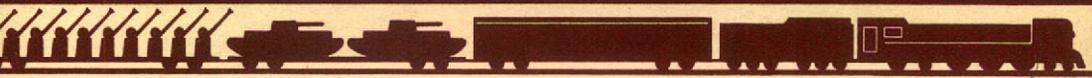
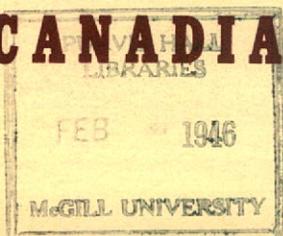


ANNUAL
REPORT
1944



**CANADIAN PACIFIC RAILWAY
COMPANY**



CANADIAN PACIFIC RAILWAY COMPANY



NOTICE TO SHAREHOLDERS

The Sixty-fourth 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 second day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon.

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

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

By order of the Board,

F. BRAMLEY,
Secretary.

Montreal, March 12, 1945.



BOARD OF

*L. J. BELNAP	Montreal
S. G. BLAYLOCK	Trail
*D. C. COLEMAN	Montreal
HON. CHARLES A. DUNNING, P.C.	do
*AIMÉ GEOFFRION, K.C.	do
G. BLAIR GORDON	do
HON. ERIC W. HAMBER	Vancouver
JOHN W. HOBBS	Toronto
R. S. McLAUGHLIN	Oshawa

*Member of

OFFICERS

Chairman and President	D. C. COLEMAN	Montreal
Vice-President	W. M. NEAL, C.B.E.	do
Vice-President—Special Duties	H. J. HUMPHREY	do
Vice-President and General Counsel	G. A. WALKER, K.C.	do
General Solicitor	F. C. S. EVANS	do
Assistant General Counsel	D. I. McNEILL, K.C.	do
Secretary	F. BRAMLEY	do
Assistant Secretary	I. R. COLLINS	do
Assistant to the Vice-President	C. E. STOCKDILL	do
Assistant to the Vice-President	A. LYLE	do

FINANCIAL DEPARTMENT

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

ACCOUNTING DEPARTMENT

Vice-President and Comptroller	ERIC A. LESLIE	Montreal
Assistant Comptroller	W. R. PATTERSON	do
Assistant Comptroller	S. J. W. LIDDY	do

TRAFFIC DEPARTMENT

Vice-President	GEORGE STEPHEN	Montreal
Passenger Traffic Manager	R. G. McNEILLIE	do
Asst. Pass. Traffic Mgr., Eastern Lines	G. E. CARTER	do
Asst. Pass. Traffic Mgr., Western Lines	N. R. DESBRISAY	Winnipeg
Assistant Passenger Traffic Manager	IAN WARREN	Montreal
Acting Steamship Pass. Traffic Manager	H. B. BEAUMONT	do
Freight Traffic Manager	C. E. JEFFERSON	do
Asst. Freight Traffic Mgr., Eastern Lines	G. HIAM	do
Asst. Freight Traffic Mgr., Western Lines	H. W. GILLIS	Winnipeg
Foreign Freight Traffic Manager	G. C. DEW	Montreal



CANADIAN PACIFIC RAILWAY COMPANY

NOTICE TO SHAREHOLDERS

Notice is hereby given that at the forthcoming Annual General Meeting of the Shareholders of this Company to be held at Montreal on Wednesday, the second day of May next, your approval will be asked of an agreement with the Boston and Maine Railroad by which a joint offer is to be made on behalf of the two Companies to purchase certain lines of railway and other assets and property in the State of Vermont and the Province of Quebec.

The agreement provides that if such offer is accepted, your Company will acquire at a capital cost of \$3,336,212 U.S. funds:

(a) through a subsidiary company, ownership of the line of railway, presently held under lease which expires in 1956, extending from Wells River, Vermont, to the international boundary, a distance of approximately 69 miles;

(b) the unexpired term of a lease for 999 years, of a railway, presently held under lease to the Quebec Central Railway Company which expires in 1956, extending from the international boundary to Lennoxville, in the Province of Quebec, a distance of approximately 32 miles;

(c) certain voting securities of subsidiary companies;

(d) an option to purchase from the Boston and Maine Railroad securities of certain of the subsidiary companies involved.

In the opinion of your Directors, the cancellation of the short term leases of the properties referred to will result in a reduction in your Company's fixed charges which will amply justify your Company's capital outlay.

By Order of the Board,

F. BRAMLEY,

Secretary.

MONTREAL, March 21, 1945.

DIRECTORS

*ROSS H. McMASTER	Montreal
MAJ.-GEN. FRANK S. MEIGHEN, C.M.G.	do
*W. M. NEAL, C.B.E.	do
SIR EDWARD PEACOCK, G.C.V.O.	London, Eng.
HOWARD P. ROBINSON	Saint John
GEORGE W. SPINNEY, C.M.G.	Montreal
ROBERT C. STANLEY	New York
*MORRIS W. WILSON, C.M.G.	Montreal

Executive Committee.

OPERATING DEPARTMENT

Eastern Lines:

Vice-President and General Manager	E. D. COTTERELL	Toronto
Asst. General Manager	N. R. CRUMP	do
Asst. to Vice-President and Gen. Manager	J. R. KIMPTON	do
Gen. Supt. New Brunswick District	T. C. MACNABB	Saint John
Gen. Supt. Quebec District	R. W. SCOTT	Montreal
Gen. Supt. Ontario District	D. S. THOMSON	Toronto
Gen. Supt. Algoma District	E. S. MCCrackEN	North Bay

Western Lines:

Vice-President	W. A. MATHER	Winnipeg
General Manager	W. MANSON	do
Asst. to Vice-President	H. A. GREENIAUS	do
Asst. Gen. Mgr., British Columbia Dist.	C. A. COTTERELL	Vancouver
Gen. Supt. British Columbia Dist.	G. H. BAILLIE	do
Gen. Supt. Alberta District	W. S. HALL	Calgary
Gen. Supt. Saskatchewan District	H. C. TAYLOR	Moose Jaw
Gen. Supt. Manitoba District	J. I. MACKAY	Winnipeg

Chief Engineer	J. E. ARMSTRONG	Montreal
Chief of Motive Power & Rolling Stock	H. B. BOWEN	do
Manager, Dept. of Research	W. A. NEWMAN, M.B.E.	do
Manager, Dept. of Personnel	GEORGE HODGE, O.B.E.®	do
Acting Manager, Dept. of Personnel	H. D. BRYDONE-JACK	do
General Supt. of Transportation	H. J. MAIN	do
Manager of Sleeping and Dining Cars	T. M. McKEOWN	do
General Mgr. of Communications	W. D. NEIL	do
Chief Com. of Immig'n & Colonization	H. C. P. CRESSWELL	do
General Purchasing Agent	B. W. ROBERTS	do
General Manager of Hotels	H. F. MATHEWS	do
Manager, Dept. of Natural Resources	A. GRIFFIN	Calgary
Oriental Manager	D. DRUMMOND	Hong Kong
Special Representative	WM. BAIRD	London
European Manager	J. C. PATTESON,	

Trafalgar Square do

Deputy Sec. and Registrar of Transfers	F. J. WHIDDETT,	
	8, Waterloo Place,	do

®Services on loan to Government.

* * *

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



SIXTY-FOURTH ANNUAL REPORT OF THE DIRECTORS



TO THE SHAREHOLDERS:

The results of the year's operations were marked by increased gross earnings and lowered net income. Labour costs rose sharply as a result of the wage award granted by the National War Labour Board, while traffic rates remained at their low, pre-war levels. Working expenses, with taxes, took a larger proportion of the gross earnings than in any year since the completion of your Company's transcontinental line.

The fifth year of the war in Europe, with its decisive attacks upon the enemy, placed additional burdens and exacting responsibilities on transportation agencies. Your Company was called upon to handle an unprecedented volume of traffic, ton miles of freight carried and passenger miles transported exceeding those in the previous record year, 1943, by approximately 10%. That this was accomplished notwithstanding the problems created by wartime conditions—shortages of manpower, equipment and materials as well as restrictions of various types—gives evidence of efficient discharge by your Company of its share of the responsibilities.

In token of the important contribution made by Canada to the war effort during the year 1944 and your Company's participation therein, a victory symbol in maple leaves has been embodied in the design on the cover of this report.



INCOME ACCOUNT

Gross Earnings.....		\$318,871,034
Working Expenses (including taxes).....		<u>275,711,370</u>
Net Earnings.....		\$ 43,159,664
Other Income.....		<u>12,371,315</u>
		\$ 55,530,979
Fixed Charges.....		<u>20,831,149</u>
Net Income.....		<u>\$ 34,699,830</u>
Dividends:		
Preference Stock		
2% paid August 1, 1944.....	\$ 2,521,391	
2% payable February 1, 1945.....	<u>2,521,391</u>	
		\$ 5,042,782
Ordinary Stock		
2% paid December 1, 1944.....		<u>6,700,000</u>
		11,742,782
Balance transferred to Profit and Loss Account.....		<u>\$ 22,957,048</u>

PROFIT AND LOSS ACCOUNT

Profit and Loss Balance December 31, 1943.....		\$231,234,218
Dividend of 2 per cent. on the Ordinary Stock, declared from the earnings of the year 1943, paid March 31, 1944.....		<u>6,700,000</u>
		\$224,534,218
Balance of Income Account for the year ended December 31, 1944.....	\$ 22,957,048	
Amount received from Great Northern Railway Company for release from obligations under joint section agreement.....		<u>4,500,000</u>
Portion of steamship insurance recoveries representing compensation for increased cost of tonnage replacement.....		<u>1,045,235</u>
		28,502,283
		\$253,036,501
DEDUCT:		
Net exchange charge in respect of steamship insurance recoveries and expenditures for new steamships.....	\$ 643,254	
Miscellaneous—Net Debit.....		<u>678,239</u>
		1,321,493
Profit and Loss Balance December 31, 1944, as per Balance Sheet.....		<u>\$251,715,008</u>

(The final dividend of 3 per cent. on the Ordinary Stock for the year 1944 which was declared subsequent to the end of the year and is payable March 31, 1945, amounting to \$10,050,000, is not deducted from the Profit and Loss balance shown above.)



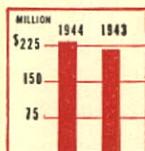
RAILWAY EARNINGS AND EXPENSES

The results of railway operations compare as follows:

	1944	1943	Increase or Decrease
Gross Earnings.....	\$318,871,034	\$297,107,791	\$21,763,243
Working Expenses (including taxes)...	275,711,370	247,896,224	27,815,146
Net Earnings.....	\$ 43,159,664	\$ 49,211,567	\$ 6,051,903
Expense ratios:			
Including taxes.....	86.46%	83.44%	3.02
Excluding taxes.....	78.92%	72.82%	6.10

GROSS EARNINGS were 7.3% greater than in 1943, establishing the sixth successive annual increase. Earnings from freight, passenger, mail and sleeping and dining car services were larger than in any prior year of your Company's operations.

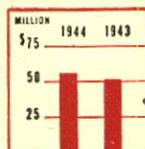
FREIGHT EARNINGS increased by \$15,175,434, or 7.0%. Although the output from the Dominion's manufacturing industries continued to flow freely in response to the demands of war, the principal traffic increases were in agricultural products. The opening of important export markets, together with a marked improvement in shipping supply, made it possible for Canada's main food products—chiefly wheat—to move in vast quantities.



Earnings from grain and grain products increased \$14,900,000, or 33%. Grain handlings on your Company's lines reached a total of 377 million bushels, 7 million more than in the previous peak year of 1928 and 120 million more than in 1943. It is estimated that at the end of the year 340 million bushels of wheat remained to be shipped by all railways from the Prairie Provinces, compared with 465 million bushels at the end of 1943.

Revenue freight traffic totalled 27,375 million ton miles, 2,425 million greater than in 1943. Increases of 11.1% in the average daily milage of freight cars on line and of 0.9% in the average of ton miles per car mile reflect added utilization of the limited equipment available. The average revenue per ton mile was 0.85 cents as compared with 0.87 cents in 1943.

PASSENGER EARNINGS increased by \$5,141,445, or 10.0%. Further expansion in the volume of civilian traffic, chiefly due to wartime conditions, and continuing heavy movements of the armed forces resulted in an increase of 4.9% in passengers carried. The average passenger journey was 157 miles, compared with 150 miles in 1943.



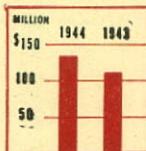
OTHER EARNINGS increased \$1,446,364, or 5.2%. Increases occurred in revenues from sleeping, tourist and dining car operations. Net payments for hire of equipment decreased.

WORKING EXPENSES increased 11.2%. Exclusive of taxes, the increase in expenses was \$35,299,336, representing one and one-half times the



increase in gross earnings. The ratio of expenses to gross earnings increased from 72.82% to 78.92%.

Wage payments charged expenses during the year were \$20,283,548 greater than in 1943. Higher wage rates accounted for most of this increase. In compliance with findings and directions of the National War Labour Board, a general advance in rates of six cents per hour was made, retroactive to March 3, 1943 for maintenance of way employees and to September 15, 1943 for other classes of railway employees. The total increase in payrolls charged working expenses and other accounts in 1944 by reason of these awards is computed at \$14,639,000, of which \$3,972,000 pertained to the year 1943.



The provisions made for maintenance expenditures which were necessarily postponed because of war conditions amounted to \$6,500,000.

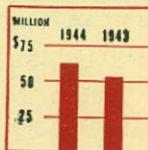
MAINTENANCE OF WAY AND STRUCTURES EXPENSES increased by \$7,972,687. The year's programme was again restricted to repairs and

replacements essential to safe and efficient operation. During the year 1,447,254 treated and 1,647,063 untreated ties were placed in track, 637 single track miles of new rails were laid and rock ballast was applied to 66 miles of track. Tie plates to the number of 3,538,918 and rail anchors numbering 1,724,444 were also installed. The testing of rails for hidden defects by the use of the Sperry detector car covered 8,344 miles of track.

MAINTENANCE OF EQUIPMENT EXPENSES increased by \$8,724,395. Heavy repairs to motive power and rolling stock included the shopping of 732 locomotives and 26,617 freight cars. Arch bar truck frames on 516 cars were replaced by cast steel truck frames. Stabilized trucks were applied to 183 refrigerator cars. Maintenance of passenger train cars involved the general overhauling of 1,231 units.

At the end of the year, 92.2% of locomotives and 97.8% of freight cars were in serviceable condition, compared with 92.4% and 97.6%, respectively, at the end of 1943.

TRANSPORTATION EXPENSES amounted to \$111,381,811, an increase of \$15,767,851, or 16.5%. The ratio to gross earnings was 34.93% compared with 32.18% last year. Higher wage rates and rising prices for materials more than offset the improvement in performance indicated by the following averages:



	1944	1943
Freight Train Load—gross tons.....	1,785	1,729
Freight Train Speed—miles per hour.....	16.2	15.9
Freight Car Movement—miles per car day.....	47.8	43.0
Freight Train Fuel Consumption—pounds per 1,000 gross ton miles.....	105	106
Gross Ton Miles per Freight Train Hour.....	28,913	27,435
Passenger Miles per Train Mile.....	141	132



Tons carried one mile and passengers carried one mile increased 9.7% and 9.9%, respectively, the additional business being handled with an increase of only 5% in train miles.

OTHER WORKING EXPENSES decreased by \$4,649,787. Railway tax accruals amounted to \$24,064,455. The provision for Dominion Income and Excess Profits Taxes amounted to \$20,400,000, as compared with \$27,750,000 for 1943. Expenses of dining car and news services increased \$1,116,362, and General Expenses were \$1,486,859 higher.

OTHER INCOME

Other Income amounted to \$12,371,315, a decrease of \$3,899,436.

The net earnings of ocean and coastal steamships decreased by \$1,006,689. Earnings were lower as a result of smaller fleets in operation and, in the case of coastal operations, a decline in the traffic which had developed in connection with war projects in Alaska.

The net earnings of your hotels exceeded those of 1943 by \$515,406. A record volume of business was handled at your city hotels. Your resort hotels remained closed throughout the 1944 season.

Net earnings of the communications department decreased by \$451,123. Earnings from all types of communication service, except overseas messages, were greater, but higher wage and material costs more than offset the increase in revenues.

Dividends paid by The Consolidated Mining and Smelting Company of Canada, Limited, were again at the rate of \$2.50 per share.

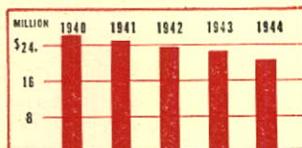
Earnings of the Northern Alberta Railways declined sharply as a result of higher costs of operation and a reduction in the transportation requirements of war projects in Northwestern Canada.

Management fees resulting from munitions production in your Company's shops were less than in 1943.

Payments of interest on land contracts again improved, reflecting the higher level of cash farm income in Western Canada.

FIXED CHARGES

Fixed charges, including the payment of guaranteed interest on Soo Line bonds, were reduced from \$22,499,600 in 1943 to \$20,831,149 in 1944, an improvement of \$1,668,451. The annual fixed charges of your Company were at their peak in 1938 when they amounted to \$26,853,756. They stood at \$26,186,545 in 1940 and since then have declined steadily as a result of retirements of debt, and refundings at lower rates of interest, effected during the past six years.



NET INCOME

Net income for the year amounted to \$34,699,830 as compared with \$42,982,718 for 1943. This decline of \$8,282,888 is the net result of the decrease of \$6,051,903 in net earnings from rail operations, the decrease of \$3,899,436 in other income, and the improvement of \$1,668,451 in fixed charges.

DIVIDENDS

Dividends aggregating \$21,792,782, representing 4 per cent. on the Preference Stock and 5 per cent. on the Ordinary Stock, were declared from the earnings of the year. This amount includes the final dividend of 3 per cent. on the Ordinary Stock which was declared subsequent to the end of the year, payable on March 31, 1945.

PROFIT AND LOSS ACCOUNT

Credit was taken for an amount of \$4,500,000 which the Great Northern Railway Company paid your Company in consideration of cancellation of an agreement approved at the annual meeting in 1914 which had provided for their use of the Kettle Valley Railway between Otter Summit (Brookmere) and Hope, B.C.; also for \$1,045,235, the portion of steamship insurance recoveries which represented compensation for increased costs of tonnage replacement.

LAND ACCOUNTS

During the year 232,371 acres of agricultural lands were sold for \$1,373,018, an average price of \$5.90 per acre. Included in this total were 946 acres of irrigated land, sold at an average price of \$51.65 per acre.

Total collections on land account were the highest since 1928. Cash received totalled \$8,687,277, including \$621,296 derived from the leasing of coal, gas and petroleum rights. Disbursements for land and irrigation expenses, including taxes, were \$1,876,106 leaving net cash receipts of \$6,811,171. This was an increase of \$3,551,069 over the previous year.

Certain concessions to contract holders were again approved for the crop year 1944-45. The assistance to holders of farm contracts since this policy was inaugurated in 1932, has amounted to \$23,883,971.

BALANCE SHEET

The principal differences in the accounts as compared with last year and which are not dealt with elsewhere in this report are outlined below.

Property Investment increased \$15,225,197. The investment in rolling stock was higher by \$15,242,396. The net capital expenditures on other properties were offset by the credit resulting from the disposal during the year of the Berkeley Square property in London.



Current Assets at the close of the year exceeded Current Liabilities by \$88,484,875, representing a gain of \$12,004,774 from the previous year-end position.

Funded Debt was reduced during the year from \$115,917,744 to \$105,883,000, an improvement of \$10,034,744. Debt retirements totalled \$43,159,744 and new issues amounted to \$33,125,000. Funded Debt at December 31, 1938 was \$232,188,724, considerably more than double the present amount outstanding. The improvement effected year by year is indicated in the accompanying chart.



A Dominion Government Unemployment Relief loan of \$1,000,000 was repaid in February 1944 in accordance with the terms thereof.

To simplify the Balance Sheet, the amounts of the depreciation reserves have been combined into one total and a new supporting schedule will be found on page 29 showing additions and deductions with respect to the individual reserves.

FINANCE

Serial equipment obligations totalling \$5,914,000 matured and were paid. The balance of \$743,144 required to retire the 5% equipment obligations maturing on July 1, was deposited with the Trustee.

On March 1, The Chase National Bank of the City of New York entered into an agreement under which \$26,000,000 principal amount of Equipment Trust Certificates was issued, guaranteed as to principal and interest by your Company. This issue, designated as Series "G," maturing in equal semi-annual instalments from September 1, 1944 to March 1, 1954, inclusive, is payable in United States currency and bears interest at 2½% per annum. Under this arrangement, equipment which cost at the time of construction \$36,542,369 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.

The \$27,400,000 5% Collateral Trust Gold Bonds, maturing December 1, 1954, were called for redemption on June 1. The funds to meet this issue were deposited with the Trustee. In addition, the following securities were purchased and cancelled: 4% Convertible Collateral Trust Bonds, due 1949, to the amount of \$760,000 and 3½% Convertible Collateral Trust Bonds, due 1951, to the amount of \$1,600,000.

On November 1, 3½% Collateral Trust Bonds maturing November 1, 1974, were issued in the principal amount of \$7,125,000, secured by pledge of \$7,837,500 principal amount of Consolidated Debenture Stock. The proceeds were used to purchase \$7,500,000 5½% First Refunding



Mortgage Bonds, Series "B," of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, maturing in 1978 and guaranteed as to interest by your Company. The latter bonds were turned in for cancellation, in accordance with the terms of the plan of reorganization, and your Company received \$2,529,150 Wisconsin Central Railway Company First and Refunding Mortgage 5% Bonds, Series "B," maturing April 1, 1959, and Voting Trust Certificates representing 10,200 "A" shares and 4,950 "B" shares of the Common Stock of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company. The difference of \$3,285,375, between the principal amount of bonds issued and the principal amount or stated value of securities received, has been charged to Unamortized Discount on Bonds and will be extinguished over a period of twenty years by the saving effected in interest payments.

On February 1, 3% Serial Secured Notes to the amount of \$1,348,520 matured and were paid. On December 1, the balance of these notes maturing February 1, 1945, to February 1, 1948, inclusive, amounting to \$5,394,080 was prepaid.

On October 22, the First Mortgage Bonds of the Edmonton, Dunvegan and British Columbia Railway Company, aggregating \$2,420,000, matured and were paid by the Northern Alberta Railways Company. To place this jointly controlled subsidiary company in funds to meet this maturity, the subsidiary issued and sold at par to the two parent companies \$2,420,000 of its bonds, your Company's proportion of such issue being \$1,210,000.

The financial transactions referred to above resulted in the net retirement of \$10,034,744 of bonds, notes and other obligations, the discharge of a contingent liability of \$1,210,000 and a reduction of \$40,490,500 in the amount of Consolidated Debenture Stock pledged as collateral.

On October 1, the First Debenture Stock of the Dominion Atlantic Railway Company, amounting to £500,000, matured. Your Company placed this subsidiary in funds to meet the indebtedness and will be recouped by an issue of bonds of Dominion Atlantic Railway Company to the amount of \$2,235,000.

PENSIONS

Charges to working expenses for your Company's proportion of pension allowances, its contribution to the Pension Trust Fund and levies in respect of employees who come under the United States Railroad Retirement Act amounted to \$5,405,823. In view of the increases in basic rates of pay made during the year and the continuing high level of employment your Directors authorized an increase from \$1,000,000 to \$1,500,000 in the special contribution made annually to the Pension Trust Fund to assist in meeting the anticipated peak period of cost.



During the year 964 employees were retired on pension. At the end of the year there remained on the pension payroll 611 more than at the end of 1943.

Distribution by ages was as follows:

Under 60 years of age.....	330
From 60 to 64 years of age, inclusive.....	756
From 65 to 70 years of age, inclusive.....	2,794
Over 70 years of age.....	1,945

5,825

The accompanying chart depicts the steady expansion in the number on the pension payroll over the past fifteen years. Pensioners at December 31, 1930 totalled 1,868. By the end of 1944 this number had trebled.



WAGE NEGOTIATIONS

In the Annual Report for 1943 reference was made to the application to the National War Labour Board on behalf of all classes of railway employees affiliated with international labour organizations for increases in basic rates of pay sufficient to establish substantial parity with rates paid like classes of employees on United States railways.

The application of the employees was based almost entirely on developments in the railway wage structure in the United States, and the reply of the Canadian railways was directed mainly to the rebuttal of that argument.

The National War Labour Board decided this issue in favour of the Railways, finding that "The whole policy of control of wages and prices in this Country is entirely distinct and unrelated to the economy of the United States. This Board is satisfied that comparison of wage rates paid in the two countries is neither permitted nor required in the administration of P.C. 5963."

Nevertheless, the Board undertook on its own initiative a study of wage increases granted to other classes of labour in Canada since the war began and issued "Findings and Directions" increasing the rates of Canadian railway employees by six cents per hour for hourly rated employees, with equivalent increases for daily, weekly and monthly rated employees.

This wage increase combined with the incorporation of cost-of-living bonus in basic rates has raised average wage rates to a level approximately 25% higher than those in effect prior to June 1, 1941.

Applications have also been made to the Board on behalf of various classifications of railway employees for annual vacations with pay. The Board has directed the Railways to inaugurate such annual vacations in every case, except one, the decision in which is now pending.



The recent developments in regard to increased wage rates for railway employees have followed much the same pattern as during the last war, with one very important difference. In the present instance the 1941 freight and passenger rates have remained unaltered, in compliance with regulations of the Wartime Prices and Trade Board, while in the previous war period the Railways were afforded immediate relief from increased costs.

CANADIAN PACIFIC AIR LINES, LIMITED

The curtailment of activities in Northwestern Canada, due to the completion of the main construction projects, is reflected in the reduction in certain types of traffic carried during the past year by your Air Lines. The movement of released personnel provided a satisfactory volume of passenger business but the reduction in temporary population brought about decreases in mail and express traffic.

There were 104,166 passengers carried in 1944, compared with 72,602 in 1943, an increase of 43%; freight transported was 8,027,442 pounds, compared with 9,528,913 pounds, a decrease of 16%; 1,436,153 pounds of mail, compared with 2,207,333 pounds, a decrease of 35%. During the year 5,984,602 revenue miles were flown, a decrease of 149,149 miles.

Unprofitable earnings prevailed on certain routes owing to low and uneconomic rates stabilized under the regulations of the Wartime Prices and Trade Board. Wage and material prices increased during the year and the results of operations showed a loss, after depreciation, of \$767,109. Provision for this was made by a charge to Other Income.

The participation of your Air Lines in the British Commonwealth Air Training Plan was reduced during 1944 by the closing down of two Training Schools in accordance with the policy announced by the Minister for Air. Two of the Overhaul Plants operated for the Department of Munitions and Supply were also closed and termination notices were received for the three remaining plants.

A further issue of 400,000 shares of the capital stock of Canadian Pacific Air Lines, Limited was taken in payment for \$2,000,000 of advances made by your Company in 1943. Additional net advances amounting to \$647,083 were made during the current year mainly for aircraft and engines, radio, etc. This brings your investment in this Company to \$7,400,000.

At the last annual meeting reference was made to the policy announced by the Government of Canada with respect to post-war aviation. Since that time, legislation has been enacted giving effect to that policy. The act prohibits the issue of a licence for a commercial air service owned, leased, controlled or operated by a carrier engaged in another form of transport unless the Governor-in-Council is of the opinion that it is in the public interest that such a licence be issued.



Under this legislation, an Air Transport Board has been appointed to advise the Minister in all matters connected with the development of civil aviation and commercial air services. The act provides that all existing licences shall be reviewed by the Board, which may cancel or suspend any such licence as it sees fit. Provision is also made that such licences as are not cancelled or suspended by the Board shall cease to be valid one year after the termination of the war in Europe.

The Board is at present engaged in formulating regulations and will, no doubt, at an early date commence the work of reviewing existing licences. Officers of your Air Lines will be prepared to deal with the question of review when it is taken up.

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

Under the authority of the plan of reorganization approved by the Interstate Commerce Commission and the Court, the reorganization managers created a new company, the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company to take over the property of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company as from September 1, 1944.

In accordance with the plan, your Company received in bonds and stock of the new company, at the values ascribed to them by the Interstate Commerce Commission in the distribution of the new capitalization, a total of \$18,975,296; in stocks of affiliates of the old company, \$1,750,000; in bonds of the Wisconsin Central Railway Company \$5,732,291; and in cash \$1,564,494. Investments in the old company of \$18,409,642 and advances of \$24,618,041 were surrendered or written off resulting in a net reduction in book valuation of \$15,005,602. This was charged against the Investment Reserve built up in prior years to provide for this contingency.

The deposit agreements provided for in the plan have been executed. Under these agreements, the holders of Second Mortgage and Series "B" First Refunding Mortgage Bonds, bearing the guarantee of your Company as to interest, may deposit them and the securities allotted to such holders are also deposited. The agreements provide that any return on the securities so deposited shall be applied toward the payment of the guaranteed interest, and that your Company is to pay to the deposit trustees for the benefit of the depositors whatever additional amounts may be needed for the payment of such interest.

The stock of the new company is deposited, under a voting trust agreement effective until December 31, 1950, with five voting trustees, three of whom were designated by your Company.

The traffic agreement referred to in the Annual Report for 1941, providing for the continuation of the traffic relationships between the Soo Line and your Company which existed on November 1, 1940, has been



executed. This agreement may be terminated at any time on or after December 31, 1950, upon one year's prior notice by either party.

The plan of reorganization gives your Company an option to acquire 33% of the stock of the new company allotted to others, upon its agreement to extend the traffic agreement for an additional eight years from December 31, 1950, and upon payment of \$2.00 per share for the optioned stock. This option has not yet been exercised. While the exercise of this option would give your Company control of the new company after termination of the voting trust agreement, this control is limited in several respects by the articles of incorporation and the by-laws of the new company.

The Annual Report for 1939 and subsequent years contain references to several actions brought in behalf of holders of the First Consolidated Mortgage Bonds, claiming that the obligation of your Company under its guarantee of interest extended beyond the maturity of the bonds. The most important of these actions, which was brought in behalf of numerous institutional holders of such bonds, was dismissed with prejudice on September 1, 1944, pursuant to previous agreement between the institutional holders and your Company, in connection with the consummation of the plan of reorganization.

Net earnings of the Soo Line in 1944 amounted to \$5,710,169, an increase of \$569,076, or 11.1%. After adding other income of \$176,374 and providing for interest and other charges aggregating \$4,848,235, net income for the year amounted to \$1,038,308. The interest and other charges for the first eight months of the year amounted to \$4,417,041 as compared with \$431,194 for the four months commencing September 1, on which date the properties and assets were taken over by the new company pursuant to the plan of reorganization.

THE DULUTH, SOUTH SHORE AND ATLANTIC RAILWAY COMPANY

No appeal was taken from the judgment delivered in favour of your Company in the action instituted by Hugh W. McCulloch and other bond holders, referred to in the last Annual Report. As a result of negotiations between your Company and the representatives of the holders of a substantial portion of the First Mortgage Bonds, the principal provisions of a plan of reorganization which will receive the support of both parties have been submitted to the South Shore to be incorporated in a plan to be filed by that Company.

A petition of Louis Lober for subordination of the claims of your Company to the claims of the owners of the First Mortgage Bonds has been denied by the District Court of the United States for the District of Minnesota, Fourth Division. Notice of appeal from this decision has been served.



Net earnings of the South Shore were \$642,880 compared with \$1,000,744 in 1943. Costs of operation increased and gross earnings declined. The volume of ore traffic was substantially less than in the previous year.

RATES AND SERVICES

The limitations on passenger train service and the regulations for loading of freight cars which were previously put in effect by the Transport Controller, in the interest of ensuring essential service and the maximum utilization of equipment, remained operative without change during 1944.

Automatic block signals were installed for 113 miles of single track main line on the Saskatchewan and Alberta Districts. This added materially to the speed and safety of operations on a portion of your Company's road over which the movement of grain is very great.

A branch line in Southern British Columbia, extending from Haynes to Osoyoos, was completed and opened to traffic in the latter part of the year. The new extension of approximately 10 miles provides this rapidly developing fruit-growing area with rail connections with the rest of Canada.

New rolling stock placed in service during the year included 27 Pacific type and 25 Mikado type locomotives; 10 Diesel switching locomotives; 1,000 box, 500 70-ton gondola and 200 70-ton hopper cars; 140 refrigerator cars; and 50 cabooses. With a view to developing desirable specifications for the prospective post-war replacement of motive power, two of the Pacific type locomotives were constructed in your Angus Shops.

Consistent with your Company's plans for the further improvement of its passenger services as rapidly as the return to peacetime conditions will permit, experiments were carried out during the year in re-arranging and modernizing the interiors of sleeping and dining cars, using more colourful interior decorations, improved lighting, and other conveniences designed to increase the comfort of train travel.

Your Company has actively proceeded with modernization of communications plant, apace with new developments. During the year transmission facilities were adapted to permit an expansion in the use made of them by the Canadian Broadcasting Corporation for its increasing network requirements; also to provide additional circuits for the public telephone systems in their services between Eastern and Western Canada and between Montreal, Saint John and Halifax, and for the Department of Transport in air traffic control operations.

WARTIME ACTIVITIES

Your Company was again honoured in having its Chateau Frontenac chosen as the scene of the Second Quebec Conference. The return of



the President of the United States and the Prime Minister of Great Britain, with their staffs, to this locale for their deliberations pays eloquent tribute to the service and appointments of your renowned hotel.

Your Angus Shops in Montreal were engaged in the manufacture of engines and condensers for heavy-armament landing craft, range-finding and fire-control equipment for naval guns, and many intricate detectional devices employed in anti-submarine warfare. At your Ogden Shops in Calgary the large locomotive erecting shop was again assigned entirely to the production of naval guns and mountings. The total value of munitions produced in your Company's shops now exceeds \$135,000,000. High tribute to the quality of workmanship has been paid by both military and naval authorities.

Railway facilities were extended to match the needs of new plants and undertakings. During 1944 there were 129 industrial sidings constructed, or in process of construction, involving 20.9 track miles.

A number of the officers of your Company remained throughout the year on loan to the Canadian and British governments for special services. The Vice-President of your Company was chosen during the year by the Dominion Government as the Canadian representative on the Transportation Equipment Committee of the Combined Production and Resources Board. The Committee consists of three members, representing Britain, the United States and Canada.

Your ocean steamships continued to be operated under the Ministry of War Transport of the United Kingdom. Your passenger vessels have been engaged in carrying service personnel to the various battle fronts. Numerous ships have been allocated by the Ministry of War Transport for operation by your Company, some continuously, and others on a voyage by voyage basis. Such ships have been staffed, in part, by your regular employees who were displaced from their positions owing to loss of the vessels in which they had been serving. A number of seagoing employees have lost their lives in the performance of their perilous duties, and others, including some of your senior shore officials, have suffered untold hardship as prisoners of war.

Officers and employees continue to demonstrate a fine public spirit in their generous response to patriotic appeals and campaigns. In the seven Canadian Victory Loans, your Company and its employees have subscribed a total of \$144,139,000. Of this amount \$102,907,000 has been taken by your Company and by its Pension Fund and the Pension Fund of the Canadian Pacific Express Company. At the end of the year more than 27,000 officers and employees were purchasing War Savings Certificates under the payroll deduction plan.



POST-WAR RE-ESTABLISHMENT

The officers of your Company are actively planning to ensure the successful re-assimilation into service of the large number of employees on leave of absence with the armed forces. The seniority and pension rights of such employees are fully protected. When new employees are engaged, every possible consideration will be extended to those applicants who have been honourably discharged from the armed services.

Problems of re-establishment and employment which will confront your Company in the period of transition from war to peace will be in charge of a Vice-President assigned to special duties.

CAPITAL APPROPRIATIONS

In anticipation of your confirmation, your Directors authorized capital appropriations for the year 1944 amounting to \$1,872,121 in addition to those approved at the last annual meeting.

Your approval will also be requested for capital appropriations of \$28,448,107 for the present year. The principal items are as follows:

Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses.....	\$ 5,014,250
Replacement and enlargement of structures in permanent form.....	586,112
Tie plates, rail anchors and miscellaneous roadway betterments.....	1,296,953
Replacement of rail in main line and branch line tracks with heavier section	1,148,123
Installation of automatic signals.....	883,743
Additional terminal and side track accommodation.....	484,072
Additions and betterments to shop machinery.....	1,378,076
New rolling stock.....	16,206,520
Additions and betterments to rolling stock.....	411,968
Additions and betterments to communication facilities.....	587,674
Inland Steamships—B.C. Lake and River Service.....	240,000

The appropriation for new rolling stock, strictly limited to a programme for which material could be made available to your Company, makes provision for 30 Pacific type steam locomotives and 13 Diesel switching locomotives; 1,275 freight train cars, including 750 box cars, 200 refrigerator cars and 200 gondola cars; 50 passenger train cars and 5 work units.

AGREEMENTS

Reference has already been made in this report to the receipt by your Company of \$4,500,000 as consideration for the cancellation of an agreement providing for the use by the Great Northern Railway Company of the Kettle Valley Railway Company's line between Otter Summit (Brookmere) and Hope. There will be submitted for your consideration and approval an agreement made by your Directors whereby Vancouver, Victoria and Eastern Railway and Navigation Company and Great Northern Railway Company have undertaken to sell to your Company a line of railway in British Columbia between Princeton and Otter Summit (Brookmere) for \$1,500,000. Your Company has enjoyed running rights over the line to be acquired, since its construction, paying therefor approximately \$60,000 per annum under an agreement authorized at the



annual meeting in 1914, which, upon completion of the purchase, will be terminated.

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.....	25,535	18.20	147	.58	12.98
United Kingdom and other British.....	14,695	53.93	26,847	96.41	66.52
United States.....	12,578	21.68	77	.35	15.36
Other Countries.....	3,416	6.19	569	2.66	5.14
	<u>56,224</u>		<u>27,640</u>		

DIRECTORATE

It is with deep regret that your Directors record the death on November 26, 1944, of Honourable Henry Cockshutt who had been a member of the Board since June, 1925.

Mr. Howard P. Robinson, Saint John, N.B., was appointed a Director to succeed Honourable Henry Cockshutt.

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

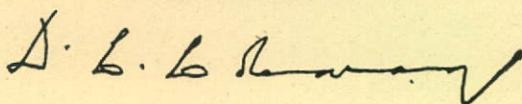
MR. AIMÉ GEOFFRION, K.C. MR. W. M. NEAL, C.B.E.
MR. G. BLAIR GORDON MR. GEORGE W. SPINNEY, C.M.G.

OFFICERS AND EMPLOYEES

Each successive year of hostilities has intensified the problems of management and the tasks of labour in all branches of your Company's service. Indebtedness to all ranks of employees is acknowledged for the maintenance of efficient and effective transportation, despite the difficulties of wartime conditions.

Your Directors are proud to report that, at the end of the year, 19,479 men and women from all branches of your Company had joined the armed forces or engaged in special war services under direction of the British Admiralty. Solemn tribute is paid to the 527 employees who have given their lives in the common cause; earnest hopes are expressed for the safe and early return of those still engaged in hazardous duties.

For the Directors,



President.

MONTREAL, March 12, 1945.



GENERAL BALANCE SHEET

ASSETS

PROPERTY INVESTMENT:

Railway, Rolling Stock and Inland Steamships	\$ 828,911,761	
Improvements on Leased Property	97,753,968	
Stocks and Bonds—Leased Railway Companies	130,073,481	
Ocean and Coastal Steamships	37,767,236	
Hotel, Communication and Miscellaneous Properties	96,512,653	
		\$ 1,191,019,099

OTHER INVESTMENTS:

Stocks and Bonds—Controlled Companies	\$ 70,910,449	
Miscellaneous Investments	43,603,850	
Advances to Controlled and Other Companies	8,701,194	
Mortgages Collectible and Advances to Settlers	1,811,753	
Deferred Payments on Lands and Townsites	20,874,776	
Unsold Lands and Other Properties	17,962,278	
Unexpended Equipment Trust Deposit	4,889,563	
Maintenance Fund	19,950,000	
Insurance Fund	10,419,339	
Steamship Replacement Fund	49,087,030	
		248,210,232

CURRENT ASSETS:

Material and Supplies	\$ 37,601,778	
Agents' and Conductors' Balances	14,584,541	
Miscellaneous Accounts Receivable	19,396,391	
Dominion of Canada Securities	17,346,404	
Cash	47,161,832	
		136,090,946

UNADJUSTED DEBITS:

Insurance Prepaid	\$ 223,244	
Unamortized Discount on Bonds	5,073,426	
Other Unadjusted Debits	2,460,952	
		7,757,622
		<u>\$ 1,583,077,899</u>



T, DECEMBER 31, 1944

LIABILITIES

CAPITAL STOCK:

Ordinary Stock.....	\$ 335,000,000	
Preference Stock—4% Non-cumulative.....	137,256,921	
		\$ 472,256,921

PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK... \$ 357,335,729

Less: Pledged as collateral to bonds and equipment obligations.....	61,897,500	
		295,438,229
FUNDED DEBT.....		105,883,000

CURRENT LIABILITIES:

Pay Rolls.....	\$ 5,079,602	
Audited Vouchers.....	12,549,238	
Net Traffic Balances.....	3,096,323	
Miscellaneous Accounts Payable.....	7,897,433	
Accrued Fixed Charges.....	1,242,070	
Unmatured Dividend Declared.....	2,521,391	
Other Current Liabilities.....	15,220,014	
		47,606,071

DEFERRED LIABILITIES:

Dominion Government Unemployment Relief.....	\$ 1,447,223	
Miscellaneous.....	4,332,833	
		5,780,056

RESERVES AND UNADJUSTED CREDITS:

Maintenance Reserves.....	\$ 19,950,000	
Depreciation Reserves.....	263,115,501	
Investment Reserves.....	3,502,983	
Insurance Reserve.....	10,419,339	
Contingent Reserves.....	5,189,633	
Unadjusted Credits.....	6,057,830	
		308,235,286

PREMIUM ON CAPITAL AND DEBENTURE STOCK..

34,458,562

LAND SURPLUS.....

61,704,766

PROFIT AND LOSS BALANCE.....

251,715,008

\$ 1,583,077,899

ERIC A. LESLIE,
Vice-President and Comptroller.

TO THE SHAREHOLDERS,
CANADIAN PACIFIC RAILWAY COMPANY:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending December 31, 1944, and having compared the Balance Sheet and related schedules therewith, we certify that in our opinion they are properly drawn up so as to show the true financial position of the Company at that date, and that the Income and Profit & Loss Accounts correctly set forth the result of the year's operations.

The records of the securities owned by the Company at December 31, 1944, have been verified by an examination of those securities in the custody of its Treasurer and by certificates received from such depositories as are holding securities for safe custody for the Company.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

Montreal, March 9, 1945.



CHANGES IN PROPERTY INVESTMENT

RAILWAY, ROLLING STOCK AND INLAND STEAMSHIPS:

Balance at December 31, 1943	\$810,442,460	
Additions and Betterments (less retirements):		
Railway	\$ 3,150,103	
Rolling Stock	15,293,083	
Inland Steamships	26,115	
		<u>18,469,301</u>
Total December 31, 1944, as per Balance Sheet		\$ 828,911,761

IMPROVEMENTS ON LEASED PROPERTY:

Balance at December 31, 1943	\$ 96,813,831	
Additions and Betterments (less retirements):		
Railway	\$ 1,347,794	
Rolling Stock	Cr. 50,687	
		<u>1,297,107</u>
Transferred to Stocks and Bonds—Leased Railway Companies .. Cr.	356,970	
Total December 31, 1944, as per Balance Sheet		97,753,968

STOCKS AND BONDS—LEASED RAILWAY COMPANIES:

Balance at December 31, 1943	\$129,693,871	
Transferred from other accounts	379,610	
Total December 31, 1944, as per Balance Sheet		130,073,481

OCEAN AND COASTAL STEAMSHIPS:

Balance at December 31, 1943	\$ 36,971,006	
Additions and Betterments (less retirements):		
Ocean	\$ 813,677	
Coastal	Cr. 17,447	
		<u>796,230</u>
Total December 31, 1944, as per Balance Sheet		37,767,236

HOTEL, COMMUNICATION AND MISCELLANEOUS PROPERTIES:

Balance at December 31, 1943	\$101,872,734	
Additions and Betterments (less retirements):		
Hotels	\$ 1,301	
Communications	689,123	
Miscellaneous Properties	Cr. 6,050,505	
		<u>Cr. 5,360,081</u>
Total December 31, 1944, as per Balance Sheet		96,512,653

PROPERTY INVESTMENT December 31, 1944, as per Balance Sheet..... \$1,191,019,099



STOCKS AND BONDS—LEASED RAILWAY COMPANIES

		Par Value or Principal Amount
ALBERTA CENTRAL RAILWAY COMPANY		
† Mortgage Bonds.....	4%	\$ 2,240,000
† Capital Stock.....		50,000
ALBERTA RAILWAY & IRRIGATION COMPANY.....		
† Mortgage Bonds.....	4%	1,676,000
† Capital Stock.....		3,228,500
ALGOMA EASTERN RAILWAY COMPANY		
† Preferred Stock.....		1,000,000
† Common Stock.....		2,000,000
AROOSTOOK RIVER RAILROAD COMPANY		
† Capital Stock.....		793,550
ATLANTIC & NORTH-WEST RAILWAY COMPANY		
† 1st Mortgage Bonds, Eganville Branch.....	4%	302,400
† Guaranteed Capital Stock.....	5%	3,240,000
† Common Stock.....		180,000
BRITISH COLUMBIA SOUTHERN RAILWAY COMPANY		
† 1st Mortgage Bonds.....	5%	1,175,000
† Capital Stock.....		172,200
CALGARY & EDMONTON RAILWAY COMPANY		
† Mortgage Bonds.....	4%	7,440,000
† Capital Stock.....		1,000,000
CAMPBELLFORD, LAKE ONTARIO & WESTERN RAILWAY CO.		
† Mortgage Bonds.....	4%	11,895,000
† Capital Stock.....		125,000
COLUMBIA & KOOTENAY RAILWAY & NAVIGATION COMPANY		
† 1st Mortgage Bonds.....	4%	1,277,500
† Capital Stock.....		250,000
COLUMBIA & WESTERN RAILWAY COMPANY		
† 1st Mortgage Bonds.....	5%	5,691,000
† Capital Stock.....		925,000
DOMINION ATLANTIC RAILWAY COMPANY		
† 2nd Debenture Stock.....	4%	924,667
† Extension Debenture Stock.....	4%	1,423,500
† Mortgage Bonds.....	4%	1,700,000
† Preference Stock.....	5%	1,313,122
† Ordinary Stock.....		1,101,849
ESQUIMALT & NANAIMO RAILWAY COMPANY		
† Mortgage Bonds.....	4%	7,165,000
† Capital Stock.....		2,500,000
FORT WILLIAM TERMINAL RAILWAY AND BRIDGE COMPANY		
† Capital Stock.....		125,000
FREDERICTON & GRAND LAKE COAL & RAILWAY COMPANY		
† 1st Mortgage Bonds.....	4%	465,000
† Capital Stock.....		140,000
GEORGIAN BAY & SEABOARD RAILWAY COMPANY		
† Mortgage Bonds.....	4%	2,491,500
† Capital Stock.....		250,000
GREAT NORTH WEST CENTRAL RAILWAY COMPANY		
† 1st Mortgage Bonds.....	5%	1,375,000
† Capital Stock.....		500,000
Carried Forward.....		\$ 66,135,788



STOCKS AND BONDS—LEASED RAILWAY COMPANIES—Continued

		Par Value or Principal Amount
<i>Brought Forward</i>		\$ 66,135,788
GUELPH & GODERICH RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 2,415,000
†	Capital Stock.....	125,000
INTERPROVINCIAL & JAMES BAY RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 3,850,000
†	Capital Stock.....	34,000
JOLIETTE & BRANDON RAILWAY COMPANY		
†	Capital Stock.....	300,000
KASLO & SLOCAN RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 231,000
†	Capital Stock.....	1,000,000
KETTLE VALLEY RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 15,210,000
†	2nd Mortgage Bonds.....	4% 1,507,000
†	Capital Stock.....	375,000
KINGSTON & PEMBROKE RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 1,075,000
	1st Preferred Stock.....	995,450
	2nd Preferred Stock.....	136,450
	Common Stock.....	2,045,900
KOOTENAY CENTRAL RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 5,340,000
†	Capital Stock.....	250,000
LACOMBE & NORTH WESTERN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 2,300,000
†	Capital Stock.....	500,000
LINDSAY, BOBCAYGEON & PONTYPOOL RAILWAY COMPANY		
†	Capital Stock.....	200,000
MANITOBA & NORTH WESTERN RAILWAY COMPANY		
†	1st Mortgage Bonds.....	5% 160,600
†	1st Mortgage Bonds.....	6% 2,628,000
†	Mortgage Bonds.....	5% 12,196,000
†	Debenture Stock.....	5% 613,200
†	Preference Stock.....	415,000
	Capital Stock.....	5,613,113
MANITOBA SOUTH WESTERN COLONIZATION RAILWAY CO.		
	1st Mortgage Bonds.....	5% 2,613,000
†	Capital Stock.....	700,000
MIDLAND-SIMCOE RAILWAY COMPANY		
†	Capital Stock.....	250,000
MONTREAL & ATLANTIC RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 1,425,000
	Capital Stock.....	2,480,000
MONTREAL & OTTAWA RAILWAY COMPANY		
†	1st Mortgage Bonds.....	5% 1,636,250
	Capital Stock.....	197,000
NAKUSP & SLOCAN RAILWAY COMPANY		
†	Mortgage Bonds.....	5% 1,211,750
†	Capital Stock.....	300,000
<i>Carried forward</i>		\$136,464,501



STOCKS AND BONDS—LEASED RAILWAY COMPANIES—Concluded

		Par Value or Principal Amount
<i>Brought Forward</i>		\$136,464,501
NEW BRUNSWICK SOUTHERN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 500,000
†	Capital Stock.....	49,000
NICOLA, KAMLOOPS & SIMLKAMEEN COAL & 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 & QUEBEC RAILWAY COMPANY		
	Common Stock.....	5,000
ORFORD MOUNTAIN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 152,000
†	Capital Stock.....	501,000
OTTAWA, NORTHERN & WESTERN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 3,075,000
†	Capital Stock.....	804,000
THE SAINT JOHN BRIDGE & RAILWAY EXTENSION COMPANY		
†	1st Mortgage Bonds.....	5% 125,000
†	Capital Stock.....	200,000
ST. LAWRENCE & OTTAWA RAILWAY COMPANY		
	Preference Stock.....	466,000
ST. MARY'S & WESTERN ONTARIO RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 356,500
†	Capital Stock.....	250,000
ST. MAURICE VALLEY RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 945,000
†	Capital Stock.....	500,000
SASKATCHEWAN & WESTERN RAILWAY COMPANY		
†	1st Mortgage Bonds.....	5% 181,040
†	Capital Stock.....	232,500
SHUSWAP & OKANAGAN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 1,250,000
†	Capital Stock.....	741,000
SOUTH ONTARIO PACIFIC RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 495,000
†	Capital Stock.....	200,000
TILSONBURG, LAKE ERIE & PACIFIC RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 1,067,500
†	Capital Stock.....	400,000
TORONTO, GREY & BRUCE RAILWAY COMPANY		
	Capital Stock.....	596,000
VANCOUVER & LULU ISLAND RAILWAY COMPANY		
†	1st Mortgage Bonds.....	5% 455,000
†	Capital Stock.....	25,000
WALKERTON & LUCKNOW RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 740,000
†	Capital Stock.....	19,000
WEST ONTARIO PACIFIC RAILWAY COMPANY		
†	Capital Stock.....	21,000
	Cost.....	\$130,073,481
	Total	\$153,659,041

†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		
† Common Stock.....		2,000,000
CHATEAU FRONTENAC COMPANY		
† Common Stock.....		280,000
THE CONSOLIDATED MINING & SMELTING COMPANY OF CANADA, LIMITED		
Capital Stock.....		8,412,500
THE DULUTH, SOUTH SHORE & ATLANTIC RAILWAY COMPANY*		
M. H. & O. Railroad Company Mortgage Bonds.	6%	1,077,000
† 1st Consolidated Mortgage Bonds.....	4%	15,107,000
EASTERN ABATTOIRS, LIMITED		
† Capital Stock.....		5,700
GRAND RIVER RAILWAY COMPANY		
† Mortgage Bonds.....	4%	426,000
† Capital Stock.....		125,000
THE LADYSMITH WATER COMPANY, LIMITED		
† Capital Stock.....		50,000
LAKE ERIE & NORTHERN RAILWAY COMPANY		
† Consolidated Mortgage Bonds.....	4%	2,317,500
Capital Stock.....		1,403,725
LETHBRIDGE COLLIERIES, LIMITED		
Capital Stock.....		813,750
LORD NELSON HOTEL COMPANY, LIMITED		
Cumulative Preference Stock.....		350,000
Common Stock—No Par Value—1,600 shares....	Cost	4,500
MERSEY TOWING COMPANY, LIMITED		
† Common 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 COMPANY		
First Mortgage Income Bonds.....	4½%	1,325,555
General Mortgage Income Bonds.....	4%	3,313,889
Voting Trust Certificates—No Par Value— 199,058 shares.....	Cost	15,743,848
THE NEW BRUNSWICK COLD STORAGE COMPANY, LIMITED		
† Cumulative Preference Stock.....		25,000
† Capital Stock.....		50,000
Carried Forward.....		\$ 64,751,347



STOCKS AND BONDS—CONTROLLED COMPANIES—Concluded

		Par Value or Principal Amount
<i>Brought Forward</i>		\$ 64,751,347
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		
† 1st Mortgage Income Bonds.....	5%	2,865,000
† Capital Stock—No Par Value—10,000 shares....	Cost	500,000
VANCOUVER ISLAND TRANSPORTATION COMPANY LIMITED		
1st Mortgage Debentures.....	3%	98,250
Capital Stock.....		334,200
OTHER COMPANIES.....	Cost	380,165
Cost.....	\$70,910,449	Total
		<u>\$ 69,720,962</u>

†Denotes complete ownership.

*The properties of these Companies are being operated by Trustees 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
CANADIAN PACIFIC CAR & PASSENGER TRANSFER COMPANY, LIMITED		
Common Stock.....		200,000
NORTHERN ALBERTA RAILWAYS COMPANY		
1st Mortgage Bonds.....	5%	15,365,000
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
TORONTO TERMINALS RAILWAY COMPANY		
1st Mortgage Bonds.....	5%	12,805,000
Capital Stock.....		250,000
VANCOUVER HOTEL COMPANY LIMITED		
Capital Stock.....		75,000
WISCONSIN CENTRAL RAILWAY COMPANY		
First and Refunding Mortgage Bonds.....	5%	8,374,241
OTHER INVESTMENTS.....	Cost	2,701,749
Cost.....	\$43,603,850	Total
		<u>\$ 44,748,790</u>



CAPITAL AND DEBENTURE STOCKS

				Total as per Balance Sheet	
ORDINARY STOCK:					
Issued: 13,400,000 shares—\$25 Par Value.....				\$335,000,000	
PREFERENCE STOCK—4% NON-CUMULATIVE:					
Issued: £28,203,477—in amounts of £1 and multiples thereof.....				\$137,256,921	
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK:					
		Sterling	United States Currency	Canadian Currency	
Issued.....	£ 47,350,321		\$102,837,500	\$ 24,060,000	\$357,335,729
Less: Pledged as collateral..	—		37,837,500	24,060,000	61,897,500
	<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 "C".....	4½%	Dec. 1, 1930	Serially to Nov. 30, 1945	United States	\$ 950,000
*Equipment Trust.....	3%	Feb. 1, 1937	Serially to	Canadian	4,020,000
Series "D".....	2½%	Feb. 1, 1937	Jan. 31, 1952	United States	4,020,000
Equipment Trust Series "E".....	3%	June 1, 1938	Serially to May 31, 1953	Canadian	7,128,000
Equipment Trust Series "F".....	3%	Mar. 1, 1943	Serially to Apr. 1, 1953	United States	15,300,000
Equipment Trust Series "G".....	2½%	Mar. 1, 1944	Serially to Mar. 1, 1954	United States	24,700,000
**COLLATERAL TRUST BONDS:					
Thirty Year Gold Bonds.....	4½%	July 1, 1930	July 1, 1960	Canadian or United States	25,000,000
Convertible Fifteen Year Bonds..... (Conversion privilege has terminated)	4%	July 2, 1934	July 2, 1949	Canadian	11,240,000
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>\$105,883,000</u>

*Secured in part by pledge of Perpetual 4% Consolidated Debenture Stock aggregating, in principal amount, \$2,010,000.

**Secured by pledge of Perpetual 4% Consolidated Debenture Stock aggregating, in principal amount, \$59,887,500.



DEPRECIATION RESERVES

	Balance December 31, 1943	Additions	Deductions	Balance December 31, 1944
Road.....	\$ 83,630,820	\$ 8,020,682	\$ 857,574	\$ 90,793,928
Rolling Stock.....	115,859,100	15,224,844	2,938,630	128,145,314
Steamship.....	26,856,648	1,883,665	33,946	28,706,367
Hotel and Other..	12,888,176	2,638,732	57,016	15,469,892
	<u>\$239,234,744</u>	<u>\$ 27,767,923</u>	<u>\$ 3,887,166</u>	<u>\$263,115,501</u>

LAND SURPLUS ACCOUNT

Land Surplus December 31, 1943.....	\$ 62,533,037
Land and townsite sales.....	\$ 4,277,623
Miscellaneous earnings.....	1,410,961
	<u>5,688,584</u>
	\$ 68,221,621
DEDUCT:	
Land and irrigation expenses.....	\$ 1,226,896
Taxes.....	649,210
Inventory value of lands sold.....	2,816,430
Land contracts cancelled.....	\$ 2,699,807
Less: Inventory value of lands reacquired.....	<u>607,320</u>
Miscellaneous adjustments.....	2,092,487
	<u>268,168</u>
	6,516,855
Land Surplus December 31, 1944, as per Balance Sheet.....	<u>\$ 61,704,766</u>



CONTINGENT LIABILITIES IN RESPECT OF SECURITIES OF LEASED RAILWAY COMPANIES

DESCRIPTION	RATE	PRINCIPAL OUTSTANDING	NATURE OF OBLIGATION
ALGOMA EASTERN RAILWAY COMPANY			
First Mortgage Bonds, maturing March 1, 1961.....	5%	\$ 2,226,500	Indemnity to The Lake Superior Corporation against liability under its guarantee of principal.
ATLANTIC & NORTH-WEST RAILWAY COMPANY			
First Mortgage Redeemable Debenture Stock, maturing January 1, 1957.	4%	6,326,667	Guarantee of principal.
CALGARY & EDMONTON RAILWAY COMPANY			
Consolidated Debenture Stock, terminable January 1, 2002.....	4%	5,458,940	Guarantee and assumption of payment of principal upon expiry of lease (January 1, 2002) or in alternative, renewal of lease.
JOLIETTE & 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%	1,644,933	Guarantee of principal in favour of Trustees.
Third Mortgage Bonds, maturing January 1, 1963.....	5%	1,644,933	Guarantee of principal in favour of Trustees.

The amounts of the above contingent liabilities are stated in Canadian currency, those payable in currencies other than Canadian having been converted at par of exchange.

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



CONTINGENT LIABILITIES IN RESPECT OF SECURITIES OF CONTROLLED COMPANIES

DESCRIPTION	RATE	PRINCIPAL OUTSTANDING	NATURE OF OBLIGATION
AROOSTOOK VALLEY RAILROAD COMPANY			
First and Refunding Mortgage Bonds, maturing July 1, 1961.....	4½%	\$ 455,832*	Guarantee of interest.
First and Refunding Mortgage Bonds, Series "A," maturing August 1, 1957	5½%	280,500†	Guarantee of interest.
*Includes \$278,564 held in Sinking Fund and \$3,409 held in the Treasury.			
†Includes \$80,000 held in the Treasury.			
LORD NELSON HOTEL COMPANY, LIMITED			
First Mortgage Sinking Fund Bonds, maturing November 1, 1947.....	4%	600,000	Guarantee of interest.

OTHER CONTINGENT LIABILITIES

DESCRIPTION	RATE	PRINCIPAL OUTSTANDING	NATURE OF OBLIGATION
MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY*			
Second Mortgage Bonds, dated to mature January 1, 1949.....	4%	\$3,450,000	Guarantee of interest.
First Refunding Mortgage Bonds, Series "B," dated to mature July 1, 1978.....	5½%	2,251,000	Guarantee of interest.
*Predecessor of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company.			

THE TORONTO, HAMILTON AND BUFFALO RAILWAY COMPANY.—Joint and several agreement with Michigan Central Railroad Company, New York Central Railroad Company and The Canada Southern Railway Company to make up to The Toronto, Hamilton and Buffalo Railway Company any interest which it is unable to provide on \$2,000,000† Consolidated Mortgage 4½% Bonds, Series "A," maturing August 1, 1966.

†Includes \$128,000 held in the Treasury.

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.

The amounts of the above contingent liabilities are stated in Canadian currency, those in currencies other than Canadian having been converted at par of exchange.



GROSS EARNINGS

Freight.....	\$ 233,118,473
Passenger.....	56,310,130
Mail.....	4,045,027
Express.....	6,570,745
Sleeping, Parlor and Dining Car and Miscellaneous.....	18,826,659
	<hr/>
Total.....	\$ 318,871,034
	<hr/> <hr/>

WORKING EXPENSES

Maintenance of Way and Structures.....	\$ 54,730,391
Maintenance of Equipment.....	62,064,275
Traffic.....	4,689,055
Transportation.....	111,381,811
Miscellaneous Operations.....	7,635,259
General.....	11,146,124
Railway Tax Accruals.....	24,064,455
	<hr/>
Total.....	\$ 275,711,370
	<hr/> <hr/>

OTHER INCOME

Net earnings from ocean and coastal steamships.....	\$ 1,126,841
Net earnings from hotel, communication and miscellaneous properties.....	1,619,301
Dividends.....	4,633,530
Net income from interest, exchange, separately operated properties and miscellaneous sources.....	4,991,643
	<hr/>
Total.....	\$ 12,371,315
	<hr/> <hr/>



FIXED CHARGES

RENT FOR LEASED ROADS:

Alberta Railway & Irrigation Company.....	\$	1,290
Algoma Eastern Railway.....		111,325
Atlantic & North-West Railway.....		253,067
Calgary & Edmonton Railway.....		218,358
Connecticut & Passumpsic Rivers Railroad.....		246,000
Dominion Atlantic Railway.....		144,167
Fredericton & Grand Lake Coal & Railway.....		52,522
Glengarry & Stormont Railway.....		56,905
Guelph Junction Railway.....		50,991
Joliette & Brandon Railway.....		5,000
Lindsay, Bobcaygeon & Pontypool Railway.....		20,000
Montreal & Atlantic Railway.....		33,120
New Brunswick Railway System.....		390,187
Ontario & Quebec Railway.....		1,234,795
Quebec Central Railway.....		634,754
St. Lawrence & Ottawa Railway.....		38,933
St. Stephen & Milltown Railway.....		2,050
Southampton Railway.....		1,420
Tobique Railway.....		13,975
The Toronto, Hamilton and Buffalo Railway.....		8,717
Winnipeg River Railway.....		1
		<hr/>
	\$	3,517,577

INTEREST ON DEBENTURE STOCK AND FUNDED DEBT:

Perpetual 4% Consolidated Debenture Stock.....	\$	11,817,529
Equipment Obligations.....		1,960,114
Twenty-five Year 5% Collateral Trust Gold Bonds.....		570,031
Thirty Year 4½% Collateral Trust Gold Bonds.....		1,125,000
Convertible Fifteen Year 4% Collateral Trust Bonds....		459,633
Convertible Fifteen Year 3½% Collateral Trust Bonds..		261,917
Thirty Year 3½% Collateral Trust Bonds.....		23,552
Serial 3% Secured Notes.....		151,710
		<hr/>
		16,369,486

GUARANTEED INTEREST:

Minneapolis, St. Paul & Sault Ste. Marie Railway Company Bonds...	645,429
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INTEREST ON UNFUNDED DEBT.....	15,465
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AMORTIZATION OF DISCOUNT ON FUNDED DEBT.....	283,192
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Total.....	\$	20,831,149
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MILEAGE

CANADIAN PACIFIC RAILWAY—	Miles Operated	
New Brunswick District	841.1	
Quebec "	1,642.1	
Ontario "	1,422.6	
Algoma "	1,223.0	
Manitoba "	2,516.0	
Saskatchewan "	3,625.7	
Alberta "	3,102.6	
British Columbia "	1,994.2	
Dominion Atlantic Lines	304.0	
Quebec Central Lines	356.5	
	<hr/>	17,027.8
CANADIAN PACIFIC ELECTRIC LINES—		
Grand River Railway	18.4	
Lake Erie & Northern Railway	51.0	
	<hr/>	69.4
		<hr/>
		17,097.2
CONTROLLED RAILWAY COMPANIES—		
Aroostook Valley Railroad	*32.1	
Minneapolis, St. Paul & Sault Ste. Marie Railroad	3,223.8	
The Duluth, South Shore & Atlantic Railway	535.9*	
Mineral Range Railroad	26.1*	
	<hr/>	562.0
		<hr/>
		3,817.9
		<hr/>
Total		20,915.1

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

ROLLING STOCK

(Owned and Leased not including Electric Lines)

Locomotives	1,751
First and second class Passenger, Tourist Sleeping, Baggage, Mail and Express Cars*	2,200
First class Sleeping, Parlor and Dining Cars	549
Freight Cars (all kinds)	75,084
Conductors' Vans	1,192
Boarding, Tool and Auxiliary Cars and other Work Equipment	5,356

*Includes 20 Cars in Toronto, Hamilton and Buffalo Line Service in which the Company owns 36.04% interest.

HOTELS

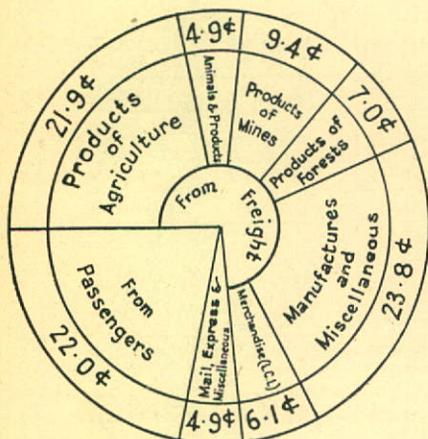
The Digby Pines	Digby, N.S.	Royal Alexandra	Winnipeg, Man.
Cornwallis Inn	Kentville, N.S.	Saskatchewan	Regina, Sask.
Lakeside Inn	Yarmouth, N.S.	Palliser	Calgary, Alta.
Algonquin	St. Andrews, N.B.	Banff Springs	Banff, Alta.
McAdam	McAdam, N.B.	Chateau Lake Louise ..	Lake Louise, Alta.
Chateau Frontenac ..	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.

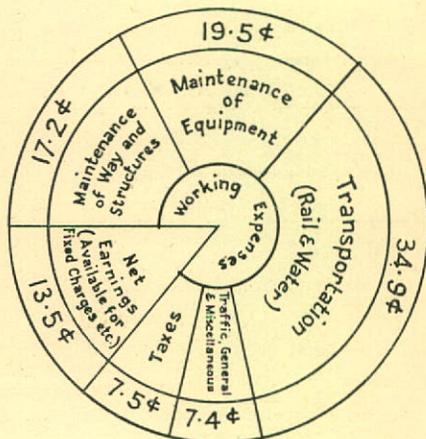


THE RAILWAY DOLLAR

1944

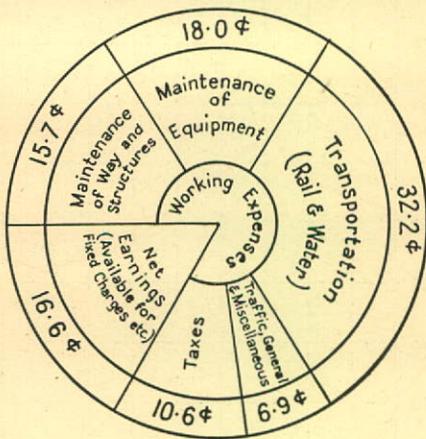
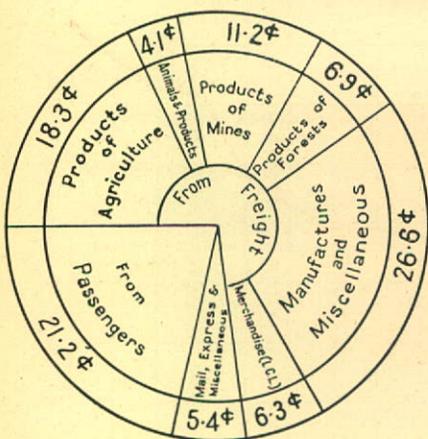


WHERE THE EARNINGS
CAME FROM



WHERE THE EARNINGS
WENT TO

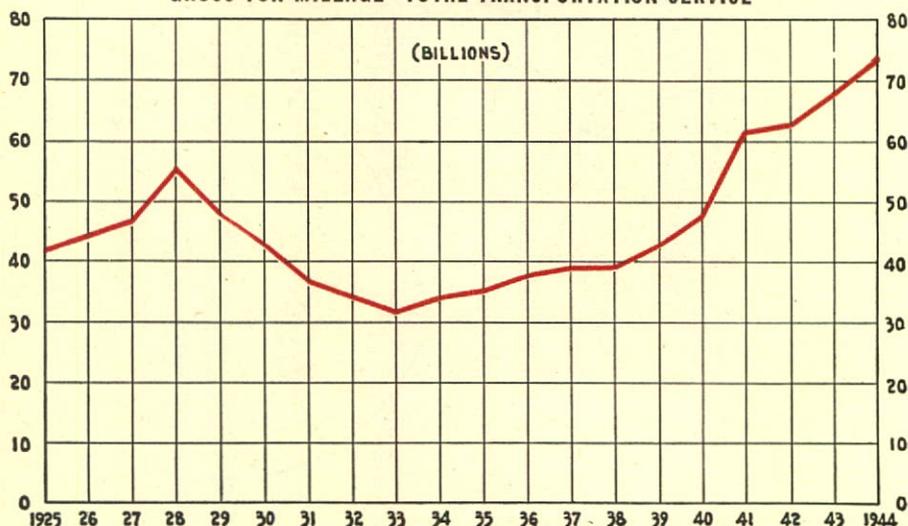
1943



TRANSPORTATION AND TRAFFIC STATISTICS

	Year 1944	Year 1943	Increase or Decrease	
			Amount or Number	Per Cent.
AVERAGE MILES OF ROAD OPERATED.....	17,029.9	17,034.6	4.7	—
TRAIN MILEAGE				
Freight Service.....	35,114,904	32,846,480	2,268,424	6.9
Passenger Service.....	20,585,698	20,014,889	570,809	2.9
Total Transportation Service.....	55,700,602	52,861,369	2,839,233	5.4
LOCOMOTIVE MILEAGE				
Freight Service.....	39,415,638	37,142,270	2,273,368	6.1
Passenger Service.....	21,534,778	20,977,895	556,883	2.7
Switching Service—Road and Yard.....	14,298,697	13,815,479	483,218	3.5
Total Transportation Service.....	75,249,113	71,935,644	3,313,469	4.6
CAR MILEAGE				
FREIGHT				
Loaded.....	869,241,685	794,592,698	74,648,987	9.4
Empty.....	442,314,243	384,008,156	58,306,087	15.2
Caboose.....	37,706,908	35,042,400	2,664,508	7.6
Total.....	1,349,262,836	1,213,643,254	135,619,582	11.2
PASSENGER				
Coaches.....	62,651,492	61,716,433	935,059	1.5
Sleeping, Parlor and Observation.....	64,045,050	58,938,138	5,106,912	8.7
Dining.....	10,211,596	9,940,585	271,011	2.7
Other.....	54,249,521	50,699,808	3,549,713	7.0
Total.....	191,157,659	181,294,964	9,862,695	5.4
Total Transportation Service.....	1,540,420,495	1,394,938,218	145,482,277	10.4
GROSS TON MILEAGE				
Freight Service—Cars and Contents.....	59,804,356,000	54,065,421,000	5,738,935,000	10.6
Passenger Service—Cars only.....	13,896,701,000	13,111,714,000	784,987,000	6.0
Total Transportation Service.....	73,701,057,000	67,177,135,000	6,523,922,000	9.7

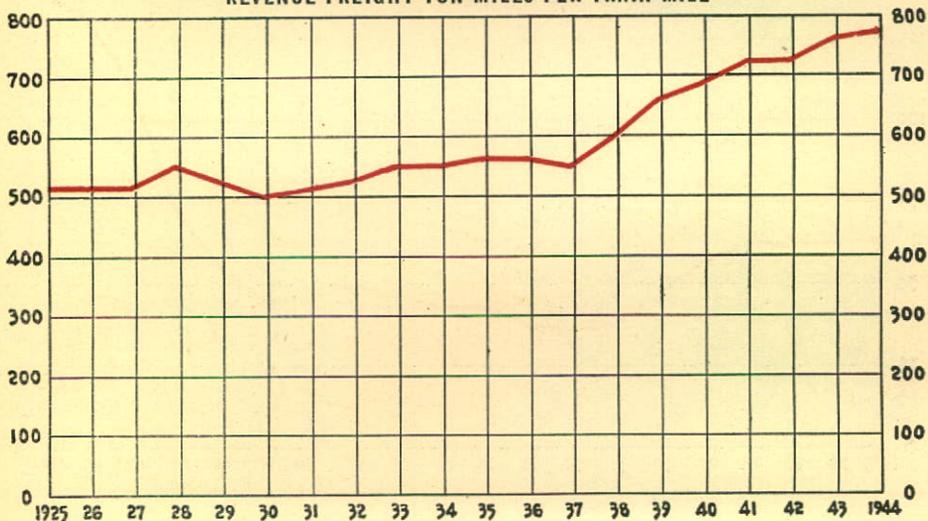
GROSS TON MILEAGE—TOTAL TRANSPORTATION SERVICE



TRANSPORTATION AND TRAFFIC STATISTICS—Continued

	Year 1944	Year 1943	Increase or Decrease	
			Amount or Number	Per Cent.
FREIGHT TRAFFIC—RAIL				
Freight revenue.....	\$232,146,901	\$217,030,812	\$15,116,089	7.0
Tons—Revenue freight.....	55,679,262	52,551,696	3,127,566	6.0
Tons—All freight.....	63,882,938	59,495,888	4,387,050	7.4
Ton miles—Revenue freight.....	27,375,756,000	24,950,848,000	2,424,908,000	9.7
Ton miles—All freight.....	29,522,497,000	26,790,312,000	2,732,185,000	10.2
AVERAGES PER MILE OF ROAD				
Freight revenue.....	\$13,632	\$12,741	\$891	7.0
Train miles.....	2,062	1,928	134	7.0
Total freight train car miles.....	79,229	71,246	7,983	11.2
Ton miles—Revenue freight.....	1,607,511	1,464,716	142,795	9.7
Ton miles—All freight.....	1,733,568	1,572,700	160,868	10.2
AVERAGES PER TRAIN MILE				
Freight revenue.....	\$6.61	\$6.61	—	—
Loaded freight car miles.....	24.7	24.2	.5	2.1
Empty freight car miles.....	12.6	11.7	.9	7.7
Car miles—All classes.....	38.6	37.1	1.5	4.0
Ton miles—Revenue freight.....	779.6	759.6	20.0	2.6
Ton miles—All freight.....	840.7	815.6	25.1	3.1
Gross ton miles.....	1,703.1	1,646.0	57.1	3.5
AVERAGES PER LOADED CAR MILE				
Freight revenue (cents).....	26.7	27.3	.6	2.2
Ton miles—All freight.....	34.0	33.7	.3	.9
MISCELLANEOUS AVERAGES				
Revenue per ton of freight.....	\$4.17	\$4.13	\$0.04	1.0
Revenue per ton mile of freight (cents).....	0.85	0.87	.02	2.3
Miles hauled—Revenue freight.....	491.7	474.8	16.9	3.6
Miles hauled—All freight.....	462.1	450.3	11.8	2.6
CLASSIFICATION OF REVENUE TONNAGE CARRIED				
Products of Agriculture.....	18,023,200	14,289,878	3,733,322	26.1
Animals and Animal Products.....	1,405,580	1,184,714	220,866	18.6
Products of Mines.....	17,957,166	19,166,327	1,209,161	6.3
Products of Forests.....	5,227,143	4,820,836	406,307	8.4
Manufactures and Miscellaneous.....	11,772,002	11,839,891	67,889	.6
Total Carload Traffic.....	54,385,091	51,301,646	3,083,445	6.0
All less carload freight.....	1,294,171	1,250,050	44,121	3.5
Total Carload and L.C.L. Traffic.....	55,679,262	52,551,696	3,127,566	6.0

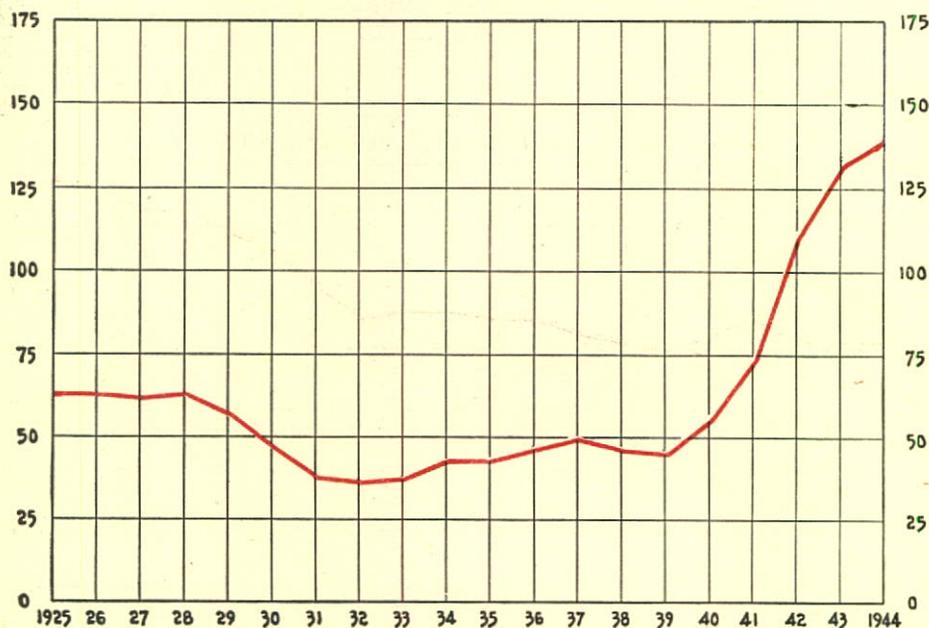
REVENUE FREIGHT TON MILES PER TRAIN MILE



TRANSPORTATION AND TRAFFIC STATISTICS—Continued

	Year 1944	Year 1943	Increase or Decrease	
			Amount or Number	Per Cent.
PASSENGER TRAFFIC—RAIL				
Passenger revenue.....	\$56,007,392	\$50,943,979	\$5,063,413	9.9
Passenger service train revenue.....	\$73,255,473	\$67,124,192	\$6,131,281	9.1
Revenue passengers carried.....	18,460,662	17,596,674	863,988	4.9
Revenue passenger miles.....	2,891,434,000	2,631,916,000	259,518,000	9.9
AVERAGES PER MILE OF ROAD				
Passenger revenue.....	\$3,289	\$2,991	\$298	10.0
Passenger service train revenue.....	\$4,302	\$3,940	\$362	9.2
Train miles.....	1,209	1,175	34	2.9
Total passenger train car miles.....	11,225	10,643	582	5.5
Revenue passenger miles.....	169,786	154,504	15,282	9.9
AVERAGES PER TRAIN MILE				
Passenger revenue.....	\$2.72	\$2.55	\$0.17	6.7
Passenger service train revenue.....	\$3.56	\$3.35	\$0.21	6.3
Car miles—All classes.....	9.1	8.8	.3	3.4
Revenue passenger miles.....	140.5	131.5	9.0	6.8
Gross ton miles.....	675.1	655.1	20.0	3.1
AVERAGES PER CAR MILE—PASSENGER				
Passenger revenue (cents).....	40.9	39.0	1.9	4.9
Revenue passenger miles.....	21.1	20.2	.9	4.5
MISCELLANEOUS AVERAGES				
Revenue per passenger.....	\$3.03	\$2.90	\$0.13	4.5
Revenue per passenger mile (cents).....	1.94	1.94	—	—
Miles carried—Revenue passengers.....	156.6	149.6	7.0	4.7

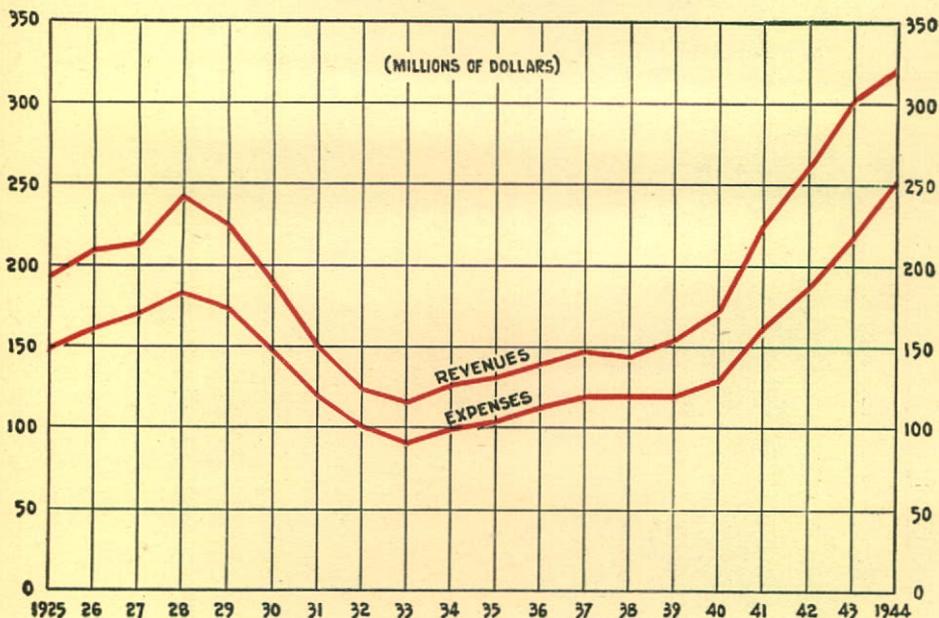
REVENUE PASSENGER MILES PER TRAIN MILE

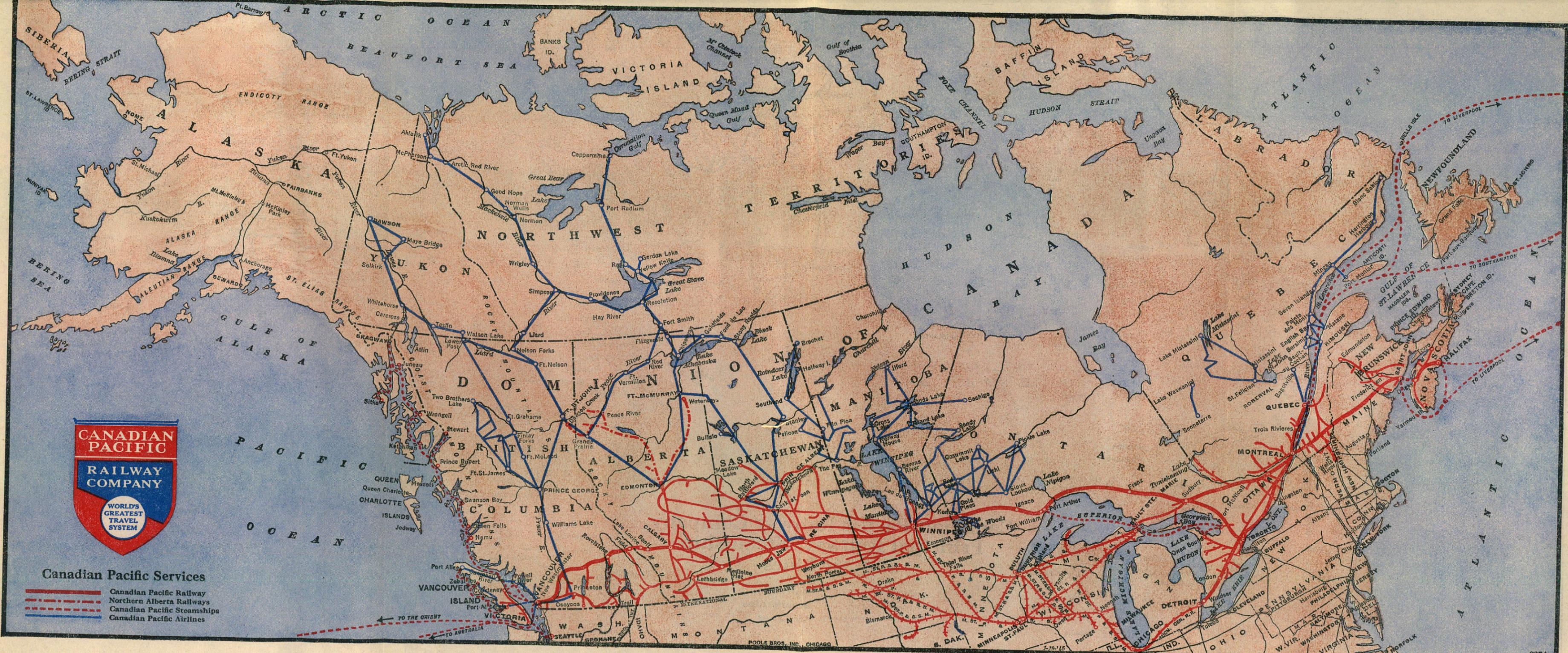


TRANSPORTATION AND TRAFFIC STATISTICS—Concluded

	Year 1944	Year 1943	Increase or Decrease	
			Amount or Number	Per Cent.
TOTAL TRAFFIC—RAIL				
AVERAGES PER MILE OF ROAD				
Train miles.....	3,271	3,103	168	5.4
Car miles.....	90,454	81,889	8,565	10.5
Operating revenues.....	\$18,729	\$17,486	\$1,243	7.1
Operating expenses.....	\$14,721	\$12,638	\$2,083	16.5
Net operating revenue.....	\$4,008	\$4,848	\$840	17.3
AVERAGES PER TRAIN MILE				
Operating revenues.....	\$5.73	\$5.63	\$0.10	1.8
Operating expenses.....	\$4.50	\$4.07	\$0.43	10.6
Net operating revenue.....	\$1.23	\$1.56	\$0.33	21.2
TOTAL TRAFFIC—RAIL AND INLAND WATER LINES				
Operating revenues.....	\$320,262,132	\$299,023,042	\$21,239,090	7.1
Operating expenses.....	\$251,646,915	\$216,347,579	\$35,299,336	16.3
Net operating revenue.....	\$68,615,217	\$82,675,463	\$14,060,246	17.0
Tax accruals, net of hire of equipment and joint facility rents.....	\$25,455,553	\$33,463,896	\$8,008,343	23.9
Net earnings.....	\$43,159,664	\$49,211,567	\$6,051,903	12.3
Per cent. operating expenses to operating revenues..	78.58	72.35	6.23	8.6
Payroll charged operating expenses.....	\$132,088,782	\$111,805,234	\$20,283,548	18.1
Per cent. payroll to operating revenues.....	41.24	37.39	3.85	10.3
Per cent. payroll to operating expenses.....	52.49	51.68	.81	1.6

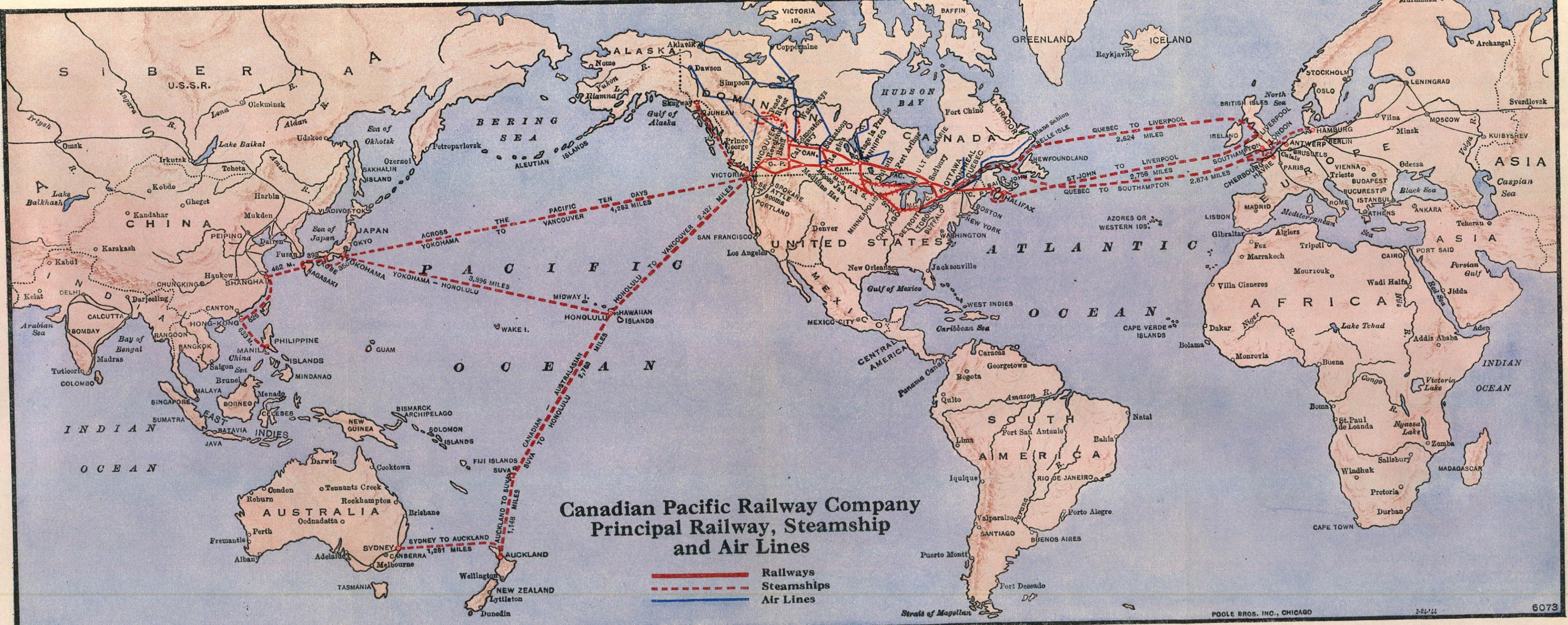
OPERATING REVENUES AND OPERATING EXPENSES

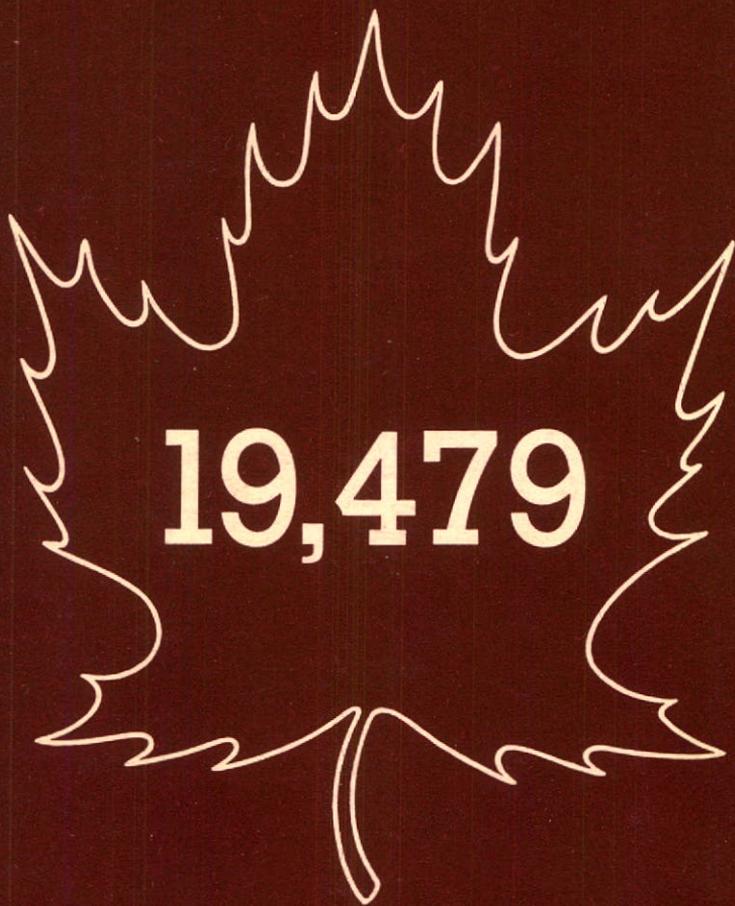




Canadian Pacific Services

- Canadian Pacific Railway
- - - - - Northern Alberta Railways
- Canadian Pacific Steamships
- Canadian Pacific Airlines





THE COMPANY RECORDS WITH PRIDE THAT
THE ABOVE NUMBER OF ITS EMPLOYEES
HAS JOINED THE ARMED FORCES OR
ENGAGED IN SPECIAL WAR SERVICES