

The following is an extract from a letter from one of the leading Investment Banking houses who at our request prepared on April 23rd a resume of the market situation as it affected our holdings of Pulp and Paper Bonds.

"The situation in connection with Price Bros. and Donnacona is rather beclouded and it is difficult to obtain accurate information concerning the situation at present. Street rumour has it that the Donnacona Company is being taken over by the interests which formerly controlled it and that they intend to operate as a separate concern. This is an unconfirmed rumour but, should it be so, it would appear that the bondholders would be in pretty much the same position as were the first mortgage bondholders of the Belgo Company, namely, that they would be in possession of the mills but would have no contracts. The first mortgage bonds are changing hands in the vicinity of 20 to 25 but they are very inactive. The 6% debentures are changing hands between 10 and 15 but here again the situation is purely an order market.

So far as Price Bros. 6% first mortgage bonds are concerned, bonds may be bought in the vicinity of 50 and there is no real demand at these levels at present. There is nothing further to be said by way of supplementing the statements made in our memorandum of March 23rd concerning the other situations except that the market levels have changed in the meantime. It must be borne in mind that, in common with all corporation securities of a depressed nature, there is no active trading market. We mean by this that dealers do not take a trading position in bonds and only buy or sell them on actual orders. This will explain wide spreads apparent in most situations.

Herewith is a list of quotations, as of today, with an indication as to how good the bid is.

Abitibi Power & Paper Co. Limited, 5% due June 1st, 1953

40 - 42

Canada Paper Company, 6% due 1945

45 bid. The bid is good for approximately \$10,000 and the cheapest actual offering at the moment is at 55.

Canadian International Paper Company, 6% due July 1st, 1949.

The general market for these bonds is in New York and the Canadian equivalent of the New York quotation is approximately 45 to 50.

Consolidated Paper Corporation, 5 $\frac{1}{2}$ % due 1961

These bonds are quoted nominally at 18 but there is no market for them that we know of nor have we seen any transactions on the street. We understand that the Department of Insurance has placed a value of 50 on the bonds but are not in a position to verify this.

Dryden Paper Company, Limited, 6% due 1949

Very nominally 40 to 50, last sale 50, purely an order market and no size that we know of on the bid.

Fraser Companies, Limited 6% due 1950.

These bonds are offered at 25 in odd lots with no actual demand at the moment.

Fraser Companies, Limited 6 $\frac{1}{2}$ % due 1942

There is absolutely no demand for these debentures with the possible exception of isolated orders at \$6.00 flat per hundred.

International Power & Paper Company Inc., 6% due 1955.

The Canadian equivalent of the New York price at today's quotations is approximately 25 to 27.