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Annual Report

1942

CANADIAN NATIONAL RAILWAYS



McGILL-IV

MAR 31 1943

PERIODICALS

ANNUAL REPORT

of the

CANADIAN NATIONAL RAILWAY
SYSTEM



for the year ended 31st. December, 1942

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BOARD OF DIRECTORS

R. C. VAUGHAN, Chairman, MONTREAL.

WILFRID GAGNON, MONTREAL.

H. J. SYMINGTON, K.C., MONTREAL.

B. L. DALY, MONTREAL.

C. H. READ, AMHERST, N.S.

J. A. NORTHEY, TORONTO.

E. J. YOUNG, DUMMER, SASK.

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EXECUTIVE ASSISTANT.....E. P. MALLORY.....MONTREAL
ASSISTANT TO PRESIDENT.....M. A. METCALF.....MONTREAL

SECRETARY.....W. H. HOBBS.....MONTREAL

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VICE-PRESIDENT AND GENERAL MANAGER, CENTRAL REGION.....F. L. C. BOND.....TORONTO
VICE-PRESIDENT, ATLANTIC REGION.....W. U. APPLETON.....MONCTON
VICE-PRESIDENT AND GENERAL MANAGER, WESTERN REGION.....W. R. DEVENISH.....WINNIPEG
GENERAL MANAGER, GRAND TRUNK WESTERN RAILROAD.....W. J. HOGAN.....DETROIT
GENERAL MANAGER, CENTRAL VERMONT RAILWAY.....H. A. CARSON.....ST. ALBANS
CHIEF ENGINEER, OPERATION.....H. A. DIXON.....MONTREAL
CHIEF OF MOTIVE POWER AND CAR EQUIPMENT.....E. R. BATTLE.....MONTREAL
CHIEF OF TRANSPORTATION.....J. P. JOHNSON.....MONTREAL

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VICE-PRESIDENT.....D. McK. FORD.....MONTREAL
GENERAL PURCHASING AGENT.....E. A. BROMLEY.....MONTREAL
MANAGER OF STORES (ON LOAN TO GOVERNMENT).....L. C. THOMSON.....MONTREAL
ACTING MANAGER OF STORES.....S. SNEDDON.....MONTREAL

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VICE-PRESIDENT.....D. C. GRANT.....MONTREAL
COMPTROLLER.....T. H. COOPER.....MONTREAL
TREASURER.....C. D. COWIE.....MONTREAL

TRAFFIC DEPARTMENT

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GENERAL FREIGHT TRAFFIC MANAGER.....G. R. FAIRHEAD.....MONTREAL
GENERAL PASSENGER TRAFFIC MANAGER.....C. W. JOHNSTON.....MONTREAL

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CHIEF COUNSEL.....E. E. FAIRWEATHER, K.C.....MONTREAL
GENERAL COUNSEL.....R. H. M. TEMPLE, K.C.....MONTREAL
COMMISSION COUNSEL.....I. C. RAND, K.C.....MONTREAL

EXPRESS DEPARTMENT

GENERAL MANAGER.....G. E. BELLEROSE.....MONTREAL

CANADIAN NATIONAL TELEGRAPHS

GENERAL MANAGER.....W. M. ARMSTRONG.....TORONTO

HOTEL DEPARTMENT

GENERAL MANAGER.....R. SOMMERVILLE.....OTTAWA

RESEARCH AND DEVELOPMENT DEPARTMENT

CHIEF OF RESEARCH AND DEVELOPMENT.....S. W. FAIRWEATHER.....MONTREAL

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DIRECTOR.....W. S. THOMPSON.....MONTREAL

DEPARTMENT OF LABOUR RELATIONS

CHIEF OF PERSONNEL (ON LOAN TO GOVERNMENT).....A. J. HILLS.....MONTREAL
DIRECTOR OF LABOUR RELATIONS.....F. W. EDGE.....MONTREAL

SLEEPING AND DINING CAR DEPARTMENT

GENERAL SUPERINTENDENT.....W. W. SWINDEN.....MONTREAL

COLONIZATION AND AGRICULTURE DEPARTMENT

DIRECTOR.....J. S. MCGOWAN.....MONTREAL

MEDICAL DEPARTMENT

CHIEF MEDICAL OFFICER.....DR. J. MCCOMBE.....MONTREAL

INVESTIGATION DEPARTMENT

DIRECTOR.....G. A. SHEA.....MONTREAL

REAL ESTATE DEPARTMENT

MANAGER.....L. C. GROOM.....MONTREAL

EUROPEAN MANAGER.....P. A. CLEWS.....LONDON

EUROPEAN SECRETARY AND TREASURER.....A. H. CONEYBEARE.....LONDON

CANADIAN NATIONAL RAILWAYS

MONTREAL, March 16, 1943.

THE HONOURABLE J. E. MICHAUD, K.C., M.P.,
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 1942.

The traffic of the railway rose to unprecedented levels. Freight traffic was more than double that of the peak of the last war and forty per cent in excess of the peacetime record of 1928. Passenger traffic was eighty per cent greater than in 1928. The railway hauled 71,545,000 tons of revenue freight and carried 30,363,000 revenue passengers.

Gross revenues reached \$375 millions, averaging over \$1 million per day. Net revenue, after the payment of all operating expenses, was \$86.6 millions, an increase of \$20 millions over the previous year. The cash surplus, after payment of taxes, interest paid to the public and to the Government, was \$25 millions, an increase of \$21 millions over 1941.

RESULT OF OPERATIONS

	1942	1941	Increase or Decrease
Operating Revenues	\$375,654,543.40	\$304,376,778.12	\$71,277,765.28
Operating Expenses	288,998,674.72	237,768,437.13	51,230,237.59
Net Operating Revenue	\$ 86,655,868.68	\$ 66,608,340.99	\$20,047,527.69
Other Income and Profit and Loss Accounts	12,610,407.85	12,247,025.13	363,382.72
Net Income Available for Interest	\$ 74,045,460.83	\$ 54,361,315.86	\$19,684,144.97
Interest on Funded Debt held by Public	34,949,557.92	44,698,226.88	9,748,668.96
Interest on Government Loans	14,032,634.59	5,646,762.24	8,385,872.35
Cash Surplus	\$ 25,063,268.32	\$ 4,016,326.74	\$21,046,941.58

The year's operations gave further proof of the value of the Canadian National System to the nation. The greatly increased demands of the armed forces, of the war industries, and of the civilian population for transport, communications and other services, were fully met, and the Company markedly extended its own production of ships and munitions.

One of the problems was to handle the great volume of business without large increases in equipment and personnel, the supplies of which were difficult to obtain. Many measures were taken to meet this situation, and new records of performance were established.

There was an increase, as compared with pre-war records, in the daily mileage made by cars and locomotives, in the tonnage of the average freight train, and in the tonnage of freight loaded into the average car.

The Company's locomotives travelled 90 million miles, in one important group the locomotives averaging 375 miles per day throughout the year. At December 31, 1942, the Company owned 2,555 locomotives, a net increase during the year of 53. By stepping up the locomotive maintenance programme, the equivalent of 264 additional serviceable locomotives was obtained.

Similarly, an increase in the serviceability ratio improved the freight car situation by 3,900 units as compared with 1939. New freight cars obtained numbered 1,163, bringing the system's total to 90,353.

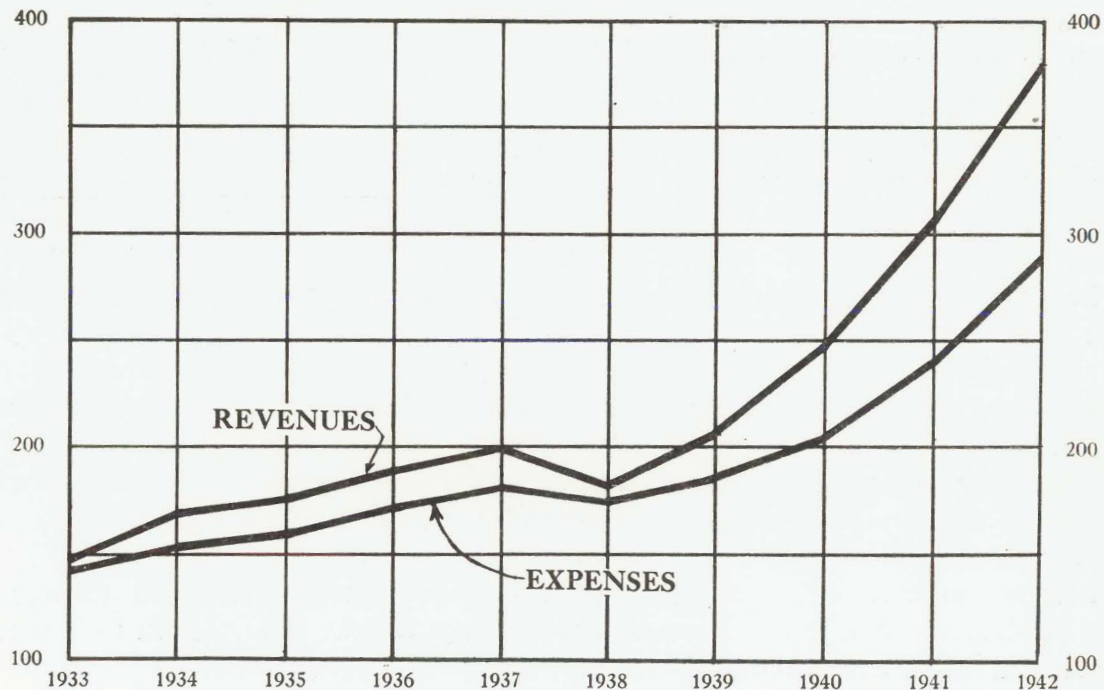
The increased passenger traffic was handled by increasing the number of trains, the length of trains, and the daily mileage made by passenger cars. The passenger transportation service to war plants has become of increasing importance, and each day the Canadian National is transporting 20,000 workers to and from these plants. Twenty-five new and 106 second-hand units of passenger equipment were purchased during the year.

Meeting the demands for wartime service is the Company's main contribution to the war effort. Any credit for the success attained in the face of limitations of material and manpower must be shared with the Company's staff, its patrons and the governmental agencies, all of whom have been quick to understand the railway's problems and have given their wholehearted support.

Difficulties in obtaining railway supplies and equipment are, however, increasing as the war goes on, and it is the view of the directors that the provision of priorities to enable the railway to maintain its operating machine in an efficient state will continue to be of vital importance.

OPERATING REVENUES AND EXPENSES

Millions of Dollars:—Years 1933 to 1942, inclusive.



The present indications are that the traffic of the railway in 1943 will exceed that of 1942. This will call for even greater effort, but the directors have confidence in the ability of the system to meet the demands made upon it.

The railway continues to be actively engaged in the manufacture of munitions of war, including guns and gun carriages. Cargo vessels of 10,000 tons are being built in the Company's shipyards to meet wartime needs, and its drydock facilities are being used for repairs to ocean-going craft.

The average number of employees, including express and telegraphs but exclusive of hotel and subsidiary company employees, was 94,592 during the year. The total payroll was \$177,042,773.

Operating Revenues

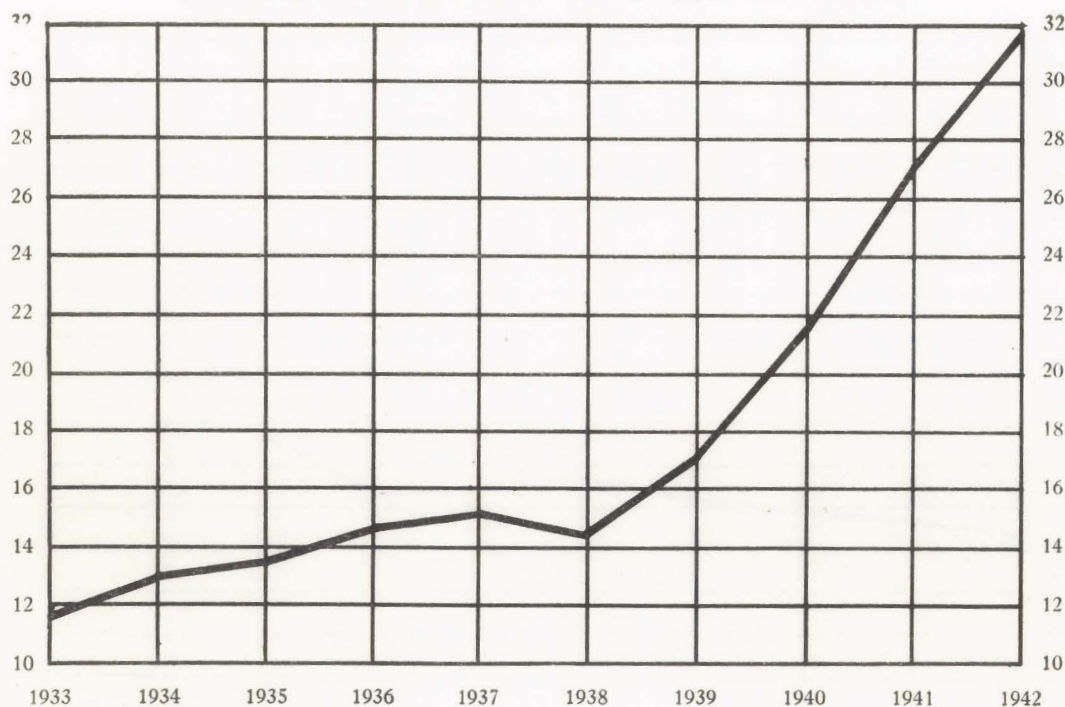
Operating revenues were \$375,654,000, an increase of \$71,277,000 or 23.4%. Only three railway systems on the continent had larger gross revenues. The increase on the system lines in Canada was 26.9% and on system lines in the United States 2.1%.

Freight revenue increased \$48,870,000, or 20.4% over the previous year. Passenger revenue increased \$16,403,000, or 51.4%. Corresponding increases are reported in the other revenue accounts such as mail, express, sleeping car, dining car, and commercial telegraphs.

Effective March 18, 1942, freight rates were increased in the United States by 6% on all commodities, except agricultural products, livestock and low grade products of mines including coal, on which commodities smaller increases were granted. The Board

REVENUE TON MILES

Billions of Revenue Ton Miles:—Years 1933 to 1942, inclusive.



of Transport Commissioners authorized corresponding increases in the Canadian proportion of through rates on international traffic. As of February 10, 1942, passenger fares were increased by 10% on United States lines.

Operating Expenses

Operating expenses totalled \$288,998,000, an increase of \$51,230,000 or 21.5%. The operating ratio in 1942 was 76.93%, the lowest on record.

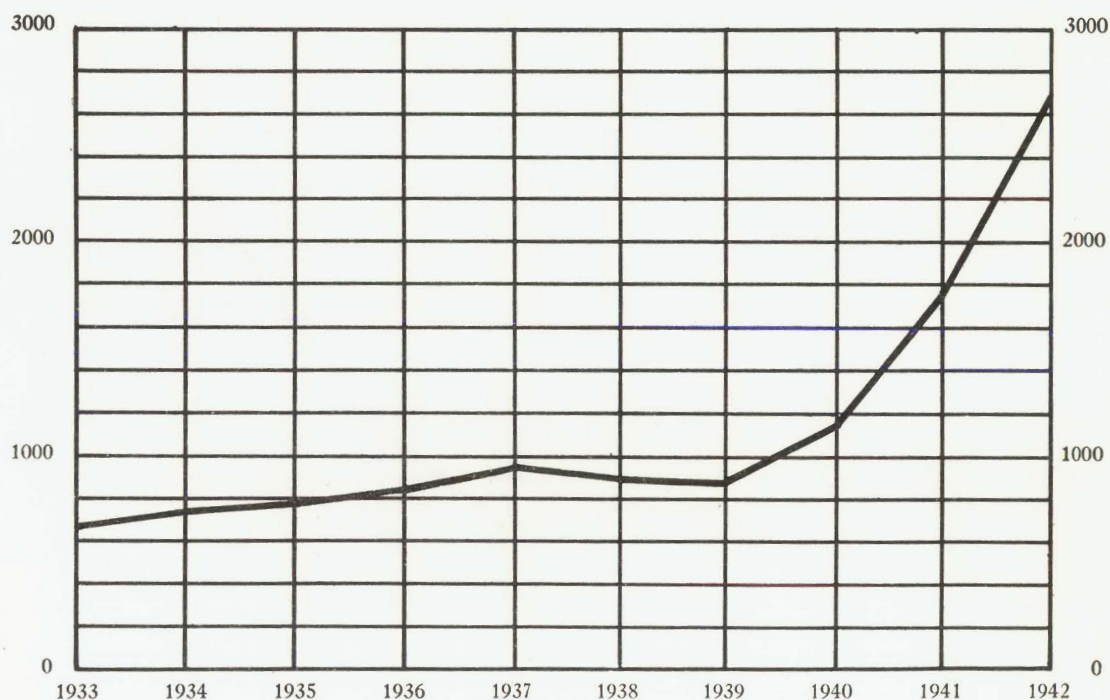
The wartime cost-of-living bonus cost the railway \$15,549,000, of which \$13,695,000 was charged to operating expenses. Wage rate adjustments under the United States railway labour mediation agreement cost the railway \$2,639,000, of which \$2,435,000 was charged to operating expenses.

The cost of protecting the railway against possible sabotage was \$683,000 against \$552,000 in 1941. This expense is absorbed by the railway as an operating cost.

DEFERRED REPAIRS AND RENEWALS: Last year's report gave an indication that shortages of labour and materials for repairs and renewals were becoming evident and would increase as the available supplies were diverted to war purposes. During the year the difficulties in this respect have increased. Under these conditions, repairs and renewals not immediately essential have had to be deferred. Within the railway itself, priorities and the most rigid measures of control over maintenance expenditures have had to be enforced to the end that the limited supply of labour and materials shall be utilized primarily to maintain the railway in condition to render effective service to the national war effort.

REVENUE PASSENGER MILES

Millions of Passenger Miles:—Years 1933 to 1942, inclusive.



To the extent repairs and renewals, not immediately essential, have been deferred it has been considered both proper and advisable to establish a reserve therefor, created by charges to operating expenses. Such charges give recognition to costs related to the revenues of the current year and the reserve provides a means of avoiding the charging of these against the revenues of subsequent years. This accounting procedure is consistent with recently issued Interstate Commerce Commission regulations for United States railways. Based on estimates prepared by the technical officers of the railway, the amount carried to reserve was \$12,850,000 of which \$4,350,000 was for track and structures and \$8,500,000 was for rolling stock and shop machinery.

DEPRECIATION: It is considered desirable that the depreciation accounting policy of the railway shall be indicated so that the record may be clear as to the basis on which the accounts herein presented have been stated. Depreciation as used herein is intended to mean the loss in service value of units of depreciable property used in railway operations not restored by normal maintenance.

An accounting must be made of such loss either at the time the property is taken out of service or by instalments spread over its useful life. If the loss is taken at the time the property is retired from service the accounting is said to be on the retirement basis. On the other hand depreciation accounting seeks to apportion the loss to each of the fiscal periods during which the property is in service. The difference is one of time and not of amount.

In the United States, where railway accounting is rigidly controlled by the Interstate Commerce Commission, both retirement and depreciation accounting have been in force at the one time. Retirement accounting has been required with respect to fixed property (buildings, stations, shops, bridges and the track structure) and depreciation accounting has been mandatory with respect to equipment (locomotives, cars, work equipment and vessels). On Canadian National System lines in the United States, the accounting regulations of the Commission have been adhered to strictly at all times. On the Canadian lines both fixed property and equipment were dealt with on the retirement accounting basis until 1939, but effective January 1, 1940, a change over to depreciation accounting was made for equipment, thus making the accounts for the whole system uniform and comparable with those of Class I railroads of the United States.

A recent order of the Commission, however, prescribes the adoption by United States railroads, effective January 1, 1943, of depreciation accounting for certain classes of fixed depreciable property including buildings, stations, shops, bridges, etc., but excluding the track structure (rails, fastenings, ties, ballast) which will remain on the retirement basis. This order will be followed by the United States lines of the system but it is not intended at this time to extend it to the Canadian lines of the system. The change constitutes an important departure from a long established practice and it seems advisable to wait until the experience of the United States carriers is available. In any event, compilation of the data necessary to permit its adoption would involve a large amount of work on the part of the technical officers of the railway, and it is not reasonable that work of this nature should be undertaken at this time when there are more important things to be done.

Among the larger property retirements for which provision was made through the operating expense accounts were: \$242,000 for No. 1 Elevator at Portland, Maine; \$231,000

for roundhouse and shop facilities at Southwark Yard, St. Lambert; and \$1,250,000 for the old car shops at Point St. Charles. The provision for equipment depreciation was \$16,975,000. The total provision in the 1942 accounts for maintenance of railway property, including repairs, renewals, depreciation and retirements, was \$129,197,000.

AMORTIZATION OF WAR PROJECTS: A charge of one million dollars was included in operating expenses as a further provision against the retirement loss anticipated at the termination of the war in respect of facilities provided solely for wartime traffic and which are not expected to have any usefulness for ordinary commercial operations.

INVENTORY RESERVE: Notwithstanding price controls, there has been some rise in the prices of materials used in maintenance and operation. For example, inventory prices in September 1942 compared with September 1939 show an increase of \$3.48 per ton for new rail, 9.4 cents per tie and \$1.02 per ton for locomotive fuel. The price index for general railway stores increased by 13.5%. An inventory reserve has been created in the amount of \$3,839,000 (based on normal quantities) as a provision against the loss which would have to be taken if prices should revert to their pre-war level at the termination of the war. Here again the purpose is to absorb out of wartime revenue the higher costs created by wartime conditions and to avoid carrying wartime costs forward to the post-war period.

Other Income and Profit and Loss Accounts

The accounts grouped under this caption include taxes, equipment and joint facility rents, results of hotel and subsidiary operations, interest and dividend income, and other miscellaneous income and profit and loss transactions, details of which will be found on pages 14 and 15 of this report. The aggregate charge in 1942 was \$12,610,000, an increase of \$363,000 over the previous year.

Interest Charges

The total requirements for interest on funded debt held by the public were \$34,949,000, being \$9,749,000 less than in 1941.

Interest payments to the Government on loans for capital purposes were \$14,032,000, being \$8,386,000 more than in 1941.

The primary reason for the decrease in interest paid to the public and the increase in interest paid to the Government lies in the repatriation of securities referred to elsewhere in this report.

Cash Surplus

After the payment from revenue of all operating expenses, taxes, fixed charges, etc., the cash surplus for the year was \$25,063,000. The Dominion's equity as shareholder in Canadian National Railways has been increased by that amount. The improvement in surplus earnings over 1941 was \$21,046,000.

CAPITAL EXPENDITURE ACCOUNT

The net expenditures on property investment account for additions and betterments during the year 1942 amounted to \$21,109,065.

The following equipment was acquired during the year: under Hire Purchase Agreement with the Dominion Government, 30 Northern type locomotives, 300 flat cars, 463

gondola cars, 250 hopper cars, 25 first class coaches and 15 baggage cars; under the 1941 Grand Trunk Western Equipment Trust, 25 Northern type locomotives and 16 Diesel switching locomotives; also 100 refrigerator cars built in the Transcona Shops, 50 second-hand ballast cars, 6 mail cars, 106 second-hand coaches which have been reconditioned and put into service as coaches, colonist cars, sleepers and diners and 12 units of work equipment. 743 hopper and gondola cars were rebuilt at the Leaside Shops.

The following equipment was retired during the year: 24 locomotives, 159 freight cars, 5 passenger cars and 67 work units.

FINANCE

New Issues

The following securities were issued during 1942:

\$3,692,000 2½% Grand Trunk Western Railroad Equipment Trust of 1941, being the remainder of \$5,692,000 equipment trust certificates dated June 1, 1941, unissued in 1941, due to delay in the delivery of the equipment.

\$9,313,232 3½% obligation for purchase of railway equipment, repayable 1943 to 1957. Under Order-in-Council 3433 dated May 14, 1941, the railway was authorized to enter into a hire-purchase agreement with the Government for the purpose of acquiring railway equipment to the value of \$22,250,000. Of this amount \$9,313,232 was expended by the Government to December 31, 1942. The hire-purchase agreement will not be completed until all of the equipment has been delivered and the final cost has been ascertained.

Retirement of Obligations

The following securities matured and were retired during 1942:

\$20,000,000 2% Canadian National Railway Company 4-Year Dominion Guaranteed Bonds due January 15, 1942.

1,153,764 4% Grand Trunk Pacific Branch Lines Company Bonds due February 15, 1942.

6,424,000 4½% Canadian Northern Western Railway Company First Mortgage Debenture Stock and Bonds due February 16, 1942.

4,447,000 3½% Halifax and South Western Railway Company First Mortgage Guaranteed Debenture Bonds due September 30, 1942.

\$32,024,764

In addition there were the normal annual payments of principal under equipment trust, sinking fund and serial issues, which totalled \$9,490,775.

During the year the following Government advances were repaid:

3½% Advances, Branch Line Construction Act, 1936.....	\$ 638,908.55
3½% Advances, Trans-Canada Air Lines Act, 1937.....	550,000.00
3½% Advances, Financing and Guarantee Act, 1938.....	1,717,008.90
3½% Advances, Financing and Guarantee Act, 1939.....	11,110,409.29
	<u>\$14,016,326.74</u>

Of this total, \$4,016,326.74 was repaid out of the surplus earnings of 1941 and \$10,000,000 was a payment on account of 1942. A further payment of \$15,063,268.32,

being the balance of the 1942 surplus, will be made before the close of the Government's fiscal year.

REPATRIATION OF SECURITIES: The arrangements made between the Governments of Canada and the United Kingdom, under which Canada has given financial assistance to the Government of the United Kingdom to enable it to purchase war supplies in Canada provided, among other things, for the repatriation of Canadian National Railway securities.

On January 26, 1942, the Treasury of the United Kingdom issued a vesting order naming as the price to be paid for the securities the market price at the close of business on that date. Under Order-in-Council 2484 dated March 28, 1942, the Company was authorized to repurchase from the Dominion, at the vesting price, the railway securities purchased by the Dominion from the Treasury of the United Kingdom. Under Order-in-Council 8858, dated September 3, 1942, the Company also has purchased from the Dominion other Canadian National Railway securities which had been acquired by the Treasury of the United Kingdom prior to the vesting order of January 26, referred to. Under Orders-in-Council 2886 dated April 11, 1942, and 7197 dated August 14, 1942, provision was made whereby holders not subject to the vesting order of Canadian National Railway securities listed in the vesting order might surrender their holdings for redemption at the vesting price. Under Orders-in-Council 2484 dated March 28, 1942, and 9773 dated October 27, 1942, all of the 4% Guaranteed Stock issued by the former Grand Trunk Railway Company of Canada outstanding and not vested in the Treasury of the United Kingdom was called for redemption at par on November 1, 1942. Additional 4% Perpetual Debenture Stock issued by the said Grand Trunk Railway Company was redeemed under the arrangements referred to in the 1940 Annual Report.

Loans for the purchase of these securities have been made to the Company by the Government, bearing interest at $3\frac{1}{2}\%$ per annum, repayable on demand and secured by promissory notes and by the securities so purchased.

In all, these transactions in 1942 have dealt with railway securities having a par value of \$289,320,520. The cost of redemption was \$278,045,685, resulting in a reduction in the capital debt of the railway of \$11,274,835. This amount, less \$202,242 discount not amortized prior to the date of redemption, has been accounted for as a capital gain through the Proprietor's Equity account. These transactions have resulted also in an annual income saving of \$1,049,000 (interest less exchange).

The schedule of securities attached to the United Kingdom Treasury vesting order dated January 26, 1942, included the sterling shares of capital stock of the Atlantic and St. Lawrence Railroad Company. The Atlantic and St. Lawrence Railroad extends from Island Pond, Vermont, to Portland, Maine, a distance of 147.79 miles, and has been operated by Canadian National Railways and its predecessors under a 999 year lease dated August 1, 1853. Before the Canadian National Railway Company may purchase the shares of the Atlantic and St. Lawrence Railroad Company, approval and authorization by the Interstate Commerce Commission is necessary. An application for such approval and authorization was made to the Commission dated December 15, 1942. On January 8, 1943, the Commission issued its order favourable to the application. The accounting entries reflecting the purchase of these securities will be made in the 1943 accounts.

LINE ABANDONMENTS

An application was made to the Board of Transport Commissioners to abandon 29.8 miles of line between Neidpath and Swift Current, Saskatchewan. The Board refused permission to abandon 14.9 miles of line between St. Remi and Hemmingford, Quebec. The Board granted permission to abandon, in co-operation with the Canadian Pacific Railway, 6.5 miles of Canadian National line and 53.4 miles of Canadian Pacific line between Forth (near Red Deer) and Ullin, Alberta, but an appeal from the Board's order has been taken to the Governor-in-Council.

GENERAL

The relations between management and the employees were maintained on a harmonious basis throughout the year. In co-operation with the Manpower Board Division of the Department of Labour arrangements were made for the individual deferment of military training for employees in essential services, such as employees in train and engine service, shop crafts, agents, operators, maintenance of way employees, and others with technical qualifications.

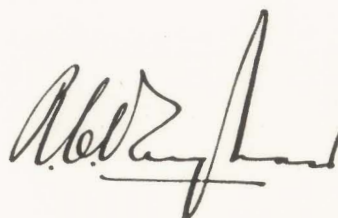
To facilitate the movement of coal from the Cape Breton mines to points in Central Canada, the railway as agent for the Government arranged for the construction of a coal handling plant, storage area, and ancillary facilities, at Point du Chene, in the Province of New Brunswick.

As a measure to increase the supply of iron ore, arrangements were made for the railway as agent for the Government to rehabilitate the Northern New Brunswick and Seaboard Railway (owned by the Province of New Brunswick but not operated for some time) from Nepisiquit Junction on the Bathurst Subdivision to the Bathurst properties of Canada Iron Foundries Limited.

THE STAFF

The officers and employees in all departments of the Canadian National Railways have worked loyally and efficiently to meet the new situations arising out of the war, and the directors record their appreciation and thanks. Upwards of ten thousand members of the staff are serving in the Navy, the Army and the Air Force, and others are serving in the Merchant Marine.

For the Board of Directors,

A handwritten signature in dark ink, appearing to read 'A. B. L.', is written over a horizontal line.

Chairman and President.

CONSOLIDATED BALANCE SHEET

INVESTMENTS:		ASSETS	
Road and Equipment Property	\$1,890,440,355.48		
Improvements on Leased Property	4,226,219.87		
Miscellaneous Physical Property	66,145,762.46	\$1,960,812,337.81	
Sinking Funds:			
System Securities at par	\$ 435,678.60		
Other Assets at cost	321,176.91	756,855.51	
Deposits in lieu of Mortgaged Property Sold:			
System Securities at par	\$ 1,966,500.00		
Other Assets at cost	2,701,212.23	4,667,712.23	
Maintenance Funds		8,425,000.00	
Investments in Affiliated Companies		42,021,102.57	
Other Investments:			
System Securities at par	\$ 211,000.00		
Other Assets at cost	534,435.46	745,435.46	\$2,017,428,443.58
CURRENT ASSETS:			
Cash		\$ 10,242,498.81	
Special Deposits		7,808,223.95	
Bills Receivable		75,000.00	
Net Balances Receivable from Agents and Conductors		18,114,935.21	
Miscellaneous Accounts Receivable		19,894,312.02	
Material and Supplies—Ledger Balances		48,456,428.23	
Interest and Dividends Receivable		686,827.93	
Rents Receivable		184,477.13	
Other Current Assets		10,709,440.00	116,172,143.28
DEFERRED ASSETS:			
Working Fund Advances		\$ 220,735.57	
C.N.R. Insurance Fund:			
System Securities at par	\$ 10,828,963.45		
Other Assets at cost	1,351,543.95	12,180,507.40	
Other Funds		756,886.25	
Other Deferred Assets		4,278,717.58	17,436,846.80
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in advance	\$ 178,970.23		
Discount on Capital Stock	189,500.00		
Discount on Funded Debt	8,883,269.25		
Other Unadjusted Debits	3,955,793.68	13,207,533.16	
			\$2,164,244,966.82

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, 1942, and that the ber, 1942, are correctly stated.

16th. March, 1943.

AT 31st. DECEMBER, 1942.**LIABILITIES****STOCKS:**

Capital Stocks of Subsidiary Companies held by Public.		\$ 4,564,600.00
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LONG TERM DEBT:

Funded Debt Unmatured:

Held by Public.	\$ 795,773,932.14	
Held in Special Funds.	13,442,142.05	809,216,074.19

DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):

Loans.	\$ 502,856,460.88	
Canadian Government Railways—Working Capital.	16,771,980.54	519,628,441.42

CURRENT LIABILITIES:

Traffic and Car-Service Balances—Credit.	\$ 8,820,309.43	
Audited Accounts and Wages Payable.	13,083,237.44	
Miscellaneous Accounts Payable.	4,338,900.95	
Interest Matured Unpaid.	6,656,933.50	
Unmatured Interest Accrued.	7,018,836.34	
Unmatured Rents Accrued.	403,347.04	
Accrued Tax Liability.	2,516,298.54	
Other Current Liabilities.	3,470,454.31	46,308,317.55

DEFERRED LIABILITIES.

7,805,190.66

UNADJUSTED CREDITS AND RESERVES:

C.N.R. Insurance Reserve.	\$ 12,180,507.40	
Accrued Depreciation.	40,132,934.85	
Maintenance and other Reserves.	18,680,642.60	
Other Unadjusted Credits.	11,000,244.03	81,994,328.88

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.	298,842,882.17	
Capital Expenditures on Canadian Government Railways.	377,885,131.95	694,728,014.12

CONTINGENT LIABILITIES:

For major contingent liabilities, including pension plans, see page 23.

\$2,164,244,966.82

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, 1942, Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct relative Income and Profit and Loss Accounts for the year ended the 31st. Decem-

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st. DECEMBER, 1942.

Credit Balance transferred from Income.....	\$ 27,282,498.32
Loss from Retired Road and Equipment—Debit.....	2,356,466.06
Miscellaneous—Credit.....	137,236.06
CASH SURPLUS.....	<u>\$ 25,063,268.32</u>
Capital Gain on repatriated securities.....	11,072,592.96
Capital Loss on line abandonments (Details on page 20).....	4,575,998.43
Net Gain credited to Proprietor's Equity.....	<u><u>\$ 31,559,862.85</u></u>

DOMINION OF CANADA—PROPRIETOR'S EQUITY

	Balance at 31st. Dec., 1941	Change during year	Balance at 31st. Dec., 1942
Canadian National Railway Company, Capital Stock.....	\$ 18,000,000.00		\$ 18,000,000.00
The Canadian National Railways Securities Trust, Capital Stock	267,283,019.32	\$31,559,862.85	298,842,882.17
Capital Expenditures on Canadian Government Railways.....	377,893,343.58	8,211.63	377,885,131.95
	<u>\$663,176,362.90</u>	<u>\$31,551,651.22</u>	<u>\$694,728,014.12</u>

CONSOLIDATED INCOME ACCOUNT

	1942	1941
Railway Operating Revenues.....	\$375,654,543.40	\$304,376,778.12
Railway Operating Expenses.....	288,998,674.72	237,768,437.13
Net Revenue from Railway Operations.....	<u>\$ 86,655,868.68</u>	<u>\$ 66,608,340.99</u>
Railway Tax Accruals.....	6,020,140.74	6,926,512.63
Railway Operating Income.....	<u>\$ 80,635,727.94</u>	<u>\$ 59,681,828.36</u>
Rent from Locomotives.....	108,629.51	114,457.21
Rent from Passenger-Train Cars.....	276,871.98	222,056.70
Rent from Floating Equipment.....	10,413.38	466.31
Rent from Work Equipment.....	107,544.10	168,327.51
Joint Facility Rent Income.....	1,874,215.00	1,677,688.15
Hire of Freight Cars—Debit Balance.....	5,115,873.74	3,460,502.17
Rent for Locomotives.....	62,772.33	32,450.19
Rent for Passenger-Train Cars.....	495,442.65	392,130.23
Rent for Floating Equipment.....	17,883.33	68,283.58
Rent for Work Equipment.....	7,325.35	21,623.27
Joint Facility Rents—Debit.....	2,383,882.98	2,263,257.44
Net Railway Operating Income.....	<u>\$ 74,930,221.53</u>	<u>\$ 55,626,577.36</u>
Revenues from Hotel Operations.....	4,895,506.40	4,467,078.53
Expenses of Hotel Operations.....	4,174,077.36	3,733,762.27
Taxes on Hotel Property.....	151,705.62	141,815.55
Net Hotel Operating Income.....	<u>\$ 569,723.42</u>	<u>\$ 591,500.71</u>
Income from Lease of Road and Equipment.....	55,002.57	70,903.32
Miscellaneous Rent Income.....	796,904.21	792,089.48
Miscellaneous Non-Transportation Property—Credit.....	351,632.50	292,654.63
Separately Operated Properties—Profit or Loss.....	629,843.17	360,935.35
Dividend Income.....	372,336.75	550,072.00
Income from Funded Securities.....	2,380,836.57	1,944,841.41
Income from Unfunded Securities and Accounts.....	301,051.74	232,495.73
Income from Sinking and Other Reserve Funds.....	199,163.57	156,311.39
Miscellaneous Income.....	1,295,022.30	1,293,854.96
Miscellaneous Rents—Debit.....	541,459.33	557,368.63
Miscellaneous Tax Accruals.....	96,057.78	90,068.01
Miscellaneous Income Charges and Appropriations.....	2,291,787.85	1,941,613.79
Income Available for Fixed Charges.....	<u>\$ 78,952,433.37</u>	<u>\$ 58,601,315.21</u>
Rent for Leased Roads and Equipment.....	1,483,345.19	1,499,376.48
Interest on Funded Debt—Public.....	34,949,557.92	44,698,226.88
Interest on Government Loans.....	14,032,634.59	5,646,762.24
Interest on Unfunded Debt.....	192,017.48	145,202.57
Amortization of Discount on Funded Debt.....	1,012,379.87	1,172,786.26
Total Fixed Charges.....	<u>\$ 51,669,935.05</u>	<u>\$ 53,162,354.43</u>
Income Balance transferred to Profit and Loss.....	<u>\$ 27,282,498.32</u>	<u>\$ 5,438,960.78</u>

OPERATING REVENUES

	1942	1941
Freight	\$284,427,334.25	\$236,519,309.12
Maritime Rates Reduction	4,034,861.04	3,072,978.27
Passenger	48,297,257.89	31,893,884.07
Baggage	117,175.53	101,808.06
Sleeping Car	2,952,807.96	1,952,632.39
Parlor and Chair Car	285,926.35	189,417.11
Mail	3,967,352.40	3,822,499.58
Railway Express Agency	492,511.29	334,084.04
Express	13,010,214.49	11,391,137.28
Other Passenger-Train	15,947.45	15,749.17
Milk	327,131.84	306,386.71
Switching	2,884,872.48	2,901,404.95
Water Transfers	133,677.23	156,087.81
Dining and Buffet	3,133,256.51	2,146,514.73
Restaurants	22,612.05	20,910.50
Station, Train and Boat Privileges	298,421.28	180,287.26
Parcel Room	89,558.56	56,810.44
Storage—Freight	123,437.22	164,632.67
Storage—Baggage	48,872.07	25,106.27
Demurrage	1,772,752.18	965,294.04
Telegraph and Telephone	12,162.10	11,449.17
Telegraph—Commercial	5,910,065.10	5,147,064.97
Grain Elevator	528,267.38	494,572.15
Rents of Buildings and Other Property	566,689.71	496,128.28
Miscellaneous	1,753,320.73	1,641,698.42
Joint Facility—Credit	570,939.88	466,851.53
Joint Facility—Debit	122,881.57	97,920.87
	<u>\$375,654,543.40</u>	<u>\$304,376,778.12</u>

SUMMARY OF OPERATING EXPENSES

Maintenance of Way and Structures	\$ 57,656,537.63	\$ 47,072,687.81
Maintenance of Equipment	71,540,489.55	55,148,687.84
Traffic	5,392,336.65	5,306,329.32
Transportation	139,607,558.82	118,081,059.98
Miscellaneous Operations	4,002,852.61	2,706,792.26
General	10,798,899.46	9,859,802.21
Transportation for Investment—Credit		406,922.29
	<u>\$288,998,674.72</u>	<u>\$237,768,437.13</u>

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	1942	1941
Superintendence.....	\$ 3,347,753.82	\$ 3,133,583.29
Roadway Maintenance.....	6,304,724.89	5,689,751.33
Tunnels and Subways.....	101,281.33	169,863.42
Bridges, Trestles, and Culverts.....	2,386,493.81	1,878,062.78
Ties.....	5,214,706.04	4,813,150.98
Rails.....	2,944,779.24	2,749,468.36
Other Track Material.....	2,365,972.61	2,321,715.90
Ballast.....	1,204,389.97	995,211.33
Track Laying and Surfacing.....	14,117,355.58	12,326,465.99
Fences, Snowsheds and Signs.....	496,884.09	524,558.77
Station and Office Buildings.....	2,133,215.05	2,472,627.47
Roadway Buildings.....	259,663.68	214,790.03
Water Stations.....	593,114.87	497,285.22
Fuel Stations.....	276,061.74	251,986.19
Shops and Enginehouses.....	2,873,778.68	1,683,645.30
Grain Elevators.....	350,094.03	39,368.80
Wharves and Docks.....	214,376.03	169,264.50
Coal and Ore Wharves.....	8,081.38	3,265.42
Telegraph and Telephone Lines.....	912,553.50	874,563.28
Telegraph—Commercial.....	871,689.15	890,137.14
Signals and Interlockers.....	838,901.73	794,063.03
Power Plants.....	7,859.51	10,447.46
Power Transmission Systems.....	92,022.70	119,214.78
Miscellaneous Structures.....	1,667.78	2,242.06
Road Property—Depreciation—U.S. Lines.....	22,817.37	27,537.24
Deferred Maintenance.....	4,350,000.00	—
Roadway Machines.....	422,025.55	410,168.02
Road—Amortization of Defence Projects.....	1,002,696.17	500,000.00
Small Tools and Supplies.....	727,166.58	668,056.19
Removing Snow, Ice and Sand.....	2,220,020.47	1,884,642.87
Public Improvements—Maintenance.....	270,057.48	285,200.57
Injuries to Persons.....	448,736.51	388,428.58
Insurance.....	21,794.90	21,208.10
Stationery and Printing.....	62,537.71	65,002.72
Other Expenses.....	47,634.22	24,703.66
Maintaining Joint Tracks, Yards, etc.—Debit.....	656,193.83	792,881.62
Maintaining Joint Tracks, Yards, etc.—Credit.....	1,242,433.63	1,212,378.08
Right of Way Expenses.....	46,746.79	39,506.75
Protective Services.....	683,122.47	552,996.74
	<u>\$ 57,656,537.63</u>	<u>\$ 47,072,687.81</u>

MAINTENANCE OF EQUIPMENT EXPENSES

Superintendence.....	\$ 1,443,653.13	\$ 1,416,631.31
Shop Machinery.....	1,974,094.97	1,479,727.38
Power Plant Machinery.....	172,242.68	200,477.75
Steam Locomotives—Repairs.....	19,021,873.12	17,195,264.23
Other Locomotives—Repairs.....	157,163.82	83,508.30
Freight-Train Cars—Repairs.....	13,964,564.74	12,854,974.92
Passenger-Train Cars—Repairs.....	6,732,699.30	6,082,296.16
Floating Equipment—Repairs.....	262,588.03	126,725.88
Work Equipment—Repairs.....	1,659,361.17	1,377,955.76
Miscellaneous Equipment—Repairs and Retirements.....	257,022.53	277,277.14
Equipment Retirements (Demolition Cost).....	56,075.67	87,321.25
Equipment—Depreciation.....	16,974,945.14	13,591,187.71
Injuries to Persons.....	325,834.64	284,635.05
Insurance.....	20,143.79	17,846.77
Stationery and Printing.....	49,239.06	53,613.50
Other Expenses.....	14,690.68	2,029.68
Maintaining Joint Equipment—Debit.....	162,569.35	180,779.82
Maintaining Joint Equipment—Credit.....	208,272.27	163,564.77
Deferred Maintenance—Equipment.....	8,500,000.00	—
	<u>\$ 71,540,489.55</u>	<u>\$ 55,148,687.84</u>

TRAFFIC EXPENSES

	1942	1941
Superintendence.....	\$ 1,890,285.07	\$ 1,760,810.53
Outside Agencies.....	2,470,681.25	2,341,010.02
Advertising.....	361,231.53	555,327.47
Traffic Associations.....	107,300.71	101,419.10
Stationery and Printing.....	292,186.41	292,139.84
Other Expenses.....	615.69	964.40
Industrial Bureau.....	87,558.02	83,830.06
Colonization, Agriculture and Natural Resources.....	182,477.97	172,756.70
	<u>\$ 5,392,336.65</u>	<u>\$ 5,306,329.32</u>

TRANSPORTATION EXPENSES

Superintendence.....	\$ 3,517,511.59	\$ 3,191,034.94
Dispatching Trains.....	1,887,968.29	1,511,893.05
Station Employees.....	19,057,298.39	16,846,813.50
Weighing, Inspection and Demurrage Bureaus.....	90,211.44	80,923.25
Station Supplies and Expenses.....	1,488,617.01	1,291,513.61
Yardmasters and Yard Clerks.....	3,519,878.51	2,915,588.97
Yard Conductors and Brakemen.....	7,084,554.33	6,180,904.23
Yard Switch and Signal Tenders.....	689,892.34	572,516.38
Yard Enginemen.....	4,660,449.24	4,312,579.58
Yard Motormen.....	352,325.02	90,644.53
Yard Switching Fuel.....	5,164,506.94	4,219,156.05
Yard Switching Power Produced.....	9,628.33	9,941.00
Yard Switching Power Purchased.....	72,949.02	70,109.73
Water for Yard Locomotives.....	183,882.53	190,280.12
Lubricants for Yard Locomotives.....	75,723.31	56,871.08
Other Supplies for Yard Locomotives.....	42,122.12	39,446.72
Enginehouse Expenses—Yard.....	1,470,367.98	1,269,319.52
Yard Supplies and Expenses.....	156,618.84	142,379.55
Operating Joint Yards and Terminals—Debit.....	1,354,427.58	1,098,949.95
Operating Joint Yards and Terminals—Credit.....	1,873,925.67	1,515,609.54
Train Enginemen.....	13,456,416.11	11,672,320.18
Train Motormen.....	112,922.87	107,367.27
Train Fuel.....	27,712,029.98	21,618,816.11
Train Power Produced.....	12,360.89	11,667.11
Train Power Purchased.....	38,202.57	36,374.39
Water for Train Locomotives.....	1,183,171.34	1,091,892.42
Lubricants for Train Locomotives.....	483,470.42	416,321.37
Other Supplies for Train Locomotives.....	235,993.03	209,736.58
Enginehouse Expenses—Train.....	4,394,091.64	3,705,103.92
Trainmen.....	14,941,560.21	12,922,247.57
Train Supplies and Expenses.....	8,063,339.47	6,738,507.21
Operating Sleeping Cars.....	1,495,983.62	1,123,946.48
Signal and Interlocker Operation.....	471,830.46	424,623.11
Crossing Protection.....	711,091.44	636,082.15
Drawbridge Operation.....	119,177.70	105,818.96
Telegraph and Telephone Operation.....	357,470.56	307,926.56
Telegraph—Commercial.....	4,442,485.42	3,983,495.16
Operating Floating Equipment.....	1,025,644.50	790,564.10
Express.....	6,498,139.59	5,818,426.24
Stationery and Printing.....	597,244.11	570,832.15
Other Expenses.....	1,000,282.34	911,016.42
Operating Joint Tracks and Facilities—Debit.....	719,103.42	683,697.36
Operating Joint Tracks and Facilities—Credit.....	478,661.78	423,642.77
Insurance.....	11,656.56	11,209.52
Clearing Wrecks.....	384,231.96	285,103.85
Damage to Property.....	80,822.68	35,204.05
Damage to Live Stock on Right-of-Way.....	56,388.15	41,474.68
Loss and Damage—Freight.....	1,001,152.72	745,929.02
Loss and Damage—Baggage.....	7,987.02	2,928.01
Injuries to Persons.....	1,466,962.68	920,814.58
	<u>\$139,607,558.82</u>	<u>\$118,081,059.98</u>

MISCELLANEOUS OPERATING EXPENSES

	1942	1941
Dining and Buffet Service.....	\$ 3,746,868.66	\$ 2,499,013.24
Restaurants.....	21,924.36	20,045.54
Grain Elevators.....	196,159.47	148,252.84
Other Miscellaneous Operations.....	37,900.12	39,480.64
	<u>\$ 4,002,852.61</u>	<u>\$ 2,706,792.26</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers.....	\$ 464,452.27	\$ 432,387.95
Salaries and Expenses of Clerks and Attendants.....	4,419,955.96	3,651,359.32
General Office Supplies and Expenses.....	263,866.64	225,828.74
Law Expenses.....	344,478.99	345,948.67
Relief Department Expenses.....	27,500.00	27,500.00
Pensions.....	4,859,896.18	4,731,910.67
Stationery and Printing.....	162,232.43	164,584.22
Valuation Expenses.....	12,251.56	11,310.38
Other Expenses.....	222,381.03	288,168.13
General Joint Facilities—Debit.....	36,946.59	38,996.02
General Joint Facilities—Credit.....	15,062.19	58,191.89
	<u>\$ 10,798,899.46</u>	<u>\$ 9,859,802.21</u>

PROPERTY INVESTMENT ACCOUNT

BALANCE AT 1ST, JANUARY, 1942.....		\$1,944,287,482.72
EXPENDITURES, YEAR 1942:		
ROAD:		
Montreal Terminal Development, Chapter 12-1929.....	\$ 1,823,248.09	
Salvage from Line Abandonments, etc.....	201,878.33	
Rails and Fastenings.....	282,374.19	
Tie Plates and Rail Anchors.....	678,303.63	
Ties—Cost of Treating.....	1,263,000.25	
Ballast.....	212,627.16	
Rip Rap, Retaining Walls and Cribwork.....	42,250.44	
Ditching, Drainage and Sewers.....	36,438.47	
Large Freight Terminals.....	27,222.65	
Large Passenger Terminals.....	31,358.68	
Yard Tracks and Sidings.....	494,925.38	
Roadway Machines.....	139,758.75	
Bridges, Trestles and Culverts.....	323,713.36	
Crossing Protection including Subways.....	79,243.58	
Stations and Station Facilities.....	279,110.12	
Fuel Stations.....	90,558.68	
Shops, Enginehouses and Machinery.....	166,920.18	
Grain Elevators.....	326,880.66	
Signals and Interlockers.....	847,647.08	
Telegraphs—Railway.....	45,579.58	
Telegraphs—Commercial.....	408,042.58	
Assessments for Public Improvements.....	44,477.52	
Land.....	594,780.49	
General Additions and Betterments.....	132,314.82	
TOTAL.....	\$ 5,991,735.35	
EQUIPMENT:		
Equipment Purchased or Built.....	\$18,662,312.37	
Equipment Retired.....	979,740.50	
General Betterments to Equipment.....	145,542.05	
Equipment Conversions and Transfers.....	1,409,813.48	
Express and Miscellaneous Equipment.....	75,147.78	
TOTAL.....	\$16,493,448.22	
HOTELS.....	\$ 63,943.06	
SEPARATELY OPERATED PROPERTIES.....	\$ 1,312,175.36	
NET ADDITIONS AND BETTERMENTS.....		21,109,065.15
TRANSFER OF CANADIAN GOVERNMENT RAILWAY PROPERTIES TO		
GOVERNMENT DEPARTMENTS.....	\$ 8,211.63	
LINE ABANDONMENTS, listed below.....	4,575,998.43	4,584,210.06
BALANCE AT 31ST, DECEMBER, 1942.....		\$1,960,812,337.81

LINE ABANDONMENTS CHARGED OFF DURING THE YEAR 1942 TO PROPRIETOR'S EQUITY

Sunny Brae—Guysborough Branch between Mileage 12.89 and 66.73.....	\$ 2,690,285.08
Acadia Valley Branch between mileages 24.6 and 42.9.....	181,443.30
Vancouver Island Line between mileages 95.4 and 135.6.....	1,681,750.00
Bay City Terminal Facilities.....	103,063.48
West Duluth Lumber Dock.....	125,583.53
	<u>\$ 4,575,998.43</u>

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1942	Interest Accrued 1942
GUARANTEED BY DOMINION OF CANADA:					
5% Perpetual Debenture Stock.....	G.T.R.	1875 to 1883	Perpetual	\$ 1,692,183.80	\$ 206,027.07
5% G.W.Perp. Debtr. Stock and Bonds.	G.T.R.	1858 to 1876	Perpetual	1,127,996.00	156,872.20
4% Perpetual Debenture Stock.....	G.T.R.	1883 to 1918	Perpetual	7,827,288.73	302,886.97
4% Nor. Rly. Perpetual Debtr. Stock..	G.T.R.	July 31, 1884	Perpetual	49,980.67	11,569.07
4% Perpetual Guaranteed Stock.....	G.T.R.	1884 to 1909	Perpetual	486.67	548,676.13
3% 1st Mortgage Bonds.....	G.T.P.	July 1, 1905	Jan. 1, 1962	26,465,130.00	991,940.83
4% Sterling Bonds.....	G.T.P.	July 1, 1914	Jan. 1, 1962	7,999,074.00	333,639.80
3% 1st Mortgage Debenture Stock....	Can. Nor.	July 29, 1903	July 10, 1953	1,340,946.72	88,462.20
3½% 1st Mortgage Debenture Stock...	Can. Nor.	Mar. 1910	July 20, 1958	5,652,987.36	218,019.66
6½% Sinking Fund Debenture Bonds...	Can. Nor.	July 1, 1921	July 1, 1946	23,754,000.00	1,545,448.74
3½% 1st Mortgage Debenture Stock...	C.N.A.	Mar. 22, 1911	May 4, 1960	574,008.73	37,909.00
3½% 1st Mortgage Debenture Stock...	C.N.O.	Dec. 8, 1911	May 19, 1961	4,216,022.54	351,885.49
5% 30 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
2% 1927 Guaranteed Debenture Stock...	Can. Nat.	July 1, 1926	By Drawings	380,831.26	108,660.18
4½% 30 Year Guaranteed Gold Bonds...	Can. Nat.	July 1, 1927	July 1, 1957	64,136,000.00	2,916,212.06
5% 40 Year Guaranteed Gold Bonds...	Can. Nat.	July 1, 1929	July 1, 1969	56,704,000.00	2,863,674.30
5% 40 Year Guaranteed Gold Bonds...	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	57,729,500.00	2,905,921.16
5% 40 Year Guaranteed Gold Bonds...	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	17,338,000.00	872,569.84
4¾% 25 Year Guaranteed Gold Bonds...	Can. Nat.	June 15, 1930	June 15, 1955	48,518,000.00	2,316,877.77
4½% 25 Year Guaranteed Gold Bonds...	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	67,368,000.00	3,123,040.03
4½% 20 Year Guaranteed Gold Bonds...	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	48,022,000.00	2,229,596.79
3% 16 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	615,000.00
3% 9 Year Guaranteed Bonds.....	Can. Nat.	May 1, 1935	May 1, 1944	35,000,000.00	1,050,000.00
2% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1943	55,000,000.00	1,100,000.00
3% 17 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1944	15,500,000.00	348,750.00
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
2% 4 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1938	Jan. 15, 1942		16,666.67
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.....				\$ 741,896,436.48	\$31,397,805.96
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st Mortgage Debenture Stock.....	St. J. & Q.	May 14, 1912	June 1, 1962	\$ 658,918.93	\$ 39,707.25
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1912	Feb. 15, 1942		5,835.14
4½% 1st Mtge. Debenture Stock.....	C.N.W.	Mar. 1914	Oct. 22, 1943	349,295.67}	87,944.80
4½% 1st Mtge. Debenture Bonds.....	C.N.W.	Mar. 1914	Oct. 22, 1943	1,384,000.00}	
4½% 1st Mtge. Debtr. Stock and Bonds	C.N.W.	Feb. 1914	Feb. 16, 1942		36,900.85
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock.....	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	1,121,649.86	171,930.80
4½% Terminal Debenture Stock.....	C.N.P.	1913 and 1914	Apr. 2, 1950	1,204,957.47	148,554.91
Total Issues Guaranteed by Provincial Governments.....				\$ 4,718,821.93	\$ 490,873.75
Carried Forward.....				\$ 746,615,258.41	\$31,888,679.71

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1942	Interest Accrued 1942
Brought Forward.....				\$ 746,615,258.41	\$31,888,679.71
EQUIPMENT TRUST ISSUES:					
4½% Series "J".....	Can. Nat.	May 1, 1927	Ser. 1, 5, '42		15,000.00
5% " " "K".....	Can. Nat.	May 1, 1929	Ser. 1, 5, '44	2,400,000.00	140,000.00
5% " " "G.T.W.".....	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	559,000.00	41,431.80
5% " " "C.V.R.".....	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	87,000.00	6,541.39
5% " " "C.V.R.".....	C.V.R.	Dec. 14, 1929	Ser. 14, 12, '44	150,000.00	11,226.67
4½% " " "L".....	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	3,150,000.00	161,437.50
2½% " " "O".....	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	7,150,000.00	199,604.17
2¾% " " "P".....	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	5,600,000.00	163,739.58
2½% " " "Q".....	Can. Nat.	July 1, 1939	Ser. 1, 7, '49	4,550,000.00	121,875.00
2½% " " "G.T.W.".....	G.T.W.	June 1, 1941	Ser. 1, 6, '51	4,837,000.00	114,817.51
Total Equipment Trust Issues.....				\$ 28,483,000.00	\$ 975,673.62
OTHER ISSUES:					
4% Canada Atlantic 1st. Mtge. Bonds..	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	\$ 9,974,178.00	\$ 442,125.26
6% Northern Railway 3rd Pref. Bonds..	G.T.R.		1868 Perpetual	2,433.33	727.43
4% 1st Mortgage Bonds.....	Pem. Sou.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4% 2nd Mtge. Bonds, Prairie "A".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,587,652.00	189,349.39
4% 2nd Mtge. Bonds, Mountain "B"....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	3,177,954.00	174,030.14
4% 1st Mtge. Bonds "Lake Superior"....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	2,157,840.00	123,384.54
4% Perpetual Cons. Debenture Stock..	Can. Nor.	1903 to	1912 Perpetual	4,695,452.47	457,888.30
4% Perpetual Cons. Debenture Stock..	C.N.O.	June 21, 1909	Perpetual	1,032,954.87	93,533.25
4% Perpetual Cons. Debenture Stock..	C.N.Q.	Oct. 1906	Perpetual	497,986.53	51,533.30
4% 1st Mtge. Perp. Debenture Stock..	Q. & L. St. J.	June 1, 1912	Perpetual	332,232.73	42,904.03
4% 1st Mortgage Bonds.....	G.T.W.	Nov. 30, 1900	July 1, 1950	6,555,244.00	294,859.46
4½% 1st Mortgage Series "A" Bonds..	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4% Indebtedness of S. S. & C. Co.....	C.V.R.	Aug. 27, 1858	Optional	155,865.25	6,234.61
4% 1st Mortgage Gold Bonds.....	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
3½% 1st Mortgage Guar. Debtr. Bonds	H. & S. W.	Oct. 1, 1912	Sept. 30, 1942		116,733.75
5% Indebtedness to Province of N.B....	Can. Nat.	Sept. 3, 1929	Various	1,198,022.60	59,901.13
Total Other Issues.....				\$ 34,117,815.78	\$ 2,085,204.59
Total Debt held by Public (including therein \$13,442,142.05 par value held in Special Funds and Accounts) as per Balance Sheet.....				\$ 809,216,074.19	\$34,949,557.92

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, 1942	Accrued Interest 1942
3½% Advances, Financing and Guarantee Acts, 1939 to 1942.....	\$ 26,062,418.83	\$ 1,137,164.57
3½% Advances, Trans-Canada Air Lines Act, 1937.....	850,000.00	4,200.00
3½% Advances, Refunding Act, 1938.....	27,135,668.40	890,322.50
2% Advances, Refunding Act, 1938.....	24,689,392.53	493,787.86
3½% Temporary Loan for Working Capital.....	13,906,999.71	470,947.03
3½% Advances, G.T.R. Debenture Stock (1940-1942).....	106,380,182.61	3,713,682.97
3½% Advances, Repatriation of Securities (1942).....	277,485,593.08	6,611,341.08
3% Purchase of Railway Equipment, 1936 (Repayable 1938-1950).....	4,137,384.66	128,646.81
3½% Purchase of Railway Equipment, 1940 (Repayable 1941-1955).....	12,895,588.14	461,618.58
3½% Purchase of Railway Equipment, 1941 (Repayable 1943-1957).....	9,313,232.92	103,979.95
Interest on Loans repaid in 1942.....		16,943.24
	\$ 502,856,460.88	\$14,032,634.59

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount Owned by Can. Nat. System	Book Value
STOCKS:			
Atlantic and St. Lawrence Railroad Company	\$ 5,480,700.00	\$ 46,384.33	\$ 33,172.44
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	1,767,000.00
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
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
Vancouver Hotel Company Limited	150,000.00	75,000.00	75,000.00
			<u>\$10,440,279.97</u>
BONDS:			
Atlantic and St. Lawrence Railroad Company	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,012,040.00
Northern Alberta Railways Co. 1st Mortgage Bonds	26,730,000.00	13,365,000.00	13,365,000.00
The Toronto Terminals Railway Co. 1st Mortgage Bonds ..	25,610,000.00	12,805,000.00	12,805,000.00
			<u>\$29,182,040.00</u>
ADVANCES:			
Chicago & Western Indiana Railroad Company			\$ 1,873,881.59
The Railroad Credit Corporation			139,406.20
Railway Express Agency, Incorporated			116,636.42
Northern Alberta Railways Company			250,000.00
Vancouver Hotel Company Limited			18,858.39
			<u>\$ 2,398,782.60</u>
			<u>\$42,021,102.57</u>

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, 1942, 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%.

Under agreement of purchase dated 6th. February, 1929, Canadian National Railway Company became liable for one-half of the purchase consideration for the property. This obligation was later assumed by Northern Alberta Railways Company which took title to the property. As of 31st. December, 1942, the commitment of the Canadian National Railway Company was \$1,210,000. The Canadian National Railway Company takes up currently in its income account one-half of the annual surplus or deficit of Northern Alberta Railways Company.

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, 1942, 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, 1942, is \$19,776,000.

C.N.R. PENSION PLANS:

Reserves are not set up against pensions presently being paid or conditionally accruing under the 1935 contractual plan and prior non-contractual plans. Actual pension payments made at the expense of the Railway are charged currently to operating expenses.

Pension contracts in force under the 1935 contractual plan number 4,905, the average annual pension is \$489, the total annual pensions being \$2,396,755 representing a capital sum of approximately \$20,000,000. The portion of this sum contributed by retired employees is carried in the accounts as a deferred liability against which funds have been separately invested.

COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

Company
Number

CAPITAL STOCKS OWNED BY DOMINION OF CANADA

1	Canadian National Railway Company.....	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust.....	298,842,882.17
		<u>\$316,842,882.17</u>

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3	The Bay of Quinté Railway Company.....	23	\$ 1,395,000.00	\$
4	The Bessemer and Barry's Bay Railway Company.....	23	125,000.00	
5	*Brooksby Realty Company.....	29	2,000.00	
6	*Canada Atlantic Transit Company.....	1	219,000.00	
7	*Canada Atlantic Transit Company of U.S.....	1	250,000.00	
8	The Canadian Express Company.....	1	1,768,800.00	
9	*Canadian National Electric Railways.....	23	1,750,000.00	
10	Canadian National Express Company.....	24	1,000,000.00	
11	Canadian National Land Settlement Association.....	1	—	
12	*Canadian National Railways (France).....	1	2,007,400.00	
13	*Canadian National Realities, Limited.....	23	40,000.00	
14	Canadian National Rolling Stock Limited.....	1	50,000.00	
15	*Canadian National Steamship Company, Limited.....	49	15,000.00	
16	Canadian National Telegraph Company.....	23	500,000.00	
17	*Canadian National Transportation, Limited.....	1	500.00	
18	The Canadian Northern Alberta Railway Company.....	23	3,000,000.00	
19	Canadian Northern Manitoba Railway Company.....	23	250,000.00	
20	The Canadian Northern Ontario Railway Company.....	23	10,000,000.00	
21	Canadian Northern Pacific Railway Company.....	23	25,000,000.00	
22	The Canadian Northern Quebec Railway Company.....	23	9,550,000.00	3,849,200.00
23	The Canadian Northern Railway Company.....	1	18,000,000.00	
24	The Canadian Northern Railway Express Company, Limited...	23	1,000,000.00	
25	Canadian Northern Steamships, Limited.....	23	2,000,000.00	
26	Canadian Northern System Terminals (Limited).....	23	2,000,000.00	
27	Canadian Northern Western Railway Company.....	23	2,000,000.00	
28	Cannar Oils Limited.....	1	100.00	
29	*The Centmont Corporation.....	32	176,400.00	
30	The Central Ontario Railway.....	23	3,331,000.00	
31	Central Vermont Airways, Inc.....	29	5,000.00	
32	Central Vermont Railway, Inc.....	1	10,000,000.00	
33	Central Vermont Terminal, Inc.....	32	5,000.00	
34	*Central Vermont Transit Corporation.....	29	5,000.00	
35	*Central Vermont Warehouse, Inc.....	29	5,000.00	
36	The Champlain and St. Lawrence Railroad Company.....	1	50,000.00	
37	Cincinnati, Saginaw and Mackinaw Rail Road Company.....	1	1,500,000.00	
38	*Consolidated Land Corporation.....	52	64,000.00	
39	*Continental Realty & Holding Company.....	13	90,000.00	
40	*The Dalhousie Navigation Company, Limited.....	23	50,000.00	
41	*Duluth and Virginia Realty Company.....	39	45,000.00	
42	Duluth, Rainy Lake & Winnipeg Railway Company.....	44	2,000,000.00	
43	Duluth, Winnipeg and Pacific Railroad Company.....	44	100,000.00	
44	Duluth, Winnipeg and Pacific Railway Company.....	23	3,100,000.00	
45	*Grand Trunk-Milwaukee Car Ferry Company.....	52	200,000.00	
46	The Grand Trunk Pacific Branch Lines Company.....	49	200,000.00	
47	*The Grand Trunk Pacific Development Company, Limited...	49	3,000,000.00	
48	*Grand Trunk Pacific Dock Company, of Seattle.....	49	150,000.00	
49	The Grand Trunk Pacific Railway Company.....	1	24,940,200.00	
50	The Grand Trunk Pacific Saskatchewan Railway Company...	49	20,000.00	
51	*Grand Trunk Pacific Terminal Elevator Company, (Limited)...	49	501,000.00	
52	{Grand Trunk Western Railroad Company (Common)} {Grand Trunk Western Railroad Company (Preferred)}.....	1	20,000,000.00 25,000,000.00	
53	The Great North Western Telegraph Company of Canada (Including \$331,500.00 held in escrow).....	16	373,625.00	6,925.00
54	The Halifax and South Western Railway Company.....	23	1,000,000.00	
55	*Industrial Land Company.....	52	1,000.00	
56	International Bridge Company.....	1	1,500,000.00	
57	The Irondale, Bancroft and Ottawa Railway Company.....	23	53,500.00	500.00
58	The James Bay and Eastern Railway Company.....	23	125,000.00	
	Carried Forward.....		<u>\$179,513,525.00</u>	<u>\$ 3,856,625.00</u>

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.....		\$179,513,525.00	\$ 3,856,625.00
59	The Lake Superior Terminals Company Limited.....	23	500,000.00	
60	The Maganetawan River Railway Company.....	1	30,000.00	
61	Manitoba Northern Railway Company.....	1	500,000.00	
62	The Marmora Railway and Mining Company.....	23	128,600.00	
63	The Minnesota and Manitoba Railroad Company.....	23	400,000.00	
64	The Minnesota and Ontario Bridge Company.....	23	100,000.00	
65	Montreal and Province Line Railway Company.....	29	1,000,000.00	
66	*Montreal and Southern Counties Railway Company.....	1	500,000.00	189,500.00
67	The Montreal and Vermont Junction Railway Company.....	32	197,300.00	
68	*Montreal Fruit & Produce Terminal Company, Limited.....	1	500.00	
69	*The Montreal Stock Yards Company.....	1	350,000.00	
70	*The Montreal Warehousing Company.....	1	236,000.00	12,240.00
71	Mount Royal Tunnel and Terminal Company, Limited.....	23	5,000,000.00	
72	Muskegon Railway and Navigation Company.....	52	161,293.00	
73	*National Terminals of Canada, Limited.....	1	2,500.00	
74	National Transcontinental Railway Branch Lines Company...	1	500.00	
75	New England Elevator Company.....	1	400,000.00	
76	*The Niagara, St. Catharines and Toronto Railway Company..	23	925,000.00	
77	*The Niagara, St. Catharines and Toronto Navigation Company (Limited).....	76	100,000.00	
78	*The Oshawa Railway Company.....	1	40,000.00	
79	The Ottawa Terminals Railway Company.....	1	250,000.00	
80	The Pembroke Southern Railway Company.....	1	107,800.00	
81	Portland Elevator Company.....	1	50,000.00	
82	*Prince George, Limited.....	1	10,000.00	
83	*Prince Rupert, Limited.....	1	10,000.00	
84	The Quebec and Lake St. John Railway Company.....	23	4,508,300.00	489,160.00
85	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company.....	23	201,000.00	
86	*Rail & River Coal Company.....	1	2,000,000.00	
87	St. Boniface Western Land Company.....	23	250,000.00	
88	The St. Charles and Huron River Railway Company.....	23	1,000.00	
89	St. Clair Tunnel Company.....	1	700,000.00	
90	The Stanstead, Shefford and Chambly Railroad Company.....	29	608,333.33	
91	*The Thousand Islands Railway Company.....	1	60,000.00	
92	The Toronto Belt Line Railway Company.....	1	50,000.00	16,600.00
93	†Trans-Canada Air Lines.....	1	3,750,000.00	
94	The United States and Canada Rail Road Company.....	1	219,400.00	475.00
95	Vermont and Province Line Railroad Company.....	1	200,000.00	
96	The Winnipeg Land Company Limited.....	23	100,000.00	
			<u>\$203,161,051.33</u>	<u>\$ 4,564,600.00</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, 1941	Additions During Year	Retirements During Year	Conversions During Year		December 31, 1942
				Added	Retired	
LOCOMOTIVES:						
Passenger—Freight.....	2,031	61	22			2,070
Switching.....	436		2			434
Electric.....	24					24
Oil Electric.....	11	16				27
Total.....	2,502	77	24			2,555
FREIGHT EQUIPMENT:						
Box Cars.....	63,386		92	2	417	62,879
Flat Cars.....	5,064	300	7		78	5,279
Stock Cars.....	3,074		5			3,069
Coal Cars.....	13,583	763	32			14,314
Tank Cars.....	148					148
Refrigerator Cars.....	2,995	100	3		1	3,091
Caboose Cars.....	1,488		19	94		1,563
Other Cars in Freight Service.....	11		1			10
Total.....	89,749	1,163	159	96	496	90,353
PASSENGER EQUIPMENT:						
Coach Cars.....	1,074	99		56	33	1,196
Combination Cars.....	274		1			273
Dining Cars.....	85	8		3	3	93
Colonist Cars.....	165	16			2	179
Parlor Cars.....	79			2	16	65
Cafe Cars.....	31		1			30
Sleeping Cars.....	312	8		2	14	308
Tourist Cars.....	47					47
Baggage and Express Cars.....	980	15	3	5	3	994
Postal Cars.....	48	6			5	49
Unit Cars.....	49				2	47
Other Cars in Passenger Service.....	56			6		62
Total.....	3,200	152	5	74	78	3,343
WORK EQUIPMENT:						
Business Cars.....	63				1	62
All Other Cars in Company's Service.....	6,715	12	67	416	11	7,065
Total.....	6,778	12	67	416	12	7,127
FLOATING EQUIPMENT:						
Car Ferries.....	9					9
Barges.....	4					4
Tugs.....	4					4
Work.....	4					4

STATISTICS OF RAIL-LINE OPERATION

TRANSPORTATION SERVICE

	Freight		Passenger		Total
	1942	1941	1942	1941	
TRAIN MILES:					
Locomotive Drawn.....	42,720,204	40,364,715	21,463,841	19,603,832	64,184,045
Motor Unit Cars.....	—	—	1,134,055	1,166,371	1,134,055
TOTAL.....	42,720,204	40,364,715	22,597,896	20,770,203	65,318,100
LOCOMOTIVE MILES:					
Principal.....	42,742,362	40,392,690	21,463,841	19,603,841	64,206,203
Helper.....	2,222,053	1,626,057	437,459	267,568	2,659,512
Light.....	957,228	823,371	375,156	352,620	1,332,384
Train Switching.....	3,563,046	3,350,003	111,110	99,235	3,674,156
Yard Switching.....	14,762,717	13,747,527	1,243,366	1,084,996	16,006,083
TOTAL.....	64,247,406	59,939,648	23,630,932	21,408,260	87,878,338

CAR MILES:

Loaded Freight Cars.....	1,138,327,325	1,060,297,777	788,438	774,834	1,139,115,763
Empty Freight Cars.....	520,532,110	512,885,837	559,416	773,669	521,091,526
Passenger Coach and Combination Cars.....	8,995,757	8,511,543	73,967,659	59,109,677	82,963,416
Sleeping, Parlor and Observation Cars.....	1,365,054	1,006,436	50,442,371	41,022,088	51,807,425
Dining Cars.....	144,846	171,422	8,735,400	6,976,162	8,880,246
Other Cars.....	8,658,054	8,929,225	55,680,337	51,192,622	64,338,391
Motor Unit Cars.....	—	—	1,190,445	1,232,892	1,190,445
Caboose.....	41,750,504	39,312,748	1,408,413	1,230,398	43,158,917
TOTAL.....	1,719,773,650	1,631,114,988	192,772,479	162,312,342	1,912,546,129

WORK SERVICE

	Train Miles		Locomotive Miles		Car Miles
	1942	1941	1942	1941	
Locomotive Drawn.....	1,546,974	1,332,698	1,867,529	1,766,696	3,577,566
Motor Unit Cars.....	130	130	130	—	57
TOTAL.....	1,547,104	1,332,828	1,867,659	1,766,696	3,577,623

2,724,068

2,724,068

STATISTICS OF RAIL-LINE OPERATION

	1942	1941
Average mileage of road operated.....	23,494.22	23,524.95
TON-MILES—TRAIN-HOURS IN ROAD SERVICE:		
Gross ton-miles of cars, contents and cabooses.....	73,256,924,142	66,957,550,363
Net ton-miles of freight (revenue and non-revenue).....	34,146,595,836	30,049,483,326
Train-hours in freight road service.....	2,750,961	2,509,925
REVENUE TRAFFIC:		
Tons of freight carried.....	71,545,237	65,370,412
Ton-miles—Revenue freight.....	31,729,325,493	27,199,875,760
Freight revenue.....	\$288,462,195	\$239,592,287
Passengers carried.....	30,363,290	17,681,343
Passenger-miles.....	2,707,890,246	1,761,970,856
Passenger revenue.....	\$ 48,297,258	\$ 31,893,884
AVERAGES:		
Miles per revenue ton.....	443.49	416.09
Miles per revenue passenger.....	89.18	99.65
Revenue per ton-mile.....	\$0.00909	\$0.00881
Revenue per passenger-mile.....	\$0.01784	\$0.01810
Revenue per ton.....	\$4.03189	\$3.66515
Revenue per passenger.....	\$1.59065	\$1.80382
AVERAGE PER MILE OF ROAD:		
Ton-miles—Revenue freight.....	1,345,174	1,151,306
Ton-miles—All freight.....	1,453,404	1,277,345
Passenger-miles—Revenue.....	115,258	74,898
Gross Revenue.....	\$15,989.23	\$12,938.47
Gross Expenses (including Taxes, Equipment and Joint Facility Rents).....	\$12,799.93	\$10,573.89
Net Railway operating income.....	\$ 3,189.30	\$ 2,364.58

EMPLOYEES AND THEIR COMPENSATION

	1942	1941	Increase	% Increase
*Average Number of Employees.....	94,592	89,536	5,056	5.6
*Total Payroll.....	\$177,042,773	\$153,654,368	\$23,388,405	15.2
*Includes railway, express and telegraph employees. Excludes hotel and subsidiary company employees.				

DISTRIBUTION OF THE DOLLAR

	Operating Revenue Dollar		Operating Expense Dollar	
	1942	1941	1942	1941
Labour.....	.4302	.4615	.5591	.5907
Fuel.....	.0875	.0848	.1138	.1086
Other Expenses.....	.2516	.2349	.3271	.3007
Total Operating Expenses.....	.7693	.7812	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.2307	.2188	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00
Maintenance of Way Accounts.....	.1535	.1547	.1995	.1980
Maintenance of Equipment Accounts.....	.1904	.1812	.2475	.2319
Traffic Accounts.....	.0144	.0174	.0187	.0223
Transportation Accounts.....	.3716	.3879	.4831	.4966
Miscellaneous Accounts.....	.0107	.0089	.0138	.0114
General Accounts.....	.0287	.0324	.0374	.0415
Transportation for Investment—Credit.....	—	.0013	—	.0017
Total Operating Expenses.....	.7693	.7812	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.2307	.2188	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

OPERATED MILEAGE, DECEMBER 31st, 1942

Territory	Mileage Owned by Constituent Companies				Mileage of Lines Under Lease or Contract		Mileage of Trackage Rights				Total Operated Road Mileage				Spurs Sidings & Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Tracks	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Tracks	
Atlantic Region.....	Miles 2,986.76	Miles 49.97	Miles —	Miles —	Miles 6.41	Miles —	Miles 82.95	Miles —	Miles —	Miles —	Miles 3,076.12	Miles 49.97	Miles —	Miles —	Miles 910.05
Central Region.....	7,136.91	714.29	15.91	9.82	337.55	9.31	29.72	25.17	2.13	4.10	7,504.18	748.77	18.04	13.92	2,658.76
Western Region.....	11,091.02	86.24	—	—	378.22	4.29	64.07	23.04	—	—	11,533.31	113.57	—	—	2,539.98
Grand Trunk Western Lines.....	904.62	363.18	10.62	—	61.14	—	59.75	6.33	1.36	0.99	1,025.51	369.51	11.98	0.99	777.22
Central Vermont Lines	237.90	0.63	—	—	125.18	0.03	58.73	32.75	—	—	421.81	33.41	—	—	159.03
*Total Mileage.....	22,357.21	1,214.31	26.53	9.82	908.50	13.63	295.22	87.29	3.49	5.09	23,560.93	1,315.23	30.02	14.91	7,045.04
Lines in Canada.....	20,983.68	849.93	15.91	9.82	565.43	12.49	172.35	44.77	2.13	4.10	21,721.46	907.19	18.04	13.92	5,946.27
Lines in United States	1,373.53	364.38	10.62	—	343.07	1.14	122.87	42.52	1.36	0.99	1,839.47	408.04	11.98	0.99	1,098.77

*Separately Operated Lines (Gasoline Electric and Electric) not included.

