

CANADIAN NATIONAL RAILWAYS - EASTERN LINES
(LINES EAST OF LEVIS, QUEBEC AND DIAMOND JUNCTION, QUEBEC)

LEGISLATION: The Maritime Freight Rates Act, Chapter 44 of the Statutes of Canada, 1927 under Section 6 of the Act specified as follows:
"For accounting purposes, but without affecting the management and operation of any of the Eastern Lines, the revenues and expenses of the Eastern Lines (including the reductions herein authorized which shall be borne by the Eastern Lines) shall be kept separately from all other accounts respecting the construction, operation or management of the Canadian National Railways. In the event of any deficit occurring in any Railway fiscal year in respect of the Eastern Lines the amount of such deficit shall be included in a separate item in the estimates submitted to Parliament for or on behalf of the Canadian National Railways at the first session of Parliament following the close of such fiscal year."

LINES INVOLVED: The Eastern Lines territory involved in the Legislation comprised the lines of railway situated within the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and the lines in the Province of Quebec extending from the southern boundary near Matapedia and near Courchesne to Diamond Junction and Levis, and comprised:
Canadian Government Railways East of above-mentioned points
Halifax & South Western Railway (Canadian Northern Railway Company)
Canadian National Railway Company from Matapedia, QC, to Gaspe, QC.
Canadian National Railway Company from Kent Junction, NB to Richibucto, NB.
Canadian National Railway Company from Saint John, NB to Centreville, NB.
Canadian National Railway Company from Point Tupper, NS to Inverness, NS
Canadian National Telegraphs
Canadian National Express

SEPARATION OF ACCOUNTS:
From July 1st, 1927 to December 31st, 1931, separate income accounts for Eastern Lines were maintained and excluded from the Canadian National System accounts and published separately. Due to request by the Members of the Select Standing Committee of the House of Commons, and the Royal Commission on Transportation the net income result of the Eastern Lines for the year 1932, while maintained separately, was included with that for the balance of the System, presenting an income account for the all inclusive Canadian National System. The Separation was continued to the year 1936 only.
In the separation of operating and income accounts for the Eastern Lines territory the following procedures were adopted.

OPERATING REVENUES:
Revenue from passenger, freight, mail, express etc., moving between stations within the Eastern Lines, generally referred to as "local traffic" was credited 100% to Eastern Lines.
Revenue from freight moving between a station within the territory to a station without the territory on the C.N.R. was apportioned on the basis of division sheets furnished by the Traffic Department: Revenue from passenger, mail, express and other revenue was apportioned on mileage pro rata.

OPERATING EXPENSES:
All operating expenses relating directly and solely to Eastern Lines were charged 100% to Eastern Lines.

All operating expenses "common" to both Canadian National and Eastern Lines, such as expenses of management, supervision, accounting, traffic, etc., were apportioned between Canadian National and Eastern Lines on various appropriate basis which varied with the nature of the expense; i.e.

Maintenance of Way	- on Track Mileage Basis
Maintenance of Equipment	- on Unit Mileage Basis
Traffic	- on Gross Revenue pro rata
Transportation	- on Train Mileage Basis
General	- on Train Mileage Basis

TAXES: Nova Scotia, New Brunswick, and Prince Edward Island Provincial taxes were charged 100% to Eastern Lines, also Quebec Provincial Tax against the Gaspé Railways and 25% of the tax by that Province against the C.N. Telegraphs.

EQUIPMENT RENTALS:

In the matter of apportioning equipment rentals a pooling arrangement was put in effect for all Canadian National (Canadian Lines), Eastern Lines receiving as an owner its proportion of interest credit from the Pool on C.G.R. owned equipment in the ratio that the mileage made on C.G.R. Lines in Eastern Lines was to the mileage of all C.G.R. Lines, and was charged as a user with its mileage proportion of the Pool Rental Balances.

INTEREST ON FUNDED DEBTS: Due Public

Eastern Lines was charged with interest paid to the public on indebtedness assumed against Corporate Lines in the Eastern Lines. Interest charged for the year 1936, as an example, was as follows:

	<u>Principal O/S December 31, 1936</u>	<u>Interest for Year 1936</u>
Halifax & South Western Railway		
3½% 1 st . Mortgage Deb. Bonds	\$ 4,447,000.00	\$155,645.00
St. John & Quebec Railway		
4% 1 st . Mortgage Deb. Stock	2,727,977.40	109,119.10
5% Indebtedness to Province of New Brunswick	<u>1,364,022.60</u>	<u>68,201.13</u>
	\$ 8,539,000.00	\$332,965.23

INTEREST ON DOMINION GOVERNMENT LOANS:

Apart from interest on securities paid to the public, advances had been provided (a) by direct appropriations of Parliament for Canadian Government Railways, on which no interest was charged (b) by Government Loans to Canadian Northern Railway and Canadian National Railways prior to July 1st, 1927, on which interest was charged as follows:-

	<u>Loans prior to July 1, 1927</u>	<u>Interest for Year 1936</u>
Halifax & South Western Railway (Canadian Northern Railway Company)		
Capital Expenditures	\$ 2,295,734.10	\$ 119,313.48
Deficits	8,192,432.45	461,049.33

Inverness Railway		
(Canadian National Railway Company)		
Capital Expenditures	1,887.75	94.39
Deficits	642,743.02	32,556.82
Pictou Lodge		
(Canadian National Railway Company)		
Capital Expenditures	85,022.29	4,251.12
Lockeport Spur		
(Canadian National Railway Company)		
Capital Expenditures	<u>182,961.33</u>	<u>9,148.07</u>
	\$11,400,780.94	\$ 626,413.21

**INTEREST ON C.N. RAILWAY ADVANCES SINCE
JULY 1, 1927 UTILIZED FOR CAPITAL REQUIREMENTS:**

Canadian National security issues were sold to finance the requirements of the entire National Railways, including Eastern Lines and the interest on such amount of the proceeds as were utilized for Eastern Lines requirements was charged against Eastern Lines as follows:-

	Eastern Lines	
	Requirements	Interest for
	to December 31, 1936	Year 1936
Canadian Government Railways	\$16,216,112.78	\$ 682,505.25
Canadian National Railways	7,589,346.43	367,829.64
Canadian Northern Railway	<u>2,477,072.84</u>	<u>123,023.56</u>
	\$26,282,532.05	\$1,173,358.45

DEFICIT ON EASTERN LINES:

The result was the basis upon which separate payments were made to Canadian National Railways in respect of the deficit of Eastern Lines for the period, July 1, 1927 to December 31, 1936.

		Deficit for Period	Interest on Government Loans & Other Items not Requiring Cash	Cash Loans Contributed by Dominion Govt.
6 Months to	December 31, 1927	\$ 2,525,723.49	\$ 407,787.07	\$ 2,117,936.42
Year	1927	4,983,348.33	782,991.82	4,200,356.51
	1929	5,560,267.50	798,050.28	4,762,217.22
	1930	7,272,057.43	795,390.86	6,476,666.57
	1931	9,339,175.51	626,413.21	8,712,762.30
	1932	7,262,257.97	626,413.21	6,635,844.76
	1933	7,317,982.57	626,413.21	6,691,569.36
	1934	6,444,488.95	626,413.21	5,818,075.74
	1935	6,415,564.84	789,857.28	5,625,707.56
	1936	<u>6,718,689.70</u>	<u>864,617.45</u>	<u>5,854,072.25</u>
		\$63,839,556.29	\$6,944,347.60	\$56,895,208.69

FREIGHT RATE REDUCTION CONTRIBUTED BY GOVERNMENT:

In each of the years included on previous page, the subsidy paid by the Government under the 20% Freight Rate Reduction provisions of the 1927 Maritime Freight Rates Act has been included as freight revenue thereby reducing the net deficit to the amounts shown.

The rail freight rate reduction applied to: 1) local traffic between points within the territory; 2) on export (rail-sea) traffic originating on the territory destined through ocean ports on the territory; 3) on westbound traffic destined to points in Canada beyond the limits of the territory (the rate reduction is applicable to Levis or Diamond Junction only.)

The subsidy payments received from the Government during the period were as follows:

		20% Freight Rate Reduction
6 Months to	December 31, 1927	\$ 931,809.89
Year	1928	2,151,527.75
	1929	2,438,074.82
	1930	2,362,205.10
	1931	1,885,000.00
	1932	1,413,839.87
	1933	1,378,000.00
	1934	1,778,239.21
	1935	1,658,183.90
	1936	<u>1,824,028.90</u>
		\$17,820,909.44

The territory covered by the 1927 Act was later extended to embrace Newfoundland under the terms of Union and under Vote 668 of 1958 further supplementaries authorized a subsidy of 30% in place of the original 20% on all westbound traffic destined to points in Canada beyond the limits of the Eastern Lines territory.

CANADIAN NATIONAL LINES - NIAGARA FRONTIER - NEW YORK

INCORPORATED: No separate incorporation under this title; it is part, as explained below, of the Canadian National Railway Company, incorporated June 3rd 1923, under the laws of the Dominion of Canada.

HEAD OFFICE: Montreal, Quebec

HISTORY: The name "Canadian National Lines - Niagara Frontier - New York" is the title approved by the Interstate Commerce Commission, (authority their file GAC/ACC, September 25, 1934) of an accounting division, (previously entitled "Canadian National Railway Company - New York" authority I.C.C. letter July 2nd, 1930, file GAC/ACC) made necessary by reports required by the I.C.C. owing to the projections into the State of New York (at the Niagara Frontier) of the tracks owned and operated by the Canadian National Railway Company.

The Niagara Frontier Lines consist of two separate lines viz: (a) the Line between the International Boundary at Suspension Bridge and the New York Central Railroad Company's Suspension Bridge Station and (b) the line from International Boundary at the International Bridge to the connection with the New York Central Railroad at Black Rock as follows:

		1 st . Main <u>Track</u>	2 nd . Main <u>Track</u>	<u>Sidings</u>	<u>Total</u>
(a) 1.	International Boundary of Suspension Bridge to New York end of Bridge	.12	.12		.24
2.	Canadian National Railway East end of Suspension Bridge at Whirlpool St. to connection with N.Y.C.	.04	.04	.10	.18
3.	Trackage rights over N.Y.C. to Suspension Bridge	.18	.18	.42	.78
(b) 4.	International Boundary to West Side Niagara Street, Black Rock, N.Y.,	.40	.33	.25	.98
5.	Black Rock and Austin Street Yards			5.97	5.97
6.	D.L.& W.R.R. at Black Rock, N.Y., under trackage rights			.30	.30
		.74	.67	7.04	8.45

(1) Owned by the Niagara Falls International Bridge Company and the Niagara Falls Lower Arch Bridge Company and leased by them in perpetuity to the Canadian National Railway Company successors by amalgamation to the Grand Trunk Company of Canada at a present rental of \$80,000.00 per annum, half of which is allocated to Canadian National Lines - Niagara Frontier.

(2) Owned and operated by Canadian National Railways.

(3) Running rights over New York Central Railroad to New York Central Station - Schedule "C", of agreement dated January 1st, 1916 between New York Central Railroad and Grand Trunk Railway Company of Canada (now Canadian National Railways), the latter Company to pay \$300.00 per month for use of station and services of employees etc.

(4 & 5) Canadian National Railways as owners of the International Bridge Company operate over this trackage under an implied lease.

(6) Operated under trackage rights covered by agreement dated May 19, 1892 between New York Lackawanna & Western Railway, International Bridge Company, Grand Trunk Railway Company of Canada (now Canadian National Railways), the Delaware, Lackawanna & Western Railway and the Farmers Loan & Trust Company.

CAPITAL STOCK: None issued under this title.

BONDS: None issued under this title.

ACCOUNTING:

No separate Balance Sheet. Income Statement compiled (Result of operation is segregated under the above title only, for the purpose of complying with the I.C.C. and U.S. Income Tax requirements).

CANADIAN NATIONAL RAILWAYS (FRANCE)

(wholly owned subsidiary of Canadian National Railway Company)

INCORPORATED: December 29, 1923 - Under the laws of France (for a period of 99 years). Name changed (see History).

HEAD OFFICE: Paris, France.

HISTORY: On December 29, 1923, "Societe Immobiliere de la Rue Scribe" was incorporated under the laws of France, according to Deed, under private signature and constituted for a period of 99 years to own and operate the Hotel Scribe property which had just then been acquired by the Canadian National Railways, also to own and operate a traffic agency.

On December 24, 1924 the name of the Company was changed to "Canadian National Railways (France)".

Shortly after the formation of the Canadian National Railway System (1922-1923) a programme for putting this extensive and important enterprise "on the map" was instituted by the then President. As part of this programme it was proposed to open an office of the Railway in Paris rather than continue the past policy of mere agency representation. Whatever the thoughts as to method may have been in the initial stages, in the end it was arranged to acquire a building at the corner of Boulevard des Capucines and the Rue Scribe, the principal occupants of which were then the Grand Cafe and the Jockey Club.

So far as the location of the premises is concerned it is well-nigh ideal and may be compared roughly with the corner of Fifth Avenue and Forty-second Street in New York or the corner of Peel and St. Catherine Streets in Montreal. In normal times it might perhaps be described as the tourist centre of the world.

The Hotel Scribe property was acquired by Arnold Aronovici on behalf of Canadian National Railways on May 23, 1923. The property is situated at No. 14 Boulevard des Capucines and No. 1 Rue Scribe, Paris and comprises 2,726.9 square yards of which 2,356.1 square yards are occupied by buildings. The cost to Canadian National Railways of acquiring the property was 42,182,161 francs of which 30 million francs was entered into the capitalization of the newly formed French Company and the balance of 12,182,161 francs (\$792,600) was carried in the railway accounts as part of the Canadian National Railways investment in the Paris property. This latter amount was written off in 1942.

When the property was acquired in 1923 it was occupied by a number of tenants.

On December 20, 1924 it was leased to Societe des Hotels Reunis for a term of forty years, effective January 1, 1925, at an annual rental of 2,400,000 francs, plus taxes and insurance. The rent was subject to increase or decrease if the franc fluctuates below 20.00 francs or above 16.50 francs to the United States dollar. The lessee agreed to reconstruct the building and furnish Canadian National Railways (France) with free office space on the ground floor for its traffic agency. At the expiration of the lease the improvements (which cost the tenant Company approximately 16,000,000 francs) revert to Canadian National Railways (France). Reconstruction was completed by December 31, 1925 and rental payments commenced January 1, 1926.

In 1932 the Societe des Hotel Reunis were unable to pay the full amount of rental due to depressed business conditions and in 1933 the condition became worse so that effective October 1, 1933 the rentals were reduced. The rental terms were subsequently re-negotiated several times, partly due to the world wide depression which lasted until the beginning of World War II in September 1939, conditions during and following the War, certain decrees of the French Government enabling tenants to seek

adjustment of rentals, devaluation of the Franc and the effect of inflation.

During the difficult and protracted negotiations which took place from time to time respecting the rental terms Canadian National Railway Company, as the Parent Company, realized the necessity of Canadian National Railways (France) making concessions in rental terms in order to protect the investment of the Parent Company as far as possible. During the occupation of Paris by the Germans, both London and Montreal offices were out of touch with Mr. A. L. Regamey in Paris until the War ended in 1945. Mr. Regamey had been appointed Chairman and General Manager of Canadian National Railways (France) on December 14, 1940.

The Hotel Scribe was requisitioned during the War by the Germans who paid the Hotel Company well for the use of the facilities. After the war the Hotel was subsequently occupied for some time by the American Army personnel, and after release by them the ground floor was requisitioned for a time by the French Government.

PROPERTY INVESTMENT:

As at December 31, 1960:

Hotel property	Francs	28,000,000(\$1,873,573.92)
Ticket office		965,937 (9,659.37)
Equipment		24,936 (6,869.36)

Exchange: 280,000 francs of original investment converted at rate of exchange when francs sent to France i.e. 14.9447 = \$1.

CAPITAL STOCK:

As at December 31, 1960:

Authorized: 60,000 shares of 500 francs each 30,000,000 francs

Issued: 60,000 shares of 500 francs each 30,000,000 francs

All owned by Canadian National Railway Company.

DIRECTORS:

Wilfrid Gagnon
J. C. Kenkel
Roy Archibald
A. Thubet
James Ashworth
A. Lechanteur (deceased)
F. C. Gilbert-Berthiez

OFFICERS:

Wilfrid Gagnon	President and General Manager
J. C. Kenkel	Vice-President
A. Thubet	Assistant General Manager.

CANADIAN NATIONAL RAILWAYS PENSION FUND

(August 1, 1929 to December 31, 1934)

HISTORY:

Dominion Chapter 4, May 1, 1929, amended Chapter 89, April 12, 1907, by repealing Section 5 which authorized establishment of the "Grand Trunk Pension Fund" and in substitution therefor authorized establishment of a fund to be known as "Canadian National Railways Pension Fund" for the purpose of making provision for the payment of allowances to employees after leaving the service.

The Act added a sub-section to the former Act providing that the rules and regulations from time to time in effect for the Canadian National Railways Pension Fund may be made applicable to officers and employees of any company or corporation, the railway or undertaking of which, wheresoever situate, is now or may hereafter be directly or indirectly owned or controlled by His Majesty in right of the Dominion of Canada (excluding Canadian Government Railways) and the directors are empowered to make them so applicable upon request expressed in a resolution made and submitted by the directors of any such company, and authorized any such company to contribute to the Fund sufficient to cover its proportionate share of the cost of administration, and of the pension and other payments. The expression "railway or undertaking" in this sub-section includes the lines of railway, undertakings, steamships, telegraphs, properties and works which any such company has authority to construct, maintain or operate.

This Fund provided the first established Pension Plan for employees leaving the service of companies included in the Canadian Northern Railway System, companies included in the Grand Trunk Pacific Railway System, Canadian Government Merchant Marine Limited, Canadian National (West Indies) Steamships, Limited, and numerous subsidiary companies.

Dominion Chapter 5, May 1, 1929, empowered the Governor in Council to close The Intercolonial and Prince Edward Island Railways Employees' Provident Fund to new entrants, and, in order to provide for the payment of pension allowances on retirement to Canadian Government Railways employees who are not members of the said Fund, to apply or to make applicable to such employees the same or similar rules and regulations for pension allowances as are or may from time to time be in effect and applicable to Canadian National Railways employees under the Canadian National Railways Pension Act (Dominion Chapter 4, May 1, 1929).

Under the authority above cited Dominion P.C. 1447, August 7, 1929, ordered that the Fund be forthwith closed to all new entrants, and that with respect to those employees of the Canadian Government Railways in the service upon or after August 7, 1929, who are not members of the said Fund, the rules and regulations for pension allowances as are or may be in effect from time to time and applicable to Canadian National Railways employees under the Canadian National Railways Pension Act shall apply and be applicable to such Canadian Government Railways employees; and further ordered that, so long as the Canadian National Railway Company is managing and operating the Canadian Government Railways for the Government, the Directors of that Company are authorized to apply such rules and regulations to employees of the said Railways and to charge to the operating expenses of the said Railways from time to time sufficient sums to cover the proportionate share or shares of the cost and expenses of management, administration and disposition with respect thereto and the amount of the pension and other payments made or to be made in connection therewith.

EMPLOYEE CONTRIBUTIONS:

Employees were not required to contribute to this fund.

AMOUNT OF PENSION:

The amount of pension at the age of 65 years or over, payable during the lifetime of the pensioner, equalled 1% (for each year of service) of the best 10 consecutive years average earnings.

ADMINISTRATION:

This Fund, and the Grand Trunk Pension Fund in effect prior thereto, was administered by a Pension Committee, the members of which were from time to time appointed by the

directors of The Grand Trunk Railway Company of Canada (later Canadian National Railway Company) until January 1, 1935, when the Pension Board set up under Canadian National Railways Pension Fund Rules and Regulations effective that date assumed administration.

As at December 31, 1956, 156 persons granted pensions under the rules of this Fund and the prior Grand Trunk Pension Fund were still living and receiving pensions.

HISTORY OF C.N.R. PENSION ARRANGEMENTS

- PRE-1935:** Prior to 1935 the C.N.R. had an entirely non-contributory Pension Plan which provided - subject to certain age and service qualifications - for pensions of 1% per year of service of an employees highest average salary for any ten consecutive years with a minimum of \$25 per month.
- 1935 PLAN:** On January 1st, 1935, a revised Pension Plan was introduced under which:-
- (a) The right to non-contributory pensions which employees then in service had accrued was preserved, i.e., on normal retirement they became entitled at the sole expense of the Company to the greater of:
 - (1) a service pension equal to 1% of their highest ten years' average salary to December 31st, 1934, multiplied by their years of service to that date, or
 - (2) a minimum basic pension of \$25 per month.
 - (b) Employees entering service on or after January 1st, 1935, at not over age forty-five and remaining to normal retirement age, would become entitled to a basic pension of \$25 per month payable at the sole expense of the Company.
 - (c) In addition, all employees with ten years' service were provided with the opportunity of supplementing their service or basic pensions by contributing up to 10% of salary, contributions up to 5% of salary being matched by the Company. On retirement the total, plus interest, became payable in the form of an annuity calculated in accordance with approved actuarial tables on a single life basis - with or without a guarantee for a specified period of years - or on a joint and survivor basis, at the election of the employee. (After January 1st, 1947, employees were also entitled to contribute during their first ten years' service but without matching by the Company).
- 1952 REVISION:** Effective January 1st, 1952, the Pension Plan was again modified by adding to the foregoing arrangements - which became Part I - an alternative arrangement - known as Part II - the main features of which were:-
- (a) An employee assuming an obligation to contribute 5% of his salary to the Pension Fund might obtain - subject to certain age and service requirements - a pension at retirement based on a percentage of his average salary for the last-five or ten years of service, whichever was greater. The percentage was the aggregate of 1% for each year of service up to twenty, 1¼% for each of the next ten years' service, and 1½% for each additional year of service. (For example, the pension obtainable by an employee with 30, 35 and 40 years' service was 32.5%, 40% and 47.5% respectively, of average salary for the last five or ten years.)
 - (b) Subject to certain age and service qualifications, provision was made for the payment of pensions on early retirement, both voluntary and on account of disability, and for survivor benefits on death of an employee either before or after retirement.

- (c) All employees in service on January 1st, 1952, were given the opportunity of transferring to Part II even if they had not theretofore contributed under Part I, and all employees entering service after January 1st, 1952, could elect to transfer to Part II at any time within ten years from date of entry. The contribution liability for obtaining a full pension under Part II was 5% of salary since the later of January 1st, 1935, or date of entry into service, but if the full liability was not met, a Part II pension was still payable although reduced proportionately with the deficiency.
- (d) In addition, employees who had retired prior to January 1st, 1952, and were in receipt of pensions, to which they had contributed under the 1935 rules, were given the opportunity of having their pensions recalculated on a Part II basis.

1959 PLAN:

Notwithstanding the opportunity made available to employees in 1952, to obtain greatly improved pension benefits on retirement by electing to contribute to the Pension Plan, less than half did so and would therefore qualify only for the relatively small non-contributory service or basic pension when they reached retirement age. In the light of experience with the Pension Plan following the 1952 revision, the Pension Board (consisting of both management and employee representatives) commenced a thorough review of it, in 1957. This led to a revision of Part II of the Pension Plan (now known as the 1959 Plan), which became effective on January 1st, 1959. The principal changes from the former Part II rules incorporated in the revision were as follows:-

MEMBERSHIP:

- (a) Contribution (5% of salary) to the 1959 Plan was made compulsory for employees entering service on or after January 1st, 1959.
- (b) All employees in service on December 31st, 1958, who were not then contributing under Part II were given the opportunity to elect, prior to December 31st, 1959, to transfer to the 1959 Plan.

SALARY BASIS FOR PENSION CALCULATION:

Previously pensions were calculated on the average monthly compensation, for the last sixty or one hundred and twenty months of allowable service, whichever was greater. Under the 1959 Plan this is changed to average monthly compensation for the last sixty months of allowable service, or for any five consecutive calendar years, whichever is larger.

The change provides somewhat better protection for an employee against a reduction in his earnings towards the end of his service.

ALLOWABLE SERVICE:

The method of determining allowable service was altered. Employees in service on or after January 1st, 1959, to whom the 1959 Plan applies have all service calculated on the basis of a full month for any month in which an employee performed any work. (Formerly service prior to July 1st, 1942, was with certain exceptions, calculated on the basis of days actually worked.)

This change reduces the impact of layoffs prior to July 1, 1942, on the pensions of a considerable number of employees.

INTEREST ON CONTRIBUTION REFUNDS:

Formerly interest was not allowed on the refund of contributions consequent upon resignation or discharge taking place within five years of entering service. The revision

provides for the allowance of interest on such refunds after one year's service.

ABSENCE ACCOUNT INJURY ON DUTY:

A new rule was introduced which enables an employee who after December 31st, 1958, loses one or more full calendar months due to injury on duty, in respect of which he is paid Workmen's Compensation for temporary total disability, to obtain credit for pension purposes for the time so lost upon contributing 5% of the average monthly compensation during the last six full calendar months before the employee's injury. A scheduled employee injured on duty and receiving Workmen's Compensation benefits (which are, of course, indirectly paid by the Company), does not appear on the Company's payroll in a calendar month in which he does no work and formerly no allowable service was credited to him for such a period. The new provision provides relief in those cases of serious injury where the impact on individual pensions might otherwise be substantial.

EMPLOYEES SERVING IN ELECTIVE PUBLIC OFFICE:

A new rule was introduced whereby an employee granted leave of absence to serve in an elective public office may continue to accrue service for the purpose of the Pension Plan by contributing 10% of a constructive salary, i.e., both the employee's and the employer's share.

LATE ENTRY INTO SERVICE:

Formerly members of Part II who entered the service after attaining age forty-five became entitled to only one-half the normal benefits provided under the rules. This provision was omitted from the 1959 Plan, and employees retiring under them after December 31st, 1958, therefore receive the normal pension based on their years of service and salaries.

DEFERRED PENSIONS:

Subsequently, in January 1961, the 1959 Plan rules were amended to provide that:-

- (a) a member having at least fifteen years allowable service and service plus age totalling sixty or more, whose service is terminated by resignation or dismissal, and who is not entitled to payment of an immediate pension under the rules, may elect to be granted a deferred pension as an alternative to obtain a refund of his own pension contributions.
- (b) A deferred pension (based on allowable service to date of termination of service) becomes payable at age 65 or sooner (in a reduced amount) if the early retirement pension qualifications of the rules are attained.

This provision enables employees with the necessary age and service qualifications, who might wish to seek other employment, to do so without losing their accrued C.N.R. pension rights.

INTERCOLONIAL AND PRINCE EDWARD ISLAND RAILWAYS EMPLOYEES PROVIDENT FUND:

Approximately 1300 active C.N.R. employees are members of this Fund rather than of the C.N.R. Pension Plan. The Fund, which was established by Act of Parliament in 1907, became insolvent in 1923 and its liabilities were assumed by the C.N.R. It was closed to new members in 1929 when a C.N.R. Pension Plan was first established.

Members of the Fund contribute 12% of earnings and became entitled to retirement pensions of 12% for each year of service of annual earnings during the last eight years of service, subject to a minimum of \$30. per month and a maximum of 2/3 of final eight years' average earnings. Although the Fund provides somewhat larger pensions for smaller contributions than the C.N.R. Pension Plan, it provides no benefits to

survivors either on death of a member in service or after retirement and is in various other respects less favourable than the C.N.R. Plan.

In 1956 and again upon the introduction of the 1959 C.N.R. Pension Plan, members of the Provident Fund were given the opportunity to elect to transfer to the C.N.R. Plan and thus obtain the survivor and other benefits available under the latter Plan. A total of 213 members elected to transfer.

PRESENT PENSION STATUS OF EMPLOYEES:

During 1959 every employee who, as of December 31st, 1958, was not contributing under Part II of the 1952 C.N.R. Plan, had individually brought to his attention the advantages of transferring to the 1959 C.N.R. Pension Plan. About 32,000 employees did so. This, together with the compulsory feature of the 1959 Plan, for new employees entering the service after January 1st, 1959, has produced the following changes in the pension status of active employees:-

CONTRIBUTORS:

	<u>December 31, 1958</u>	<u>%</u>		<u>December 31, 1960</u>	<u>%</u>
1959 C.N.R. Plan 36,015	34.6		71,329	74.1	
1935 C.N.R. Plan 16,026	15.4		7,201	7.5	
I.C. & P.E.I. Fund 1,941	1.9		1,296	1.4	
Total	53,982	51.9	79,826		83.0

NON-CONTRIBUTORS:

1935 C.N.R. Plan 50,121	48.1		16,401	17.0	
Total	104,103	100.0	96,227		100.0
March, 1961.					

CANADIAN NATIONAL RAILWAYS TRUST COMPANY

(no Capital Stock or Shares in the Company)

This is not a subsidiary of Canadian National Railway Company

INCORPORATED:

April 7, 1922 - New Brunswick Act, 12 George V, Chapter 17
 April 1, 1930 - New Brunswick Act, 20 George V, Chapter 12
 name changed (see History).

HEAD OFFICE:

Moncton, NB

DIRECTORS:

The President, Vice President of the Law Department and Vice-President of the Finance Department, respectively, of Canadian National Railway Company, are by New Brunswick statutes ex-officio Directors of the Company with power to transact all the business of the Company.

HISTORY:

Under New Brunswick Act, 12 George V, Chapter 17, April 7, 1922, "The Saint John and Quebec Railway Trust Company" was incorporated for the purpose of becoming the trustee under a trust mortgage dated May 14, 1912, and supplemental agreement dated August 24, 1912, securing Saint John and Quebec Railway Company 50 year 4% Debenture Stock of the par value of \$4,250,000, which issue was guaranteed by the Province. The Province had acquired the Capital Stock of the railway company and the Lieutenant-Governor in Council did not deem it advisable that a trustee outside the Province should continue to act under the trust mortgage. It also enacted that there would be no Capital Stock or shares in the Company, and that the Company would be governed

by a board of three directors with power to transact all the business of the Company, and who would serve without remuneration.

The sale of the Saint John and Quebec Railway to Canadian National Railway Company rendered expedient a change in the control of the Trust Company. New Brunswick Act, 20 George V, Chapter 12, April 1, 1930 declared the offices of Directors of the Trust Company to be vacant and enacted that in lieu thereof the Directors shall be the President, and the Vice Presidents of the Law and Finance Departments, respectively, of Canadian National Railway Company, and their respective successors from time to time in office, including persons duly appointed to act temporarily in such capacities respectively. The Act amended Chapter 17, 1922 to provide that the Directors named and their successors as Directors constitute a body corporate. The name of the Trust Company was also changed to "Canadian National Railways Trust Company" and the Company was empowered to act as a private Trustee, both within the Province and elsewhere, in respect to all matters in which the Canadian National Railway Company (including its allied and associated enterprises) is directly or indirectly interested.

CAPITAL STOCK: Incorporated with no Capital Stock or shares in the Company.

DIRECTORS:

Donald Gordon
H. C. Friel
J. L. Toole

OFFICERS:

Donald Gordon	President
N. J. MacMillan	Executive Vice-President
H. C. Friel	Vice-President, Law
R. H. Tarr	Secretary
J. M. Young	Assistant Secretary
D. W. Gilmour	Assistant Secretary
L. J. Mills	Comptroller
E. J. Denyer	Treasurer
E. W. Wolff	European Secretary and Treasurer
C. N. Oakley	Assistant European Secretary and Treasurer

CANADIAN NATIONAL REALTIES, Limited

(Wholly owned subsidiary of "Canadian National Railway Company")

INCORPORATED: January 5, 1918 - Dominion Letters Patent
October 12, 1918 - Dominion Supplementary Letters Patent powers extended.
August 21, 1924 - Dominion Supplementary Letters Patent - name changed - (see History).

HISTORY: Under Dominion Letters Patent dated January 5, 1918 "Canadian Northern Realities, Limited" was incorporated.

The Company has power to deal in real estate, personal property, stocks and bonds of other companies, etc., and to promote immigration and assist settlers by cash advances, stock, etc. The reason for incorporation was to keep newly-acquired property for the Canadian Northern Railway free from the mortgages on Canadian Northern Railway property.

By Dominion Supplementary Letters Patent dated October 12, 1918, powers

were extended.

In June 1922 this Company acquired 900 fully paid shares of \$100 each of the Capital Stock of Continental Realty and Holding Company for the sum of \$100,000 cash. The funds were advanced to this Company for this purpose by The Canadian Northern Railway Company.

Under Dominion Supplementary Letters Patent dated August 21, 1924, the name was changed to "Canadian National Realities, Limited", and powers were further extended.

On September 19, 1924, the remaining properties of Federal Properties Limited which were located in Montreal and had a ledger value of \$45,580, were taken over at the same value.

On January 1, 1925, the remaining properties of Toronto Dwellings, Limited, having a ledger value of \$446,262 and other assets of \$488,734, and liabilities amounting to \$591,118 were taken over at the same amounts.

On October 31, 1933, the remaining properties of The Toronto, Niagara and Western Railway Company which were located between and in the Cities of Toronto and Hamilton and had a ledger value of \$321,014, were taken over at the same value.

As of January 1, 1933, the remaining properties of The Grand Trunk Pacific Development Company Limited - Townsite Department, having a ledge value of \$6,001 and other assets of \$78,749, and liabilities amounting to \$2,655 were taken over at the same amounts. These assets and liabilities included the unliquidated assets and liabilities of Transcontinental Townsite Company Limited which had been taken over in 1925 by the Grand Trunk Pacific Development Company Limited.

The Company also acquired other miscellaneous physical properties from time to time.

As of January 1, 1934, all the assets and liabilities of Canadian National Realities, Limited were consolidated in the books at its Head Office in Montreal.

PROPERTY INVESTMENT:

As at December 31, 1960:

Miscellaneous physical property (including Canadian Northern Land Department)	\$ 5,501,848
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CAPITAL STOCK:

Authorized:	400 shares of \$100 each	\$40,000
Issued:	400 shares of \$100 each	\$40,000 (unpledged)

All owned by The Canadian Northern Railway Company prior to Amalgamation under the name Canadian National Railway Company on June 11, 1956, and carried at \$1.

FUNDED DEBT:

As at December 31, 1960 - Nil.

ADVANCES DUE TO AFFILIATED COMPANIES:

As at December 31, 1960:-

Advances due Canadian National Railway Company	\$ 6,555,672
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DIRECTORS:

Donald Gordon
Wilfrid Gagnon
J. A. Northey
J. R. Griffith
W. G. Stewart
H. W. Marsh

OFFICERS:

Donald Gordon	Chairman and President
N. J. MacMillan	Executive Vice-President
A. H. Hart	Vice-President
S. F. Dingle	Vice-President
E. A. Bromley	Vice-President
Dr. O. M. Solandt	Vice-President
J. L. Toole	Vice-President
W. T. Wilson	Vice-President
H. C. Friel	Vice-President, Law
R. H. Tarr	Vice-President & Secretary
H. C. Grayston	Vice-President
J. M. Young	Assistant Secretary
D. W. Gilmour	Assistant Secretary
L. J. Mills	Comptroller
E. J. Denyar	Treasurer
G. A. Norman	Chief Accountant
H. M. Blaiklock	General Manager

THE CANADIAN NATIONAL RAILWAYS SECURITIES TRUST

(Wholly owned subsidiary of "Canadian National Railway Company" from 1952)

INCORPORATED: April 30, 1937 - Dominion Act, 1 George VI, Chapter 22, S. 12, which came into force on April 30, 1937 by Proclamation.

HEAD OFFICE: Ottawa.

HISTORY: Under Dominion Act, 1 George VI, Chapter 22, proclaimed April 30, 1937. "The Canadian National Railways Securities Trust" was incorporated to take over and hold the indebtedness of the Canadian National Railway System to the Crown, together with the collateral securities held by the Minister of Finance in respect thereof as set out in Schedule A of the Act. The Capital Stock was stated to be five million shares of no par value to be issued to the Minister of Finance to be held on behalf of the Crown as consideration for the transfer to the Securities Trust of the indebtedness to the Crown and of the collateral securities in respect thereof. The Capital Stock was required to be shown on the books of the Securities Trust as having an initial stated value equal to the total of the loans made by the Crown to, and extended by, the Canadian National Railway System for capital purposes prior to January 1, 1937, which loans totalled \$270,037,437.88 as set out in Schedule A of the Act.

The Act also provided, among other things, that a detailed statement of assistance given to each railway company whether by way of cash subsidy, money loan, land grant, or otherwise (except grants to relieve unemployment) be included annually as an appendix to the Public Accounts of Canada, showing separately the assistance given (a) in aid of construction and (b) to meet losses in operation, and as far as possible for each item of assistance the name of the Company to which granted, date granted, authority for grant, etc.

The Trust was created solely for the purpose of acquiring and perpetuating the Government claims and collateral against the Railway Companies in the same way and to the same extent as they were then held by the Government, subject however, to provision for their releases with the approval of the Governor in Council. There were certain

securities held by the Public which it was considered might be advanced in their ranking of priority if the Government claims against the Railway Companies had been cancelled outright.

Subsequent to creation of this Trust a large amount of Railway securities were repatriated mostly made possible by the Vesting Orders of the United Kingdom Treasury dated October 26, 1940 and January 26, 1942, with the result that the securities remaining in the hands of the Public had little significance. As a consequence when the proposed Canadian National Railways capital revision was under consideration in 1952 it was considered that the purposes for which the Securities Trust was created could be carried out as effectively if the Capital Stock of the Trust were to be owned by Canadian National Railway Company rather than the Government. The indebtedness of the debtor corporations was to remain unchanged and the restrictions as to the release of the securities was to remain under the control of the Governor in Council.

The Canadian National Railways Capital Revision Act, 1 Elizabeth II, Chapter 36, July 6, 1952 implemented the considerations mentioned in the preceding paragraph, and the Securities Trust was reconstituted. The five million no par value shares of Capital Stock was transferred to Canadian National Railway Company in consideration of the issue to the Government of an equal number of Common Shares of Canadian National Railway Company. In addition under the Act the Government transferred to the Securities Trust the securities held as collateral to Government Loans which were exchanged (under the Act) for preferred stock of Canadian National Railway Company. The collateral securities so transferred to the Trust were the repatriated securities previously referred to, having an aggregate principal value of \$405,552,989. The Act also provides that "The Securities Trust shall not sell, release, destroy or otherwise dispose of claims, obligations and securities held by it except with the approval of the Governor in Council".

A separate Annual Report of the Securities Trust is submitted to the Minister of Transport, in which the Balance Sheet and full list of securities held is set forth.

TRUSTEES:

Donald Gordon, C.M.G., LL.D.	-	Chairman
Wilfrid Gagnon, C.B.E.		
J. A. Northey		
J. R. Griffith		
E. W. Bickle		
W. G. Stewart, Q.C. LL.B.		
H. W. Marsh		

OFFICERS:

Secretary	R. H. Tarr
Comptroller	L. J. Mills
Treasurer	E. J. Denyar
Assistant Secretary	J. M. Young
Assistant Secretary	D. W. Gilmour

CANADIAN NATIONAL ROLLING STOCK LIMITED
(Wholly owned subsidiary of "Canadian National Railway Company")

INCORPORATED: February 13, 1920 - Dominion Letters Patent.

HEAD OFFICE: Toronto, Ontario.

HISTORY: Under Dominion Letters Patent dated February 13, 1920, Canadian National Rolling Stock Limited was incorporated for the purpose of purchasing, leasing or otherwise acquiring railway equipment.

Dominion Order in Council P.C. 3151, December 15, 1938 declared Canadian National Rolling Stock Limited to be a company comprised in the term "Canadian National Railways" as defined in Statutes of Canada Act, 19-20 George V, Chapter 10, June 14, 1929.

For many years contracts for rolling stock required by Canadian National Railways were made between Canadian National Rolling Stock Limited and the equipment builders. Financing was through equipment trusts.

For equipment trust issues outstanding see Long Term Debt schedule in Canadian National Railways Annual Report.

PROPERTY INVESTMENT:

As at December 31, 1960:-
Equipment Nil.

CASH ADVANCES: As at December 31, 1960:-
Amount due Canadian National Railway Company Nil.

CAPITAL STOCK:	Authorized:	5,000 shares	-	\$100	\$500,000
	Issued:	500 shares	-	\$100	50,000 unpledged.
	Discounted				-50,000
	Total				Nil

DIRECTORS:

Donald Gordon
Wilfrid Gagnon
J. R. Griffith
W. G. Stewart
H. W. Marsh

OFFICERS:

Donald Gordon	Chairman and President
N. J. MacMillan	Executive Vice-President
A. H. Hart	Vice-President
S. F. Dingle	Vice-President
E. A. Bromley	Vice-President
Dr. O. M. Solandt	Vice-President
J. L. Toole	Vice-President
W. T. Wilson	Vice-President
H. C. Friel	Vice President, Law
R. H. Tarr	Vice-President & Secretary
H. C. Grayston	Vice-President
J. M. Young	Assistant Secretary
D. W. Gilmour	Assistant Secretary
L. J. Mills	Comptroller
E. J. Denyar	Treasurer

CANADIAN NATIONAL STEAMSHIP COMPANY, LIMITED

(Wholly owned subsidiary of "Canadian National Railway Company" from June 11, 1956)

INCORPORATED: May 26, 1910 - Dominion Letters Patent.
February 26, 1925 - Dominion Letters Patent - Amended - (named changed).

HISTORY: Under Dominion Letters Patent dated May 26, 1910 "The Grand Trunk Pacific Coast Steamship Company, Limited" was incorporated for the purpose of meeting the necessity which arose for The Grand Trunk Pacific Railway Company providing a coast steamship service connecting with the Railway at Prince Rupert, and operating a line between Seattle, Victoria, Vancouver, Prince Rupert, and Stewart.

The Company was empowered to acquire, construct, charter or otherwise possess vessels, wharves, warehouses, dry docks, grain elevators, cold storage and all business incidental to business within the Dominion of Canada, and to amalgamate with any other company authorized to carry on a like business.

The S.S. "*Prince Rupert*" was built at Wallsend on Tyne by Messrs. Swan, Hunter and Wigam and launched on December 13, 1909. She left the builders yard at 2.00 P.M. on Saturday, April 2, 1910 and arrived at Victoria, BC, on Saturday, June 4, 1910. The S.S. "*Prince Rupert*" sailed from Seattle via Victoria and Vancouver to Prince Rupert and arrived at Stewart at midnight on Sunday, June 12, 1910 with a full list of passengers including many guests of the Company.

The S.S. "*Prince George*" was launched in the builders yard at Wallsend on Tyne by Miss Louise Hayes on Thursday, March 10, 1910 and she arrived at Victoria, BC, at 12 noon on Sunday, July 12, 1910 and entered the service from Seattle to Prince Rupert and Stewart on July 21, 1910.

SERVICE: In April 1910 a semi-weekly service during summer months and a weekly service during winter months was inaugurated between the ports of Seattle, Victoria, Vancouver and Prince Rupert. The S.S. "*Prince George*" and the S.S. "*Prince Rupert*", owned by The Grand Trunk Pacific Development Company, Limited, were assigned to this service. The service between Seattle, Victoria and Vancouver was discontinued in March 1923. On August 12, 1930, when the "*Prince David*" and "*Prince Henry*" were added to the fleet, the service between Seattle, Victoria and Vancouver was resumed on a daily schedule, and continued until September 15, 1931.

For the purpose of implementing an agreement of October 1, 1909 between The Grand Trunk Pacific Railway Company and the Dominion Government for carrying mails between Prince Rupert and the Queen Charlotte Islands for a period terminating March 31, 1915, for which a subsidy of \$200 for each round trip was received, the Steamer "*Prince Albert*" was also purchased in 1910 and placed in service between these two points. The S.S. "*Prince Albert*" was sold in 1923.

In the fall of 1910 a passenger and freight service between Vancouver and Way ports of Northern British Columbia was commenced. The S.S. "*Prince John*", owned by The Grand Trunk Pacific Development Company Limited, was assigned to this service.

In June 1916 a tourist service between Vancouver and Skagway, Alaska, was inaugurated, calling at Prince Rupert, Ketchikan, Wrangel and Juneau. This service was suspended from 1918 until 1925 when the S.S. "*Prince Charles*" was added to the fleet.

Under Dominion Letters Patent dated February 26, 1925 the name of the

Company was changed to "Canadian National Steamship Company, Limited".

Under Dominion Bill No. 142, March 1927 the title "Canadian National Steamship" was authorized for use with respect to operation on the Atlantic and Pacific Oceans.

In 1930 the S.S. "*Prince William*", owned by Canadian National Railway Company, was added to the fleet, until she was laid up on January 20, 1930 at Prince Rupert, and subsequently sold on March 23, 1938.

After the Tri-City service between Seattle, Victoria and Vancouver was discontinued in September 1931 the "*Prince David*", "*Prince Henry*" and "*Prince Robert*" were engaged to some extent in Special Cruises, including the Caribbean, Boston, Bermuda, Nassau, West Indies, Havana, St. Lawrence River and Gulf, Halifax and South America, etc.

The following vessels were included in the fleet:

S.S. " <i>Prince Albert</i> "	1910-1923	Sold in 1923
S.S. " <i>Prince George</i> "	1910-1945	Destroyed by fire, September 22, 1945
S.S. " <i>Prince John</i> "	1910-1940	Sold June 7, 1940
S.S. " <i>Prince Rupert</i> "	1910-1956	Sold June 19, 1956
S.S. " <i>Prince Charles</i> "	1925-1940	Sold June 7, 1940
S.S. " <i>Prince William</i> "	1925-1938	Sold March 23, 1938
S.S. " <i>Prince David</i> "	1930-1939	Sold October 11, 1939
S.S. " <i>Prince Henry</i> "	1930-1938	Sold December 23, 1938
S.S. " <i>Prince Robert</i> "	1930-1939	Sold October 11, 1939
T.S.S. " <i>Prince George</i> "	1948-	Still in service.

In 1956 the only vessel remaining in service was the T.S.S. "*Prince George*" which commenced operating between Vancouver, Prince Rupert and Skagway, Alaska, on June 10, 1948.

JOINT VENTURE:

In studying the action to be taken with respect to replacement of the S.S. "*Prince Rupert*", which had outlived her usefulness and was laid up in 1951" consideration was given to the possibility of "pooling" the Vancouver - Ketchikan service with the Canadian Pacific Railway, and in October 1954 a tentative arrangement known as "Co-ordination of Northern B.C. Coastal Services, C.N.S.S. - C.P.S.S., Vancouver - Ketchikan" was made with the Canadian Pacific Railway, which permitted the retirement of the "*Prince Rupert*" and obviated the construction of a new vessel as a replacement. The arrangement is now more commonly known as the "Joint Venture".

On March 29, 1955, a formal memorandum of Agreement was made between Canadian Pacific Railway Company, Canadian National Railway Company, and Canadian National Steamship Company, Limited covering the "Joint Venture Operation". The Agreement provided among other things that:

The S.S. "*Prince Rupert*" be withdrawn from service, and during the term of the agreement the Canadian National shall not use in Northern British Columbia Service between Vancouver to and including Prince Rupert any vessel in substitution for the S.S. "*Prince Rupert*" etc. (The S.S. "*Prince Rupert*" was sold to Japanese interests on June 19, 1956 and sailed for Japan July 5, 1956).

Canadian Pacific Railway supply the vessel, S.S. "*Princess Norah*" renamed for the Joint Venture S.S. "*Queen of the North*", and Master and crew and be responsible for provisioning, operation, maintenance, management, etc.

Each party retains their identity; i.e. names of Canadian National and Canadian Pacific shall have equal prominence.

Vessel shall be repainted; insignia to be different from either Canadian National or Canadian Pacific and the vessel will not fly any house flag.

Furnishings, if crested, identified with Canadian Pacific will continue to be used, but will, when necessary be replaced with furnishings not identified with either Canadian Pacific or Canadian National.

Cutlery, crockery, table linen, etc., crested or marked will be supplied in equal proportions.

Canadian Pacific shall keep the accounts, subject to inspection by Canadian National. Profit or loss, as the case may be, will be shared 50% each. The agreement is for a term of 3 years from March 29, 1955, and thereafter from year to year subject to termination by 3 months' notice in writing by either party at any time after the expiry of the first 30 months of the agreement; provided that no notice of termination shall become effective during any of the months of April to September inclusive in any year, and that any notice intended to terminate the agreement during either of the months of February or March in any year shall be given not later than November of the previous year. There is also provision for termination in the event of hostilities in which either Canada or the U.S. is a belligerent, or if the vessel becomes a total loss or requires repairs which would not be warranted.

PROPERTY INVESTMENT: As at December 31, 1956:

Miscellaneous wharf equipment trucks, tractors, gang-planks, scales, etc. \$8,105

Note:

The dock property at Vancouver is owned by The Grand Trunk Pacific Development Company, Limited (now Canadian National Railway Company).

CAPITAL STOCK: As at December 31, 1956:

Authorized: 1000 shares of \$100 each \$100,000

Issued: 150 shares of \$100 each 15,000

All owned by The Grand Trunk Pacific Railway Company (now Canadian National Railway Company), and carried at \$1.

LONG-TERM DEBT: Nil.

PRINCE BOATS: In order to limit liability in the event of extensive damage to the property of others each of the "Prince" boats was owned by a separate corporation. To avoid the expense of new charters, charters of vessels of the Canadian Government Merchant Marine Fleet, which were issued by Dominion Letters Patent in 1920 retained after disposal of the vessels in the meantime, were used by having supplementary Letters Patent issued to change the names of the Companies to those of the "Prince" boats.

Original and supplementary Dominion Letters Patent dated as shown hereunder were issued:

<u>Original name of Company and date</u>		<u>Amended name of Company and date</u>	
Thos. J. Drummond, Limited.	April 1, 1920	Prince Charles, Limited	February 19, 1925
Canadian Settler, Limited	April 1, 1920	Prince David, Limited	September 13, 1930
Canadian Sailor, Limited	April 1, 1920	Prince George, Limited	April 4, 1930
Canadian Trader, Limited	April 1, 1920	Prince Henry, Limited	September 13, 1930
Canadian Sealter, Limited	May 18, 1920	Prince John, Limited	November 3, 1930
Canadian Warrior, Limited	April 1, 1920	Prince Robert, Limited	September 13, 1930
Canadian Signaller, Limited	April 1, 1920	Prince Rupert, Limited	April 4, 1930
Canadian Sower, Limited	April 1, 1920	Prince William, Limited	November 3, 1930

Each "Prince" boat company had an authorized Capital Stock of 400 shares of \$100 each. Only 100 shares were issued.

All of these shares are owned by Canadian National Railway Company, and the

stock of each of the still active Companies is carried at \$1.00 unpledged. Certificates in the name of Canadian National Realties, Limited in trust for Canadian National Railway Company are held in Royal Trust Company vaults, Montreal.

Under Agreements of October 29, 1930, etc., between each of the "Prince" boat Companies, Canadian National Steamship Company, Limited, Canadian Government Merchant Marine, Limited, and Canadian National Railway Company the "Prince" boats were entrusted to Canadian National Steamship Company, Limited, for management and operation.

DIRECTORS:

Donald Gordon
Wilfrid Gagnon
J. A. Northey
J. R. Griffith
W. G. Stewart
H. W. Marsh

OFFICERS:

Donald Gordon	Chairman and President
N. J. MacMillan	Executive Vice-President
A. H. Hart	Vice-President
S. F. Dingle	Vice-President
E. A. Bromley	Vice-President
G. R. Graham	Vice-President
Dr. O. M. Solandt	Vice-President
J. L. Toole	Vice-President
W. T. Wilson	Vice-President
H. C. Friel	Vice-President, Law
R. H. Tarr	Vice-President and Secretary
H. C. Grayston	Vice-President
W. D. McPherson	General Manager
J. M. Young	Assistant Secretary
D. W. Gilmour	Assistant Secretary
E. J. Denyar	Treasurer
L. J. Mils	Comptroller

"PRINCE CHARLES, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company") Incorporated by Canadian Government Merchant Marine, April 1, 1920 as "Thos. J. Drummond, Limited".

HISTORY:

In 1925 the S.S. "*Prince Charles*" (formerly S.S. "*St. Margaret*") was purchased by Canadian National Railway Company, and after conversion from coal to oil burning, was added to the fleet operated by "Canadian National Steamships" on the Pacific Coast.

By supplementary Dominion Letters Patent dated February 19, 1925 the corporate name "Thos. J. Drummond, Limited" was changed to "Prince Charles, Limited". Ownership of the S.S. "*Prince Charles*" was then transferred to "Prince Charles, Limited", the Capital Stock of which is owned by Canadian National Railway Company.

The S.S. "*Prince Charles*" was in Tramp Service prior to sale of the S.S. "*Prince Charles*" and S.S. "*Prince John*" on June 7, 1940 to The Union Steamships, Limited for \$80,000 cash payment.

The ledger value at date of sale was:

S.S. " <i>Prince Charles</i> "	\$287,237
S.S. " <i>Prince John</i> "	<u>148,230</u>
	\$435,467

Service value to June 7, 1940 charged to depreciation \$355,467

Sale price	<u>80,000</u>
	\$435,467

Since sale of the S.S. "*Prince Charles*" on June 7, 1940, the corporation "Prince Charles, Limited" remains inactive.

"PRINCE DAVID, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company") Incorporated by Canadian Government Merchant Marine, April 1, 1920 as "Canadian Settler, Limited".

HISTORY:

In 1930 the S.S. "*Prince David*" was constructed, and purchased by Canadian National Railway Company and added to the fleet operated by "Canadian National Steamships" on the Pacific Coast.

By supplementary Dominion Letters Patent dated September 13, 1930, the corporate name "Canadian Settler, Limited" was changed to "Prince David, Limited". Ownership of the S.S. "*Prince David*" was then transferred to "Prince David, Limited", the Capital Stock of which is owned by Canadian National Railway Company.

In 1932 the "*Prince David*" was transferred to the East Coast and engaged in special cruises in the Caribbean and between Boston and Bermuda. On the second of the latter trips she struck a reef off Bermuda on March 13, 1932 and was badly damaged. \$1,247,222 representing cost of salvaging and repairs was recovered from the underwriters.

In 1931, the "*Prince David*" made 43 trips between Miami, Florida, and Nassau, Bahamas, commencing January 5, and ending April 19, 1934, after which she was laid up at Bermuda.

In 1936 and 1937 the "*Prince David*" was operated by National Tours, New York, on a cruise from New York to the Pacific Coast via the Panama Canal, and on a number of West Indies cruises, after which the vessel was returned to Halifax on March 7, 1937, and again laid up until requisitioned by the Minister of National Defence for Naval Affairs on October 11, 1939.

On February 5, 1940 the S.S. "*Prince David*" (and the S.S. "*Prince Robert*") were taken over by the Dominion Government at a sale price of \$700,000 each. Payment was made on January 2, 1941 in the amount of \$1,473,835.62, representing sale price of the 2 vessels, \$1,1400,000, and interest at 5% from October 11, 1939 to October 31, 1940.

Retirement entries were as follows:

Debit Dominion Government for sale price	\$700,000
Debit Service Value charged to depreciation	731,272
Debit Capital loss	<u>706,950</u>
Credit book value at date of sale	\$2,138,222

Since sale of the vessel on October 11, 1939 the corporation "Prince David, Limited" remains inactive.

"PRINCE GEORGE, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company") Incorporated by Canadian Government

Merchant Marine April 1, 1920 as "Canadian Sailor, Limited".

HISTORY:

In April 1910 two coal burning steamers, the S.S. "*Prince George*" and the S.S. "*Prince Rupert*", were purchased by The Grand Trunk Pacific Development Company, Limited, and placed in the service of The Grand Trunk Pacific Coast Steamship Company, Limited, (now Canadian National Steamship Company, Limited) which at that time inaugurated a semi-weekly service during summer months and a weekly service during winter months between the ports of Seattle, Victoria, Vancouver and Prince Rupert.

These two vessels were converted to oil burners in 1912 at a cost of \$18,800 each.

By supplementary Dominion Letters Patent dated April 4, 1930 the corporate name "Canadian Sailor, Limited" was changed to "Prince George, Limited". Ownership of the S.S. "*Prince George*" was then transferred to "Prince George, Limited", the Capital Stock of which is owned by Canadian National Railway Company.

The S.S. "*Prince George*" remained in service on the Pacific Coast until it was destroyed by fire on September 22, 1945.

In September 1946 contract was awarded for a new vessel to replace the S.S. "*Prince George*" and the keel was laid on December 4, 1946. The new vessel is a twin screw passenger and cargo ship with provision for carrying motor cars, and is equipped with the most modern navigation aids, gyro compass, echo sounders, wireless and radar. The new vessel was named T.S.S. "*Prince George*" and was built by Yarrows Limited at Esquimalt, BC. It was launched October 6, 1947 and delivered June 1, 1948.

The vessel is 350 feet long, with a breadth of 52 feet and a speed of 18 knots. Gross tonnage is approximately 5,700 tons and capacity is 400 tons of general cargo, and is designed to carry 322 passengers.

The T.S.S. "*Prince George*" is the largest and fastest vessel built on Canada's Pacific Coast.

She was placed in service between Vancouver, Prince Rupert and Skagway, Alaska on June 10, 1948.

PROPERTY INVESTMENT: As at December 31, 1956:

T.S.S. " <i>Prince George</i> "	\$4,008,584.
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CAPITAL STOCK:

Authorized:	400 shares of \$100 each	\$40,000
Issued:	100 shares of \$100 each	10,000

All owned by Canadian National Railway Company and carried at \$1.00 - unpledged. Certificate representing 100 shares in the name of Canadian National Realities, Limited in trust for Canadian National Railway Company is held in Royal Trust Company vaults, Montreal.

LONG-TERM DEBT: Nil.

Under Agreement dated November 27, 1958 the Prince George, Limited was amalgamated with and under the name Canadian National Steamship Company. This was approved by Order in Council P.C. 1958-1621, dated November 27, 1958 and became effective December 12, 1958.

"PRINCE HENRY, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company") Incorporated by Canadian Government Merchant Marine April 1, 1920 as "Canadian Trader, Limited".

HISTORY:

In May 1930 the S.S. "*Prince Henry*" was constructed, and purchased by Canadian

National Railway Company and added to the fleet operated by "Canadian National Steamships" on the Pacific Coast.

By supplementary Dominion Letters Patent dated September 13, 1930 the corporate name "Canadian Trader, Limited" was changed to "Prince Henry, Limited". Ownership of the S.S. "*Prince Henry*" was then transferred to "Prince Henry, Limited" the Capital Stock of which is owned by Canadian National Railway Company.

In 1932 the "*Prince Henry*" was transferred from the Pacific to the East Coast and engaged in special cruises, making 24 round trips between Boston and Bermuda and 3 trips between Boston and Havana.

In 1936 after the "*Prince Henry*" had been laid up at Halifax since 1932 it was operated by National Tours, New York on 5 West Indies cruises and returned to Halifax on September 15, 1936.

In 1937 National Pleasure Tours chartered the "*Prince Henry*" and operated the vessel for 6 cruises from Miami to Vera Cruz, after which it was returned to Halifax on March 17, 1937. Later in 1937 the Clarks Steamship Company chartered the passenger accommodation on the "*Prince Henry*" for four cruises in the St. Lawrence River and Gulf. The vessel sailed on July 4 and was returned to Halifax on September 7, 1937 after completing the cruises.

In 1938 Clarke Steamship Company again chartered the passenger accommodation for a series of cruises from Miami to Haiti, Havana, Jamaica and return from January 9 to April 7, 1938, and for a series of cruises in the St. Lawrence River and Gulf, and one cruise to New York, from July 1 to September 12, 1938.

On December 23, 1938 the "*Prince Henry*" was sold to Clarke Steamship Company for \$500,000.

Retirement entries were as follows:

Debit Clark Steamship Company for sale price	\$500,000.00
Debit Income - loss applicable to 8 years, 7 months service life	668,195.00
Capital Loss	<u>994,261.05</u>
Credit - book value at date of sale	\$2,162,456.05

Since sale of the vessel on December 23, 1938 the corporation "Prince Henry, Limited" remains inactive.

"PRINCE JOHN, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company")

Incorporated by Canadian Government Merchant Marine May 18, 1920 as "Canadian Sealer, Limited".

HISTORY:

In the fall of 1910 the S.S. "*Prince John*" (formerly S.S. "*Amethyst*") was purchased by The Grand Trunk Pacific Development Company, Limited, and turned over to Canadian National Steamship Company, Limited (then The Grand Trunk Pacific Coast Steamship Company, Limited) for operation in passenger and freight service between Vancouver and Way ports of Northern British Columbia.

In 1913 the vessel was converted from coal to oil burning at a cost of \$8,250.

By supplementary Dominion Letters Patent dated November 3, 1930 the corporate name "Canadian Sealer, Limited" was changed to "Prince John, Limited", Ownership of the S.S. "*Prince John*" was then transferred to "Prince John, Limited", the Capital Stock of which is owned by Canadian National Railway Company.

The S.S. "*Prince John*" was in Tramp Service prior to sale of the S.S. "*Prince John*" and S.S. "*Prince Charles*" on June 7, 1940 to The Union Steamships, Limited for \$80,000 cash payment.

The ledger value at date of sale was:

S.S. " <i>Prince Charles</i> "	\$2837,237
S.S. " <i>Prince John</i> "	<u>148,230</u>
	\$435,467
Service value to June 7, 1940 charged to depreciation	\$355,467
Sale Price	<u>80,000</u>
	\$435,467

Since sale of the vessel S.S. "*Prince John*" on June 7, 1940, the corporation "*Prince John, Limited*" remains inactive.

"PRINCE ROBERT, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company")

Incorporated by Canadian Government Merchant Marine April 1, 1920 as "*Canadian Warrior, Limited*".

HISTORY:

In 1930 the S.S. "*Prince Robert*" was constructed, and purchased by Canadian National Railway Company and added to the fleet operated by "*Canadian National Steamships*" on the Pacific Coast.

By supplementary Dominion Letters Patent dated September 13, 1930 the corporate name "*Canadian Warrior, Limited*" was changed to "Prince Robert, Limited". Ownership of the S.S. "*Prince Robert*" was then transferred to "*Prince Robert, Limited*", the Capital Stock of which is owned by Canadian National Railway Company.

In 1931 the "*Prince Robert*" made one excursion in the vicinity of Vancouver, three trips between Boston, West Indies and Havana, one trip between Halifax and South America and one trip between Halifax and Vancouver.

In 1932 she was in the Vancouver - Alaska service from June 13, to August 31.

In 1933 and 1934 the "*Prince Robert*" was laid up.

From 1935 to 1939 she was in the Vancouver - Skagway service during the summer seasons and made some excursions from Vancouver and vicinity.

On October 11, 1939 the S.S. "*Prince Robert*" was requisitioned by the Minister of National Defence for Naval Affairs, and on February 5, 1940 the S.S. "*Prince Robert*" and the S.S. "*Prince David*" were taken over by the Dominion Government at a sale price of \$700,000 each. Payment was made on January 2, 1941 in the amount of \$1,473,835.62, representing sale price of the 2 vessels, \$1,400,000, and interest at 5% from October 11, 1939 to October 31, 1940.

Retirement entries were as follows:

Debit Dominion Government for sale price	\$700,000
Debit Service Value charged to depreciation	723,055
Debit Capital loss	<u>768,021</u>
Credit book value at date of sale	\$2,191,076

Since sale of the vessel on October 11, 1939 the corporation "*Prince Robert, Limited*" remains inactive.

PRINCE RUPERT, LIMITED

(Wholly owned subsidiary of "Canadian National Railway Company")

Incorporated by Canadian Government Merchant Marine April 1, 1920 as "*Canadian Signaller, Limited*".

HISTORY:

In April 1910 two coal burning steamers, the S.S. "*Prince Rupert*" and the S.S. "*Prince George*" were purchased by The Grand Trunk Pacific Development Company, Limited,

and placed in the service of The Grand Trunk Pacific Coast Steamship Company, Limited (now Canadian National Steamship Company, Limited) which at that time inaugurated a semi-weekly service during summer months and a weekly service during winter months between the ports of Seattle, Victoria, Vancouver and Prince Rupert.

These two vessels were converted to oil burners in 1912 at a cost of \$18,800 each.

By supplementary Dominion Letters Patent dated April 4, 1930 the corporate name "Canadian Signaller, Limited" was changed to "Prince Rupert, Limited". Ownership of the S.S. "*Prince Rupert*" was then transferred to Prince Rupert, Limited, the Capital Stock of which was owned by Canadian National Railway Company.

The S.S. "*Prince Rupert*" remained in service on the Pacific Coast until laid up in 1954. She was sold to Japanese interests on June 19, 1956 for \$110,000 less 5% commission - net \$104,500. She was renamed the S.S. "*Rupert Maru*" and sailed for Japan July 5, 1956 manned by Japanese crew.

The loss on retirement of \$528,050 was charged to depreciation reserve, although only \$203,561, had been accumulated in reserve commencing January 1, 1940. Had depreciation been fully accumulated it would have totalled \$541,000 and there would have been a credit balance of \$12,950.

Since sale of the S.S. "*Prince Rupert*" on June 19, 1956 the corporation "Prince Rupert, Limited" remains inactive.

By agreement dated November 27, 1958 "Prince Rupert, Limited" was amalgamated with and under the name Canadian National Steamship Company, Limited. Approved by Order in Council P.C. 1958-1621 dated November 27, 1958. Amalgamation effective December 12, 1958.

"PRINCE WILLIAM, LIMITED"

(Wholly owned subsidiary of "Canadian National Railway Company")

Incorporated by Canadian Government Merchant Marine April 1, 1920 as "Canadian Sower, Limited".

HISTORY:

In 1930, the S.S. "*Prince William*" (formerly S.S. "*Aktion*") was purchased by Canadian National Railway Company, and, after remodelling and conversion from coal to oil burning, was added to the fleet operated by "Canadian National Steamships" on the Pacific Coast.

By supplementary Dominion Letters Patent dated November 3, 1930 the corporate name "Canadian Sower, Limited" was changed to "Prince William, Limited". Ownership of the S.S. "*Prince William*" was then transferred to "Prince William, Limited", the Capital Stock of which is owned by Canadian National Railway Company.

The S.S. "*Prince William*" was laid up at Prince Rupert on January 20, 1931, and sold to Armour Salvage and Towing Company on March 23, 1938.

Since sale of vessel S.S. "*Prince William*" on March 23, 1938, the corporation "Prince William, Limited" remains inactive.

CANADIAN NATIONAL STEAMSHIP COMPANY, LIMITED

HEAD OFFICE:

Montreal, Quebec

Incorporated by Canada Letters Patent May 26th, 1910, as "The Grand Trunk Pacific Coast Steamship Company, Limited". Name changed by Supplementary Letters Patent February 26, 1925.

By agreement dated November 27th, 1958, the undernoted companies were

amalgamated with and under the name of this Company. Approved Order-in-Council P.C. 1958-1621, dated November 27th, 1958. Amalgamation effective December 12th, 1958.

Prince George, Limited

Prince Rupert, Limited

Operates a steamship service on the Pacific Coast.

TRADE NAME: "Canadian National Steamships" authorized by Statutes of Canada, Chapter 29, 1927.

AUTHORIZED CAPITAL:	Authorized	\$100,000
	Amount issued	15,000
	Held by System	15,000

SHAREHOLDERS: Canadian National Realities, Limited - 150 shares.

DIRECTORS:

Donald Gordon
Wilfrid Gagnon
J. A. Northey
J. R. Griffith
W. G. Stewart
H. W. Marsh

OFFICERS:

Donald Gordon	Chairman and President
N. J. MacMillan	Executive Vice-President
A. H. Hart	Vice-President
S. F. Dingle	Vice-President
E. A. Bromley	Vice-President
G. R. Graham	Vice-President
Dr. O. M. Solandt	Vice-President
J. L. Toole	Vice-President
W. T. Wilson	Vice-President
H. C. Friel	Vice-President - Law
R. H. Tarr	Vice-President and Secretary
H. C. Grayston	Vice-President
W. D. McPherson	General Manager
J. M. Young	Assistant Secretary
D. W. Gilmour	Assistant Secretary
E. J. Denyar	Treasurer

CANADIAN NATIONAL STEAMSHIP COMPANY, LIMITED

Description of "Prince Boats"

	S.S. "Prince <u>Charles</u> "		S.S. "Prince <u>David</u> "		S.S. "Prince <u>George</u> "		S.S. "Prince <u>Henry</u> "		S.S. "Prince <u>John</u> "		S.S. "Prince <u>Robert</u> "		S.S. "Prince <u>Rupert</u> "		S.S. "Prince <u>William</u> "		S.S. "Prince <u>George</u> "	
Registered No.	124	202	156	892	129	748	156	885	129	472	156	906	129	743	155	164		
Construction	Steel		Steel		Steel		Steel		Steel		Steel		Steel		Steel		Steel	
Fuel used	Oil		Oil		Oil		oil		Oil		Oil		Oil		Oil			
Gross tonnage	1,344		6,892		3,372		6,893		906		6,892		3,379		525		5,700	
Net tonnage	767		3,072		1,625		3,055		540		3,072		1,626		281			
Deadweight	473		900		1,100		900		882		900		1,100		200			
Cargo capacity - tons	150		300		350		300		550		300		350		80		400	
Passenger accommodation																	322	
1 st Class	90		331		206		331		36		319		206		24			
Deck	43		46		32		46		36		46		32		10			
Year built	1907		1930		1910		1930		1910		1930		1909		1915		1948	
Purchase price	\$116,449	\$2,132,253	\$435,354				\$2,167,298	\$110,314			\$2,183,068	\$442,417			\$60,000			
Cost of additions etc.	\$170,788	\$5,969					\$4,842-	\$37,916			\$8,008	\$184,850			\$109,415			
Total ledger value	\$287,237		\$2,138,222				\$2,162,456		\$148,230		\$2,191,076		\$627,267		\$169,415		\$4,008,584	

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LIMITED

ORGANIZATION: Letters Patent April 16, 1961

HISTORY: The Government of Canada, on June 18, 1920, entered into a Trade Agreement with the Governments of the Bahamas, Jamaica and British Honduras under which the Canadian Government undertook to provide a Fortnightly Freight mail and passenger service between Canada and the above colonies. This service was inaugurated with the sailing of "S.S. *Canadian Fisher*" from Halifax on January 25, 1921 followed by the "S.S. *Canadian Forester*" on March 22, 1921 and every three weeks thereafter. The colonies agreed to contribute 25% of any loss sustained but not exceeding £3,000 from Bahamas, £5,000 from Jamaica and £5,000 from Honduras a total of £13,000 in any one year. This service was operated by the Canadian Government Merchant Marine, Limited and continued in operation until April 1929 when it was taken over by Canadian National (West Indies) Steamships Limited. The operation of this service resulted on a deficit of \$1,222,485.15 excluding interest and depreciation, but after taking credit for \$282,918.30 contributed by the islands.

A Trade Agreement dated July 6, 1925 was entered into between the Government of the Dominion of Canada and the Governments of Bahama Islands, Barbados, Bermuda, British Guiana, British Honduras, Jamaica, the Leeward Islands, Trinidad and Tobago, and the Windward Islands. This Agreement was approved by Act 16-17 George V, Chapter 16 of the Dominion of Canada, assented to on June 15, 1926. The Tariff concession authorized by the Act came into operation by Proclamation of the Governor in Council issued April 30, 1927. The Agreement provided for:

EASTERN GROUP.

(1) A fortnightly freight, passenger and mail service from Canadian Ocean ports all the year round, calling each way at Bermuda, St. Kitts, Nevis Antigua, Montserrat, Dominica, St. Lucia, Barbados, St. Vincent, Grenada, Tobago, Trinidad and Demerara.

(2) The vessels shall be of from 5,000 to 6,000 tons gross, capable of maintaining an ocean speed of not less than 12 knots, and providing accommodation for 100 first-class; 30 second-class and 100 steerage or deck passengers, and shall be provided with `tween decks, and storage accommodation as required, but not less than 10,000 cubic feet.

(3) In addition to the foregoing the Government of Canada will provide a fortnightly service with vessels of 4,300 gross tons or thereabouts deadweight and a speed of about 10 knots, from Canadian River Ports in Summer and From Canadian Ocean Ports in Winter calling at St. Kitts, Antigua, Barbados, Trinidad and Demerara.

The Representatives of the Colonies mentioned in the Agreement, undertook that their respective Governments would contribute towards the Steamship service, when established in the following amounts annually:

Barbados	£5,000
Bermuda	1,500
British Guiana	8,500
Leeward Islands	2,500
Trinidad	9,000
Windward Islands	2,500
	<u>£29,000</u>

Provided that if it is found impossible to call at Tobago the contribution of Trinidad would be decreased by £1,500. As no calls were made at Tobago the annual subsidy for the Eastern Group amounted to £27,500.

WESTERN GROUP

A fortnightly freight, passenger and mail service between St. Lawrence ports