

# CANADIAN PACIFIC RAILWAY COMPANY

## ANNUAL REPORT

FOR THE  
YEAR ENDED DECEMBER 31

1935

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MONTREAL, MARCH, 1936



# CANADIAN PACIFIC RAILWAY COMPANY

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## NOTICE TO SHAREHOLDERS

The Fifty-fifth 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 sixth day of May next, at the principal office of the Company, at Montreal, at Twelve o'clock noon.

## SPECIAL MEETING

The meeting will be made special for the purpose of considering and, if approved, of authorizing the issue of \$65,000,000 of Ordinary Capital Stock, in such amounts, on such terms, and at such times as the Directors shall from time to time decide.

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

By order of the Board,

F. BRAMLEY,  
*Secretary.*

MONTREAL, March 9, 1936.



## BOARD OF DIRECTORS.

SIR EDWARD BEATTY, G.B.E.,	- - - - -	MONTREAL.
W. A. BLACK,	- - - - -	do
COL. HENRY COCKSHUTT,	- - - - -	BRANTFORD.
D. C. COLEMAN,	- - - - -	MONTREAL.
SIR CHARLES GORDON, G.B.E.,	- - - - -	do
JOHN W. HOBBS,	- - - - -	TORONTO.
SIR HERBERT S. HOLT,	- - - - -	MONTREAL.
RT. HON. REGINALD MCKENNA,	- - - - -	LONDON, ENG.
ROBERT S. McLAUGHLIN,	- - - - -	OSHAWA.
ROSS H. McMASTER,	- - - - -	MONTREAL.
COL. 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.	W. A. BLACK
D. C. COLEMAN	SIR CHARLES GORDON, G.B.E.
SIR HERBERT S. HOLT	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	- - - - -	H. C. OSWALD	do
ASSISTANT SECRETARY	- - - - -	I. R. COLLINS	do
GENERAL COUNSEL	- - - - -	W. H. CURLE, K.C.	do
GENERAL SOLICITOR	- - - - -	E. P. FLINTOFT, K.C.	do
ASSISTANT GENERAL SOLICITOR	- - - - -	G. A. WALKER, K.C.	do
ASST. TO THE PRESIDENT	- - - - -	F. A. GABY, D.Sc.	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.

*Eastern Lines:*

## OPERATING DEPARTMENT

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. FAIRBAIN, D.Sc.	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	- - - - -	W. A. COOPER	do
GENERAL MGR. OF COMMUNICATIONS DEPT.	- - - - -	W. D. NEIL	do
CHIEF COMM. OF IMMIGRATION AND COL.	- - - - -	J. N. K. MACALISTER	do
MANAGER, DEPT. OF NATURAL RESOURCES	- - - - -	S. G. PORTER	CALGARY.
GENERAL PURCHASING AGENT	- - - - -	B. W. ROBERTS	MONTREAL.
GENERAL MANAGER OF HOTELS	- - - - -	H. F. MATHEWS	do

EUROPEAN GENERAL MANAGER - - - - - SIR GEORGE MCL. BROWN, K.B.E.,  
62 to 65 Charing Cross, 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-FIFTH ANNUAL REPORT

OF THE

DIRECTORS OF CANADIAN PACIFIC RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1935

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*To the Shareholders:*

The accounts of the Company for the year ended December 31, 1935, show the following results:—

### INCOME ACCOUNT

Gross Earnings . . . . .	\$129,678,904.57
Working Expenses (including taxes) . . . . .	107,281,380.60
Net Earnings . . . . .	\$ 22,397,523.97
Other Income—Net . . . . .	8,145,494.31
	\$ 30,543,018.28
Deduct provision for depreciation of Ocean and Coastal Steamships*	3,550,996.64
	\$ 26,992,021.64
Deduct Fixed Charges . . . . .	24,159,937.83
Balance transferred to Profit and Loss Account . . . . .	\$ 2,832,083.81

\*In 1934 provision for such depreciation, amounting to \$3,783,660.01, was deducted from Profit & Loss and Surplus Revenue Account.

## PROFIT AND LOSS ACCOUNT

Surplus Revenue December 31, 1934.....		\$145,912,720.95
Balance of Income Account for the year ended December 31, 1935..		2,832,083.81
		<u>\$148,744,804.76</u>
DEDUCT:		
Loss on lines abandoned and on property retired and not replaced.....	\$4,692,085.65	
Miscellaneous—Net Debit.....	548,030.96	
Provision for losses in respect of investment in lines in the United States controlled through stock ownership.....	4,000,000.00	
		<u>9,240,116.61</u>
Profit and Loss Balance December 31, 1935, as per Balance Sheet...		<u><u>\$139,504,688.15</u></u>

The operations for the year 1935 resulted in an improvement of \$145,953 over the comparable figure for the previous year. The balance of Income Account available for transfer to Profit and Loss Account after deduction of provision for depreciation of Ocean and Coastal Steamships was \$2,832,083. The comparable figure for 1934 of \$2,686,130 may be arrived at by deducting from \$6,469,790, balance of Income Account, \$3,783,660 provision for depreciation of Ocean and Coastal Steamships, charged to Profit & Loss and Surplus Revenue Account in that year. In spite of the slight improvement mentioned, the level of earnings is still far from satisfactory.

#### RAILWAY EARNINGS AND EXPENSES

The results of railway operations in 1935 as compared with 1934 are as follows:

	1935	1934	Increase or <i>Decrease</i>
Gross Earnings . . . . .	\$129,678,904	\$125,542,954	\$ 4,135,950
Working Expenses (including taxes) . . . . .	107,281,380	101,158,931	6,122,449
Net Earnings . . . . .	\$ 22,397,524	\$ 24,384,023	\$ 1,986,499

In 1935 working expenses, including taxes, amounted to 82.73% of gross earnings, as compared with 80.58% in 1934. Excluding taxes, the ratio was 79.56% as against 77.34% in 1934.

The trend of gross earnings during the first eight months of the year was irregular, there being in the aggregate a slight decrease compared with the same period of the previous year. During the remainder of the year a definite improvement was manifest, and for the full year there was an increase of \$4,135,950 or 3.3%. Passenger earnings decreased \$218,027 during the first seven months, but owing to an improvement in each month thereafter the final results for the year showed a decrease of \$3,090 only. Freight earnings for the year increased \$2,959,778 or 3.1%. The decrease for the first eight months was \$254,737, and the increase for the remainder of the year was \$3,214,515. There were moderate increases in earnings from coal, paper, refinery and smelter products and substantial increases in lumber, woodpulp and petroleum products. The earnings from grain and grain products again showed a reduction, being lower than in any year since 1914. Notwithstanding that during the early part of the summer the prospects of the wheat crop in Western Canada seemed excellent, owing to the development of rust and frost in many districts the total production fell much below the average. Conditions in the territory tributary



to your Company's lines showed some improvement, with the result that a slightly larger proportion of the total crop will be available for movement by your Company than in the previous crop year.

Working expenses increased \$6,122,449 or 6.1%. The revision of the scale of deductions from basic rates of pay applicable to officers and employees was put into effect, as indicated in the last Annual Report, resulting in an addition of \$3,068,000 to the working expenses of the year. During the early part of the year extraordinary and prolonged snow and flood troubles in British Columbia entailed heavy expenses for maintenance and re-routing of trains. Main line traffic was disrupted for a period of ten days.

Maintenance expenses for the year increased \$3,331,221 or 8.5%. A substantial part of this increase was due to the partial restoration of payroll deductions. Moreover, in order to assist in stimulating employment, under agreement with the Dominion Government, the main locomotive and car shops were operated for three more days per month from July to November inclusive than in 1934 at an increased expense of \$1,065,441. As a result, repairs to equipment were performed in advance of the time when the work would otherwise have been done. Nevertheless it was considered desirable to continue the policy adopted two years ago of charging the cost of such repairs to working expenses at the time when the expenditures were incurred, in order to avoid the creation of deferred charges against future years' operations. All expenditures in connection with work done during the year have been taken up in the accounts. Your property continues to be maintained in an efficient condition.

Transportation expenses increased \$1,861,064 or 4.1%. The ratio of transportation expenses to gross earnings rose from 36.3% in 1934 to 36.6% in 1935. This increase in ratio is more than accounted for by the partial restoration of payroll deductions. Continued improvement in efficiency is indicated by an increase in average freight train loading from 1,525 tons in 1934 to 1,546 tons in 1935, and in gross ton miles per train hour from 24,062 to 25,051. Average fuel consumption for freight trains decreased to 109 pounds per 1,000 gross ton miles as compared with 112 pounds in 1934.

Traffic and general expenses increased \$847,468, owing principally to partial restoration of payroll deductions and also to larger pension disbursements.

#### OTHER INCOME

In accordance with intimation given at the last Annual Meeting, the caption "Other Income" has been substituted for "Special Income" to describe the Company's net income derived from

sources other than railway operations and lands, and the items included in the first two sub-captions have been reclassified. Other Income for 1935 showed an increase over 1934 of \$1,481,701.

The caption "Dividends" includes all income received by the Company by way of dividends. The increase over the comparable figure of 1934 is \$1,228,096, due principally to an increase of \$1,177,750 in the cash distributions received from The Consolidated Mining & Smelting Company of Canada, Limited.

Net income from interest, exchange, separately operated properties and miscellaneous decreased \$128,624 from the comparable figure of 1934.

Net earnings of ocean and coastal steamships before depreciation increased \$560,475. While the net earnings of these services have shown yearly increases since 1931, the returns are still much below a satisfactory level. During the year 1935 the Company's steamships made 133 regular voyages on the Atlantic, 26 on the Pacific and 35 cruises, an increase from 1934 of 4 Atlantic voyages and 1 Pacific voyage and a decrease of 8 cruises. It is a matter of satisfaction to report that there were no casualties of a major nature. The "Minnedosa" and "Melita" were sold during 1935.

Net earnings from hotel, communication and miscellaneous properties decreased \$178,246. Owing to the continued serious losses in the operation of the Place Viger Hotel, Montreal, which showed no prospect of improvement notwithstanding every effort to secure additional patronage and to operate it in the most economical manner, this well-known unit of the Company's system was closed on September 30, 1935. It was with regret that your Directors found themselves compelled to take this action.

#### STEAMSHIP DEPRECIATION

The full annual depreciation requirement for your ocean and coastal fleets, amounting to \$3,550,996, was appropriated from Income Account instead of from Profit and Loss Account.

#### FIXED CHARGES

It is satisfactory to record that, after showing annual increases for many years, Fixed Charges in 1935 were \$418,087 less than in 1934. Moreover, in order to avoid any conflict with the meaning which will be ascribed to the term "Fixed Charges" on this continent as a result of the recent definition by the Interstate Commerce Commission of the accounts to be so designated by railways subject to its jurisdiction, interest on unfunded debt and amortization of discount on funded debt, treated as a deduction from Special

Income in 1934, have now been included as part of the Fixed Charges. Were it not for this change, the reduction in Fixed Charges as compared with the preceding year would be \$576,383.

#### PROFIT AND LOSS ACCOUNT

During the year an active policy of retiring unprofitable and excess property in order to secure more remunerative operation was continued, with the result that the write-off for loss on lines abandoned and on property retired and not replaced was \$140,000 greater than in 1934. Applications were made to the Board of Railway Commissioners for Canada for approval of the abandonment of five branches aggregating 104.6 miles of line. One of these branches had not been in operation for a number of years, and the operation of the others had proved unprofitable for some time. Four of these applications have been granted and one involving 33.1 miles of line has been refused.

Under the authority granted, two lines were abandoned during the year, namely:

- (a) North Fork Branch of Kettle Valley Railway Company, leased to your Company, West End to Archibald (17.4 miles), Province of British Columbia.
- (b) Stobie Branch of your Company, mile 1.6 to Blezard Mine (3.4 miles), Province of Ontario.

The abandonment of the other sections approved will be proceeded with during 1936.

The necessary adjustment has been made in the accounts in regard to all railway, steamship and other property retired during the year, including the furnishings and equipment of the Place Viger Hotel. No adjustment has been made with respect to the hotel building itself pending a decision as to the disposition thereof. While the accounting charges in connection with the retirement of such properties represent a substantial sum, the Company will benefit in the future by the elimination of operating losses previously sustained, and from the sale or use elsewhere of materials and property released.

A further appropriation of \$4,000,000 was made to provide for possible writing down in the future of your Company's investment in controlled railways in the United States. The reserve for this purpose is now \$16,000,000.

#### DIVIDENDS

While, as a result of the operations for the year, the Company was able to transfer \$2,832,083 from Income Account to Profit and Loss

Account, yet in view of the necessity for conserving its cash resources to meet necessary expenditures, including advances to the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, to which reference is made later in this Report, your Directors deemed it inadvisable to declare any dividend in respect of the year 1935.

#### BALANCE SHEET ACCOUNTS

Some changes in the classification of the accounts in the General Balance Sheet have been found to be desirable, particularly in view of the regulations adopted by the Securities and Exchange Commission of the United States, which controls the listing of the Company's stocks and securities on the New York Stock Exchange. Such changes include the reclassification under new headings of the investments in other companies and the transfer to a separate heading on the asset side of the Balance Sheet of unadjusted debit balances heretofore deducted from Reserve for Contingencies. Other minor changes in nomenclature have been made. In view of these changes, it was thought well to include this year a detailed schedule of the investments of the Company in stocks, bonds, and other securities of leased, controlled and jointly controlled railway companies and wholly owned companies. In addition to the schedule of contingent liabilities, a schedule has been incorporated showing the Company's obligations in respect of principal of securities of companies owning railway lines operated by it under lease.

#### LAND ACCOUNTS

Sales of agricultural lands during the year amounted to 124,354 acres for \$1,217,890, an average of \$9.79 per acre, including 1,201 acres of irrigated land at \$47.13 per acre and the remainder at an average of \$9.43 per acre.

Interest on deferred payments decreased from the figure of the previous year because of the transfer mentioned in the succeeding paragraph, and because of an increase over 1934 in interest rebates to land contract holders. These rebates first granted in 1932, and continued in subsequent years as a measure of relief to the farmers who were suffering from severe economic pressure as a result of poor crops and low prices, amounted to \$1,349,497 in 1935, and have aggregated \$6,300,082 since 1932.

The contract with the Board of Trustees of The Eastern Irrigation District, to which reference was made at the last Annual Meeting, has now been completed by the transfer to the District of the Eastern Section of the Company's Irrigation Project, together with the unsold lands and the deferred payments under existing contracts. The liability of the Company to maintain and operate the

system has been transferred to and assumed by the District, with the sanction of the Legislature of Alberta. This will result in an annual saving in land expenses of not less than \$400,000. As a result of this arrangement, Deferred Payments have been reduced by \$4,628,555 and Unsold Lands and Other Properties by \$10,991,589, involving a reduction in Land Surplus of \$15,620,144. The lands transferred have been written off at average appraisal values, though with the exception of a relatively small irrigable area, they are lands of poorer quality. The contracts under which land was sold and water delivered in this section of the irrigation project provided from the outset for the assumption ultimately by the water users of the maintenance and operation of the system on a co-operative basis. Your Directors are of the opinion that, by anticipating the transfer, substantial savings will be made in land expenses without jeopardizing the Company's interest in the development of traffic.

An agreement was made during the year between your Company, the Cadillac Coal Company, Limited and the Royalties Oil & Share Corporation Limited under which their colliery properties and coal lands in the vicinity of Lethbridge, including those acquired by your Company with other properties of the Alberta Railway & Irrigation Company and certain coal lands of the Calgary & Edmonton Railway Company, were conveyed to a new company known as Lethbridge Collieries Limited, in which your Company has a controlling interest. In exchange for the properties conveyed, your Company received a total of \$480,000 par value of stock in the new company and undertook to complete the construction of a new shaft in consideration of the issue of additional stock equivalent to the amount of its expenditures. As at December 31, 1935, an additional \$200,000 par value of stock had been received on this account. The stock acquired has been included in Miscellaneous Investments at par value. The Company's investment in the capital stock of the Alberta Railway & Irrigation Company has been written down by an amount equivalent to the original cost to that company of the properties sold, and an equivalent amount, less the proportion of the credit from the stock acquired in Lethbridge Collieries Limited applicable to such cost, has been written off against Land Surplus. The merger will eliminate wasteful and costly competition in the Lethbridge field and already shows promise of profitable operation.

#### PENSIONS

Pension disbursements for the year totalled \$2,022,428 and were included in working expenses. During the year 381 employees were

pensioned. The total number of pensioners at the end of the year showed an increase of 171 over the number at December 31, 1934. The distribution by ages of the number of pensioners on the roll at December 31, 1935, was as follows:—

Under 60 years of age . . . . .	95	
From 60 to 64 years of age inclusive . . . . .	241	
From 65 to 70 years of age inclusive . . . . .	1,180	
Over 70 years of age . . . . .	1,246	
		2,762

#### 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 1935 \$5,904,984, of which \$5,164,068 is in connection with the new rolling stock to be built under agreement with the Dominion Government hereinafter referred to. Your approval will be requested for capital expenditures during the present year of \$6,149,769. Particulars of the principal items are:—

Replacement and enlargement of structures in permanent form . . . . .	\$ 362,977
Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses. . . . .	528,416
Ties, tie plates, rail anchors and miscellaneous roadway betterments . . . . .	2,357,272
Replacement of rail in main and branch line tracks with heavier section . . . . .	483,048
Installation of automatic signals . . . . .	60,800
Additional terminal and side track accommodation . . . . .	112,118
Additions and betterments to rolling stock . . . . .	2,176,676
Additions and betterments to hotels . . . . .	21,000

Additions and betterments to rolling stock includes the cost of the balance of the new rolling stock to be built under the agreement with the Dominion Government hereinafter referred to and the capital proportion of expenditures for improvements. The latter, in addition to ordinary betterment of freight cars in conformity with interchange requirements and betterment of motive power to secure more efficient operation, includes for the first time expenditures for air-conditioning of sleeping, parlor and observation cars to be used in our transcontinental and international services in competition with the services operating over United States railways which have already been similarly equipped.

## FINANCE

As one of the measures for the relief of unemployment adopted by the Dominion Parliament at the session of 1935, the Government agreed to purchase certain rolling stock to be sold in part to the Canadian National Railway Company and in part to your Company under so-called Hire-Purchase Agreements. In the case of your Company, the amount involved is \$5,730,000. The Company will have the use of the rolling stock, will reimburse the Government for the full amount of its cost in thirteen annual instalments commencing in 1938, and will acquire title upon payment of the final instalment. No interest will be payable in respect of the first two years, after which it will accrue at the rate of 4% per annum. The rolling stock is being constructed according to plans and specifications prepared by your mechanical engineers, and will be received by the Company during the year 1936. As a result of the arrangement, your Company will acquire 1,120 freight cars, 16 light weight passenger cars, 5 light weight passenger locomotives and 1 Diesel-Electric switching locomotive.

As a further part of the measures for the relief of unemployment adopted at the same session, the Government undertook to make advances to the two railway companies for the purpose of providing increased employment in their main shops, the amount in the case of your Company being \$1,270,000, of which \$1,065,441 was advanced during the year 1935. These advances are to be repaid in thirteen annual instalments commencing January 1, 1938, together with interest at 4% per annum, it being provided that no interest shall accrue in respect of the first two years after the date of the advances.

During the year \$2,079,000, principal amount, of equipment obligations were redeemed and an amount of \$2,284,200 was deposited with the Trustee of the Equipment Trust maturing 1944. Twenty Year 4½% Sinking Fund Secured Note Certificates to the amount of \$322,000 were also redeemed.

On January 2, 1935, the Company borrowed \$2,000,000 on its short term promissory notes from United States banks, secured by pledge of \$2,850,000, principal amount, Perpetual 4% Consolidated Debenture Stock. These loans were repaid at maturity during the year and the Debenture Stock was released and cancelled.

## MINNEAPOLIS, ST. PAUL &amp; SAULT STE. MARIE RAILWAY COMPANY

Drought conditions in the territory served by this system were relieved during 1935, and as a result the crop was considerably improved, although unfortunately it suffered materially from the effects of rust, as in Canada. Commencing with the month of July

revenues have shown an improvement, but owing to increases in wage rates and other uncontrollable expenses the improvement was not reflected in the net income for the year. On account of guarantee obligations and to protect its investment in this property, your Company advanced to the Soo Line during the year \$4,910,085, which enabled that company to meet all its interest charges and to redeem \$825,000 of notes issued in 1932 to the Railroad Credit Corporation which had been guaranteed by your Company.

#### UNITED STATES SECURITIES EXCHANGE ACT OF 1934

Pursuant to the Securities Exchange Act of 1934, passed by the United States Congress, and in accordance with the rules adopted by the Securities and Exchange Commission under its authority, the permanent registration on the New York Stock Exchange of those of the Company's stocks and securities which had previously been listed on that Exchange became effective July 1, 1935.

#### ORDINARY CAPITAL STOCK

The shareholders have heretofore from time to time authorized the increase in the Ordinary Capital Stock of the Company to an aggregate amount of \$385,000,000 of the total of \$500,000,000 of such stock which the Company is by law empowered to issue when so authorized. At a special meeting of the shareholders held on May 6, 1931, authority was granted for the issue of additional Ordinary Capital Stock of the Company to an amount of \$50,000,000, the proceeds to be applied to the purposes referred to in the resolution authorizing such issue. Owing to the unsatisfactory conditions which have prevailed since that authority was granted, rendering it impracticable to dispose of the Company's Ordinary Capital Stock, your Directors deemed it advisable that the Company's requirements for the purposes referred to should be met by the issue of terminable securities with a right of conversion into Ordinary Capital Stock, subject to terms and conditions approved by your Directors. Under this policy the Company, as mentioned in the Annual Reports for the years in question, issued in 1932 \$12,500,000 Convertible Ten Year 6% Collateral Trust Bonds and in 1934 \$12,000,000 Convertible Fifteen Year 4% Collateral Trust Bonds, secured in each case by pledge of Perpetual 4% Consolidated Debenture Stock of the Company, the holders in each case being given the right 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 each to each \$100 principal amount of the bonds. Such conversion privileges offer advantages both from the standpoint of the Company and the investor. Your Directors are of



the view that until conditions become more settled it may from time to time be desirable to follow similar methods of financing. In order that they may be in a position to issue Ordinary Capital Stock, as may in their opinion be desirable for the purposes referred to in the resolution of the shareholders to which reference has been made, either for direct sale or for conversion privileges in connection with any terminable obligations heretofore or hereafter issued by way of refunding or otherwise for any such purpose, your authority will be asked at the forthcoming Annual Meeting for the issue of an additional \$65,000,000 of Ordinary Capital Stock in such amounts, on such terms and at such times as your Directors shall from time to time decide.

#### CO-OPERATION WITH CANADIAN NATIONAL RAILWAY COMPANY

The joint study of co-operative measures, plans and arrangements under the provisions of the Canadian National-Canadian Pacific Act 1933 was continued throughout the year. The arrangements previously in effect were continued, and certain others have advanced sufficiently for the preparation of formal agreements. In some of these, line abandonments will be involved, which will require the approval of the Board of Railway Commissioners for Canada. The studies have resulted in the rejection of a number of proposals and a number of others are still under investigation. The total annual economy to be derived from the arrangements already in effect and from those recommended to the Joint Executive Committee has been estimated at slightly less than \$1,600,000, one-half of which will accrue to each Company. Further negotiations carried on during the year in an endeavour to secure co-operative economies in the telegraph and express services of the two companies have been without definite result.

#### STOCK HOLDINGS

The holdings of the Capital Stocks of the Company in December, 1935, 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.....	29,088	16.84	82	.28	11.94
United Kingdom and other British	21,251	53.49	27,707	97.90	66.64
United States.....	16,322	24.24	28	.58	17.23
Other Countries...	4,456	5.43	200	1.24	4.19
	<u>71,117</u>		<u>28,017</u>		

## CHANGES IN DIRECTORATE

Honourable J. Marcellin Wilson, President of the Banque Canadienne Nationale, was appointed a Director of the Company to fill the vacancy caused by the death of Honourable F. L. Beique.

## RETIRING DIRECTORS

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

MR. D. C. COLEMAN

MR. JOHN W. HOBBS

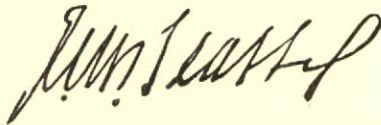
MR. R. S. McLAUGHLIN

SIR EDWARD R. PEACOCK, G.C.V.O.

MR. W. N. TILLEY, K.C.

Your Directors again acknowledge with gratitude the loyal co-operation and assistance of the officers and employees in all matters affecting the Company's interests.

For the Directors



*President.*

MONTREAL, March 9, 1936.

GENERAL BALANCE SHEET  
AND  
SCHEDULES

CANADIAN PACIFIC  
GENERAL BALANCE

ASSETS

PROPERTY INVESTMENT:

Railway, Rolling Stock, Inland Steamships, Hotel, Communication and Miscellaneous Properties .....	\$767,737,162.19	
Improvements on Leased Railway Property....	97,337,171.45	
Ocean and Coastal Steamships.....	104,849,337.98	
Stocks, Bonds and Other Securities of Leased, Controlled and Jointly Controlled Railway Companies and Wholly Owned Companies— Cost.....	199,956,164.25	
		\$1,169,879,835.87

OTHER INVESTMENTS:

Miscellaneous Investments—Cost.....	\$ 26,919,735.72	
Advances to Controlled and Other Companies— Net.....	18,792,285.02	
Mortgages Collectible and Loans & Advances to Settlers.....	2,951,534.33	
Insurance Fund Investments.....	8,246,827.31	
Deferred Payments on Lands and Townsites...	40,857,030.19	
Unsold Lands and Other Properties.....	34,105,574.46	
		131,872,987.03

CURRENT ASSETS:

Material and Supplies.....	\$ 16,173,024.90	
Agents' and Conductors' Balances.....	5,368,213.88	
Net Traffic Balances.....	485,917.72	
Miscellaneous Accounts Receivable.....	5,334,407.82	
Cash.....	17,356,041.53	
		44,717,605.85

UNADJUSTED DEBITS:

Insurance Prepaid.....	\$ 237,760.24	
Unamortized Discount on Bonds.....	572,098.59	
Other Unadjusted Debits.....	1,245,858.48	
		2,055,717.31
		\$1,348,526,146.06

## RAILWAY COMPANY

SHEET, DECEMBER 31, 1935

## 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	\$495,911,848.74	
LESS: Pledged as collateral to bonds and notes..	204,500,300.00	
		291,411,548.74

BONDS AND NOTES.....	\$187,464,000.00	
LESS: Securities deposited with Trustee of 5% Equipment Trust.....	7,640,770.41	
		179,823,229.59

TWENTY YEAR 4½% SINKING FUND SECURED NOTE CERTIFICATES (1944).....	\$ 30,000,000.00	
LESS: Purchased by Trustee and cancelled....	9,483,300.00	
		20,516,700.00

## CURRENT LIABILITIES:

Audited Vouchers.....	\$ 4,631,749.37	
Pay Rolls.....	2,567,894.96	
Miscellaneous Accounts Payable.....	1,959,164.51	
Accrued Fixed Charges.....	1,486,104.12	
		10,644,912.96

## DEFERRED LIABILITIES:

Dominion Government Unemployment Relief...	\$ 3,512,664.50	
Miscellaneous.....	317,054.10	
		3,829,718.60

## RESERVES AND UNADJUSTED CREDITS:

Equipment Replacement Reserve.....	\$ 8,340,368.22	
Steamship Depreciation Reserve.....	36,210,202.77	
Insurance Reserve.....	8,246,827.31	
Contingent Reserves.....	7,454,731.70	
Investment Reserve.....	16,000,000.00	
Unadjusted Credits.....	3,624,045.93	
		79,876,175.93

PREMIUM RECEIVED ON CAPITAL AND DEBENTURE STOCK (Less discount on bonds and notes written off at date of issue).....		66,712,887.43
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LAND SURPLUS.....		83,949,363.54
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PROFIT AND LOSS BALANCE.....		139,504,688.15
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\$1,348,526,146.06

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, 1935, 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.

PRICE, WATERHOUSE & CO.,

Montreal, March 6, 1936.

Chartered Accountants, (England).

## GROSS EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1935

Freight .....	\$ 98,375,514.66
Passenger .....	15,155,638.81
Mail .....	3,537,456.19
Express .....	3,139,360.51
Sleeping, Parlor and Dining Car and Miscellaneous .....	9,470,934.40
Total .....	<u>\$129,678,904.57</u>

## WORKING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1935

Maintenance of Way and Structures .....	\$ 19,725,943.91
Maintenance of Equipment .....	22,923,119.04
Traffic .....	6,906,282.47
Transportation .....	47,452,577.59
Miscellaneous Operations .....	1,147,544.99
General .....	5,110,215.48
Transportation for Investment—Cr. ....	107,141.81
Railway Tax Accruals .....	4,109,583.43
Uncollectible Railway Revenues .....	13,255.50
Total .....	<u>\$107,281,380.60</u>

## OTHER INCOME FOR THE YEAR ENDED DECEMBER 31, 1935

Dividends .....	\$ 2,649,719.95
Net income from interest, exchange, separately operated properties and miscellaneous .....	793,604.81
Net earnings from ocean and coastal steamships before depreciation ..	3,235,820.77
Net earnings from hotel, communication and miscellaneous properties ..	1,466,348.78
Total .....	<u>\$ 8,145,494.31</u>

## FIXED CHARGES FOR THE YEAR ENDED DECEMBER 31, 1935

## RENT FOR LEASED ROADS:

Alberta Railway & Irrigation Company.....	\$ 1,656.00	
Algoma Eastern Railway.....	111,325.00	
Atlantic & North West Railway.....	323,633.34	
Calgary & Edmonton Railway.....	218,357.60	
Connecticut & Passumpsic Rivers Railroad.....	246,000.00	
Dominion Atlantic Railway.....	168,500.00	
Fredericton & Grand Lake Coal & Railway.....	49,931.58	
Glengarry & Stormont Railway.....	41,250.00	
Guelph Junction Railway.....	24,967.25	
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.....	1,235,129.56	
Quebec Central Railway.....	634,754.42	
St. Lawrence & Ottawa Railway.....	38,933.34	
St. Stephen & Milltown Railway.....	2,050.00	
Southampton Railway.....	984.12	
Tobique Valley Railway.....	6,668.49	
Toronto, Hamilton & Buffalo Railway.....	8,717.42	
		\$ 3,574,849.86

## INTEREST ON FUNDED DEBT:

Equipment Obligations.....	\$ 1,672,830.28	
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	
Five Year Notes.....	2,160,000.00	
		20,426,792.24
INTEREST ON UNFUNDED DEBT.....		115,918.05
AMORTIZATION OF DISCOUNT ON FUNDED DEBT.....		42,377.68
		\$ 24,159,937.83

CHANGES IN PROPERTY INVESTMENT  
YEAR ENDED DECEMBER 31, 1935

<b>RAILWAY, ROLLING STOCK, INLAND STEAMSHIPS, HOTEL, COMMUNICATION AND MISCELLANEOUS PROPERTIES:</b>		
Balance at December 31, 1934.....		\$769,035,978.92
Additions and Betterments (less retirements):		
Railway.....	\$ 1,178,474.53	
Rolling Stock.....	Cr. 2,229,594.53	
Inland Steamships.....	Cr. 108,434.50	
Hotel, Communication and Miscellaneous Properties.....	Cr. 139,262.23	
	Cr. 1,298,816.73	
Total December 31, 1935, as per Balance Sheet.....		\$ 767,737,162.19
<b>IMPROVEMENTS ON LEASED RAILWAY PROPERTY:</b>		
Balance at December 31, 1934.....		\$ 98,398,610.34
Additions and Betterments (less retirements):		
Railway.....	Cr. \$ 340,834.77	
Rolling Stock.....	Cr. 720,604.12	
	Cr. 1,061,438.89	
Total December 31, 1935, as per Balance Sheet.....		97,337,171.45
<b>OCEAN AND COASTAL STEAMSHIPS:</b>		
Balance at December 31, 1934.....		\$111,887,174.48
Additions and Betterments (less retirements):		
Ocean.....	Cr. \$ 6,341,944.07	
Coastal.....	Cr. 695,892.43	
	Cr. 7,037,836.50	
Total December 31, 1935, as per Balance Sheet.....		104,849,337.98
<b>STOCKS, BONDS AND OTHER SECURITIES OF LEASED, CONTROLLED AND JOINTLY CONTROLLED RAILWAY COMPANIES AND WHOLLY OWNED COMPANIES:</b>		
Balance Acquired Securities at December 31, 1934.....		\$184,267,612.77
ADD:		
Transferred from Advances to Controlled Companies and Other Investments.....	\$ 5,833,124.84	
Transferred from Miscellaneous Investments.....	16,851,184.99	
	22,684,309.83	
DEDUCT:		
Transferred to Miscellaneous Investments.....	3,673,790.85	
		19,010,518.98
		203,278,131.75
ACQUIRED:		
Alberta Railway & Irrigation Company—Capital Stock.....	36,190.00	
Manitoba South Western Colonization Railway Company— 1st Mortgage Bonds.....	15,000.00	
Minneapolis, St. Paul & Sault Ste. Marie Railway Company— Equipment Trust Notes, Series "J".....	240,000.00	
Spokane International Railway Company—1st Mortgage Bonds.....	3,300.00	
	294,490.00	
LESS:		
Alberta Railway & Irrigation Company— Adjustments value Capital Stock.....	\$ 2,396,784.91	
Algoma Eastern Railway Company— 1st Mortgage Bonds sold.....	142,172.59	
Algoma Eastern Terminals Limited— 1st Mortgage Bonds redeemed and cancelled.....	900,000.00	
The Alberta Stock Yards Company, Limited— Preferred Stock redeemed.....	177,500.00	
	3,616,457.50	
	Cr. 3,321,967.50	
Total December 31, 1935, as per Balance Sheet.....		199,956,164.25
PROPERTY INVESTMENT December 31, 1935, as per Balance Sheet.....		\$1,169,879,835.87



STOCKS, BONDS AND OTHER SECURITIES OF LEASED, CONTROLLED AND  
JOINTLY CONTROLLED RAILWAY COMPANIES AND WHOLLY  
OWNED COMPANIES AT DECEMBER 31, 1935

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% 4,072,000.00
	Capital Stock.....	3,222,400.00
ALGOMA EASTERN RAILWAY COMPANY		
†	Preferred Stock.....	1,000,000.00
†	Common Stock.....	2,000,000.00
ALGOMA EASTERN TERMINALS LIMITED		
†	Capital Stock.....	100,000.00
AROOSTOOK RIVER RAILROAD COMPANY		
†	Capital Stock.....	793,550.00
ATLANTIC & NORTH WEST RAILWAY COMPANY		
	Guaranteed 1st Mortgage Bonds.....	5% 19,466.67
†	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
Carried forward.....		\$ 78,808,654.27

LEASED RAILWAY COMPANIES— <i>Continued</i>		Par Value or Principal Amount
<i>Brought forward</i> .....		\$ 78,808,654.27
<b>KASLO &amp; SLOCAN RAILWAY COMPANY</b>		
†	Mortgage Bonds.....	5% 531,000.00
†	Capital Stock.....	1,000,000.00
<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.....	1,998,400.00
<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, BOBCAYGEON &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% 2,608,000.00
†	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>		
†	Capital Stock.....	49,000.00
<b>NICOLA, KAMLOOPS &amp; SIMILKAMEEN 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; QUEBEC 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> .....		\$ 158,194,542.90

## LEASED RAILWAY COMPANIES—Continued

Par Value or  
Principal Amount  
\$ 158,194,542.90

		<i>Brought forward</i> .....	
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.....	\$136,973,256.92	Total	<u>\$166,062,582.90</u>

## 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	
† Equipment Trust Notes.....		240,000.00	
† 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.....	\$33,160,273.04	Total	<u>\$ 59,114,975.00</u>

## JOINTLY CONTROLLED RAILWAY COMPANIES

NORTHERN ALBERTA RAILWAYS COMPANY			
† 1st Mortgage Bonds.....	5%	\$ 6,985,000.00	
† 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.....		25,000.00	
Cost.....	\$19,696,926.00	Total	<u>\$ 20,654,400.00</u>

†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.....	\$136,973,256.92	\$166,062,582.90
Controlled Railway Companies.....	33,160,273.04	59,114,975.00
Jointly Controlled Railway Companies.....	19,696,926.00	20,654,400.00
Wholly Owned Companies.....	10,125,708.29	10,347,723.80
	<u>\$199,956,164.25</u>	<u>\$256,179,681.70</u>

## MISCELLANEOUS INVESTMENTS AT DECEMBER 31, 1935

	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.....	680,000.00
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 4,182,538.35
Cost—\$26,919,735.72	Total..... <u>\$18,791,671.35</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, (England).

Montreal, March 6, 1936.

## BONDS AND NOTES AT DECEMBER 31, 1935

	RATE	DATE OF ISSUE	DATE O MATURITY	CURRENCY IN WHICH PAYABLE	OUTSTANDING DEC. 31, 1935
EQUIPMENT OBLIGATIONS:					
Equipment Trust Series "B".....	4½%	June 1, 1926	Serially to May 31, 1938	United States	\$ 2,500,000.00
*Equipment Trust.....	5%	July 1, 1929	July 1, 1944	Canadian or United States	24,314,000.00
Equipment Trust Series "C".....	4½%	Dec. 1, 1930	Serially to Nov. 30, 1945	United States	9,500,000.00
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
**NOTES:					
Five Year Notes.....	4½%	June 22, 1933	June 22, 1938	Canadian	23,000,000.00
Five Year Notes.....	4½%	Dec. 1, 1933	Dec. 1, 1938	Canadian	25,000,000.00
					\$187,464,000.00

\*Securities deposited with Trustee of 5% Equipment Trust \$7,640,770.41.

\*\*Secured by deposit of Perpetual 4% Consolidated Debenture Stock aggregating in principal amount, \$204,500,300.

OBLIGATIONS IN RESPECT OF PRINCIPAL OF SECURITIES OF  
COMPANIES OWNING RAILWAY LINES OPERATED UNDER LEASE

DESCRIPTION	RATE	PRINCIPAL OUTSTANDING DECEMBER 31, 1935	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, 1935

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

Description	Rate	Principal Outstanding December 31, 1935	Nature of Obligation
<b>AROSTOOK 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 \$154,866.00 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.
Notes to Railroad Credit Corpora- tion, maturing serially to Oct- ober 6, 1936.....		575,000.00	Guarantee of principal and interest.
*Includes \$12,500,000.00 pledged as collateral for \$10,000,000.00 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 \$715,000.00.

**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 \$781,000.00\* 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, 1934.....		\$104,707,174.81
Sales and miscellaneous receipts.....	\$ 3,400,536.13	
Interest on deferred payments.....	438,276.25	
		<u>3,838,812.38</u>
		\$108,545,987.19
DEDUCT:		
Land and irrigation expenses.....	\$ 1,046,825.39	
Taxes.....	785,485.82	
Immigration and colonization expenses.....	223,692.07	
Interest on note certificates.....	938,034.04	
Land contracts cancelled.....	2,572,432.65	
Net adjustment of land inventory.....	1,480,413.52	
Inventory value of lands transferred to the Board of Trustees of the Eastern Irrigation District...	10,991,589.68	
Amount of deferred payments and other accounts transferred to the Board of Trustees of the Eastern Irrigation District.....	4,628,554.73	
Original cost of colliery properties and coal lands of the Alberta Railway & Irrigation Company sold to the Lethbridge Collieries Limited, less proportion of credit from stock acquired in the latter company applicable to such cost.....	1,652,166.15	
Miscellaneous adjustments.....	277,429.60	
		<u>24,596,623.65</u>
Land Surplus-December 31, 1935, as per Balance Sheet.....		<u>\$ 83,949,363.54</u>

## MILEAGE AT DECEMBER 31, 1935

CANADIAN PACIFIC RAILWAY—		Miles Operated
New Brunswick	District .....	870.3
Quebec	" .....	1,695.5
Ontario	" .....	1,473.4
Algoma	" .....	1,240.2
Manitoba	" .....	2,530.9
Saskatchewan	" .....	3,624.3
Alberta	" .....	3,163.8
British Columbia	" .....	2,029.9
Dominion Atlantic Lines.....		304.0
Quebec Central Lines.....		356.6
Total.....		<u>17,288.9</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.	3,249.3	
The Duluth, South Shore & Atlantic Railway Company.....	550.4	
		<u>3,875.6</u>
		<u><u>21,234.1</u></u>

## \*ROLLING STOCK

(Including equipment of leased subsidiaries)

Locomotives.....	2,011
First and second class Passenger, Tourist Sleeping, Baggage, Mail and Express Cars*.....	2,437
First class Sleeping, Parlor and Dining Cars.....	875
Freight Cars (all kinds).....	81,096
Conductors' Vans.....	1,305
Boarding, Tool and Auxiliary Cars and other Work Equipment.....	6,019

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

## INLAND STEAMSHIPS

Alberta	Granthall	Moyie
Assiniboia	Keewatin	Naramata
Athabasca	Kelowna	Okanagan
Bonnington	Manitoba	Rosebery
Columbia	Minto	Sicamous

Gross Tonnage..... 22,826

## HOTELS AT DECEMBER 31, 1935

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 Maquinna
Motor Princess	Princess Marguerite
Nanoose	Princess Mary
Nootka	Princess Norah
Princess Adelaide	Princess Patricia
Princess Alice	Princess Victoria
Princess Charlotte	Qualicum
Princess Elaine	Transfer No. 3
Princess Elizabeth	" 4
Princess Helene	" 6
Princess Joan	" 7
Princess Kathleen	" 8
Princess Louise	
Gross Tonnage.....	62,062

## TRANSPORTATION AND TRAFFIC STATISTICS

	Year 1935	Year 1934	Increase or Decrease	
			Amount or Number	Per Cent.
Average miles of road operated.....	17,221.6	17,015.0	206.6	1.21
<b>TRAIN MILEAGE</b>				
Freight.....	16,609,554	16,229,481	380,073	2.34
Passenger.....	15,084,448	14,970,330	114,118	.76
Motor.....	582,834	648,449	65,615	10.12
Mixed (Freight Proportion).....	2,228,487	2,190,441	38,046	1.74
Mixed (Passenger Proportion).....	430,647	405,866	24,781	6.11
Special revenue.....	16,549	9,270	7,279	78.52
Total Transportation Service.....	34,952,519	34,453,837	498,682	1.45
<b>CAR MILEAGE</b>				
<b>FREIGHT</b>				
Loaded.....	446,642,557	427,507,877	19,134,680	4.48
Empty.....	211,109,656	209,696,825	1,412,831	.67
Caboose.....	19,559,961	19,282,089	277,872	1.44
Total.....	677,312,174	656,486,791	20,825,383	3.17
<b>PASSENGER</b>				
Coaches.....	36,475,266	35,749,111	726,155	2.03
Sleeping, Parlor and Observation.....	34,169,485	33,507,651	661,834	1.98
Dining.....	4,833,981	4,685,290	148,691	3.17
Other.....	38,516,876	37,908,089	608,787	*1.61
Total.....	113,995,608	111,850,141	2,145,467	1.92
TOTAL IN SPECIAL REVENUE TRAINS.....	218,753	158,203	60,550	38.27
Total Transportation Service.....	791,526,535	768,495,135	23,031,400	3.00
<b>FREIGHT TRAFFIC—RAIL</b>				
Freight revenue.....	\$97,794,293	\$94,786,799	\$3,007,494	3.17
Tons—Revenue freight.....	26,094,183	25,606,063	488,120	1.91
Tons—Non-revenue freight.....	4,391,404	4,377,923	13,481	.31
Tons—All freight.....	30,485,587	29,983,986	501,601	1.67
Ton miles—Revenue freight.....	10,521,575,813	10,026,441,098	495,134,715	4.94
Ton miles—Non-revenue freight.....	1,288,173,592	1,234,124,721	54,048,871	4.38
Ton miles—All freight.....	11,809,749,405	11,260,565,819	549,183,586	4.88
<b>AVERAGES PER MILE OF ROAD</b>				
Freight revenue.....	\$5,679	\$5,571	\$108	1.94
Train miles.....	1,094	1,083	11	1.02
Total freight train car miles.....	39,329	38,583	746	1.93
Ton miles—Revenue freight.....	610,952	589,271	21,681	3.68
Ton miles—All freight.....	685,752	661,802	23,950	3.62
<b>AVERAGES PER TRAIN MILE</b>				
Freight revenue.....	\$5.19	\$5.15	\$0.04	.78
Loaded freight car miles.....	23.71	23.21	.50	2.15
Empty freight car miles.....	11.21	11.38	.17	1.49
Total freight train car miles.....	35.95	35.64	.31	.87
Ton miles—Revenue freight.....	558.53	544.33	14.20	2.61
Ton miles—All freight.....	626.91	611.33	15.58	2.55
<b>AVERAGES PER LOADED CAR MILE</b>				
Freight revenue (cents).....	21.90	22.17	.27	1.22
Ton miles—All freight.....	26.44	26.34	.10	.38
<b>MISCELLANEOUS AVERAGES</b>				
Revenue per ton of freight.....	\$3.75	\$3.70	\$0.05	1.35
Revenue per ton mile of freight (cents).....	0.929	0.945	0.016	1.69
Miles hauled—Revenue freight.....	403.22	391.57	11.65	2.98
Miles hauled—Non-revenue freight.....	293.34	281.90	11.44	4.06
Miles hauled—All freight.....	387.39	375.55	11.84	3.15

## TRANSPORTATION AND TRAFFIC STATISTICS—Continued

	Year 1935	Year 1934	Increase or Decrease	
			Amount or Number	Per Cent.
<b>CLASSIFICATION OF REVENUE TONNAGE CARRIED</b>				
Products of Agriculture.....	7,542,133	7,705,792	163,659	2.12
Animals and Products.....	651,590	706,966	55,376	7.83
Products of Mines.....	8,985,379	8,619,860	365,519	4.24
Products of Forests.....	3,147,173	3,043,050	104,123	3.42
Manufactures and Miscellaneous.....	5,000,647	4,728,429	272,218	5.76
Total carload traffic.....	25,326,922	24,804,097	522,825	2.11
All less carload freight.....	767,261	801,966	34,705	4.33
Total Carload and L.C.L. Traffic.....	26,094,183	25,606,063	488,120	1.91
<b>PASSENGER TRAFFIC—RAIL</b>				
Passenger revenue.....	\$15,031,461	\$15,015,450	\$16,011	.11
Passenger service train revenue.....	\$23,964,229	\$24,015,201	\$50,972	.21
Revenue passengers carried.....	7,423,634	7,592,802	169,168	2.23
Revenue passenger miles.....	696,486,153	684,557,710	11,928,443	1.74
<b>AVERAGES PER MILE OF ROAD</b>				
Passenger revenue.....	\$873	\$882	\$9	1.02
Passenger service train revenue.....	\$1,392	\$1,411	\$19	1.35
Train miles.....	935	942	7	.74
Total passenger train car miles.....	6,619	6,574	45	.68
Revenue passenger miles.....	40,443	40,233	210	.52
<b>AVERAGES PER TRAIN MILE</b>				
Passenger revenue.....	\$0.93	\$0.94	\$0.01	1.06
Passenger service train revenue.....	\$1.49	\$1.50	\$0.01	.67
Total passenger train car miles.....	7.08	6.98	.10	1.43
Revenue passenger miles.....	43.27	42.72	.55	1.29
<b>AVERAGES PER CAR MILE—PASSENGER</b>				
Passenger revenue (cents).....	19.91	20.31	.40	1.97
Revenue passenger miles.....	9.23	9.26	.03	.32
<b>MISCELLANEOUS AVERAGES</b>				
Revenue per passenger.....	\$2.02	\$1.98	\$0.04	2.02
Revenue per passenger mile (cents).....	2.16	2.19	.03	1.37
Miles carried—Revenue passengers.....	93.82	90.16	3.66	4.06
<b>TOTAL TRAFFIC—RAIL</b>				
<b>AVERAGES PER MILE OF ROAD</b>				
Train miles—Transportation service.....	2,030	2,025	5	.25
Car miles—Transportation service.....	45,961	45,166	795	1.76
Operating revenues.....	\$7,446	\$7,337	\$109	1.49
Operating expenses.....	\$5,957	\$5,669	\$288	5.08
Net operating revenue.....	\$1,489	\$1,668	\$179	10.73
<b>AVERAGES PER TRAIN MILE</b>				
Operating revenues.....	\$3.67	\$3.62	\$0.05	1.38
Operating expenses.....	\$2.94	\$2.80	\$0.14	5.00
Net operating revenue.....	\$0.73	\$0.82	\$0.09	10.98
<b>TOTAL TRAFFIC—RAIL AND INLAND WATER LINES</b>				
Operating revenues.....	\$128,962,239	\$125,642,229	\$3,320,010	2.64
Operating expenses.....	\$103,158,542	\$97,081,831	\$6,076,711	6.26
Net operating revenue.....	\$25,803,697	\$28,560,398	\$2,756,701	9.65
Net of tax accruals, uncollectible revenues, hire of equipment, joint facility rents, etc.....	\$3,406,173	\$4,176,375	\$770,202	18.44
Net earnings.....	\$22,397,524	\$24,384,023	\$1,986,499	8.15
Per cent operating expenses to operating revenues.....	79.99	77.27	2.72	3.52
Total payroll charged operating expenses.....	\$64,413,782	\$60,312,050	\$4,101,732	6.80
Per cent total payroll to operating revenues.....	49.95	48.00	1.95	4.06
Per cent total payroll to operating expenses.....	62.44	62.12	.32	.52





