

5. *Progress Payments on Purchase of Equipment*

At December 31, 1958 payments had been made against contracts for purchase of aircraft and related equipment which will be delivered in future years. These payments totalled \$17,675,000 at that date and have been applied against the following commitments:—

4 Viscounts for delivery in 1959 .....	\$ 2,117,000
6 Douglas DC8's for delivery in 1960 and 1961 .....	6,768,000
20 Vanguard's for delivery in 1960 and 1961 .....	6,797,000
1 Super Constellation for delivery in 1959 .....	246,000
Douglas DC8 engine spares .....	832,000
Vanguard engine spares .....	607,000
Flight simulators .....	308,000
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	\$17,675,000
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Amounts totalling \$92,000,000 remain to be paid prior to or upon completion of these contracts. At December 31, 1958, the Corporation was protected by forward contracts against foreign currency fluctuations on aircraft purchase commitments to the following extent:

United States funds .....	\$16,400,000
Sterling .....	£ 1,860,000

6. *Loans and Debentures*

The net increase in notes payable to Canadian National Railways, amounting to \$24,600,000, is the result of the following changes:

New loans obtained .....	\$36,100,000
Loan repaid in cash .....	\$5,000,000
Loans refinanced by issuance of a debenture maturing	
February 1, 1981 .....	6,500,000
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	11,500,000
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	\$24,600,000
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The debentures payable to Canadian National Railways at December 31st, 1958 consisted of:

3 $\frac{7}{8}$ % maturing January 1st, 1973 .....	\$20,000,000
4 $\frac{1}{4}$ % maturing February 1st, 1981 .....	6,500,000
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	\$26,500,000
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The increase in the amount of loans and debentures since December 31st, 1957 is the reason for the increase in the amount shown as a current liability for interest payable.