

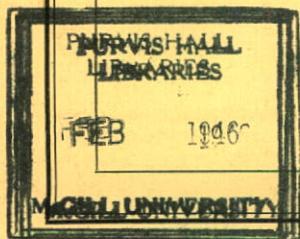
# CANADIAN PACIFIC RAILWAY COMPANY

## ANNUAL REPORT

FOR THE  
YEAR ENDED DECEMBER 31

1936

MONTREAL, MARCH, 1937





# CANADIAN PACIFIC RAILWAY COMPANY

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## NOTICE TO SHAREHOLDERS

The Fifty-sixth 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.

The Ordinary Stock Transfer Books will be closed in Montreal, New York and London at 3 p.m. on Tuesday, the thirteenth 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 sixth day of May.

By order of the Board,

F. BRAMLEY,  
*Secretary.*

MONTREAL, March 8, 1937.



## BOARD OF DIRECTORS.

SIR EDWARD BEATTY, G.B.E.,	- - - - -	MONTREAL.
COL. HENRY COCKSHUTT,	- - - - -	BRANTFORD.
D. C. COLEMAN,	- - - - -	MONTREAL.
SIR CHARLES GORDON, G.B.E.,	- - - - -	do
JOHN W. HOBBS,	- - - - -	TORONTO.
SIR HERBERT S. HOLT,	- - - - -	MONTREAL.
JOHN W. MCCONNELL,	- - - - -	do
RT. HON. REGINALD MCKENNA,	- - - - -	LONDON, ENG.
ROBERT S. MCLAUGHLIN,	- - - - -	OSHAWA.
ROSS H. MCMASTER,	- - - - -	MONTREAL.
BRIG.-GEN. FRANK S. MEIGHEN, C.M.G.,	- - - - -	do
SIR EDWARD R. PEACOCK, G.C.V.O.,	- - - - -	LONDON, ENG.
JAMES A. RICHARDSON,	- - - - -	WINNIPEG.
RT. HON. LORD SHAUGHNESSY, K.C.,	- - - - -	MONTREAL.
ROBERT C. STANLEY,	- - - - -	NEW YORK.
W. N. TILLEY, K.C.,	- - - - -	TORONTO.
MORRIS W. WILSON,	- - - - -	MONTREAL.
HON. J. MARCELIN WILSON, SENATOR,	- - - - -	do

## EXECUTIVE COMMITTEE.

SIR EDWARD BEATTY, G.B.E.	D. C. COLEMAN
SIR CHARLES GORDON, G.B.E.	SIR HERBERT S. HOLT
ROSS H. MCMASTER	W. N. TILLEY, K.C.

## OFFICERS

CHAIRMAN AND PRESIDENT	- - - - -	SIR EDWARD BEATTY, G.B.E.	MONTREAL.
VICE-PRESIDENT	- - - - -	D. C. COLEMAN	do
SECRETARY	- - - - -	F. BRAMLEY	do
ASSISTANT SECRETARY	- - - - -	I. R. COLLINS	do
GENERAL COUNSEL	- - - - -	E. P. FLINTOFT, K.C.	do
GENERAL SOLICITOR	- - - - -	G. A. WALKER, K.C.	do
ASST. TO THE VICE-PRESIDENT	- - - - -	H. C. GROUT	do
GENERAL EXECUTIVE ASSISTANT	- - - - -	J. O. APPS	do

## FINANCIAL AND ACCOUNTING DEPARTMENTS

VICE-PRESIDENT AND TREASURER	- - - - -	L. B. UNWIN	MONTREAL.
ASSISTANT TO VICE-PRESIDENT	- - - - -	J. A. DUNDAS	do
ASSISTANT TREASURER	- - - - -	F. G. MILLEN	do
ASSISTANT TREASURER	- - - - -	A. E. H. CHESLEY	do
COMPTROLLER	- - - - -	E. A. LESLIE	do
ASSISTANT COMPTROLLER	- - - - -	W. R. PATTERSON	do

## TRAFFIC DEPARTMENT

VICE-PRESIDENT	- - - - -	GEORGE STEPHEN	MONTREAL.
PASSENGER TRAFFIC MANAGER	- - - - -	C. B. FOSTER	do
ASST. PASS. TRAFFIC MGR., EASTERN LINES	- - - - -	R. G. MCNEILLIE	do
ASST. PASS. TRAFFIC MGR., WESTERN LINES	- - - - -	N. R. DESBRISAY	WINNIPEG.
OVERSEAS PASSENGER MANAGER	- - - - -	H. W. BRODIE	MONTREAL.
STEAMSHIP PASSENGER TRAFFIC MANAGER	- - - - -	WM. BAIRD	do
ASST. STEAMSHIP PASSENGER TRAFFIC MGR.	- - - - -	W. G. ANNABLE	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	- - - - -	W. M. KIRKPATRICK	MONTREAL.

## OPERATING DEPARTMENT

<i>Eastern Lines:</i>			
VICE-PRESIDENT AND GENERAL MANAGER	- - - - -	H. J. HUMPHREY	MONTREAL.
GEN. SUPT. NEW BRUNSWICK DISTRICT	- - - - -	T. C. MACNABB	SAINT JOHN.
GEN. SUPT. QUEBEC DISTRICT	- - - - -	J. K. SAVAGE	MONTREAL.
GEN. SUPT. ONTARIO DISTRICT	- - - - -	N. M. McMILLAN	TORONTO.
GEN. SUPT. ALGOMA DISTRICT	- - - - -	THOMAS HAMBLEY	NORTH BAY.

*Western Lines:*

VICE-PRESIDENT	- - - - -	W. M. NEAL	WINNIPEG.
GENERAL MANAGER	- - - - -	W. A. MATHER	do
ASST. GENERAL MANAGER	- - - - -	C. A. COTTERELL	VANCOUVER.
ASST. TO VICE-PRESIDENT	- - - - -	C. E. STOCKDILL	WINNIPEG.
GEN. SUPT. MANITOBA DISTRICT	- - - - -	H. J. MAIN	do
GEN. SUPT. SASKATCHEWAN DISTRICT	- - - - -	W. S. HALL	MOOSE JAW.
GEN. SUPT. ALBERTA DISTRICT	- - - - -	E. D. COTTERELL	CALGARY.

CHIEF ENGINEER	- - - - -	J. M. R. FAIRBAIRN	MONTREAL.
CHIEF OF MOTIVE POWER AND ROLLING STOCK	- - - - -	H. B. BOWEN	do
MANAGER, DEPARTMENT OF PERSONNEL	- - - - -	GEORGE HODGE	do
GENERAL SUPT. OF TRANSPORTATION	- - - - -	G. T. COLEMAN	do
MANAGER OF SLEEPING AND DINING CARS	- - - - -	T. M. McKEOWN	do
GENERAL MGR. OF COMMUNICATIONS DEPT.	- - - - -	W. D. NEIL	do
CHIEF COMM. OF IMMIGRATION AND COL.	- - - - -	J. N. K. MACALISTER	do
GENERAL PURCHASING AGENT	- - - - -	B. W. ROBERTS	do
GENERAL MANAGER OF HOTELS	- - - - -	H. F. MATHEWS	do
MANAGER, DEPT. OF NATURAL RESOURCES	- - - - -	S. G. PORTER	CALGARY.
EUROPEAN MANAGER	- - - - -	J. C. PATTESON,	
		Tralfgar Square,	LONDON, ENG.
DEPUTY SECRETARY AND REGISTRAR OF TRANSFERS	- - - - -	F. J. WHIDDETT,	
		17 Bruton Street,	do

NEW YORK TRANSFER AGENTS, Agents, Bank of Montreal, 64 Wall Street - - NEW YORK.  
 MONTREAL TRANSFER AGENTS, The Royal Trust Company - - - - - MONTREAL.

# CANADIAN PACIFIC RAILWAY COMPANY

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## FIFTY-SIXTH ANNUAL REPORT

OF THE

DIRECTORS OF CANADIAN PACIFIC RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1936

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*To the Shareholders:*

The accounts of the Company for the year ended December 31, 1936, show the following results:—

### INCOME ACCOUNT

Gross Earnings .....		\$ 138,562,762.76
Working Expenses (including taxes).....		115,251,651.83
Net Earnings.....		<u>\$ 23,311,110.93</u>
Other Income—Net .....	\$ 10,198,522.23	
Provision for depreciation of Ocean and Coastal Steamships.....	3,567,151.00	
		<u>6,631,371.23</u>
		\$ 29,942,482.16
Fixed Charges.....		<u>23,913,298.24</u>
Balance transferred to Profit and Loss Account.....		<u><u>\$ 6,029,183.92</u></u>

## PROFIT AND LOSS ACCOUNT

Profit and Loss Balance December 31, 1935.....		\$ 139,504,688.15
Balance of Income Account for the year ended December 31, 1936..		6,029,183.92
		<u>\$ 145,533,872.07</u>
DEDUCT:		
Amount credited investment reserve being equivalent to advances made to Minneapolis, St. Paul & Sault Ste. Marie Railway Company to make up deficiency in amount available to meet interest obligations for year 1936 guaranteed by Canadian Pacific Railway Company.....	\$ 3,659,645.32	
Loss on lines abandoned and on property retired and not replaced.....	3,357,399.34	
Miscellaneous—Net Credit.....	Cr. 15,875.98	
		<u>7,001,168.68</u>
Profit and Loss Balance December 31, 1936, as per Balance Sheet...		<u><u>\$ 138,532,703.39</u></u>

NOTE—Subsequent to the end of the year, a dividend of 1 per cent. on the Preference Stock, amounting to \$1,372,569.21, was declared from the earnings of the year 1936, payable April 1, 1937.

The balance of Income Account resulting from the operations of the year 1936 available for transfer to Profit and Loss Account was \$3,197,100 greater than in 1935.

#### RAILWAY EARNINGS AND EXPENSES

The results of railway operations in 1936, compared with 1935, were as follows:

	1936	1935	Increase
Gross Earnings . . . . .	\$138,562,763	\$129,678,905	\$8,883,858
Working Expenses (including taxes) . . . . .	115,251,652	107,281,381	7,970,271
Net Earnings . . . . .	\$ 23,311,111	\$ 22,397,524	\$ 913,587

In 1936 working expenses, including taxes, amounted to 83.18% of gross earnings, as compared with 82.73% in 1935. Excluding taxes the ratio was 80.13% as against 79.56% in 1935.

Gross earnings showed an improvement each month over the corresponding month of the previous year, the total increase being \$8,883,858 or 6.9%. The increase during the first three quarters of the year was 8.6% whereas in the last quarter it was only 2.6%. The less favourable showing in the last quarter was due in large measure to the extraordinarily small grain crop which followed the severe drought in Western Canada. During the year wheat which had been carried in storage was exported freely, and, although the new crop was less than in the previous year, the earnings from grain and grain products were slightly higher.

Passenger earnings increased \$509,708 or 3.4%. Effective June 1, the passenger surcharges, included as part of sleeping and parlor car fares, were eliminated, and the basic fare for passengers in coaches was reduced from 3.45c. to 3c. per mile. All through fares between points competitive with United States railroads were also adjusted to meet the reductions ordered in Eastern United States by the Interstate Commerce Commission.

Freight earnings increased \$7,669,508, or 7.8%, gains being recorded in practically all the principal commodities.

Working expenses increased \$7,970,271 or 7.4%. More than one-half of the increase was in maintenance expenses, which were \$4,432,378, or 10.4%, higher than in 1935. Almost the entire increase in maintenance of way expenses resulted from the inclusion of the whole of the Company's proportion of maintenance expenditures incurred by reason of the agreement with Dominion Government to provide work for approximately 5,000 unemployed men transferred from the relief camps which were being closed by the



Government. The Government paid the wages of these men and certain incidental transportation and other expenses aggregating approximately \$1,323,000. The Company absorbed the cost of materials applied, of work train service, and of all supervisory and overhead expenses, the maintenance proportion of which amounted to approximately \$1,605,000. Snow removal expenses were somewhat heavier than in 1935. The greater part of the increased maintenance of equipment expenses was in passenger car repairs, which increased \$1,760,000. During the year 129 passenger cars were air-conditioned, involving heavy expenditures, partly chargeable to capital and partly to maintenance. Charges for retirement of rolling stock and depreciation of inland steamers were approximately \$1,024,000 greater than in 1935.

Transportation expenses increased \$2,394,237 or 5.0%. The ratio of transportation expenses to gross earnings was reduced from 36.6% in 1935 to 36.0% in 1936. The following averages indicate the continued improvement in freight train operations:

	1931	1933	1935	1936
Gross tons per freight train mile . .	1,389	1,515	1,546	1,557
Gross tons per freight train hour . .	21,766	23,849	25,051	25,370
Pounds of fuel consumed per				
1,000 gross ton miles freight . . . .	116	112	109	108

The scale of deductions from basic rates of pay of officers and employees made effective in 1935 was continued throughout 1936. During the year conferences were held between representatives of the Canadian railways and of their employees to discuss the request of the latter for the complete restoration of basic rates of pay. It was not considered that conditions warranted the granting of this request. This led to the application by the employees for the appointment of a Board of Conciliation under the terms of the Industrial Disputes Investigation Act. A Board was appointed and hearings took place in November and December. At the close of the year the Board had not made its report.\*

\*Under date of January 30, 1937, the Board of Conciliation recommended:

"That the existing deduction from basic rates of pay of 10 per cent. be reduced to 9 per cent. on February 1, 1937, as proposed in conciliation conferences by the railways, and that further fixed reductions during the year be put into effect unconditionally, namely, a reduction to 8 per cent. not later than August 1, 1937, and a reduction to 7 per cent. not later than November 1, 1937."

While the railways have expressed their willingness to accept the recommendation of the Board as the basis for an agreement, and have changed the percentage deduction from 10 per cent. to 9 per cent., effective February 1, 1937, the employees have indicated that they are not prepared to adopt the recommendations. The matter is still unsettled.

## OTHER INCOME

There was a substantial improvement in Other Income, the increase over 1935 amounting to \$2,053,027.

Dividends increased \$1,251,467. Cash dividends received from The Consolidated Mining and Smelting Company of Canada, Limited, included under this caption, amounted to \$3,365,000, an increase of \$1,177,750 over 1935.

Net income from interest, exchange, separately operated properties and miscellaneous increased \$493,993.

Net earnings from ocean and coastal steamships before depreciation increased \$317,266. There was a substantial increase in the gross and net earnings of the coastal services, reflecting the improvement in general conditions. Net earnings of ocean services were approximately the same as during the previous year. Net earnings of cruise services decreased substantially, due primarily to the change in the itinerary of the world cruise of the Empress of Britain made necessary by the disturbed conditions in the Mediterranean. Gross earnings of Atlantic services increased substantially but were offset by the cost of handling the additional traffic, increase in price of materials consumed, increased cost of repair work owing to higher wage rates, and an increase in seamen's wages in accordance with agreement with the National Maritime Board. Gross earnings of Pacific services increased slightly, and the expenses were considerably less than in 1935 owing principally to more favourable exchange rates. The increase in net earnings from these services was approximately equal to the reduction in net earnings from cruise services. During the year 1936 the Company's steamships made 136 regular voyages on the Atlantic, 25 on the Pacific and 35 cruises. Your fleet suffered no casualties during the year, and, apart from the disposal of one of the older coastal vessels and a transfer barge, no change was made in the fleet.

Net earnings from hotel, communication and miscellaneous properties decreased \$9,699. Your hotels enjoyed substantially increased patronage. The net earnings for the year amounted to \$672,796. While your hotels have been maintained in first class condition and the equipment modernized from time to time, the cost of renewals and replacements being charged to expenses, no provision has hitherto been made for obsolescence. After careful study of the situation, it has been decided to make an annual appropriation for this purpose. Accordingly, an amount of \$620,094 was transferred from the net earnings of hotels to hotel depreciation reserve. It is proposed to increase the amount so appropriated from time to time as conditions warrant. In certain prior years, net

earnings of hotels aggregating \$2,319,339 were credited to hotel investment account. The amount so credited has been transferred to hotel depreciation reserve.

#### STEAMSHIP DEPRECIATION

The full annual depreciation requirement for your ocean and coastal fleets, amounting to \$3,567,151, was appropriated from Income Account.

#### FIXED CHARGES

Fixed charges were \$246,639 less than in the previous year. This saving was due principally to the retirement of the remainder of the Five Year Notes held by the Canadian Chartered Banks out of the proceeds of new bond issues sold in Canada at lower rates of interest.

#### PROFIT AND LOSS ACCOUNT

An amount of \$3,659,645, credited to investment reserve, was charged to profit and loss account, being equivalent to advances made to the Minneapolis, St. Paul & Sault Ste. Marie Railway Company to make up the deficiency in the amount available to meet its interest obligations for 1936 guaranteed by your Company.

During the year abandonment of lines was completed as follows:

Edmundston Subdivision.....	27.2 miles
Orford Mountain Subdivision.....	16.0 "
Nickel Subdivision.....	16.6 "
Shore Line Subdivision.....	23.3 "
Kingston Subdivision—Godfrey Spur.....	4.1 "
Nipigon Subdivision—second track.....	5.5 "
Total.....	92.7 "

The approval of the Board of Railway Commissioners to these abandonments was obtained where necessary. After allowing for salvage, the net charge to Profit and Loss on account of these abandonments was \$2,029,550.

The necessary adjustments in the property investment account have also been made for all other railway, steamship and miscellaneous property retired during the year. While the final disposition of the Place Viger Hotel, the operation of which ceased towards the close of 1935, has not yet been determined, it has been written down to its estimated present value.

#### DIVIDENDS

Upon consideration of the results of the Company's operations in 1936, and having in view its obligations as guarantor of the

interest on certain securities of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, your Directors declared a dividend from the earnings of 1936 of 1 per cent. on the Preference Stock, payable April 1, 1937.

The year's earnings and the rate of dividend on the Preference Stock were affected by the severe drought in the territory served by your Company and the Soo Line, which resulted in substantial curtailment of the earnings for the last quarter of the year.

#### LAND ACCOUNTS

Sales of agricultural lands during the year amounted to 92,210 acres for \$955,520, an average of \$10.36 per acre, including 1,635 acres of irrigated land at \$52.88 per acre and the remainder at an average of \$9.59 per acre.

Throughout 1936 the Company continued the policy of debt relief to its land contract holders, the adoption of which in February, 1932, constituted the first effective step to relieve in a measure the distress of the farmers in Western Canada, which resulted from poor crops and low prices. The rebates of interest from 1932 to the end of 1936 have amounted to \$7,260,496, to which might be added adjustment of principal outstanding and further concessions in interest for cash payments, amounting to \$2,267,827, a grand total of \$9,528,323.

The wisdom of this policy has been demonstrated by the subsequent enactment of Dominion and Provincial legislation for the relief of farmers. A very considerable number of farmers have taken advantage of the provisions of the Farmers' Creditors Arrangement Act of the Dominion, which provides the machinery for the composition of their indebtedness. Moreover, in Saskatchewan, and particularly in the drought areas, substantial relief is being extended to the farmers under an arrangement between the Dominion and Provincial Governments and the various mortgage and loan companies interested for the remission of arrears of taxes, interest, etc. In Alberta legislation was enacted for a compulsory reduction in all debts incurred prior to July, 1932, and for the abolition of interest. The validity of this legislation is being tested in the Courts.

Collections on land contracts have naturally been affected adversely by the persistent drought of the past six years, coupled with the effects of the general depression. Rehabilitation of the drought areas is now receiving the attention of Governments and experts, and the opinion is held that less than 10% of the soil in these sections has been permanently damaged.

It is proposed to continue for the present year the policy of concessions to land purchasers, with certain modifications.

#### PENSIONS

The Company has since 1903 maintained a system of voluntary pensions without contribution from the employees. The changes in conditions that have taken place, more particularly in recent years, have made it clear that the continuance of the voluntary system would eventually impose upon the Company financial burdens which it would be unable to bear. After thorough investigation by a committee composed of officers of the Company and representatives of the employees, it was decided that from the standpoint of both the Company and the employees the simplest and most satisfactory plan would be to adhere as closely as possible to the underlying principles of the original system, and to incorporate therein suitable provisions for contributions by the officers and employees, and such other changes as were necessary to meet the altered conditions.

New rules and regulations drafted by the committee, embodying the foregoing principles, were approved by your Directors to take effect January 1, 1937. Participation is optional for employees in the service prior to January 1, 1937, but compulsory for those entering the service thereafter. For all participants the rate of contribution has been fixed initially at three per cent. of their earnings. Contributions on the part of the Company remain voluntary. Provision has been made for the continuance of allowances to those already on pension so that there will be no change in their status.

The plan will be administered by a committee, composed of four officers of the Company and three General Chairmen of the organized classes of employees. Contributions are to be paid into a trust fund with the Company as trustee.

The actuary retained in connection with the preparation of the new pension system estimates that, while during the early years of the operation of the system the relief to the Company will not be material, it will gradually increase until ultimately the contributions of the employees will provide approximately 45% of the total pension cost.

Although eligible employees have until December 31, 1937, to elect to become contributors, 31,600, or approximately 70%, so elected prior to the end of the year 1936.

Pension disbursements for the year totalled \$2,233,008 and were included in working expenses. During the year 389 employees were

pensioned. The total number of pensioners at the end of the year showed an increase of 183 over the number at December 31, 1935. The distribution by ages of the pensioners on the roll at December 31, 1936, was as follows:—

Under 60 years of age.....	110
From 60 to 64 years of age inclusive.....	255
From 65 to 70 years of age inclusive.....	1,274
Over 70 years of age.....	1,306
	2,945

#### CAPITAL EXPENDITURES

In anticipation of your confirmation, your Directors authorized capital appropriations, in addition to those approved at the last annual meeting, aggregating for the year 1936 \$2,421,405. Your approval will be requested for capital appropriations during the present year of \$27,306,061. Particulars of the principal items are:—

Replacement and enlargement of structures in permanent form.....	\$ 285,466
Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses....	356,165
Ties, tie plates, rail anchors and miscellaneous roadway betterments.....	1,927,707
Replacement of rail in main and branch line tracks with heavier section.....	522,113
Rock ballasting.....	482,344
Additions and betterments to shop machinery.....	256,685
Installation of automatic signals.....	64,511
Additional terminal and side track accommodation....	47,186
New rolling stock.....	20,723,422
Additions and betterments to rolling stock.....	1,636,231
Additions and betterments to hotels.....	42,041
Additions and betterments to communication facilities.	876,863

New rolling stock includes appropriations covering the cost of 3,600 freight cars, 30 passenger cars, and 50 locomotives. In view of the extensive retirements and limited purchases of rolling stock during the last few years, it has been deemed advisable to take advantage of the present level of prices to acquire additional units of modern design necessary for the efficient handling of the increased volume of traffic which has already developed and the further increase which is anticipated. Additions and betterments to rolling stock includes ordinary betterment of freight cars and motive power to secure more efficient operation and the capital proportion of the

cost of air-conditioning 141 passenger cars to extend the use of this type of equipment to meet the public demand.

#### TEMISCAMINGUE AND ABITIBI RAILWAY

For some time past your Company has been urged by representatives of the rapidly developing agricultural and mining areas of Northern Quebec to undertake the construction of a line of railway which would provide improved means of communication from these areas to the industrial centres of the Province. To meet these demands, as well as to place the Company in a position as occasion might warrant to provide railway communication with the mining area in which your subsidiary, The Consolidated Mining & Smelting Company of Canada, Limited, has a substantial interest, your Company caused application to be made to the Provincial Legislature for a charter authorizing the Temiscamingue and Abitibi Railway Company to construct such a line. While the act of incorporation passed the Legislative Assembly, unfortunately that body unexpectedly dissolved before the act received the approval of the Legislative Council. The Canadian National Railways opposed the granting of this charter and obtained from the Dominion Parliament authority to construct a branch line serving part of the territory into which the Temiscamingue and Abitibi Railway had been projected. Conferences with the Canadian National Railways and the Dominion Government failed to produce a basis of compromise, such as the joint construction of the section of line which would be duplicated under the plans of the two companies. The Canadian National Railways have proceeded with the construction of their branch line. Your Directors have still under consideration the question of the further action which should be taken by your Company.

#### FINANCE

There were issued and sold during the year \$15,000,000 Collateral Trust Bonds dated February 15, 1936, secured by pledge of \$18,750,000 Perpetual 4% Consolidated Debenture Stock. This issue consisted of \$5,000,000 Serial 3% Bonds maturing in amounts of \$1,000,000 on February 15 in each of the years 1937 to 1941 inclusive, and \$10,000,000 Convertible Fifteen Year 3½% Bonds maturing February 15, 1951. The holders of the convertible bonds were given the right at any time between February 15, 1937, and February 15, 1944, inclusive, to convert their bonds into shares of the Ordinary Capital Stock of the Company in the ratio of four shares of the par value of \$25.00 each to each \$100.00 principal amount of the bonds. The proceeds of this issue were used to retire

\$12,000,000 of the Five Year Notes maturing June 22, 1938, and the balance for extensions to and improvements of the Company's property. Debenture Stock to the amount of \$20,000,300 pledged as security for the notes was released and cancelled.

There were also issued and sold during the year \$38,000,000 Collateral Trust Bonds dated April 1, 1936, secured by pledge of \$45,600,000 Perpetual 4% Consolidated Debenture Stock. This issue consisted of \$8,000,000 Three-Year 2½% Bonds maturing April 1, 1939, callable on any interest date on 30 days' notice at 100 and accrued interest; \$15,000,000 Five-Year 2½% Bonds maturing April 1, 1941, callable on any interest date on 30 days' notice at 100½ and accrued interest; and \$15,000,000 Convertible Nine and One-Half Year 3% Bonds maturing October 1, 1945, callable on any interest date on 30 days' notice at 102 and accrued interest. The holders of the convertible bonds were given the right at any time between April 1, 1937, and April 1, 1944, inclusive, to convert their bonds into shares of the Ordinary Capital Stock of the Company in the ratio of four shares of the par value of \$25.00 each to each \$100.00 principal amount of the bonds. The proceeds of this issue were applied toward the retirement of \$11,000,000 Five Year 4½% Notes maturing June 22, 1938, and \$25,000,000 Five Year 4½% Notes maturing December 1, 1938. Debenture Stock to the amount of \$60,000,000 pledged as security for the notes was released and cancelled.

As a result of this financing the Company was enabled to complete the retirement of the \$60,000,000 of notes issued to the Canadian Chartered Banks in 1933. The Dominion Government was entirely relieved of its obligation as guarantor of these notes without any expense to it.

On January 2, 1936, the Company borrowed \$2,000,000 on its short term promissory notes from United States banks, secured by pledge of \$2,850,000 Perpetual 4% Consolidated Debenture Stock. These loans were repaid at maturity during the year, and the Debenture Stock was released and cancelled.

Owing to unavoidable delay in delivery of part of the rolling stock to be sold to the Company by the Dominion Government under the Hire-Purchase Agreement referred to in the last Annual Report, the formal agreement could not be executed before the end of the year. Your Company's obligation to the Government as at December 31, 1936, was \$5,640,500 of the total authorized amount of \$5,730,000.

At the request of the Dominion Government and as a means of assisting in the relief of unemployment the Company agreed, as



previously mentioned, to increase its programme of maintenance of way and betterment work during the season of 1936 so as to provide employment for a maximum of five thousand men then receiving assistance from the Government. The Government reimbursed the Company for the wages paid, amounting to approximately \$1,323,000, and advanced to it by way of loan \$554,700, repayable in five equal annual instalments commencing in 1938 with interest at the rate of  $2\frac{1}{2}\%$  per annum, on account of the other expenditures for labour incurred in preparation for and in connection with the work.

During the year equipment obligations to the amount of \$1,950,000 were redeemed by the Company. An amount of \$2,300,150 was also deposited with the Trustee of the Equipment Trust maturing in 1944 who purchased and cancelled \$634,000 of equipment certificates. Twenty Year  $4\frac{1}{2}\%$  Sinking Fund Secured Note Certificates to the amount of \$301,800 were purchased by the Trustee and cancelled.

Your guarantee of interest was endorsed on Four per cent. First Mortgage Bonds of the New Brunswick Southern Railway Company to the amount of \$500,000 maturing August 1, 1936, issued by that Company and delivered to your Company in repayment of advances made to the New Brunswick Southern Railway Company to enable that Company to retire its outstanding bonds of the same amount which matured January 1, 1933.

#### LONDON HOTEL SITE

In view of the necessary delay in the development of the hotel site in Berkeley Square, London, for the purpose for which it was purchased, your Directors decided to take advantage of proposals made by an outstanding firm for the immediate construction upon it of a modern building worthy of its importance. Negotiations contemplate a lease for a period of 200 years on terms satisfactory to your Company, with a limited option to purchase the freehold at a price in excess of the cost of the property to the Company.

#### MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY (Soo Line)

The results of operation of the Soo Line for the past year were disappointing. A moderate increase in general traffic was practically neutralized by an almost complete failure of the grain crop in the territory served, due as in Canada to severe drought. The slight increase in total revenues was more than offset by the increase in expenses occasioned by the imposition of social security taxes and

the restoration of basic wage rates. Your Company advanced to the Soo Line during the year \$3,659,645 to make up the deficiency in the amount which the latter had available to meet interest obligations guaranteed by your Company and \$576,062 to redeem the balance of notes issued to the Railroad Credit Corporation in 1932 and guaranteed as to principal and interest by your Company.

#### SPOKANE INTERNATIONAL RAILWAY COMPANY

There was a substantial increase in the traffic handled by this Company in 1936 as compared with the previous year, owing to improvement in general conditions and to the Canada-United States Trade Agreement 1935. As a result the Company ended the year with net earnings from railway operations of \$103,870, as compared with a loss of \$18,887 in 1935. The reorganization of this Company and its subsidiary, the Coeur d'Alene and Pend d'Oreille Railway Company, was proceeded with, and on September 12 the Trustee filed a plan with the Federal Court and the Interstate Commerce Commission. Hearings on the plan commenced before the Interstate Commerce Commission in December but were not concluded at the close of the year. In view of the improved position of the Company it is hoped that a feasible plan of reorganization may now be concluded. There was no change in the investment of your Company in the Spokane Company during the year.

#### THE DULUTH, SOUTH SHORE AND ATLANTIC RAILWAY COMPANY

Notwithstanding a substantial improvement in the net earnings in 1936, in view of the approaching maturity on January 1, 1937, of certain mortgage bonds aggregating \$5,400,000, for payment of which no funds were available, the Board of Directors of The Duluth, South Shore and Atlantic Railway Company at a meeting on December 30, 1936, authorized the filing of a petition in the Federal Court pursuant to Section 77 of the Bankruptcy Act of the United States, stating that the company was insolvent and that it desired to effect a plan of reorganization. Your Directors are of the opinion that these proceedings will result in an improved capital structure and place the South Shore Company in a position to pay a return on your Company's investment therein. Your Company received during the year some small payments on account of unpaid interest due from the South Shore Company.

#### LEASES AND AGREEMENTS

There will be submitted for your consideration and approval a lease of the railway of Atlantic and North-West Railway Company extending from the point of connection between the railway of that

Company and the railway of Ontario and Quebec Railway Company on the south bank of the St. Lawrence River, near Montreal, to Farnham, and from Brookport (formerly Brigham Junction) to a point of junction with the Maine Central Railway at or near Mattawamkeag in the State of Maine, for a term of 999 years from the first day of January, 1937, at a clear annual rental of £52,000, being equal to the annual interest on £1,300,000 Four per cent. First Mortgage Redeemable Debenture Stock issued by Atlantic and North-West Railway Company and secured by a mortgage of the said line of railway dated December 2, 1936; with a proviso that after redemption of the said Debenture Stock the annual rental payable under the lease shall be equivalent to the annual interest on the bonds, debentures, debenture stock or other securities of Atlantic and North-West Railway Company from time to time outstanding. The lease will supersede your Company's present lease of the said line of railway made the 6th day of December, 1886, reserving a rental of £28,013-14-0 per annum for twenty years from the commencement of the said lease and thereafter £66,500 per annum in perpetuity. Your Company also became a party to the mortgage under which it agreed to guarantee the payment of the principal of and the interest on the Debenture Stock to be issued thereunder.

Your confirmation and approval will be asked of an agreement, dated October 1, 1935, between your Company and The Midland Railway Company of Manitoba, whereby the Midland Company is granted the right to use that portion of the line of your Company in the City of Winnipeg from a point west of Academy Road to a point east of Portage Avenue, on the basis of paying a fixed annual rental equivalent to one-half of the interest at the rate of 3% per annum on the agreed capital account, one-half of interest at the rate of 5% per annum on additions to capital account and a wheelage proportion, with a minimum of 15%, of the maintenance and operation expenses.

#### CO-OPERATION WITH CANADIAN NATIONAL RAILWAYS

During the year two co-operative measures previously agreed upon were put into effect under the provisions of the Canadian National-Canadian Pacific Act of 1933.

1. Abandonment of the Canadian National Railway line between Iberville and Farnham and joint operation of the Canadian Pacific line.
2. Abandonment of the Canadian Pacific line between Cyr and Edmundston and joint operation of the Canadian National line.

The total annual economy from arrangements in effect at the end of the year is approximately \$1,135,000 and the Joint Executive Committee has approved and authorized the completion of formal agreements covering other projects estimated to yield savings of approximately \$527,000, a total annual saving of approximately \$1,662,000, one-half of which will accrue to each Company.

Meetings of the Joint Executive Committee were held during the early part of the year. Subsequently, under the legislation passed at the last session of Parliament, the Canadian National Trustees were replaced by a Board of Directors. Shortly after the Board assumed its duties in October, your Directors submitted to it proposals for co-operative action in a number of competitive matters, but, no doubt owing to pressure of other matters following their appointment, the Directors of the Canadian National Railways had not communicated their views to this Company at the close of the year.

#### STOCK HOLDINGS

The holdings of the Capital Stocks of the Company in December, 1936, were distributed as follows:—

	ORDINARY		PREFERENCE		Percentage of Ordinary and Preference Stocks combined
	No. of holders	Percentage of Stock	No. of holders	Percentage of Stock	
Canada . . . . .	26,942	16.12	99	.31	11.44
United Kingdom and other British	20,483	52.40	27,220	97.11	65.64
United States . . . . .	16,955	24.75	30	.58	17.59
Other Countries . . . . .	4,285	6.73	307	2.00	5.33
	<hr/>		<hr/>		
	68,665		27,656		

#### CHANGES IN DIRECTORATE

During the year the Directors received, with regret, the resignation of Mr. W. A. Black, who had been a member of the Board since 1927, and a member of the Executive Committee since 1933. Mr. John W. McConnell was appointed a Director of the Company succeeding Mr. Black and Mr. Ross H. McMaster was appointed to the Executive Committee.

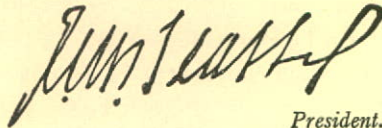
RETIRING DIRECTORS

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

SIR EDWARD BEATTY, G.B.E.,  
MR. JOHN W. McCONNELL,  
RT. HON. LORD SHAUGHNESSY, K.C.,  
HON. J. MARCELIN WILSON, SENATOR.

In conclusion your Directors again acknowledge with sincere appreciation the continued loyalty and efficiency of the officers and employees.

For the Directors,

A handwritten signature in dark ink, appearing to read 'J. W. McConnell', written in a cursive style.

*President.*

MONTREAL, March 8, 1937.

## CANADIAN PACIFIC

## GENERAL BALANCE

## ASSETS

## PROPERTY INVESTMENT:

Railway, Rolling Stock, Inland Steamships, Hotel, Communication and Miscellaneous Properties . . . . .	\$ 774,271,263.86	
Improvements on Leased Railway Property . . . . .	96,098,217.26	
Ocean and Coastal Steamships . . . . .	104,614,834.58	
Stocks, Bonds and Other Securities of Leased, Controlled and Jointly Controlled Railway Companies and Wholly Owned Companies— Cost . . . . .	198,279,296.26	
		\$ 1,173,263,611.96

## OTHER INVESTMENTS:

Miscellaneous Investments—Cost . . . . .	\$ 26,981,389.12	
Advances to Controlled and Other Companies— Net . . . . .	23,023,626.50	
Mortgages Collectible and Loans & Advances to Settlers . . . . .	2,894,093.21	
Insurance Fund Investments . . . . .	8,248,294.47	
Deferred Payments on Lands and Townsites . . . . .	38,688,677.83	
Unsold Lands and Other Properties . . . . .	32,067,441.92	
		131,903,523.05

## CURRENT ASSETS:

Material and Supplies . . . . .	\$ 16,941,308.54	
Agents' and Conductors' Balances . . . . .	5,721,427.15	
Net Traffic Balances . . . . .	1,034,366.66	
Miscellaneous Accounts Receivable . . . . .	5,287,214.42	
Cash . . . . .	23,608,315.40	
		52,592,632.17

## UNADJUSTED DEBITS:

Insurance Prepaid . . . . .	\$ 157,592.99	
Unamortized Discount on Bonds . . . . .	3,271,477.51	
Other Unadjusted Debits . . . . .	1,507,746.69	
		4,936,817.19
		<u>\$ 1,362,696,584.37</u>

## RAILWAY COMPANY

SHEET, DECEMBER 31, 1936

## LIABILITIES

CAPITAL STOCK:		
Ordinary Stock.....	\$ 335,000,000.00	
Preference Stock—4% Non-cumulative.....	137,256,921.12	
		\$ 472,256,921.12
PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK	\$ 480,261,548.74	
LESS: Pledged as collateral to bonds.....	188,850,000.00	
		291,411,548.74
BONDS AND EQUIPMENT OBLIGATIONS.....	\$ 195,520,500.00	
LESS: Securities deposited with Trustee of 5% Equipment Trust.....	9,290,145.33	
		186,230,354.67
TWENTY YEAR 4½% SINKING FUND SECURED NOTE CERTIFICATES (1944).....	\$ 30,000,000.00	
LESS: Purchased by Trustee and cancelled.....	9,785,100.00	
		20,214,900.00
CURRENT LIABILITIES:		
Audited Vouchers.....	\$ 5,382,846.60	
Pay Rolls.....	2,697,066.83	
Miscellaneous Accounts Payable.....	2,256,124.90	
Accrued Fixed Charges.....	1,801,981.10	
		12,138,019.43
DEFERRED LIABILITIES:		
Dominion Government Unemployment Relief...	\$ 4,271,922.71	
Miscellaneous.....	253,290.60	
		4,525,213.31
RESERVES AND UNADJUSTED CREDITS:		
Rolling Stock Reserve.....	\$ 8,166,555.08	
Hotel Depreciation Reserve.....	2,939,433.96	
Steamship Depreciation Reserve.....	39,973,240.19	
Insurance Reserve.....	8,248,294.47	
Contingent Reserves.....	7,863,904.38	
Investment Reserve.....	19,659,645.32	
Unadjusted Credits.....	5,211,360.63	
		92,062,434.03
PREMIUM RECEIVED ON CAPITAL AND DEBENTURE STOCK (Less discount on bonds and notes written off at date of issue).....		66,760,351.09
LAND SURPLUS.....		78,564,138.59
PROFIT AND LOSS BALANCE.....		138,532,703.39
		<u>\$ 1,362,696,584.37</u>

E. A. LESLIE,  
*Comptroller.*

## AUDITORS' CERTIFICATE:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending December 31, 1936, and having compared the above Balance Sheet therewith, we certify that in our opinion it is 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.

Montreal, March 5, 1937.

PRICE, WATERHOUSE & CO.,  
Chartered Accountants.

## GROSS EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1936

Freight.....	\$ 106,045,022.47
Passenger.....	15,665,347.05
Mail.....	3,584,823.31
Express.....	3,039,300.24
Sleeping, Parlor and Dining Car and Miscellaneous.....	10,228,269.69
Total.....	<u>\$ 138,562,762.76</u>

## WORKING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1936

Maintenance of Way and Structures.....	\$ 21,469,247.54
Maintenance of Equipment.....	25,612,193.59
Traffic.....	7,154,600.73
Transportation.....	49,846,814.16
Miscellaneous Operations.....	1,928,172.72
General.....	5,247,143.51
Transportation for Investment—Cr.....	232,180.49
Railway Tax Accruals.....	4,225,660.07
Total.....	<u>\$ 115,251,651.83</u>

## OTHER INCOME FOR THE YEAR ENDED DECEMBER 31, 1936

Dividends.....	\$ 3,901,186.97
Net income from interest, exchange, separately operated properties and miscellaneous.....	1,287,598.44
Net earnings from ocean and coastal steamships before depreciation.....	3,553,087.60
Net earnings from hotel, communication and miscellaneous properties.....	1,456,649.22
Total.....	<u>\$ 10,198,522.23</u>



## FIXED CHARGES FOR THE YEAR ENDED DECEMBER 31, 1936

## RENT FOR LEASED ROADS:

Alberta Railway & Irrigation Company.....	\$	1,643.42	
Algoma Eastern Railway.....		111,325.00	
Atlantic & North-West Railway.....		322,563.50	
Calgary & Edmonton Railway.....		218,357.60	
Connecticut & Passumpsic Rivers Railroad.....		246,000.00	
Dominion Atlantic Railway.....		168,500.00	
Fredericton & Grand Lake Coal & Railway.....		52,482.05	
Glengarry & Stormont Railway.....		41,250.00	
Guelph Junction Railway.....		26,240.57	
Joliette & Brandon Railway.....		5,000.00	
Lacombe & North Western Railway.....		13,685.00	
Lindsay, Bobcaygeon & Pontypool Railway.....		20,000.00	
Montreal & Atlantic Railway.....		33,120.00	
New Brunswick Railway System.....		390,186.74	
Ontario & Quebec Railway.....		1,234,794.90	
Quebec Central Railway.....		634,754.42	
St. Lawrence & Ottawa Railway.....		38,933.34	
St. Stephen & Milltown Railway.....		2,050.00	
Southampton Railway.....		735.06	
Tobique Railway.....		5,378.80	
Toronto, Hamilton & Buffalo Railway.....		8,717.41	
	\$		3,575,717.81

## INTEREST ON FUNDED DEBT:

Equipment Obligations.....	\$	1,618,654.12	
Algoma Branch 5% 1st Mortgage Bonds.....		182,500.00	
Perpetual 4% Consolidated Debenture Stock.....		11,656,461.96	
20 Year 4½% Collateral Trust Gold Bonds.....		900,000.00	
25 Year 5% Collateral Trust Gold Bonds.....		1,500,000.00	
30 Year 4½% Collateral Trust Gold Bonds.....		1,125,000.00	
Convertible 10 Year 6% Collateral Trust Bonds..		750,000.00	
Convertible 15 Year 4% Collateral Trust Bonds..		480,000.00	
Serial 3% Collateral Trust Bonds.....		123,852.74	
Convertible 15 Year 3½% Collateral Trust Bonds		288,989.82	
3 Year 2½% Collateral Trust Bonds.....		105,165.48	
5 Year 2½% Collateral Trust Bonds.....		242,733.87	
Convertible 9½ Year 3% Collateral Trust Bonds.		300,513.75	
Five Year Notes.....		633,523.91	
			19,907,395.65

INTEREST ON UNFUNDED DEBT..... 98,169.39

AMORTIZATION OF DISCOUNT ON FUNDED DEBT..... 332,015.39

\$ 23,913,298.24

CHANGES IN PROPERTY INVESTMENT  
YEAR ENDED DECEMBER 31, 1936

<b>RAILWAY, ROLLING STOCK, INLAND STEAMSHIPS, HOTEL, COMMUNICATION AND MISCELLANEOUS PROPERTIES:</b>		
Balance at December 31, 1935.....		\$767,737,162.19
Additions and Betterments (less retirements):		
Railway.....	\$ 2,415,273.86	
Rolling Stock.....	2,244,333.05	
Inland Steamships.....	Cr. 103,496.45	
Hotel, Communication and Miscellaneous Properties.....	Cr. 341,348.71	
	<u>4,214,761.75</u>	
Transfer of net earnings, previously credited Hotel Investment, to Hotel Depreciation Reserve.....		<u>2,319,339.92</u>
Total December 31, 1936, as per Balance Sheet.....		\$ 774,271,263.86
<b>IMPROVEMENTS ON LEASED RAILWAY PROPERTY:</b>		
Balance at December 31, 1935.....		\$ 97,337,171.45
Additions and Betterments (less retirements):		
Railway.....	Cr. \$ 859,962.48	
Rolling Stock.....	Cr. 378,991.71	
	<u>Cr. 1,238,954.19</u>	
Total December 31, 1936, as per Balance Sheet.....		96,098,217.26
<b>OCEAN AND COASTAL STEAMSHIPS:</b>		
Balance at December 31, 1935.....		\$104,849,337.98
Additions and Betterments (less retirements):		
Ocean.....	\$ 23,115.87	
Coastal.....	Cr. 257,619.27	
	<u>Cr. 234,503.40</u>	
Total December 31, 1936, as per Balance Sheet.....		104,614,834.58
<b>STOCKS, BONDS AND OTHER SECURITIES OF LEASED, CONTROLLED AND JOINTLY CONTROLLED RAILWAY COMPANIES AND WHOLLY OWNED COMPANIES:</b>		
Balance at December 31, 1935.....		\$199,956,164.25
<b>ACQUIRED:</b>		
Atlantic & North-West Railway Company— £26,000 1st Mortgage Bonds.....	\$ 126,533.34	
Alberta Railway & Irrigation Company— 10 Shares Capital Stock.....	1,000.00	
Kingston & Pembroke Railway Company— 800 Shares Common Stock.....	298.67	
Manitoba South Western Colonization Railway Company— \$3,000 1st Mortgage Bonds.....	3,000.00	
New Brunswick Southern Railway Company— \$500,000 Mortgage Bonds.....	500,000.00	
Northern Alberta Railways Company— \$250,000 1st Mortgage Bonds.....	250,000.00	
Toronto Terminals Railway Company— Balance of subscription Capital Stock.....	225,000.00	
	<u>\$ 1,105,832.01</u>	
<b>LESS:</b>		
Alberta Railway & Irrigation Company— \$2,396,000 Mortgage Bonds redeemed.....	\$2,396,000.00	
Algoma Eastern Terminals, Limited— 1000 Shares Capital Stock surrendered.....	700.00	
Atlantic & North-West Railway Company— £30,000 1st Mortgage Bonds redeemed.....	146,000.00	
Minneapolis, St. Paul & Sault Ste. Marie Rail- way Company— \$240,000 Equipment Trust Notes Series "J" redeemed.....	<u>240,000.00</u>	
	<u>2,782,700.00</u>	
	<u>Cr. 1,676,867.99</u>	
Total December 31, 1936, as per Balance Sheet.....		198,279,296.26
PROPERTY INVESTMENT December 31, 1936, as per Balance Sheet.....		<u>\$1,173,263,611.96</u>

STOCKS, BONDS AND OTHER SECURITIES OF LEASED, CONTROLLED AND  
JOINTLY CONTROLLED RAILWAY COMPANIES AND WHOLLY  
OWNED COMPANIES AT DECEMBER 31, 1936

LEASED RAILWAY COMPANIES		Par Value or Principal Amount
ALBERTA CENTRAL RAILWAY COMPANY		
† Mortgage Bonds.....	4%	\$ 2,240,000.00
† Capital Stock.....		50,000.00
ALBERTA RAILWAY & IRRIGATION COMPANY		
† Mortgage Bonds.....	4%	1,676,000.00
† Capital Stock.....		3,223,400.00
ALGOMA EASTERN RAILWAY COMPANY		
† Preferred Stock.....		1,000,000.00
† Common Stock.....		2,000,000.00
AROOSTOOK RIVER RAILROAD COMPANY		
† Capital Stock.....		793,550.00
ATLANTIC & NORTH-WEST RAILWAY COMPANY		
† 1st Mortgage Bonds, Eganville Branch.....	4%	302,400.00
† Guaranteed Capital Stock.....	5%	3,240,000.00
† Common Stock.....		178,000.00
BRITISH COLUMBIA SOUTHERN RAILWAY COMPANY		
† 1st Mortgage Bonds.....	5%	1,175,000.00
† Capital Stock.....		172,200.00
CALGARY & EDMONTON RAILWAY COMPANY		
† Mortgage Bonds.....	4%	7,440,000.00
† Capital Stock.....		1,000,000.00
CAMPBELLFORD, LAKE ONTARIO & WESTERN RAILWAY CO.		
† Mortgage Bonds.....	4%	11,895,000.00
† Capital Stock.....		125,000.00
COLUMBIA & KOOTENAY RAILWAY & NAVIGATION COMPANY		
† 1st Mortgage Bonds.....	4%	1,277,500.00
† Capital Stock.....		250,000.00
COLUMBIA & WESTERN RAILWAY COMPANY		
† 1st Mortgage Bonds.....	5%	5,691,000.00
† Capital Stock.....		925,000.00
DOMINION ATLANTIC RAILWAY COMPANY		
† 2nd Debenture Stock.....	4%	924,666.67
† Extension Debenture Stock.....	4%	1,423,500.00
† Mortgage Bonds.....	4%	1,700,000.00
† Preference Stock.....	5%	1,313,122.00
† Ordinary Stock.....		1,101,848.93
ESQUIMALT & NANAIMO RAILWAY COMPANY		
† Mortgage Bonds.....	4%	7,832,000.00
† Capital Stock.....		2,500,000.00
FREDERICTON & GRAND LAKE COAL & RAILWAY COMPANY		
† 1st Mortgage Bonds.....	4%	465,000.00
† Capital Stock.....		140,000.00
GEORGIAN BAY & SEABOARD RAILWAY COMPANY		
† Mortgage Bonds.....	4%	4,840,000.00
† Capital Stock.....		250,000.00
GRAND RIVER RAILWAY COMPANY		
† Mortgage Bonds.....	4%	426,000.00
† Capital Stock.....		125,000.00
GREAT NORTH WEST CENTRAL RAILWAY COMPANY		
† 1st Mortgage Bonds.....	5%	1,375,000.00
† Capital Stock.....		500,000.00
GUELPH & GODERICH RAILWAY COMPANY		
† Mortgage Bonds.....	4%	2,415,000.00
† Capital Stock.....		125,000.00
INTERPROVINCIAL & JAMES BAY RAILWAY COMPANY		
† Mortgage Bonds.....	5%	3,850,000.00
† Capital Stock.....		34,000.00
JOLIETTE & BRANDON RAILWAY COMPANY		
† Capital Stock.....		300,000.00
KASLO & SLOCAN RAILWAY COMPANY		
† Mortgage Bonds.....	5%	531,000.00
† Capital Stock.....		1,000,000.00

Carried forward .....

\$ 77,825,187.60

LEASED RAILWAY COMPANIES—Continued		Par Value or Principal Amount
<i>Brought forward</i> .....		\$ 77,825,187.60
<b>KETTLE VALLEY RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 15,210,000.00
†	2nd Mortgage Bonds.....	4% 1,507,000.00
†	Capital Stock.....	375,000.00
<b>KINGSTON &amp; PEMBROKE RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 1,075,000.00
	1st Preferred Stock.....	995,450.00
	2nd Preferred Stock.....	134,900.00
	Common Stock.....	2,038,400.00
<b>KOOTENAY &amp; ARROWHEAD RAILWAY COMPANY</b>		
†	1st Mortgage Bonds.....	5% 780,000.00
†	Capital Stock.....	250,000.00
<b>KOOTENAY CENTRAL RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 5,340,000.00
†	Capital Stock.....	250,000.00
<b>LACOMBE &amp; NORTH WESTERN RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 3,300,000.00
†	Capital Stock.....	500,000.00
<b>LAKE ERIE &amp; NORTHERN RAILWAY COMPANY</b>		
†	Consolidated Mortgage Bonds.....	4% 2,317,500.00
	Capital Stock.....	1,396,225.00
<b>LINDSAY, BOBAYGEON &amp; PONTYPOOL RAILWAY COMPANY</b>		
†	Capital Stock.....	200,000.00
<b>MANITOBA &amp; NORTH WESTERN RAILWAY COMPANY</b>		
†	1st Mortgage Bonds.....	5% 160,600.00
†	1st Mortgage Bonds.....	6% 2,628,000.00
†	Mortgage Bonds.....	5% 12,196,000.00
†	Debenture Stock.....	5% 613,200.00
†	Preference Stock.....	415,000.00
	Capital Stock.....	5,613,113.63
<b>MANITOBA SOUTH WESTERN COLONIZATION RAILWAY CO.</b>		
†	1st Mortgage Bonds.....	5% 2,611,000.00
	Capital Stock.....	700,000.00
<b>MIDLAND-SIMCOE RAILWAY COMPANY</b>		
†	Capital Stock.....	250,000.00
<b>MONTREAL &amp; ATLANTIC RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	5% 2,165,000.00
	Capital Stock.....	2,480,000.00
<b>MONTREAL &amp; OTTAWA RAILWAY COMPANY</b>		
†	1st Mortgage Bonds.....	5% 1,636,250.00
	Capital Stock.....	197,000.00
<b>NAKUSP &amp; SLOCAN RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	5% 1,211,750.00
†	Capital Stock.....	300,000.00
<b>NEW BRUNSWICK SOUTHERN RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 500,000.00
†	Capital Stock.....	49,000.00
<b>NICOLA, KAMLOOPS &amp; SIMLKAMEEN COAL &amp; RAILWAY CO.</b>		
†	Mortgage Bonds.....	4% 1,175,000.00
†	Capital Stock.....	250,000.00
<b>NORTHERN COLONIZATION RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 1,118,000.00
†	Capital Stock.....	300,000.00
<b>ONTARIO &amp; QUÉBEC RAILWAY COMPANY</b>		
	Common Stock.....	5,000.00
<b>ORFORD MOUNTAIN RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 702,000.00
†	Capital Stock.....	501,000.00
<b>OTTAWA, NORTHERN &amp; WESTERN RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 3,075,000.00
†	Capital Stock.....	804,000.00
<b>ST. LAWRENCE &amp; OTTAWA RAILWAY COMPANY</b>		
	Preference Stock.....	466,000.00
<b>ST. MARY'S &amp; WESTERN ONTARIO RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	4% 356,500.00
†	Capital Stock.....	250,000.00
<i>Carried forward</i> .....		\$ 156,223,076.23

LEASED RAILWAY COMPANIES—Continued		Par Value or Principal Amount
<i>Brought forward</i> .....		\$ 156,223,076.23
ST. MAURICE VALLEY RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 945,000.00
†	Capital Stock.....	500,000.00
SASKATCHEWAN & WESTERN RAILWAY COMPANY		
†	1st Mortgage Bonds.....	5% 181,040.00
†	Capital Stock.....	232,500.00
SHUSWAP & OKANAGAN RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 1,250,000.00
†	Capital Stock.....	741,000.00
SOUTH ONTARIO PACIFIC RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 495,000.00
†	Capital Stock.....	200,000.00
TILSONBURG, LAKE ERIE & PACIFIC RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 1,067,500.00
†	Capital Stock.....	400,000.00
TORONTO, GREY & BRUCE RAILWAY COMPANY		
†	Capital Stock.....	596,000.00
VANCOUVER & LULU ISLAND RAILWAY COMPANY		
†	1st Mortgage Bonds.....	5% 455,000.00
†	Capital Stock.....	25,000.00
WALKERTON & LUCKNOW RAILWAY COMPANY		
†	Mortgage Bonds.....	4% 740,000.00
†	Capital Stock.....	19,000.00
WEST ONTARIO PACIFIC RAILWAY COMPANY		
†	Capital Stock.....	21,000.00
Cost.....	\$ 135,061,388.93	Total \$ 164,091,116.23

#### CONTROLLED RAILWAY COMPANIES

AROOSTOOK VALLEY RAILROAD COMPANY		
	Capital Stock.....	\$ 240,000.00
MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY Co.		
	1st Consolidated Mortgage Bonds.....	4% 3,993,000.00
	Preferred Stock.....	7,000,000.00
	Common Stock.....	12,723,500.00
SPOKANE INTERNATIONAL RAILWAY COMPANY		
	1st Mortgage Bonds.....	5% 30,000.00
	Capital Stock.....	3,941,800.00
COEUR D'ALENE & PEND D'OREILLE RAILWAY COMPANY		
	1st Mortgage Bonds.....	5% 47,000.00
THE DULUTH, SOUTH SHORE & ATLANTIC RAILWAY Co.		
†	1st Consolidated Mortgage Bonds.....	4% 15,107,000.00
†	Income Certificates.....	3,000,000.00
	Preferred Stock.....	5,100,000.00
	Common Stock.....	6,100,000.00
MINERAL RANGE RAILROAD COMPANY		
†	General Mortgage Bonds.....	4% 1,000,000.00
†	Consolidated Mortgage Bonds.....	4% 177,800.00
	Consolidated Mortgage Bonds.....	5% 234,500.00
†	Hancock & Calumet Railroad Company Consolidated Mortgage Bonds.....	5% 180,375.00
Cost.....	\$ 32,920,273.04	Total \$ 58,874,975.00

#### JOINTLY CONTROLLED RAILWAY COMPANIES

NORTHERN ALBERTA RAILWAYS COMPANY		
	1st Mortgage Bonds.....	5% \$ 7,235,000.00
	Capital Stock.....	312,500.00
TORONTO, HAMILTON & BUFFALO RAILWAY COMPANY		
	Capital Stock.....	1,469,500.00
TORONTO TERMINALS RAILWAY COMPANY		
	1st Mortgage Bonds.....	5% 11,862,400.00
	Capital Stock.....	250,000.00
Cost.....	\$ 20,171,926.00	Total \$ 21,129,400.00

†Denotes complete ownership.

WHOLLY OWNED COMPANIES		Par Value or Principal Amount
CANADIAN PACIFIC EXPRESS COMPANY		
Capital Stock.....		\$ 3,000,000.00
CANADIAN PACIFIC RAILWAY AGENCY (BELGIUM) S.A.		
Capital Stock.....	Cost	8,000.00
CANADIAN PACIFIC RAILWAY (FRANCE) S.A.		
Capital Stock.....	Cost	9,693.66
CANADIAN PACIFIC RAILWAY (GERMANY) G.m.b.H.		
Capital Stock.....	Cost	135.96
CANADIAN PACIFIC RAILWAY (ITALY) S.A.I.		
Capital Stock.....	Cost	12,882.17
CANADIAN PACIFIC STEAMSHIPS, LIMITED		
Capital Stock.....		34,407.34
CANADIAN PACIFIC TRANSPORT COMPANY, LIMITED		
Capital Stock.....		50,000.00
CHATEAU FRONTENAC COMPANY		
Common Stock.....		280,000.00
EASTERN ABATTOIRS, LIMITED		
Capital Stock.....		5,700.00
LADYSMITH WATER COMPANY, LIMITED		
Capital Stock.....		50,000.00
MERSEY TOWING COMPANY, LIMITED		
Common Stock.....		165,904.67
MIDLAND RAILROAD COMPANY		
Capital Stock.....		10,000.00
QUEBEC CENTRAL TRANSPORTATION COMPANY		
Capital Stock.....		35,000.00
St. JOHN BRIDGE & RAILWAY EXTENSION COMPANY		
1st Mortgage Bonds.....	5%	125,000.00
Capital Stock.....		200,000.00
SEIGNIORY CLUB COMMUNITY ASSOCIATION, LIMITED		
Income Bonds.....	5%	5,000,000.00
Capital Stock—No Par Value—10,000 Shares.	Cost	500,000.00
THE ALBERTA STOCK YARDS COMPANY, LIMITED		
Preferred Stock.....		450,000.00
Common Stock.....		86,000.00
THE NEW BRUNSWICK COLD STORAGE COMPANY, LIMITED		
Cumulative Preference Stock.....		25,000.00
Capital Stock.....		50,000.00
THE SCOTTISH TRUST COMPANY		
Capital Stock.....		250,000.00
Cost . . . .	\$10,125,708.29	Total
		<u>\$ 10,347,723.80</u>

## SUMMARY

	Cost	Par Value or Principal Amount
Leased Railway Companies.....	\$ 135,061,388.93	\$ 164,091,116.23
Controlled Railway Companies.....	32,920,273.04	58,874,975.00
Jointly Controlled Railway Companies.....	20,171,926.00	21,129,400.00
Wholly Owned Companies.....	10,125,708.29	10,347,723.80
	<u>\$ 198,279,296.26</u>	<u>\$ 254,443,215.03</u>

## MISCELLANEOUS INVESTMENTS AT DECEMBER 31, 1936

	Par Value or Principal Amount
Cambridge Collieries Company	
1st Mortgage Bonds.....	\$ 280,000.00
Preferred Stock.....	899,300.00
Common Stock—No Par Value.....	Cost 10,000.00
Canadian Australasian Line, Limited	
Capital Stock.....	2,433,333.00
Canadian Pacific Car & Passenger Transfer Company, Limited	
Common Stock.....	200,000.00
Lethbridge Collieries, Limited	
Capital Stock.....	880,000.00
Lord Nelson Hotel Company, Limited	
Cumulative Preference Stock.....	350,000.00
Common Stock—No Par Value.....	Cost 4,500.00
Midland Simcoe Elevator Company, Limited	
Capital Stock.....	392,000.00
New Jersey Bridge Construction Company	
Capital Stock.....	5,000.00
The Consolidated Mining & Smelting Company of Canada, Limited	
Capital Stock.....	8,412,500.00
The Pennsylvania-Ontario Transportation Company	
Capital Stock.....	187,500.00
The Public Markets, Limited	
Capital Stock.....	575,000.00
The Quebec Salvage & Wrecking Company, Limited	
Capital Stock.....	180,000.00
Other Investments.....	Cost 4,044,191.75
Cost.....	\$26,981,389.12
	Total <u>\$ 18,853,324.75</u>

We have examined all the Securities, including those listed above, held for account of the Canadian Pacific Railway Company, by the Treasurer, and have received certificates from the Custodians, for those deposited with the Banks and Trust Companies for safe custody, and having compared them with the records of the Company, find them correct and in order.

PRICE, WATERHOUSE & CO.,  
Chartered Accountants.

Montreal, March 5, 1937.

## BONDS AND EQUIPMENT OBLIGATIONS AT DECEMBER 31, 1936

	RATE	DATE OF ISSUE	DATE OF MATURITY	CURRENCY IN WHICH PAYABLE	PRINCIPAL OUTSTANDING
EQUIPMENT OBLIGATIONS:					
Equipment Trust Series "B" .....	4½%	June 1, 1926	Serially to May 31, 1938	United States	\$ 1,500,000.00
*Equipment Trust.....	5%	July 1, 1929	July 1, 1944	Canadian or United States	23,680,000.00
Equipment Trust Series "C" .....	4½%	Dec. 1, 1930	Serially to Nov. 30, 1945	United States	8,550,000.00
Equipment Agreement Dominion Government (uncompleted)				Canadian	5,640,500.00
MORTGAGE BONDS:					
Algoma Branch 1st Mortgage Bonds..	5%	Jan. 1, 1888	July 1, 1937	Sterling	3,650,000.00
**COLLATERAL TRUST BONDS:					
Twenty Year Gold Bonds.....	4½%	Sept. 1, 1926	Sept. 1, 1946	Canadian or United States	20,000,000.00
Twenty-five Year Gold Bonds.....	5%	Dec. 1, 1929	Dec. 1, 1954	Canadian or United States	30,000,000.00
Thirty Year Gold Bonds.....	4½%	July 1, 1930	July 1, 1960	Canadian or United States	25,000,000.00
Convertible Ten Year Bonds.....	6%	Mar. 15, 1932	Mar. 15, 1942	Canadian	12,500,000.00
Convertible Fifteen Year Bonds.....	4%	July 2, 1934	July 2, 1949	Canadian	12,000,000.00
Serial Bonds.....	3%	Feb. 15, 1936	Serially to Feb. 15, 1941	Canadian	5,000,000.00
Convertible Fifteen Year Bonds.....	3½%	Feb. 15, 1936	Feb. 15, 1951	Canadian	10,000,000.00
Three Year Bonds.....	2½%	Apr. 1, 1936	Apr. 1, 1939	Canadian	8,000,000.00
Five Year Bonds.....	2½%	Apr. 1, 1936	Apr. 1, 1941	Canadian	15,000,000.00
Convertible Nine and One-half Year Bonds..	3%	Apr. 1, 1936	Oct. 1, 1945	Canadian	15,000,000.00
					<u>\$195,520,500.00</u>

\*Securities deposited with Trustee of 5% Equipment Trust \$9,290,145.33.

\*\*Secured by deposit of Perpetual 4% Consolidated Debenture Stock aggregating in principal amount, \$188,850,000.00.



**OBLIGATIONS IN RESPECT OF PRINCIPAL OF SECURITIES OF  
COMPANIES OWNING RAILWAY LINES OPERATED UNDER LEASE  
AT DECEMBER 31, 1936**

DESCRIPTION	RATE	PRINCIPAL OUTSTANDING	NATURE OF OBLIGATION
<b>ALGOMA EASTERN RAILWAY COMPANY</b>			
First Mortgage Bonds, maturing March 1, 1961 . . . . .	5%	\$ 2,226,500.00	Indemnity to the Lake Superior Corporation against liability under its guarantee of principal.
<b>CALGARY &amp; EDMONTON RAILWAY COMPANY</b>			
Consolidated Debenture Stock, terminable January 1, 2002 . . . . .	4%	5,458,940.00	Guarantee and assumption of payment of principal upon expiry of lease (January 1, 2002) or in alternative, renewal of lease.
<b>JOLIETTE &amp; BRANDON RAILWAY COMPANY</b>			
First Mortgage Bonds, maturing January 1, 2000 . . . . .	4%	125,000.00	Covenant in lease to pay principal upon expiry of term (January 1, 2000).
<b>LACOMBE &amp; NORTH WESTERN RAILWAY COMPANY</b>			
First Mortgage Debenture Bonds, maturing October 22, 1943 . . . . .	5%	273,700.00	Assumption of liability of Province of Alberta under its guarantee of principal.
<b>QUEBEC CENTRAL RAILWAY COMPANY</b>			
Second Mortgage Debenture Stock, maturing January 1, 1963 . . . . .	3½%	1,644,933.33	Guarantee of principal in favour of Trustees.
Third Mortgage Bonds, maturing January 1, 1963 . . . . .	5%	1,644,933.33	Guarantee of principal in favour of Trustees.

The amounts of the above obligations 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 AT DECEMBER 31, 1936

OBLIGATIONS IN RESPECT OF SECURITIES OF CONTROLLED COMPANIES  
NOT OPERATED OR WHOLLY OWNED

Description	Rate	Principal Outstanding	Nature of Obligation
<b>AROOSTOOK VALLEY RAILROAD COMPANY</b>			
First and Refunding Mortgage Bonds, maturing July 1, 1961....	4½%	\$ 455,832.00*	Guarantee of interest.
First and Refunding Mortgage Bonds, Series "A", maturing August 1, 1957.....	5½%	280,500.00	Guarantee of interest.
*Includes \$166,067.00 held in Sinking Fund.			
<b>LORD NELSON HOTEL COMPANY, LIMITED</b>			
First Mortgage Sinking Fund Bonds, maturing November 1, 1947.....	4%	600,000.00	Guarantee of interest.
<b>MINNEAPOLIS, ST. PAUL &amp; SAULT STE. MARIE RAILWAY COMPANY</b>			
First Consolidated Mortgage Bonds, maturing July 1, 1938....	4%	56,863,000.00	Guarantee of interest.
First Consolidated Mortgage Bonds, maturing July 1, 1938....	5%	8,136,000.00	Guarantee of interest.
Second Mortgage Bonds, maturing January 1, 1949.....	4%	3,500,000.00	Guarantee of interest.
First Refunding Mortgage Bonds, Series "B", maturing July 1, 1978.....	5½%	24,606,000.00*	Guarantee of interest.
*Includes \$12,500,000.00 pledged as collateral for notes.			

## OTHER CONTINGENT LIABILITIES

In addition to the foregoing, there are certain other contingent liabilities which may be briefly described as follows:—

**MIDLAND SIMCOE ELEVATOR COMPANY, LIMITED.**—Joint and several guarantee with Mr. James Playfair of principal and interest of 5% construction loan amounting to \$550,000.00.

**NORTHERN ALBERTA RAILWAYS COMPANY.**—Agreement binding the Company jointly and equally with Canadian National Railway Company to pay final instalment of purchase price of \$5,580,000.00 on June 1, 1939, and to indemnify the Government of Alberta against liability under its guarantee of principal of \$7,000,000.00 First Mortgage 4% Debenture Stock maturing February 16, 1942, and \$2,420,000.00 First Mortgage 4½% Bonds maturing October 22, 1944, of the Edmonton, Dunvegan and British Columbia Railway Company. These obligations have been assumed by the Northern Alberta Railways Company, which is controlled jointly with the Canadian National Railway Company. The contingent liability of the Canadian Pacific Railway Company in respect of the principal of these obligations is \$7,500,000.00. The interest on these obligations has also been assumed by the Northern Alberta Railways Company and forms part of its Fixed Charges. One-half of the income deficit of that company is taken up currently in "Other Income."

**SOUTH SHORE DOCK COMPANY.**—Guarantee of payment to Trustees of a rental sufficient to pay interest on and retire principal of \$719,000.00\* First Mortgage 5% Bonds, maturing serially to 1945.

\*Includes \$35,000.00 held by Trustees.

**TORONTO, HAMILTON AND BUFFALO RAILWAY COMPANY.**—Joint and several agreement with Michigan Central Railroad Company, New York Central Railroad Company and Canada Southern Railway Company to make up to Toronto, Hamilton and Buffalo Railway Company any interest which it is unable to provide on \$2,000,000.00\* Consolidated Mortgage 4½% Bonds, Series "A", maturing August 1, 1966.

\*Includes \$128,000.00 held in the Treasury of the issuing company.

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.

## LAND SURPLUS ACCOUNT

Land Surplus December 31, 1935.....		\$ 83,949,363.54
Sales and miscellaneous receipts.....	\$ 2,323,862.80	
Interest on deferred payments.....	392,623.55	
		<u>2,716,486.35</u>
		\$ 86,665,849.89
DEDUCT:		
Land and irrigation expenses.....	\$ 798,763.08	
Taxes.....	818,525.27	
Immigration and colonization expenses.....	223,272.58	
Interest on note certificates.....	923,251.50	
Land contracts cancelled.....	2,051,051.33	
Net adjustment of land inventory.....	1,724,179.70	
Miscellaneous adjustments.....	1,562,667.84	
		<u>8,101,711.30</u>
Land Surplus December 31, 1936, as per Balance Sheet.....		<u><u>\$ 78,564,138.59</u></u>

## MILEAGE AT DECEMBER 31, 1936

CANADIAN PACIFIC RAILWAY—		Miles Operated
New Brunswick District	.....	840.2
Quebec	“ .....	1,676.1
Ontario	“ .....	1,473.4
Algoma	“ .....	1,223.6
Manitoba	“ .....	2,530.8
Saskatchewan	“ .....	3,624.3
Alberta	“ .....	3,163.8
British Columbia	“ .....	2,030.0
Dominion Atlantic Lines	.....	304.0
Quebec Central Lines	.....	356.6
Total	.....	<u>17,222.8</u>
CANADIAN PACIFIC ELECTRIC LINES—		
Grand River Railway	.....	18.6
Lake Erie & Northern Railway	.....	51.0
		<u>69.6</u>
CONTROLLED RAILWAY COMPANIES—		
Aroostook Valley Railroad Company	.....	32.1
Mineral Range Railroad Company	.....	43.8
Minneapolis, St. Paul & Sault Ste. Marie Railway Company	.....	3,232.7
The Duluth, South Shore & Atlantic Railway Company	.....	549.4
		<u>3,858.0</u>
		<u><u>21,150.4</u></u>

## ROLLING STOCK

(Including equipment of leased subsidiaries)

Locomotives	.....	1,995
First and second class Passenger, Tourist Sleeping, Baggage, Mail and Express Cars*	.....	2,269
First class Sleeping, Parlor and Dining Cars	.....	846
Freight Cars (all kinds)	.....	79,328
Conductors' Vans	.....	1,283
Boarding, Tool and Auxiliary Cars and other Work Equipment	.....	6,193

\*Includes 22 Cars in Toronto, Hamilton and Buffalo Line Service in which the Company owns 36.04% interest.

## INLAND STEAMSHIPS

Alberta	Granhall	Moyie
Assiniboia	Keewatin	Naramata
Athabasca	Kelowna	Okanagan
Bonnington	Manitoba	Rosebery
Columbia	Minto	Sicamous
Gross Tonnage		..... 22,826

## HOTELS AT DECEMBER 31, 1936

The 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.	Vancouver.....	Vancouver, B.C.
	Empress.....		Victoria, B.C.

## OCEAN STEAMSHIPS

Beaverbrae	Empress of Asia
Beaverburn	Empress of Australia
Beaverdale	Empress of Britain
Beaverford	Empress of Canada
Beaverhill	Empress of Japan
Duchess of Atholl	Empress of Russia
Duchess of Bedford	Montcalm
Duchess of Richmond	Montclare
Duchess of York	Montrose
Gross Tonnage.....	324,738

## COASTAL STEAMSHIPS

Kyuquot	Princess Louise
Motor Princess	Princess Maquinna
Nanoose	Princess Marguerite
Nootka	Princess Mary
Princess Adelaide	Princess Norah
Princess Alice	Princess Victoria
Princess Charlotte	Qualicum
Princess Elaine	Transfer No. 3
Princess Elizabeth	" 4
Princess Helene	" 7
Princess Joan	" 8
Princess Kathleen	
Gross Tonnage.....	60,276

## TRANSPORTATION AND TRAFFIC STATISTICS

	Year 1936	Year 1935	Increase or Decrease	
			Amount or Number	Per Cent.
Average miles of road operated.....	17,240.9	17,221.6	19.3	.11
<b>TRAIN MILEAGE</b>				
Freight.....	20,417,331	18,848,973	1,568,358	8.32
Passenger.....	15,602,196	15,520,712	81,484	.53
Motor.....	587,370	582,834	4,536	.78
Total Transportation Service.....	36,606,897	34,952,519	1,654,378	4.73
<b>LOCOMOTIVE MILEAGE</b>				
Freight.....	22,523,187	20,681,949	1,841,238	8.90
Passenger.....	16,155,673	15,975,849	179,824	1.13
Switching.....	8,532,373	8,013,894	518,479	6.47
Total Transportation Service.....	47,211,233	44,671,692	2,539,541	5.68
<b>CAR MILEAGE</b>				
<b>FREIGHT</b>				
Loaded.....	478,377,179	446,775,972	31,601,207	7.07
Empty.....	226,741,842	211,109,737	15,632,105	7.40
Caboose.....	21,243,994	19,570,980	1,673,014	8.55
Total.....	726,363,015	677,456,689	48,906,326	7.22
<b>PASSENGER</b>				
Coaches.....	37,516,819	36,500,892	1,015,927	2.78
Sleeping, Parlor and Observation.....	37,074,665	34,196,418	2,878,247	8.42
Dining.....	5,431,535	4,835,766	595,769	12.32
Other.....	38,788,386	38,536,770	251,616	.65
Total.....	118,811,405	114,069,846	4,741,559	4.16
Total Transportation Service.....	845,174,420	791,526,535	53,647,885	6.78
<b>FREIGHT TRAFFIC—RAIL</b>				
Freight revenue.....	\$105,439,232	\$97,794,293	\$7,644,939	7.82
Tons—Revenue freight.....	27,985,478	26,094,183	1,891,295	7.25
Tons—Non-revenue freight.....	4,884,607	4,391,404	493,203	11.23
Tons—All freight.....	32,870,085	30,485,587	2,384,498	7.82
Ton miles—Revenue freight.....	11,424,147,055	10,521,575,813	902,571,242	8.58
Ton miles—Non-revenue freight.....	1,359,854,070	1,288,173,592	71,680,478	5.56
Ton miles—All freight.....	12,784,001,125	11,809,749,405	974,251,720	8.25
<b>AVERAGES PER MILE OF ROAD</b>				
Freight revenue.....	\$6,116	\$5,679	\$437	7.70
Train miles.....	1,184	1,094	90	8.23
Total freight train car miles.....	42,130	39,338	2,792	7.10
Ton miles—Revenue freight.....	662,619	610,952	51,667	8.46
Ton miles—All freight.....	741,493	685,752	55,741	8.13
<b>AVERAGES PER TRAIN MILE</b>				
Freight revenue.....	\$5.16	\$5.19	\$0.03	.58
Loaded freight car miles.....	23.43	23.70	.27	1.14
Empty freight car miles.....	11.11	11.20	.09	.80
Total freight train car miles.....	35.58	35.94	.36	1.00
Ton miles—Revenue freight.....	559.53	558.20	1.33	.24
Ton miles—All freight.....	626.13	626.55	.42	.07
<b>AVERAGES PER LOADED CAR MILE</b>				
Freight revenue (cents).....	22.04	21.89	.15	.69
Ton miles—All freight.....	26.72	26.43	.29	1.10
<b>MISCELLANEOUS AVERAGES</b>				
Revenue per ton of freight.....	\$3.77	\$3.75	\$0.02	.53
Revenue per ton mile of freight (cents).....	0.923	0.929	\$0.006	.65
Miles hauled—Revenue freight.....	408.22	403.22	5.00	1.24
Miles hauled—Non-revenue freight.....	278.40	293.34	14.94	5.09
Miles hauled—All freight.....	388.93	387.39	1.54	.40

## TRANSPORTATION AND TRAFFIC STATISTICS—Continued

	Year 1936	Year 1935	Increase or Decrease	
			Amount or Number	Per Cent.
<b>CLASSIFICATION OF REVENUE TONNAGE CARRIED</b>				
Products of Agriculture.....	7,893,199	7,542,133	351,066	4.65
Animals and Products.....	785,383	651,590	133,793	20.53
Products of Mines.....	9,733,378	8,985,379	747,999	8.32
Products of Forests.....	3,123,979	3,147,173	23,194	.74
Manufactures and Miscellaneous.....	5,654,174	5,000,647	653,527	13.07
Total carload traffic.....	27,190,113	25,326,922	1,863,191	7.36
All less carload freight.....	795,365	767,261	28,104	3.66
Total Carload and L.C.L. Traffic.....	27,985,478	26,094,183	1,891,295	7.25
<b>PASSENGER TRAFFIC—RAIL</b>				
Passenger revenue.....	\$15,539,338	\$15,031,461	\$507,877	3.38
Passenger service train revenue.....	\$24,554,877	\$23,964,229	\$590,648	2.46
Revenue passengers carried.....	7,387,406	7,423,634	36,228	.49
Revenue passenger miles.....	759,113,574	696,486,153	62,627,421	8.99
<b>AVERAGES PER MILE OF ROAD</b>				
Passenger revenue.....	\$901	\$873	\$28	3.21
Passenger service train revenue.....	\$1,424	\$1,392	\$32	2.30
Train miles.....	939	935	4	.43
Total passenger train car miles.....	6,891	6,624	267	4.03
Revenue passenger miles.....	44,030	40,443	3,587	8.87
<b>AVERAGES PER TRAIN MILE</b>				
Passenger revenue.....	\$0.96	\$0.93	\$0.03	3.23
Passenger service train revenue.....	\$1.52	\$1.49	\$0.03	2.01
Total passenger train car miles.....	7.34	7.08	.26	3.67
Revenue passenger miles.....	46.89	43.25	3.64	8.42
<b>AVERAGES PER CAR MILE—PASSENGER</b>				
Passenger revenue (cents).....	19.42	19.90	.48	2.41
Revenue passenger miles.....	9.49	9.22	.27	2.93
<b>MISCELLANEOUS AVERAGES</b>				
Revenue per passenger.....	\$2.10	\$2.02	\$0.08	3.96
Revenue per passenger mile (cents).....	2.05	2.16	.11	5.09
Miles carried—Revenue passengers.....	102.76	93.82	8.94	9.53
<b>TOTAL TRAFFIC—RAIL</b>				
<b>AVERAGES PER MILE OF ROAD</b>				
Train miles—Transportation service.....	2,123	2,030	93	4.58
Car miles—Transportation service.....	49,021	45,961	3,060	6.66
Operating revenues.....	\$7,987	\$7,446	\$541	7.27
Operating expenses.....	\$6,405	\$5,957	\$448	7.52
Net operating revenue.....	\$1,582	\$1,489	\$93	6.25
<b>AVERAGES PER TRAIN MILE</b>				
Operating revenues.....	\$3.76	\$3.67	\$0.09	2.45
Operating expenses.....	\$3.02	\$2.94	\$0.08	2.72
Net operating revenue.....	\$0.74	\$0.73	\$0.01	1.37
<b>TOTAL TRAFFIC—RAIL AND INLAND WATER LINES</b>				
Operating revenues.....	\$138,461,550	\$128,962,239	\$9,499,311	7.37
Operating expenses.....	\$111,025,992	\$103,158,542	\$7,867,450	7.63
Net operating revenue.....	\$27,435,558	\$25,803,697	\$1,631,861	6.32
Tax accruals, less net of hire of equipment and joint facility rents.....	\$4,124,447	\$3,406,173	\$718,274	21.09
Net earnings.....	\$23,311,111	\$22,397,524	\$913,587	4.08
Per cent operating expenses to operating revenues.....	80.19	79.99	.20	.25
Total payroll charged operating expenses.....	\$67,806,168	\$64,413,782	\$3,392,386	5.27
Per cent total payroll to operating revenues.....	48.97	49.95	.98	1.96
Per cent total payroll to operating expenses.....	61.07	62.44	1.37	2.19







