Operated Properties—Profit or Loss	54,478 00	767,528 37
Hotel Operating Income	1,235,850 91	1,188,802 92
Dividend Income	543,514 50	659,726 10
Interest Income	3,863,692 01	3,923,760 98
Miscellaneous Income	298,490 98	2,367,210 34
TOTAL OTHER INCOME	\$ 7,520,853 03	\$ 10,522,182 67
DEDUCTION FROM INCOME:		
Rent for Leased Roads and Equipment	\$ 1,109,929 74	\$ 1,163,904 38
Miscellaneous Rents	652,343 81	539,891 47
Miscellaneous Taxes	121,027 01	90,839 21
Interest on Unfunded Debt	387,514 73	304,644 93
Amortization of Discount on Funded Debt	1,183,920 48	936,291 03
Miscellaneous Income Charges and Appropriations	1,104,234 99	4,142,362 79
Profit and Loss Items— <i>Net Credit</i>	244,452 22	27,671 41
TOTAL DEDUCTIONS FROM INCOME	\$ 4,314,518 54	\$ 7,150,262 40
NET INCOME AVAILABLE FOR PAYMENT OF INTEREST	\$ 71,084,272 74	\$ 71,096,564 28
Interest on Funded Debt—Public	26,021,784 56	28,135,938 36
Interest on Government Loans	20,306,358 18	19,933,701 57
SURPLUS	\$ 24,756,130 00	\$ 23,026,924 35



CANADIAN NATIONAL RAILWAYS

MONTREAL, MARCH 15, 1946

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 1945.

The downfall of Germany and Japan relieved the nations of the terrible affliction of world-wide war, but it did not end their problems. The period we have now entered brings great uncertainty and imposes new and highly complex responsibilities, and Canada, which acquitted itself with honour in the war, is called upon to share these obligations.

In the Dominion's contribution to the work of building the new world which must arise out of the ruins of the old, the Canadian National System will play a valuable part, as it did in the war. Its co-operation, direct and effective, will be available in all the activities leading to a bigger and better Canada, whether it be in the fields of increased industrial and agricultural development or greater exploitation of the country's mineral and other riches. All departments of the railway are giving these matters close attention.

Post-war projects were studied during the past year and plans were advanced for the improvement of the Company's service to the public, particularly in regard to accelerated schedules and the provision of equipment designed for more economical operation and greater convenience and comfort for passengers.

Competition between railway and highway services presents a problem of growing importance. It is desirable that this competition should be on a fair basis, having due regard to public convenience and necessity. To accomplish this, common regulatory control would seem to be necessary.

Further evidence of the System's ability to meet the heavy demands made upon it as a public service is to be found in the 1945 traffic figures. They also reflect the change in pace and direction as the world moves out of wartime emergency into reconstruction. Traffic volume continued at a high level during the first nine months of the year, then the trend was gradually downward. Revenue freight for 1945 amounted to 79,941,296 tons and 30,370,680 passengers were carried.

Resulting from 1945 operations, a surplus of \$24,756,130 has been turned over to the federal treasury, after the payment of interest due the public and the government. This was an increase of \$1,729,206 over the surplus for 1944.

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

	1945	1944
Operating Revenues.....	\$433,773,393.56	\$441,147,510.35
Operating Expenses.....	355,294,048.48	362,547,043.53
Net Operating Revenue.....	\$ 78,479,345.08	\$ 78,600,466.82
Taxes, Equipment and Joint Facility Rents.....	10,601,406.83	10,875,822.81
Net Railway Operating Income.....	\$ 67,877,938.25	\$ 67,724,644.01
Other Income, less deductions— <i>Credit</i>	3,226,334.49	3,371,920.27
Interest on Funded Debt—Public.....	\$ 26,021,784.56	\$ 28,135,938.36
Interest on Government Loans.....	20,306,358.18	19,933,701.57
Surplus.....	\$ 24,756,130.00	\$ 23,026,924.35



While shortages of labour and materials continued to restrict certain classes of work, the property was maintained to meet the heavy demands of traffic. Every effort has been made to maintain a high level of operating performance. Freight train loading and speeds, and the utilization of equipment, have been well maintained.

The repatriation of Canada's armed forces added to the strain on the Company's facilities and equipment. A large number of special trains was required to meet the ships at Halifax, New York, Quebec and Vancouver to transport returning service personnel to all parts of the Dominion. Arrangements made in anticipation of this heavy and concentrated movement enabled the railway to handle the trains with dispatch. To fill the repatriation needs it was found necessary to withdraw many sleeping and dining cars from regular passenger service, but the public accepted the inconvenience with wholehearted understanding, and the Directors gratefully acknowledge their co-operation.

By the end of the year 7,015 Canadian National men and women had been released from the armed forces and welcomed back by the management and their fellow employees. The re-establishment programme is proceeding smoothly under the supervision of the headquarters committee referred to in last year's report. Regional sub-committees of the Rehabilitation Committee organized fifteen years ago to re-establish employees injured while on railway duty have been set up throughout the System to expedite the re-employment of men suffering physical disabilities as a result of war service. In engaging new personnel, it is the Company's policy to give preference to those who have had war service.

RESULTS OF OPERATIONS

OPERATING REVENUES. Traffic continued at a very high level. There were changes in its nature and direction but not to any great extent in its volume. Gross revenues amounted to \$433,773,000 and were \$7,374,000 or 1.7% below those of 1944. To the end of September the average daily earnings were slightly higher than those of the previous year; in the last quarter of the year, however, the decrease was 5.8%. For the entire year freight revenues decreased 1.6%, passenger revenues decreased 6.6%, express revenues increased 6.7% and other revenues increased 3.3%. The tonnages of freight traffic by commodities are given on pages 32 and 33 of this report. Due to the war such statistics have been withheld from publication since 1941. Figures for the past four years are included in this report as a matter of record.

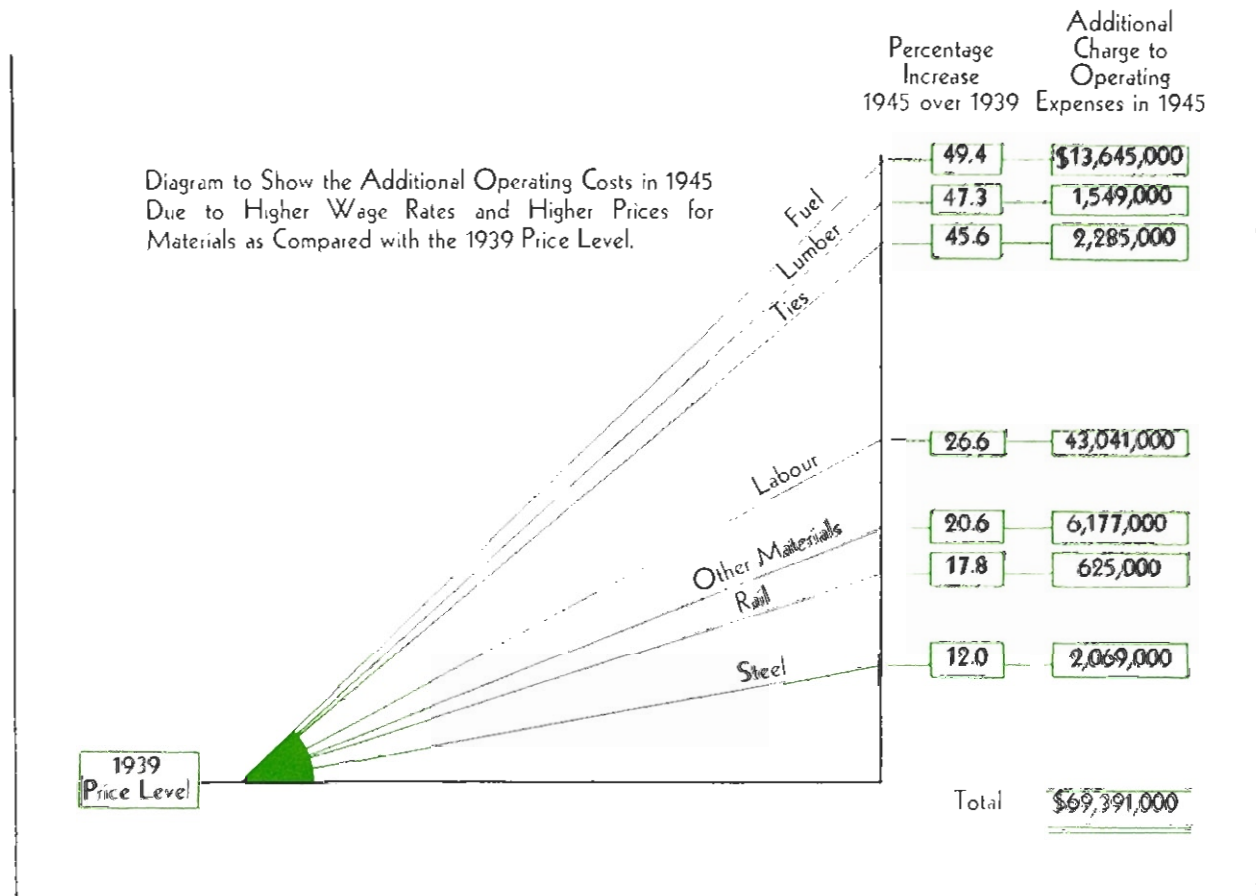
OPERATING EXPENSES amounted to \$355,294,000 and were \$7,253,000 or 2% less than in 1944. The 1944 accounts included \$5,428,000 for 1943 backtime payrolls; there was no similar charge in 1945. The provision made for deferred maintenance was \$5 millions in 1945 compared with \$10 millions in 1944. Equipment depreciation charges amounted to \$16,974,000 compared with \$19,853,000 in 1944, the reduction resulting from the adoption in 1945 of a depreciation rate of 3 $\frac{1}{3}$ % which is the average of the rates used by United States Class I railroads. The reductions referred to were partly offset by increased maintenance and by some increase in the cost of moving traffic. Pension costs also increased.

The increased cost of moving traffic, not compensated by additional revenue, was related to the considerable empty movement of passenger equipment to the seaboard for troop repatriation, also to the movement of Company fuel which had to be brought in from the United States at Sarnia and the Niagara Frontier for distribution throughout Eastern Canada.

The Directors feel that attention should be drawn to the higher costs of operation resulting from higher wage rates and higher unit prices for materials used in railway operation and maintenance. As compared with 1939 the higher wage rates added \$43,041,000 to the payroll in 1945 and higher unit prices added approximately \$26,350,000



to the cost of materials. In the event of any substantial decrease in traffic volume, not otherwise compensated for, these higher costs of operation would prevent a continuance of the favourable financial results which the System has been able to report for the past five years.



The above indicates what has happened in so far as operating costs are concerned. On the revenue side freight and passenger rates generally remained fixed at the pre-war level in accordance with the regulations of the Wartime Prices and Trade Board. Even so, by reason of changes in traffic characteristics, the actual revenues per ton mile decreased from 0.938 cents in 1939 to 0.915 cents in 1945 and the revenue per passenger mile from 2.035 cents to 1.953 cents. These reductions in average revenue rates are equivalent to a reduction in operating revenue of \$10,742,000.

NET OPERATING REVENUE. After deducting operating expenses, \$355,294,000, from operating revenues of \$433,773,000, net operating revenue was \$78,479,000 in 1945. The corresponding amount in 1944 was \$78,600,000.

SURPLUS FOR THE YEAR. After making provision for various charges consisting of taxes, equipment and joint facility rents, exchange and discount, also for various income credits such as dividend and interest income, the results of hotel and subsidiary company operations, etc., the net income available for the payment of interest was \$71,084,272. Interest payments to the public and to the government totalled \$46,328,142. After payment of interest the surplus for the year was \$24,756,130, an increase of \$1,729,206 over the previous year.



CAPITAL EXPENDITURE ACCOUNT

The capital expenditure during the year amounted to \$12,709,204, details of which are given on page 20. The major portion of the total expenditure was for new equipment acquired under hire-purchase agreements with the Dominion Government, consisting of 1,980 box cars and 146 refrigerator cars costing \$10,078,911. Many needed improvements had to be deferred by reason of the shortage of manpower and materials.

FINANCE

Funded Debt was reduced during the year by \$56,273,908 and government loans increased \$29,097,741, a net reduction of \$27,176,167. Details are as under: -

Funded Debt Retirements

3% 16-year Guaranteed Bonds, Can. Nat. Ry. Co., called for redemption December 15, 1945, at par.....	\$ 20,500,000.00
3% 13-year Guaranteed Bonds, Can. Nat. Ry. Co., called for redemption December 15, 1945, at par.....	30,000,000.00
4% Debenture Bonds of Stanstead, Shefford & Chambly Railroad Co.....	155,865.25
5% Indebtedness to Province of New Brunswick.....	818,000.09
Equipment Trusts—annual principal payments.....	4,200,000.00
Various securities repatriated under the arrangements referred to in 1942 annual report—par value.....	600,043.14
Reduction in Funded Debt.....	<u>\$ 56,273,908.39</u>

New Government Loans

Loan to retire two Can. Nat. Ry. Co. bond issues as above at par, A. and St. L. Stock and various securities repatriated at market value.....	\$ 51,102,570.77
Loans under Equipment Hire-Purchase Agreements.....	10,078,911.33
Total New Loans.....	<u>\$ 61,181,482.10</u>

Government Loans Repaid

Loans repaid out of 1944 surplus earnings.....	\$ 3,026,924.35
Loans repaid out of 1945 surplus earnings.....	20,000,000.00
Equipment Hire-Purchase annual principal payments.....	5,322,170.70
Payment under Financing and Guarantee Act 1944. The amount available from reserves for depreciation and debt discount amortization in 1944 ex- ceeded the total capital requirements for the year.....	2,776,532.03
Payment under 1938 Refunding Act, representing release of Trust Funds held re Can. Nor. Ont. Ry. 3½% Debenture Stock.....	958,113.83
Total Repayments.....	<u>\$ 32,083,740.91</u>
Increase in Government Loans.....	<u>\$ 29,097,741.19</u>
Net reduction in debt during the year.....	<u>\$ 27,176,167.20</u>

Details of funded debt and government loans are shown on pages 21 and 22.



WAGES

During the year the National War Labour Board awarded six days vacation with pay to additional employee groups which, together with changes in working hours and overtime rates, also directed by the Board, represented a further substantial increase in payroll expense.

From the beginning of the war to the end of 1945 the total cost to the National System of increased wage rates (including cost of living bonus) and changes in working conditions amounted to \$146,261,000.

Applications have been received for further increases in rates of pay and changes in working conditions which, if granted, would represent an additional payroll expense of about \$32,000,000 per annum. These applications were not acceded to by the management and for the most part are now before government tribunals in Canada and the United States.

CANADIAN NATIONAL EXPRESS

The traffic handled by the Express Department was the heaviest ever experienced. Shipments totalled 17,063,716, an increase of 8.13 per cent over 1944.

Movements of war materials during the first part of the year and the volume of merchandise traffic accounted for the increases. Fish traffic moved in greater volume, while fruit business declined somewhat.

CANADIAN NATIONAL TELEGRAPHS

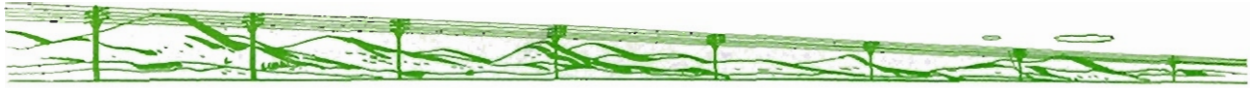
The facilities of the Canadian National Telegraphs were taxed to capacity during 1945, and the volume of traffic, almost ten million telegrams, including 500,000 cablegrams, was the heaviest on record. The repatriation of overseas forces and the reconversion of industry to a peacetime basis contributed in considerable measure to this total.

Experimental work in connection with the establishment of a radio relay system Montreal-Ottawa-Toronto, in collaboration with Canadian Pacific Communications and the National Research Council, was actively carried on during the year.

HOTEL OPERATIONS

The business of the Company's hotels was the largest in their history in respect of guests accommodated and meals served. In all 2,534,575 meals were served during the year. Despite wartime controls, the difficulty in obtaining supplies, and the extreme shortage of labour, the standard of service has been maintained at a high level. The resort hotels, Jasper Park Lodge, Minaki Lodge and Pictou Lodge, which were closed during the war, will be open for the summer of 1946.

The Hotel Vancouver, owned by the Canadian National Railway Company and operated by a separate company for the Canadian National and the Canadian Pacific Railways, was well patronized during the year.



SLEEPING AND DINING CARS

The Company's Sleeping and Dining Car Department was called upon to meet a record demand for service. Meals served during the year in dining cars, café, buffet, commissary and kitchen cars totalled some five million, of which nearly 50% were served to members of the armed forces.

Under wartime conditions the Company was again unable to add to its sleeping and dining cars and during 1945 the equipment situation became more acute.

TRANS-CANADA AIR LINES

In 1945 the number of passengers carried by Trans-Canada Air Lines increased by 17% and air express volume by 11%, while air mail volume declined by 8%. A third daily transcontinental flight was established during the year. Development of a full commercial operation of the Canadian Government Trans-Atlantic Air Service, operated by T.C.A., was well advanced. Passenger tickets are now being sold and a trans-Atlantic air express service is in operation. There are three scheduled flights weekly in each direction across the Atlantic and these will be increased as planes become available.

VICTORY LOAN CAMPAIGNS

In the two Victory Loan campaigns held during the year, Canadian National employees subscribed \$34,010,650, an increase of \$11,150,100 over 1944. Contributions by personnel of Trans-Canada Air Lines, included in this total, amounted to \$1,024,450.

Through the payroll deduction plan, employees invested a further \$1,136,248 in war savings certificates during the year.

Apart from the individual purchases by employees, the Company subscribed \$11,487,500 to the 1945 Victory Loans for account of reserve and other funds.

The total of employee subscriptions to all the wartime loans was \$83,795,900. The railway subscribed \$83,787,850 and Trans-Canada Air Lines, \$1,899,500, making a total subscription of \$85,687,350. The grand total for employees and Companies was \$169,483,250. Total subscriptions to war savings certificates to the end of 1945 added \$9,205,320.

The War Bond campaigns in the United States were well supported by employees on the System's United States lines.

GENERAL

The Company moved from Halifax and others ports 576 special trains for the transport of some 208,000 repatriated armed forces personnel from overseas. In approximately twenty-five crossings of the Atlantic, the senior hospital ship *Lady Nelson*, formerly of the Canadian National West Indies fleet, brought home more than 13,000 wounded and sick. Hospital cars built in the Company's own shops were used in the hospital trains. The armed services have been most gracious in their expressions of appreciation of the efforts of all departments of the railway on their behalf. The repatriation is now practically complete, apart from the movement of dependents from overseas.

After making a valuable contribution to the Dominion's war effort, the plant of National Railways Munitions Limited at Point St. Charles completed its work during the year. The building will be acquired by the railway for use as a car repair plant.



In 1946, deliveries of the following new equipment will be made: 650 box cars, 30 coaches, 10 mail and express cars, 10 baggage cars, 200 refrigerator cars, 400 box cars for the Grand Trunk Western Railroad, 16 diesel switching locomotives. The new equipment will be of the most modern design and the passenger cars will embody new features for the greater convenience and comfort of the travelling public. Existing equipment is being renovated in an intensified programme in the Company's shops.

Construction of the new line from Eastern Junction to Bout de l'Île on the Island of Montreal was completed and brought into operation in 1945. The new line enables all trains from the Lake St. John and Abitibi area of Northeastern Quebec to come into the Central Station and by improving suburban service will greatly assist in the development of communities adjacent to Montreal. It also provides improved facilities for the transfer of freight in Montreal and shortens through routes. Completion of the new line permitted the abandonment of 27.62 miles of the St. Lin subdivision between Joliette and Montfort Junction.

The S.S. *Prince George*, in the Company's Pacific Coast service since 1910, was destroyed by fire on September 22nd.

THE STAFF

At the close of the war the Company desires to place on record its gratitude—shared by the nation as a whole—to those who gave their lives in the cause of humanity. The loss to Canada can never be estimated. From the ranks of the National System to join the honoured war dead have gone 842 brave men. The Company extends its deepest sympathy to their bereaved families.

The Company remembers with pride the 20,000 members of the staff who participated so gallantly in the conflict, and those who faced great hazard serving in the ships under the Company's management.

The management is happy to welcome back to their daily work with the railway those who have returned from the war fronts. While they were away a large number of their fellow employees at home undertook to remain in service beyond the normal retiring age to assist the railway and the management in the emergency. As they now go into retirement, thus assisting in the re-assimilation of the war veterans, they take with them the best wishes and thanks of the Company for their valued co-operation.

The Directors express their gratitude to the men and women of the System who by their loyal devotion to duty enabled the National System to carry the heavy burden of the war years and give the shipping and travelling public the responsible, efficient and courteous service it has a right to expect.

For the Board of Directors,

Chairman and President.



CONSOLIDATED BALANCE SHEET AT 31st. DECEMBER, 1945.

ASSETS			
INVESTMENTS:			
Road and Equipment Property	\$1,970,804,554.19		
Improvements on Leased Property	3,019,853.95		
Miscellaneous Physical Property	63,814,189.89	\$2,037,638,598.03	
Sinking Funds:			
System Securities at par	\$ 512,862.06		
Other Assets at cost	296,587.20	839,449.26	
Capital and Other Reserve Funds:			
System Securities at par	\$ 471,500.00		
Other Assets at cost	3,514,132.98	3,985,632.98	
Deferred Maintenance Fund		39,000,000.00	
Investments in Affiliated Companies		41,342,143.68	
Other Investments:			
System Securities at par	\$ 80,000.00		
Other Assets at cost	907,167.14	987,167.14	\$2,123,792,991.09
CURRENT ASSETS:			
Cash	\$ 18,487,984.21		
Temporary Cash Investments	9,519,425.00		
Special Deposits	10,916,724.53		
Net Balances Receivable from Agents and Conductors	13,891,322.87		
Miscellaneous Accounts Receivable	14,972,723.42		
Material and Supplies	49,979,114.57		
Interest and Dividends Receivable	712,971.41		
Accrued Accounts Receivable	7,171,287.49		
Other Current Assets	39,049.13	125,690,602.63	
DEFERRED ASSETS:			
Working Fund Advances	\$ 371,660.64		
Insurance Fund:			
System Securities at par	\$ 4,651,502.06		
Other Assets at cost	7,774,266.90	12,425,768.96	
Pension Contract Fund		29,671,000.00	
Other Deferred Assets		3,072,290.74	45,540,720.34
UNADJUSTED DEBITS:			
Prepayments	\$ 92,845.74		
Discount on Funded Debt	5,702,293.05		
Other Unadjusted Debits	2,535,563.91	8,330,702.70	
		<u>\$2,303,355,016.76</u>	

LIABILITIES			
STOCKS:			
Capital Stocks of Subsidiary Companies held by Public		\$ 1,643,040.00	
LONG TERM DEBT:			
Funded Debt Unmatured:			
Held by Public	\$ 567,431,133.42		
Held in Special Funds	5,745,864.12	573,179,997.54	
DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):			
Loans	\$ 674,201,612.83		
Canadian Government Railways -Working Capital	16,771,980.51	690,973,593.37	
CURRENT LIABILITIES:			
Traffic and Car-Service Balances—Credit	\$ 8,176,116.46		
Audited Accounts and Wages Payable	14,997,372.19		
Miscellaneous Accounts Payable	6,473,852.86		
Interest Matured Unpaid	7,012,039.29		
Unmatured Interest Accrued	6,290,397.10		
Accrued Accounts Payable	3,944,228.13		
Taxes Accrued	2,088,574.35		
Other Current Liabilities	7,825,256.21	56,816,723.59	
DEFERRED LIABILITIES:			
Pension Contract Reserve	\$ 29,671,000.00		
Other Deferred Liabilities	6,173,842.13	35,844,842.13	
RESERVES AND UNADJUSTED CREDITS:			
Insurance Reserve	\$ 12,425,768.96		
Accrued Depreciation—Canadian Lines—Equipment only	70,790,188.60		
Accrued Depreciation—U.S. Lines—Road and Equipment	22,400,749.89		
Accrued Amortization of Defence Projects	3,818,935.41		
Deferred Maintenance Reserve	39,000,000.00		
Other Reserves	8,313,612.60		
Other Unadjusted Credits	7,824,037.05	164,570,293.51	
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	381,711,556.78		
Capital Expenditures by Dominion of Canada on Canadian Government Railways	377,614,970.84	777,326,527.62	
CONTINGENT LIABILITIES:			
Major contingent liabilities, as shown on statement attached.			
		<u>\$2,303,355,016.76</u>	

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

T. H. COOPER,
Vice-President and Comptroller.

CERTIFICATE OF AUDITORS

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, 1945, and that the correctly stated.

15th. March, 1946.

Canadian National Railway System for the year ended the 31st. December, 1945, 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, 1945, is

GEORGE A. TOUCHE & CO.,
Chartered Accountants.



DOMINION OF CANADA--PROPRIETOR'S EQUITY ACCOUNT

	Balance at 31st. Dec., 1944	Transactions Year 1945	Balance at 31st. Dec., 1945
CAPITAL STOCK OF CANADIAN NATIONAL RAILWAY COMPANY	\$ 18,000,000.00	\$ —	\$ 18,000,000.00
<hr/>			
CAPITAL STOCK OF THE CANADIAN NATIONAL RAILWAYS SECURITIES TRUST:			
Initial stated value	\$270,037,437.88	\$ —	\$270,037,437.88
Surplus earnings	87,745,931.64	24,756,130.00	112,502,061.64
Capital gains	19,105,651.38	—	19,105,651.38
Capital losses	17,808,505.59	* 2,125,088.53	19,933,594.12
	<hr/>	<hr/>	<hr/>
	\$359,080,515.31	\$ 22,631,041.47	\$381,711,556.78
<hr/>			
CAPITAL EXPENDITURES BY DOMINION OF CANADA ON CANADIAN GOVERNMENT RAILWAYS	\$377,614,970.84	\$ —	\$377,614,970.84
	<hr/>	<hr/>	<hr/>
	\$754,695,486.15	\$ 22,631,041.47	\$777,326,527.62
<hr/>			

*Loss on abandonment of 27.62 miles of St. Lin
subdivision

	\$1,167,121.47
Loss (applicable to period prior to 1940) on retirement of rolling stock equipment	<u>957,967.06</u>

CAPITALIZATION OF CANADIAN NATIONAL RAILWAYS

	Balance at 31st. Dec., 1945	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	381,711,556.78	
Capital Expenditures by Dominion of Canada on Canadian Government Railways	<hr/> 377,614,970.84	<hr/> 38.4%
	<hr/>	<hr/>
	\$ 777,326,527.62	100.0%
<hr/>		
FIXED INTEREST DEBT:		
Held by the public	\$573,179,997.54	
Dominion of Canada—Loans	<hr/> 674,201,612.83	<hr/> 61.6%
	<hr/>	<hr/>
	\$2,021,708,137.99	100.0%
<hr/>		

*Excluding shares of subsidiary companies held by public --\$4,643,040.



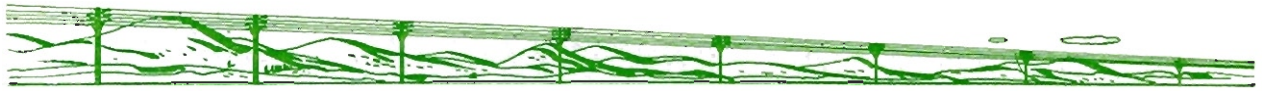
OPERATING REVENUES

	1945	1944
Freight	\$313,013,450.06	\$317,735,454.78
Payments under Maritime Freight Rates Act (20%)	3,519,878.84	3,853,273.61
Passenger	65,199,923.28	69,776,256.67
Baggage	159,084.91	156,989.88
Sleeping Car	4,580,963.69	4,564,393.26
Parlor and Chair Car	271,537.54	226,215.49
Mail	4,204,835.42	4,204,761.03
Railway Express Agency	534,662.43	632,953.99
Express	18,674,783.58	17,375,188.97
Other Passenger-Train	61,942.53	28,720.17
Milk	469,169.82	429,094.53
Switching	3,358,414.26	3,294,605.94
Water Transfers	183,272.66	190,916.37
Dining and Buffet	4,608,534.74	4,471,567.77
Restaurants	301,391.10	272,862.79
Station, Train and Boat Privileges	570,327.56	582,179.49
Parcel Room	150,749.63	153,319.74
Storage—Freight	116,214.52	75,808.82
Storage—Baggage	117,651.20	97,881.62
Demurrage	1,840,217.42	1,886,518.72
Telegraph Commissions (U.S.)	14,314.32	14,281.72
Telegraph—Commercial	7,540,499.50	6,998,160.62
Grain Elevator	513,618.04	539,617.91
Rents of Buildings and Other Property	898,493.41	779,617.34
Miscellaneous	2,165,022.58	2,179,313.58
Joint Facility—Credit	822,641.49	736,613.73
Joint Facility—Debit	118,200.97	109,058.19
	\$433,773,393.56	\$441,147,510.35

OPERATING EXPENSES

MAINTENANCE OF WAY AND STRUCTURES

	1945	1944
Superintendence	\$ 3,944,226.92	\$ 4,100,491.88
Roadway Maintenance	8,705,847.73	8,660,168.89
Tunnels and Subways	35,459.50	38,050.80
Bridges, Trestles and Culverts	2,715,192.03	2,424,967.38
Ties	7,599,421.14	8,294,237.25
Rails	3,183,715.56	4,026,706.50
Other Track Material	3,025,663.44	3,229,879.48
Ballast	1,803,873.16	1,502,041.15
Track Laying and Surfacing	18,150,434.30	18,979,235.81
Fences, Snowbeds and Signs	660,415.74	561,071.48
Station and Office Buildings	2,956,783.30	2,779,798.12
Roadway Buildings	352,973.30	310,629.38
Water Stations	517,550.95	561,950.03
Fuel Stations	290,714.31	278,713.86
Shops and Enginehouses	2,210,765.77	2,077,034.31
Grain Elevators	49,693.94	49,880.56
Wharves and Docks	217,414.67	227,927.51
Telegraph and Telephone Lines	1,078,893.03	1,074,642.24
Telegraph—Commercial	1,389,630.12	1,257,556.44
Signals and Interlockers	1,137,962.58	1,172,196.40
Power Plants	9,262.96	24,669.57
Power Transmission Systems	170,753.66	194,408.10
Miscellaneous Structures	3,193.01	4,824.63
Road Property—Depreciation—U.S. Lines	853,390.97	764,133.41
Road Property—Retirements	1,231,167.29	1,564,321.77
Deferred Maintenance	2,500,000.00	6,500,000.00
Roadway Machines	594,557.02	540,607.28
Dismantling Retired Road Property	81,071.66	90,363.99
Amortization of Defence Projects	2,284.68	1,002,284.68
Small Tools and Supplies	887,741.95	884,498.50
Removing Snow, Ice, and Sand	3,540,663.13	2,829,113.49
Public Improvements—Maintenance	369,035.18	370,190.41
Injuries to Persons	661,012.09	670,295.76
Insurance	28,140.76	24,666.53
Stationery and Printing	70,819.65	66,657.97
Other Expenses	63,059.99	39,742.94
Maintaining Joint Tracks, Yards, etc.—Debit	1,015,097.95	794,153.26
Maintaining Joint Tracks, Yards, etc.—Credit	1,942,157.33	1,727,321.52
Right of Way Expenses	75,431.46	68,484.40
Protective Services	70,004.62	190,650.95
	\$ 70,311,162.19	\$ 76,503,925.59



OPERATING EXPENSES (Continued)

	1945	1944
MAINTENANCE OF EQUIPMENT		
Superintendence	\$ 1,539,394.18	\$ 1,631,670.35
Shop Machinery	2,083,485.62	1,994,656.93
Power Plant Machinery	115,858.50	108,904.48
Machinery—Retirements	200,386.19	89,900.85
Machinery -- Depreciation—U.S. Lines	65,986.47	65,993.10
Dismantling Retired Machinery	2,963.50	2,849.50
Steam Locomotives—Repairs	22,780,691.45	23,100,702.73
Other Locomotives --Repairs	379,394.25	300,952.75
Freight-Train Cars—Repairs	16,879,507.30	16,673,746.56
Passenger-Train Cars—Repairs	9,358,057.50	9,126,776.80
Floating Equipment --Repairs	361,454.04	437,205.04
Work Equipment—Repairs	2,187,604.46	2,172,248.56
Express Equipment—Repairs	207,157.24	188,324.36
Miscellaneous Equipment—Repairs	201,051.70	167,614.95
Miscellaneous Equipment--Retirements	1,798.53	6,923.44
Dismantling Retired Equipment	56,308.77	52,492.63
Equipment--Depreciation	16,974,015.87	19,853,984.95
Express Equipment--Depreciation	167,252.45	160,026.91
Injuries to Persons	579,957.56	510,255.63
Insurance	35,089.17	21,570.70
Stationery and Printing	60,202.15	53,460.21
Other Expenses	2,667.17	11,032.95
Joint Maintenance of Equipment --Debit	250,211.17	209,053.73
Joint Maintenance of Equipment— <i>Credit</i>	205,885.87	225,055.36
Deferred Maintenance—Equipment	2,500,000.00	3,500,000.00
	\$ 76,784,609.37	\$ 80,215,292.75
TRAFFIC		
Superintendence	\$ 2,145,109.43	\$ 2,210,788.63
Outside Agencies	2,853,589.00	2,829,028.45
Advertising	341,215.04	331,246.72
Traffic Associations	121,328.18	122,579.63
Stationery and Printing	267,094.28	262,000.71
Other Expenses	225.00	233.44
Industrial Bureau	115,414.99	111,648.49
Colonization, Agriculture and Natural Resources	202,627.10	191,167.45
	\$ 6,046,603.02	\$ 6,058,693.52
TRANSPORTATION		
Superintendence	\$ 3,765,343.35	\$ 4,009,532.29
Dispatching Trains	2,271,473.15	2,266,139.69
Station Employees	25,073,729.27	24,540,076.41
Weighing, Inspection, and Demurrage Bureaus	101,453.06	108,434.83
Coal and Ore Wharves	15,236.45	—
Station Supplies and Expenses	1,830,272.84	1,812,688.60
Yardmasters and Yard Clerks	4,912,250.62	4,713,325.42
Yard Conductors and Brakemen	8,518,726.18	8,493,169.31
Yard Swith and Signal Tenders	854,640.08	881,830.24
Yard Enginemen	5,364,395.97	5,385,722.59
Yard Motormen	666,539.83	628,486.59
Yard Switching Fuel	6,661,625.37	6,643,950.27
Yard Switching Power Produced	16,203.75	16,571.72
Yard Switching Power Purchased	95,393.59	98,296.02
Water for Yard Locomotives	215,453.80	209,572.15
Lubricants for Yard Locomotives	79,906.67	80,098.41
Other Supplies for Yard Locomotives	58,692.35	53,522.20
Enginehouse Expenses—Yard	2,101,901.21	2,075,708.61
Yard Supplies and Expenses	202,198.84	183,169.35
Operating Joint Yards and Terminals—Debit	1,828,166.68	1,771,465.75
Operating Joint Yards and Terminals— <i>Credit</i>	2,031,612.59	2,056,723.75
Train Enginemen	15,501,769.73	15,723,643.52
Train Motormen	121,351.22	122,442.39
Train Fuel	35,698,139.57	36,685,000.61
Train Power Produced	7,038.71	12,686.19
Train Power Purchased	43,019.07	44,177.83
Water for Train Locomotives	1,363,258.83	1,352,320.18
Lubricants for Train Locomotives	582,271.77	566,191.83
Other Supplies for Train Locomotives	326,289.07	309,738.45
Carried Forward	\$116,245,128.44	\$116,731,237.70

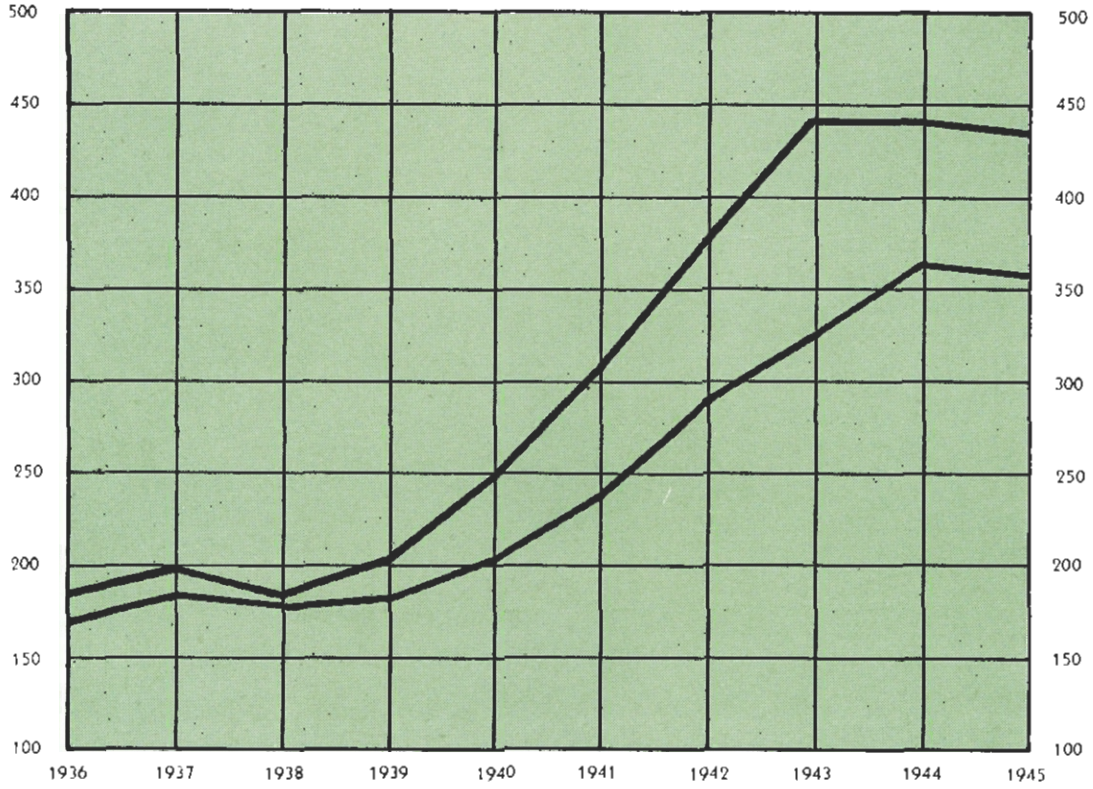


OPERATING EXPENSES (Continued)

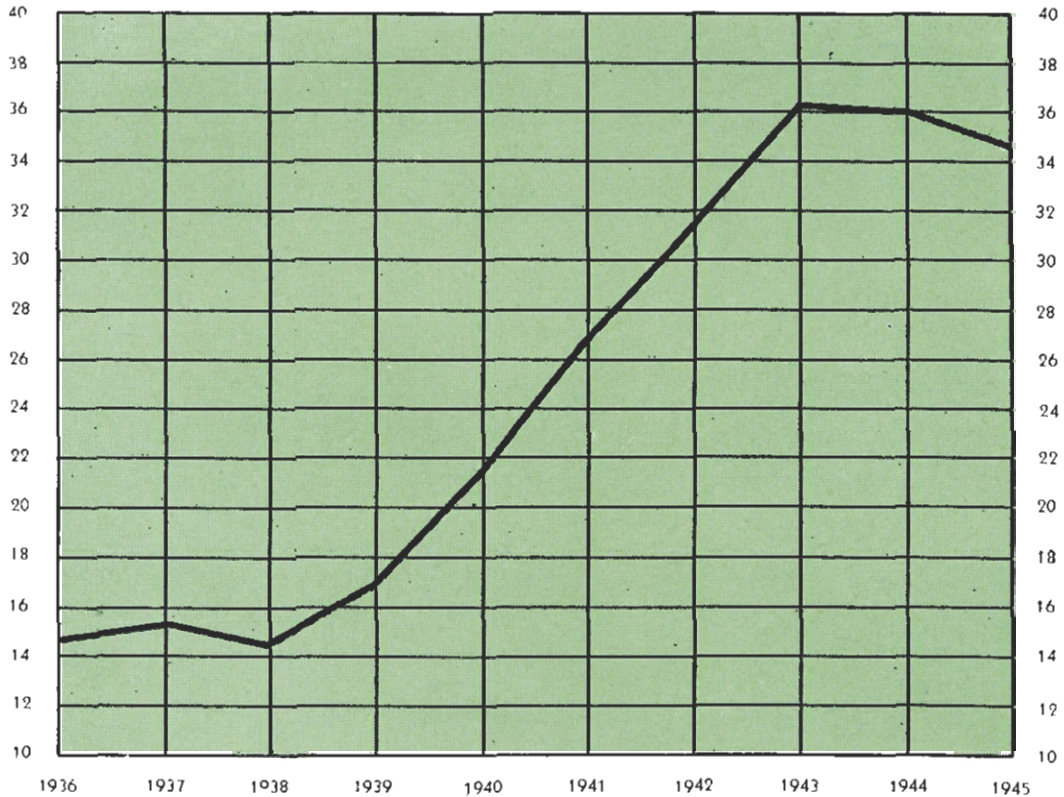
TRANSPORTATION (Continued)	1945	1944
Brought Forward	\$116,245,128.44	\$116,731,237.70
Enginehouse Expenses—Train	6,031,058.67	5,949,232.39
Trainmen	17,902,623.65	18,061,650.85
Train Supplies and Expenses	11,108,584.78	10,987,421.68
Operating Sleeping Cars	2,157,966.96	2,003,564.87
Signal and Interlocker Operation	564,925.05	582,601.02
Crossing Protection	846,625.97	854,335.45
Drawbridge Operation	131,636.51	132,389.16
Telegraph and Telephone Operation	434,880.56	436,578.56
Telegraph—Commercial	5,418,338.96	5,371,875.16
Operating Floating Equipment	1,231,744.64	1,245,491.30
Express	9,905,469.86	9,415,564.85
Stationery and Printing	761,103.05	698,296.38
Other Expenses	1,307,751.13	1,244,142.92
Operating Joint Tracks and Facilities—Debit	880,785.07	833,207.47
Operating Joint Tracks and Facilities— <i>Credit</i>	<i>421,589.49</i>	<i>483,333.47</i>
Insurance	16,976.80	14,366.29
Clearing Wrecks	500,501.25	481,578.18
Damage to Property	78,515.34	119,443.07
Damage to Live Stock on Right-of-Way	77,005.86	76,521.27
Loss and Damage—Freight	2,050,234.82	1,772,776.52
Loss and Damage—Baggage	15,744.26	20,115.25
Injuries to Persons	1,873,160.28	1,340,642.16
	<u>\$179,119,172.42</u>	<u>\$177,889,699.03</u>
MISCELLANEOUS		
Dining and Buffet Service	\$ 5,615,717.45	\$ 5,325,339.60
Restaurants	278,591.80	272,580.27
Grain Elevators	351,532.81	287,379.59
Other Miscellaneous Operations	36,767.03	37,078.91
	<u>\$ 6,282,609.09</u>	<u>\$ 5,922,378.37</u>
GENERAL		
Salaries and Expenses of General Officers	\$ 493,631.92	\$ 502,657.22
Salaries and Expenses of Clerks and Attendants	6,197,145.02	6,590,951.86
General Office Supplies and Expenses	308,283.54	300,660.92
Law Expenses	393,064.75	392,428.05
Relief Department Expenses	27,500.00	27,500.00
Pensions	8,864,923.03	7,641,801.74
Stationery and Printing	247,722.64	235,468.17
Valuation Expenses	15,987.70	15,793.89
Other Expenses	165,347.34	211,902.55
General Joint Facilities—Debit	47,948.29	49,294.41
General Joint Facilities— <i>Credit</i>	<i>11,667.84</i>	<i>11,404.54</i>
	<u>\$ 16,749,892.39</u>	<u>\$ 15,957,054.27</u>



OPERATING REVENUES AND EXPENSES
Millions of Dollars:—Years 1936 to 1945, inclusive.



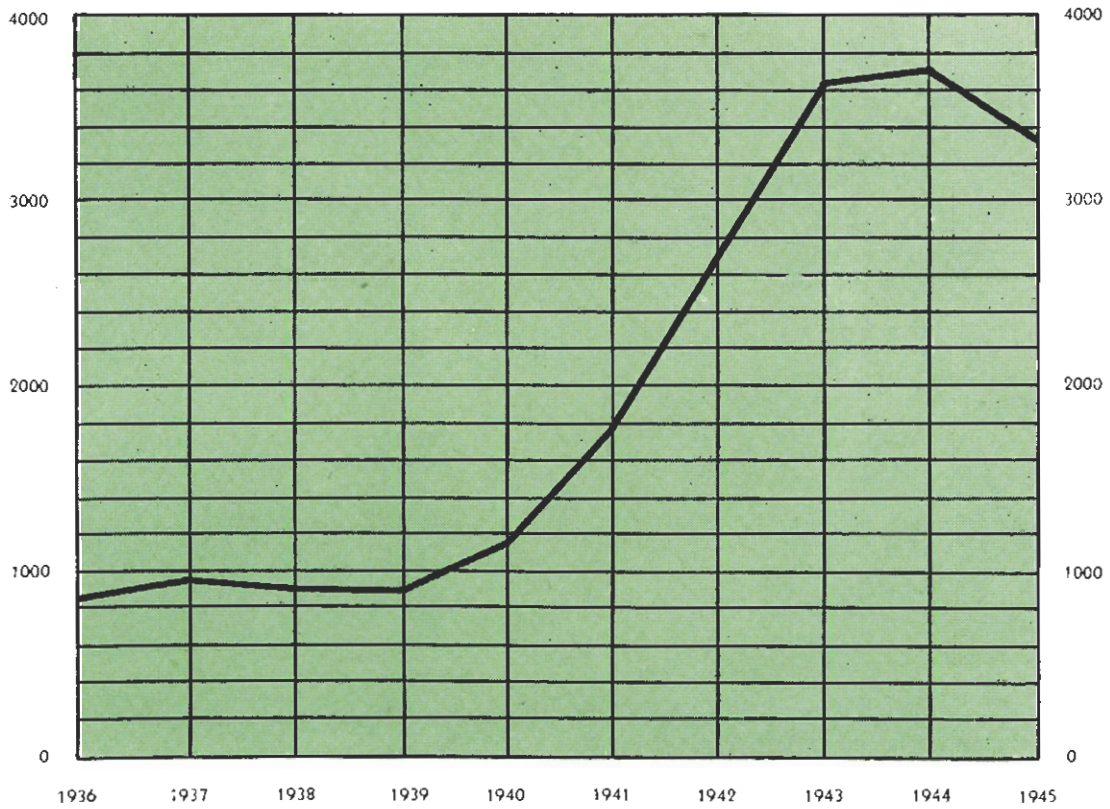
REVENUE TON MILES
Billions of Revenue Ton Miles:—Years 1936 to 1945, inclusive.





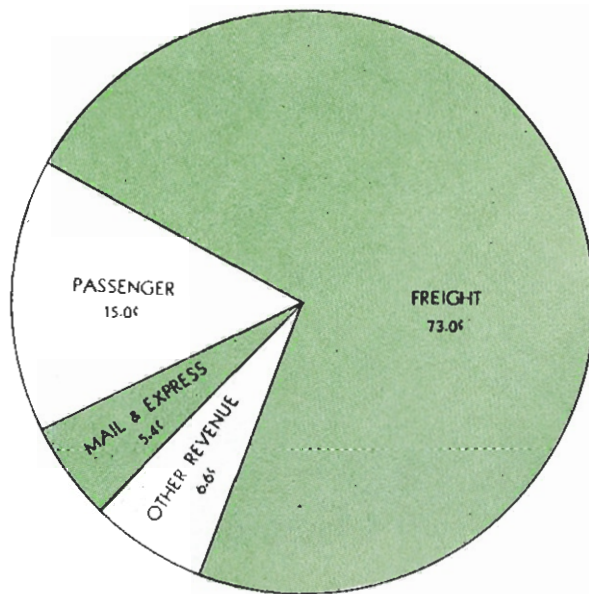
REVENUE PASSENGER MILES

Millions of Revenue Passenger Miles:—Years 1936 to 1945, inclusive.

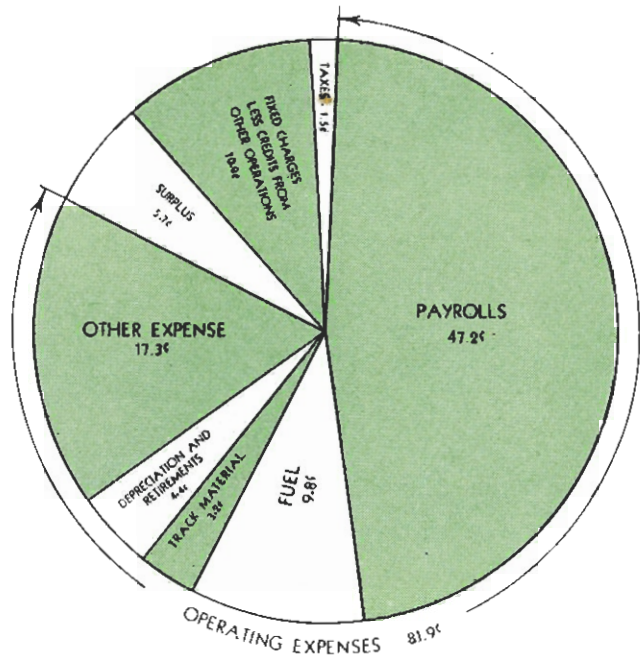


THE CANADIAN NATIONAL DOLLAR

WHERE IT CAME FROM



WHERE IT WENT





PROPERTY INVESTMENT ACCOUNT

Expenditures Year 1945

ROAD:

New Lines Constructed	\$ 1,318,151.84	
Rails and Fastenings	526,122.52	
Tie Plates and Rail Anchors	776,040.95	
Ballast	361,225.60	
Large Freight Terminals	366,115.30	
Yard Tracks and Sidings	509,804.95	
Roadway Machines	561,053.92	
Bridges, Trestles and Culverts	446,158.71	
Stations and Station Facilities	420,190.37	
Shops, Enginehouses and Machinery	396,880.94	
Water Supplies	45,123.51	
Fuel Stations	97,188.47	
Signals and Interlockers	42,416.70	
Telegraphs—Railway	62,265.19	
Telegraphs—Commercial	272,834.67	
Assessments for Public Improvements	37,185.56	
Land	496,413.82	
General, including Additions and Betterments	335,022.09	\$ 5,345,136.87

EQUIPMENT:

Equipment Purchased or Built	\$10,809,111.90	
Equipment Retirements	1,321,293.90	
General Betterments to Equipment	255,147.85	
Equipment Conversions	253,289.05	
Express and Miscellaneous Equipment	74,484.80	9,564,161.60

HOTELS 12,009.69

SEPARATELY OPERATED PROPERTIES 2,212,103.60

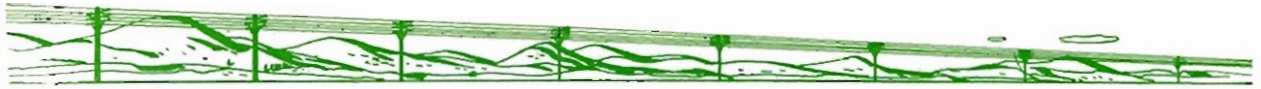
NET ADDITIONS AND BETTERMENTS DURING 1945 \$12,709,204.56

Ledger Balance 1st. January, 1945	\$2,027,054,482.00	
Net Additions and Betterments during the year	\$12,709,204.56	
Abandonment of 27.62 miles of St. Lin Subdivision	1,167,121.47	
Loss (applicable to period prior to 1940) on retirement of rolling stock equipment	957,967.06	10,584,116.03
Ledger Balance at 31st. December, 1945	\$2,037,638,598.03	



FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1945	Interest Accrued 1945
GUARANTEED BY DOMINION OF CANADA:					
5% Perpetual Debenture Stock	G.T.R.	1875 to 1883	Perpetual	\$ 1,480,965.59	\$ 75,024.41
5% G.W. Perp. Debtr. Stock and Bonds	G.T.R.	1858 to 1876	Perpetual	864,855.33	43,063.92
4% Perpetual Debenture Stock	G.T.R.	1883 to 1918	Perpetual	6,036,822.60	251,098.24
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	34,321.46
3½% 1st. Mortgage Debenture Stock	Can. Nor.	Mar. 1, 1910	July 20, 1958	5,638,941.49	197,420.88
6½% Sinking Fund Debenture Bonds	Can. Nor.	July 1, 1921	July 1, 1946	23,752,000.00	1,543,845.00
3½% 1st. Mortgage Debenture Stock	C.N.A.	Mar. 22, 1911	May 4, 1960	551,505.27	19,302.68
3½% 1st. Mortgage Debenture Stock	C.N.O.	Dec. 8, 1911	May 19, 1961	3,620,293.87	126,163.77
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
2¼% 7 Year Guaranteed Bonds	Can. Nat.	Jan. 15, 1939	Jan. 15, 1946	15,000,000.00	337,500.00
3% 20 Year Guaranteed Bonds	Can. Nat.	Jan. 15, 1939	Jan. 15, 1959	35,000,000.00	1,050,000.00
Total Issues Guaranteed by Dominion of Canada				\$525,688,314.21	\$22,778,310.53
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st. Mortgage Debenture Stock	St. J. & Q.	May 14, 1912	June 1, 1962	\$ 622,657.40	\$ 24,906.29
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st. Mortgage Debenture Stock	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	806,328.81	31,958.37
4½% Terminal Debenture Stock	C.N.P.	1913 and 1914	Apr. 2, 1950	1,157,945.46	52,138.73
Total Issues Guaranteed by Provincial Governments				\$ 2,586,931.67	\$ 109,003.39
EQUIPMENT TRUST ISSUES:					
2½% Series "O"	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	\$2,860,000.00	\$ 92,354.17
2¾% "P"	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	4,100,000.00	122,489.58
2½% "Q"	Can. Nat.	July 1, 1939	Ser. 1, 7, '49	2,600,000.00	73,125.00
2½% "G.T.W."	G.T.W.	June 1, 1941	Ser. 1, 6, '51	3,127,000.00	87,675.00
Total Equipment Trust Issues				\$ 12,687,000.00	\$ 375,643.75
Carried Forward				\$540,962,245.88	\$23,262,957.67



FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1945	Interest Accrued 1945	
Brought Forward.....				\$540,962,245.88	\$23,262,957.67	
OTHER ISSUES:						
4%	Canada Atlantic 1st. Mtge. Bonds.	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	9,950,364.00	397,743.41
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	3,575,016.00	143,000.64
4%	2nd. Mtge. Bonds, Mountain "B"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,146,364.00	124,807.96
4%	1st. Mtge. Bonds, "Lake Superior"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	2,152,494.00	86,099.76
4%	Perpetual Cons. Debenture Stock	Can. Nor.	1903 to 1912	Perpetual	4,065,433.26	160,678.15
4%	Perpetual Cons. Debenture Stock	C.N.O.	June 21, 1909	Perpetual	890,877.40	35,703.45
4%	Perpetual Cons. Debenture Stock	C.N.O.	Oct. 1906	Perpetual	465,545.33	18,641.28
4%	1st. Mtge. Perp. Debenture Stock	Q. & L. St. J.	June 1, 1912	Perpetual	314,299.07	12,571.96
4%	1st. Mortgage Bonds	G.T.W.	Nov. 30, 1900	July 1, 1950	6,527,336.00	261,237.86
4 1/2%	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	Various	389,022.60	24,192.97
Interest on Securities retired in 1945.....				—	1,462,149.45	
Total Other Issues.....				\$ 32,217,751.66	\$ 2,758,826.89	
Total Debt held by Public (including therein \$5,745,864.12 par value held in Special Funds and Accounts) as per Balance Sheet.....				\$573,179,997.54	\$26,021,784.56	

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.

DOMINION OF CANADA—LOANS

	Principal outstanding at Dec. 31, 1945	Interest accrued 1945	Average Interest rate
Loans for repatriation of U.K. securities.....	\$391,179,395.36	\$13,684,939.49	3.50%
“ “ debt redemption.....	195,264,135.50	4,075,917.81	*2.47%
“ “ new rolling stock.....	73,851,082.26	2,058,755.90	2.95%
“ “ working capital.....	13,906,999.71	486,744.98	3.50%
	<u>\$674,201,612.83</u>	<u>\$20,306,358.18</u>	<u>3.14%</u>

*Includes premium on U.S. funds.



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	4,600,000.00	4,600,000.00	4,600,000.00
(representing amount paid up, i.e. 92%)			
Vancouver Hotel Company Limited	150,000.00	75,000.00	75,000.00
			\$10,140,107.53
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			\$ 2,320,770.09
The Railroad Credit Corporation			53,516.83
Railway Express Agency, Incorporated			145,465.22
Vancouver Hotel Company Limited			12,284.01
			\$ 2,532,036.15
			\$11,312,143.68

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

At 31st. December, 1945, Canadian National Railway Company had subscribed for \$5,000,000 of the Capital Stock of the Air Lines on which total call has been \$4,600,000.

NORTHERN ALBERTA RAILWAYS COMPANY:

At 31st. December, 1945, Canadian National Railway Company had subscribed for \$3,125,000 of the Capital Stock of the Railways Company on which total call has been \$312,500.

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, 1945, 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 4½% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st. December, 1945, is \$17,971,000.00.

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	381,711,556.78
		<u>\$399,711,556.78</u>

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	\$ 119,440.00
4	The Bay of Quinte Railway Company	24	1,395,000.00	
5	The Bessemer and Barry's Bay Railway Company	24	125,000.00	
6	*Brooksby Realty Company	30	2,000.00	
7	*Canada Atlantic Transit Company	1	219,000.00	
8	*Canada Atlantic Transit Company of U.S.	38	250,000.00	
9	The Canadian Express Company	1	1,768,800.00	
10	Canadian National Electric Railways	24	1,750,000.00	
11	Canadian National Express Company	25	1,000,000.00	
12	Canadian National Land Settlement Association	1	—	
13	*Canadian National Railways (France)—francs 30,000,000	1	1,893,573.92	
14	*Canadian National Realties, Limited	24	40,000.00	
15	Canadian National Rolling Stock Limited	1	50,000.00	
16	*Canadian National Steamship Company, Limited	46	15,000.00	
17	Canadian National Telegraph Company	24	500,000.00	
18	*Canadian National Transportation, Limited	1	500.00	
19	The Canadian Northern Alberta Railway Company	24	3,000,000.00	
20	Canadian Northern Manitoba Railway Company	24	250,000.00	
21	The Canadian Northern Ontario Railway Company	24	10,000,000.00	
22	Canadian Northern Pacific Railway Company	24	25,000,000.00	
23	The Canadian Northern Quebec Railway Company	24	9,550,000.00	3,849,200.00
24	The Canadian Northern Railway Company	1	18,000,000.00	
25	The Canadian Northern Railway Express Company, Limited	24	1,000,000.00	
26	Canadian Northern Steamships, Limited	24	2,000,000.00	
27	Canadian Northern System Terminals (Limited)	24	2,000,000.00	
28	Canadian Northern Western Railway Company	24	2,000,000.00	
29	Cannar Oils Limited	1	100.00	
30	*The Centmont Corporation	32	176,400.00	
31	The Central Ontario Railway	24	3,331,000.00	
32	Central Vermont Railway, Inc.	1	10,000,000.00	
33	Central Vermont Terminal, Inc.	32	5,000.00	
34	*Central Vermont Transit Corporation	30	5,000.00	
35	*Central Vermont Warehouse, Inc.	30	5,000.00	
36	The Champlain and St. Lawrence Railroad Company	1	50,000.00	
37	*Consolidated Land Corporation	49	64,000.00	
38	Continental Realty & Holding Company	14	90,000.00	
39	*The Dalhousie Navigation Company, Limited	24	50,000.00	
40	Duluth, Rainy Lake & Winnipeg Railway Company	42	2,000,000.00	
41	Duluth, Winnipeg and Pacific Railroad Company	42	100,000.00	
42	Duluth, Winnipeg and Pacific Railway Company	24	3,100,000.00	
43	*Grand Trunk-Milwaukee Car Ferry Company	49	200,000.00	
44	The Grand Trunk Pacific Branch Lines Company	46	200,000.00	
45	*The Grand Trunk Pacific Development Company, Limited	46	3,000,000.00	
46	The Grand Trunk Pacific Railway Company	1	24,940,200.00	
47	The Grand Trunk Pacific Saskatchewan Railway Company	46	20,000.00	
48	*Grand Trunk Pacific Terminal Elevator Company, (Limited)	46	501,000.00	
49	{Grand Trunk Western Railroad Company (Common) }	1	20,000,000.00	
	{Grand Trunk Western Railroad Company (Preferred) }			25,000,000.00
50	The Great North Western Telegraph Company of Canada (Including \$331,500.00 held in escrow)	17	373,625.00	6,925.00
51	The Halifax and South Western Railway Company	24	1,000,000.00	
52	*Industrial Land Company	49	1,000.00	
53	International Bridge Company	1	1,500,000.00	
54	The James Bay and Eastern Railway Company	24	125,000.00	
	Carried Forward		<u>\$183,948,538.92</u>	<u>\$ 3,975,565.00</u>



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

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (Cont'd)

NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
Brought Forward		\$183,948,538.92	\$ 3,975,565.00
55 The Lake Superior Terminals Company Limited	24	500,000.00	
56 The Maganetawan River Railway Company	1	30,000.00	
57 Manitoba Northern Railway Company	1	500,000.00	
58 The Marmora Railway and Mining Company	24	128,600.00	
59 The Minnesota and Manitoba Railroad Company	24	400,000.00	
60 The Minnesota and Ontario Bridge Company	24	100,000.00	
61 Montreal and Province Line Railway Company	30	1,000,000.00	
62 *Montreal and Southern Counties Railway Company	1	500,000.00	165,600.00
63 The Montreal and Vermont Junction Railway Company	32	197,300.00	
64 *Montreal Fruit & Produce Terminal Company, Limited	1	500.00	
65 *The Montreal Stock Yards Company	1	350,000.00	
66 *The Montreal Warehousing Company	1	236,000.00	12,240.00
67 Mount Royal Tunnel and Terminal Company, Limited	21	5,000,000.00	
68 Muskegon Railway and Navigation Company	49	161,293.00	
69 *National Terminals of Canada, Limited	1	2,500.00	
70 National Transcontinental Railway Branch Lines Company	1	500.00	
71 *The Niagara, St. Catharines and Toronto Railway Company	24	925,000.00	
72 *The Niagara, St. Catharines and Toronto Navigation Company (Limited)	71	100,000.00	
73 *The Oshawa Railway Company	1	40,000.00	
74 The Ottawa Terminals Railway Company	1	250,000.00	
75 The Pembroke Southern Railway Company	1	107,800.00	
76 *Prince Rupert, Limited	1	10,000.00	
77 The Quebec and Lake St. John Railway Company	24	4,508,300.00	-189,160.00
78 The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company	24	201,000.00	
79 *Rail & River Coal Company	1	2,000,000.00	
80 St. Boniface Western Land Company	24	250,000.00	
81 The St. Charles and Huron River Railway Company	24	1,000.00	
82 St. Clair Tunnel Company	1	700,000.00	
83 *The Thousand Islands Railway Company	1	60,000.00	
84 †Trans-Canada Air Lines	1	4,600,000.00	
85 The United States and Canada Rail Road Company	1	219,400.00	-475.00
86 Vermont and Province Line Railroad Company	1	200,000.00	
87 The Winnipeg Land Company Limited	24	100,000.00	
		\$207,327,731.92	\$ 4,643,040.00

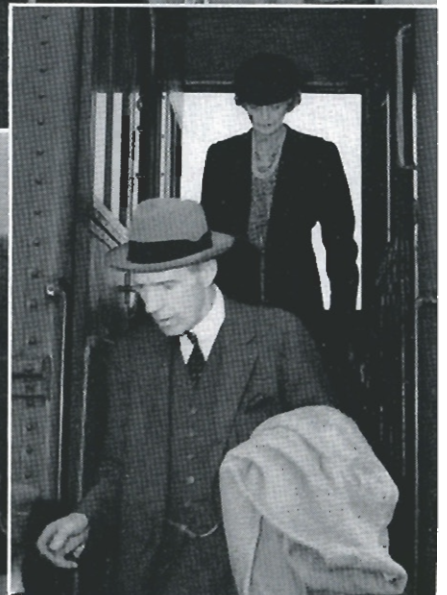
The Income Accounts of Companies indicated () are included in the System Income Account as "Separately Operated Properties."

†Treated as an Affiliated Company.



The Canadian National Railways have had the honour of serving many distinguished travellers.

Among the passengers in recent months were General Dwight D. Eisenhower; Rt. Hon. Clement Attlee, British Prime Minister; the Canadian Governor General, the Earl of Athlone, and the Princess Alice; General H. D. G. Crerar, Commander of Canada's First Army, whose wife and daughter met him when he arrived from overseas, and Lord and Lady Halifax.





RAILWAY EQUIPMENT

	December 31, 1944	Additions During Year	Retirements During Year	Conversions During Year		December 31, 1945
				Added	Retired	
LOCOMOTIVES:						
Passenger—Freight	1,999		24			1,975
Switching	525		2			523
Electric	24					24
Oil Electric	37					37
Total	2,585		26			2,539
FREIGHT EQUIPMENT:						
Box Cars	69,166	2,111	303	13	119	70,901
Flat Cars	5,115		31		11	5,373
Stock Cars	3,054		16		1	3,037
Coal Cars	15,711		53			15,661
Tank Cars	147				5	142
Refrigerator Cars	3,212	146	11		112	3,205
Caboose Cars	1,670		22			1,648
Other Cars in Freight Service	10					10
Total	98,388	2,290	466	13	248	99,977
PASSENGER EQUIPMENT:						
Coach Cars	1,202		3		3	1,196
Combination Cars	272		2			270
Dining Cars	96					96
Colonist Cars	190					190
Parlor Cars	47					47
Cafe Cars	28					28
Sleeping Cars	302					302
Tourist Cars	46					46
Baggage and Express Cars	1,051		10	1		1,042
Postal Cars	49					49
Unit Cars	13		3			10
Other Cars in Passenger Service	67		2			65
Total	3,393		20	1	3	3,371
WORK EQUIPMENT:						
Business Cars	61		1			60
Other Cars in Work Service	7,353	32	238	244	7	7,381
Total	7,414	32	239	244	7	7,444
FLOATING EQUIPMENT:						
Car Ferries	9		1			8
Barges	5					5
Tugs	4					4
Work	3					3



The repatriation of the Dominion's armed forces from overseas and the coming to new homes in Canada of their wives and children was an important part of the System's work in 1945. The photograph upper right shows the interior of the "welcome home" car for members of the forces passing through Montreal.

Old Bonaventure Station (third picture down) had a new lease of life.

The lower photograph shows the former Canadian National steamer Prince Robert arriving in Canada with troops from Hong Kong.





STATISTICS OF RAIL-LINE OPERATIONS

	1945	1944
TRAIN-MILES:		
Freight Service.....	43,381,957	45,206,361
Passenger Service.....	24,600,264	24,216,998
Total.....	67,982,221	69,423,359
Work Service.....	1,732,082	1,552,221
Total.....	69,714,303	70,975,580
LOCOMOTIVE-MILES:		
Freight Service.....	46,392,068	48,153,317
Passenger Service.....	24,382,258	24,031,555
Train Switching—Freight.....	3,659,667	3,636,807
—Passenger.....	104,120	101,881
Yard Switching—Freight.....	15,247,844	15,196,852
—Passenger.....	1,474,192	1,432,847
Total.....	91,260,149	92,556,259
Work Service.....	2,402,612	2,123,840
Total.....	93,662,761	94,680,099
CAR-MILES—FREIGHT SERVICE:		
Loaded Freight Cars.....	1,173,621,393	1,202,177,715
Empty Freight Cars.....	528,469,997	555,756,559
Passenger Coach and Combination Cars.....	6,956,586	7,703,467
Sleeping, Parlor and Observation Cars.....	313,716	525,769
Dining Cars.....	15,796	44,575
Other Cars.....	6,789,874	7,604,153
Caboose.....	42,450,621	41,138,113
Total.....	1,758,660,983	1,817,950,351
CAR-MILES—PASSENGER SERVICE:		
Loaded Freight Cars.....	386,155	216,373
Empty Freight Cars.....	162,865	112,685
Passenger Coach and Combination Cars.....	81,828,393	89,431,191
Sleeping, Parlor and Observation Cars.....	61,263,172	58,703,137
Dining Cars.....	11,440,316	11,200,033
Other Cars.....	69,802,421	65,925,827
Motor Unit Cars.....	972,725	1,042,610
Caboose.....	1,669,296	1,350,367
Total.....	227,525,343	227,982,223
Car-Miles—Total.....	1,986,186,326	2,045,932,574
Work Service.....	3,989,987	3,045,122
Total.....	1,990,176,313	2,048,977,696
AVERAGE MILEAGE OF ROAD OPERATED.....	23,498.36	23,496.03
FREIGHT TRAFFIC:		
Tons carried—Revenue freight.....	79,941,296	80,851,179
Tons carried one mile—Revenue freight.....	34,599,518,473	36,015,898,732
Freight revenue.....	\$316,533,329	\$321,588,728
Revenue per ton.....	\$3.95957	\$3.97754
Revenue per ton mile.....	\$0.00915	\$0.00893
Miles per revenue ton.....	432.81	445.16
Ton-miles—Revenue freight per mile of road.....	1,472,123	1,526,753
Ton-miles—All freight per mile of road.....	1,589,767	1,641,004
Gross ton-miles of cars, contents and cabooses.....	77,301,216,775	79,728,903,320
Net ton-miles of freight (Revenue and non-revenue).....	37,356,916,946	38,557,084,137
Train-hours in freight road service.....	2,850,886	2,894,098
PASSENGER TRAFFIC:		
Passengers carried.....	30,370,680	35,928,212
Passengers carried one mile.....	3,338,197,658	3,696,546,316
Passenger revenue.....	\$65,199,923	\$69,776,256
Revenue per passenger.....	\$2.14680	\$1.94210
Miles per revenue passenger.....	109.92	102.89
Revenue per passenger mile.....	\$0.01953	\$0.01888
Passenger-miles per mile of road.....	142.061	157.326
NET RAILWAY OPERATING INCOME:		
Gross Revenue per mile of road.....	\$18,459.73	\$18,775.41
Gross Railway operating charges per mile of road.....	\$15,571.11	\$15,893.02
Net railway operating income per mile of road.....	\$2,888.62	\$2,882.39



Closed during war years, the three Canadian National resort hotels will be open for the 1946 season. Shown in the photographs, top to bottom, are: Minaki Lodge, in the Lake of the Woods country of Ontario; Pictou Lodge, four miles from Pictou, Nova Scotia, and Jasper Park Lodge, in Jasper National Park, Canadian Rockies.





OPERATED MILEAGE, 31st. DECEMBER, 1945

OPERATED ROAD MILEAGE

Territory	Owned	Leased*	Trackage	Total
Atlantic Region	2,986.74	6.41	82.95	3,076.10
Central Region	7,104.18	353.13	27.85	7,485.16
Western Region	11,083.77	378.22	64.07	11,526.06
Grand Trunk Western Lines	956.26	9.50	59.75	1,025.51
Central Vermont Lines	237.90	125.18	58.73	421.81
Total First Main Track	22,368.85	872.44	293.35	23,531.64
Lines in Canada	20,959.26	565.43	170.48	21,695.17
Lines in United States	1,409.59	307.01	122.87	1,839.47

OPERATED MILEAGE ALL TRACKS

First Main Track	22,368.85	872.44	293.35	23,531.64
Second Main Track	1,214.87	13.70	85.42	1,313.99
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	5,793.23	308.19	1,129.81	7,231.23
Total All Tracks	29,414.38	1,191.33	1,517.16	32,125.87

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

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

DISBURSEMENT OF TOTAL OPERATING REVENUES AND EXPENSES

	Operating revenues were disbursed:—		Operating expenses were disbursed:—	
	1945-%	1944-%	1945-%	1944-%
	Labour	47.19	46.78	57.61
Fuel	9.77	9.82	11.92	11.95
Other Expenses	24.95	25.58	30.47	31.12
Total Operating Expenses	81.91	82.18	100.00	100.00
Available for Taxes and Other Accounts	18.09	17.82		
Total	100.00	100.00	100.00	100.00
Maintenance of Way Accounts	16.21	17.34	19.79	21.10
Maintenance of Equipment Accounts	17.70	18.19	21.61	22.13
Traffic Accounts	1.39	1.37	1.70	1.67
Transportation Accounts	41.30	40.32	50.42	49.07
Miscellaneous Accounts	1.45	1.34	1.77	1.63
General Accounts	3.86	3.62	4.71	4.40
Total Operating Expenses	81.91	82.18	100.00	100.00



REVENUE TONNAGE BY COMMODITIES

	Year 1945 Tons	Year 1944 Tons	Year 1943 Tons	Year 1942 Tons
AGRICULTURAL PRODUCTS:				
Wheat	8,836,831	8,816,923	6,433,610	5,554,753
Corn	470,431	346,596	461,393	518,329
Oats	1,853,887	1,757,427	1,707,204	683,973
Barley	1,370,197	1,414,851	1,567,989	607,909
Rye	85,227	124,038	106,094	39,312
Flaxseed	116,848	188,933	271,184	172,056
Other Grain (excluding dried peas, beans, soya beans)	—	28,015	60,645	29,421
Other Grain (including dried peas, beans, soya beans)	155,894	—	—	—
Flour	1,177,277	1,066,804	979,580	947,486
Other Mill Products	2,120,249	2,109,663	2,152,140	1,588,507
Hay and Straw	253,578	329,441	208,439	160,350
Cotton	79,755	77,184	67,993	102,563
Apples (fresh)	91,224	107,381	87,692	75,529
Other Fruit (fresh)	432,482	350,468	291,247	272,606
Potatoes	411,572	337,906	324,671	240,802
Other Fresh Vegetables	261,268	251,533	231,413	198,897
Other Agricultural Products (incl. dried peas, beans, soya beans)	—	709,533	615,869	677,357
Other Agricultural Products (excl. dried peas, beans, soya beans)	725,845	—	—	—
Total	18,442,565	18,046,696	15,567,163	11,809,850
ANIMAL PRODUCTS:				
Horses	46,296	39,772	35,241	25,214
Cattle and Calves	398,994	296,403	264,180	243,692
Sheep	27,136	29,319	21,914	21,172
Hogs	218,802	355,417	285,797	213,589
Poultry (live and dressed)	—	31,890	27,457	23,694
Poultry (live)	2,431	—	—	—
Dressed Meats (fresh or frozen)	—	156,158	126,892	217,645
Dressed Meats or Dressed Poultry (fresh or frozen)	294,449	—	—	—
Dressed Meats (cured, salted, canned)	—	399,829	318,182	252,277
Dressed Meats (cured or salted)	233,454	—	—	—
Other Packing House Products (edible)	42,377	108,356	106,823	46,679
Eggs	91,125	80,868	62,169	57,889
Butter	65,345	73,497	75,887	75,073
Cheese	88,219	77,388	71,949	71,328
Wool	67,404	68,375	78,286	77,083
Hides and Leather	85,696	79,460	68,203	66,244
Other Animal Products (non-edible)	114,463	92,351	79,535	77,766
Total	1,776,191	1,889,083	1,622,515	1,469,345
MINING PRODUCTS:				
Anthracite Coal	2,095,409	2,485,751	2,636,434	2,612,070
Bituminous Coal	9,193,585	9,335,488	9,983,156	9,181,800
Sub-Bituminous and Lignite Coal	1,823,304	1,703,873	1,975,152	1,716,941
Coke	1,472,883	1,232,219	1,228,110	1,010,864
Iron Ores and Concentrates	646,270	137,451	338,355	177,898
Copper Ore and Concentrates	181,605	196,934	225,870	239,528
Other Ores and Concentrates	2,033,078	3,057,685	4,556,495	2,707,385
Base Bullion, Matte, Pig and Ingot (non ferrous metals)	819,398	750,669	836,148	827,158
Sand and Gravel	1,438,943	1,409,881	1,506,195	1,801,655
Stone (crushed, ground, broken)	2,009,009	1,995,647	1,971,865	2,069,652
Slate, Dimension or Block Stone	70,984	81,076	67,622	70,646
Crude Petroleum	606,176	629,573	535,876	356,870
Asphalt (natural, by product petroleum)	199,882	197,498	128,529	177,268
Salt	567,193	498,454	498,973	476,942
Other Mine Products (not fully processed)	1,042,179	1,234,542	1,290,365	1,204,170
Total	24,199,898	24,946,741	27,779,145	24,630,847
FOREST PRODUCTS:				
Logs, Posts, Poles, Piling	677,158	568,608	544,002	491,042
Cordwood and Other Firewood	580,163	759,108	668,884	582,401
Ties	61,290	105,531	56,170	71,450
Pulpwood	4,104,087	3,524,054	3,099,099	2,683,141
Lumber, Timber, Box, Crate and Cooperage Material	4,090,454	4,099,984	4,114,300	4,300,022
Other Forest Products	252,371	310,578	226,255	258,905
Total	9,765,523	9,367,863	8,708,710	8,386,961
Carried Forward	54,184,177	54,250,383	53,677,533	46,297,003



REVENUE TONNAGE BY COMMODITIES (Continued)

	Year 1945 Tons	Year 1944 Tons	Year 1943 Tons	Year 1942 Tons
Brought Forward	51,181,177	54,250,383	53,677,533	46,297,003
MANUFACTURES AND MISCELLANEOUS:				
Gasoline	1,391,244	2,191,200	1,766,540	1,434,251
Petroleum Oils and Petroleum Products (except asphalt and gasoline)	1,767,601	1,619,419	1,780,340	1,810,555
Sugar	375,950	424,835	335,051	261,127
Iron, Pig and Bloom	288,527	249,784	251,209	247,716
Rails and Fastenings	61,635	106,919	29,046	29,256
Iron and Steel (bar, sheet, structural, pipe)	1,733,839	1,685,688	2,323,745	2,349,704
Castings, Machinery and Boilers	259,747	230,878	294,603	283,261
Cement	488,525	419,206	541,035	732,438
Brick and Artificial Stone	213,776	202,515	240,760	281,353
Lime and Plaster	367,387	400,787	436,248	399,278
Sewer Pipe and Drain Tile	30,085	23,306	29,581	34,352
Agricultural Implements and Vehicles other than autos	228,674	203,875	147,659	136,123
Automobiles, Auto Trucks and Auto Parts	1,701,549	2,171,116	2,287,630	2,161,027
Household Goods and Settlers Effects	20,268	20,225	14,356	12,213
Furniture	49,525	43,806	44,054	52,732
Beverages	173,298	463,502	377,705	390,065
Fertilizers, All Kinds	1,130,242	920,518	809,155	667,740
Newsprint Paper	1,462,742	1,543,708	1,591,989	1,507,344
Other Paper	317,307	286,926	251,086	238,933
Paper Board, Pulpboard and Wallboard (paper)	400,422	340,182	326,152	358,115
Woodpulp	1,295,781	1,297,012	1,445,684	1,342,551
Fish (fresh, frozen, cured, etc.)	164,628	124,218	122,579	103,028
Canned Goods (all canned food products except meats)	—	528,836	466,164	469,156
Canned Goods (all canned food products)	624,518	—	—	—
Other Manufactures and Miscellaneous	8,709,255	8,907,430	8,737,518	8,084,014
Merchandise (all L.C.L. freight)	2,200,594	2,194,885	2,099,359	1,861,932
Total	25,757,119	26,600,796	26,749,248	25,248,234
Grand Total	79,941,296	80,851,179	80,426,781	71,545,237





WORLD-WIDE SERVICE

The Canadian National maintains offices in the British Isles, Australia, New Zealand, 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
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AUSTRALIA AND NEW ZEALAND

Melbourne	Australia
Sydney	Australia
Wellington	New Zealand

*Industrial Development representatives located at these points.

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.

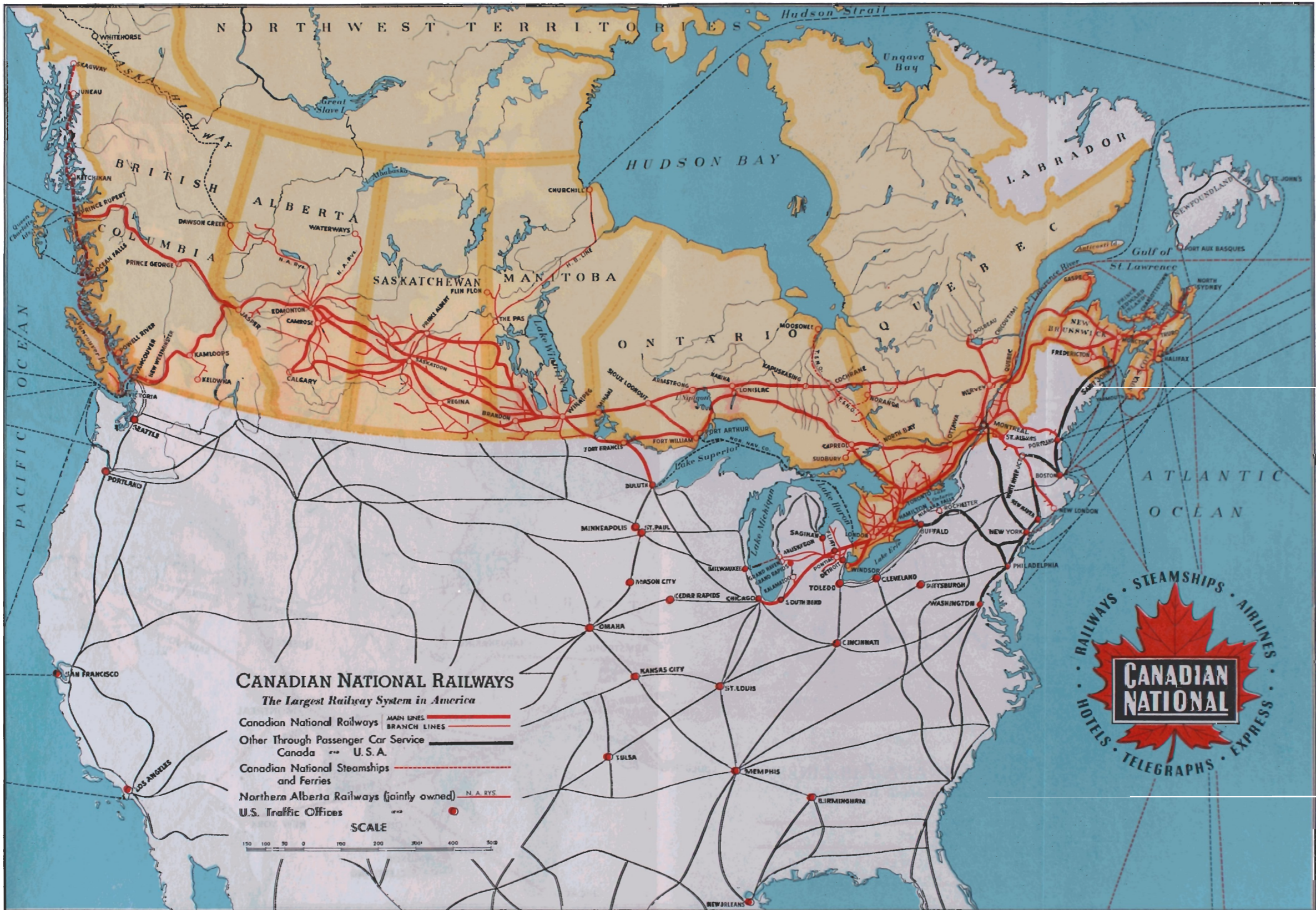


SIX YEARS OF WAR

Some Outstanding Facts of Canadian National Railways Operations 1940-1945 Inclusive

1940	1941	1942	1943	1944	1945
Revenue Tons of Freight Carried—Total 433,195,137					
55,060,232	65,370,412	71,545,237	80,426,781	80,851,179	79,941,296
Number of Revenue Passengers Carried—Total 160,048,545					
11,204,289	17,681,343	30,363,290	34,500,731	35,928,212	30,370,680
Number of Telegrams and Cables Handled—Total 64,675,926					
8,758,272	10,000,957	10,862,351	11,650,492	11,382,207	12,021,647
Number of Express Shipments Handled—Total 85,095,087					
11,933,289	12,712,385	12,932,571	14,672,359	15,780,767	17,063,716
Number of Hotel Guests—Total 4,351,689					
604,028	648,010	638,877	755,514	817,016	888,244
Payroll—Total \$1,101,993,725					
\$132,584,063	\$153,654,368	\$177,042,773	\$195,555,045	\$222,649,839	\$220,507,637
Operating Revenues—Total \$2,243,095,405					
\$247,527,225	\$304,376,778	\$375,654,543	\$440,615,955	\$441,147,510	\$433,773,394
Operating Expenses—Total \$1,771,603,687					
\$202,519,813	\$237,768,437	\$288,998,675	\$324,475,670	\$362,547,043	\$355,294,049
Net Operating Revenues—Total \$471,491,718					
\$45,007,412	\$66,608,341	\$86,655,868	\$116,140,285	\$78,600,467	\$78,479,345
Surplus After Payment of Taxes, Interest due Public and the Government and all other Charges—Total \$95,537,017					
\$16,965,044*	\$4,016,327	\$25,063,268	\$35,639,412	\$23,026,924	\$24,756,130

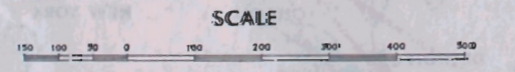
*deficit.



CANADIAN NATIONAL RAILWAYS

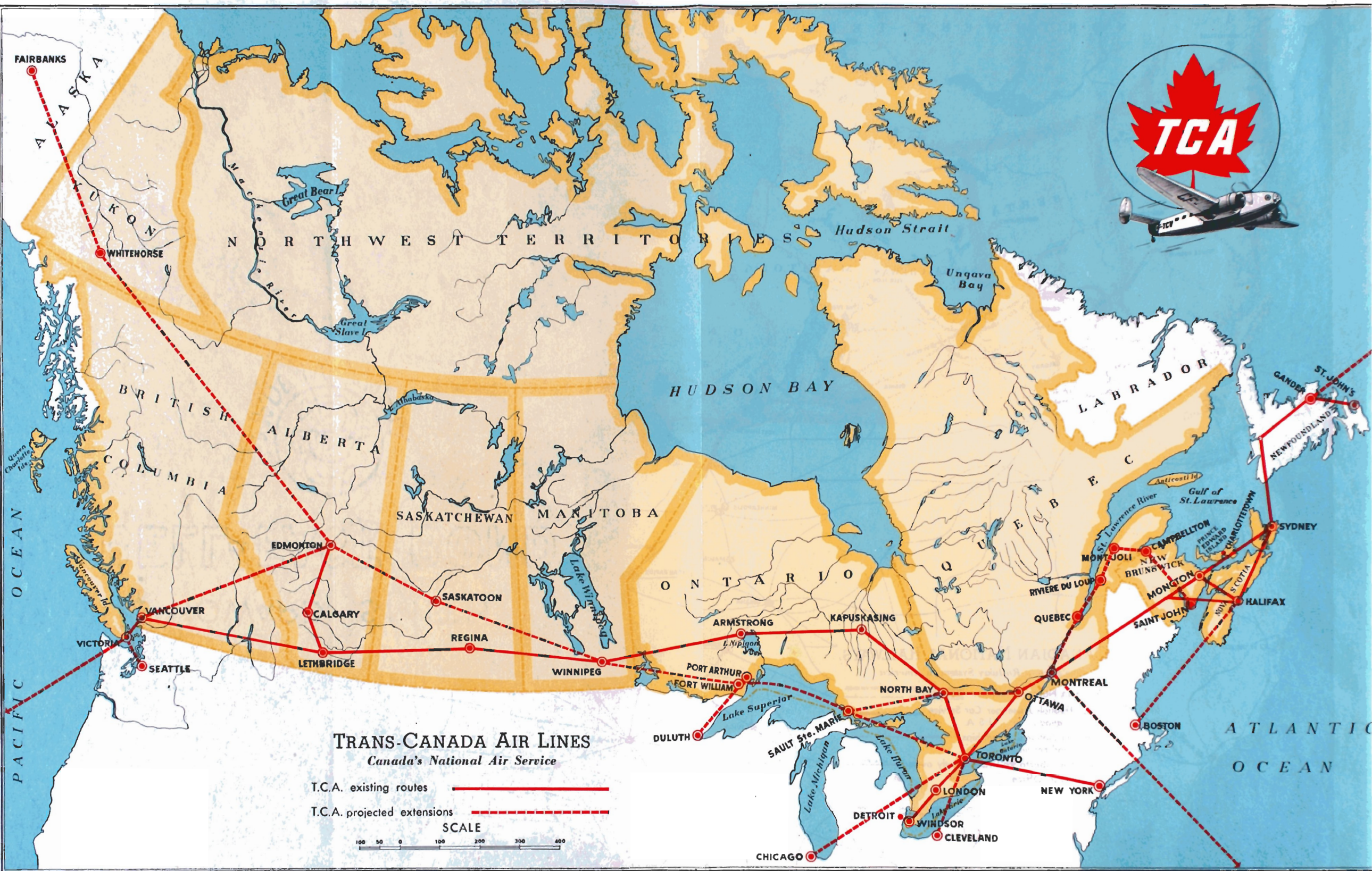
The Largest Railway System in America

- 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 ●



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Canada's National Air Service

T.C.A. existing routes ————
 T.C.A. projected extensions - - - -
SCALE
 100 50 0 100 200 300 400

