

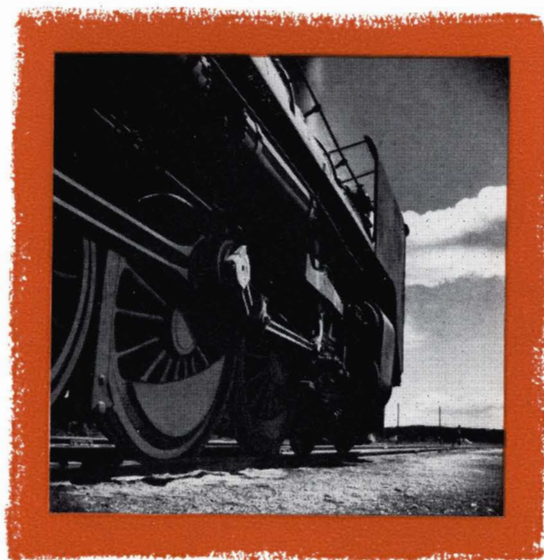
CANADIAN NATIONAL RAILWAYS ANNUAL REPORT 1944

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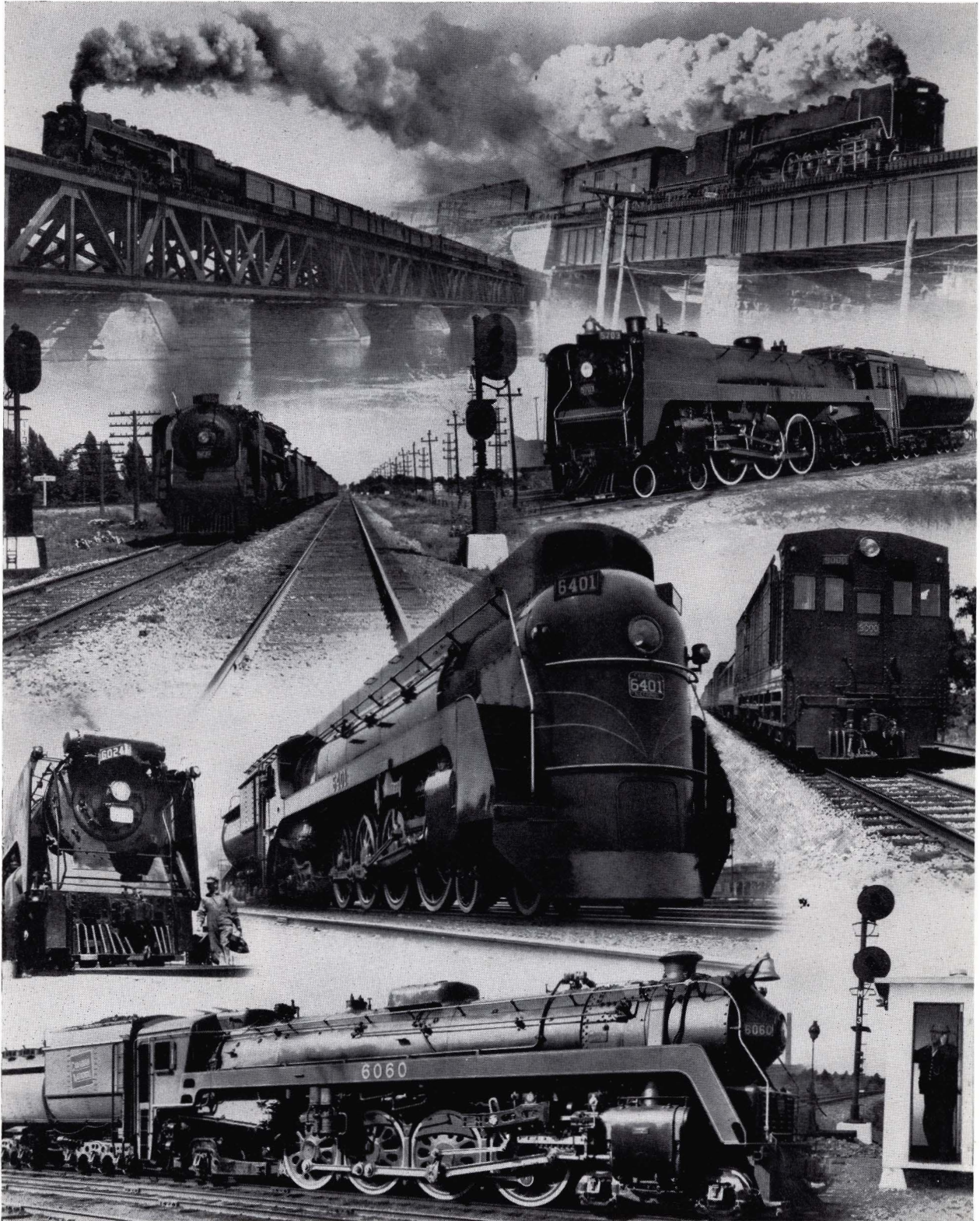


**CANADIAN NATIONAL RAILWAY
SYSTEM**

**ANNUAL
REPORT
1944**



• *for the year ended 31st. December* •



Efficient power has been an outstanding factor in Canadian National's success in handling record wartime traffic.

BOARD OF DIRECTORS

<p style="text-align: center;">R. C. VAUGHAN, Chairman, MONTREAL.</p> <p>WILFRID GAGNON, C.B.E., MONTREAL.</p> <p>H. J. SYMINGTON, C.M.G., K.C., MONTREAL.</p> <p>B. L. DALY, MONTREAL.</p>	<p>J. A. NORTHEY, TORONTO.</p> <p>E. J. YOUNG, DUMMER, SASK.</p> <p>R. B. BRENNAN, SAINT JOHN, N.B.</p>
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GENERAL OFFICERS

PRESIDENT	R. C. VAUGHAN.....	MONTREAL
EXECUTIVE ASSISTANT.....	M. A. METCALF.....	MONTREAL
SECRETARY	W. H. HOBBS.....	MONTREAL
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EXECUTIVE VICE-PRESIDENT.....	N. B. WALTON, C.B.E.....	MONTREAL
VICE-PRESIDENT, WESTERN REGION.....	W. R. DEVENISH.....	WINNIPEG
GENERAL MANAGER, WESTERN REGION.....	W. C. OWENS.....	WINNIPEG
VICE-PRESIDENT AND GENERAL MANAGER, CENTRAL REGION.....	J. F. PRINGLE.....	TORONTO
VICE-PRESIDENT AND GENERAL MANAGER, ATLANTIC REGION.....	J. P. JOHNSON.....	MONCTON
GENERAL MANAGER, GRAND TRUNK WESTERN RAILROAD.....	C. A. SKOG.....	DETROIT
GENERAL MANAGER, CENTRAL VERMONT RAILWAY.....	R. D. GARNER.....	ST. ALBANS
CHIEF ENGINEER, OPERATION.....	H. A. DIXON.....	MONTREAL
CHIEF OF MOTIVE POWER AND CAR EQUIPMENT.....	E. R. BATTLE.....	MONTREAL
CHIEF OF TRANSPORTATION.....	H. H. SPARLING.....	MONTREAL
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VICE-PRESIDENT.....	D. C. GRANT.....	MONTREAL
COMPTROLLER.....	T. H. COOPER.....	MONTREAL
TREASURER.....	C. D. COWIE.....	MONTREAL
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VICE-PRESIDENT.....	ALISTAIR FRASER.....	MONTREAL
GENERAL FREIGHT TRAFFIC MANAGER.....	G. R. FAIRHEAD.....	MONTREAL
GENERAL PASSENGER TRAFFIC MANAGER.....	A. A. GARDINER.....	MONTREAL
LAW DEPARTMENT		
GENERAL COUNSEL.....	R. H. M. TEMPLE, K.C.....	MONTREAL
PURCHASING AND STORES DEPARTMENTS		
VICE-PRESIDENT.....	D. MCK. FORD.....	MONTREAL
GENERAL PURCHASING AGENT.....	E. A. BROMLEY.....	MONTREAL
ACTING MANAGER OF STORES.....	S. SNEDDON.....	MONTREAL
RESEARCH AND DEVELOPMENT DEPARTMENT		
VICE-PRESIDENT.....	S. W. FAIRWEATHER.....	MONTREAL
CHIEF OF RESEARCH.....	J. E. GIBAULT.....	MONTREAL
CHIEF OF DEVELOPMENT.....	M. W. MAXWELL.....	MONTREAL
PUBLIC RELATIONS, PUBLICITY, ADVERTISING		
DIRECTOR.....	W. S. THOMPSON.....	MONTREAL
EXPRESS DEPARTMENT		
GENERAL MANAGER.....	G. E. BELLEROSE.....	MONTREAL
SLEEPING AND DINING CAR DEPARTMENT		
GENERAL SUPERINTENDENT.....	W. W. SWINDEN.....	MONTREAL
INVESTIGATION DEPARTMENT		
DIRECTOR.....	G. A. SHEA, O.B.E.....	MONTREAL
REAL ESTATE DEPARTMENT		
MANAGER.....	L. C. GROOM.....	MONTREAL
COLONIZATION AND AGRICULTURE DEPARTMENT		
DIRECTOR.....	J. S. MCGOWAN.....	MONTREAL
DEPARTMENT OF LABOUR RELATIONS		
DIRECTOR.....	F. W. EDGE.....	MONTREAL
HOTEL DEPARTMENT		
GENERAL MANAGER.....	R. SOMMERVILLE.....	OTTAWA
CANADIAN NATIONAL TELEGRAPHS		
GENERAL MANAGER.....	W. M. ARMSTRONG.....	TORONTO
MEDICAL DEPARTMENT		
CHIEF MEDICAL OFFICER.....	DR. K. E. DOWD.....	MONTREAL
EUROPEAN MANAGER	P. A. CLEWS.....	LONDON
EUROPEAN SECRETARY AND TREASURER	A. H. CONEYBEARE.....	LONDON



RESULT OF 1944 OPERATIONS

CONSOLIDATED INCOME ACCOUNT

	1944	1943
RAILWAY OPERATING REVENUES:		
Freight.....	\$321,588,728.39	\$324,899,723.64
Passenger.....	69,776,256.67	66,891,033.94
Mail.....	4,204,761.03	4,047,893.92
Express.....	18,008,142.96	17,490,783.01
Commercial Telegraphs.....	7,012,442.34	7,103,475.65
All other.....	20,557,178.96	20,183,044.42
TOTAL OPERATING REVENUES.....	\$441,147,510.35	\$440,615,954.58
RAILWAY OPERATING EXPENSES:		
Maintenance of Way and Structures.....	\$ 76,503,925.59	\$ 67,308,429.46
Maintenance and Depreciation of Equipment.....	80,215,292.75	72,366,530.73
Traffic.....	6,058,693.52	5,647,080.21
Transportation.....	177,889,699.03	159,477,448.33
Miscellaneous Operations.....	5,922,378.37	5,380,416.75
General.....	15,957,054.27	14,295,764.02
TOTAL OPERATING EXPENSES.....	\$362,547,043.53	\$324,475,669.50
NET OPERATING REVENUE.....	\$ 78,600,466.82	\$116,140,285.08
Revenue Appropriated for Pension Reserve.....	—	19,069,000.00
NET OPERATING REVENUE AFTER APPROPRIATION FOR PENSION RESERVE....	\$ 78,600,466.82	\$ 97,071,285.08
Taxes.....	7,341,513.86	8,390,677.72
Equipment Rents—Net Debit.....	2,956,314.10	6,488,739.04
Joint Facility Rents—Net Debit.....	577,994.85	557,930.13
NET RAILWAY OPERATING INCOME.....	\$ 67,724,644.01	\$ 81,633,938.19
OTHER INCOME:		
Income from Lease of Road and Equipment.....	\$ 61,578.31	\$ 56,663.39
Miscellaneous Rent Income.....	954,858.42	864,379.75
Income from Non-transportation Property.....	598,717.23	452,410.38
Results of Separately Operated Properties.....	767,528.37	3,013,645.15
Hotel Operating Income.....	1,188,802.92	1,030,033.68
Dividend Income.....	659,726.10	685,755.62
Interest Income.....	3,923,760.98	3,255,316.57
Miscellaneous Income.....	2,367,210.34	556,359.05
TOTAL OTHER INCOME.....	\$ 10,522,182.67	\$ 9,914,563.59
DEDUCTIONS FROM INCOME:		
Rent for Leased Roads and Equipment.....	\$ 1,163,904.38	\$ 1,246,514.40
Miscellaneous Rents.....	539,891.47	529,207.28
Miscellaneous Taxes.....	90,839.21	91,427.71
Interest on Unfunded Debt.....	304,644.93	219,512.32
Amortization of Discount on Funded Debt.....	936,291.03	1,060,464.64
Miscellaneous Income Charges and Appropriations.....	4,142,362.79	3,068,782.60
Profit and Loss Items—Net Debit or <i>Credit</i>	27,671.41	30,136.27
TOTAL DEDUCTIONS FROM INCOME.....	\$ 7,150,262.40	\$ 6,246,045.22
NET INCOME AVAILABLE FOR PAYMENT OF INTEREST.....	\$ 71,096,564.28	\$ 85,302,456.56
Interest on Funded Debt—Public.....	28,135,938.36	30,998,196.32
Interest on Government Loans.....	19,933,701.57	18,664,848.01
CASH SURPLUS.....	\$ 23,026,924.35	\$ 35,639,412.23



CANADIAN NATIONAL RAILWAYS

MONTREAL, March 15th, 1945.

THE HONOURABLE THE MINISTER OF TRANSPORT,
OTTAWA.

Sir,

In conformity with *The Canadian National-Canadian Pacific Act, 1936*, the Board of Directors submit the following report of the operations of the Canadian National Railways for the calendar year 1944.

The fifth full year of the war, which brought victory after victory to the United Nations, made greater demands upon the people of Canada. The Canadian National Railways were again privileged to join the citizens of the Dominion and its Allies in meeting the challenge.

A review of the year's traffic reveals the magnitude of the work accomplished by the Company. Revenue freight amounted to 80,851,179 tons and the number of passengers transported was 35,928,212. The System carried almost twice as much freight and four times as many passengers as in 1939, without serious deterioration in service. Inconveniences were kept to a minimum and carefully scrutinized with a view to correction. Over the years, the Company has kept abreast of railroad development making for improvement in both equipment and methods and it was this, coupled with the efficient co-operation of the staffs and the active collaboration of the shipping and travelling public, that enabled the Company to cope with the strain of the war traffic.

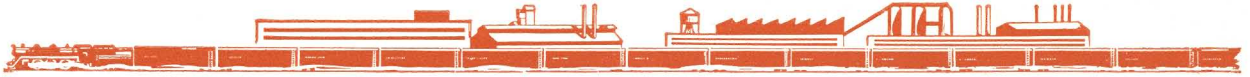
Gross revenues rose slightly in 1944, but with a large increase in operating expenses due to higher wage rates, higher prices of materials and additional maintenance of track and equipment, the net operating revenue was not as great as in the previous year.

As compared with 1939, the higher wage rates added \$47,823,000 to the payroll and the higher unit prices added approximately \$20,000,000 to the cost of materials.

As the result of the 1944 operations a cash surplus of \$23,027,000 has been turned over to the federal treasury, after the payment of interest due the public and the government.

The following is a summary of operating results. The full income statement appears on the opposite page.

	1944	1943
Operating Revenues.....	\$441,147,510.35	\$440,615,954.58
Operating Expenses.....	362,547,043.53	324,475,669.50
Net Operating Revenue.....	\$ 78,600,466.82	\$116,140,285.08
Revenue Appropriated for Pension Reserve.....	19,069,000.00
Net Operating Revenue after appropriation for Pension Reserve.....	\$ 78,600,466.82	\$ 97,071,285.08
Taxes, Equipment and Joint Facility Rents.....	10,875,822.81	15,437,346.89
Net Railway Operating Income.....	\$ 67,724,644.01	\$ 81,633,938.19
Other Income, less deductions..... Cr.	3,371,920.27	3,668,518.37
Interest on Funded Debt—Public.....	28,135,938.36	30,998,196.32
Interest on Government Loans.....	19,933,701.57	18,664,848.01
Cash Surplus.....	\$ 23,026,924.35	\$ 35,639,412.23



The property was maintained to meet the heavy traffic requirements, but shortages of labour and materials restricted certain classes of work.

The number of Canadian National men and women in the armed forces continued to grow and now represents twenty-five per cent of the peacetime staff. The problem of training substitute staff and rehabilitating those returning to the Company from wartime service is receiving the attention of all officers.

The production by the Company of weapons of war, including ships, showed little diminution from other war years.

During the year consideration was given to a programme of post-war projects, and a special committee was actively engaged in selecting works which, by geographical distribution and the nature of the undertaking, would permit participation by the Company in any government plan for post-war employment.

In addition, the Company is engaged in a programme of research designed to improve its facilities with the joint object of achieving economy and improving the quality of service. In particular, trends in passenger equipment design are being studied and new passenger equipment will be lighter in weight, for more economical operation, and much improved as regards the convenience and comfort of the travelling public. Attention is also being given to the design of freight equipment and locomotives, both steam and diesel, as well as to improvements of stations, terminals, road and shop facilities.

OPERATING REVENUES

Operating revenues amounted to \$441,147,000, the highest in the Company's history, the increase being \$532,000 over 1943. Revenue from the transportation of freight was less by \$3,310,000, but passenger revenue increased \$2,885,000 and other revenue \$957,000. Total revenues averaged \$1,205,000 per day throughout the year.

Apart from minor adjustments, freight and passenger rates remained fixed at the pre-war level, this being in accordance with the regulations of the Wartime Prices and Trade Board.

Whereas there was an increase of some 424,000 revenue tons handled, freight revenues at \$321,589,000 were less by 1.02 per cent. This resulted from decreased movements of higher rated war and industrial materials and increased movements of lower rated products. There was also a sharp decline in movement of traffic for war projects in Alaska and Northern Canada.

Every effort was made, with the co-operation of the Transport Controller, to secure a continuance of heavy loading of freight equipment. Beneficial results were also obtained through other measures for the intensive use of rolling stock.

Notwithstanding that equipment was urgently needed for other important loadings, the Company was able to meet the demand for increased grain deliveries and the necessary stocks were maintained at the Lakehead to permit of the expeditious loading of vessels there. The elevator stocks at the Lakehead have been increased during the winter months in preparation for a heavy movement down the lakes when navigation opens in the spring.

Passenger revenues reached a new high level at \$69,776,000, an increase of 4.31 per cent over 1943, and an increase of 291.62 per cent over 1939.

Increases were again reported in revenues from mail, express, sleeping cars, and hotels.



OPERATING EXPENSES

Operating expenses increased by \$38,072,000. Stated briefly, this increase was occasioned by higher wage rates in 1944 as compared with 1943 amounting to \$23,348,000, higher prices of materials \$7,102,000, and additional maintenance of track and equipment \$5,893,000. The amounts referred to for wages and materials do not represent additional man hours or additional quantities of material, but result from the higher unit prices paid by the Railway for labour as the result of retroactive wage awards by regulatory authorities, and the increased prices paid for fuel, ties, rail and other materials used in maintenance and operation.

Of the increased charge to operating expenses of \$23,348,000 due to higher wage rates, \$18,956,000 represents the recent wage awards granted by the National War Labour Board, \$3,436,000 the additional cost of living bonus, and \$956,000 the increased wage rates on the United States lines of the System.

As regards materials, the largest item of increase over 1943 is locomotive fuel. Fuel cost in 1944 was \$43,329,000. The average price increased from \$5.37 to \$6.10 per ton, involving an added expense of \$4,906,000. New rail averaged \$57.33 per ton compared with \$55.26 in 1943. Treated ties averaged \$1.65 each compared with \$1.42 and untreated ties \$1.04 compared with 88 cents. There was an increase of 2.5 per cent in the price of other railway material.

The directors feel that more than passing attention should be directed to the higher cost of operation due to these increased unit prices for labour and material over which the management has no control.

\$10,000,000 was charged to operating expenses as provision for deferred maintenance, \$1,140,000 for amortization of war projects and \$2,375,000 for inventory reserve. The amount charged for depreciation on rolling stock was \$19,853,000, or approximately \$7,000,000 more than would be provided under average traffic conditions. These special charges have been taken up in the operating accounts, in continuance of the practice adopted in 1941, to ensure that future results will not be burdened with delayed charges arising out of wartime operations.

SURPLUS FOR THE YEAR

In the accounts below net revenue, the major changes were:—decreased taxes \$1,049,000, principally less income taxes due to less income of the Grand Trunk Western Railroad Company; decreased debit balance in the per diem account \$3,672,000, brought about by increased freight car ownership and changes in the traffic and operating conditions; decreased interest charges \$1,593,000, arising from the retirement of securities held by the public with funds borrowed from the government at current interest rates; and on the reverse side the less favourable results from the operation of Northern Alberta Railways \$1,486,000. The gross operating revenues of this railway, which is jointly owned with the Canadian Pacific Railway Company, were lower by \$3,853,000 than in the previous year.

The surplus for the year 1944 was \$23,027,000, as compared with \$35,639,000 in 1943, a decrease of \$12,612,000.

CAPITAL EXPENDITURE ACCOUNT

The capital expenditures during the year amounted to \$36,063,077, details of which are given on page 18. Of the total expenditures \$32,359,097 was for new equipment. Under hire-purchase agreements with the Dominion government there were acquired



20 Mountain type locomotives and 7 Northern type locomotives, 4,762 box cars, 200 flat cars, 500 hopper cars, 250 ore cars and 54 refrigerator cars. Purchases for the Grand Trunk Western Railroad included 10 diesel switching locomotives, 1 passenger car, 200 automobile cars, and 300 gondola cars. 41 units of work equipment were also acquired.

Construction of the new line from Eastern Junction to Bout de l'Ile, on the Island of Montreal, contract for which was let on March 22nd, is nearing completion and the line will be ready for operation during the summer of 1945. The Butler Street line from Atwater Avenue, Montreal, to the west end of the Victoria Bridge (two miles) was completed. These much needed undertakings will be of material assistance to operations and give improved service to the public.

FINANCE

The details of funded debt and government loans outstanding are shown on pages 19 and 20. Funded debt was reduced during the year by \$114,778,566 and government loans increased \$107,780,106—a net reduction of \$6,998,460. Details are as under:—

Funded Debt Retirements

2¼% 7-Year Guaranteed Bonds, matured February 1, 1944.....	\$ 15,500,000.00
3% 9-Year Guaranteed Bonds, matured May 1, 1944.....	35,000,000.00
5% 40-Year Guaranteed Gold Bonds, called for redemption July 1, 1944, at \$105—par value.....	56,684,000.00
Various securities repatriated under the arrangements referred to in the 1942 Annual Report—par value.....	1,805,079.32
Equipment Trusts—annual principal payments.....	5,789,000.00
Fractional adjustments.....	487.35
Reduction in funded debt.....	\$114,778,566.67

New Government Loans

Balance of 1943 refunding requirements, etc.....	\$ 1,750,636.92
Loans to retire the three issues of bonds referred to above, at par; and various securities repatriated at market value.....	108,945,843.56
Loan to acquire Atlantic and St. Lawrence Railroad Company shares under repatriation arrangements.....	57,846.26
Loans under Equipment Hire-Purchase Agreement 1943.....	17,753,889.06
Loans under Equipment Hire-Purchase Agreement 1944.....	13,680,405.62
Total New Loans.....	\$142,188,621.42

Government Loans Repaid

Loans repaid out of 1943 surplus earnings.....	\$ 5,639,412.23
Loans repaid out of 1944 surplus earnings.....	20,000,000.00
Equipment Hire-Purchase annual principal payments.....	2,891,775.68
Payment under Financing and Guarantee Act, 1943. The amount available from reserves for depreciation and debt discount amortization in 1943 exceeded the total capital requirements for the year.....	5,877,326.94
Total repayments.....	\$ 34,408,514.85
Increase in Government Loans.....	\$107,780,106.57
Net reduction in debt during the year.....	\$ 6,998,460.10



GENERAL WAGE NEGOTIATIONS

Pursuant to the provisions of the Wartime Wage Control Order 1943, P.C. 9384, the cost of living bonus was incorporated in the basic rates of pay.

Six days' vacation with pay was awarded by the National War Labour Board for maintenance of way employees and other hourly rated employees not previously receiving vacations with pay.

The National War Labour Board directed the application of a general wage award of six cents per hour or \$12.48 per month for steam line railway employees in Canada not above the rank of foreman.

Numerous applications for increases in basic rates of pay continue to be received from labour organizations. Hearings will be held before the National War Labour Board.

CANADIAN NATIONAL EXPRESS

Owing to the completion of military contracts there was a considerable decrease in the number of carloads of war materials carried by the Express Department, but the volume of merchandise traffic was exceptionally heavy. Shipments aggregated 15,780,767, an increase of 7.55 per cent over 1943. Fruit and vegetable traffic was the heaviest on record.

Express revenues at \$17,375,000 were the highest in the Company's history but, in common with other departments, operating expenses were affected by wage and other increases.

CANADIAN NATIONAL TELEGRAPHS

The volume of business in 1944 was on a level with the peak year 1943, revenues amounting to \$6,998,000. Leased wire revenues, including those from broadcasting circuits, were the largest on record.

During the year Canadian National Telegraphs completed its large construction programme for the Department of National Defence in connection with the Pacific Communications Project and Defence Communications Limited, as well as furnishing the Department of Transport with a network of telephone despatching circuits for airways traffic control. Substantial improvements in equipment were also made in the teletype network used by Trans-Canada Air Lines across the continent.

HOTEL OPERATIONS

The combined revenues of the year-round hotels amounted to \$5,639,000, the highest in the history of the Hotel Department. Despite the difficulty in obtaining supplies under wartime restrictions, and the extreme shortage of skilled labour, service has been maintained at a high standard. The three resort hotels, Jasper Park Lodge, Minaki Lodge, and Pictou Lodge, were not operated in 1944.

The Hotel Vancouver, operated by a separate company for the Canadian National and Canadian Pacific Railways, had a very large measure of patronage.

SLEEPING AND DINING CARS

The Company, under war conditions, has been unable to augment its supply of sleeping and dining cars. War traffic has put a great strain on both equipment and personnel, but the public has shown an understanding of the difficulties.



The number of dining, cafe, buffet, commissary, kitchen, sleeping, tourist and parlor cars in service in 1939 was 531, and the number in service in 1944 was 535.

Meals served on the Company's dining cars totalled 4,903,968. This was more than five times the number served in 1939.

TRANS-CANADA AIR LINES

In 1944 the number of passengers carried by Trans-Canada Air Lines increased by 12 per cent, air express volume by 4 per cent and air mail by .3 per cent. The trans-Atlantic air service operated by T.C.A. for the Dominion government was expanded. A large amount of military aircraft overhaul was carried on in the T.C.A. shops. During the year plans were made for additional domestic and international services.

OTHER ACTIVITIES

In addition to providing railway transportation, air service, telegraph and express service and hotel accommodation, the National System continues to make its contribution to the nation's war effort in a number of other ways. Canadian National Steamships are playing a distinguished part. The Prince Rupert Dry Dock and Shipyard, National Railways Munitions Limited and the Company's shops are meeting their war contract schedules.

The Railway had the honour of operating two special trains from Halifax to Quebec for Prime Minister Churchill and his party attending the Second Quebec Conference in September. It also handled the trains for Mr. Churchill and President Roosevelt from Quebec en route to Hyde Park, N.Y. and to Highland, N.Y. at the conclusion of the conference. The Railway participated in the movement of a special train from Washington to Montreal and return carrying some 300 delegates to the United Nations Relief and Rehabilitation Administration Conference in September. In October, fifty delegates of the British Commonwealth travelled by Canadian National from Montreal to Chicago to attend the International Civil Aviation Conference.

VICTORY LOAN CAMPAIGNS

In the Victory Loan campaigns held during the year, Canadian National employees subscribed \$22,860,550, an increase of \$7,435,950 over 1943. Contributions by personnel of Trans-Canada Air Lines, included in this total, amounted to \$568,600 and those of National Railways Munitions Limited to \$265,850. The number of subscribers to the Seventh Victory Loan was 90,779.

Through the payroll deduction plan employees invested a further \$1,465,036 in War Savings Certificates during the year.

Apart from the individual purchases by employees, the Company subscribed \$27,646,500 to the 1944 loans for account of reserve and other funds.

The employees on lines in the United States subscribed substantially for United States War Bonds during the year.

THE STAFF

The Railway is proud indeed of its employees who have enlisted for Active Service. They have done a magnificent job in all branches of the Armed Forces on all the battle



fronts, at sea, on land and in the air. The Company will remember and honour those who have given their lives for their country, and to their bereaved families the directors extend their deepest sympathy.

The Company is making the necessary plans for the re-assimilation of its employees on their discharge from the armed forces. Already some 1,400 have been welcomed back to the Railway's service. A committee has been set up at headquarters to aid in the task of re-establishing all employees who wish to return to the service, and every effort will be made to ensure satisfactory employment for those who by reason of disability are unable to resume their pre-war occupations.

Thanks are expressed to the men and women of the System whose duties have kept them on the home front for their loyal co-operation in the common task.

For the Board of Directors,

Chairman and President.



CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
Road and Equipment Property.....	\$1,958,892,347.76		
Improvements on Leased Property.....	3,034,936.52		
Miscellaneous Physical Property.....	65,127,197.72	\$2,027,054,482.00	
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Sinking Funds:			
System Securities at par.....	\$ 542,618.73		
Other Assets at cost.....	279,503.03	822,121.76	
<hr/>			
Deposits in lieu of Mortgaged Property Sold:			
System Securities at par.....	\$ 471,500.00		
Other Assets at cost.....	4,442,675.10	4,914,175.10	
<hr/>			
Deferred Maintenance Fund.....		34,000,000.00	
Investments in Affiliated Companies.....		40,710,024.85	
<hr/>			
Other Investments:			
System Securities at par.....	\$ 80,000.00		
Other Assets at cost.....	1,837,994.82	1,917,994.82	\$2,109,418,798.53
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CURRENT ASSETS:			
Cash.....		\$ 15,257,088.67	
Special Deposits.....		12,421,737.17	
Net Balances Receivable from Agents and Conductors.....		14,719,121.54	
Miscellaneous Accounts Receivable.....		16,239,003.64	
Material and Supplies—Ledger Balances.....		55,622,709.91	
Interest and Dividends Receivable.....		558,445.86	
Rents Receivable.....		468,027.15	
Other Current Assets.....		9,747,616.29	125,033,750.23
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DEFERRED ASSETS:			
Working Fund Advances.....		\$ 377,447.09	
<hr/>			
Insurance Fund:			
System Securities at par.....	\$ 6,679,184.06		
Other Assets at cost.....	6,076,933.45	12,756,117.51	
<hr/>			
Pension Contract Fund.....		24,649,000.00	
Other Deferred Assets.....		3,176,378.22	40,958,942.82
<hr/>			
UNADJUSTED DEBITS:			
Rents paid in Advance.....		\$ 171,122.11	
Discount on Funded Debt.....		6,886,208.53	
Other Unadjusted Debits.....		4,043,054.44	11,100,385.08
<hr/>			
			<u>\$2,286,511,876.66</u>

CERTIFICATE

We have examined the books and records of the companies comprising the and subject to our report to Parliament, we certify that, in our opinion, the above view of the affairs of the System as at the 31st. December, 1944, and that the correctly stated.

15th. March, 1945.

AT 31st. DECEMBER, 1944.

LIABILITIES

STOCKS:			
Capital Stocks of Subsidiary Companies held by Public.....		\$	4,669,840.00
LONG TERM DEBT:			
Funded Debt Unmatured:			
Held by Public.....	\$	621,680,603.14	
Held in Special Funds.....		7,773,302.79	629,453,905.93
DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):			
Loans.....	\$	645,103,871.64	
Canadian Government Railways—Working Capital.....		16,771,980.54	661,875,852.18
CURRENT LIABILITIES:			
Traffic and Car-Service Balances—Credit.....	\$	7,014,709.06	
Audited Accounts and Wages Payable.....		14,153,334.28	
Miscellaneous Accounts Payable.....		5,665,989.76	
Interest Matured Unpaid.....		6,493,574.52	
Unmatured Interest Accrued.....		6,353,598.86	
Unmatured Rents Accrued.....		194,259.59	
Accrued Tax Liability.....		3,106,930.95	
Other Current Liabilities.....		12,612,178.23	55,594,575.25
DEFERRED LIABILITIES:			
Pension Contract Reserve.....	\$	24,649,000.00	
Other Deferred Liabilities.....		6,405,273.45	31,054,273.45
UNADJUSTED CREDITS:			
Insurance Reserve.....	\$	12,756,117.51	
Accrued Depreciation—Canadian Lines—Equipment only.....		56,481,794.70	
Accrued Depreciation—U.S. Lines—Road and Equipment.....		21,035,703.74	
Accrued Depreciation—U.S. Leased Lines.....		81,409.85	
Deferred Maintenance Reserve.....		34,000,000.00	
Other Reserves.....		11,589,013.74	
Other Unadjusted Credits.....		13,223,904.16	149,167,943.70
DOMINION OF CANADA—PROPRIETOR'S EQUITY—(See Note)			
Represented by:—			
1,000,000 shares of no par value capital stock of Canadian National Railway Company.....	\$	18,000,000.00	
5,000,000 shares of no par value capital stock of The Canadian National Railways Securities Trust.....		359,080,515.31	
Capital Expenditures by Dominion of Canada on Canadian Government Railways.....		377,614,970.84	754,695,486.15
CONTINGENT LIABILITIES:			
Major contingent liabilities, as shown on statement attached.			
			<u>\$2,286,511,876.66</u>

NOTE:—The Proprietor's Equity is included in the net debt of Canada and is disclosed in the historical record of Government assistance to railways as shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1937.

T. H. COOPER,
Comptroller.

OF AUDITORS

Canadian National Railway System for the year ended the 31st. December, 1944, Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct relative Income Account for the year ended the 31st. December, 1944, is

GEORGE A. TOUCHE & CO.,
Chartered Accountants.



DOMINION OF CANADA—PROPRIETOR'S EQUITY ACCOUNT

	Balance at 31st. Dec., 1943	Transactions year 1944	Balance at 31st. Dec., 1944
CAPITAL STOCK OF CANADIAN NATIONAL RAILWAY COMPANY . . .	\$ 18,000,000.00	\$ —	\$ 18,000,000.00
CAPITAL STOCK OF THE CANADIAN NATIONAL RAILWAYS SECURITIES TRUST			
Initial stated value	\$270,037,437.88	\$ —	\$270,037,437.88
Surplus earnings	64,719,007.29	23,026,924.35	87,745,931.64
Capital gains	19,105,651.38	—	19,105,651.38
Capital losses	17,181,633.84	* 626,871.75	17,808,505.59
	\$336,680,462.71	\$ 22,400,052.60	\$359,080,515.31
CAPITAL EXPENDITURES BY DOMINION OF CANADA ON CANADIAN GOVERNMENT RAILWAYS	\$377,614,971.84		
Nominal consideration for transfer of property		\$ 1.00	\$377,614,970.84
	\$732,295,434.55	\$ 22,400,051.60	\$754,695,486.15

* Loss on abandonment of dock facilities at Seattle, Wash.

OPERATING REVENUES

	1944	1943
Freight.....	\$317,735,454.78	\$320,758,860.87
Maritime Rates Reduction.....	3,853,273.61	4,140,862.77
Passenger.....	69,776,256.67	66,891,033.94
Baggage.....	156,989.88	130,045.98
Sleeping Car.....	4,564,393.26	4,177,870.17
Parlor and Chair Car.....	226,215.49	217,126.00
Mail.....	4,204,761.03	4,047,893.92
Railway Express Agency.....	632,953.99	630,036.91
Express.....	17,375,188.97	16,860,746.10
Other Passenger-Train.....	28,720.17	14,079.88
Milk.....	429,094.53	432,293.55
Switching.....	3,294,605.94	3,092,258.36
Water Transfers.....	190,916.37	137,498.71
Dining and Buffet.....	4,471,567.77	4,711,769.37
Restaurants.....	272,862.79	131,986.46
Station, Train and Boat Privileges.....	582,179.49	432,043.30
Parcel Room.....	153,319.74	149,151.84
Storage—Freight.....	75,808.82	97,879.32
Storage—Baggage.....	97,881.62	80,652.28
Demurrage.....	1,886,518.72	2,442,762.99
Telegraph Commissions (U.S.).....	14,281.72	14,096.83
Telegraph—Commercial.....	6,998,160.62	7,089,378.82
Grain Elevator.....	539,617.91	530,487.67
Rents of Buildings and Other Property.....	779,617.34	633,436.54
Miscellaneous.....	2,179,313.58	2,162,239.27
Joint Facility—Credit.....	736,613.73	713,175.05
Joint Facility—Debit.....	109,058.19	103,712.32
	<u>\$441,147,510.35</u>	<u>\$440,615,954.58</u>

OPERATING EXPENSES

MAINTENANCE OF WAY AND STRUCTURES

	1944	1943
Superintendence.....	\$ 4,100,491.88	\$ 3,400,526.42
Roadway Maintenance.....	8,660,168.89	6,976,895.50
Tunnels and Subways.....	38,050.80	50,985.29
Bridges, Trestles and Culverts.....	2,424,967.38	1,838,391.52
Ties.....	8,294,237.25	6,190,555.28
Rails.....	4,026,706.50	3,237,902.31
Other Track Material.....	3,229,879.48	2,774,329.90
Ballast.....	1,502,041.15	1,437,333.74
Track Laying and Surfacing.....	18,979,235.81	15,801,141.43
Fences, Snowsheds and Signs.....	561,071.48	467,317.50
Station and Office Buildings.....	2,779,798.12	2,201,496.33
Roadway Buildings.....	310,629.38	288,416.79
Water Stations.....	561,950.03	488,874.36
Fuel Stations.....	278,713.86	258,153.91
Shops and Enginehouses.....	2,077,034.31	451,188.58
Grain Elevators.....	49,880.56	44,037.08
Wharves and Docks.....	227,927.51	249,401.82
Telegraph and Telephone Lines.....	1,074,642.24	970,338.59
Telegraph—Commercial.....	1,257,556.44	998,103.66
Signals and Interlockers.....	1,172,196.40	996,918.24
Power Plants.....	24,669.57	8,023.77
Power Transmission Systems.....	194,408.10	110,311.74
Miscellaneous Structures.....	4,824.63	2,884.36
Road Property—Depreciation—U.S. Lines.....	764,133.41	763,317.87
Road Property—Retirements.....	1,564,321.77	2,286,928.41
Deferred Maintenance.....	6,500,000.00	8,150,000.00
Roadway Machines.....	540,607.28	467,957.41
Dismantling Retired Road Property.....	90,363.99	111,193.83
Amortization of Defence Projects.....	1,002,284.68	1,005,600.84
Small Tools and Supplies.....	884,498.50	777,648.28
Removing Snow, Ice, and Sand.....	2,829,113.49	3,758,971.39
Public Improvements—Maintenance.....	370,190.41	293,874.98
Injuries to Persons.....	670,295.76	515,272.59
Insurance.....	24,666.53	20,017.20
Stationery and Printing.....	66,657.97	59,994.41
Other Expenses.....	39,742.94	37,349.52
Maintaining Joint Tracks, Yards, etc.—Debit.....	794,153.26	838,314.80
Maintaining Joint Tracks, Yards, etc.—Credit.....	1,727,321.52	1,570,372.58
Right of Way Expenses.....	68,484.40	51,366.39
Protective Services.....	190,650.95	497,466.00
	<u>\$ 76,503,925.59</u>	<u>\$ 67,308,429.46</u>



OPERATING EXPENSES (Continued)

MAINTENANCE OF EQUIPMENT	1944	1943
Superintendence	\$ 1,631,670.35	\$ 1,380,610.64
Shop Machinery	1,994,656.93	1,405,443.40
Power Plant Machinery	108,904.48	65,296.35
Machinery—Retirements	89,900.85	280,173.62
Machinery—Depreciation—U.S. Lines	65,993.10	64,968.69
Dismantling Retired Machinery	2,849.50	6,017.31
Steam Locomotives—Repairs	23,100,702.73	20,520,105.61
Other Locomotives—Repairs	300,952.75	187,668.43
Freight-Train Cars—Repairs	16,673,746.56	14,406,357.85
Passenger-Train Cars—Repairs	9,126,776.80	7,960,260.28
Floating Equipment—Repairs	437,205.04	400,698.33
Work Equipment—Repairs	2,172,248.56	1,873,455.01
Express Equipment—Repairs	188,324.36	144,423.02
Miscellaneous Equipment—Repairs	167,614.95	116,630.53
Miscellaneous Equipment—Retirements	6,923.44	2,719.28
Dismantling Retired Equipment	52,492.63	64,536.76
Equipment—Depreciation	19,853,984.95	19,829,613.32
Express Equipment—Depreciation	160,026.91	156,206.50
Injuries to Persons	510,255.63	433,855.00
Insurance	21,570.70	19,028.25
Stationery and Printing	53,460.21	47,004.37
Other Expenses	11,032.95	11,949.24
Joint Maintenance of Equipment—Debit	209,053.73	207,565.49
Joint Maintenance of Equipment—Credit	225,055.36	218,056.55
Deferred Maintenance—Equipment	3,500,000.00	3,000,000.00
	\$ 80,215,292.75	\$ 72,366,530.73
TRAFFIC		
Superintendence	\$ 2,210,788.63	\$ 1,972,998.40
Outside Agencies	2,829,028.45	2,624,847.08
Advertising	331,246.72	381,445.84
Traffic Associations	122,579.63	105,822.89
Stationery and Printing	262,000.71	291,048.74
Other Expenses	233.44	17.52
Industrial Bureau	111,648.49	95,089.70
Colonization, Agriculture and Natural Resources	191,167.45	175,810.04
	\$ 6,058,693.52	\$ 5,647,080.21
TRANSPORTATION		
Superintendence	\$ 4,009,532.29	\$ 3,510,848.32
Dispatching Trains	2,266,139.69	2,034,611.77
Station Employees	24,540,076.41	21,028,176.95
Weighing, Inspection, and Demurrage Bureaus	108,434.83	90,708.24
Station Supplies and Expenses	1,812,688.60	1,600,008.13
Yardmasters and Yard Clerks	4,713,325.42	4,141,427.14
Yard Conductors and Brakemen	8,493,169.31	7,869,756.38
Yard Switch and Signal Tenders	881,830.24	789,635.34
Yard Enginemen	5,385,722.59	5,145,431.14
Yard Motormen	628,486.59	430,985.09
Yard Switching Fuel	6,643,950.27	6,297,106.30
Yard Switching Power Produced	16,571.72	9,632.05
Yard Switching Power Purchased	98,296.02	101,380.03
Water for Yard Locomotives	209,572.15	198,213.39
Lubricants for Yard Locomotives	80,098.41	80,672.60
Other Supplies for Yard Locomotives	53,522.20	49,464.72
Enginehouse Expenses—Yard	2,075,708.61	1,771,962.44
Yard Supplies and Expenses	183,169.35	166,628.40
Operating Joint Yards and Terminals—Debit	1,771,465.75	1,558,270.73
Operating Joint Yards and Terminals—Credit	2,056,723.75	1,965,670.87
Train Enginemen	15,723,643.52	14,612,370.91
Train Motormen	122,442.39	114,602.84
Train Fuel	36,685,000.61	33,447,645.27
Train Power Produced	12,686.19	17,916.08
Train Power Purchased	44,177.83	58,537.43
Water for Train Locomotives	1,352,320.18	1,279,597.99
Lubricants for Train Locomotives	566,191.83	540,069.96
Other Supplies for Train Locomotives	309,738.45	284,984.01
	\$116,731,237.70	\$105,264,972.78
Carried Forward		



OPERATING EXPENSES (Continued)

TRANSPORTATION (Continued)	1944	1943
Brought Forward	\$ 116,731,237.70	\$ 105,264,972.78
Enginehouse Expenses—Train	5,949,232.39	5,152,917.65
Trainmen	18,061,650.85	16,250,269.83
Train Supplies and Expenses	10,987,421.68	9,839,359.66
Operating Sleeping Cars	2,003,564.87	1,762,137.90
Signal and Interlocker Operation	582,601.02	519,634.20
Crossing Protection	854,335.45	764,211.32
Drawbridge Operation	132,389.16	121,717.82
Telegraph and Telephone Operation	436,578.56	389,983.62
Telegraph—Commercial	5,371,875.16	4,721,131.28
Operating Floating Equipment	1,245,491.30	1,152,710.36
Express	9,415,564.85	7,742,672.35
Stationery and Printing	698,296.38	650,390.99
Other Expenses	1,244,142.92	1,139,639.79
Operating Joint Tracks and Facilities—Debit	833,207.47	743,402.61
Operating Joint Tracks and Facilities—Credit	483,333.47	492,321.93
Insurance	14,366.29	11,645.86
Clearing Wrecks	481,578.18	556,223.80
Damage to Property	119,443.07	68,201.67
Damage to Live Stock on Right-of-Way	76,521.27	76,953.33
Loss and Damage—Freight	1,772,776.52	1,412,664.81
Loss and Damage—Baggage	20,115.25	13,682.08
Injuries to Persons	1,340,642.16	1,615,246.55
	<u>\$177,889,699.03</u>	<u>\$159,477,448.33</u>
MISCELLANEOUS		
Dining and Buffet Service	\$ 5,325,339.60	\$ 4,897,656.95
Restaurants	272,580.27	138,501.21
Grain Elevators	287,379.59	305,397.73
Other Miscellaneous Operations	37,078.91	38,860.86
	<u>\$ 5,922,378.37</u>	<u>\$ 5,380,416.75</u>
GENERAL		
Salaries and Expenses of General Officers	\$ 502,657.22	\$ 473,179.16
Salaries and Expenses of Clerks and Attendants	6,590,951.86	5,607,560.78
General Office Supplies and Expenses	300,660.92	292,898.58
Law Expenses	392,428.05	339,984.73
Relief Department Expenses	27,500.00	27,500.00
Pensions	7,641,801.74	7,083,929.75
Stationery and Printing	235,468.17	203,924.51
Valuation Expenses	15,793.89	14,237.01
Other Expenses	211,902.55	222,827.27
General Joint Facilities—Debit	49,294.41	40,909.03
General Joint Facilities—Credit	11,404.54	11,186.80
	<u>\$ 15,957,054.27</u>	<u>\$ 14,295,764.02</u>



PROPERTY INVESTMENT ACCOUNT

Expenditures Year 1944

ROAD:

New Lines Constructed	\$ 1,638,133.36	
Line Diversions	20,177.68	
Montreal Terminal Development	25,371.85	
Rails and Fastenings	519,762.70	
Tie Plates and Rail Anchors	921,767.88	
Ballast	203,505.63	
Ditching, Drainage and Sewers	56,088.11	
Large Freight Terminals	161,863.50	
Large Passenger Terminals	65,517.75	
Yard Tracks and Sidings	318,752.11	
Roadway Machines	376,437.09	
Bridges, Trestles and Culverts	329,606.60	
Stations and Station Facilities	505,939.14	
Shops, Enginehouses and Machinery	319,553.59	
Water Supplies	132,771.49	
Fuel Stations	49,474.40	
Docks and Wharves	169,298.74	
Grain Elevators	417,667.38	
Signals and Interlockers	129,883.03	
Telegraphs—Railway	111,081.10	
Telegraphs—Commercial	568,515.69	
Assessments for Public Improvements	35,673.03	
Land	513,610.95	
General Additions and Betterments	299,384.56	\$ 5,688,683.22

EQUIPMENT:

Equipment Purchased or Built	\$32,359,097.88	
Equipment Retirements	1,131,649.53	
General Betterments to Equipment	81,921.68	
Equipment Conversions	142,640.60	
Express and Miscellaneous Equipment	99,505.06	31,102,391.13

HOTELS

14,746.72

SEPARATELY OPERATED PROPERTIES

713,249.75

NET ADDITIONS AND BETTERMENTS DURING 1944

\$36,063,077.88

Ledger Balance 1st. January, 1944

\$1,991,618,275.87

Net Additions and Betterments during the year

\$36,063,077.88

Retirement of Seattle Dock Property

626,871.75

35,436,206.13

Ledger Balance at 31st. December, 1944

\$2,027,054,482.00



FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1944	Interest Accrued 1944
GUARANTEED BY DOMINION OF CANADA:					
5% Perpetual Debenture Stock.....	G.T.R.	1875 to 1883	Perpetual	\$ 1,502,719.60	\$ 74,645.75
5% G.W. Perp. Debtr. Stock and Bonds	G.T.R.	1858 to 1876	Perpetual	967,055.33	49,535.13
4% Perpetual Debenture Stock.....	G.T.R.	1883 to 1918	Perpetual	6,183,620.73	256,905.31
4% Nor. Rly. Perpetual Debtr. Stock..	G.T.R.	July 31, 1884	Perpetual	27,457.73	1,525.02
3% 1st. Mortgage Bonds.....	G.T.P.	July 1, 1905	Jan. 1, 1962	26,465,130.00	793,953.90
4% Sterling Bonds.....	G.T.P.	July 1, 1914	Jan. 1, 1962	7,999,074.00	319,962.96
3% 1st. Mortgage Debenture Stock....	Can. Nor.	July 29, 1903	July 10, 1953	1,169,460.00	35,219.09
3½% 1st. Mortgage Debenture Stock....	Can. Nor.	Mar. 1, 1910	July 20, 1958	5,641,326.15	197,215.70
6½% Sinking Fund Debenture Bonds....	Can. Nor.	July 1, 1921	July 1, 1946	23,754,000.00	1,544,010.00
3½% 1st. Mortgage Debenture Stock....	C.N.A.	Mar. 22, 1911	May 4, 1960	551,505.27	19,302.68
3½% 1st. Mortgage Debenture Stock....	C.N.O.	Dec. 8, 1911	May 19, 1961	3,735,478.14	139,562.84
5% 30 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
4½% 30 Year Guaranteed Gold Bonds...	Can. Nat.	July 1, 1927	July 1, 1957	64,136,000.00	2,886,120.00
5% 40 Year Guaranteed Gold Bonds...	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	57,728,500.00	2,886,425.00
5% 40 Year Guaranteed Gold Bonds...	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	17,338,000.00	866,900.00
4¾% 25 Year Guaranteed Gold Bonds...	Can. Nat.	June 15, 1930	June 15, 1955	48,496,000.00	2,303,811.92
4½% 25 Year Guaranteed Gold Bonds...	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	67,368,000.00	3,031,560.00
4½% 20 Year Guaranteed Gold Bonds...	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	48,022,000.00	2,160,990.00
3% 16 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	615,000.00
3% 17 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
3% 15 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1952	20,000,000.00	600,000.00
3% 13 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1937	Dec. 15, 1950	30,000,000.00	900,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1939	Jan. 15, 1946	15,000,000.00	337,500.00
3% 20 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1939	Jan. 15, 1959	35,000,000.00	1,050,000.00
Total Issues Guaranteed by Dominion of Canada.....				\$ 576,585,326.95	\$ 24,320,145.30
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st. Mortgage Debenture Stock....	St.J. & Q.	May 14, 1912	June 1, 1962	\$ 622,657.40	\$ 25,899.33
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st. Mortgage Debenture Stock....	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	916,914.07	36,193.08
4½% Terminal Debenture Stock.....	C.N.P.	1913 and 1914	Apr. 2, 1950	1,162,583.40	52,406.36
Total Issues Guaranteed by Provincial Governments.....				\$ 2,702,154.87	\$ 114,498.77
EQUIPMENT TRUST ISSUES:					
4½% Series "L".....	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	\$ 1,050,000.00	\$ 66,937.50
2½% " "O".....	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	4,290,000.00	128,104.17
2¾% " "P".....	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	4,600,000.00	136,239.58
2½% " "Q".....	Can. Nat.	July 1, 1939	Ser. 1, 7, '49	3,250,000.00	89,375.00
2½% " "G.T.W.".....	G.T.W.	June 1, 1941	Ser. 1, 6, '51	3,697,000.00	101,925.00
Total Equipment Trust Issues.....				\$ 16,887,000.00	\$ 522,581.25
Carried Forward.....				\$ 596,174,481.82	\$ 24,957,225.32



FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1944	Interest Accrued 1944	
Brought Forward.....				\$ 596,174,481.82	\$24,957,225.32	
OTHER ISSUES:						
4 $\frac{1}{2}$ %	Canada Atlantic 1st. Mtge. Bonds..	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	9,953,280.00	398,394.18
4 $\frac{1}{2}$ %	1st. Mortgage Bonds.....	Pem. Sou.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4 $\frac{1}{2}$ %	2nd. Mtge. Bonds, Prairie "A".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,575,016.00	143,362.17
4 $\frac{1}{2}$ %	2nd. Mtge. Bonds, Mountain "B"....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,155,598.00	126,610.53
4 $\frac{1}{2}$ %	1st. Mtge. Bonds, "Lake Superior"....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	2,152,494.00	86,205.20
4 $\frac{1}{2}$ %	Perpetual Cons. Debenture Stock...	Can. Nor.	1903 to 1912	Perpetual	4,134,082.47	164,119.32
4 $\frac{1}{2}$ %	Perpetual Cons. Debenture Stock...	C.N.O.	June 21, 1909	Perpetual	896,912.06	36,111.73
4 $\frac{1}{2}$ %	Perpetual Cons. Debenture Stock...	C.N.Q.	Oct. 1906	Perpetual	466,518.66	18,478.47
4 $\frac{1}{2}$ %	1st. Mtge. Perp. Debenture Stock....	Q.&L.St.J.	June 1, 1912	Perpetual	314,299.07	12,536.13
4 $\frac{1}{2}$ %	1st. Mortgage Bonds.....	G.T.W.	Nov. 30, 1900	July 1, 1950	6,527,336.00	261,851.84
4 $\frac{1}{2}$ %	1st. Mortgage Series "A" Bonds.....	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4 $\frac{1}{2}$ %	Indebtedness of S. S. & C. Co.....	C.V.R.	Aug. 27, 1858	Optional	155,865.25	6,234.61
4 $\frac{1}{2}$ %	1st. Mortgage Gold Bonds.....	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
5 $\frac{1}{2}$ %	Indebtedness to Province of N.B....	Can.Nat.	Sept. 3, 1929	Various	1,198,022.60	59,901.13
	Interest on Securities retired in 1944.....				1,832,907.73
Total Other Issues.....				\$ 33,279,424.11	\$ 3,178,713.04	
Total Debt held by Public (including therein \$7,773,302.79 par value held in Special Funds and Accounts) as per Balance Sheet.....				\$ 629,453,905.93	\$28,135,938.36	

These obligations are stated in Canadian currency, Sterling and United States currencies being converted at the par of exchange. This schedule does not include securities in the Railway treasury or those held by The Canadian National Railways Securities Trust, or by the Dominion Government as collateral.

DOMINION OF CANADA—LOANS (Treated as Assets in Public Accounts of Canada)

	Principal Outstanding at Dec. 31, 1944	Interest Accrued 1944
3 $\frac{1}{2}$ % Advances, Refunding Act, 1938.....	\$ 37,951,676.26	\$ 1,878,130.93
2% Advances, Refunding Act, 1938.....	24,689,392.53	493,787.86
2 $\frac{1}{2}$ % Advances, Refunding Act, 1938.....	52,200,636.92	978,390.70
2 $\frac{1}{2}$ % Advances, Refunding Act, 1944 (U.S. Funds).....	56,684,000.00	718,256.16
3 $\frac{1}{2}$ % Advances for Repatriation of G.T.R. Debenture Stock.....	107,943,691.28	3,765,291.34
3 $\frac{1}{2}$ % Advances for Repatriation of other Railway Securities.....	282,633,133.31	9,871,233.15
3% Purchase of Railway Equipment, 1936 (Repayable 1938-1950).....	3,103,038.52	97,616.43
3 $\frac{1}{2}$ % Purchase of Railway Equipment, 1940 (Repayable 1941-1955).....	10,911,651.50	392,180.80
3 $\frac{1}{2}$ % Purchase of Railway Equipment, 1941 (Repayable 1943-1957).....	17,974,245.82	676,695.31
2 $\frac{5}{8}$ % Purchase of Railway Equipment, 1943 (Repayable 1945-1959).....	23,425,000.17	469,069.92
3 $\frac{1}{2}$ % Purchase of Railway Equipment, 1944 (Repayable 1945-1959).....	13,680,405.62	95,468.44
3 $\frac{1}{2}$ % Temporary Loan for Working Capital.....	13,906,999.71	486,744.98
Interest on Loans repaid in 1944.....	10,835.55
	<u>\$ 645,103,871.64</u>	<u>\$19,933,701.57</u>

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Total Par Value Outstanding	Owned by Can. Nat. System	
		Par Value	Book Value
STOCKS:			
The Belt Railway Company of Chicago	\$ 3,120,000.00	\$ 240,000.00	\$ 240,000.00
Canadian Government Merchant Marine, Limited	800.00	800.00	800.00
Central Vermont Transportation Company	200,000.00	50,000.00	20,000.00
Chicago & Western Indiana Railroad Company	5,000,000.00	1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company	3,000,000.00	1,500,000.00	1,500,000.00
Detroit Terminal Railroad Company	2,000,000.00	1,000,000.00	1,000,000.00
Northern Alberta Railways Company	625,000.00	312,500.00	312,500.00
(representing amount paid up, i.e. 10%)			
The Ontario Car Ferry Company (Limited)	500,000.00	250,000.00	179,007.53
The Public Markets, Limited	1,150,000.00	575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value)	1,000 shares	6 shares	600.00
The Toronto Terminals Railway Company	500,000.00	250,000.00	250,000.00
The Toledo Terminal Railroad Company	4,000,000.00	387,200.00	387,200.00
Trans-Canada Air Lines	4,600,000.00	4,600,000.00	4,600,000.00
(representing amount paid up, i.e. 92%)			
Vancouver Hotel Company Limited	150,000.00	75,000.00	75,000.00
			\$10,140,107.53
BONDS:			
Northern Alberta Railways Co. 1st. Mortgage Bonds	\$30,730,000.00	\$15,365,000.00	\$15,365,000.00
The Toronto Terminals Railway Co. 1st. Mortgage Bonds ..	25,610,000.00	12,805,000.00	12,805,000.00
			\$28,170,000.00
ADVANCES:			
Chicago & Western Indiana Railroad Company			\$ 2,165,525.59
The Railroad Credit Corporation			84,175.98
Railway Express Agency, Incorporated			135,855.62
Vancouver Hotel Company Limited			14,360.13
			\$ 2,399,917.32
			\$40,710,024.85

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

The Canadian National Railway Company owns \$5,000,000 of the Capital Stock of the Air Lines on which total call to 31st. December, 1944, has been \$4,600,000.

NORTHERN ALBERTA RAILWAYS COMPANY:

The Canadian National Railway Company owns \$3,125,000 of the Capital Stock of the Railways Company on which total call to date has been 10%.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4%—50 Year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½%—50 Year Gold Bonds due 1957. The guarantee is as to interest only and is several and not joint. Grand Trunk Western's proportion is 9.68%.

CHICAGO & WESTERN INDIANA RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company, pursuant to joint supplemental lease dated 1st. July, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 Year 4% bonds due 1952 and the amounts outstanding at 31st. December, 1944, are:—

Issued for "common" property	\$39,973,019.39
Issued for "exclusive" property	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st. March, 1936, between Grand Trunk Western Railroad Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 4¼% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st. December, 1944, is \$18,740,000.00.

C.N.R. PENSION PLAN:

Reserves have been set up against contracts in force under the 1935 contractual plan, but not against pensions conditionally accruing under that plan or prior non-contractual plans.



COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

CAPITAL STOCKS OWNED BY DOMINION OF CANADA

Company Number		
1	Canadian National Railway Company	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust	359,080,515.31
		\$377,080,515.31

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3 Atlantic and St. Lawrence Railroad Company	1	\$ 6,302,340.00	\$ 146,240.00
4 The Bay of Quinte Railway Company	24	1,395,000.00	
5 The Bessemer and Barry's Bay Railway Company	24	125,000.00	
6 *Brooksby Realty Company	30	2,000.00	
7 *Canada Atlantic Transit Company	1	219,000.00	
8 *Canada Atlantic Transit Company of U.S.	38	250,000.00	
9 The Canadian Express Company	1	1,768,800.00	
10 Canadian National Electric Railways	24	1,750,000.00	
11 Canadian National Express Company	25	1,000,000.00	
12 Canadian National Land Settlement Association	1	—	
13 *Canadian National Railways (France)	1	2,007,400.00	
14 *Canadian National Realities, Limited	24	40,000.00	
15 Canadian National Rolling Stock Limited	1	50,000.00	
16 *Canadian National Steamship Company, Limited	47	15,000.00	
17 Canadian National Telegraph Company	24	500,000.00	
18 *Canadian National Transportation, Limited	1	500.00	
19 The Canadian Northern Alberta Railway Company	24	3,000,000.00	
20 Canadian Northern Manitoba Railway Company	24	250,000.00	
21 The Canadian Northern Ontario Railway Company	24	10,000,000.00	
22 Canadian Northern Pacific Railway Company	24	25,000,000.00	
23 The Canadian Northern Quebec Railway Company	24	9,550,000.00	3,849,200.00
24 The Canadian Northern Railway Company	1	18,000,000.00	
25 The Canadian Northern Railway Express Company, Limited	24	1,000,000.00	
26 Canadian Northern Steamships, Limited	24	2,000,000.00	
27 Canadian Northern System Terminals (Limited)	24	2,000,000.00	
28 Canadian Northern Western Railway Company	24	2,000,000.00	
29 Cannar Oils Limited	1	100.00	
30 *The Centmont Corporation	32	176,400.00	
31 The Central Ontario Railway	24	3,331,000.00	
32 Central Vermont Railway, Inc.	1	10,000,000.00	
33 Central Vermont Terminal, Inc.	32	5,000.00	
34 *Central Vermont Transit Corporation	30	5,000.00	
35 *Central Vermont Warehouse, Inc.	30	5,000.00	
36 The Champlain and St. Lawrence Railroad Company	1	50,000.00	
37 *Consolidated Land Corporation	50	64,000.00	
38 Continental Realty & Holding Company	14	90,000.00	
39 *The Dalhousie Navigation Company, Limited	24	50,000.00	
40 *Duluth and Virginia Realty Company	38	45,000.00	
41 Duluth, Rainy Lake & Winnipeg Railway Company	43	2,000,000.00	
42 Duluth, Winnipeg and Pacific Railroad Company	43	100,000.00	
43 Duluth, Winnipeg and Pacific Railway Company	24	3,100,000.00	
44 *Grand Trunk-Milwaukee Car Ferry Company	50	200,000.00	
45 The Grand Trunk Pacific Branch Lines Company	47	200,000.00	
46 *The Grand Trunk Pacific Development Company, Limited	47	3,000,000.00	
47 The Grand Trunk Pacific Railway Company	1	24,940,200.00	
48 The Grand Trunk Pacific Saskatchewan Railway Company	47	20,000.00	
49 *Grand Trunk Pacific Terminal Elevator Company, (Limited)	47	501,000.00	
50 {Grand Trunk Western Railroad Company (Common) }	1	20,000,000.00	
50 {Grand Trunk Western Railroad Company (Preferred) }	1	25,000,000.00	
51 The Great North Western Telegraph Company of Canada (Including \$331,500.00 held in escrow)	17	373,625.00	6,925.00
52 The Halifax and South Western Railway Company	24	1,000,000.00	
53 *Industrial Land Company	50	1,000.00	
54 International Bridge Company	1	1,500,000.00	
55 The James Bay and Eastern Railway Company	24	125,000.00	
Carried Forward		\$184,107,365.00	\$ 4,002,365.00



**COMPANIES COMPRISING THE CANADIAN NATIONAL
RAILWAY SYSTEM (Continued)**

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (CONT'D)

Company Number	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
	Brought Forward		\$184,107,365.00	\$ 4,002,365.00
56	The Lake Superior Terminals Company Limited	24	500,000.00	
57	The Maganetawan River Railway Company	1	30,000.00	
58	Manitoba Northern Railway Company	1	500,000.00	
59	The Marmora Railway and Mining Company	24	128,600.00	
60	The Minnesota and Manitoba Railroad Company	24	400,000.00	
61	The Minnesota and Ontario Bridge Company	24	100,000.00	
62	Montreal and Province Line Railway Company	30	1,000,000.00	
63	*Montreal and Southern Counties Railway Company	1	500,000.00	165,600.00
64	The Montreal and Vermont Junction Railway Company	32	197,300.00	
65	*Montreal Fruit & Produce Terminal Company, Limited	1	500.00	
66	*The Montreal Stock Yards Company	1	350,000.00	
67	*The Montreal Warehousing Company	1	236,000.00	12,240.00
68	Mount Royal Tunnel and Terminal Company, Limited	24	5,000,000.00	
69	Muskegon Railway and Navigation Company	50	161,293.00	
70	*National Terminals of Canada, Limited	1	2,500.00	
71	National Transcontinental Railway Branch Lines Company	1	500.00	
72	*The Niagara, St. Catharines and Toronto Railway Company	24	925,000.00	
73	*The Niagara, St. Catharines and Toronto Navigation Company (Limited)	72	100,000.00	
74	*The Oshawa Railway Company	1	40,000.00	
75	The Ottawa Terminals Railway Company	1	250,000.00	
76	The Pembroke Southern Railway Company	1	107,800.00	
77	*Prince George, Limited	1	10,000.00	
78	*Prince Rupert, Limited	1	10,000.00	
79	The Quebec and Lake St. John Railway Company	24	4,508,300.00	489,160.00
80	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company	24	201,000.00	
81	*Rail & River Coal Company	1	2,000,000.00	
82	St. Boniface Western Land Company	24	250,000.00	
83	The St. Charles and Huron River Railway Company	24	1,000.00	
84	St. Clair Tunnel Company	1	700,000.00	
85	The Stanstead, Shefford and Chambly Railroad Company	30	608,333.33	
86	*The Thousand Islands Railway Company	1	60,000.00	
87	†Trans-Canada Air Lines	1	4,600,000.00	
88	The United States and Canada Rail Road Company	1	219,400.00	475.00
89	Vermont and Province Line Railroad Company	1	200,000.00	
90	The Winnipeg Land Company Limited	24	100,000.00	
			<u>\$208,104,891.33</u>	<u>\$ 4,669,840.00</u>

The Income Accounts of Companies indicated () are included in the System Income Account as "Separately Operated Properties".

†Treated as an Affiliated Company.



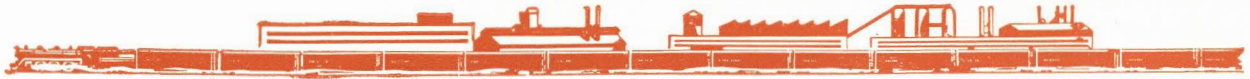
RAILWAY EQUIPMENT

	December 31, 1943	Additions During Year	Retirements During Year	Conversions During Year Added	Retired	December 31, 1944
LOCOMOTIVES:						
Passenger—Freight	2,075	27	11		92	1,999
Switching	434		1	92		525
Electric	24					24
Oil Electric	27	10				37
Total	2,560	37	12	92	92	2,585
FREIGHT EQUIPMENT:						
Box Cars	64,514	4,962	137	4	177	69,166
Flat Cars	5,247	200	26		6	5,415
Stock Cars	3,067		13			3,054
Coal Cars	14,739	1,050	75			15,714
Tank Cars	147					147
Refrigerator Cars	3,173	54	15			3,212
Caboose Cars	1,682		12			1,670
Other Cars in Freight Service	10					10
Total	92,579	6,266	278	4	183	98,388
PASSENGER EQUIPMENT:						
Coach Cars	1,210		7		1	1,202
Combination Cars	273		1			272
Dining Cars	93	1		2		96
Colonist Cars	191				1	190
Parlor Cars	58				11	47
Cafe Cars	28					28
Sleeping Cars	302					302
Tourist Cars	47				1	46
Baggage and Express Cars	1,058		7	3	3	1,051
Postal Cars	49					49
Unit Cars	44				1	43
Other Cars in Passenger Service	56			11		67
Total	3,409	1	15	16	18	3,393
WORK EQUIPMENT:						
Business Cars	61					61
Other Cars in Work Service	7,272	41	141	181		7,353
Total	7,333	41	141	181		7,414
FLOATING EQUIPMENT:						
Car Ferries	9					9
Barges	5					5
Tugs	4					4
Work	4		1			3



STATISTICS OF RAIL-LINE OPERATIONS

	1944	1943
TRAIN-MILES:		
Freight Service.....	45,206,361	44,871,187
Passenger Service.....	24,216,998	23,819,952
Total.....	69,423,359	68,691,139
Work Service.....	1,552,221	1,865,186
Total.....	70,975,580	70,556,325
LOCOMOTIVE-MILES:		
Freight Service.....	48,153,317	48,389,729
Passenger Service.....	24,034,555	23,734,555
Train Switching—Freight.....	3,636,807	3,622,691
—Passenger.....	101,881	109,124
Yard Switching—Freight.....	15,196,852	15,708,505
—Passenger.....	1,432,847	1,401,288
Total.....	92,556,259	92,965,892
Work Service.....	2,123,840	2,321,166
Total.....	94,680,099	95,287,058
CAR-MILES—FREIGHT SERVICE:		
Loaded Freight Cars.....	1,202,177,715	1,191,596,101
Empty Freight Cars.....	555,756,559	515,077,717
Passenger Coach and Combination Cars.....	7,703,467	7,873,984
Sleeping, Parlor and Observation Cars.....	525,769	648,991
Dining Cars.....	44,575	67,471
Other Cars.....	7,604,153	8,384,319
Caboose.....	44,138,113	43,896,849
Total.....	1,817,950,351	1,767,545,432
CAR-MILES—PASSENGER SERVICE:		
Loaded Freight Cars.....	216,373	380,209
Empty Freight Cars.....	112,685	186,130
Passenger Coach and Combination Cars.....	89,431,191	87,575,672
Sleeping, Parlor and Observation Cars.....	58,703,137	55,837,555
Dining Cars.....	11,200,033	10,536,990
Other Cars.....	65,925,827	61,866,682
Motor Unit Cars.....	1,042,610	1,035,229
Caboose.....	1,350,367	1,477,859
Total.....	227,982,223	218,896,326
Car-Miles—Total.....	2,045,932,574	1,986,441,758
Work Service.....	3,045,122	3,279,290
Total.....	2,048,977,696	1,989,721,048
AVERAGE MILEAGE OF ROAD OPERATED.....	23,496.03	23,494.31
FREIGHT TRAFFIC:		
Tons carried—Revenue freight.....	80,851,179	80,426,781
Tons carried one mile—Revenue freight.....	36,015,898,732	36,326,990,666
Freight revenue.....	\$321,588,728	\$324,899,724
Revenue per ton.....	\$3.97754	\$4.03970
Revenue per ton mile.....	\$0.00893	\$0.00894
Miles per revenue ton.....	445.46	451.68
Ton-miles—Revenue freight per mile of road.....	1,526,753	1,540,070
Ton-miles—All freight per mile of road.....	1,641,004	1,651,318
Gross ton-miles of cars, contents and cabooses.....	79,728,903,320	78,902,107,402
Net ton-miles of freight (Revenue and non-revenue).....	38,557,084,137	38,796,570,833
Train-hours in freight road service.....	2,894,098	3,005,447
PASSENGER TRAFFIC:		
Passengers carried.....	35,928,212	34,500,731
Passengers carried one mile.....	3,696,546,316	3,618,808,393
Passenger revenue.....	\$69,776,256	\$66,891,034
Revenue per passenger.....	\$1.94210	\$1.93883
Miles per revenue passenger.....	102.89	104.89
Revenue per passenger mile.....	\$0.01888	\$0.01848
Passenger-miles per mile of road.....	157,326	154,029
NET RAILWAY OPERATING INCOME:		
Gross Revenue per mile of road.....	\$18,775.41	\$18,754.16
Gross Railway operating charges per mile of road.....	\$15,893.02	\$15,279.53
Net railway operating income per mile of road.....	\$2,882.39	\$3,474.63



OPERATED MILEAGE, 31st. DECEMBER, 1944

OPERATED ROAD MILEAGE

Territory	Owned	Leased	Trackage	Total
Atlantic Region.....	2,986.76	6.41	82.95	3,076.12
Central Region.....	7,123.96	353.13	27.85	7,504.94
Western Region.....	11,091.16	378.22	64.07	11,533.45
Grand Trunk Western Lines.....	956.26	9.50	59.75	1,025.51
Central Vermont Lines.....	237.90	125.18	58.73	421.81
Total First Main Track.....	22,396.04	872.44	293.35	23,561.83
Lines in Canada.....	20,986.45	565.43	170.48	21,722.36
Lines in United States.....	1,409.59	307.01	122.87	1,839.47

OPERATED MILEAGE ALL TRACKS

First Main Track.....	22,396.04	872.44	293.35	23,561.83
Second Main Track.....	1,218.55	13.70	85.42	1,317.67
Third Main Track.....	26.66	—	3.49	30.15
Fourth and Other Main Tracks.....	10.81	—	5.09	15.90
Spurs, Sidings and Yard Tracks.....	5,774.45	308.11	1,112.75	7,195.31
Total All Tracks.....	29,426.51	1,194.25	1,500.10	32,120.86

EMPLOYEES AND THEIR COMPENSATION

Year	*Average Number of Employees	*Total Payroll	% Inc. over Previous Year	
			Employees	Payroll
1939.....	78,129	\$122,354,101		
1940.....	82,831	132,584,063	6.02	8.36
1941.....	89,536	153,654,368	8.09	15.89
1942.....	94,592	177,042,773	5.65	15.22
1943.....	101,126	195,555,045	6.91	10.46
1944.....	102,764	222,649,839	1.62	13.86

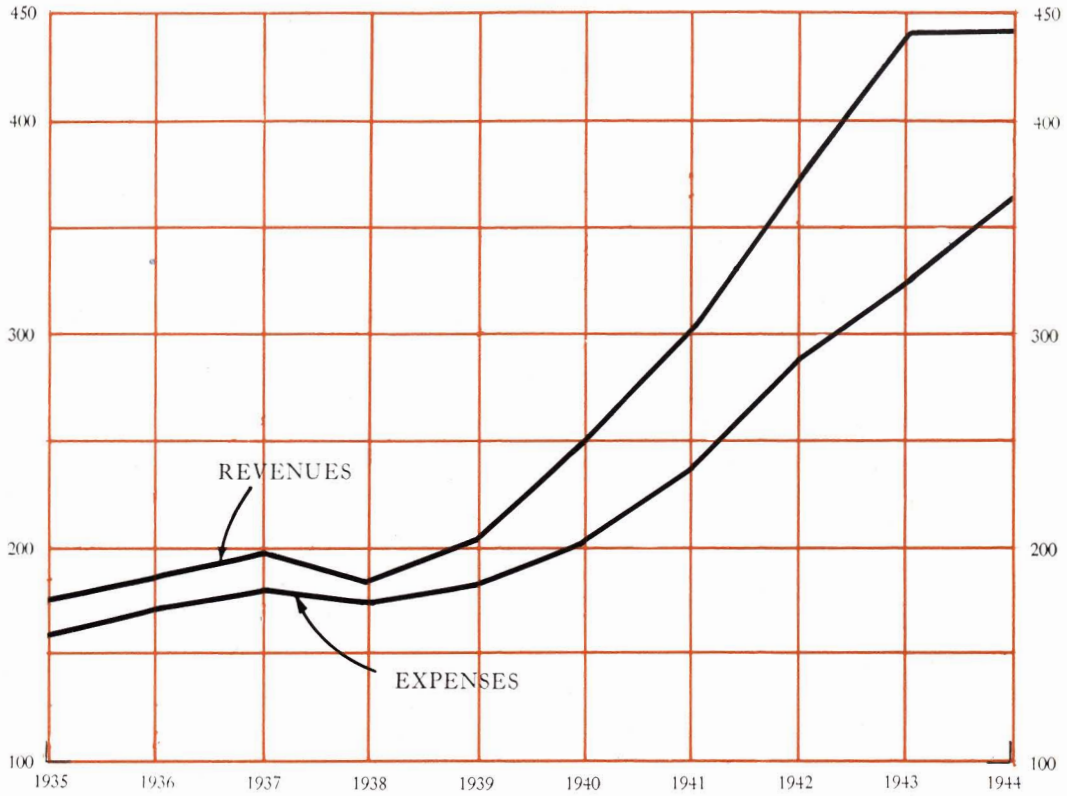
*Includes railway, express and telegraph employees. Excludes hotel and subsidiary company employees.

DISBURSEMENT OF TOTAL OPERATING REVENUES AND EXPENSES

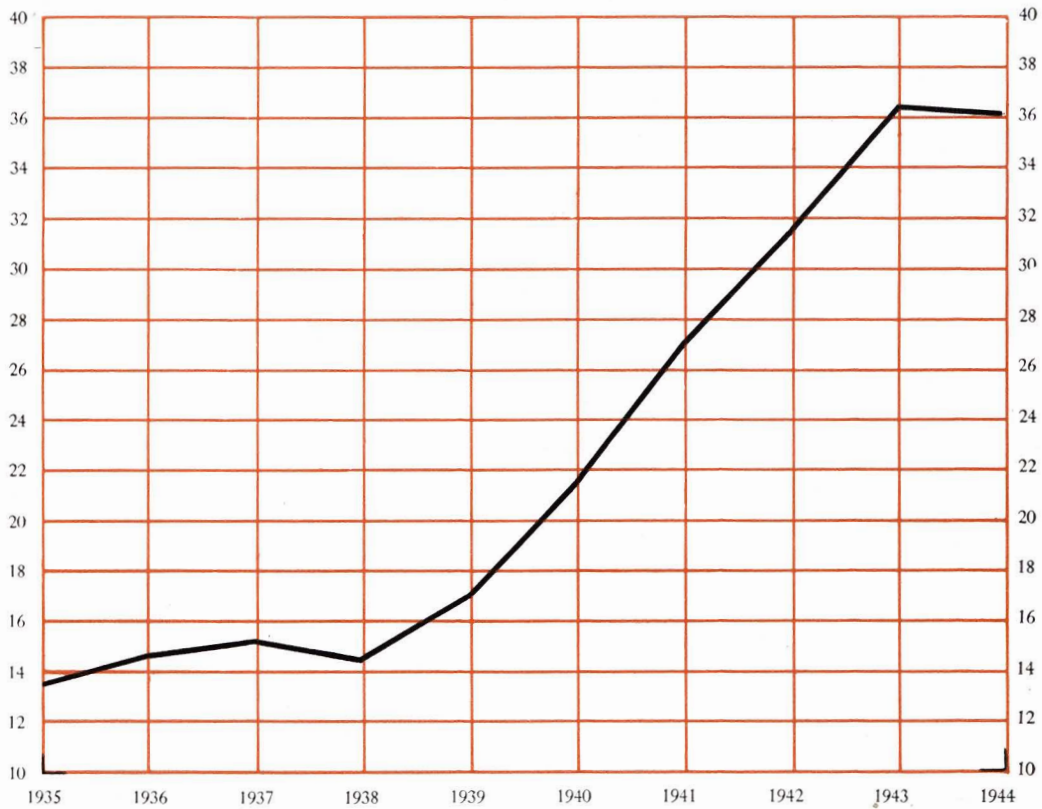
	Operating revenues were disbursed:—		Operating expenses were disbursed:—	
	1944 - %	1943 - %	1944 - %	1943 - %
Labour.....	46.78	41.16	56.93	55.89
Fuel.....	9.82	9.02	11.95	12.25
Other Expenses.....	25.58	23.46	31.12	31.86
Total Operating Expenses.....	82.18	73.64	100.	100.
Available for Taxes and Other Accounts.....	17.82	26.36		
Total.....	100.	100.	100.	100.
Maintenance of Way Accounts.....	17.34	15.28	21.10	20.74
Maintenance of Equipment Accounts.....	18.19	16.42	22.13	22.30
Traffic Accounts.....	1.37	1.28	1.67	1.74
Transportation Accounts.....	40.32	36.19	49.07	49.15
Miscellaneous Accounts.....	1.34	1.22	1.63	1.66
General Accounts.....	3.62	3.25	4.40	4.41
Total Operating Expenses.....	82.18	73.64	100.	100.



OPERATING REVENUES AND EXPENSES
Millions of Dollars:—Years 1935 to 1944, inclusive.



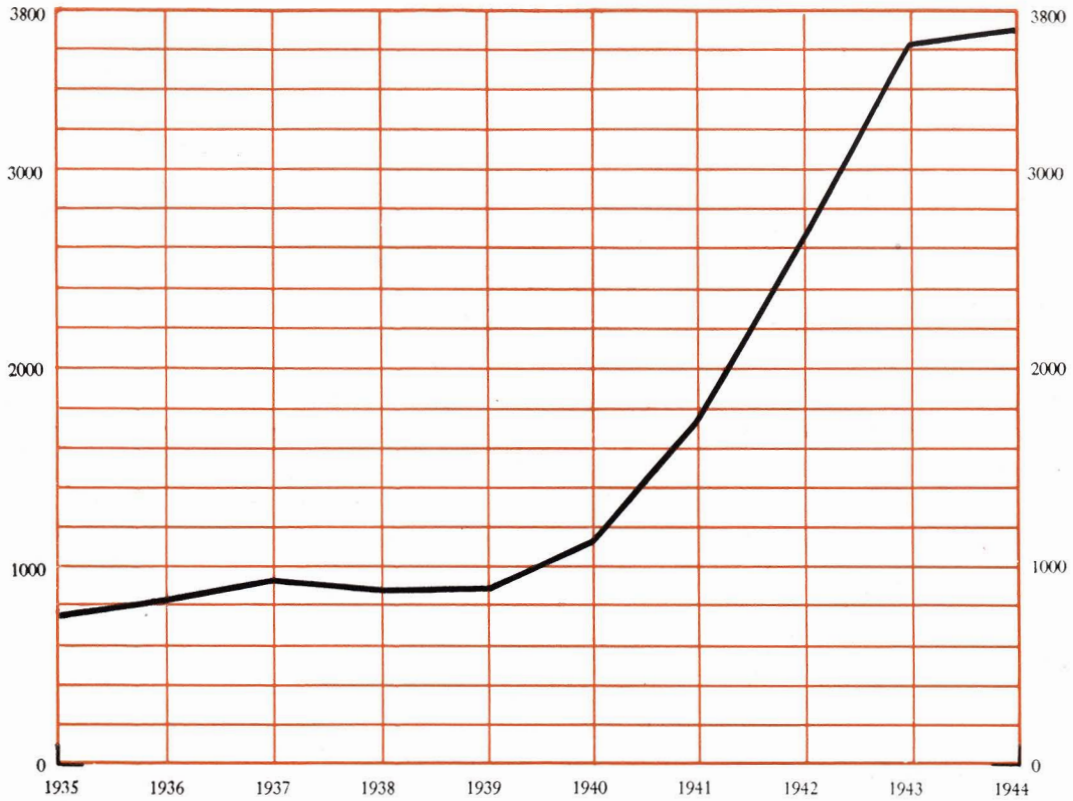
REVENUE TON MILES
Billions of Revenue Ton Miles:—Years 1935 to 1944, inclusive.





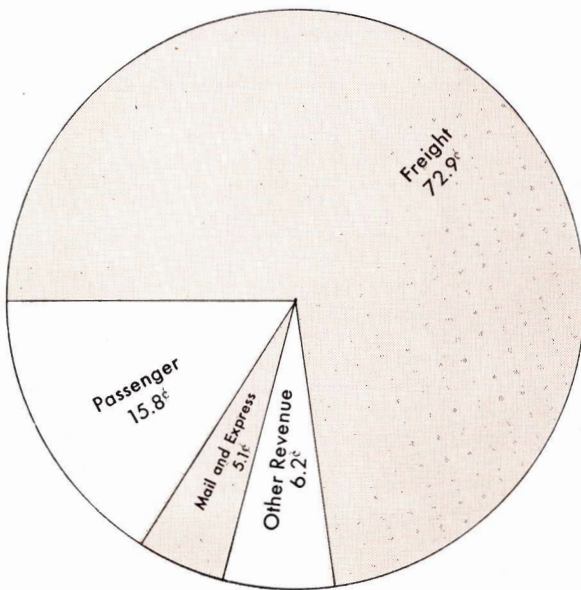
REVENUE PASSENGER MILES

Millions of Revenue Passenger Miles:—Years 1935 to 1944, inclusive.

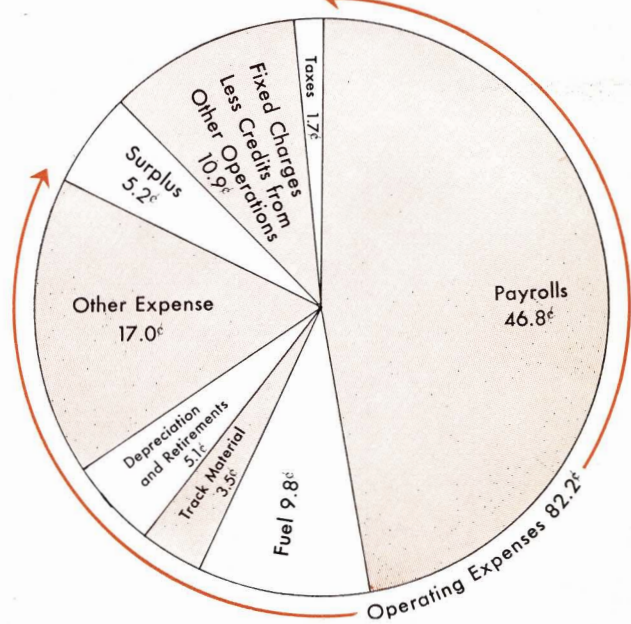


THE CANADIAN NATIONAL DOLLAR

Where it came from



Where it went





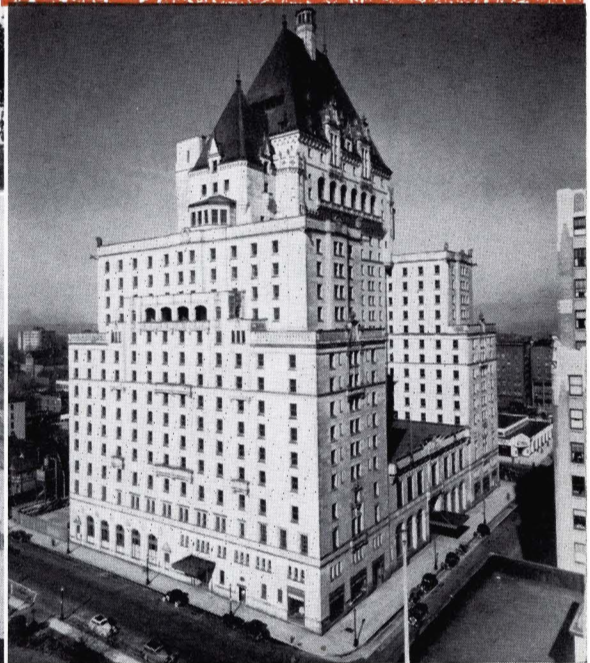
In 1944 Canadian National was again honoured in serving these distinguished visitors—Winston Churchill and Franklin D. Roosevelt





Canadian National hotels, 12 in all, have gained an enviable reputation among experienced travellers. Illustrated here are: (left) The Nova Scotian, Halifax; Chateau Laurier, Ottawa; The Bessborough, Saskatoon; The Macdonald, Edmonton; (above) The Fort Garry, Winnipeg; (below) Hotel Vancouver*, Vancouver.

* Operated under joint management of Canadian National and Canadian Pacific Railways.





FIVE YEARS OF WAR

The Contribution of the National System

During the five years and four months of war, from the beginning of September, 1939, to December 31st, 1944, the Canadian National Railway System, the largest single industry in the Dominion, carried on a gigantic work for the people of Canada and their Allies. The extent of that undertaking and the value of transportation to the modern world, whether at war or in peace, may be gathered from the statistics on the following pages.

Train miles travelled during the period, freight and passenger, aggregated more than 330 million. Measured in car miles, the total is nearly ten billion. Freight amounted to more than 433 million tons. More than 132 million passengers were carried—greater than ten times the entire population of Canada. More than four million troops were transported, requiring 6,540 special trains. Special trains for war industry workers carried 37 million passengers. Canadian National dining cars served an average of nearly eleven thousand meals a day, a total of more than 21 million. The Company's twelve hotels accommodated more than three million guests. Upwards of fourteen million hotel meals were served.

Purchases made by the Railway amounted to considerably more than \$500,000,000.

With an average staff of 97,065, the System paid out nearly \$967,500,000 in wages during the war period. Twenty thousand men and women of the System enlisted with the armed forces; 582 have lost their lives; more than 100 have been decorated for gallantry. The Canadian National and its employees have subscribed nearly \$147,000,000 to the Victory Loans and in the purchase of War Savings Certificates.

During the war, the System has salvaged and reclaimed more than a million tons of scrap materials.

National Railways Munitions Limited at Montreal, the Canadian National's Dry Dock and Shipyard at Prince Rupert, B.C., and the Company's shops in Eastern and Western Canada are busy in war work. The Canadian National shops turned out ten hospital cars, the design of which was adopted as standard by the Dominion government. The Canadian National Steamships fleet of freight-carrying vessels travels all over the world in the service of the United Nations. The West Indies liner, *Lady Nelson*, is Canada's senior hospital ship; the *Lady Rodney* is an army transport. Two ships formerly in the Alaska service, the *Prince Henry* and the *Prince David*, are now combined operations cruisers, and the *Prince Robert* is an anti-aircraft cruiser. All three were given important tasks in the invasion of Europe.

In addition to transporting more than twelve million pounds of wartime mail, two million pounds of express and more than half a million passengers on its 5,299 miles of domestic routes, Trans-Canada Air Lines operated a trans-Atlantic service. In its shops T.C.A. carried out a large programme of military aircraft overhaul.

Freight Traffic

Freight train miles aggregated . . .	219,614,838
Freight car miles	8,691,216,125
Net ton miles	174,769,662,148
Tons of freight carried	433,875,092

A breakdown of principal commodities transported:

Manufactured goods (other than iron and steel)	110,309,551 tons
Iron and steel	12,635,257 tons
Coal and coke	73,738,818 tons
Other mine products	26,452,058 tons
Wheat	35,945,941 tons
Other grains	14,130,810 tons

Passenger Traffic

Passenger train miles aggregated . . .	110,771,658
Passenger car miles	1,068,994,161
Passengers carried	132,661,835

Troops transported—4,381,320. They required 6,540 special trains and 116,940 cars.

Returning military personnel required 281 special trains. 125 hospital trains were operated.

Families returning to Great Britain used 170 cars.

Dependents of Canadian military personnel coming to Canada required 102 cars.

Special trains for men and women employed in war industry carried 36,793,159 passengers.

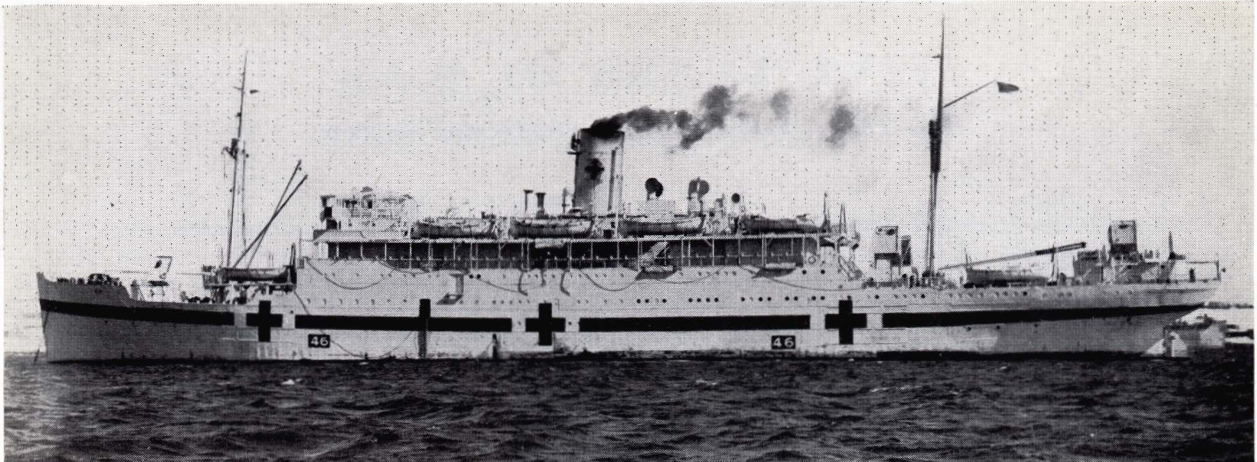
In the year 1939, the Canadian National carried 10,144,749 passengers; in 1944, the number was 35,928,212.

Engine Operation

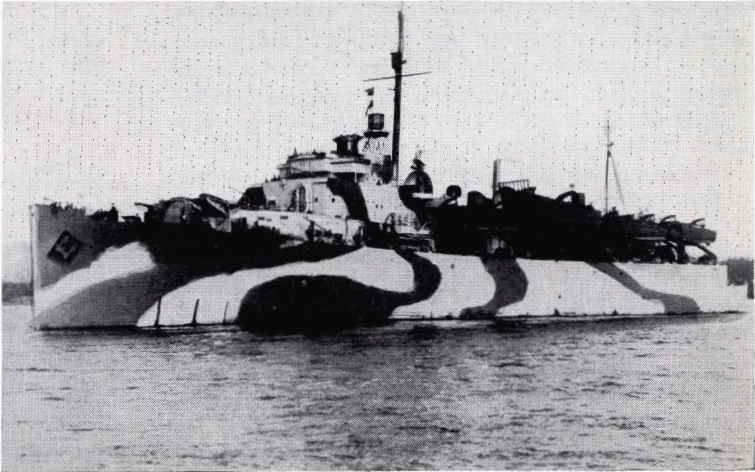
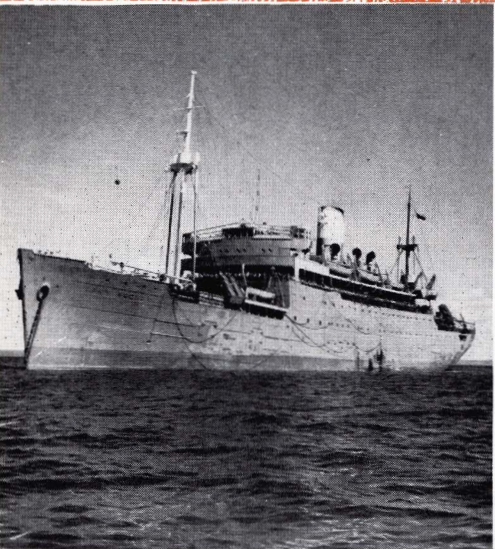
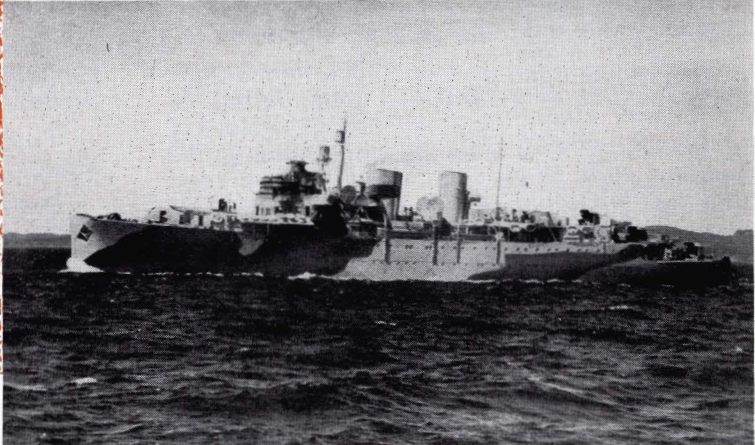
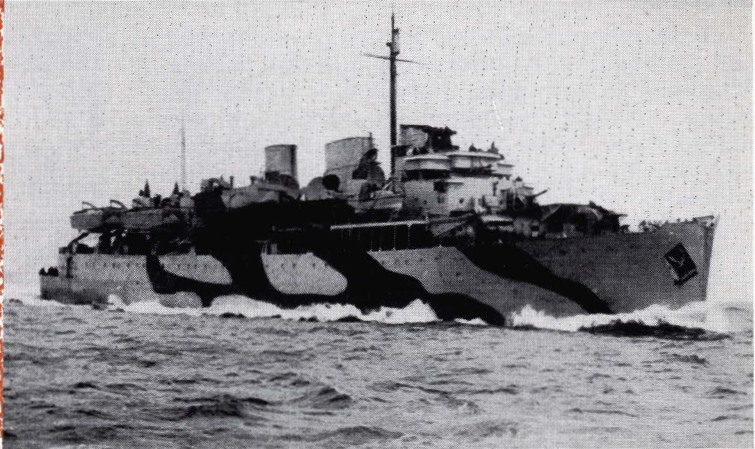
Engine miles aggregated 458,263,060; engine hours of service, 107,702,496.

The longest engine run is from Winnipeg to Jasper—1,037 miles.

Other long runs—Ottawa to Armstrong—848 miles; Winnipeg to Edmonton—800 miles; Rivière du Loup to Halifax—564 miles; Capreol to Armstrong—540 miles; Kamloops to Edmonton—511 miles.



Canadian National ships in war dress: (top) The "Lady Nelson", formerly flagship of Canadian National (West Indies) Steamships, now serving as Canada's senior hospital ship. During 1944 she completed ten round trips between Canada and various warzones. (right) The "Prince Henry", "Prince Robert", and "Prince David", anti-aircraft cruisers of the Royal Canadian Navy, which were given important tasks in the invasion of Europe. (below) Canadian National Steamships "Lady Rodney", now serving as an army transport.





Equipment

At the end of 1944, the Canadian National had 2,585 locomotives, 69,166 box cars, 29,222 freight cars of other types, 3,393 passenger train cars.

Difficulty in procuring new rolling stock, especially box cars, shortage of labour and materials, meant that the Railway had to use its equipment with the strictest economy.

Passenger cars built in the Company's own shops numbered 154 and 394 freight cars were constructed. 136 passenger cars were converted.

6,556 locomotives were shopped for overhaul and repair during the period; 4,408 passenger cars, and 47,550 freight cars. These figures refer only to main shop repairs.

Dining Cars

With a daily average of 10,935, dining cars served 21,330,337 meals.

10,574,482 of these were for members of the armed forces.

The grocery bill was gigantic. Here are some of the quantities of supplies consumed:

Meats.....	7,788,024 pounds.
Poultry.....	2,214,212 pounds.
Fish.....	1,953,256 pounds.
Cheese.....	165,028 pounds.
Bread.....	2,109,400 loaves.
Eggs.....	1,163,656 dozen.
Tea.....	64,540 pounds.
Coffee.....	399,052 pounds.
Sugar.....	1,150,444 pounds.
Butter.....	734,224 pounds.
Milk and Cream.....	631,052 gallons.

Materials Used

Buying an enormous range of goods and materials, the Canadian National is the largest purchaser in the Dominion.

In the war years it has used:

- 36,222,720 tons of coal.
- 286,142,708 gallons of oil.
- 712,000,000 feet of lumber.
- 424,408 gross tons of new rail and 353,618 tons of relay (2,700 miles of new steel; 2,541 miles of relay).
- 34,204,135 ties.
- 9,303,098 cubic yards of ballast.
- 659,081 cast iron wheels.

Salvage and Reclamation

A total of 1,145,117 tons of scrap materials has been salvaged and reclaimed.

Scrap material amounted to 1,056,814 tons, of which 276,378 tons were scrap track rails.

In addition, the Company's forces, to whom every day is salvage day, reclaimed 88,303 tons of various materials, with a value of \$5,404,603.

In 1944, the best year for scrap collection, 154,480 tons of miscellaneous scrap and 73,064 tons of scrap rails were disposed of. This was a combined total increase of 30,479 tons over 1941, the next highest year.

The yearly average of material reclaimed is 16,556 tons with a value of more than \$1,000,000.

Fuel Conservation

The war years have had the benefit of a fuel conservation programme which goes back 21 years. The annual consumption of coal was reduced by 42 pounds per thousand gross ton miles over the 21 years, due to improved equipment and methods and the constant vigilance of personnel. In 1923, 154 pounds per thousand gross ton miles were consumed. This was reduced to 115 pounds in 1942, to 117 pounds in 1943 and to 112 pounds in 1944.

The reduction of five pounds in 1944, as compared with the previous year, meant a saving of more than 197,000 tons.

Personnel

The average number of Canadian National employees for the war period was 97,065, including hotels and subsidiary companies.

Since the beginning of the war, the System has paid \$967,441,000 in wages.

The running trades, those engaged in the operation of trains, had an average of 14,274.

The number of maintenance of way workers averaged 21,920.

As at the end of 1944, shops, roundhouse and repair track employees numbered 26,052.

On Active Service

There are 20,165 names on the Canadian National honour rolls. Men and women are serving with the Navy, the Army, the Air Force and all the other services, and the Merchant Marine.

582 employees have lost their lives on the war fronts.

More than 100 have been decorated for gallantry.

Technical Assistance

Many technical officers and employees of the Railway have been granted leave of absence to assist in forwarding the war effort.

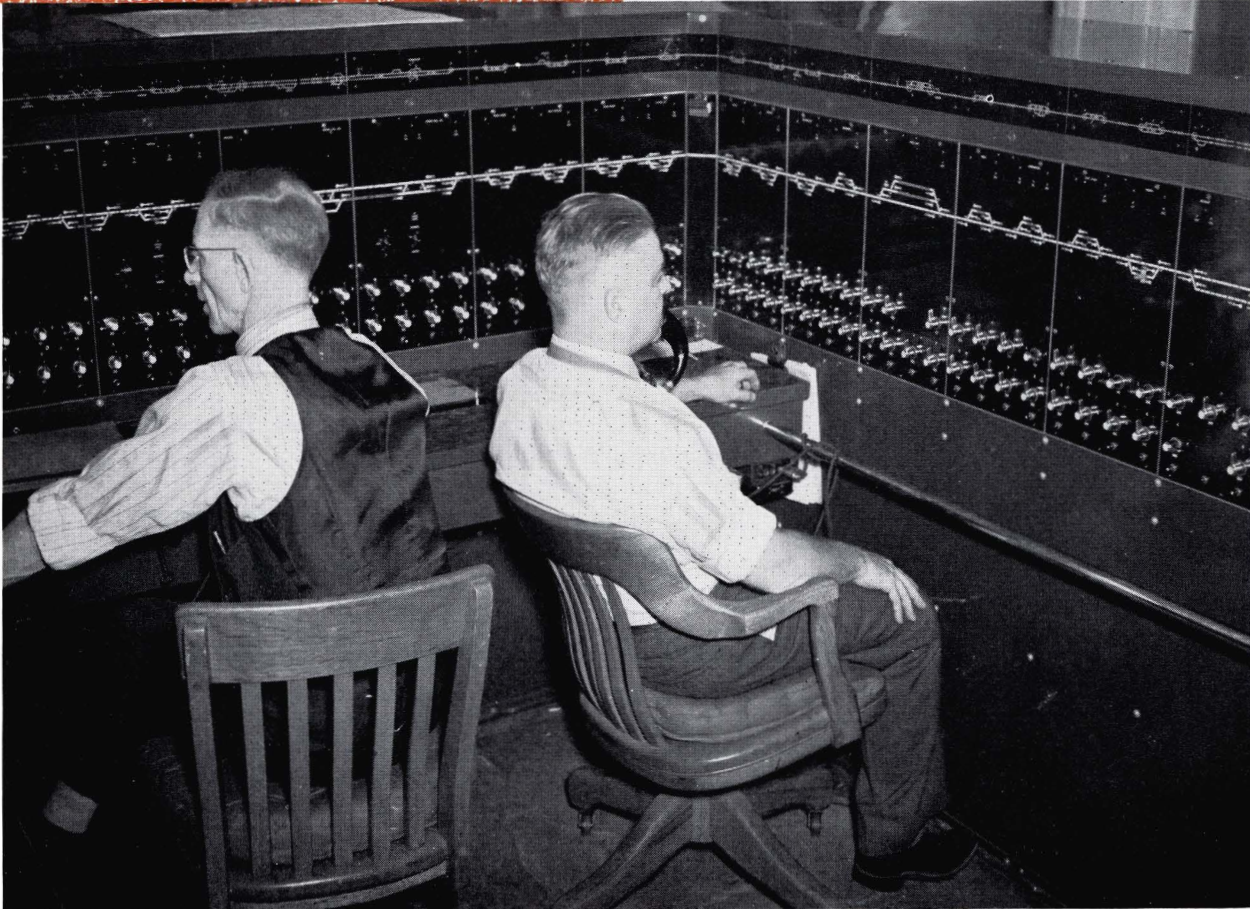
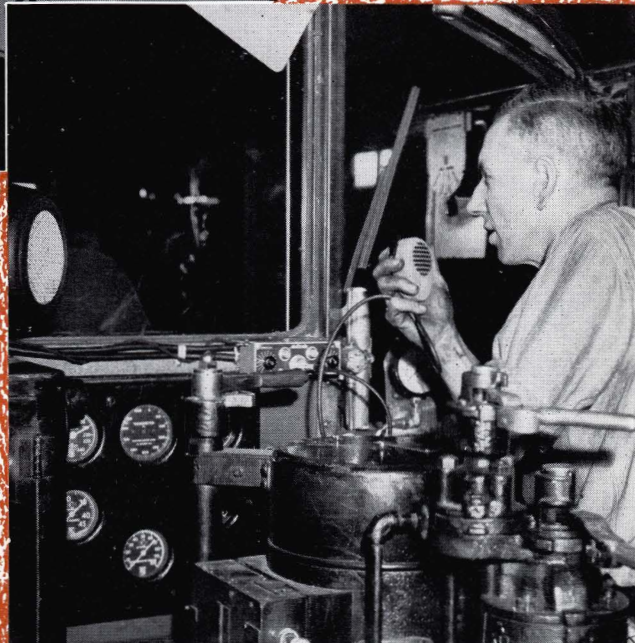
At the first threat of war, key men from the Company were called to Ottawa to organize wartime purchases and many of these officers have continued, without interruption, to work under the direction of the Minister of Munitions and Supply in this important field.


Wartime Censorship and Public Information were organized by Canadian National officers in 1939 and 1940.



Two-way radio communication tests between locomotives and Control Tower in Montreal terminals.

The Central Traffic Control Tower at Moncton, part of the modern system which ensures fluidity of train movement, speedy operation and increased capacity of the main line into Halifax. Over this line have been handled as many as one hundred trains a day, transporting troops, war materials and civilian traffic to and from the seaboard.





For the Ministry of War Transport of the United Kingdom, the General Purchasing Department has arranged for the purchase and delivery on board all vessels constructed by Canadian builders of deck, engine-room and commissary stores. 345 vessels have been so outfitted.

The staffs of the Real Estate, Law and Development departments have been engaged in the acquisition of lands and properties for various departments of the government. This included 3,500 transactions for the establishment of airfields and training centres under the British Empire Air Training Plan, and of wartime industries and wartime housing.

Generous Contributors

Employees on the home front are generous contributors to all the popular causes, both in money and energy. They are blood donors, Red Cross workers, active members of the many groups organized for the welfare of the armed forces and their families; they send cigarettes, reading material and other parcels regularly to Canadian National men and women overseas, and keep up a continuous supply of clothing going to war sufferers in the United Kingdom.

Victory Loans

At the end of 1944, the Canadian National Railways held \$87,150,100 in Victory Loan Bonds, and Trans-Canada Air Lines \$1,945,500, a total of \$89,095,600.

Employees subscribed \$49,785,250 to the seven loans and purchased War Savings Certificates to the extent of \$8,069,072 through payroll deductions.

The grand total for the System and its employees is \$146,949,922.

Hotels

Of the 3,637,845 guests housed in the Canadian National hotels in the war period, The Chateau Laurier in Ottawa accommodated 873,041, reflecting the intensive activity of the nation's capital. Meals served in The Chateau Laurier totalled 4,626,632.

The three resort hotels, Jasper Park Lodge, Minaki Lodge and Pictou Lodge, were not opened in 1943 and 1944. The Nova Scotian, in Halifax, The Charlottetown in Prince Edward Island's capital, The Prince Arthur in Port Arthur, The Fort Garry in Winnipeg, The Prince Edward in Brandon, The Bessborough in Saskatoon, The Macdonald in Edmonton, and the Hotel Vancouver in Vancouver were taxed to capacity to meet war needs. They served 14,395,598 meals during the period. The Hotel Vancouver is operated for the Canadian National and the Canadian Pacific Railways jointly.

Express

Revenue shipments handled by the Canadian National Express amounted to 72,147,845. During the period, the number rose from 11,933,289 in 1940 to 15,780,767 in 1944.

C.O.D. regular and cable money orders issued by the Express Company numbered 16,474,054, with the face value of \$254,408,316.

Telegraphs

Since the outbreak of the war, the number of commercial telegraph messages originating in Canada or received from the United States and handled over the Company's wires was approximately 44,500,000. With the addition of 8,500,000 railway service messages, the total was 53,000,000. Cables sent and received amounted to 2,600,000, making a grand total of messages and cables handled 55,600,000.

There are 22,800 miles of pole line in the Canadian National Telegraphs plant and 173,000 miles of wire circuits in operation. An additional 407,000 circuit miles are derived from carrier telegraphs, telephone, etc.

Trans-Canada Air Lines

In these war years, Trans-Canada Air Lines flew 36,721,319 revenue plane miles; 299,510,746 revenue passenger miles.

12,337,415 pounds of mail were carried.

Express amounted to 2,339,961 pounds.

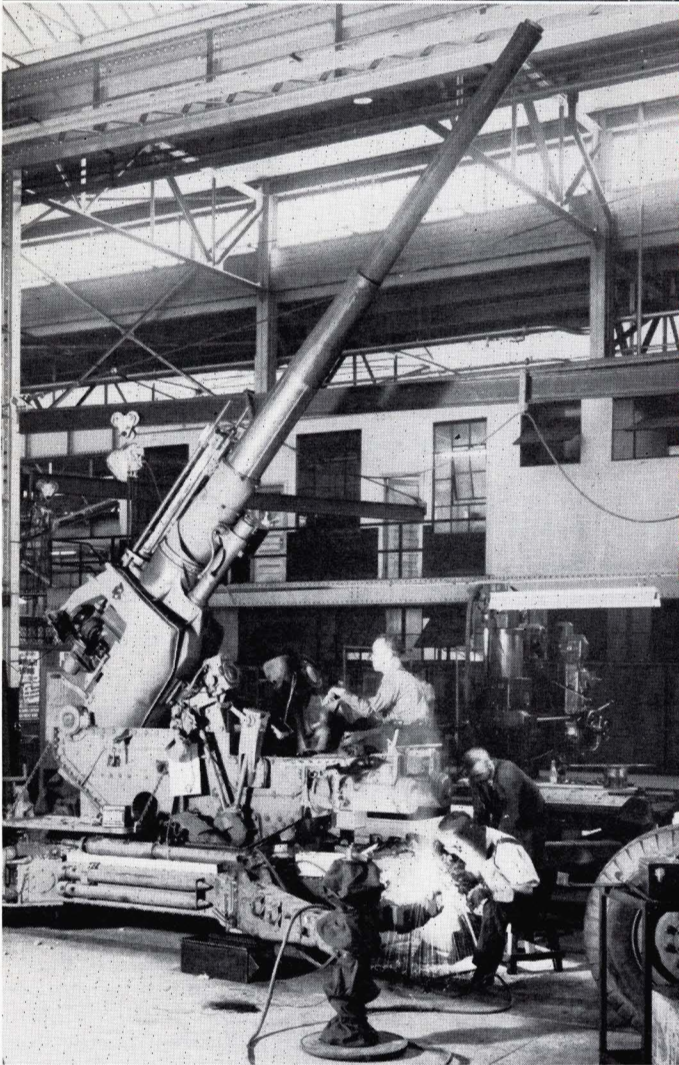
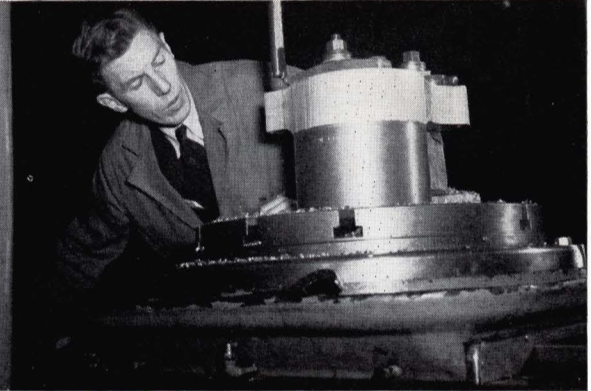
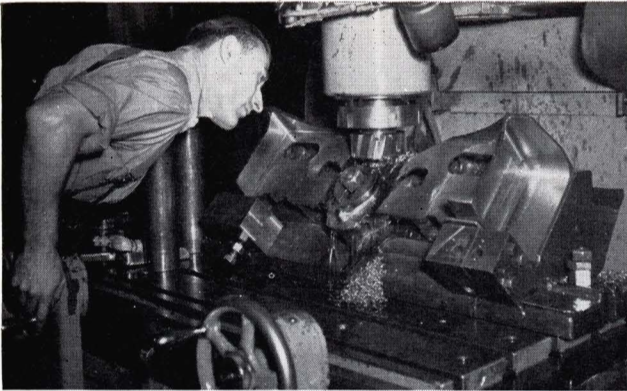
Passengers numbered 550,012.

In addition to this, T. C. A. operated the government's trans-Atlantic service from Montreal to the United Kingdom, carrying mails to and from the forces overseas, priority freight for war industry and a number of passengers on war duty, designated by the government.

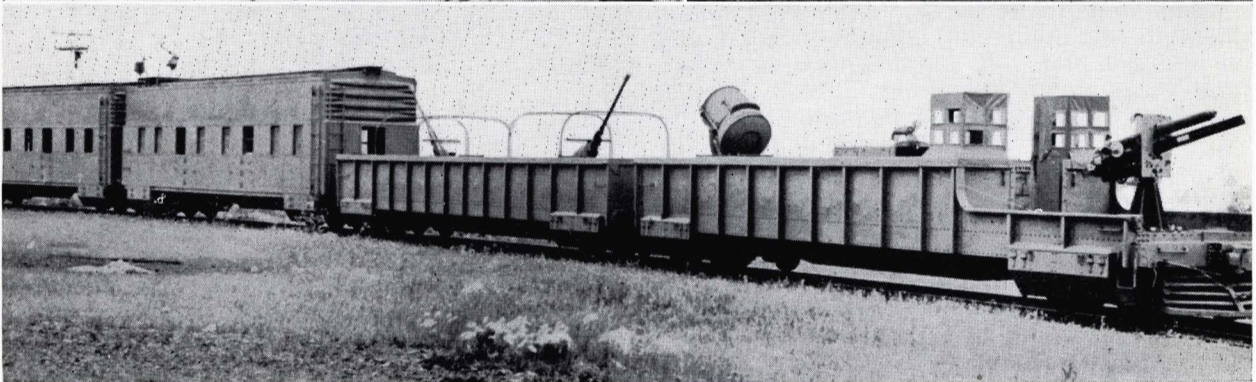
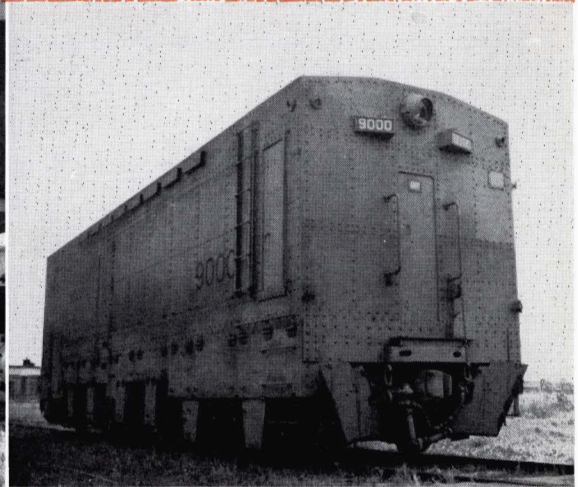
T. C. A. in its Winnipeg shops overhauled a number of military aircraft, installed radios, overhauled 690 engines, 2,492 propellers, 19,073 instruments, 6,163 engine accessories. At Montreal, in addition to the work of converting and overhauling Lancaster aircraft in the Atlantic service, it was responsible for the maintenance and overhaul of British Overseas Airways Corporation return ferry aircraft.

Shipbuilding

The Canadian National is the only railway actively engaged in shipbuilding. The Prince Rupert Dry Dock and Shipyard has constructed four minesweepers and eleven freighters of 10,000 tons. The 20,000-ton floating dry dock has handled 815 ships and repairs have been effected on 2,280 floating craft of all sizes.



War production is illustrated at top: machining gun carriage and naval gun parts, and at left: work on AA gun carriage. At right is Diesel locomotive 9000, remodeled to furnish power for armored train (below).



National Railways Munitions Limited

The plant of National Railways Munitions Limited, at Point St. Charles, Quebec, is particularly suitable for the construction of heavy armaments and is considered one of the best and most up-to-date munitions plants in the country. The company has enjoyed the confidence placed in it by the government and is happy to have been able to meet the demands of the Department of Munitions and Supply.

When orders now underway are completed, it will have delivered equipment to the value of \$25,000,000.

At the peak of production, employees numbered 1,350.

Since the plant began operation in May, 1941, until the end of 1944, the following equipment was manufactured:

Naval guns Mark V—3"	500
Afterproofing Naval Mark V guns	1,488
Naval guns Mark XIX—4"	1,006
Gun carriages 4.5"/5.5"	183
Pieces of various types of equipment for Naval Services	753
Modification of 3.7" AA Gun Carriages	409

23,600 Miles

The Canadian National Railways form the largest railway system on the North American continent and every mile of its track, every piece of its equipment and every man and woman in its employ is dedicated to the winning of the war.

It has 23,600 miles of road, a length almost sufficient to girdle the earth at the equator, with a great band of rails, ties, ballast and bridges, signals, etc.

These 23,600 miles are a steel network that touches virtually every city and town of importance throughout Canada, and over it, by day and by night, move the materials of war and the commerce of the nation.

International in its scope of operation, the Canadian National System, through its United States lines, serves many big American centres of industry, including Chicago, Buffalo, Detroit, Flint, Pontiac, Lansing, Bay City, Saginaw, Grand Rapids, Battle Creek, Kalamazoo, Toledo, Port Huron, Duluth and numerous points in New England, including Portland, Maine.

The United States railways comprised within the Canadian National System include the Grand Trunk Western Railroad, Central Vermont Railway, and Duluth, Winnipeg and Pacific Railway.

World-wide Service

The Canadian National maintains offices in the British Isles, Australia, New Zealand, France and the United States to render helpful service

and to give information to the military, industrial and civilian public in connection with the traffic and other interests of the Company and of Canada generally. The principal offices of this kind are located at the following points:

UNITED STATES

Boston	Mass.
Buffalo	N.Y.
Birmingham	Ala.
Cedar Rapids	Iowa
Chicago	Ill.
Cincinnati	Ohio
Cleveland	Ohio
*Detroit	Mich.
Duluth	Minn.
Flint	Mich.
Grand Rapids	Mich.
Kansas City	Mo.
Los Angeles	Cal.
Mason City	Iowa
Memphis	Tenn.
Milwaukee	Wis.
Minneapolis	Minn.
New Haven	Conn.
New Orleans	La.
*New York	N.Y.
Omaha	Neb.
Philadelphia	Pa.
Pittsburgh	Pa.
Portland	Me.
Portland	Ore.
St. Albans	Vt.
St. Louis	Mo.
St. Paul	Minn.
Saginaw	Mich.
San Francisco	Cal.
Seattle	Wash.
South Bend	Ind.
Toledo	Ohio
Tulsa	Okla.
Washington	D.C.

GREAT BRITAIN

Belfast	Northern Ireland
Cardiff	Wales
Glasgow	Scotland
Liverpool	England
*London	England
Southampton	England

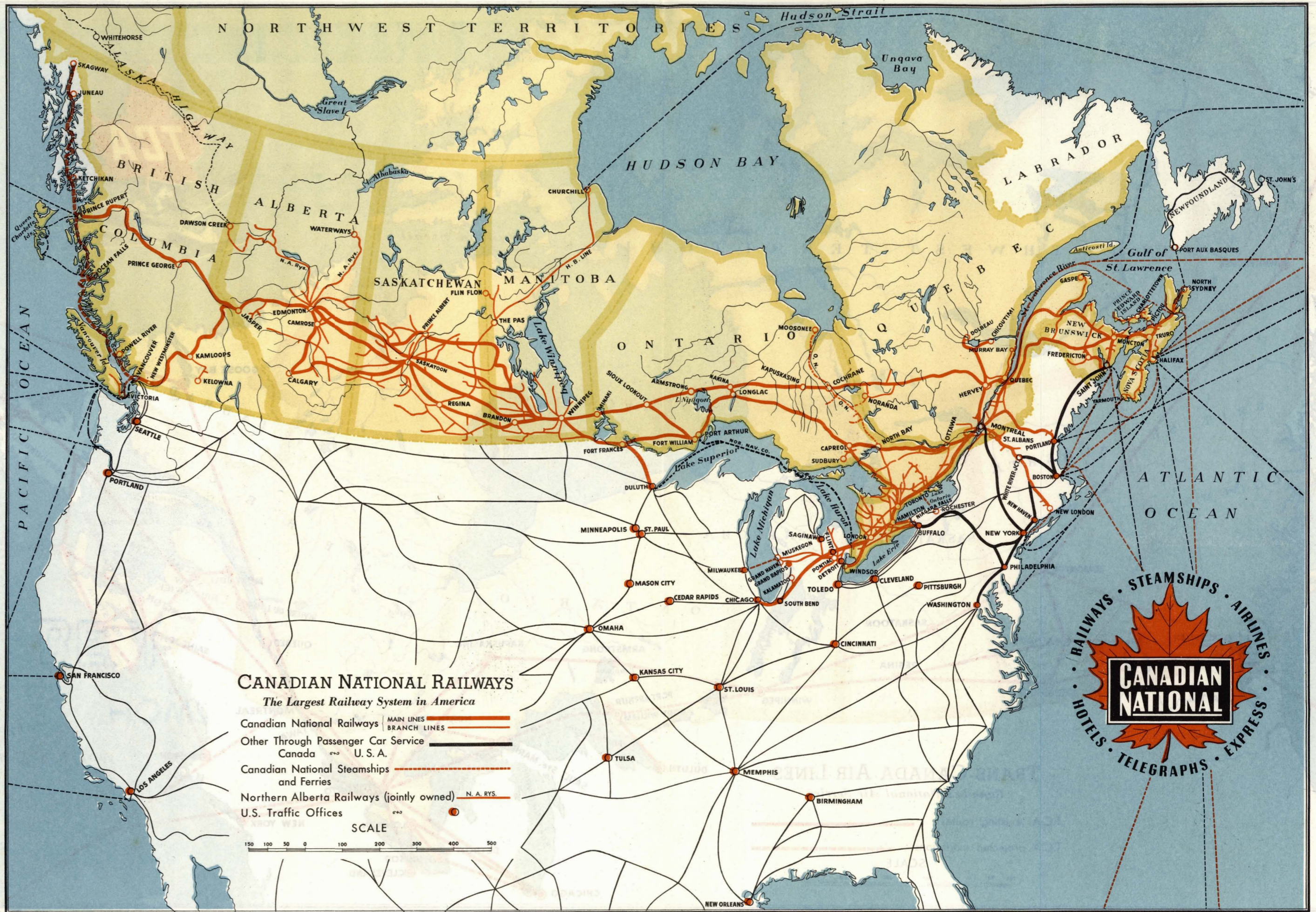
FRANCE

Paris	France
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AUSTRALIA AND NEW ZEALAND

Melbourne	Australia
Sydney	Australia
Wellington	New Zealand

*Industrial Development representatives located at these points.



Serves all the Provinces of Canada and many Sections of the United States



To Hawaii and Australasia

To Europe

To Bermuda, West Indies, etc.

