

CANADIAN PACIFIC RAILWAY COMPANY

ANNUAL REPORT

FOR THE
YEAR ENDED DECEMBER 31

1933

MONTREAL, MARCH, 1934

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CANADIAN PACIFIC RAILWAY COMPANY

NOTICE TO SHAREHOLDERS.

The Fifty-third Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the second day of May next, at the principal office of the Company, at Montreal, at Twelve o'clock, noon.

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

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

By order of the Board,

ERNEST ALEXANDER,
Secretary.

MONTREAL, March 12, 1934.



BOARD OF DIRECTORS.

EDWARD W. BEATTY,	-	-	-	-	-	-	-	-	-	MONTREAL.
W. A. BLACK,	-	-	-	-	-	-	-	-	-	do
COL. HENRY COCKSHUTT,	-	-	-	-	-	-	-	-	-	BRANTFORD.
SIR CHARLES GORDON, G.B.E.,	-	-	-	-	-	-	-	-	-	MONTREAL.
GRANT HALL,	-	-	-	-	-	-	-	-	-	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
E. R. PEACOCK,	-	-	-	-	-	-	-	-	-	LONDON, ENG.
JAMES A. RICHARDSON,	-	-	-	-	-	-	-	-	-	WINNIPEG.
RT. HON. LORD SHAUGHNESSY, K.C.,	-	-	-	-	-	-	-	-	-	MONTREAL.
ROBERT C. STANLEY,	-	-	-	-	-	-	-	-	-	NEW YORK.
W. N. TILLEY, K.C.,	-	-	-	-	-	-	-	-	-	TORONTO.
W. J. BLAKE WILSON,	-	-	-	-	-	-	-	-	-	VANCOUVER.

EXECUTIVE COMMITTEE.

EDWARD W. BEATTY	W. A. BLACK
SIR CHARLES GORDON, G.B.E.	GRANT HALL
SIR HERBERT S. HOLT	W. N. TILLEY, K.C.

OFFICERS

CHAIRMAN AND PRESIDENT - - - - -	EDWARD W. BEATTY - -	MONTREAL.
VICE-PRESIDENT - - - - -	GRANT HALL - - - - -	do
SECRETARY - - - - -	ERNEST ALEXANDER - -	do
ASSISTANT SECRETARY - - - - -	H. C. OSWALD - - - - -	do
ASSISTANT SECRETARY - - - - -	IAN R. COLLINS - - - - -	do
GENERAL COUNSEL - - - - -	W. H. CURLE, K.C. - -	do
GENERAL SOLICITOR - - - - -	E. P. FLINTOFT, K.C. - -	do
GENERAL EXECUTIVE ASSISTANT - - - - -	J. O. APPS - - - - -	do
ASST. TO THE VICE-PRESIDENT - - - - -	W. A. MATHER - - - - -	do
FINANCIAL AND ACCOUNTING DEPARTMENTS		
VICE-PRESIDENT AND TREASURER - - - - -	E. E. LLOYD - - - - -	MONTREAL.
ASSISTANT TO VICE-PRESIDENT - - - - -	J. A. DUNDAS - - - - -	do
ASSISTANT TREASURER - - - - -	F. G. MILLEN - - - - -	do
ASSISTANT TREASURER - - - - -	A. E. H. CHESLEY - -	do
COMPTROLLER - - - - -	L. B. UNWIN - - - - -	do
DEPUTY COMPTROLLER - - - - -	E. A. LESLIE - - - - -	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.
<i>Eastern Lines:</i> OPERATING DEPARTMENT		
GENERAL MANAGER - - - - -	H. J. HUMPHREY - - - -	MONTREAL.
GEN. SUPT. NEW BRUNSWICK DISTRICT - - - - -	J. M. WOODMAN - - - -	SAINT JOHN.
GEN. SUPT. QUEBEC DISTRICT - - - - -	J. K. SAVAGE - - - - -	MONTREAL.
GEN. SUPT. ONTARIO DISTRICT - - - - -	H. C. GROUT - - - - -	TORONTO.
GEN. SUPT. ALGOMA DISTRICT - - - - -	THOMAS HAMBLEY - - -	NORTH BAY.
<i>Western Lines.</i>		
VICE-PRESIDENT - - - - -	D. C. COLEMAN - - - -	WINNIPEG.
GENERAL MANAGER - - - - -	W. M. NEAL - - - - -	do
ASST. TO VICE-PRESIDENT - - - - -	C. E. STOCKDILL - - - -	do
GEN. SUPT. MANITOBA DISTRICT - - - - -	A. HALKETT - - - - -	do
GEN. SUPT. SASKATCHEWAN DISTRICT - - - - -	W. S. HALL - - - - -	MOOSE JAW.
GEN. SUPT. ALBERTA DISTRICT - - - - -	E. D. COTTERELL - - - -	CALGARY.
GEN. SUPT. BRITISH COLUMBIA DISTRICT - - - - -	C. A. COTTERELL - - - -	VANCOUVER.
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 - - - - -	A. HATTON - - - - -	do
MANAGER OF SLEEPING AND DINING CARS - - - - -	W. A. COOPER - - - - -	do
GENERAL MGR. OF COMMUNICATIONS DEPT - - - - -	W. D. NEILL - - - - -	do
CHIEF COMM. OF IMMIGRATION AND COL. - - - - -	J. N. K. MACALISTER - - -	do
MANAGER, DEPT. OF NATURAL RESOURCES - - - - -	S. G. PORTER - - - - -	CALGARY.
EUROPEAN GENERAL MANAGER - - - - -	SIR GEORGE McL. BROWN, K.B.E., 62 to 65 Charing Cross, LONDON, ENG.	
DEPUTY SECRETARY AND REGISTRAR OF TRANSFERS - - - - -	E. F. TREMAYNE, 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

FIFTY-THIRD ANNUAL REPORT

OF THE

DIRECTORS OF THE CANADIAN PACIFIC RAILWAY COMPANY.

YEAR ENDED DECEMBER 31, 1933.

To the Shareholders:

The accounts of the Company for the year ended December 31, 1933, show the following results:—

Gross Earnings.....	\$114,269,688.16
Working Expenses (including all taxes).....	93,407,582.39
Net Earnings.....	\$ 20,862,105.77
*Special Income.....	6,222,481.14
	<hr/>
	\$ 27,084,586.91
Deduct Fixed Charges.....	24,388,614.66
Surplus.....	\$ 2,695,972.25
Pensions.....	1,438,811.48
Balance transferred to Profit & Loss and Surplus Revenue Account.	<hr/> <hr/>
	\$ 1,257,160.77

PROFIT & LOSS AND SURPLUS REVENUE ACCOUNT

Surplus Revenue December 31, 1932.....		\$167,069,695.48
Balance of Income for the year ended December 31, 1933.....		1,257,160.77
		<u>\$168,326,856.25</u>
 DEDUCT:		
*Provision for depreciation of Ocean and Coastal Steamships.....	\$ 3,854,481.41	
Exchange in connection with retirement of securities (net).....	111,477.88	
Balance of unemployment relief expenditure, carried as deferred charges December 31, 1932.....	6,327,616.37	
Loss on lines abandoned, property retired and not replaced, and miscellaneous debits.....	2,039,600.73	
Provision for losses in respect of investment in lines in the United States controlled through stock ownership.....	4,000,000.00	
		<u>16,333,176.39</u>
Surplus Revenue December 31, 1933, as per Balance Sheet.....		<u>\$151,993,679.86</u>

*Special Income is before depreciation on Ocean and Coastal Steamships. In 1932 provision of \$500,000 for such depreciation was deducted from Special Income.

EARNINGS AND EXPENSES

While the year 1933 witnessed a further decline in rail gross earnings, there was a betterment in the net of \$772,121 in comparison with the preceding year.

The gross earnings were \$9,667,025 less than in 1932. Passenger traffic earnings declined \$2,437,535, decreases being recorded in each month throughout the year except in December. Freight earnings declined \$6,196,147, mainly due to reduced grain traffic, there having been a decrease of 34% in such traffic during the period August 1, the beginning of the crop year, to December 31, as compared with the corresponding period in 1932.

The working expenses, including taxes, were \$10,439,146 less than in 1932. Of this amount \$2,182,290 was in maintenance expenses, and \$6,987,492 in transportation expenses. The ratio of transportation expenses to revenue improved from 40.8% in 1932 to 38.2% in 1933. During the year the average freight train loading increased substantially, the gross tons per freight train mile being 1,426 in 1932 and 1,515 in 1933. The fuel consumption improved from 114 lbs. per 1,000 gross ton miles in 1932 to 112 lbs. in 1933.

After protracted negotiations and proceedings before Boards of Conciliation under the Industrial Disputes Investigation Act, further revisions of wages were made, so that at the close of the year, except in respect of a group of employees with whom negotiations were unfinished, a deduction of fifteen per cent. from basic rates of pay of all classes of officers and employees was in effect, and in the case of the higher positions in the service twenty per cent. The deduction of twenty-five per cent. from Directors' fees was continued, and the deduction from the President's salary increased at his request to forty per cent.

The working expenses for the year, including all taxes, amounted to 81.74% of the gross earnings, as compared with 83.79% in 1932. Excluding taxes, the ratio of working expenses to gross earnings was 78.12% as against 80.42% in 1932.

Your Directors wish to again pay tribute to the spirit of loyalty displayed by all officers and employees in the fulfilment of their duties during the past year. Reductions of pay and trying conditions have in no way impaired their efforts to give efficient service and maintain the reputation of the Company.

SPECIAL INCOME

Special Income for the year improved somewhat over 1932. Net revenue from Miscellaneous Investments included a stock dividend of ten per cent. and a cash dividend of six per cent. from the

Consolidated Mining and Smelting Company. Due to the changes in the price of Sterling and U.S. Funds, the amount to the credit of Exchange was \$1,071,525 less than in 1932. The net earnings before depreciation of your Ocean and Coastal Steamship Lines reflect a moderate increase over the preceding year. There was a decrease of \$75,509 in gross earnings of the Communications Department, but, as expenses were reduced \$280,903, there was an increase in net earnings of \$205,394. Gross earnings of Hotels decreased \$380,930, and expenses \$661,640, an improvement in the net results of \$280,710. Other properties administered, the income from which is included under Special Income, have been most carefully managed and the favourable reversal in the trend of net results is encouraging.

Owing to the depression in all branches of the shipping industry, the "Empress of France," "Minnedosa," "Metagama," "Bolingbroke" and "Bothwell" were not commissioned during the year, and the last named two were sold. The "Empress of Australia," "Melita," "Montcalm," "Montrose" and "Duchess of Richmond" were laid up for varying periods, but all other vessels of the fleet were constantly employed. Your Directors are glad to be able to report that no serious accident to the vessels of your fleet took place during the year.

LAND SALES

Sales of agricultural lands for the year were 67,100 acres for \$716,925.41, an average of \$10.68 per acre. Included in these areas were 2,619 acres of irrigated land which brought \$44.80 per acre, the remainder averaging \$9.30 per acre.

ACCOUNTS

An amount of \$3,854,481 was appropriated from Surplus for steamship replacement, representing the full annual depreciation requirement of your Ocean and Coastal fleets for the year.

In view of the aggravated unemployment situation the Company kept its principal repair shops operating throughout the year on a restricted schedule. All expenditures incurred during the year have been taken up in the year's working expenses. Expenses incurred during former years for unemployment relief purposes, and treated as deferred charges, have been charged to Surplus, with a consequent increase in Reserve for Contingencies and Unadjusted Balances.

During the year the abandonment of nineteen miles of line between Bolton and Melville, and twenty-one miles between

Burketon and Lindsay was completed. The necessary adjustments have been made in the Property Account.

The operating results of your controlled lines in the United States showed some improvement, but, as they were still operated at a loss, a further provision of \$4,000,000 was made to provide against possible future writing down of the investments in these properties.

The investments of the Insurance Department have been included amongst the assets of the Company, and the Insurance Reserve included on the liability side of the Balance Sheet.

DIVIDENDS

Your Directors regret to announce that the results of the year's operations, coupled with the general situation, do not warrant the declaration of dividends on the Preference or Ordinary Stocks in respect of the year 1933. It may be stated, however, that the earnings of December, 1933, and January and February, 1934, show a gratifying improvement over those of the same period a year ago, and that the present indications point to the probability of a continued improvement.

PENSIONS

The amounts appropriated for pensions during the last few years have been less than the actual payments made, so that it has been necessary to draw upon the balance in the Pension Fund accumulated during previous years. There has been charged against this year's results \$1,438,811 which, together with the balance remaining in the Fund, was sufficient to meet the pension payments. It has been decided that, effective January 1, 1934, pension payments will be charged currently to working expenses, thus conforming to the general practice of Railways in this respect.

During the year 325 employees were pensioned. The total number on the pension roll at December 31, 1933, was 2,350.

Under 60 years of age.....	53
Between 60 and 65.....	208
Between 65 and 70.....	876
Over 70 years of age.....	1,213
	<hr/>
Total.....	2,350

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 1933, \$718,368. During the year 1933 the retirement of property exceeded the additions and betterments, with the result that investment in railway, rolling stock equipment, lake and river steamers and hotels decreased \$862,102. Approval is requested for capital expenditures during the present year of \$2,625,957. Particulars of the principal items are:—

Replacement and enlargement of structures in permanent form.....	\$ 82,364
Additions and betterments to stations, freight sheds, coaling and watering facilities and enginehouses.....	16,637
Ties, tie plates, rail anchors, ballasting, ditching and miscellaneous roadway betterments.....	1,886,150
Replacement of rail in main and branch line tracks with heavier section.....	11,558
Additional terminal and side track accommodation....	7,914
Additions and betterments to communication system...	155,504
Installation of automatic signals.....	14,300
British Columbia Coast Steamships.....	4,970
British Columbia Lake and River Steamers.....	13,500
Additions and betterments to equipment.....	368,060

The prospective retirements of property in 1934 will, it is anticipated, again exceed the capital expenditures for which approval is now requested.

FINANCE

Owing to continued unfavourable conditions of the financial market, no Capital Stock or Consolidated Debenture Stock was sold during the year. For the purpose of retiring obligations maturing in 1933 and 1934, your Company borrowed from Canadian Banks the sum of \$60,000,000, repayable in five years with interest at five per cent. per annum, secured by pledge of Consolidated Debenture Stock to the aggregate principal amount of \$100,000,000, and by guarantee of the Dominion Government. Out of the loan, obligations maturing during the year, amounting to \$38,750,000, were redeemed, and \$1,411,100 of securities maturing in 1934 were acquired.

MINNEAPOLIS, ST. PAUL AND SAULT STE. MARIE RAILWAY

Prolonged drought in the territory traversed by the railway greatly reduced the volume of grain handled, but improvement in other lines of traffic and reduction in expenses enabled the company to show a decrease in net income deficit of approximately \$700,000 as compared with the preceding year. In pursuance of its

guarantee obligations, and to preserve your interests in the property, your Company advanced to the Soo Line \$5,493,866, of which \$916,581 was repaid during the year.

AGREEMENT

Your confirmation and approval will be asked of an Agreement, to be retroactive to January 1, 1930, between your Company of the one part and His Majesty King George V, in the right of the Dominion of Canada, and The Commissioners of the Transcontinental Railway of the other part, amending and supplementing the Agreement between the parties dated January 1, 1915, in reference to the joint use by the Transcontinental of your Company's passenger and freight facilities at the City of Quebec.

CO-OPERATION WITH CANADIAN NATIONAL RAILWAY COMPANY

The Bill providing for co-operative measures between your Company and the Canadian National Railway Company with a view to mutual economies, to which reference was made at the last Annual Meeting, became law on July 1, 1933. During the year measures were agreed upon and put into effect, such as the pooling of train services between certain common points, and the consolidation of certain terminal facilities. None of these were of great magnitude, but they have proved mutually advantageous in the direction of economy. Many other and larger matters have been the subject of study and discussion, and your Directors believe that the new year will witness more important achievements in the same field.

STOCK HOLDINGS

The holdings of the Ordinary and Preference Stocks of the Company in December, 1933, were distributed as follows:—

	ORDINARY		PREFERENCE		Percentage of Ordinary and Preference combined
	No. of holders	Percentage of Stock	No. of holders	Percentage of Stock	
Canada.....	32,447	18.46	85	.46	13.13
United Kingdom and other British	21,327	48.05	27,659	97.83	62.79
United States.....	17,417	27.55	33	.58	19.57
Other Countries...	4,637	5.94	201	1.13	4.51
	<hr/>		<hr/>		
	75,828		27,978		

DEATH OF HON. FREDERICK L. BEIQUE, K.C.

It is with deep regret that the Directors have to report the loss sustained by the Company in the death on September 12, 1933, of the Hon. Frederick L. Beique, K.C., who was a Director since 1917, and who was also a member of the Executive Committee of the Board.

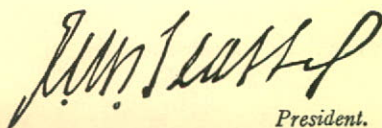
The vacancy on the Executive Committee created by the death of Senator Beique has been filled by the appointment of Mr. William A. Black to that Committee.

RETIRING DIRECTORS

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

SIR CHARLES GORDON, G.B.E.
MR. ROSS H. MCMASTER
RT. HON. REGINALD MCKENNA
MR. JAMES A. RICHARDSON
MR. W. J. BLAKE WILSON

For the Directors



President.

MONTREAL, March 12, 1934.

CANADIAN PACIFIC
GENERAL BALANCE

ASSETS

PROPERTY INVESTMENT:

Railway, Rolling Stock Equipment, Lake and River Steamers and Hotels.....	\$870,926,969.02	
Ocean and Coastal Steamships.....	116,436,893.17	
Acquired Securities (Cost).....	181,746,612.77	
		\$1,169,110,474.96

ADVANCES TO CONTROLLED PROPERTIES AND OTHER INVESTMENTS.....

18,824,889.63

INVESTMENTS AND AVAILABLE RESOURCES:

Dominion, Provincial & Municipal Securities (Cost)	\$ 3,103,439.24	
Mortgages Collectible and Loans & Advances to Settlers.....	3,366,093.31	
Miscellaneous Investments, (Cost).....	34,102,748.03	
Insurance Fund Investments.....	8,233,882.51	
Deferred Payments on Lands and Townsites...	48,650,457.27	
Assets in Lands and Properties.....	54,257,484.00	
		151,714,104.36

WORKING ASSETS:

Material and Supplies on Hand.....	\$ 17,183,809.05	
Insurance Prepaid.....	209,225.10	
Agents' and Conductors' Balances.....	4,878,040.04	
Net Traffic Balances.....	491,820.36	
Accounts due from Dominion, Imperial and United States Governments.....	629,084.29	
Miscellaneous Accounts Receivable.....	7,384,694.21	
Cash on Hand.....	29,498,784.26	
		60,275,457.31
		\$1,399,924,926.26

RAILWAY COMPANY

SHEET, DECEMBER 31, 1933.

LIABILITIES	
CAPITAL STOCK:	
Ordinary Stock.....	\$ 335,000,000.00
Four Per Cent. Preference Stock.....	137,256,921.12
	\$ 472,256,921.12
FOUR PER CENT. CONSOLIDATED DEBENTURE STOCK.....	
LESS: Pledged as collateral to bonds and notes..	\$ 515,911,548.74
	224,500,000.00
	291,411,548.74
BONDS AND NOTES (Page 18).....	
LESS: Securities deposited with Trustee of 5% Equipment Trust.....	\$ 205,409,700.00
	4,550,313.78
	200,859,386.22
TWENTY YEAR 4½% SINKING FUND SECURED NOTE CERTIFICATES (1944).....	
LESS: Purchased by Trustee and cancelled....	\$ 30,000,000.00
	8,685,800.00
	\$ 21,314,200.00
LESS: Amount held by Trustee.....	134,706.96
	21,179,493.04
CURRENT:	
Audited Vouchers.....	\$ 4,245,966.56
Pay Rolls.....	2,520,159.19
Miscellaneous Accounts Payable.....	2,157,457.07
	8,923,582.82
ACCRUED FIXED CHARGES.....	1,474,008.83
DEFERRED:	
Dominion Government Unemployment Relief..	\$ 2,447,222.71
Miscellaneous.....	322,437.30
	2,769,660.01
RESERVES:	
For Equipment Replacement.....	\$ 8,717,784.31
For Steamship Replacement.....	31,513,584.95
For Insurance.....	8,233,882.51
For Contingencies and unadjusted balances....	9,553,010.08
For Investments.....	8,000,000.00
	66,018,261.85
PREMIUM ON CAPITAL STOCK SOLD (Less discount on bonds and notes).....	66,993,894.72
LAND SURPLUS.....	116,044,489.05
SURPLUS REVENUE.....	151,993,679.86
	\$ 1,399,924,926.26

L. B. UNWIN,
Comptroller.

AUDITORS' CERTIFICATE:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending December 31, 1933, 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 statements of Income and of Profit & Loss and Surplus Revenue correctly set forth the result of the year's operations.

Montreal, March 9, 1934.

PRICE, WATERHOUSE & CO.,
Chartered Accountants, (England).

GROSS EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1933

From Freight.....	\$ 85,734,676.48
“ Passengers.....	14,279,768.96
“ Mails.....	3,490,696.61
“ Sleeping and Dining Cars, Express and Miscellaneous.....	10,764,546.11
Total.....	<u>\$114,269,688.16</u>

WORKING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1933

Maintenance of Way and Structures.....	\$ 17,612,750.16
Maintenance of Equipment.....	17,324,259.03
Traffic.....	6,687,976.74
Transportation.....	43,632,750.13
Miscellaneous Operations.....	1,047,789.34
General.....	2,984,667.89
Transportation for Investment—Cr.....	38,344.10
Railway Tax Accruals and Uncollectible Railway Revenues.....	4,155,733.20
Total.....	<u>\$ 93,407,582.39</u>

SPECIAL INCOME FOR THE YEAR ENDED DECEMBER 31, 1933

Net revenue from Miscellaneous Investments, including stock dividend of ten per cent. and cash dividend of six per cent. from Consolidated Mining and Smelting Company.....	\$ 1,306,181.22
Interest on deposits, interest and dividends on other securities, exchange, and results of separately operated properties.....	1,762,250.88
Net earnings Ocean and Coastal Steamship Lines, before depreciation	2,178,836.21
Net earnings from Communications Department, Hotels, Office Rentals and Miscellaneous.....	975,212.83
Total.....	<u>\$ 6,222,481.14</u>

FIXED CHARGES FOR THE YEAR ENDED DECEMBER 31, 1933

RENTALS:

Alberta Railway & Irrigation Company.....	\$ 3,630.00	
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.....	41,034.90	
Glengarry & Stormont Railway.....	40,119.41	
Guelph Junction Railway.....	32,115.58	
Joliette & Brandon Railway.....	5,000.00	
Lindsay, Bobcaygeon & Pontypool Railway.....	20,000.00	
Manitoba South Western Colonization Railway...	127,200.00	
Montreal & Atlantic Railway.....	33,120.00	
New Brunswick Railway System.....	390,185.74	
Ontario & Quebec Railway.....	1,235,129.56	
Quebec Central Railway.....	634,754.42	
Southampton Railway.....	503.24	
St. Lawrence & Ottawa Railway.....	38,933.34	
St. Stephen & Milltown Railway.....	2,050.00	
Tobique Valley Railway.....	4,557.92	
		\$ 3,676,150.05

INTEREST:

Equipment Obligations	\$ 1,976,864.99	
Algoma Branch 5% 1st Mortgage Bonds.....	182,500.00	
Lacombe & Blindman Valley Ry. 5% 1st Mortgage Bonds.....	13,685.00	
4% Consolidated Debenture Stock.....	11,656,461.96	
10 Year 5% Collateral Trust Gold Bonds.....	600,000.00	
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	
Five Year Notes.....	1,022,317.34	
Short Term Notes.....	985,635.32	
		20,712,464.61
		\$ 24,388,614.66

CHANGES IN PROPERTY INVESTMENT
YEAR ENDED DECEMBER 31, 1933

RAILWAY, ROLLING STOCK EQUIPMENT, LAKE AND
RIVER STEAMERS AND HOTELS:

Balance at December 31, 1932.....		\$871,789,071.34
Construction of Branch Lines.....Cr. \$	9,967.05	
Additions and Improvements:—		
Main line and branches.....Cr.	295,799.38	
Leased and Acquired Lines.....	199,455.42	
Rolling Stock Equipment.....Cr.	640,499.53	
Lake and River Steamers.....Cr.	220,989.61	
Hotels and Communications.....	105,697.83	
	Cr.	<u>862,102.32</u>
Total as per Balance Sheet, December 31, 1933.....		\$870,926,969.02

OCEAN AND COASTAL STEAMSHIPS:

Balance at December 31, 1932.....		\$116,408,253.10
Additions and Improvements.....		<u>28,640.07</u>
Total as per Balance Sheet, December 31, 1933.....		116,436,893.17

ACQUIRED SECURITIES:

Balance at December 31, 1932.....		\$178,868,015.71
Aroostook Valley Railroad, Stock.Cr. \$	24,282.34	
Atlantic Park Hostel Co., Stock. Cr.	162,220.60	
Fredericton & Grand Lake Coal & Railway, 1st Mortgage Bonds...	465,000.00	
Northern Alberta Railways, 1st Mortgage Bonds.....	2,500,000.00	
Toronto Terminals Railway, 1st Mortgage Bonds.....	100,100.00	
		<u>2,878,597.06</u>
Total as per Balance Sheet, December 31, 1933.....		181,746,612.77
Total Property Investment December 31, 1933.....		<u><u>\$1,169,110,474.96</u></u>

MISCELLANEOUS INVESTMENTS

	Par Value
Coeur d'Alene & Pend d'Oreille Ry. 1st Mortgage Bonds.....\$	47,000.00
Consolidated Mining & Smelting Company Stock, 336,500 shares.....	8,412,500.00
Cambridge Collieries Company, 1st Mortgage Refunding Bonds.....	250,000.00
Canadian Pacific Express Company Stock.....	3,000,000.00
Duluth, South Shore & Atlantic Ry. Ordinary Stock.....	6,100,000.00
" " " " Preferred Stock.....	5,100,000.00
Minneapolis, St. Paul & Sault Ste. Marie Ry. Ordinary Stock.....	12,723,500.00
" " " " Preferred Stock.....	7,000,000.00
Pennsylvania-Ontario Transportation Company Stock.....	187,500.00
Quebec Salvage & Wrecking Company Stock.....	150,000.00
Spokane International Railway Company Stock.....	3,941,800.00
West Kootenay Power & Light Company Preferred Stock.....	55,000.00
	<u>\$ 46,967,300.00</u>

Cost—\$34,102,748.03

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 9, 1934.

BONDS AND NOTES AT DECEMBER 31, 1933

	RATE	DATE OF ISSUE	DATE OF MATURITY	CURRENCY IN WHICH PAYABLE	OUTSTANDING DEC. 31, 1933
EQUIPMENT OBLIGATIONS:					
Equipment Trust Series "B".....	4½%	June 1, 1926	Serially to May 31, 1938	United States	\$ 4,500,000.00
*Equipment Trust.....	5%	July 1, 1929	June 30, 1944	Canadian or United States	26,086,000.00
Equipment Trust Series "C".....	4½%	Dec. 1, 1930	Serially to Nov. 30, 1945	United States	11,400,000.00
MORTGAGE BONDS:					
Algoma Branch 1st Mortgage Bonds....	5%	Jan. 1, 1888	July 1, 1937	Sterling	3,650,000.00
Lacombe & Blindman Valley Railway 1st Mortgage Bonds....	5%	May 12, 1914	Oct. 22, 1943	Canadian or Sterling	273,700.00
** COLLATERAL TRUST BONDS:					
Ten Year Gold Bonds..	5%	Apr. 15, 1924	Apr. 15, 1934	Canadian	12,000,000.00
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
** NOTES:					
Five Year Notes.....	5%	June 22, 1933	June 22, 1938	Canadian	35,000,000.00
Five Year Notes.....	5%	Dec. 1, 1933	Dec. 1, 1938	Canadian	25,000,000.00
					\$205,409,700.00

*Securities deposited with Trustee of 5% Equipment Trust \$4,550,313.78.

**Secured by deposit of Four Per Cent Consolidated Debenture Stock of a total par value of \$224,500,000.

CONTINGENT LIABILITIES IN RESPECT OF SUBSIDIARIES NOT
OPERATED OR WHOLLY OWNED

DESCRIPTION	MATURITY	RATE	PRINCIPAL OUTSTANDING DECEMBER 31, 1933	EXTENT OF OBLIGATION
AROOSTOOK VALLEY R.R. Co.				
First and Refunding Mortgage Bonds.....	1961	4½%	\$ 455,832.00*	Interest only.
First and Refunding Gold Bonds Series "A".....	1957	5½%	280,500.00	Interest only.
*\$132,464.00 held in Sinking Fund.				
LORD NELSON HOTEL Co.				
First Mortgage Sinking Fund Gold Bonds.....	1947	4%	600,000.00	Interest only.
MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RY. Co.				
First Consolidated Mortgage Bonds.....	1938	4%	56,863,000.00	Interest only.
First Consolidated Mortgage Bonds.....	1938	5%	8,136,000.00	Interest only.
Second Mortgage Bonds.....	1949	4%	3,500,000.00	Interest only.
First Refunding Mortgage Bonds Series "B".....	1978	5½%	24,606,000.00*	Interest only.
Notes—Railroad Credit Cor- poration.....	1934		2,000,000.00	Principal and interest.
*\$12,500,000.00 pledged as collateral for \$10,000,000.00 notes.				
SAULT STE. MARIE BRIDGE Co.				
First Mortgage Bonds.....	1937	5%	1,000,000.00*	Principal and interest jointly and sever- ally with Minnea- polis, St. Paul & Sault Ste. Marie Ry. and Duluth, South Shore & At- lantic Ry.
*\$907,000.00 held in Sinking Fund.				
SOUTH SHORE DOCK COMPANY.				
Lease.....			896,000.00	A rental sufficient to cover interest and retire principal of 1st Mortgage 5% Bonds prior to De- cember 1, 1945.
TORONTO, HAMILTON & BUFFALO RY. Co.				
Consolidated Mortgage Bonds.	1966	4½%	2,000,000.00	Principal and interest jointly and sever- ally with Michi- gan Central R.R., New York Central R.R. and Canada Southern Ry.

LAND SURPLUS ACCOUNT

Land Surplus, December 31, 1932.....		\$120,967,867.17
Sales and Miscellaneous Receipts.....	\$ 1,626,243.03	
Interest on Deferred Payments.....	569,784.88	
		<u>2,196,027.91</u>
		\$123,163,895.08
DEDUCT:		
Land Expenses including Irrigation.....	\$ 943,873.38	
Taxes.....	950,439.86	
Immigration and Colonization expenses.....	253,682.73	
Interest on Note Certificates.....	968,801.19	
Contracts cancelled.....	2,256,155.63	
Adjustments of Land Inventory values.....	1,679,157.63	
Miscellaneous.....	67,295.61	
		<u>7,119,406.03</u>
Land Surplus December 31, 1933, as per Balance Sheet.....		<u><u>\$116,044,489.05</u></u>

STATEMENT OF EQUIPMENT AT DECEMBER 31, 1933.
(Including equipment of leased subsidiaries)

Locomotives.....	2,104
First and second class Passenger, Tourist Sleeping, Baggage, Mail and Express Cars*.....	2,483
First class Sleeping, Parlor and Dining Cars.....	898
Freight Cars (all kinds).....	86,095
Conductors' Vans.....	1,354
Boarding, Tool and Auxiliary Cars and other Work Equipment.....	6,739

*Includes Cars in Toronto, Hamilton and Buffalo
Line Service as follows:—

10 First Class	}	63.96% owned by other lines.
6 Second Class		
6 Baggage and Express		
<hr/> 22 Cars		

MILEAGE AT DECEMBER 31, 1933

CANADIAN PACIFIC RAILWAY—

Mileage included in Traffic Returns:

New Brunswick District.....	874.8
Quebec ".....	1,705.5
Ontario ".....	1,475.2
Algoma ".....	1,252.5
Manitoba ".....	2,517.6
Saskatchewan ".....	3,386.6
Alberta ".....	3,095.0
British Columbia ".....	1,836.5
Esquimalt & Nanaimo ".....	211.0
Dominion Atlantic Lines.....	304.0
Quebec Central Lines.....	359.0

Total..... 17,017.7

Mileage of Lines under Construction:

Saskatchewan District.....	188.3
Alberta ".....	68.3

256.6

Total..... 17,274.3

CONTROLLED LINES AND SEPARATELY
OPERATED SUBSIDIARIES—

Canada:

Grand River Ry.....	18.6
Lake Erie & Northern Ry.....	51.0

69.6

United States:

Aroostook Valley R.R.....	32.1
Duluth, South Shore & Atlantic Ry.....	559.3
Mineral Range R.R.....	47.6
Minneapolis, St. Paul & Sault Ste. Marie Ry....	3,251.4

3,890.4

3,960.0

21,234.3

