

# Canadian General Electric Company Limited

Revised August 23, 1985 (IC)

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CUSIP Number 135789

Stock Symbol CGE

Head Office — 25 King St. West, (P.O. Box 417), Commerce Court North, Toronto, Ont. M5L 1J2

Telephone — (416) 365-6500

THE COMPANY is the largest manufacturer of electrical and related equipment in Canada and also provides technical and distribution services to complement its products. In addition, a 51% equity interest is held in Camco Inc., a major Canadian household appliance manufacturer.

Fiscal Year	Total Assets	Shldrs.' Equity	COMPARATIVE DATA					Earns. Per Sh.	Divds. Declared	Price Range	
			L.-Term Debt	Sales	Net Inc. Oper.	High	Low				
			000's							—Common Shares—	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1984....	1,017,045	504,813	32,026	1,417,708	39,802	4.87	2.40	60.00	48.00		
1983....	923,828	484,639	23,938	1,392,821	38,520	4.71	2.40	64.00	40.00		
1982....	944,899	460,881	34,883	1,633,800	44,104	5.39	2.30	40.00	29.50		
1981....	1,038,295	435,593	59,602	1,700,102	51,120	6.25	1.95	38.25	30.00		
1980....	956,711	400,434	55,569	1,465,871	44,926	5.49	1.80	34.00	26.25		

## CONSOLIDATED CAPITALIZATION AT DECEMBER 31, 1984

Outstanding		%
Long-term debt .....	\$32,026,000	6
Common stock .....	8,178,800 shs.	5
Retained earnings .....	477,871,000	89

## SUMMARY STATEMENT

**Interim report** for the six months ended June 30, 1985, showed net income up 75% to \$17,590,000 or \$2.15 per share from \$10,048,000 or \$1.23 per share for the corresponding year-earlier period. Sales rose 17% to \$713,551,000 from \$611,742,000. Improvement in earnings reflected higher sales volume and productivity improvements in the consumer goods businesses from the Bromont Plant, and from lower costs resulting from restructuring of a number of product businesses.

**A defence department contract** valued at \$8,800,000 was secured in June, 1985. The contract calls for servicing and supply of spare parts for radar and navigational equipment.

**Net income** for 1984 increased 3% over 1983 on a sales increase of 12% after adjusting for discontinued businesses. Operating margins in continued businesses increased to 4.7% of sales; improved margins are the result of tight cost controls and reinvestment for productivity improvement.

**Restructuring** of the company's businesses continued in 1984. The rationalization of the company's unprofitable operations and reduction of overhead costs formed the major part of the company's restructuring program in 1984. Operations sold include its housewares, molded composites, steel mill, and gear products businesses. The company also stopped manufacturing power switching equipment and outdoor lighting.

**Capital expenditures** in 1984 totaled \$45,029,000 up 4%. Investments were made in Nuclear Hydro and large motor businesses, the compressor airfoil plant, Widney Well Servicing (1971) Ltd., Lighting products and Camco Inc.

N.B. — For quick reference data, see page 2.

## THE FINANCIAL POST CORPORATION SERVICE

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# QUICK REFERENCE DATA

**Major Shareholder**—General Electric Company of Fairfield, Conn., beneficially owns a 91.9% interest.

**Employees**—The company had an average of 13,032 employees in 1984. At December 31, 1984, there were 12,300 employees.

**Incorporation**—Canada charter, July 15, 1892; continuance March 1, 1980.

**Auditors**—Peat, Marwick, Mitchell & Co., C.A., Toronto.

**Fiscal Year Ends**—December 31.

**Annual Report Appeared**—In April in 1985.

**Annual Meeting**—April 24 in 1985.

**Listed**—CGE, Toronto Stock Exchange.

**Shareholders**—At March 24, 1985, there were 796 common shareholders.

**Transfer Agent and Registrar**—The National Trust Company, Toronto

**Ranking in FP 500**—67 by sales; 89 by assets.

## COMPANY

The company holds exclusive rights to manufacture and sell in Canada all products developed, manufactured and sold by the parent company. Approximately 90% of the company's business is in the domestic market.

Certain products such as hydroelectric generators and turbines, power transmission equipment, custom motors, newsprint machines, rolling mill equipment and ore grinding mills are produced for sale on a world wide basis. The company manufactures plastics, industrial machinery and components and is a major participant in development of the Canadian nuclear energy program. In addition, a 51% equity interest is held in Camco Inc., a major Canadian household appliance manufacturer. The company also has a growing investment in the oil and gas exploration and development business.

## REVENUE

External sales and other income by industry segment have been as follows for the past two years:

	1984		1983	
	\$000's	%	\$000's	%
Electrical appar. & components	440,464	30	482,531	34
Consumer prods. & services	618,056	43	632,664	45
Material & tech. systems	370,392	26	289,484	20
Gen. corp. items & eliminations	9,597	1	11,659	1
	1,438,509	100	1,416,338	100

Export sales totaled \$155,000,000 in 1984 compared to \$143,600,000 in 1983.

## NET INCOME

Net income by industry segment has been as follows for the past two years:

	1984		1983	
	\$000's		\$000's	
Electrical appar. & components	d5,041		14,989	
Consumer prods. & services	30,346		23,936	
Material and tech. sys.	19,395		d5,569	
Gen. corp. items & eliminations	d4,898		5,164	
	39,802		38,520	

**Electrical apparatus and components** includes hydro generators, steam turbine-generators, industrial and transportation motors and controls, small motors, electrical components and controls, transformers, switchgear, meters, appliance controls and the maintenance, inspection, repair and rebuilding of electrical and mechanical apparatus.

**Consumer products and services** consists of major appliances and appliance service, lighting products, housewares and audio products.

**Materials and Technical systems** includes components and systems for aerospace and aircraft engines; electronic and data communications equipment and computer timesharing and remote data processing services; oil well servicing; magnet wire; and materials including plastics, silicones, industrial cutting materials, and laminated and insulating materials.

**Dominion Engineering Works Limited**, located in Lachine, Quebec, is a leading company in the design and manufacture of heavy equipment and machinery. Products include hydraulic turbines, hydrogenerators, papermaking machinery, ore grinding mills and steel rolling mills. The company has its own research and laboratory facilities. Valmet-Dominion Inc., in which the company holds a 35% interest, manufactures paper machines at the company's plant in Lachine, Que.

The **Industrial Apparatus department** manufactures AC and DC electric motors with ratings ranging from fractional horsepower to custom designed multi-thousand horsepower units for use in residential, utility, and industrial applications. The department also manufactures industrial drive systems and process controls for the metals processing, papermaking and mining industries, and specialized industrial systems including marine propulsion, mine hoists, alternators and control systems for diesel-electric locomotives and off-highway "electric wheel" generators and alternators. Plants are located in Peterborough and Trenton, Ont.

The **Power Systems department** manufactures equipment for transmission, distribution, regulation, and measurement of electrical energy. Products include transformers, static compensators, switchgear, watt-hour meters, instruments and appliance controls. The department has plants in Guelph, Peterborough and Toronto, Ont.; Sackville, N.B.; Quebec City and St. Augustin, Que.; and the United Kingdom. During 1981, there was a significant increase in demand for high voltage direct current systems and static compensators in Canada and around the world.

The Power Systems department also provides a full range of electric generators for use with hydraulic, steam and gas turbines, and supplies steam and gas turbines used in the development of Canada's electrical utilities and natural resources. In addition, the department develops and manufactures nuclear fuels and fuel handling systems for the CANDU nuclear system. Plants are located in Peterborough and Toronto, Ont. and in Lachine, Que.

A country-wide and international staff in Apparatus Technical Service provides a wide range of installation and maintenance services for electrical and mechanical apparatus.

The **Construction Products department** which amalgamated with the Apparatus and Technical Service department, produces circuit protective devices, motor control centres, general purpose control equipment, magnet wire, ballasts, lighting systems, heating products, traffic control equipment and remote control wiring systems for construction in industry and for industrial and commercial markets. Plants are located in Toronto, Peterborough and Guelph, Ont.

## Consumer Products and Services

This division consists of major appliances and appliance service and lighting products. Products and services include lighting and heating equipment, oil and gas exploration, data communications, aerospace technology, plastics technology and communication equipment.

Brand names of some of the products of this division include TerminiNet, GE Mark III, CGE Mark IV, Verlok, Thermocase 1, Wattmiser, Maxi-Miser, Multi-Vapor, Lexan, Valox, Ultem and Xony.



The **Materials and Specialty Systems** department manufactures precision blades and vanes, mobile radios, silicone fluids and compounds, lexan sheet, molded plastic components, chemicas resins and fibre-glass reinforced products, and distributes of General Electric Products to aerospace and information services markets. Plants are located in Cobourg and Toronto, Ont. and in Bromont and St. Andre Est, Que.

The **Lighting Products** department manufactures and sells a wide range of incandescent, fluorescent, high intensity discharge and photo flash lamps to the commercial and industrial, retail, automotive and export markets. Plants are located in Toronto and Oakville, Ont. and in Montreal, Que.

**1984 Results**—Orders for industrial equipment increased significantly in 1984, despite depressed markets and an increase in foreign competition. Although consumer demand softened in the latter half of 1984, by year end it had firmed.

The Lighting Products department had a sales increase of 18% over 1983; the strongest growth was experienced in lamp and auto products. Exports by the department increased 67% during the year. During 1984, the company implemented the first phase of a \$30,000,000 manufacturing and product rationalization program for lamps. The purpose of the program is to achieve a 45% increase in Canadian production by 1988, and a doubling of 1984 export levels. The Audio Products business introduced three new electronic phones during the year; it is expected that the market will grow 15% annually. The Materials and Technical Systems business was also strong in 1984. The Compressor Airfoil operations in the new Bromont, Que. plant exceeded all productivity targets. The Materials business had an 18% increase in sales with the recovery of business volume in all sectors, particularly the automotive market.

**Genelcan Limited**—The company and its subsidiary, Genelcan Realty Limited, offer a comprehensive range of financing and leasing services to Canadian business. Genelcan Limited is in the process of winding down.

**Camco Inc.**—Represents the merger, effective Jan. 1, 1977, of the Canadian household appliance manufacturing and service operations of GSW Inc. and Canadian General Electric Company Limited and the subsequent acquisition of the major appliance business of Westinghouse Canada. Products include a wide range of refrigerators, freezers, room air conditioners, automatic clothes washers and dryers, heating elements, dishwashers, microwave ovens and ranges, dehumidifiers and humidifiers.

Plants are located in Hamilton, London, Orangeville and Weston, Ont. and in Montreal, Que.

#### 1984 results:

Sales improved 7% to \$412,554,000 in 1984, up from \$385,144,000 in 1983. Net income of \$14,099,000 in 1984 was a 5% increase over \$13,470,000 in 1983. (For further details see also separate basic card).

**Oil and Gas**—The company entered the oil and gas exploration and development business in 1978.

At Dec. 31, 1984, the company's investment in oil and gas resource properties totaled \$73,100,000 against \$59,300,000 a year earlier.

#### CAPITAL EXPENDITURES

Capital expenditures in recent years have been as follows:

1975	\$21,094,000	1980	\$85,998,000
1976	21,127,000	1981	68,134,000
1977	25,297,000	1982	46,034,000
1978	28,787,000	1983	43,970,000
1979	46,860,000	1984	45,029,000

Capital expenditures by industry segment have been as follows for the past two years:

	1984		1983	
	\$000's	%	\$000's	%
Electrical appar. & components	6,375	14	7,742	18
Consumer prods. & services	14,020	31	12,010	28
Machinery, tech. sys. & matls.	21,704	48	22,907	53
Gen. corp. items & eliminations	2,930	7	311	1
	45,029	100	42,970	100

Research and development expenditures in 1984 totaled \$18,000,000 compared to \$17,300,000 in 1983.

Oil and gas resource property additions totaled \$14,900,000 in 1984 against \$12,700,000 the previous year.

**Note**—In August, 1984, the company signed a memorandum of understanding with the federal government and has accepted \$9,300,000 in federal assistance for four high technology projects. The projects, located in Peterborough, Ontario and Lachine, Quebec involve total investment of approximately \$90,000,000 when incremental research and development, fixed assets and working capital are considered. The projects are expected to generate additional annual sales of approximately \$120,000,000 within 10 years, of which 50% will be exported. The memorandum establishes principles used to create a stable environment for the implementation of specific projects.

#### HISTORY

The company was incorporated under Dominion charter on July 15, 1892 (continued under the Canada Business Corporations Act, Mar. 1, 1980) as a result of a merger in the United States of Edison Electric Light Company of New York and the Thomson-Houston Electric Company of Boston, which companies had maintained distinct sales branches in Canada. The former had a factory at Peterborough, Ont. Following this merger, Canadian interests acquired the Canadian properties and patents with rights to manufacture in Canada electrical equipment as manufactured by General Electric Company in the United States.

In 1923, General Electric Company made an offer to common shareholders of the Canadian company to acquire their holdings. The offer made was \$62.50 in cash and one share of preferred (par value \$50) for each common share (par value \$100). 95% of the shareholders accepted this offer and the American company therefore acquired control of the company.

Early in 1951, the company disposed of the assets of Canadian Allis-Chalmers Company.

In March, 1955, the company, along with eight other wire and cable companies, was convicted of being a party to a conspiracy to lessen competition in the sale of wire and cable.

Acquisition of Dominion Engineering Works Limited—At the end of September, 1961, the company offered to exchange one share of a new \$1.25 convertible preferred stock, \$28 par, plus \$3 cash for each of the 625,000 common shares of Dominion Engineering Works Ltd. then outstanding, subject to acceptance by holders of at least 90% of that company's shares. The offer was open for four months and was later extended to Feb. 28, 1962.

Holders of Dominion Engineering shares who deposited their shares for exchange prior to Oct. 4, 1961, received the regular semiannual dividend of 50 cents per share paid by that company on Nov. 15, 1961.

On Jan. 15, 1962, Supplementary Letters Patent were issued confirming a 40-for-1 subdivision of the common stock of Canadian General Electric, the creation of 625,000 \$1.25 cumulative convertible preferred shares, \$28 par, and of an additional 625,000 common shares.

On Jan. 22, 1962, Dominion Engineering paid a taxable stock dividend of one common share, valued at \$24.80 per share, for each share held in order to capi-



talize its undistributed earnings. Thereafter the exchange offer was on the basis of one half of one preferred share plus \$1.50 cash for each Dominion Engineering share.

By Jan. 30, 1962, holders of over 99% of the outstanding Dominion Engineering shares had accepted the exchange offer, and the remainder were acquired through proceedings under section 128 of the Companies Act.

In June, 1965, the company purchased for \$5,000,000 the Scarborough plant of John Inglis Co. Ltd. It became Canada's first specialized plant for making equipment for atomic power plants. An additional \$2,000,000 was spent to prepare the plant for production.

In August, 1965, the company acquired Amalgamated Electric Corp., Ltd., Markham, Ont., for an undisclosed amount.

In September, 1970, the company sold its computer equipment business to Honeywell Controls Ltd.

In May, 1975, the company concluded an agreement with Atomic Energy of Canada Limited for the sale of its Port Hawkesbury heavy water plant. Purchase price of the plant was reported to be in the area of \$100,000,000, partly in cash with balance payable over a ten-year period.

**Merger**—Effective Jan. 1, 1977, the company and GSW Limited formed a new company, Canadian Appliance Manufacturing Company Limited (now Camco Inc.) to assume their combined Canadian major appliance operations. Under the agreements relating to this merger, the two companies transferred to Camco their major appliance divisions and Canadian General Electric received 60% equity interest in Camco shares for plant and equipment transfer, assumption of certain current liabilities and a long-term note issued for the balance. As a result, the company holds a 60% equity and a 50% voting interest in Camco. GSW's interest was 40% and 50%, respectively. On June 30, 1977, Camco completed the purchase of the major appliance operations of Westinghouse Canada Limited.

In 1977, Cange Ltd. was established to assemble small range timers.

In early 1979, the company acquired a 34% equity interest in Smith and Stone Limited, a wiring devices manufacturer at Georgetown, Ont. Also in 1979, the company acquired all of the outstanding shares of N. C. Joseph Limited, a U.K. manufacturer of housewares and industrial components.

During 1980, the company acquired Widney Well Servicing (1971) Ltd.

In December, 1980, the company's agreement to purchase GSW Inc.'s interest in Camco Inc. was disallowed by FIRA.

In 1981, Canadian Appliance Manufacturing Company Limited changed its name to Camco Inc.

On May 31, 1982, the company purchased the business and name of Sheaffer-Townsend Construction Limited, subsequently renamed Sheaffer-Townsend Limited.

In June, 1982, the company initiated action in the Supreme Court of Ontario requesting the dissolution of its partnership with GSW Inc. in Camco Inc.

During 1982, the company sold the assets of Amalgamated Electric Corporation Limited, the press-work manufacturing operations of N.C. Joseph Limited of Stratford-Upon-Avon and the 34% equity interest in Smith & Stone Limited.

During 1983, the company sold its Gescan wholesale distribution operation and discontinued the steam turbine-generator manufacturing operation. Also in 1983, Camco Inc. was restructured leaving the company with a 51% interest (from 60%), GSW Inc. with a 34% interest and 15% was sold to other Canadian shareholders including Camco employees.

During the first quarter 1984, the company sold its housewares and small appliance division to Black & Decker Manufacturing Co. of Towson, Md. The company sold its Molded Composites business in early 1984 to a group of Canadian entrepreneurs, who formed the Complx Corporation.

In April, 1984, the company and Valmet Corporation, of Helsinki, Finland, together formed a new company, Valmet-Dominion Inc., in which the company holds a 35% interest and Valmet Corporation owns 65%.

In October, 1984, it was reported that Genelcan Limited, a wholly-owned, non-consolidated subsidiary of the company, is in the process of winding down with completion date targeted for 1985.

As a result of a partnership with two Alberta-based companies, Niart Inc. and Vencap Alberta Equities, the company formed Niart International. Niart International will manufacture, and market traffic control products, systems and services.

In February 1985, the company announced the closing of a foundry in Lachine, Que. due to a drop in demand for turbine generators, paper-making machines, and heavy mining equipment.

**Officers**—W. R. C. Blundell, chm. & chief exec. officer; R. T. E. Gillespie, exec. v-p; I. R. Feltham, v-p, gen. counsel & sec.; R. E. Ferst, v-p, fin.; C. B. Haller, v-p & treas.; V. G. Staff, v-p & comp.; T. W. Sutherland, R. M. Baranowski, M. E. Gordon, v-p's & gen. mgr.'s; M. J. Stewart, gen. mgr.; M. Drouin, v-p; H. G. Giles, gen. mgr.

**Directors**—W. C. Blundell, H. I. MacDonald, W. F. McLean, Toronto; D. S. Curry, Calgary; MacKenzie McMurray, Antoine Turmel, Montreal; G. St-Germain, Saint-Hyacinthe, Quebec; W. G. Ward, Cavan, Ont.; F. P. Doyle, J. A. Urquhart, J. A. Baker, Fairfield, Conn.; D. W. Timmis, Vancouver.

#### WHOLLY-OWNED SUBSIDIARIES

**Dominion Engineering Works, Limited**—Lachine, Que.

**Montreal Armature Incorporated**—Plant at Montreal is engaged in repair and rebuilding of electric motors, generators, distribution transformers and cubicles.

**Genelcom Limited**

**Cange Limited**

**Canadian General Electric International Limited.**

**W. L. Stevens Ltd.**

**Widney Well Servicing (1971) Ltd.**—Alberta; R. W. Wayne, mgr. Operates a fleet of oil and gas well service rigs in western Canada.

**Dominion Engineering Company Limited.**

**Sheaffer-Townsend Limited.**

**Installations Benjamin Incorporated.**

**Amalgamated Electric Corporation Limited.**

#### NON-CONSOLIDATED SUBSIDIARY

**Genelcan Limited**—Accounts of this finance company and its wholly-owned subsidiary, **Genelcan Realty Limited**, are not consolidated with those of the parent company, as their operations are dissimilar.

Genelcan Limited offers a comprehensive range of financing and leasing services and operates two major divisions, Real Estate Development and Commercial-Industrial Equipment Financing.

In Dec., 1984, it was reported that Genelcan Limited is in the process of winding down with completion expected mid-1985. The company has decided not to publish an annual report for 1983. Financial information and a detailed description of the company were reported in prior years.

Details of this unconsolidated subsidiary, in recent years follow:

	Total Assets	Revenue \$000's	Net Income
1978 .....	70,360	8,839	721
1979 .....	80,859	9,990	d554
1980 .....	85,497	10,989	d462
1981 .....	72,228	12,618	424
1982 .....	96,279	12,177	d499
1983 .....	108,500	n.a.	n.a.
1984 .....	64,442	n.a.	n.a.



## AFFILIATED COMPANY

**Camco Inc.**—C. M. Harper, pres. & chief exec. officer, 185 Wright Ave., Weston, Ont. M9N 1E7.

Manufactures and distributes Hotpoint, General Electric, Moffat and McClary appliances in Canada and exports to 28 countries. (See Operations, page 2.)

Represents the combined appliance division operations of Canadian General Electric and GSW Inc. effective Jan. 1, 1977 and the subsequent acquisition of operations of Westinghouse Canada in July 1977.

Following a 1983 public offering of common shares Canadian General Electric has 51% and GSW 34% interest in this T.S.E.-listed company.

## OTHER INTERESTS

**Valmet-Dominion Inc.**—35% owned by the company and 65% owned by Valmet Corporation, Helsinki, Finland. Formed in April, 1984, to manufacture and market paper machines, the company is located at Dominion Engineering Works, Lachine, Que.

**Niart International**—Formed by a 1984 partnership with two Alberta-based companies, Niart Inc. and Ven-cap Alberta Equities, to manufacture and market traffic control products, systems, and services. Niart International is supported by a technology and management agreement with the company.

## CAPITAL STOCK

(As at Dec. 31, 1984)

	Author.	Outstand.
Common	Unlimited	8,178,800 shs.
Common—One vote per share.		

## PRICE RANGE OF STOCK

## Common

Year	High	Low	Year	High	Low
1975	\$27.00	\$19.00	1980	\$34.00	\$26.25
1976	28.50	22.00	1981	38.25	30.00
1977	25.50	21.50	1982	40.00	29.50
1978	29.00	22.00	1983	64.00	40.00
1979	33.00	29.50	1984	60.00	48.00

## \$1.25 Preferred (old)

Year	High	Low	Year	High	Low
1968	\$36.00	\$29.00	1972	\$34.00	\$26.13
1969	34.50	27.00	1973	33.00	25.00
1970	27.63	21.25	1974	28.50	17.50
1971	30.00	23.00	1975*	26.00	18.00

\*To Nov. 14, when delisted.

## CHANGES IN CAPITAL STRUCTURE

On Jan. 1, 1901, the authorized capital was \$1,500,000, divided into 1,200,000 common, par value \$100, and 300,000, 6 per cent preferred, par value \$100. This preferred issue was redeemed on Jan. 2, 1908, at 105. The authorized capital was increased in 1902 to \$2,700,000; in 1905 to \$4,700,000 and in 1907 to \$7,700,000. In October, 1907, an issue of \$2,000,000, 7% preferred was authorized and issued. Authorized capital was increased in 1912 to \$12,000,000; in 1921 to \$20,000,000. This was reduced, on Dec. 31, 1923, by the redemption of the \$2,000,000 preferred outstanding.

The increases and changes in the common stock of the company as follows:

Date allotted	Amount	Total Com. Outstanding	Price
	\$	\$	\$
Prior to 1900	900,000	900,000	..
Feb. 27, 1900	300,000	1,200,000	125
Feb. 20, 1901	300,000	1,500,000	150
Apr. 25, 1902	625,000	2,125,000	150
Feb. 16, 1903	575,000	2,700,000	150
Apr. 22, 1905	900,000	3,600,000	125
Jan., 1906	1,110,000	4,700,000	120
May 21, 1910	940,000	5,640,000	100
Jan. 18, 1912	60,000	5,700,000	100
Apr. 20, 1912	1,900,000	7,600,000	108
Nov. 24, 1912	400,000	8,000,000	108
Dec. 12, 1919	1,000,000	9,000,000	100
Aug. 1, 1921	1,800,000	10,800,000	*
Issued Dec., 1923	2,000,000	12,800,000	†

\*Stock bonus. †To General Electric.

■ Sold in London, Eng.

Capitalization changed in 1924 from 180,000 shares of \$100 par value to 360,000 shares of \$50 par value, issuable either as 7% cum. preferred or common. Shareholders were given the right to exchange their stock on the basis of one new preferred and one new common for each share held. Shares not so converted were exchanged Feb. 15, 1924, into two new common shares for each share held.

Shareholders of record Jan. 15, 1925, were offered the right to subscribe to additional issues of stock. \$2,600,000 of preferred was offered to preferred shareholders at par on the basis of three new shares for every seven shares held, rights not being transferable. Common shareholders were offered the right to subscribe at par to an additional issue of \$2,600,000 common on the basis of three new shares for every eight held, rights not being transferable.

On Nov. 15, 1935, all outstanding 7% preference stock (\$8,557,750 or 171,155 shares) was redeemed at 115% (\$57.50 per share) and accrued dividends to that date. \$2,500,000 of special employees' preferred stock was created as at the same date and \$1,300,000 issued to replace a corresponding amount held by employees of the company under its "employees' saving plan." This amount represented 93% of the stock held under the plan, the holders of the balance taking cash. During 1936, an additional 3,500 preferred shares were issued; during 1937, 4,000 shares; during 1938, 4,500 shares; 1940, 4,000 shares; 1941, 4,000 shares; 1955, 10 shares. Shares have been redeemed as follows:

1948	2,474	1966	1,837
1949	11,652	1967	513
1950	1,288	1968	1,454
1951	2,056	1969	2,837
1952	905	1970	1,497
1953	1,019	1971	646
1954	709	1972	493
1955	841	1973	821
1956	1,736	1974	1,166
1957	1,053	1975	563
1958	614	1976	438
1959	1,606	1977	224
1960	1,231	1978	145
1961	1,139	1979	191
1962	1,427	1980	127
1963	1,168	1981	221
1964	1,038	1982	65
1965	356	1983*	773

\*As at Dec. 31, 1983 there were no special employees' preferred shares outstanding.

By S.L.P. dated Jan. 15, 1962, common stock was split on a 40-for-1 basis and par value of the common stock was changed from \$50 to no par value. Authorized special employees, preferred stock was reduced to 18,000 shares. In addition, 625,000 convertible preferred shares, \$28 par, and an additional 625,000 common shares, no par, were created, following which capitalization was comprised of 18,000 special employees' preferred shares, \$50 par, authorized and issued, 625,000 convertible preferred shares, \$28 par, authorized and 8,178,800 common shares, no par, authorized of which 7,553,800 shares were outstanding. Subsequently, 625,000 convertible preferred shares were issued.

Convertible \$1.25 preferred shares have been converted into common stock on a share-for-share basis as follows:

1962	1,212	1970	23
1965	1,865	1971	6
1966	806	1972	190
1967	598	1973	1,147
1968	405	1974	822
1969	383	1975	617,543

During 1975, the remaining 617,543 convertible \$1.25 preferred shares were converted into a like number of common shares. Also in 1975, 563 special employees' preferred shares were redeemed.

During 1976, 438 special employees' preferred shares were redeemed.



During the years 1977 to 1979 inclusive, the company respectively redeemed 224, 145 and 191 special employees' preferred shares.

Through issuance of Certificates of Continuance dated Mar. 1, 1980, the company was continued under the Canada Business Corporations Act. Thus the authorized common stock became unlimited in number and the par values of the preferred and common stocks were removed. In 1980, 127 special employees' preferred shares were purchased for redemption.

During 1981 and 1982, the company respectively redeemed 221 and 65 special employer preference shares.

During 1983, the remaining 773 special employees preferred shares were redeemed, bringing capital stock outstanding at Dec. 31, 1983 to 8,178,000 common shares.

**Share Purchase Offer:** In November, 1953, the parent company, which owned over 90% of common shares of Canadian General Electric Co. Ltd., offered to pay to the stockholders \$550 a share in Canadian funds, or the equivalent in whole shares of the parent company and any difference in cash, for the minority shares still outstanding.

The regular \$2 and \$4 extra dividends declared by Canadian General Electric payable Jan. 2, 1954, to shareholders of record Dec. 15, 1953, were paid to every shareholder who transferred his shares to the company prior to the record date.

#### DIVIDENDS

**Common**—Present rate of \$2.40 per share per annum established with the quarterly payment of 60 cents per share on July 2, 1982. Previously, quarterly dividends of 50 cents per share were paid from July 2, 1981 to Apr. 1, 1982, inclusive.

For dividends prior to 1950, see table, following. Rate of \$8 per share per annum, payable quarterly, was in effect from Jan. 1, 1950 to and including Jan. 1, 1954; \$1 per share was paid quarterly July 1, 1954 to Jan. 2, 1956, inclusive; \$2 per share was paid quarterly from Apr. 2, 1956 to Jan. 2, 1962, inclusive. Stock split on 40-for-1 basis effected Jan. 15, 1962.

Initial payment, following the 40-for-1 stock split in Jan., 1962, was five cents per share paid in Apr., 1962, establishing an annual rate of 20 cents per share which was paid quarterly from Apr. 2, 1962 to Apr. 1, 1964; increased to 50 cents per share per annum, paid quarterly from July, 1964 to Jan., 1965, inclusive. A rate of 80 cents per annum was paid from Apr. 1, 1965 to Jan. 4, 1966, inclusive. A rate of \$1 per share per annum was paid quarterly from Apr. 1, 1966 to July 2, 1975, inclusive. Rate of \$1.35 per share per annum was paid from Oct. 1, 1975 to Apr. 1, 1977, inclusive; a rate of \$1.40 per share per annum was paid from July 4, 1977 to Apr. 2, 1979, inclusive; \$1.80 per share per annum was paid quarterly from July 3, 1979 to Apr. 1, 1981, inclusive; and a rate of \$2 per share per annum was paid from July 2, 1981 to Apr. 1, 1982, inclusive.

An extra dividend of \$4 per share was paid along with the regular quarterly dividend on Jan. 2, in each of the years 1950-54, inclusive. Extra of \$2 per share was paid Jan. 1, 1955. Extra of \$4 was paid Jan. 2, in each of the years 1956-59, inclusive, Jan. 4, 1960, Jan. 3, 1961 and Jan. 2, 1962.

**Extra dividends** of 20 cents per share were paid Jan. 4, 1965 and 1966; extras of 10 cents a share were paid Jan. 2, 1963 and 1964; extra of \$1 per share was paid on Nov. 15, 1975.

Dates payable—Jan., Apr., July and Oct. 1.

**Convertible Preferred (old)**—Were entitled to \$1.25 per share, per annum, cumulative, subject to the prior rights of the special employees' preferred. Initial payment of 62½ cents per share, for period Nov. 15, 1961 to May 14, 1962, was made on May 15, 1962; 62½ cents paid regularly semiannually to Nov. 15, 1975, inclusive.

**Special Employees, Preferred (old)**—Entitled to \$2.50 per share per annum, cumulative, payable quarterly. Initial payment of 31½ cents per share, for period Nov. 15, 1935 to Dec. 31, 1935, was made on Jan. 1, 1936. Regular quarterly payments of 1¼% (62½ cents) paid to 1983, when all redeemed.

#### DIVIDENDS PAID FOR FISCAL YEARS

7% Pref. (old)		7% 1935		*6½%	
5% Spec. Employees' Pref. (old)		†% 1936-77		5%	
Convertible Pref. (old)					
1908-34	.....	7%	1935	.....	*6½%
1935	.....	†%	1936-77	.....	5%
1962-74	.....	\$1.25			
<b>Common</b>					
1893-95	.....	\$6.00	1923	.....	\$6.00
1896	.....	nil	1924	.....	0.75
1897	.....	6.00	1925-29	.....	nil
1898	.....	7.00	1930	.....	\$4.00
1899-1907	.....	10.00	1931-32	.....	4.00
1908-11	.....	7.00	1933	.....	3.25
1912-13	.....	\$8.00	1934-35	.....	3.00
1914-15	.....	7.00	1936	.....	5.00
1916-19	.....	8.00	1936-39	.....	6.00
1920	.....	\$10.00	1940-48	.....	8.00
1921	.....	\$28.00	1949	.....	12.00
1922	.....	6.50			

\*Representing 3¼ quarters to Nov. 15, 1935, when redeemed.

†Representing ½ quarter from Nov. 15 to Dec. 31, 1935.

►On new stock, following 1924 reorganization (see History).

§Including extra.

#### LONG-TERM DEBT

Long-term debt at Dec. 31, 1984, totaled \$32,026,000.

Debt comprised bank borrowings at floating rates approximating bank prime rates.

#### INTERIM REPORT

Net earnings of the company for the first quarter of 1985 were \$5,920,000, or \$0.72 per share, a significant increase over 1983 results of \$539,000, or \$0.07 per share. Sales increased 9% to \$306,000,000, from \$281,410,000.

The improved earnings result from higher sales volume, productivity improvements, and lower costs due to restructuring of a number of product businesses. The productivity improvements in the consumer goods businesses result from the Bromont, Que. plant coming into full production.

## INTERIM EARNINGS

Fiscal Year	Gross Revenue	Net Inc. Oper. 3 months	Earns. per Com. Sh.	Gross Revenue	Net Inc. Oper. 6 months	Earns. per Com. Sh.	Gross Revenue	Net Inc. Oper. 9 months	Earns. per Com. Sh.
	\$000's	\$—		\$000's	\$—		\$000's	\$—	
1978 ..	231,042	3,912	0.48	517,172	11,482	1.40	778,665	18,378	2.25
1979 ..	295,232	5,135	0.63	625,653	13,793	1.69	937,910	22,530	2.75
1980 ..	304,000	7,622	0.93	682,680	17,785	2.17	1,027,404	28,190	3.45
1981 ..	337,233	6,406	0.78	749,706	17,626	2.16	1,126,135	27,604	3.38
1982 ..	319,609	5,091	0.62	730,619	17,964	2.20	1,099,336	21,831	2.67
1983 ..	300,064	6,336	0.77	659,734	14,081	1.72	1,012,991	17,522	2.14
1984 ..	281,410	539	0.07	611,742	10,048	1.23	950,663	19,180	2.35
1985 ..	306,955	5,920	0.72	713,551	17,590	2.15			

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**Years Ended December 31**

	1984	1983	1982	1981	■ 1980
	\$000's				
<b>Source of Funds:</b>					
Net earnings .....	39,802	38,520	44,104	51,120	44,926
Depreciation .....	17,500	22,587	25,439	32,747	29,443
Deferred taxes .....	8,244	13,117	▲2,764	11,341	10,462
Minority int. & other .....	8,986	▲627	134	8,023	▲2,854
Total from operations .....	74,532	73,603	66,913	103,231	81,977
Disposition of plant and equip. ....	34,405	10,480	22,526	4,264	5,845
Increase in long-term debt .....	8,088	.....	.....	5,033	9,290
Decrease in inventories .....	.....	16,104	47,684	.....	.....
Decr. long-term receivables .....	17,478	▲11,880	2,349	5,953	6,866
Increase in current payables .....	21,391	.....	.....	40,540	.....
Other, net .....	.....	11,662	2,642	7,328	.....
	155,894	99,969	142,114	166,349	103,978
<b>Application of Funds:</b>					
Increase in inventories .....	7,826	.....	.....	31,727	13,066
Increase in receivables .....	72,017	▲35,270	10,480	4,573	2,561
Plant and equipment additions .....	45,029	42,970	46,034	68,134	71,535
Oil and gas property .....	14,918	12,741	10,945	15,798	14,463
Dividends .....	19,628	19,630	17,995	15,541	14,721
Decrease in accounts payable .....	.....	20,905	23,616	.....	60,267
Decrease in long-term debt .....	.....	10,946	24,419	.....	.....
Other, net .....	7,854	.....	.....	.....	4,401
	167,272	71,922	133,489	135,773	181,014
<b>Analysis of Change:</b>					
Increase in cash & short-term invest .....	*9,339	18,921	*2,421	2,773	*27,984
Decrease in short-term debt .....	*2,049	9,126	11,046	27,803	*49,052
Net increase in cash and short-term debt .....	*11,378	28,047	8,625	30,576	*77,036

■ As shown in the company's 1981 annual report.

▲Subtract.

\*Decrease.

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years Ended December 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Sales of prod. & services .....	1,417,708	1,392,821	1,633,800	1,700,102	1,465,871	1,338,730	1,103,695
Less: Mtls. & supplies, etc. ....	869,397	839,451	1,015,537	1,055,072	890,261	833,715	680,008
Employee compensation .....	457,540	467,236	512,629	509,068	463,915	408,107	348,212
Taxes, other than inc. ....	11,382	11,933	12,635	11,067	10,856	10,533	9,850
Add: Other inc. ....	20,801	23,517	14,536	11,008	9,686	10,858	12,373
Net before deprec., etc. ....	100,190	97,718	107,535	135,903	110,525	97,233	77,998
Less: Deprec. & amort. ....	17,500	22,587	25,439	32,747	29,443	23,765	20,550
Int. & other chgs. □ .....	6,422	6,799	18,068	22,104	12,591	8,264	6,110
Inc. taxes: Current .....	21,313	10,800	20,086	17,149	12,285	20,350	5,195
Deferred .....	8,244	13,117	■ 2,764	11,341	10,344	4,315	11,124
Minority int. ....	6,909	5,895	2,602	1,442	936	2,209	1,407
Net income .....	39,802	38,520	44,104	51,120	44,926	38,330	33,612
Add: Previous ret. earns. ....	457,697	433,900	408,609	373,439	343,234	314,526	294,003
Parent co. contribs. ....	.....	.....	.....	.....	.....	4,694	.....
Less: Dividends .....	19,628	14,723	18,813	15,950	14,721	14,316	13,089
Retained earnings .....	477,871	457,697	433,900	408,609	373,439	343,234	314,526
Incl. l.t. debt int. ....	5,600	4,500	8,700	13,600	9,000	7,700	5,400
■ Credit.							
<b>Remuneration</b> —Of directors and officers was as follows: \$4,443,502 in 1984; \$4,932,485 in 1983; \$4,862,800 in 1982; \$3,939,536 in 1981; \$3,810,776 in 1980; \$3,378,424 in 1979; \$2,574,689 in 1978.							
<b>Times Fixed Charges Earned:</b>							
Before deprec. & amort. ....	15.6	14.37	5.95	6.15	8.78	11.77	12.77
After deprec. & amort. ....	12.9	11.05	4.54	4.67	6.44	8.89	9.40
<b>Earnings per Share:</b> .....	\$4.87	\$4.71	\$5.39	\$6.25	\$5.49	\$4.69	\$4.11
<b>Dividends Paid or Declared:</b>							
Special Pref. ....	.....	.....	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Common .....	\$2.40	\$2.40	2.30	1.95	1.80	1.75	1.60



## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
<b>Assets</b>							
<b>Current:</b>							
Cash & s.-t. invests. ....	14,494	23,823	4,902	7,323	4,550	32,534	25,196
Accts. & notes rec. ....	326,259	259,238	292,525	281,958	276,793	274,418	227,260
Inventories:▲							
Raw mat., work in proc. ...	138,290	140,422	151,728	210,617	201,341	185,228	139,030
Finished goods .....	136,817	120,026	124,879	156,489	142,497	138,827	109,430
Unbilled shipments .....	40,379	11,996	32,163	49,351	38,109	28,563	13,610
Deferred income taxes .....	8,827	15,029	23,835	22,030	19,327	21,646	17,603
	665,066	570,534	630,032	727,768	682,617	681,216	532,129
Investments .....	37,672	30,802	13,578	11,547	9,700	10,334	8,422
Long-term receivables .....	8,635	26,113	26,996	31,055	36,051	39,359	41,248
Def. chgs. & other .....	23,348	24,740	25,297	27,943	35,281	30,885	25,321
Oil & gas properties, net .....	73,100	59,307	47,358	36,772	21,297	6,888	1,052
Fixed:							
Land, bldgs. & equip., etc. ...	475,316	497,916	483,764	479,775	426,481	375,338	339,880
Less: Accum. deprec. ....	266,092	285,584	282,126	276,565	254,716	239,872	219,545
	209,224	212,332	201,638	203,210	171,765	135,466	120,335
	1,017,045	923,828	944,899	1,038,295	956,711	904,148	728,507
<b>Liabilities</b>							
<b>Current:</b>							
S.-t. borrowings .....	12,974	10,925	20,051	30,797	57,600	8,548	10,196
Accounts payable .....	114,435	87,567	108,863	134,126	105,568	146,129	85,785
Other liab., accruals .....	145,272	150,426	145,892	139,158	126,875	122,893	104,110
Dividends pay. ....			4,908	4,090	3,681	3,681	3,272
Taxes payable .....	5,833	11,310	13,093	14,330	4,684	28,897	13,421
Progress collections● .....	86,525	51,309	74,768	134,894	134,954	121,545	90,225
L.-t. debt, due 1 yr. ....				300	1,300	1,300	1,300
	365,039	311,537	367,575	457,695	434,662	432,993	308,309
Long-term debt. ....	32,026	23,938	34,883	59,302	54,269	44,979	33,284
Deferred inc. tax .....	64,764	56,040	40,588	41,548	27,504	19,361	10,700
Non-current accruals .....	22,603	24,822	27,181	32,968	30,095	27,768	28,075
Minority int. ....	27,800	22,852	13,791	11,189	9,747	8,811	6,602
<b>Shareholders' Equity</b>							
<b>Capital stock:</b>							
Spec. empl. pref. ....			39	42	53	60	69
Common .....	26,942	26,942	26,942	26,942	26,942	26,942	26,942
Retained earnings .....	477,871	457,697	433,900	408,609	373,439	343,234	314,526
	1,017,045	923,828	944,899	1,038,295	956,711	904,148	728,507
▲Valued at the lower of cost and net realizable value; cost of substantially all inventories determined using the first-in, first-out method and is based on the cost of material, direct labor and applied manufacturing overhead.							
●Including advances on contracts previously deducted from current assets.							
<b>Commitments and Contingencies</b> —Company was contingently liable under guarantee for notes payable by the non-consolidated finance affiliate, Genelcan Limited, which at Dec. 31, 1984 amounted to \$35,400,000.							
<b>Pension Plans</b> —Unfunded obligations of all pension plans in the consolidated group at Jan. 1, 1984, were determined by independent actuaries to be \$70,300,000 (\$99,500,000 at Jan. 1, 1983) to be funded over 15 years. The assets of these plans were \$474,200,000 at Jan. 1, 1984 (\$428,400,000 at Jan. 1, 1983).							
<b>Equities:</b>							
Net worth* (\$000) .....	504,813	484,639	460,881	435,593	400,434	370,236	341,537
Common .....	\$61.72	\$59.26	\$56.35	\$53.25	\$48.95	\$45.26	\$41.75
*Available for preferred and common shares; based on shareholders' equity. Special employees' preferred shares deducted at \$50 each before calculating equity per common share.							
<b>Shares Outstanding:</b>							
Special empl. pref. ....			773	838	1,059	1,186	1,377
Common .....	8,178,800	8,178,800	8,178,800	8,178,800	8,178,800	8,178,800	8,178,800
<b>Working Capital (\$000's):</b>							
Current assets .....	665,066	570,534	630,032	727,768	682,617	681,216	532,129
Current liabilities .....	365,039	311,537	367,575	457,695	434,662	432,993	308,309
Working capital .....	300,027	258,997	262,457	270,073	247,955	248,223	223,820
Ratio .....	1.22—1	1.83—1	1.71—1	1.59—1	1.57—1	1.57—1	1.73—1

## HISTORICAL SUMMARY

Years	Total Assets	Net Fixed Assets	Working Capital \$000's	Sales	Net Inc. Oper.	Earnings Per Com. Sh.	—Price Range—	
							High	Low
						\$—	\$—	\$—
1926	28,733	18,328	7,617		1,170	3.03	55.50	47.00
1930	38,198	15,952	15,605		3,765	16.77	420.00	250.00
1935	23,577	8,820	9,955		1,596	5.63	165.00	145.00
1940	34,676	7,877	16,126		2,308	11.71	240.00	195.00
1941	41,381	8,962	17,197		2,479	12.57	220.00	210.00
1942	39,205	8,867	18,695		2,327	11.72	215.00	190.00
1943	42,753	8,346	20,539		2,009	10.03	216.00	200.00
1944	42,760	8,325	21,763		2,120	10.62	210.00	203.00
1945	41,796	10,570	19,886		2,181	10.94	280.00	210.00
1946	45,366	14,238	19,119		2,411	12.16	285.00	258.00
1947	50,415	16,749	19,570		3,114	16.04	270.00	255.00
1948	57,709	21,473	21,284		5,300	27.49	260.00	205.00
1949	57,002	22,207	19,904	103,828	4,506	23.36	260.00	210.00
1950	72,063	22,179	24,264	128,299	7,039	36.86	400.00	250.00
1951	92,616	23,628	29,871	146,686	7,846	41.16	420.00	361.00
1952	86,402	26,605	31,500	154,438	7,122	37.35	420.00	380.00
1953	111,403	36,271	32,203	205,148	11,044	58.13	625.00	410.00
1954	114,844	40,555	30,979	210,912	7,139	37.46	675.00	545.00
1955	114,361	40,891	38,910	218,113	6,077	31.84	1,100.00	675.00
1956	131,201	41,452	46,995	248,169	10,822	56.98	1,000.00	775.00
1957	125,660	42,231	54,584	260,028	11,079	58.37	765.00	700.00
1958	131,532	40,993	63,904	222,197	10,070	53.04	748.00	695.00
1959	144,440	39,488	73,185	225,568	10,310	54.32	1,150.00	900.00
1960	150,962	38,925	68,377	226,040	8,666	45.64	1,000.00	900.00
1961	156,971	38,546	74,637	215,283	8,375	44.11	1,200.00	800.00
1962	188,643	47,547	81,095	263,302	10,143	▶1.23	▶41.00	▶28.00
1963	211,677	46,225	90,976	311,062	13,784	1.72	36.00	29.00
1964	228,384	48,820	102,856	324,382	17,056	2.15	44.50	34.00
1965	243,356	58,909	102,517	365,992	16,574	2.09	58.00	45.50
1966	279,079	70,377	111,276	415,879	18,452	2.33	60.00	41.00
1967	313,912	93,783	118,482	427,363	14,530	1.82	45.00	33.00
1968	373,047	124,833	100,895	454,674	14,464	1.83	35.00	28.25
1969	408,510	150,767	85,811	492,341	15,701	1.92	34.50	25.00
1970	409,922	146,679	103,560	489,992	12,208	1.49	23.00	18.00
1971	412,918	150,026	99,079	495,755	14,456	1.77	28.00	21.50
1972	409,951	147,742	107,124	530,174	18,554	2.27	35.75	22.75
1973	429,720	144,361	124,728	583,414	20,780	2.54	32.00	25.00
1974	563,754	149,842	135,619	709,913	26,043	3.18	26.50	18.00
1975	602,435	88,491	152,466	822,134	36,232	4.43	27.00	19.00
1976	571,187	90,974	167,559	879,427	32,699	4.00	28.50	22.00
1977	668,958	114,675	181,174	1,079,727	30,534	3.73	25.50	21.50
1978	728,507	120,335	223,820	1,103,695	33,612	4.11	29.00	22.00
1979	904,148	135,466	248,223	1,338,730	38,330	4.69	33.00	27.50
1980	956,711	171,765	247,955	1,465,871	44,926	5.49	34.00	26.25
1981	1,038,295	203,210	270,073	1,700,102	51,120	6.25	38.25	30.00
1982	944,899	201,638	262,457	1,633,800	44,104	5.39	40.00	29.50
1983	923,828	212,332	258,997	1,392,821	38,520	4.71	64.00	40.00
1984	1,017,045	209,224	300,027	1,417,708	39,802	4.87	60.00	48.00

▶Following 40-for-1 stock split, Jan. 15, 1962.

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