

New Issues

Under authority of the Canadian National Railways Refunding Act, 1935, and the Financing and Guarantee Act, 1937, an issue of Canadian National Railway Company Dominion Guaranteed Bonds was made dated December 15, 1937, and January 15, 1938, the proceeds therefrom being used to retire temporary loans for capital purposes made by the Government during the years 1932 to 1937. The entire issue was sold in January, 1938. The issue comprised:—

- \$20,000,000 2 per cent four-year bonds dated January 15, 1938; sold at 99 per cent at an annual cost of 2·26 per cent.
 \$30,000,000 3 per cent thirteen-year bonds dated December 15, 1937; sold at 96·25 per cent at an annual cost of 3·36 per cent.

An issue of \$7,600,000 Canadian National Railways 2½ per cent Equipment Trust Certificates, Series "P" 1938 was made to provide for the payment of part of the purchase price of new equipment costing over \$10,000,000. The certificates, which mature serially in fifteen annual instalments, were sold at an average of 97·81 per cent the annual cost being 3·08 per cent.

1938 Refunding Act

Under the provisions of the Canadian National Railways Refunding Act, 1938, temporary loans were received from the Dominion Government for retirement of the following issues:—

Rail & River Coal Company 5% First Mortgage Bonds due April 1, 1938	\$ 916,000
Canadian National Railway Company 2% 3 Year Bonds due May 1, 1938	13,400,000
Canadian Northern Ontario Ry. Co. 3½% Debenture Stock due June 30, 1938	6,725,485
	\$21,041,485

These temporary loans were repaid to the Government from the proceeds of a 2¼ per cent and 3 per cent Bond Issue dated January 15, 1939.

GENERAL

Pension and Social Security Plans

The total number of pensioners at December 31, 1938, under Canadian National pension plans totalled 6,913 as compared with 6,287 at December 31, 1937. Employees pensioned during the year numbered 991 and 365 pensioners died. Pension costs to the railway under the various pension plans in effect were \$4,159,798 in 1938 as compared with \$3,993,734 in 1937.

Under the United States Railroad Retirement Act and the Carriers' Taxing Act the tax payable (equal to 2¾ per cent of employees' compensation) in respect of system operations in the United States for the year 1938 amounted to \$461,000 as compared with \$515,000 in 1937.

The cost to the National System under United States Federal and State legislation dealing with unemployment insurance and old age benefits other than covered by the Railroad Retirement Plan amounted to \$595,000 in 1938 as compared with \$459,000 in 1937.

Trans-Canada Air Lines

During the year additional calls aggregating 47 per cent or \$2,350,000 on the capital stock (\$5,000,000) of Trans-Canada Air Lines were met by the Canadian National Railway Company. To December 31, 1938, the amount subscribed was \$3,200,000.