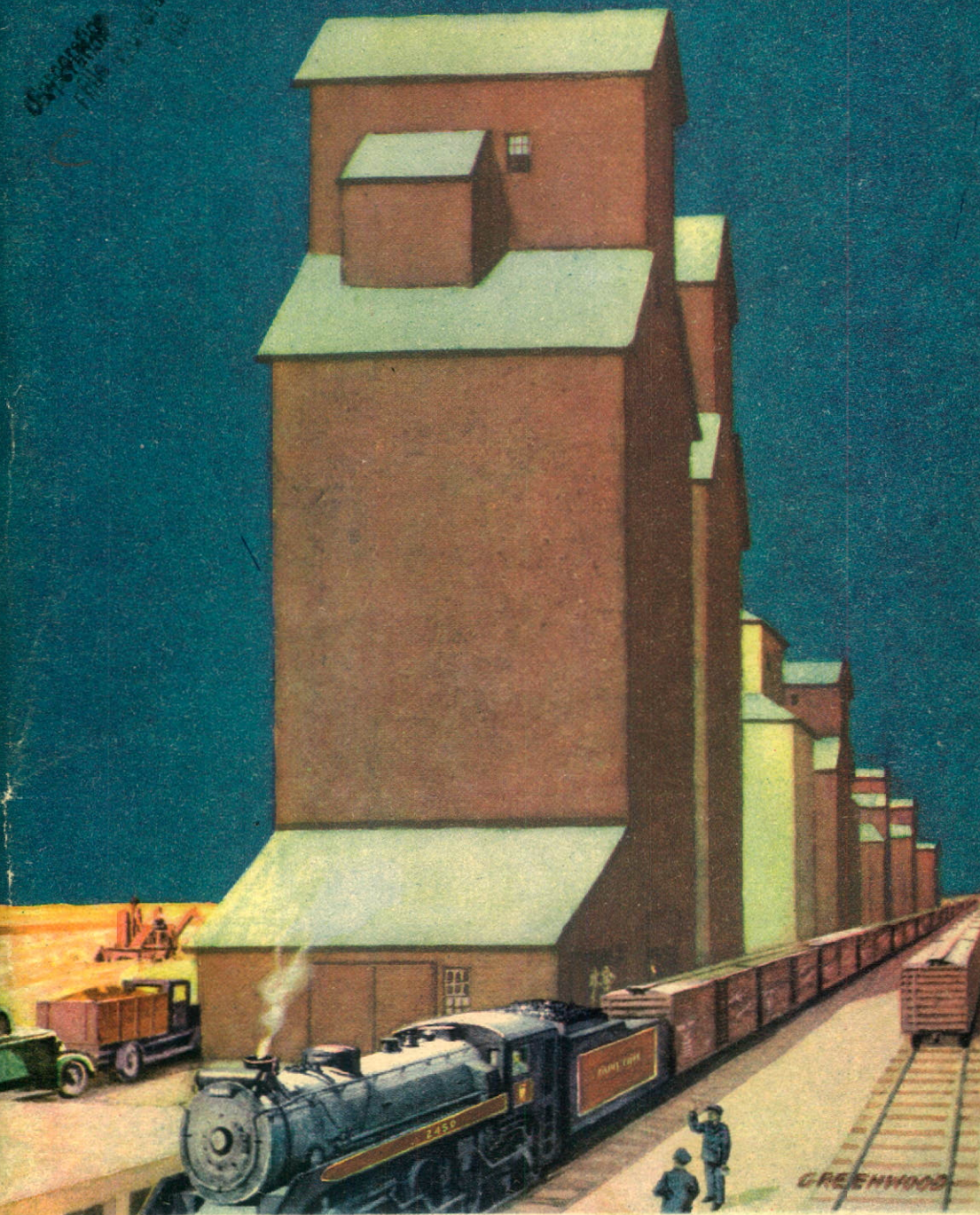


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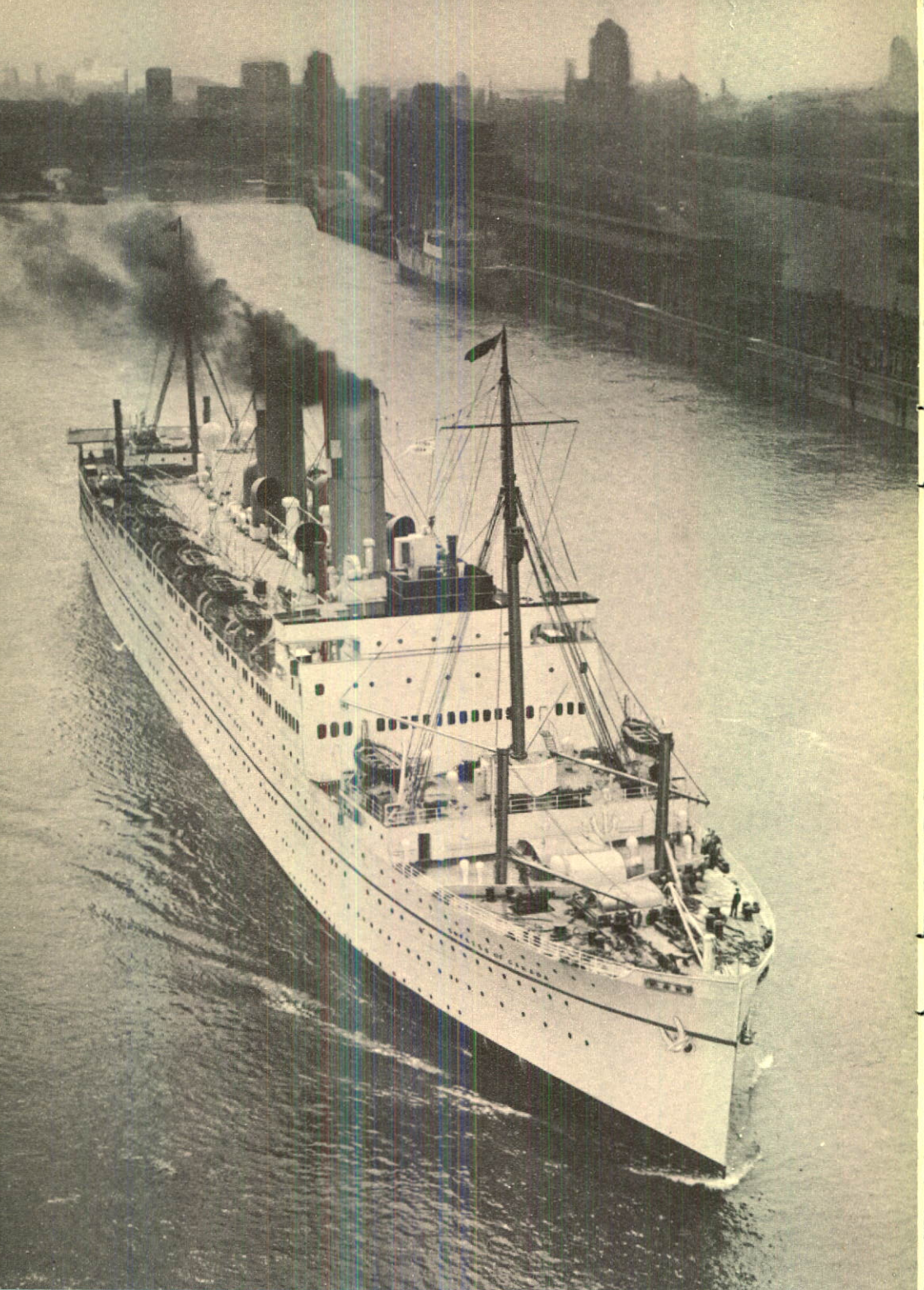
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Annual Report 1947

CANADIAN PACIFIC RAILWAY COMPANY



The Empress of Canada leaving the Port of Montreal

CANADIAN PACIFIC RAILWAY COMPANY

NOTICE TO SHAREHOLDERS

The Sixty-seventh Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the fifth day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon (daylight saving time, if operative).

The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, New York and London at 3 p.m. on Tuesday, the thirteenth day of April, 1948. The Preference Stock Books will be closed in London at the same time.

All books will be re-opened on Thursday, the sixth day of May, 1948.

By order of the Board,

F. BRAMLEY,
Secretary

Montreal, March 8, 1948.



BOARD OF DIRECTORS

THE RT. HON. SIR JOHN ANDERSON, P.C., G.C.B., G.C.S.I., G.C.I.E., M.P.	London, England
EDWIN G. BAKER	Toronto
*L. J. BELNAP	Montreal
THE HON. F. PHILIPPE BRAIS, C.B.E., K.C.	do
D'ALTON C. COLEMAN, C.M.G.	do
*THE HON. CHARLES A. DUNNING, P.C.	do
G. BLAIR GORDON	do
THE HON. ERIC W. HAMBER, C.M.G.	Vancouver
JOHN W. HOBBS	Toronto
LOUIS L. LANG	Kitchener
*W. A. MATHER	Montreal
R. S. McLAUGHLIN	Oshawa
*ROSS H. McMASTER	Montreal
SIR EDWARD PEACOCK, G.C.V.O.	London, England
HOWARD P. ROBINSON	Saint John
ROBERT C. STANLEY	New York
*G. A. WALKER, K.C.	Montreal

*Member of Executive Committee.

* * *

OFFICERS

Chairman	G. A. WALKER, K.C.	Montreal
President	W. A. MATHER	do
Vice-President	(To be elected)	do
Vice-President	W. MANSON	do
Executive Assistant to the President	A. C. MACDONALD	do
Assistant to Vice-President	H. J. MAIN	do
Assistant to Vice-President	A. LYLE	do
Secretary	F. BRAMLEY	do
Assistant Secretary	C. NIDEROST, K.C.	do
Assistant Secretary	J. C. BONAR	do

LAW DEPARTMENT

General Counsel	F. C. S. EVANS, K.C.	Montreal
General Solicitor	J. Q. MAUNSELL, K.C.	do

FINANCIAL DEPARTMENT

Vice-President	L. B. UNWIN	Montreal
Treasurer	J. A. DUNDAS	do
Assistant to Vice-President	E. C. KERR	do
Assistant Treasurer	T. H. MOFFITT	do

ACCOUNTING DEPARTMENT

Vice-President and Comptroller	ERIC A. LESLIE	Montreal
Assistant Comptroller	S. J. W. LIDDY	do
Assistant Comptroller	W. A. CROSBIE	do
Assistant to Comptroller	H. C. REID	do

PURCHASING AND STORES DEPARTMENT

Vice-President	B. W. ROBERTS, O.B.E.	Montreal
General Purchasing Agent	JOHN EATON, O.B.E.	do
Manager of Stores	F. G. BANNISTER	do

DEPARTMENT OF PERSONNEL

Vice-President	D. I. McNEILL, K.C.	Montreal
Assistant Vice-President	J. R. KIMPTON	do
Assistant to Vice-President	H. SHOBRIDGE	do
Chief of Medical Services	DR. C. P. FENWICK	do

TRAFFIC DEPARTMENT

Vice-President	G. A. MACNAMARA	Montreal
General Traffic Manager	C. E. JEFFERSON	do
Assistant to Vice-President	H. H. SCOTT	do
Freight Traffic Mgr., System, Sales & Service	G. HIAM	do
Freight Traffic Mgr., System, Rates & Divisions	H. W. GILLIS	do
Freight Traffic Mgr., Prairie, Pacific Regions	G. F. BUCKINGHAM	Winnipeg
Assistant Freight Traffic Manager	A. WALKER	Toronto
Assistant Freight Traffic Manager	H. ARKLE	Winnipeg
Assistant Freight Traffic Manager	K. M. FETTERLY	Vancouver
Assistant Freight Traffic Manager	J. FULLERTON	Montreal
Assistant Freight Traffic Manager	H. STOCKDALE	Chicago
Foreign Freight Traffic Manager	G. C. DEW	Montreal
Passenger Traffic Manager	R. G. MCNEILLIE	do
Asst. Pass. Traffic Mgr., Eastern Region	G. E. CARTER	do
Asst. Pass. Traffic Mgr., Prairie, Pacific Regions	N. R. DESBRISAY	Winnipeg
Assistant Passenger Traffic Manager	IAN WARREN	Montreal
Steamship Passenger Traffic Manager	H. B. BEAUMONT	do
Manager, Mail and Baggage Traffic	W. E. ALLISON	do

OPERATING DEPARTMENT

Eastern Region:

Vice-President	N. R. CRUMP	Toronto
General Manager	D. S. THOMSON	do
Asst. to Vice-President	A. M. HAND	do
Gen. Supt. New Brunswick District	S. W. CRABBE	Saint John
Gen. Supt. Quebec District	F. A. POULIOT	Montreal
Gen. Supt. Ontario District	G. N. CURLEY	Toronto
Gen. Supt. Algoma District	F. M. DONEGAN	North Bay

Prairie Region:

Vice-President	(To be appointed)	Winnipeg
General Manager	J. I. MACKAY	do
Asst. to Vice-President	H. A. GREENIAUS	do
Gen. Supt. Alberta District	J. C. JONES	Calgary
Gen. Supt. Saskatchewan District	H. C. TAYLOR	Moose Jaw
Gen. Supt. Manitoba District	W. F. TULLY	Winnipeg

Pacific Region:

Vice-President	GEO. H. BAILLIE	Vancouver
General Superintendent	E. S. MCCRACKEN	do
Chief Engineer	J. E. ARMSTRONG	Montreal
Chief of Motive Power & Rolling Stock	H. B. BOWEN, C.B.E.	do
Manager, Dept. of Research	W. A. NEWMAN, C.B.E.	do
General Supt. of Transportation	R. E. TAYLOR	do
Manager of Sleeping and Dining Cars	T. M. MCKEOWN	do
General Mgr. of Communications	W. D. NEIL, O.B.E.	do
General Manager of Hotels	H. F. MATHEWS	do
Manager, Dept. of Public Relations	J. H. CAMPBELL	do
Chief Com. of Immig'n & Colonization	H. C. P. CRESSWELL	do
Chief, Dept. of Investigation	A. H. CADIEUX, O.B.E.	do
Manager, Dept. of Natural Resources	LESLIE MUNROE	Calgary
Special Representative	WM. BAIRD	London
European General Manager	J. C. PATTESON, C.M.G., Trafalgar Square	do
Oriental Manager	D. C. MILLER	Hong Kong
Deputy Secretary & Registrar of Transfers	R. F. TREMAXNE, 8 Waterloo Place	London

★ ★ ★

TRANSFER AGENTS

Bank of Montreal Trust Company, 64 Wall Street	New York
The Royal Trust Company, 105 St. James Street West	Montreal
The Royal Trust Company, 66 King Street West	Toronto

HIGHLIGHTS

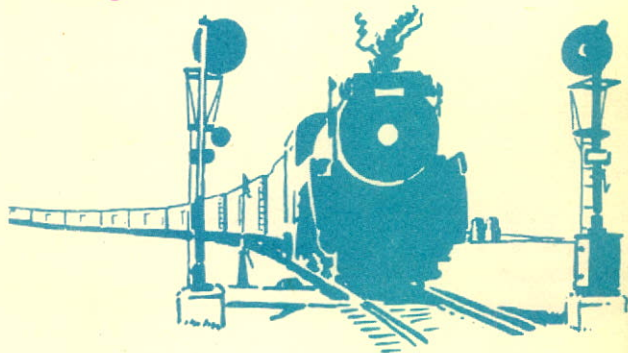
	1947	1946	1945
Gross Earnings	\$318,585,919	\$292,495,828	\$316,109,358
Working Expenses	295,693,730	271,652,778	280,055,024
Net Earnings	22,892,189	20,843,050	36,054,334
Other Income	24,788,927	22,779,794	15,106,957
Interest and Rental Charges	\$15,787,174	\$18,488,113	\$19,547,129
Preference Stock Dividends	4,557,682	4,557,682	5,031,500
Ordinary Stock Dividends	16,750,000	16,750,000	16,750,000
Balance for Modernization & Other Corporate Purposes	10,586,260	3,827,049	9,832,662
Ratio, Net to Gross Earnings	7.19%	7.13%	11.41%
Average Interest Rate	3.64%	3.66%	3.84%
Preference Dividend Rate	4%	4%	4%
Ordinary Dividend Rate	5%	5%	5%
Tons of Freight Carried	59,034,547	51,400,892	54,822,012
Number of Passengers Carried	14,636,353	15,583,990	17,740,684
Revenue per Ton Mile	0.95¢	0.93¢	0.83¢
Revenue per Passenger Mile	2.40¢	2.12¢	1.97¢
Total Pay Rolls, All Services	\$193,960,029	\$178,982,649	\$172,203,023
Number of Employees	83,528	82,180	84,062
Average Annual Wage	\$2,322	\$2,178	\$2,049

SIXTY-SEVENTH ANNUAL REPORT
OF THE DIRECTORS

TO THE SHAREHOLDERS:

The volume of traffic on the railway in 1947 greatly exceeded expectations and established a peacetime record. Among the factors contributing to this were the condition of almost full employment in Canada, the backlog of need for construction materials and durable consumption goods, special efforts to move grain and flour to ocean ports for export, heavy imports in many categories from the United States, and record exports of wood pulp and newsprint paper to that country. Passenger traffic continued to decrease but was still much above the pre-war level.

The application of the Railways for a 30% increase in freight rates filed in October, 1946, was the subject of public hearings throughout Canada before the Board of Transport Commissioners, commencing in February and ending in December. A decision had not been rendered at the end of the year. The Interstate Commerce Commission of the United States meanwhile authorized two increases in freight rates, additional to that authorized in 1946, and the Board of Transport in each instance authorized the application of these increases to international, overhead and certain import and export traffic in Canada. Notwithstanding these increases the average revenue received for hauling one ton one mile in 1947 was 95/100 of a cent only, compared with 93/100 in 1946 and with an average exceeding one cent during the ten years 1920-1929.



Working expenses continued to increase. The general wage increase of ten cents an hour made effective June 1, 1946, was applied for the full year 1947 compared with the seven months of 1946. Applications were received from various groups of employees for higher rates of pay and in certain instances upward adjustment was made, but there was no general increase in wages during the year. The average cost of locomotive fuel in 1947 was \$6.75 per ton, compared with \$5.99 in 1946; creosoted ties cost \$2.04, as against \$1.96; and the price of rails was \$63.80 per ton, an increase of \$3.59. Wage rates averaged 45% more than prior to the war and costs of materials and supplies were far above pre-war levels.

Net earnings from railway operations were again markedly inadequate. A substantial improvement might have been expected from the upward revision of freight rates on the international traffic referred to, as well as from the larger traffic volume. Instead, the increase in gross earnings was almost wholly offset by rising costs; and the ratio of net to gross earnings remained practically the same as in 1946 when an all-time low was reached. It is startling to compare this ratio of but 7.2% with the average of 19.9% for the period 1920-1929, when traffic volume was much less. On the other hand, a betterment in net earnings of Consolidated Smelters resulted in larger dividends from that source which brought Other Income up to a new high record.

The total income available from all sources to meet your Company's financial requirements amounted to \$47,681,116, of which the railway—the main undertaking—contributed only 48%.

Fixed charges, lower than in any year since 1928, amounted to \$15,787,174. After providing for these and for the four per cent dividend on Preference Stock, the earnings per share of Ordinary Stock amounted to \$2.04, compared with \$1.53 in 1946.

The accounts of your Company show the following results for the year ended December 31, 1947:



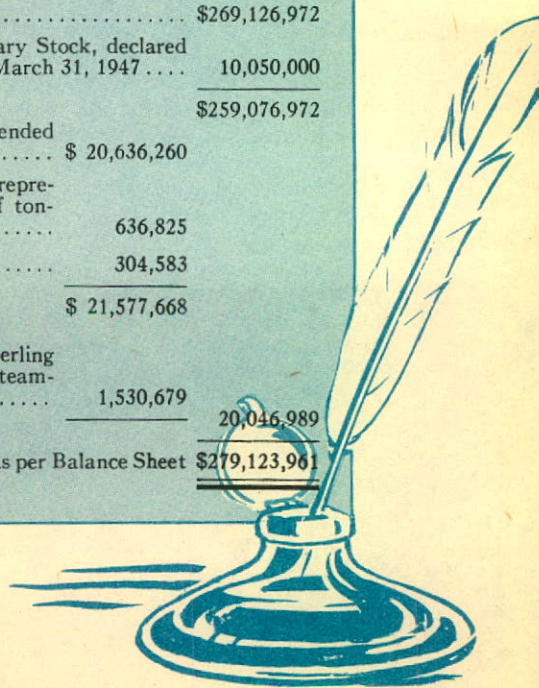
INCOME ACCOUNT

Gross Earnings	\$318,585,919
Working Expenses (including taxes).....	<u>295,693,730</u>
Net Earnings.....	\$ 22,892,189
Other Income.....	24,788,927
	\$ 47,681,116
Fixed Charges.....	<u>15,787,174</u>
Net Income.....	\$ 31,893,942
Dividends:	
Preference Stock	
2% paid August 1, 1947.....	\$ 2,278,841
2% payable February 2, 1948..	2,278,841
	<u>\$ 4,557,682</u>
Ordinary Stock	
2% paid November 1, 1947.....	6,700,000
	<u>11,257,682</u>
Balance transferred to Profit and Loss Account.....	<u><u>\$ 20,636,260</u></u>

(The final dividend of 3 per cent. on the Ordinary Stock which was declared subsequent to the end of the year and is payable March 31, 1948, amounting to \$10,050,000, is not deducted in the accounts for the year 1947.)

PROFIT AND LOSS ACCOUNT

Profit and Loss Balance December 31, 1946.....	\$269,126,972
Final dividend of 3 per cent. on the Ordinary Stock, declared from the earnings of the year 1946, paid March 31, 1947....	<u>10,050,000</u>
	\$259,076,972
Balance of Income Account for the year ended December 31, 1947.....	\$ 20,636,260
Portion of steamship insurance recoveries representing compensation for increased cost of tonnage replacement.....	636,825
Miscellaneous—Net Credit.....	304,583
	<u>\$ 21,577,668</u>
Deduct:	
Adjustment to prevailing official rates for sterling in respect of capital expenditures for steamships in years 1943-1946.....	1,530,679
	<u>20,046,989</u>
Profit and Loss Balance December 31, 1947, as per Balance Sheet	<u><u>\$279,123,961</u></u>



RAILWAY OPERATIONS

GROSS EARNINGS in 1947 increased \$26,090,091, or 8.9%, over those of 1946, and were but \$285,115 below those of 1944, the year of highest earnings.

FREIGHT EARNINGS amounted to \$250,893,574, an increase of \$32,342,966, or 14.8%, over 1946. The total was greater than in any previous year and \$17,775,101 in excess of 1944, the next highest year. Increases in rates on international, overhead and certain import and export traffic produced more than \$10,000,000 of the year's freight revenue.

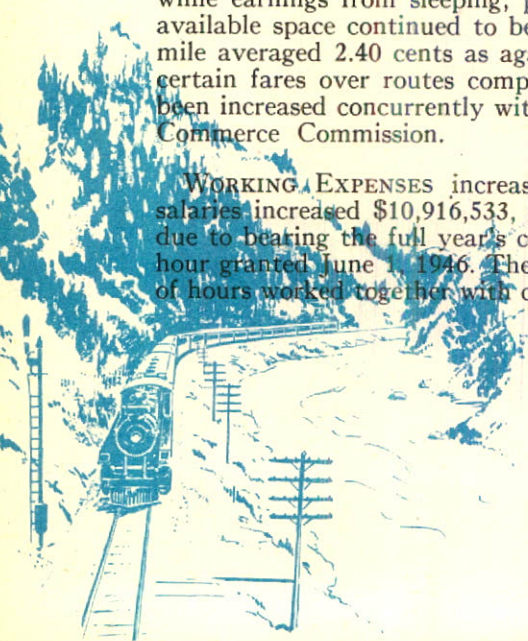
Greater earnings were reported from general manufactures, grain and grain products, petroleum, lumber, paper and merchandise. No serious declines occurred in the movement of important commodities but small decreases were recorded in coal and coke, livestock and meat products. It was impossible at all times to meet fully the demand for freight cars but the situation was eased in the latter part of the year with the delivery of a substantial number of new cars.

The volume of business, measured in ton miles, was 11.6% greater than in 1946, but 4.3% and 3.9% respectively less than in 1944 and 1945. Tons handled, at 59,034,547, established a new record.

PASSENGER EARNINGS totalled \$40,322,874, which were \$5,057,771, or 11.1%, less than in 1946, and \$16,531,423 below the wartime peak of 1945. There was a decline of \$6,664,000 from military traffic, which was heavy in the early part of 1946, and some increase in revenue arising from trans-Atlantic passengers, traffic from the United States, as well as domestic travel.

The number of passengers carried one mile totalled 1,665,585,000, a decrease of 21.7% from 1946. This arose from a decrease in passengers carried of 6.1% and a reduction in the average journey from 136.4 miles to 113.8 miles. Coach traffic declined more than first class traffic and while earnings from sleeping, parlor and dining car services were less, available space continued to be well taken up. The fare per passenger mile averaged 2.40 cents as against 2.12 cents in 1946, due in part to certain fares over routes competitive with United States lines having been increased concurrently with increases authorized by the Interstate Commerce Commission.

WORKING EXPENSES increased \$24,040,952, or 8.8%. Wages and salaries increased \$10,916,533, of which approximately \$6,500,000 was due to bearing the full year's cost of the wage increase of 10 cents per hour granted June 1, 1946. The balance arose from the greater number of hours worked together with certain wage adjustments and changes in



working conditions granted various groups of employees. Expenses for material and supplies and other items increased \$13,828,748, while tax accruals were \$704,329 less.

The ratio of working expenses to gross earnings was 92.81%, a reduction of a bare .06 from last year's ratio, which was the highest on record.

MAINTENANCE EXPENSES totalled \$117,061,922 for the year, of which \$54,776,657 was for maintenance of way and structures and \$62,285,265 for maintenance of equipment. This was an increase of \$7,370,322 over the expenses of 1946. In total they represented 36.7% of gross earnings compared with 37.5% in 1946.

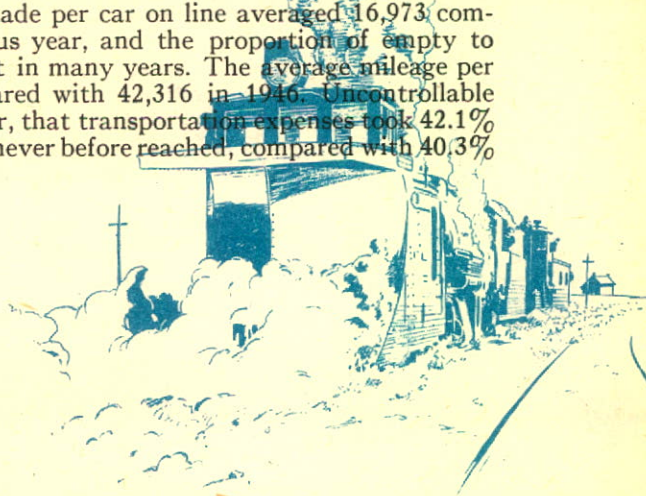
Track maintenance included the placing in track of 2,382,860 treated and 731,060 untreated ties, the laying of 382 single track miles of new rail and application of 23.2 miles of rock ballast and 214.6 miles of other types of ballast. The Sperry detector car, which is used in the examination of rails for hidden defects, tested 8,090 miles of track.

The programme for renewal of rails, fastenings and ballast was below a level adequate for a year of heavy traffic volume owing to short supply of both material and labour, but some progress was made in overtaking deferred maintenance of ties. To provide for renewals deferred during the year, less what was overtaken on ties, a net amount of \$2,400,000 was charged to maintenance and carried to Maintenance Reserves.

Rolling stock maintenance included complete overhauls of 767 locomotives, 28,379 freight train cars and 1,294 passenger train cars. At the end of the year 98.2% of freight cars and 93.5% of locomotives were in serviceable condition. Owing to the situation as to material and labour, the rolling stock maintenance that was done, while adequate for the traffic volume, did not effect any reduction in the deferred work accumulated during the war years.

TRANSPORTATION EXPENSES amounted to \$133,952,979, an increase of \$16,055,016, or 13.6%, over 1946. The heavier traffic, together with higher wage rates, increased prices of fuel and other supplies, and widespread severe weather conditions in the early part of the year accounted for the greater expense.

Freight train operating performance showed improvement, reflecting in part the intensive efforts to obtain maximum utilization of the limited supply of equipment. Miles made per car on line averaged 16,973 compared with 16,177 the previous year, and the proportion of empty to total car miles was the lowest in many years. The average mileage per locomotive was 44,591, compared with 42,316 in 1946. Uncontrollable costs so predominated, however, that transportation expenses took 42.1% of gross earnings, a proportion never before reached, compared with 40.3% in the previous year.



The following statistical averages are indicative of the general level of efficiency in operations:

	1947	1946
Freight Train Load—gross tons.....	1,723	1,688
Freight Train Speed—miles per hour.....	15.9	16.1
Gross Ton Miles per Freight Train Hour.....	27,456	27,187
Freight Train Fuel Consumption—pounds per 1,000 gross ton miles	115	116
Freight Car Load—tons.....	31.2	30.8

RAILWAY TAX ACCRUALS amounted to \$16,172,935, of which \$12,000,000 was provision for Dominion Income and Provincial Corporation taxes, a reduction of \$1,000,000 from the 1946 provision.

NET EARNINGS from railway operations were \$22,892,189, an increase of \$2,049,139. Out of each dollar of gross earnings, only seven cents of net was realized. In 1944 when gross earnings were roughly the same as in 1947, net earnings amounted to \$43,159,664, or nearly double the 1947 figure. In this comparison the 1947 results are favoured by the increase in earnings derived from the rate increases on international traffic to which previous reference has been made.

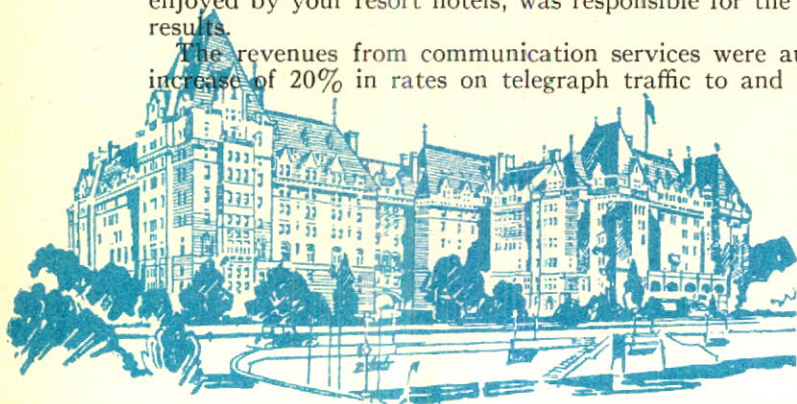
OTHER INCOME

Other Income, at \$24,788,927, was the highest in your Company's history. It was \$2,009,133 more than in the previous record year of 1946.

The net earnings from ocean and coastal steamship operations decreased \$401,917. Ocean steamship earnings were greater, due principally to the addition of the sixth Beaver ship to your Company's North Atlantic fleet and the return to passenger service in July of the Empress of Canada. The decline in net earnings of coastal steamships, chiefly due to increased costs of operation, more than offset the improvement in ocean steamship earnings. Higher freight and passenger charges were put into effect on the British Columbia service on the removal of price control but were not effective early enough to affect greatly the year's results.

Net earnings of your hotels were better than in any previous year; they exceeded, by \$545,870, those of 1946 which had been the highest up to that time. Labour and material costs have been advancing rapidly over the past few years and in order to catch up with these costs it became necessary in the early summer to increase charges for meals and rooms in all your hotels. This, together with the larger volume of business enjoyed by your resort hotels, was responsible for the more favourable results.

The revenues from communication services were augmented by an increase of 20% in rates on telegraph traffic to and from the United



States which was authorized by the Board of Transport Commissioners for Canada on June 6, 1947, following a general increase allowed by the Interstate Commerce Commission. Domestic rates remained unchanged throughout the year. As a result of rising costs, net earnings were \$302,392 less.

Earnings from miscellaneous properties decreased \$380,216, of which a large portion was due to the lower earnings from the old Hotel Vancouver. The lease of this property to the Citizens' Rehabilitation Council was renewed to April, 1948. An option for sale of the property was granted by your Company which remained open for acceptance at the end of the year.

Dividend income increased by \$5,984,263. Dividends from The Consolidated Mining & Smelting Company of Canada, Limited at \$8.00 per share amounted to \$13,460,000 compared with \$4.25 per share and \$7,150,625 in 1946. The sustained heavy export demand and the marked improvement in world market prices for base metals enabled larger returns to be realized than were earned during the past several years.

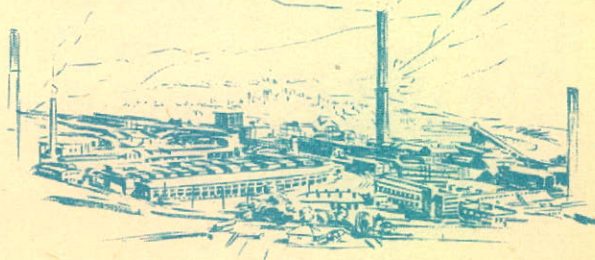
Net income from interest, exchange, separately operated properties and miscellaneous sources decreased \$3,436,475. Interest from the Steamship Replacement Fund decreased \$298,207, owing to withdrawals from the Fund for expenditures on ships. Exchange account decreased \$1,514,259. There was a decrease of \$1,995,455 as a result of stating sterling expenditures for fixed charges at the official rate, but this was offset in part by the benefit for a full year of the revaluation, effective July 6, 1946, of the Canadian dollar in relation to the currencies of the United Kingdom and the United States. The earnings of your Air Lines were \$956,637 less and there was an increase of \$337,162 in the deficit of the Northern Alberta Railways, half of which is borne by your Company.

FIXED CHARGES

Fixed charges amounted to \$15,787,174, a decrease of \$2,700,939. Of this, \$705,484 was brought about principally by a reduction in funded debt outstanding and in leased line rentals. The balance is the result of stating interest and rents payable in sterling at the official rate instead of at par of exchange.

NET INCOME AND DIVIDENDS

Net income amounted to \$31,893,942, an increase of \$6,759,211 over 1946. Dividends declared from the year's net income aggregated \$21,307,682, of which \$4,557,682 was for two half-yearly dividends on the Preference Stock of 2 per cent. each and \$16,750,000 for dividends on the Ordinary Stock of 2 per cent. paid November 1, 1947, and 3 per cent. payable March 31, 1948. The source of income for the payment of dividends on the Ordinary Stock was indicated clearly in special announce-



ments made by your Directors. The last such statement, issued February 9, 1948, was as follows:

"The Directors consider it desirable to point out that this dividend of three per cent. making a total dividend payment of five per cent. in respect of operations for the year 1947 is made possible only by income from sources other than railway operations. Continued increases in gross earnings from freight traffic had been largely offset by decreases in passenger traffic and by increases in wages and the cost of materials and supplies."

LAND ACCOUNTS

During the year 133,118 acres of agricultural lands were sold for \$650,274, an average price of \$4.88 per acre.

Cash received on land account, including initial and instalment payments on principal, totalled \$4,312,677. Disbursements, including taxes, were \$1,086,415, leaving net cash receipts of \$3,226,262. This was a decrease of \$800,255 from the previous year.

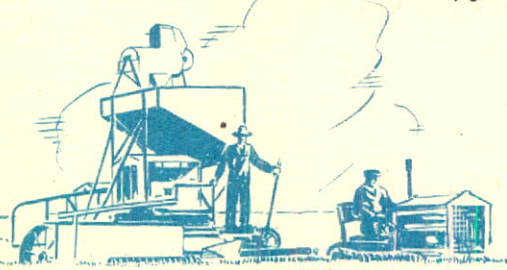
Concessions to contract holders similar to those of previous years were again approved for the crop year 1947-1948. Improved economic conditions in Western Canada during the past few years have had the effect of reducing the amount of such assistance required. The total amount of assistance to contract holders since the inauguration of the policy in 1932, up to the end of 1947, was \$27,525,518.

Following a detailed survey of your Company's mineral reservations, authorization was given for the surrender to the Province of Alberta of the coal rights in areas comprising 714,135 acres lying outside the recognized coal-producing regions. This will effect an annual saving in taxes of \$11,712.

BALANCE SHEET

Total assets at the end of the year amounted to \$1,648,453,823, an increase of \$26,008,155 during the year. There was a net increase of \$32,033,830 in Property Investment, details of which are shown in a supporting schedule to the Balance Sheet. The largest item of expenditure was \$26,011,981 for Rolling Stock, of which \$19,765,867 was for new freight cars.

In accordance with policy outlined in the Annual Report for 1940, the proceeds during the war of sales of vessels and insurance recoveries, with interest thereon, have been set aside in a Steamship Replacement Fund. The proceeds and insurance were largely recovered in sterling and included in this Fund at \$4.86 $\frac{2}{3}$ to the pound. As expenditures for new



steamships have been made from the Fund, these have been charged to Property Investment at the same rate. In 1947 capital expenditures for steamships and insurance recoveries have been recorded at the official rate and the prior expenditures have also been adjusted to official rates by a charge of \$1,530,679 to Profit and Loss.

The Great Lakes Steamship Athabasca which had been in service since 1884 was sold for scrap during the year.

FINANCE

The amount of serial equipment obligations paid during the year was \$8,264,000, reducing the Funded Debt by that amount and reducing the amount of Consolidated Debenture Stock pledged as Collateral by \$268,000.

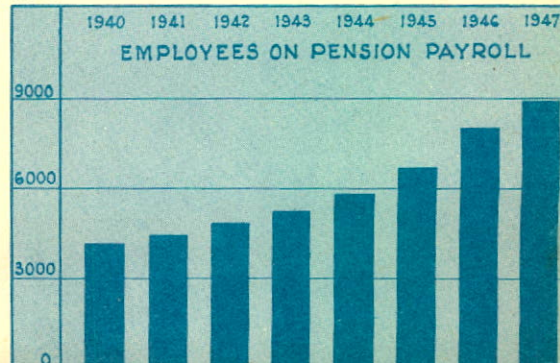
As of January 2, 1948, The Royal Trust Company, as Trustee, entered into an agreement under which \$20,000,000 principal amount of Equipment Trust Certificates was issued, guaranteed as to principal and interest by your Company. This issue, designated as Series "J" maturing in equal annual instalments from January 2, 1949, to January 2, 1958, inclusive, is payable in Canadian currency, and bears interest at 2% per annum payable semi-annually commencing July 2, 1948. Under this arrangement, equipment constructed or to be constructed at an estimated cost of \$25,027,410 in Canadian funds is leased to your Company at a rental equal to the instalments of principal of and interest on the Equipment Trust Certificates, such rental being payable on June 30 and December 30 in each year from 1948 to 1957 inclusive.

PENSIONS

The number of employees pensioned during 1947 was 1,369 and 475 pensions were terminated by death and other causes. At the end of the year there were 8,936 on the pension payroll, an increase of 894. Distribution of the pensioners by ages was as follows:

Under 60 years of age.....	446
From 60 to 64 years of age, inclusive.....	1,145
From 65 to 70 years of age, inclusive.....	4,819
Over 70 years of age.....	2,526
	8,936

Charges to working expenses for pensions amounted to \$7,887,000. This includes your Company's proportion of the pension allowances paid during the year, levies in respect of employees covered by the United States Railroad Retirement Act, and the annual contribution of \$1,750,000 to the Pension Trust Fund.



WAGE NEGOTIATIONS

At the beginning of the year notice was served by various groups of employees requesting extended annual vacation allowances. Subsequently a Board of Conciliation reported substantially in favour of the extensions asked for and a settlement was then negotiated which will be effective in 1948.

During the year certain groups of employees pressed requests for changes in working conditions in their agreements all of which involved increased expense to your Company. The proposals of the maintenance of equipment employees and the railway telegraphers were disposed of through negotiation. In other cases Boards of Conciliation were established as a result of which settlements were reached after further negotiations. Some cases are still outstanding, notably those concerning maintenance of way employees and conductors and trainmen.

The effect of the settlements negotiated during 1947 will be to increase the payroll expenses by approximately \$2,250,000 per annum.

In November representatives of practically all organized employees served notice asking for a general wage increase of thirty-five cents per hour or its equivalent. It was impossible to entertain these requests, and they will be the subject of investigation by Boards of Conciliation early in 1948. A general wage increase of thirty-five cents per hour for all employees of your Company would mean an increased payroll expense of nearly \$65,000,000. Your Company, while fully aware of the sharp rise that has taken place in the cost of living during the year, is firmly of the view that the demands made are not justified under existing circumstances.

To relieve the existing labour shortage, your Company made application to the proper authorities to recruit in Europe and bring to Canada for employment in track and other maintenance work a total of 1,720 men. Your Company obligated itself to provide employment for such men for a limited period following their entry into Canada at wage rates and under conditions of employment, including accommodation, not less favourable to the employee than those prevailing in the locality for similar classifications of employment.

CANADIAN PACIFIC AIR LINES, LIMITED

The realignment of services following the survey of Canada's air transport requirements conducted by the Air Transport Board, mentioned in the last Annual Report, resulted in the relinquishment during the early part of 1947 of almost all the non-schedule or charter licences held by your Air Lines. On the other hand, certain new routes were assigned, including the scheduled services between Vancouver and Prince Rupert;



Vancouver and Calgary via the Okanagan Valley; Winnipeg and Flin Flon via The Pas; and Seven Islands and Knob Lake. In order to meet the requirements of the new services, nine twin-engined aircraft were acquired and 26 of the smaller and older planes were disposed of.

The loss of earnings from the charter operations previously conducted and the cost of organizing and developing the new routes, combined with the increased costs of materials and labour, resulted in a net loss, after depreciation, of \$584,266 as compared with a profit of \$372,371 in the previous year.

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD COMPANY

A dividend on the capital stock of this Company was declared on February 19, 1947, at the rate of \$1.00 per share, amounting to \$791,104, of which your Company received \$359,829.

Gross earnings of the Soo Line for the year amounted to \$32,487,992, an increase of \$4,517,844 over the previous year. Freight earnings were \$4,617,368 higher, principally as a result of the increases in rates authorized by the Interstate Commerce Commission. Working expenses for the year amounted to \$30,454,813, an increase of \$3,502,733.

Net income for the year, after provision for fixed and contingent charges, amounted to \$1,183,000 compared with \$154,188 in the previous year.

The voting trust agreement which had been entered into pursuant to the plan of reorganization of the Soo Line was terminated at December 31, 1947, by unanimous action of the Voting Trustees. The effect of this action was to transfer to the shareholders the right to vote the capital stock of which your Company now owns 50.03%.

The Wisconsin Central continues to be operated by the Soo Line as agent for the Trustees of the Wisconsin Central. The plan of reorganization previously proposed by an Examiner of the Interstate Commerce Commission has now been approved with certain modifications by the Commission. Your Company as well as other interested parties have petitioned for an order for further modification of certain features of the plan. On February 2, 1948, the Commission issued an order reopening the proceedings for further hearing.

THE DULUTH, SOUTH SHORE & ATLANTIC RAILWAY COMPANY

The plan of reorganization proposed by the Trustees of the South Shore as a result of the negotiations between your Company and representa-



tives of the holders of a substantial portion of the First Mortgage Bonds, which was under consideration by the Interstate Commerce Commission at the end of 1946, was approved by the Commission on June 19, 1947, with certain modifications. In order to expedite the reorganization proceedings, all parties in interest have agreed not to file any objections to the modified plan, which has now been certified to the District Court.

Gross earnings of the South Shore for the year were \$5,323,656, an increase of \$1,233,257, of which approximately \$731,000 was due to higher freight rates. Net earnings amounted to \$537,460, an increase of \$526,685 over the previous year.

RATES AND SERVICES

Previous reference has been made in this Report to the application filed with the Board of Transport Commissioners for Canada for authority to increase freight rates by 30%. There were certain exceptions to the request for a general increase, namely the statutory grain rates which may only be increased by authority of Parliament and rates on coal and coke for which definite amounts per ton were requested. It was estimated that the overall increase in freight revenues involved in the application amounted to 22.6%.

Following the release from price control of freight and express charges, under order of the Wartime Prices and Trade Board effective September 15, 1947, the railways of Canada took steps to increase by 30% competitive freight rates and competitive express rates.

The railway companies felt justified in proposing these increases in rates which they had voluntarily established to meet competition, because their competitors' costs had also substantially increased and the abnormally low rates could therefore no longer be justified. Such rates as increased would in no instances have exceeded either the normal rates previously established without regard to competition or those fixed as maximum rates by the Board of Transport.

The Board ruled, however, that all rates, including these competitive rates, were under consideration in the general application and that it was desirable that they should continue to be considered together until final disposition. The railways were therefore ordered to suspend these increases.

References have also been made to increases in freight rates granted United States carriers by the Interstate Commerce Commission, the extension of these by authority of the Board of Transport to related traffic in Canada and the effect of the increases on Canadian Pacific, Soo Line and South Shore earnings.

The Interstate Commerce Commission dealt with general rates in proceedings, known as Ex Parte 162 and Ex Parte 166. In the first proceeding, interim increases averaging 6.5% authorized to take effect

July 1, 1946, were superseded effective January 1, 1947, by increases averaging 17.6%. Ex Parte 166 followed and interim increases averaging 8.9% over rates then existing were authorized effective October 13, 1947, superseding, pending a final order, by a second interim increase averaging 17.5% effective January 5, 1948. In relation to rates in effect at June 30, 1946, the increases referred to have brought about an average increase of 38.2%.

Plans have been completed for a combined ship, rail, bus and truck terminal at Nanaimo, B.C., to provide direct ship-side connections to Canadian Pacific ships on the Vancouver-Nanaimo run. Buildings will include a modern passenger depot on the wharf, a depot for freight trucks and a garage for servicing buses and trucks. The piers will provide wharfage facilities for two ships of the Princess class.

In order to supplement and improve existing services, your wholly owned subsidiary, Canadian Pacific Transport Company, Limited, acquired a highway transport company serving the Okanagan Valley of British Columbia and completed arrangements for the acquisition of two transport services in Manitoba and Saskatchewan.

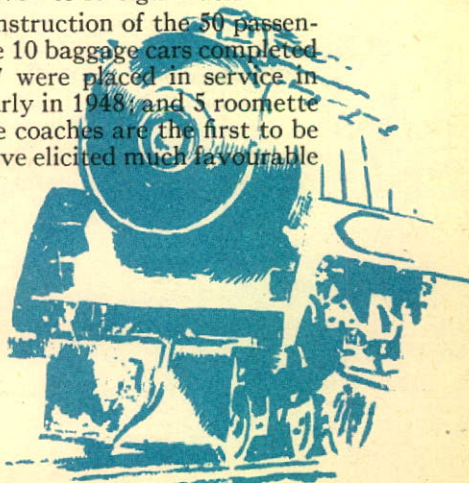
Much research has been directed to the various types of motive power required for use in different classes of railway service. Following extensive tests and studies, decision was made during the past year, and action is now being taken, to change over completely to diesel-electric locomotives for all services on the Esquimalt & Nanaimo Railway on Vancouver Island. Investigations are continuing to determine specifically the operations elsewhere on the system where this type of locomotive can be used to greatest advantage.

NEW ROLLING STOCK PLACED IN SERVICE DURING YEAR	
Locomotives	
Steam	6
Diesel	13
Freight Train Cars	
Box	2,672
Automobile	500
Hopper	251
Refrigerator	55
Caboose	50
Passenger Train Cars	
Baggage	10
Coach	7

Diesel switching locomotives are proving their effectiveness in yard operations at major terminals across the system. At the end of the year 55 diesel switchers were in service, of which 13 were received during 1947.

The number of new freight cars received was greater than in any year since 1937, but only half of the units in the 1947 programme were received during the year owing to priorities given to foreign orders.

Much delay has been experienced in the construction of the 50 passenger train cars ordered in 1945. These comprise 10 baggage cars completed in 1947; 35 light-weight coaches, of which 7 were placed in service in 1947 and the remainder are being delivered early in 1948; and 5 roomette sleeping cars, also to be finished in 1948. The coaches are the first to be added since 1942 and their modern features have elicited much favourable comment from the travelling public.



The location of industrial enterprises and warehousing or distributing businesses on your Company's lines is of major importance in the development of traffic. During the year, 563 manufacturing, distributing and warehousing establishments began or expanded their operations on your Company's lines. The needs of 240 of these firms required the construction of 34 miles of siding facilities.

Work was begun during the year on a centrally controlled classification terminal in the Montreal area, where the hump retarder system is to be used in switching cars to their assigned tracks. When completed, this new freight facility will consolidate work now performed in a number of separate yards, speed up deliveries and effect economies in operations. A modern yard adequate to handle effectively the substantial number of freight cars moving in and out of Montreal has been a pressing need for some time.

OPERATING REGIONS

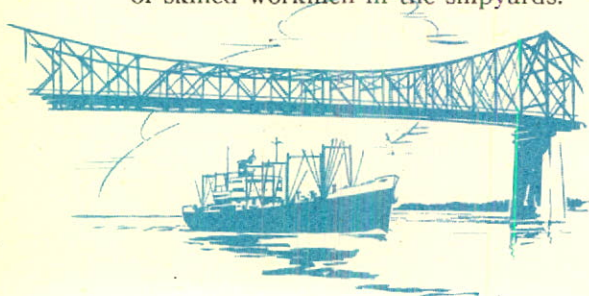
A reorganization was undertaken during the year under which there were constituted the Eastern, Prairie and Pacific operating regions replacing the previous geographical divisions known as Eastern and Western Lines. The ever-increasing importance of the Province of British Columbia in the Canadian economy was recognized by withdrawing the Company's lines in that Province from Western Lines and establishing the Pacific Region. The remainder of the Company's operations in Western Lines, comprising those in the extensive grain producing areas and the growing industrial centres of the Prairie Provinces, now make up the newly formed Prairie Region.

STEAMSHIP REPLACEMENT

The Beavercove, fourth of the Atlantic Beavers designed and built for your Company, was delivered during 1947 and entered regular freight service between Canada and the British Isles in September. The Beaverburn and Beaverford, ultimately intended for the Pacific, remained in the Atlantic service throughout the year. The six Beaver ships combined carried 445,960 tons of cargo, principally vital foodstuffs, to the United Kingdom, and carried 91,101 tons to Canada. In addition, 1,295 passengers were accommodated on the Beaverburn and Beaverford.

In July the Empress of Canada, the former Duchess of Richmond, which had been completely overhauled and reconditioned, returned to the Atlantic service and up to the end of the year carried 10,241 passengers and 36,484 tons of cargo.

The Duchess of Bedford was released from troop transport service and is being refitted before returning to the Atlantic service. She is to be renamed the Empress of France. Serious delays have been encountered owing to scarcity of materials and the lack of sufficient numbers of skilled workmen in the shipyards.



In September your Company purchased the former German motor vessel Huascarán and renamed her Beaverbrae. This vessel was reconditioned and is now in service in the transport of displaced persons and immigrants from Europe. The Beaverbrae has a carrying capacity of approximately 800 passengers and 6,000 tons of cargo.

The Princess Kathleen, fully reconditioned and with modernized fittings, re-entered your Company's service on the triangle run between Vancouver, Victoria and Seattle. The two new passenger steamships being constructed for the British Columbia Coast Service are expected to be placed in service before the end of 1948.

Discussions were continued with shipbuilders in the United Kingdom looking toward the placing of contracts for the construction of two large passenger vessels, one for Pacific service and one for the Atlantic, plans and specifications for which were completed in 1946.

CAPITAL APPROPRIATIONS

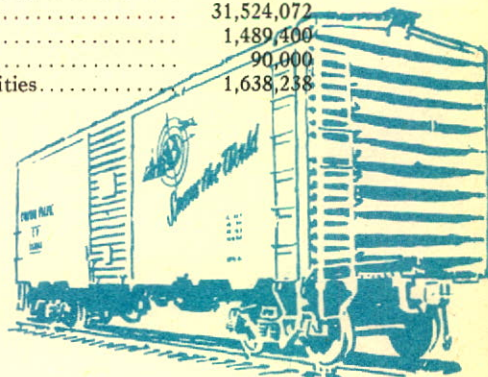
NEW ROLLING STOCK ON ORDER		
	Undelivered 1948	
	31/12/47	Orders
Locomotives		
Steam	58	—
Diesel	—	44
Freight Train Cars		
Box	955	1,000
Hopper	350	450
Gondola	500	350
Caboose	30	100
Refrigerator	500	—
Automobile	120	—
Passenger Train Cars		
Coach	28	75
Baggage & Express	10	15
Mail & Express	10	10
Other	11	15
Work Units	1	203

In anticipation of your confirmation, capital appropriations in addition to those approved at the last Annual Meeting were authorized by your Directors during the year in the amount of \$36,390,854. Included were provisions of \$22,720,000 for 63 locomotives and 1,705 freight train cars, \$8,000,000 for construction of a new freight yard at Montreal, and \$2,738,843 for the acquisition of the motor vessel Huascarán and for betterments to the Empress of Canada.

Your approval will be requested

also for capital appropriations of \$43,280,017 for the year 1948. The principal items are as follows:

Additions and betterments to stations, freight sheds, coaling and watering facilities and enginehouses.....	\$ 3,615,297
Replacement and enlargement of structures in permanent form.....	829,327
Tie plates, rail anchors and miscellaneous roadway betterments.....	1,292,193
Replacement of rail in main line and branch line tracks with heavier section.....	1,110,299
Installation of automatic signals.....	372,583
Additional terminal and side track accommodation.....	759,454
Additions and betterments to shop machinery.....	494,228
New rolling stock.....	31,524,072
Additions and betterments to rolling stock.....	1,489,400
Ocean steamships.....	90,000
Additions and betterments to communication facilities.....	1,638,238



**CO-OPERATIVE AGREEMENT UNDER
CANADIAN NATIONAL-CANADIAN PACIFIC ACT**

An agreement was entered into between your Company and the Canadian National Railways under which the Canadian National is to abandon the operation of its line between Nevis and Alix in the Province of Alberta and the two Companies are to use jointly your Company's line between the same points, a distance of 9.52 miles. Your Company is to be compensated for the additional expense incurred by reason of the joint use of its tracks and facilities, and the net saving resulting from the abandonment of one line and the joint use of the other is to be divided equally between the two Companies.

STOCK HOLDINGS

The holdings of the Capital Stock of your Company at December 31 were as follows:

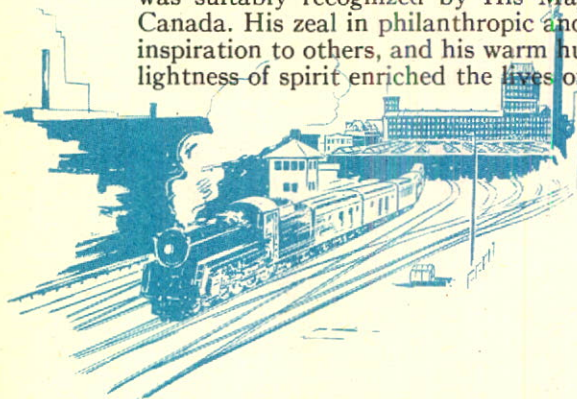
	ORDINARY		PREFERENCE		TOTAL
	No. of Holdings	Percentage of Stock	No. of Holdings	Percentage of Stock	Percentage of Stock
Canada.....	20,047	13.58	172	.51	9.71
United Kingdom and other British	11,400	41.87	27,142	96.64	58.09
United States	29,265	39.19	76	.34	27.68
Other Countries...	3,212	5.36	544	2.51	4.52
	<u>63,924</u>	<u>100.00</u>	<u>27,934</u>	<u>100.00</u>	<u>100.00</u>

DIRECTORATE

It is with deep regret that your Directors record the loss by death of a member of the Board, Mr. George W. Spinney, C.M.G., in February, 1948.

Mr. Spinney, who was appointed a Director in 1944 and a Member of the Executive Committee of the Board in 1946, gave to the affairs of your Company the full benefit of his great talents and wise counsel.

Mr. Spinney's sterling character and sound judgment had won for him the respect and regard of Governments and of commercial and financial bodies both at home and abroad. An able administrator, he influenced beneficially many phases of Canadian economic life. His patriotic services in the organization of the First Victory Loan of the Dominion of Canada and his chairmanship of the National War Finance Committee made an important contribution to Allied Victory, which was suitably recognized by His Majesty and by the Government of Canada. His zeal in philanthropic and educational work was a source of inspiration to others, and his warm human sympathies, his geniality and lightness of spirit enriched the lives of all those associated with him.



Early in the present year the health of Mr. W. M. Neal, C.B.E., Chairman and President of your Company, showed signs of deterioration and notwithstanding a prolonged rest he failed to improve. In consequence of advice from his physicians he asked that he be relieved of his responsibilities at the earliest possible date, and your Directors reluctantly felt impelled to accept his resignation.

Mr. Neal's record is one of distinctive achievement in the field of railway operation. Throughout the many years of his service, in whatever office he held, his zeal, ability and energy were conspicuous; and, beside serving your Company with great efficiency, he rendered the Country meritorious service in the War of 1914-18 as General Secretary of the Canadian Railway War Board; and again in the recent World War as Canadian representative on the Transportation Equipment Committee of the Combined Production and Resources Board of Canada, the United Kingdom and the United States.

At the meeting of the Board held on the date of this Report Mr. George A. Walker, K.C., Vice-President of your Company, a Director and member of the Executive Committee, was elected Chairman of the Company.

Mr. W. A. Mather, Vice-President of the Prairie Region of your Company's System, was elected a Director, a member of the Executive Committee and President of the Company.

The undermentioned Directors will retire from office at the approaching annual meeting. They are eligible for re-election:

Mr. D. C. Coleman, C.M.G.

Mr. John W. Hobbs

Hon. Charles A. Dunning, P.C.

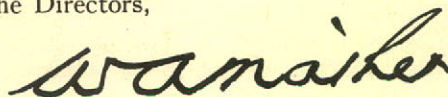
Mr. R. S. McLaughlin

Sir Edward Peacock, G.C.V.O.

OFFICERS AND EMPLOYEES

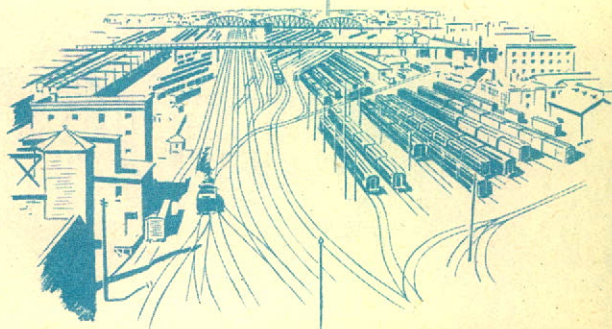
Throughout the years an enviable record of devotion to duty has been built up by the officers and employees of your Company. By their efforts the high standards of Canadian Pacific service have been not only maintained but advanced. Your Directors desire to express their appreciation of these achievements and their gratitude for the loyalty to the best interests of your Company continuously expressed through the competent performance of duty.

For the Directors,



President.

MONTREAL, MARCH 8, 1948.



CANADIAN PACIFIC GENERAL BALANCE SHEET

ASSETS

PROPERTY INVESTMENT:

Railway, Rolling Stock and Inland Steamships.....	\$ 880,747,256
Improvements on Leased Property.....	107,956,776
Stocks and Bonds—Leased Railway Companies.....	134,169,779
Ocean and Coastal Steamships.....	54,545,167
Hotel, Communication and Miscellaneous Properties.....	97,644,309
	<u>\$ 1,275,063,287</u>

OTHER INVESTMENTS:

Stocks and Bonds—Controlled Companies.....	\$ 69,939,167
Miscellaneous Investments.....	47,039,979
Advances to Controlled and Other Companies.....	7,236,035
Mortgages Collectible and Advances to Settlers.....	1,293,295
Deferred Payments on Lands and Townsites.....	10,782,049
Unsold Lands and Other Properties.....	13,423,071
Maintenance Fund.....	27,600,000
Insurance Fund.....	12,460,156
Steamship Replacement Fund.....	34,645,823
	<u>224,419,575</u>

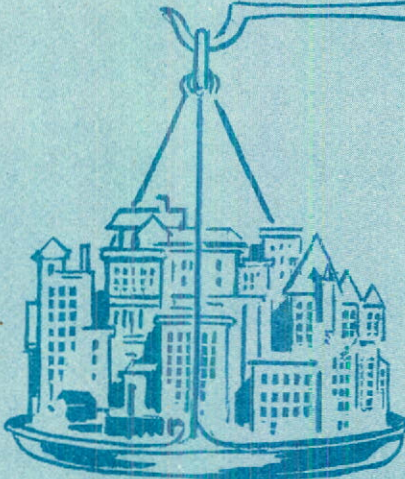
CURRENT ASSETS:

Material and Supplies.....	\$ 36,712,903
Agents' and Conductors' Balances.....	14,741,396
Miscellaneous Accounts Receivable.....	17,968,071
Dominion of Canada Securities.....	31,667,000
Cash.....	42,644,686
	<u>143,734,056</u>

UNADJUSTED DEBITS:

Insurance Prepaid.....	\$ 238,296
Unamortized Discount on Bonds.....	3,781,185
Other Unadjusted Debits.....	1,217,424
	<u>5,236,905</u>

\$ 1,648,453,823



TO THE SHAREHOLDERS, CANADIAN PACIFIC RAILWAY COMPANY:

We have examined the above General Balance Sheet of the Company as at December 31, 1947, the Income and Profit Statement for that date and other related schedules, and have reported thereon to the Company.

The records of the securities owned by the Company as at December 31, 1947, were received from such depositories as were holding such securities.

In our opinion the General Balance Sheet and other related schedules are properly drawn up so as to show the financial position of the Company at December 31, 1947, and the results of its operations for the year ended on that date to the best of our information and the explanation furnished to us by the Company.

Montreal, March 5, 1948.

RAILWAY COMPANY

T, DECEMBER 31, 1947

23

LIABILITIES

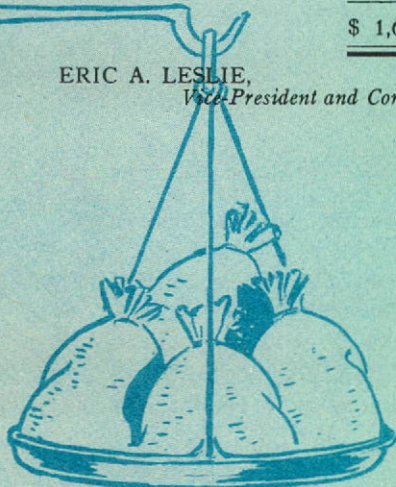
CAPITAL STOCK:		
Ordinary Stock.....	\$ 335,000,000	
Preference Stock—4% Non-cumulative.....	137,256,921	
	<hr/>	\$ 472,256,921
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK	\$ 325,856,729	
Less: Pledged as collateral to bonds and equipment obligations.....	30,418,500	
	<hr/>	295,438,229
FUNDED DEBT		75,301,000
CURRENT LIABILITIES:		
Pay Rolls.....	\$ 7,053,336	
Audited Vouchers.....	9,284,072	
Net Traffic Balances.....	4,491,862	
Miscellaneous Accounts Payable.....	9,452,084	
Accrued Fixed Charges.....	938,186	
Unmatured Dividend Declared.....	2,278,841	
Other Current Liabilities.....	13,339,604	
	<hr/>	46,837,985
DEFERRED LIABILITIES:		
Dominion Government Unemployment Relief.....	\$ 1,447,223	
Miscellaneous.....	2,961,578	
	<hr/>	4,408,801
RESERVES AND UNADJUSTED CREDITS:		
Maintenance Reserves.....	\$ 27,600,000	
Depreciation Reserves.....	324,478,772	
Investment Reserves.....	3,702,115	
Insurance Reserve.....	12,460,156	
Contingent Reserves.....	5,188,998	
Unadjusted Credits.....	6,475,843	
	<hr/>	379,905,884
PREMIUM ON CAPITAL AND DEBENTURE STOCK		34,458,562
LAND SURPLUS		60,722,480
PROFIT AND LOSS BALANCE		279,123,961
		<hr/>
		<u>\$ 1,648,453,823</u>

ERIC A. LESLIE,
Vice President and Comptroller.

Balance Sheet of the Canadian Pacific Railway Company for the year ending on December 31, 1947, compared them with the books and records of the Company at December 31, 1947, were verified by the custody of its Treasurer and by certificates in safe custody for the Company.

Income and Profit and Loss Accounts and the Balance Sheet of the Company for the year then ended, according to the books and records of the Company given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.



CONTINGENT LIABILITIES

IN RESPECT OF SECURITIES OF LEASED RAILWAY COMPANIES:

DESCRIPTION	RATE	PRINCIPAL OUTSTANDING	NATURE OF OBLIGATION
ATLANTIC AND NORTH-WEST RAILWAY COMPANY			
First Mortgage Redeemable Debenture Stock, maturing January 1, 1957.	4%	£1,300,000	Guarantee of principal.
THE CALGARY AND EDMONTON RAILWAY COMPANY			
Consolidated Debenture Stock, terminable January 1, 2002.....	4%	£1,121,700	Guarantee and assumption of payment of principal upon expiry of lease (January 1, 2002) or in alternative, renewal of lease.
JOLIETTE AND BRANDON RAILWAY COMPANY			
First Mortgage Bonds, maturing January 1, 2000.....	4%	\$ 125,000	Covenant in lease to pay principal upon maturity.
QUEBEC CENTRAL RAILWAY COMPANY			
Second Mortgage Debenture Stock, maturing January 1, 1963.....	3½%	£ 338,000	Guarantee of principal in favour of Trustees.
Third Mortgage Bonds, maturing January 1, 1963.....	5%	£ 338,000	Guarantee of principal in favour of Trustees.

The interest on above obligations is included as part of Rent for Leased Roads in Fixed Charges.

IN RESPECT OF SECURITIES OF CONTROLLED COMPANIES:

AROOSTOOK VALLEY RAILROAD COMPANY			
First and Refunding Mortgage Bonds, maturing July 1, 1961.....	4½%	£ 93,600*	Guarantee of interest.

*Includes £69,400 held in Sinking Fund and £300 held in the Treasury.

OTHER:

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY*			
Second Mortgage Bonds, dated to mature January 1, 1949.....	4%	\$3,421,450†	Guarantee of interest.
First Refunding Mortgage Bonds, Series "B", dated to mature July 1, 1978.....	5½%	\$1,721,225†	Guarantee of interest.

*Predecessor of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company.

†Payable in United States currency.

TAXES.—Provision has been made for the estimated amount of all Dominion Income and Excess Profits Taxes payable but the final liability in connection therewith has not yet been determined.

CHANGES IN PROPERTY INVESTMENT

RAILWAY, ROLLING STOCK AND INLAND STEAMSHIPS:

Balance at December 31, 1946.....		\$855,594,043	
Additions and Betterments:			
Railway.....	\$ 4,015,623		
Rolling Stock.....	26,011,981		
Inland Steamships.....	106,735		
		\$30,134,339	
Retirements and Transfers.....	Cr.	4,981,126	
			25,153,213
Total December 31, 1947, as per Balance Sheet.....			\$ 880,747,256

IMPROVEMENTS ON LEASED PROPERTY:

Balance at December 31, 1946.....		\$105,533,177	
Additions and Betterments:			
Railway.....	\$ 3,066,847		
Retirements and Transfers.....	Cr.	643,248	
			2,423,599
Total December 31, 1947, as per Balance Sheet.....			107,956,776

STOCKS AND BONDS—LEASED RAILWAY COMPANIES:

Balance at December 31, 1946.....		\$134,170,939	
Acquired:			
\$2,000 First Mortgage Bonds, The Lake Champlain and St. Lawrence Junction Railway Company.....	\$ 1,840		
\$1,000 First Mortgage Bonds, Manitoba South Western Colonization Railway Company.....	1,000		
Redeemed:			
\$4,000 First Mortgage Bonds, Newport and Richford Railroad Company.....	Cr.	4,000	
			Cr. 1,160
Total December 31, 1947, as per Balance Sheet.....			134,169,779

OCEAN AND COASTAL STEAMSHIPS:

Balance at December 31, 1946.....		\$ 49,950,819	
Additions and Betterments:			
Ocean.....	\$ 4,493,986		
Coastal.....	2,105,994		
		\$ 6,599,980	
Retirements and Adjustment.....	Cr.	2,005,632	
			4,594,348
Total December 31, 1947, as per Balance Sheet.....			54,545,167

HOTEL, COMMUNICATION AND MISCELLANEOUS PROPERTIES:

Balance at December 31, 1946.....		\$ 97,780,479	
Additions and Betterments:			
Hotels.....	\$ 137,160		
Communications.....	934,913		
Miscellaneous Properties.....	41,286		
		\$ 1,113,359	
Retirements and Transfers.....	Cr.	1,249,529	
			Cr. 136,170
Total December 31, 1947, as per Balance Sheet.....			97,644,309

PROPERTY INVESTMENT DECEMBER 31, 1947, as per Balance Sheet..... \$1,275,063,287

STOCKS AND BONDS—LEASED RAILWAY COMPANIES

		Par Value or Principal Amount
THE ALBERTA CENTRAL RAILWAY COMPANY		
† Mortgage Bonds.....	4%	\$ 2,240,000
† Capital Stock.....		50,000
THE ALBERTA RAILWAY AND IRRIGATION COMPANY		
† Mortgage Bonds.....	4%	1,676,000
† Capital Stock.....		3,229,500
THE ALGOMA EASTERN RAILWAY COMPANY		
† Preferred Stock.....		1,000,000
† Common Stock.....		2,000,000
AROOSTOOK RIVER RAILROAD COMPANY		
† Capital Stock.....		793,550
ATLANTIC AND NORTH-WEST RAILWAY COMPANY		
† First Mortgage Bonds, Eganville Branch.....	4%	302,400
† Capital Stock (Guaranteed).....	5%	3,240,000
† Common Stock.....		180,000
THE BRITISH COLUMBIA SOUTHERN RAILWAY COMPANY		
† First Mortgage Bonds.....	5%	1,175,000
† Capital Stock.....		172,200
THE CALGARY AND EDMONTON RAILWAY COMPANY		
† Mortgage Bonds.....	4%	7,440,000
† Capital Stock.....		1,000,000
THE CAMPBELLFORD, LAKE ONTARIO & WESTERN RAILWAY CO.		
† Mortgage Bonds.....	4%	11,895,000
† Capital Stock.....		125,000
THE COLUMBIA AND KOOTENAY RAILWAY AND NAVIGATION CO.		
† First Mortgage Bonds.....	4%	1,277,500
† Capital Stock.....		250,000
THE COLUMBIA AND WESTERN RAILWAY COMPANY		
† First Mortgage Bonds.....	5%	5,691,000
† Capital Stock.....		925,000
THE DOMINION ATLANTIC RAILWAY COMPANY		
† First Refunding Mortgage Bonds.....	4%	7,307,000
† Preference Stock.....	5%	1,313,122
† Ordinary Stock.....		1,101,849
THE ESQUIMALT AND NANAIMO RAILWAY COMPANY		
† Mortgage Bonds.....	4%	7,165,000
† Capital Stock.....		2,500,000
THE FORT WILLIAM TERMINAL RAILWAY AND BRIDGE COMPANY		
† Capital Stock.....		125,000
THE FREDERICTON & GRAND LAKE COAL & RAILWAY COMPANY		
† First Mortgage Guaranteed Bonds.....	4%	465,000
† Capital Stock.....		140,000
THE GEORGIAN BAY AND SEABOARD RAILWAY COMPANY		
† Mortgage Bonds.....	4%	2,491,500
† Capital Stock.....		250,000
THE GREAT NORTH-WEST CENTRAL RAILWAY COMPANY		
† First Mortgage Bonds.....	5%	1,375,000
† Capital Stock.....		500,000
THE GUELPH AND GODERICH RAILWAY COMPANY		
† Mortgage Bonds.....	4%	2,415,000
† Capital Stock.....		125,000
THE INTERPROVINCIAL AND JAMES BAY RAILWAY COMPANY		
† Mortgage Bonds.....	5%	3,850,000
† Capital Stock.....		34,000
Carried forward.....		\$ 75,819,621

STOCKS AND BONDS—LEASED RAILWAY COMPANIES—Continued

		Par Value or Principal Amount
<i>Brought forward</i>		\$ 75,819,621
JOLIETTE AND BRANDON RAILWAY COMPANY		
†	Capital Stock.....	300,000
THE KASLO AND SLOCAN RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 231,000
†	Capital Stock.....	1,000,000
THE KETTLE VALLEY RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 15,210,000
†	Second Mortgage Bonds.....	4% 1,507,000
†	Capital Stock.....	375,000
THE KINGSTON AND PEMROKE RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 1,075,000
	First Preferred Stock.....	995,450
	Second Preferred Stock.....	138,250
	Common Stock.....	2,045,900
THE KOOTENAY CENTRAL RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 5,340,000
†	Capital Stock.....	250,000
LACOMBE AND NORTH WESTERN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 2,300,000
†	Capital Stock.....	500,000
THE LAKE CHAMPLAIN AND ST. LAWRENCE JUNCTION RAILWAY CO.		
	First Mortgage Bonds.....	4% 156,000
	Capital Stock.....	175,000
THE LINDSAY, BOBCAYGEON AND PONTYPOOL RAILWAY COMPANY		
†	Capital Stock.....	200,000
MANITOBA AND NORTH WESTERN RAILWAY CO. OF CANADA		
†	First Mortgage Bonds.....	5% 160,600
†	First Mortgage Bonds.....	6% 2,628,000
†	Mortgage Bonds.....	5% 12,196,000
†	Permanent Debenture Stock.....	5% 613,200
†	Preference Stock.....	415,000
	Capital Stock.....	5,613,113
MANITOBA SOUTH WESTERN COLONIZATION RAILWAY COMPANY		
	First Mortgage Bonds.....	5% 2,614,000
†	Capital Stock.....	700,000
MASSAWIPPI VALLEY RAILWAY COMPANY		
	Capital Stock.....	500,000
THE MIDLAND SIMCOE RAILWAY COMPANY		
†	Capital Stock.....	250,000
THE MONTREAL AND ATLANTIC RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 1,425,000
	Capital Stock.....	3,120,000
THE MONTREAL AND OTTAWA RAILWAY COMPANY		
†	First Mortgage Bonds.....	5% 1,636,250
	Capital Stock.....	197,000
NAKUSP & SLOCAN RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 1,211,750
†	Capital Stock.....	300,000
THE NEW BRUNSWICK SOUTHERN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 500,000
†	Capital Stock.....	49,000
<i>Carried forward</i>		\$141,747,134

STOCKS AND BONDS—LEASED RAILWAY COMPANIES—Concluded

		Par Value or Principal Amount
<i>Brought forward</i>		\$141,747,134
NEWPORT AND RICHFORD RAILROAD COMPANY		
† First Mortgage Bonds.....	4%	325,000
† Capital Stock.....		850,000
NICOLA, KAMLOOPS AND SIMILKAMEEN COAL AND RAILWAY CO.		
† Mortgage Bonds.....	4%	1,175,000
† Capital Stock.....		250,000
NORTHERN COLONIZATION RAILWAY COMPANY		
† Mortgage Bonds.....	4%	1,118,000
† Capital Stock.....		300,000
ONTARIO AND QUEBEC RAILWAY COMPANY		
Common Stock.....		111,900
ORFORD MOUNTAIN RAILWAY COMPANY		
† Mortgage Bonds.....	4%	152,000
† Capital Stock.....		501,000
THE OTTAWA, NORTHERN AND WESTERN RAILWAY COMPANY		
† Mortgage Bonds.....	4%	3,075,000
† Capital Stock.....		804,000
THE SAINT JOHN BRIDGE & RAILWAY EXTENSION COMPANY		
† Debenture Bonds.....	5%	125,000
† Capital Stock.....		200,000
THE ST. LAWRENCE AND OTTAWA RAILWAY COMPANY		
Preference Stock.....		466,000
THE ST. MARY'S AND WESTERN ONTARIO RAILWAY COMPANY		
† Mortgage Bonds.....	4%	356,500
† Capital Stock.....		250,000
THE ST. MAURICE VALLEY RAILWAY COMPANY		
† Mortgage Bonds.....	4%	945,000
† Capital Stock.....		500,000
THE SASKATCHEWAN AND WESTERN RAILWAY COMPANY		
† First Mortgage Bonds.....	5%	181,040
† Capital Stock.....		232,500
THE SHUSWAP AND OKANAGAN RAILWAY COMPANY		
† Mortgage Bonds.....	4%	1,250,000
† Capital Stock.....		741,000
THE SOUTH ONTARIO PACIFIC RAILWAY COMPANY		
† Mortgage Bonds.....	4%	495,000
† Capital Stock.....		200,000
TILSONBURG, LAKE ERIE AND PACIFIC RAILWAY COMPANY		
† Mortgage Bonds.....	4%	1,067,500
† Capital Stock.....		400,000
TORONTO, GREY AND BRUCE RAILWAY COMPANY		
Capital Stock.....		596,000
THE VANCOUVER AND LULU ISLAND RAILWAY COMPANY		
† First Mortgage Bonds.....	5%	455,000
† Capital Stock.....		25,000
THE WALKERTON AND LUCKNOW RAILWAY COMPANY		
† Mortgage Bonds.....	4%	740,000
† Capital Stock.....		19,000
THE WEST ONTARIO PACIFIC RAILWAY COMPANY		
† Capital Stock.....		21,000
Cost.....	\$134,169,779	Total <u><u>\$159,174,574</u></u>

†Denotes complete ownership.

STOCKS AND BONDS—CONTROLLED COMPANIES

		Par Value or Principal Amount
THE ALBERTA STOCK YARDS COMPANY, LIMITED		
† Preferred Stock.....		\$ 350,000
† Common Stock.....		86,000
AROOSTOOK VALLEY RAILROAD COMPANY		
Capital Stock.....		240,000
CANADIAN PACIFIC AIR LINES, LIMITED		
† Capital Stock—No Par Value—1,200,000 shares... Cost		6,000,000
CANADIAN PACIFIC EXPRESS COMPANY		
† Capital Stock.....		3,000,000
CANADIAN PACIFIC STEAMSHIPS, LIMITED		
† Capital Stock.....		43,800
CANADIAN PACIFIC TRANSPORT COMPANY, LIMITED		
† Capital Stock.....		50,000
CENTRAL TERMINAL RAILWAY COMPANY		
† Capital Stock.....		2,000,000
THE CHATEAU FRONTENAC COMPANY		
† Capital Stock.....		280,000
THE CONSOLIDATED MINING & SMELTING CO. OF CANADA, LTD.		
Capital Stock.....		8,412,500
THE DULUTH, SOUTH SHORE AND ATLANTIC RAILWAY COMPANY*		
† M. H. & O. Railroad Company Mortgage Bonds... 6%		1,077,000
† First Consolidated Mortgage Bonds..... 4%		15,107,000
EASTERN ABATTOIRS LIMITED		
† Capital Stock.....		5,700
THE GRAND RIVER RAILWAY COMPANY		
† Mortgage Bonds..... 4%		426,000
† Capital Stock.....		125,000
ISLAND FREIGHT SERVICE LIMITED		
† Capital Stock.....		100,000
THE LAKE ERIE AND NORTHERN RAILWAY COMPANY		
† Consolidated Mortgage Bonds..... 4%		2,317,500
† Capital Stock.....		1,403,725
LETHBRIDGE COLLIERIES, LIMITED		
Capital Stock.....		813,750
THE MERSEY TOWING COMPANY LIMITED		
† Capital Stock.....		165,905
MIDLAND SIMCOE ELEVATOR COMPANY, LIMITED		
Capital Stock.....		392,000
MINERAL RANGE RAILROAD COMPANY*		
† General Mortgage Bonds..... 4%		1,000,000
† Consolidated Mortgage Bonds..... 4%		177,800
† Consolidated Mortgage Bonds..... 5%		234,500
† H. & C. Railroad Company Mortgage Bonds..... 5%		180,375
MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD CO.		
† General Mortgage Income Bonds..... 4%		3,313,900
† Common Stock—No Par Value—359,777 shares... Cost		16,150,474
THE NEW BRUNSWICK COLD STORAGE COMPANY, LIMITED		
† Cumulative Preference Stock.....		25,000
† Ordinary Stock.....		50,000
Carried forward.....		\$ 63,527,929

STOCKS AND BONDS—CONTROLLED COMPANIES—Concluded

		Par Value or Principal Amount
<i>Brought forward</i>		\$ 63,527,929
QUEBEC CENTRAL TRANSPORTATION COMPANY		
† Capital Stock.....		42,000
SAULT STE. MARIE BRIDGE COMPANY		
Capital Stock.....		500,000
THE SCOTTISH TRUST COMPANY		
† Capital Stock.....		250,000
SEIGNIORY CLUB COMMUNITY ASSOCIATION, LIMITED		
† First Mortgage Income Bonds.....	5%	2,380,000
† Capital Stock—No Par Value—10,000 shares.....	Cost	500,000
VANCOUVER ISLAND TRANSPORTATION COMPANY LIMITED		
First Mortgage Debentures.....	4%	98,250
Capital Stock.....		334,200
OTHER COMPANIES		
	Cost	920,804
Cost.....	\$69,939,167	
Total		\$ 68,553,183

†Denotes complete ownership.

*The properties of these Companies are being operated by Trustee under Section 77 of Bankruptcy Act of United States, and the investment in the stocks thereof has been written off.

MISCELLANEOUS INVESTMENTS

		Par Value or Principal Amount
CANADIAN AUSTRALASIAN LINE LIMITED		
Capital Stock.....		\$ 2,433,300
THE CANADIAN PACIFIC CAR & PASSENGER TRANSFER CO. LTD.		
Capital Stock.....		200,000
NORTHERN ALBERTA RAILWAYS COMPANY		
First Mortgage Bonds.....	5%	15,765,000
Capital Stock.....		312,500
THE PENNSYLVANIA-ONTARIO TRANSPORTATION COMPANY		
Capital Stock.....		187,500
THE PUBLIC MARKETS, LIMITED		
Capital Stock.....		575,000
THE TORONTO, HAMILTON AND BUFFALO RAILWAY COMPANY		
Capital Stock.....		1,469,500
THE TORONTO TERMINALS RAILWAY COMPANY		
First Mortgage Bonds.....	5%	12,955,000
Capital Stock.....		250,000
VANCOUVER HOTEL COMPANY LIMITED		
Capital Stock.....		75,000
WISCONSIN CENTRAL RAILWAY COMPANY		
First and Refunding Mortgage Bonds.....	5%	8,560,285
OTHER INVESTMENTS		
	Cost	5,407,730
Cost.....	\$47,039,979	
Total		\$ 48,190,815

CAPITAL AND DEBENTURE STOCKS

ORDINARY STOCK:				Total as per Balance Sheet
Issued: 13,400,000 shares—\$25 Par Value				<u>\$335,000,000</u>
PREFERENCE STOCK—4% NON-CUMULATIVE:				
Issued: £28,203,477—in amounts of £1 and multiples thereof				<u>\$137,256,921</u>
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK:				
	Sterling	United States Currency	Canadian Currency	
Issued	£ 47,350,321	\$ 72,837,500	\$ 22,581,000	\$325,856,729
Less: Pledged as collateral	—	7,837,500	22,581,000	30,418,500
	<u>£ 47,350,321</u>	<u>\$ 65,000,000</u>	<u>—</u>	<u>\$295,438,229</u>

FUNDED DEBT

	RATE	DATE OF ISSUE	DATE OF MATURITY	CURRENCY IN WHICH PAYABLE	PRINCIPAL OUTSTANDING
EQUIPMENT OBLIGATIONS:					
*Equipment Trust Series "D"	3% 2½%	Feb. 1, 1937	Serially to Jan. 31, 1952	Canadian United States	\$ 2,412,000 2,412,000
Equipment Trust Series "E"	3%	June 1, 1938	Serially to May 31, 1953	Canadian	4,752,000
Equipment Trust Series "F" (Refunding)	1¾%	Feb. 1, 1946	Serially to Feb. 1, 1953	United States	9,900,000
Equipment Trust Series "G" (Refunding)	1½%	June 1, 1946	Serially to Dec. 1, 1953	United States	15,600,000
Equipment Trust Series "H"	2%	Oct. 1, 1945	Serially to Oct. 1, 1955	United States	16,000,000
**COLLATERAL TRUST BONDS:					
Convertible Fifteen Year Bonds (Conversion privilege has terminated)	4%	July 2, 1934	July 2, 1949	Canadian	10,700,000
Convertible Fifteen Year Bonds (Conversion privilege has terminated)	3½%	Feb. 15, 1936	Feb. 15, 1951	Canadian	6,400,000
Thirty Year Bonds	3½%	Nov. 1, 1944	Nov. 1, 1974	United States	7,125,000
				Total	<u>\$75,301,000</u>

*Secured in part by pledge of Perpetual 4% Consolidated Debenture Stock aggregating, in principal amount, \$1,206,000.

**Secured by pledge of Perpetual 4% Consolidated Debenture Stock aggregating, in principal amount, \$29,212,500.

DEPRECIATION RESERVES

	Balance December 31, 1946	Additions	Deductions	Balance December 31, 1947
Road.....	\$102,968,052	\$ 7,685,280	\$ 704,368	\$109,948,964
Rolling Stock,....	149,328,681	14,919,779	3,353,937	160,894,523
Steamship.....	29,684,478	2,525,052	730,283	31,479,247
Hotel and Other..	20,243,487	2,885,023	972,472	22,156,038
	<u>\$302,224,698</u>	<u>\$ 28,015,134</u>	<u>\$ 5,761,060</u>	<u>\$324,478,772</u>

LAND SURPLUS ACCOUNT

Land Surplus December 31, 1946.....		\$ 60,851,609
Land and townsite sales.....	\$ 1,434,641	
Miscellaneous earnings.....	1,325,826	
		<u>2,760,467</u>
		\$ 63,612,076
DEDUCT:		
Land and irrigation expenses.....	\$ 536,504	
Taxes.....	549,911	
Inventory value of lands sold.....	987,692	
Land contracts cancelled.....	\$ 1,182,513	
Less: Inventory value of lands reacquired.....	367,024	
		<u>815,489</u>
		2,889,596
Land Surplus December 31, 1947, as per Balance Sheet.....		<u>\$ 60,722,480</u>

GROSS EARNINGS

Freight.....	\$ 250,893,574
Passenger.....	40,322,874
Mail.....	4,175,758
Express.....	7,309,759
Sleeping, Parlor and Dining Car and Miscellaneous.....	15,883,954
Total.....	<u>\$ 318,585,919</u>

WORKING EXPENSES

Maintenance of Way and Structures.....	\$ 54,776,657
Maintenance of Equipment.....	62,285,265
Traffic.....	7,073,114
Transportation.....	133,952,979
Miscellaneous Operations.....	7,224,984
General.....	14,207,796
Railway Tax Accruals.....	16,172,935
Total.....	<u>\$ 295,693,730</u>

OTHER INCOME

Net earnings from ocean and coastal steamships.....	\$ 3,800,347
Net earnings from hotel, communication and miscellaneous properties.....	2,414,124
Dividends.....	14,547,415
Net income from interest, exchange, separately operated properties and miscellaneous sources.....	4,027,041
Total.....	<u>\$ 24,788,927</u>

FIXED CHARGES

RENT FOR LEASED ROADS:

The Alberta Railway and Irrigation Company.....	\$	1,230
The Algoma Eastern Railway.....		16,758
Atlantic and North-West Railway.....		210,080
The Calgary and Edmonton Railway.....		181,267
The Dominion Atlantic Railway.....		22,500
The Fredericton & Grand Lake Coal & Railway.....		50,082
The Glengarry and Stormont Railway.....		68,494
The Guelph Junction Railway.....		51,789
Joliette and Brandon Railway.....		5,000
The Lindsay, Bobcaygeon and Pontypool Railway.....		20,000
Massawippi Valley Railway.....		18,000
The Montreal and Atlantic Railway.....		8,910
New Brunswick Railway System.....		335,477
Ontario and Quebec Railway.....		1,038,967
Quebec Central Railway.....		483,451
The St. Lawrence and Ottawa Railway.....		32,320
The St. Stephen and Milltown Railway.....		2,050
The Southampton Railway.....		2,062
Tobique Railway.....		18,190
The Toronto, Hamilton and Buffalo Railway.....		15,221
The Winnipeg River Railway.....		1
	\$	2,581,849

INTEREST ON DEBENTURE STOCK AND FUNDED DEBT:

Perpetual 4% Consolidated Debenture Stock.....	\$	10,251,812
Equipment Obligations.....		1,062,947
Convertible Fifteen Year 4% Collateral Trust Bonds....		428,000
Convertible Fifteen Year 3½% Collateral Trust Bonds..		224,000
Thirty Year 3½% Collateral Trust Bonds.....		249,375
		12,216,134

GUARANTEED INTEREST:

Minneapolis, St. Paul & Sault Ste. Marie Railway Company Bonds...		202,749
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INTEREST ON UNFUNDED DEBT..... 11,306

AMORTIZATION OF DISCOUNT ON FUNDED DEBT..... 775,136

Total..... \$ 15,787,174

MILEAGE

CANADIAN PACIFIC RAILWAY:	Miles Operated	
Eastern Region		
New Brunswick District	841.3	
Quebec "	1,643.8	
Ontario "	1,423.6	
Algoma "	1,222.6	
Dominion Atlantic Lines	304.1	
Quebec Central Lines	356.5	
Prairie Region		
Manitoba District	2,514.1	
Saskatchewan "	3,627.1	
Alberta "	3,107.3	
Pacific Region		
British Columbia District	1,993.7	
	17,034.1	
CANADIAN PACIFIC ELECTRIC LINES:		
The Grand River Railway	18.4	
The Lake Erie and Northern Railway	50.7	
	69.1	
CONTROLLED RAILWAY COMPANIES:		
Aroostook Valley Railroad	32.1	
Minneapolis, St. Paul & Sault Ste. Marie Railroad	3,224.5	
The Duluth, South Shore and Atlantic Railway	515.5*	
Mineral Range Railroad	23.8*	
	539.3	
	3,795.9	
Total	20,899.1	

*The properties of these Companies are being operated by Trustee under Section 77 of Bankruptcy Act of United States.

ROLLING STOCK

(Owned and Leased not including Electric Lines)

LOCOMOTIVES:		
Steam	1,716	
Diesel	55	
	1,771	
FREIGHT TRAIN CARS:		
Box, Stock and Flat	63,130	
Refrigerator, Tank and Open-Top	11,525	
Conductors' Vans	1,236	
	75,891	
PASSENGER TRAIN CARS:		
Coach and Tourist Sleeping	1,276	
Parlor, Standard Sleeping and Dining	542	
Baggage, Mail and Express	862	
	2,682*	
BOARDING, TOOL AND OTHER WORK CARS	5,824	

*Includes 20 cars in Toronto, Hamilton and Buffalo Line Service in which the Company owns 30.04% interest.

INLAND STEAMSHIPS

Assiniboia	Kelowna	Naramata
Columbia	Manitoba	Okanagan
Granhall	Minto	Rosebery
Keewatin	Moyie	Sicamous

Gross Tonnage

14,672

HOTELS

The Digby Pines..... Digby, N.S.	Royal Alexandra..... Winnipeg, Man.
Cornwallis Inn..... Kentville, N.S.	Saskatchewan..... Regina, Sask.
The Lakeside Inn.... Yarmouth, N.S.	Palliser..... Calgary, Alta.
Algonquin..... St. Andrews, N.B.	Banff Springs..... Banff, Alta.
McAdam..... McAdam, N.B.	Chateau Lake Louise.. Lake Louise, Alta.
Chateau Frontenac... Quebec, Que.	Emerald Lake..... Emerald Lake, B.C.
Royal York..... Toronto, Ont.	Empress..... Victoria, B.C.

Hotel Vancouver—Operated by the Vancouver Hotel Company Limited on behalf of the Canadian National and Canadian Pacific Railways.

OCEAN STEAMSHIPS		
Beaverbrae	Beaverford	Empress of Australia
Beaverburn	Beaverglen	Empress of Canada
Beavercove	Beaverlake	Empress of France
Beaverdell		Empress of Scotland

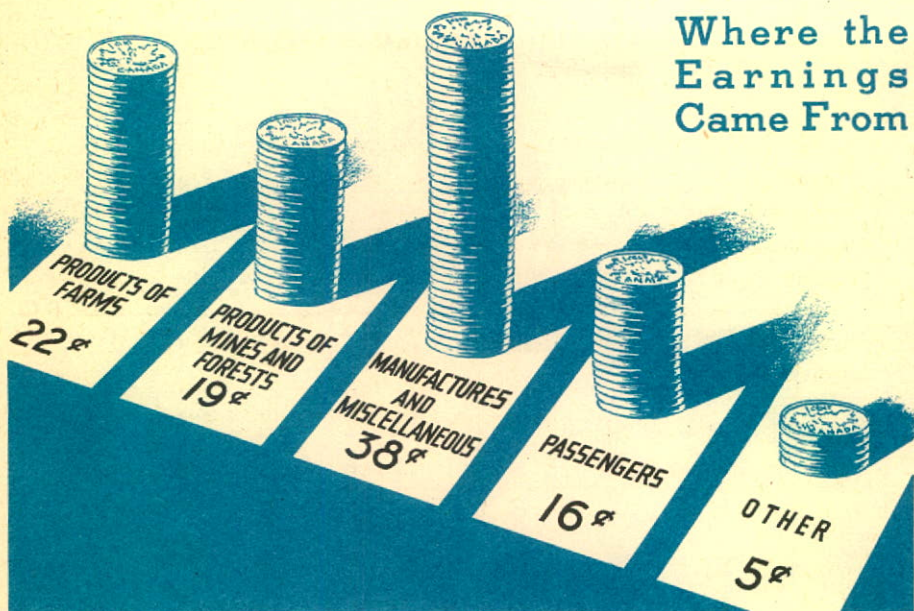
Gross Tonnage..... 56,231

COASTAL STEAMSHIPS		
Kyuquot	Princess Elizabeth	Princess Norah
Motor Princess	Princess Helene	Princess Victoria
Nootka	Princess Joan	Prospect Point No. 1
Princess Adelaide	Princess Kathleen	Transfer No. 3
Princess Alice	Princess Louise	" 7
Princess Charlotte	Princess Maquinna	" 8
Princess Elaine	Princess Mary	" 9

Gross Tonnage:

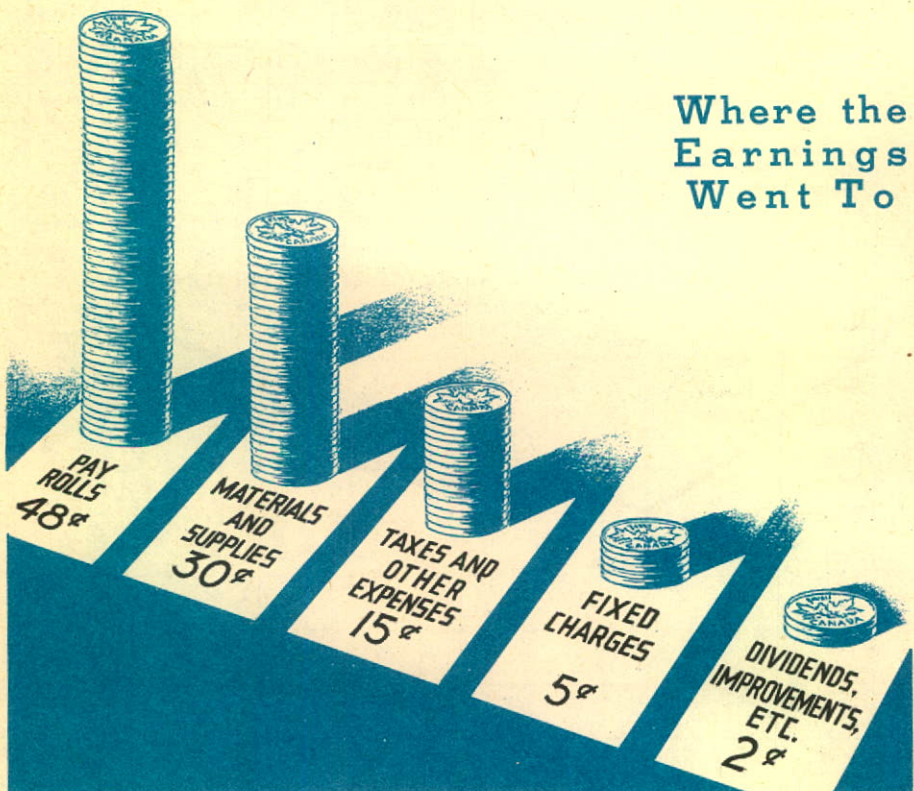
In service.....	55,422
Under construction.....	11,000
Total.....	66,422

Where the
Earnings
Came From



• THE RAILWAY DOLLAR 1947 •

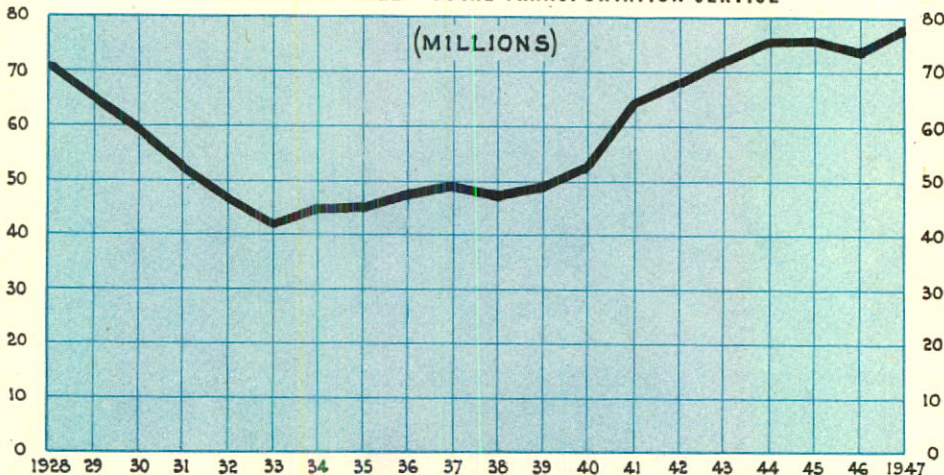
Where the
Earnings
Went To



TRANSPORTATION AND TRAFFIC STATISTICS

	Year 1947	Year 1946	Increase or Decrease	
			Amount or Number	Per Cent.
AVERAGE MILES OF ROAD OPERATED.....	17,034.7	17,036.9	2.2	—
TRAIN MILEAGE				
Freight Service.....	35,892,237	33,683,991	2,208,246	6.6
Passenger Service.....	20,030,695	20,230,251	199,556	1.0
Total Transportation Service.....	55,922,932	53,914,242	2,008,690	3.7
LOCOMOTIVE MILEAGE				
Freight Service.....	40,610,395	37,991,463	2,618,932	6.9
Passenger Service.....	20,947,511	21,172,758	225,247	1.1
Switching Service—Road and Yard.....	15,737,026	14,587,258	1,149,768	7.9
Total Transportation Service.....	77,294,932	73,751,479	3,543,453	4.8
CAR MILEAGE				
Freight				
Loaded.....	904,552,841	828,473,104	76,079,737	9.2
Empty.....	397,636,250	384,319,137	13,317,113	3.5
Caboose.....	38,014,650	36,238,869	1,775,781	4.9
Total.....	1,340,203,741	1,249,031,110	91,172,631	7.3
Passenger				
Coaches.....	48,583,685	54,098,006	5,514,321	10.2
Sleeping, Parlour and Observation.....	56,524,663	59,482,243	2,957,580	5.0
Dining.....	8,472,784	9,537,247	1,064,463	11.2
Other.....	59,950,245	58,971,543	978,702	1.7
Total.....	173,531,377	182,089,039	8,557,662	4.7
Total Transportation Service.....	1,513,735,118	1,431,120,149	82,614,969	5.8
GROSS TON MILEAGE				
Freight Service—Cars and Contents.....	58,737,593,000	53,887,046,000	4,850,547,000	9.0
Passenger Service—Cars only.....	12,422,596,000	13,137,579,000	714,983,000	5.4
Total Transportation Service.....	71,160,189,000	67,024,625,000	4,135,564,000	6.2

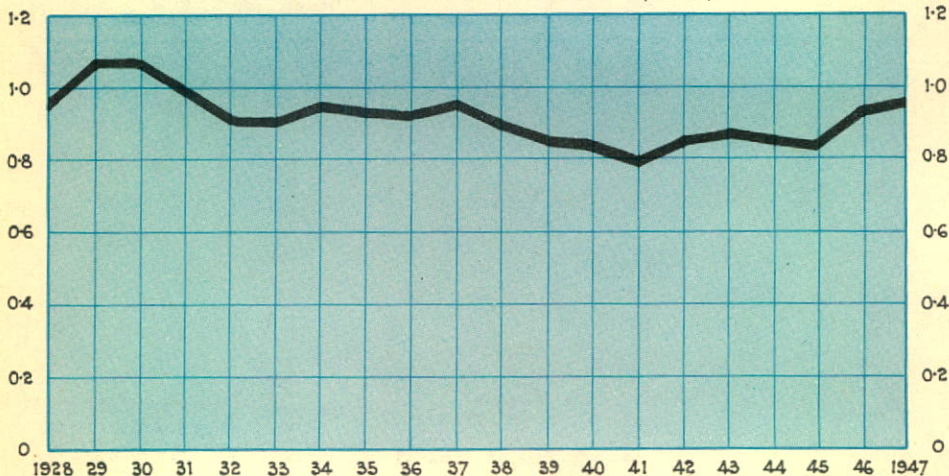
LOCOMOTIVE MILEAGE—TOTAL TRANSPORTATION SERVICE



TRANSPORTATION AND TRAFFIC STATISTICS—Continued

	Year 1947	Year 1946	Increase or Decrease	
			Amount or Number	Per Cent.
FREIGHT TRAFFIC—RAIL				
Freight revenue.....\$	249,866,918	217,538,535	32,328,383	14.9
Tons—Revenue freight.....	59,034,547	51,400,892	7,633,655	14.9
Tons—All freight.....	67,074,548	59,169,158	7,905,390	13.4
Ton miles—Revenue freight.....	26,201,731,000	23,479,533,000	2,722,198,000	11.6
Ton miles—All freight.....	28,252,902,000	25,503,062,000	2,749,840,000	10.8
AVERAGES PER MILE OF ROAD				
Freight revenue.....\$	14,668	12,769	1,899	14.9
Train miles.....	2,107	1,977	130	6.6
Total freight train car miles.....	78,675	73,313	5,362	7.3
Ton miles—Revenue freight.....	1,538,139	1,378,158	159,981	11.6
Ton miles—All freight.....	1,658,550	1,496,931	161,619	10.8
AVERAGES PER TRAIN MILE				
Freight revenue.....\$	6.96	6.46	0.50	7.7
Loaded freight car miles.....	25.1	24.5	.6	2.4
Empty freight car miles.....	11.1	11.4	.3	2.6
Car miles—All classes.....	37.4	37.2	.2	.5
Ton miles—Revenue freight.....	730.0	697.1	32.9	4.7
Ton miles—All freight.....	787.2	757.1	30.1	4.0
Gross ton miles.....	1,636.5	1,599.8	36.7	2.3
AVERAGES PER LOADED CAR MILE				
Freight revenue.....¢	27.6	26.3	1.3	4.9
Ton miles—All freight.....	31.2	30.8	.4	1.3
MISCELLANEOUS AVERAGES				
Revenue per ton of freight.....\$	4.23	4.23	—	—
Revenue per ton mile of freight.....¢	0.95	0.93	0.02	2.2
Miles hauled—Revenue freight.....	443.8	456.8	13.0	2.8
Miles hauled—All freight.....	421.2	431.0	9.8	2.3
CLASSIFICATION OF REVENUE TONNAGE CARRIED				
Products of Agriculture.....	15,457,880	14,441,791	1,016,089	7.0
Animals and Animal Products.....	1,042,336	1,175,826	133,490	11.4
Products of Mines.....	19,995,052	16,431,804	3,563,248	21.7
Products of Forests.....	6,706,475	5,885,245	821,230	14.0
Manufactures and Miscellaneous.....	14,151,729	11,954,200	2,197,529	18.4
Total Carload Traffic.....	57,353,472	49,888,866	7,464,606	15.0
All less carload freight.....	1,681,075	1,512,026	169,049	11.2
Total Carload and L.C.L. Traffic.....	59,034,547	51,400,892	7,633,655	14.9

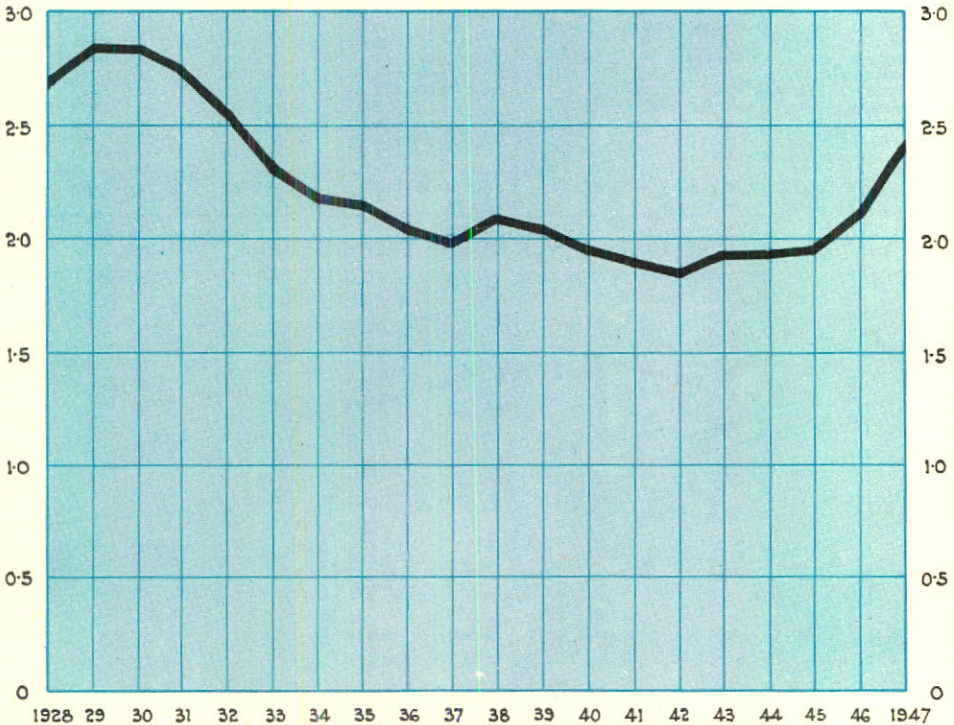
REVENUE PER TON MILE OF FREIGHT (CENTS)



TRANSPORTATION AND TRAFFIC STATISTICS—Continued

	Year 1947	Year 1946	Increase or Decrease	
			Amount or Number	Per Cent.
PASSENGER TRAFFIC—RAIL				
Passenger revenue.....\$	39,906,621	44,999,771	5,093,150	11.3
Passenger service train revenue.....\$	56,886,388	62,271,049	5,384,661	8.6
Revenue passengers carried.....	14,636,353	15,583,990	947,637	6.1
Revenue passenger miles.....	1,665,585,000	2,126,066,000	460,481,000	21.7
AVERAGES PER MILE OF ROAD				
Passenger revenue.....\$	2.343	2.641	298	11.3
Passenger service train revenue.....\$	3.339	3.655	316	8.6
Train miles.....	1,176	1,187	11	1.0
Total passenger train car miles.....	10,187	10,688	501	4.7
Revenue passenger miles.....	97,776	124,792	27,016	21.7
AVERAGES PER TRAIN MILE				
Passenger revenue.....\$	1.99	2.22	0.23	10.4
Passenger service train revenue.....\$	2.84	3.08	0.24	7.8
Car miles—All classes.....	8.6	8.9	.3	3.4
Revenue passenger miles.....	83.2	105.1	21.9	20.8
Gross ton miles.....	620.2	649.4	29.2	4.5
AVERAGES PER CAR MILE—PASSENGER				
Passenger revenue.....¢	35.1	36.6	1.5	4.1
Revenue passenger miles.....	14.7	17.3	2.6	15.0
MISCELLANEOUS AVERAGES				
Revenue per passenger.....\$	2.73	2.89	0.16	5.5
Revenue per passenger mile.....¢	2.40	2.12	0.28	13.2
Miles carried—Revenue passengers.....	113.8	136.4	22.6	16.6

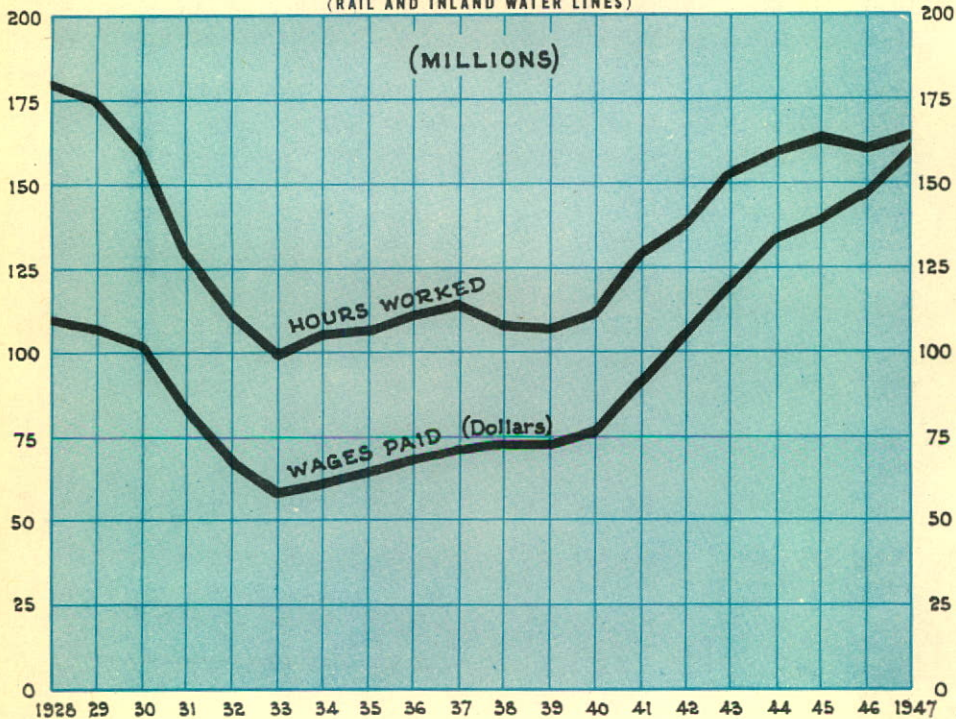
REVENUE PER PASSENGER MILE (CENTS)



TRANSPORTATION AND TRAFFIC STATISTICS—Concluded

	Year 1947	Year 1946	Increase or Decrease	
			Amount or Number	Per Cent.
TOTAL TRAFFIC—RAIL				
AVERAGES PER MILE OF ROAD				
Train miles.....	3,283	3,164	119	3.7
Car miles.....	88,862	84,001	4,861	5.8
Operating revenues.....\$	18,770	17,205	1,565	9.1
Operating expenses.....\$	16,340	14,891	1,449	9.7
Net operating revenue.....\$	2,430	2,314	116	5.0
AVERAGES PER TRAIN MILE				
Operating revenues.....\$	5.72	5.44	0.28	5.1
Operating expenses.....\$	4.98	4.71	0.27	5.7
Net operating revenue.....\$	0.74	0.73	0.01	1.4
TOTAL TRAFFIC—RAIL AND INLAND WATER LINES				
Operating revenues.....\$	321,223,099	294,545,601	26,677,498	9.1
Operating expenses.....\$	279,520,795	254,775,514	24,745,281	9.7
Net operating revenue.....\$	41,702,304	39,770,087	1,932,217	4.9
Tax accruals, net of hire of equipment and joint facility rents.....\$	18,810,115	18,927,037	116,922	.6
Net earnings.....\$	22,892,189	20,843,050	2,049,139	9.8
Per cent. operating expenses to operating revenues	87.02	86.50	.52	.6
Payroll charged operating expenses.....\$	151,790,688	140,874,155	10,916,533	7.7
Per cent. payroll to operating revenues.....	47.25	47.83	.58	1.2
Per cent. payroll to operating expenses.....	54.30	55.29	.99	1.8

**HOURS WORKED BY AND COMPENSATION PAID TO EMPLOYEES
(RAIL AND INLAND WATER LINES)**



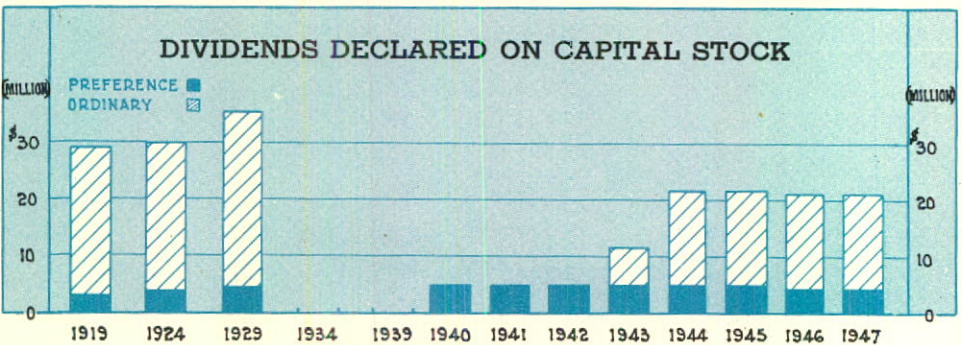
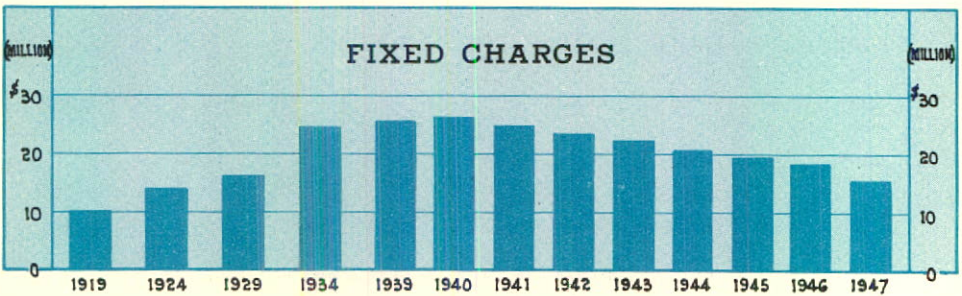
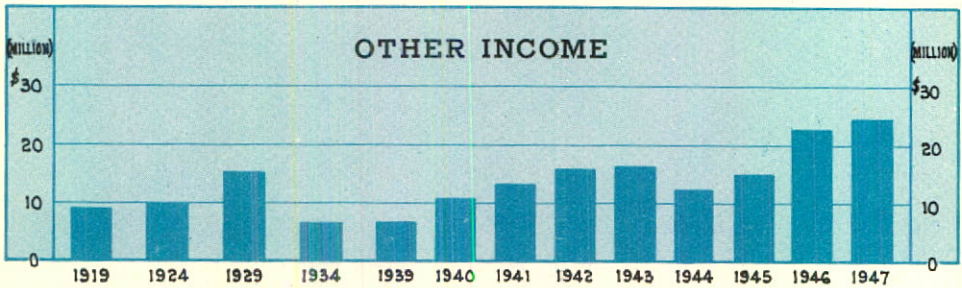
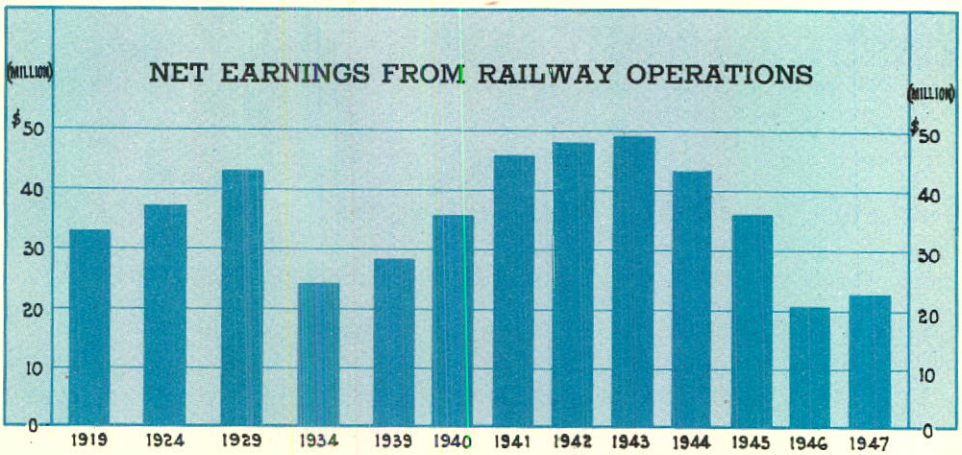
SUMMARY OF OPERATIONS

Year	Average Miles of Road Operated	Gross Earnings	Working Expenses (Including Taxes)	Net Earnings	Ratio of Net to Gross Earnings
1917	12,990.4	\$152,389,335	\$105,843,317	\$46,546,018	30.5
1918	12,993.8	157,537,698	123,035,310	34,502,388	21.9
1919	12,993.8	176,929,060	143,996,024	32,933,036	18.6
1920	12,993.8	216,641,350	183,488,305	33,153,045	15.3
1921	12,991.8	193,021,854	158,820,114	34,201,740	17.7
1922	13,093.2	186,675,036	150,373,345	36,301,691	19.4
1923	13,123.4	195,837,090	158,358,080	37,479,010	19.1
1924	13,355.5	182,502,156	145,274,914	37,227,242	20.4
1925	13,678.4	183,356,006	143,201,230	40,154,776	21.9
1926	13,863.1	198,025,592	153,080,465	44,945,127	22.7
1927	14,073.8	201,145,751	161,630,180	39,515,571	19.6
1928	14,292.8	229,039,296	177,344,845	51,694,451	22.6
1929	14,563.4	209,730,955	166,586,411	43,144,544	20.6
1930	14,889.1	180,900,804	142,652,146	38,248,658	21.1
1931	15,635.7	142,337,648	116,654,776	25,682,872	18.0
1932	16,888.0	123,936,714	103,846,729	20,089,985	16.2
1933	17,030.1	114,269,688	93,407,582	20,862,106	18.3
1934	17,015.0	125,542,955	101,158,932	24,384,023	19.4
1935	17,221.6	129,678,905	107,281,381	22,397,524	17.3
1936	17,240.9	138,562,763	115,251,652	23,311,111	16.8
1937	17,222.7	145,085,558	121,343,311	23,742,247	16.4
1938	17,186.0	142,258,981	121,506,515	20,752,466	14.6
1939	17,175.9	151,280,700	122,756,881	28,523,819	18.9
1940	17,158.7	170,964,897	135,325,459	35,639,438	20.8
1941	17,150.6	221,446,053	175,488,517	45,957,536	20.8
1942	17,076.9	256,864,091	208,676,402	48,187,689	18.8
1943	17,034.6	297,107,791	247,896,224	49,211,567	16.6
1944	17,029.9	318,871,034	275,711,370	43,159,664	13.5
1945	17,029.2	316,109,358	280,055,024	36,054,334	11.4
1946	17,036.9	292,495,828	271,652,778	20,843,050	7.1
1947	17,034.7	318,585,919	295,693,730	22,892,189	7.2

YEARS 1917 TO 1947

Other Income	Income before Fixed Charges	Fixed Charges	Dividends Declared on Capital Stock		Year
			Preference	Ordinary	
\$ 8,744,616	\$55,290,634	\$10,229,143	\$3,227,277	\$26,000,000	1917
7,934,775	42,437,163	10,177,513	3,227,277	26,000,000	1918
9,049,342	41,982,378	10,161,510	3,227,277	26,000,000	1919
10,966,448	44,119,493	10,775,409	3,227,277	26,000,000	1920
10,987,199	45,188,939	11,519,072	3,227,277	26,000,000	1921
11,092,355	47,394,046	13,348,906	3,227,277	26,000,000	1922
11,391,052	48,870,062	13,470,653	3,675,010	26,000,000	1923
9,971,252	47,198,494	14,070,287	3,993,341	26,000,000	1924
11,357,375	51,512,151	14,438,517	4,005,944	26,000,000	1925
11,056,271	56,001,398	14,676,359	4,005,944	26,000,000	1926
11,876,560	51,392,131	15,378,867	4,005,944	26,000,000	1927
12,677,684	64,372,135	15,308,698	4,067,547	29,353,633	1928
15,232,220	58,376,764	16,149,003	4,674,790	30,750,000	1929
20,042,923	58,291,581	19,159,865	5,005,623	33,242,907	1930
10,951,964	36,634,836	22,050,364	5,410,697	16,750,000	1931
4,537,426	24,627,411	23,619,530	2,745,138	—	1932
6,222,481	27,084,587	24,388,615	—	—	1933
6,663,793	31,047,816	24,578,025	—	—	1934
4,594,498	26,992,022	24,159,938	—	—	1935
6,631,371	29,942,482	23,913,298	1,372,569	—	1936
11,629,711	35,371,958	25,909,674	2,745,138	—	1937
7,363,673	28,116,139	26,853,757	—	—	1938
6,764,852	35,288,671	25,506,523	—	—	1939
10,692,163	46,331,601	26,186,545	5,042,782	—	1940
13,382,059	59,339,595	24,978,163	5,042,782	—	1941
15,861,034	64,048,723	23,694,456	5,042,782	—	1942
16,270,751	65,482,318	22,499,600	5,042,782	6,700,000	1943
12,371,315	55,530,979	20,831,149	5,042,782	16,750,000	1944
15,106,957	51,161,291	19,547,129	5,031,500	16,750,000	1945
22,779,794	43,622,844	18,488,113	4,557,682	16,750,000	1946
24,788,927	47,681,116	15,787,174	4,557,682	16,750,000	1947

Canadian Pacific Railway Company



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CONDUCTOR



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SECTIONMAN



WAITER



ENGINEER



PORTER

Country Grain Elevators

Country grain elevators, such as those pictured on the front cover, are an indispensable part of the marketing system for Canada's Prairie grain crops. The elevators, owned and operated by various interests, have an average capacity of 35,000 bushels. Incoming grain is generally elevated by endless chain buckets to bins and later loaded by gravity into freight cars.

In the three great grain-producing provinces of Manitoba, Saskatchewan and Alberta there are some 5,600 country elevators with storage capacity for nearly 200 million bushels of grain. Over 3,000 of these elevators are served by lines of the Canadian Pacific.

The Canadian Pacific Railway, with approximately two-thirds of its mileage in Western Canada, is vitally interested in the successful marketing of grain. Great distances separate the Prairies from the seaports through which grain is exported and this movement, from country points east to Lake Superior or west to the Pacific Coast, is handled at the low rate levels established by statute fifty years ago.

