



Our
*commitment is to
manage our operations
to achieve total quality
in everything we do.*

Corporate Profile

Westinghouse Canada is a technology-based company competing globally with electrical, electronic and mechanical products and services for industrial, construction, utility and defence applications.

Over 5,400 people across Canada and abroad are employed by the Company's 19 manufacturing plants, 45 service and repair centres, and 46 sales locations.

Financial Performance

(in thousands of dollars)

	1986	1985
Domestic Sales	\$525,487	\$506,821
Export Sales*	163,029	207,799
Total Sales	\$688,516	\$714,620
Operating Income	\$ 21,789	\$ 35,927
Orders Booked (but uncompleted at year end)	\$296,134	\$283,754
Expenditures for Plant and Equipment	\$ 15,694	\$ 21,030
Export Sales as a percent of manufactured product*	38.4%	45.0%

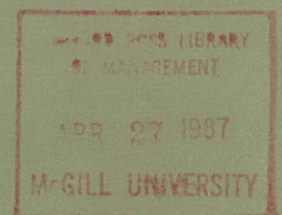
N.B.

Corporate Ownership

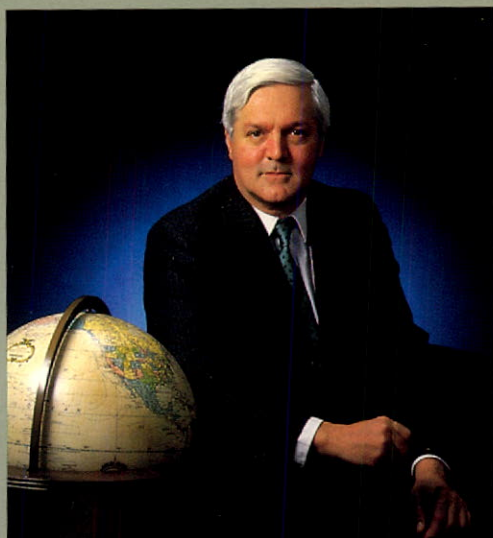
Readers will note that this Annual Review does not include detailed financial statements as previously published in Westinghouse Canada annual reports.

This change in financial disclosure follows from the Company's purchase of all publicly-held shares in late 1986. As a result of this share consolidation, the Company is now a wholly-owned subsidiary of Westinghouse Electric Corporation of Pittsburgh, U.S.A.

Although exempted from requirements for financial disclosure, Westinghouse Canada will continue to provide information on its operations.



President's Report



The markets served by Westinghouse Canada were marked by uneven performances in 1986. The Company's domestic markets remained generally strong with the construction, industrial and utility sectors trending upward in most regions. This helped to achieve sustained growth in sales and profitability in the businesses serving these markets. However, export markets for our data communications and turbine products, which have been major contributors in recent years, weakened considerably. Consequently, overall sales and earnings declined in comparison to 1985.

During the year, the Company's portfolio was broadened through acquisitions and new ventures, and a restructuring of operations was undertaken to provide better service for our customers and enhance shareholder value.

Steps were taken to purchase the publicly-held shares of the Company to achieve the financial and operational flexibility necessary to support the restructuring process. We are confident that our long term strategies based on diversifying the portfolio and making our operations internationally competitive, will provide profitable growth opportunities.

Our commitment to quality and employee involvement was recognized by the internationally-based Quality Management Institute which selected Westinghouse Canada as the first recipient of its Pinnacle Award for excellence. We will continue to emphasize total quality of performance and customer satisfaction as core values of the organization.



Based on its efforts to assure quality of performance in manufacturing and service, Westinghouse Canada was named the first winner of the Pinnacle Award, presented by the internationally-based Quality Management Institute.

Executive Changes

Mr. Jack Nairn retired as Vice President, Sales & Services on June 30, 1986, following a distinguished career with the Company that spanned thirty-five years. Mr. Nairn was succeeded by David M. Lambert, formerly General Manager of the Industry Construction Projects Division of Westinghouse Electric Corporation.

Mr. Richard M. Daniel, Vice President, Corporate Resources, was appointed General Manager of the Northeast Asia business unit of Westinghouse Electric Corporation, effective November 25, 1986.

Dr. Douglas T. Wright was elected to the Company's Board of Directors on July 8, 1986. Dr. Wright is President and Vice-Chancellor of the University of Waterloo, and is a prominent member of Canada's engineering community.

On behalf of the Board of Directors, I want to thank all employees for their efforts during the past year.

Edward B. Priestner,
President & Chief Executive Officer
February 10, 1987

Operations Review

Sales in 1986 were \$688.5 million, down from the record 1985 level of \$714.6 million. Orders booked but uncompleted at year end were \$296.1 million, compared with \$283.8 million for the previous year. Operating income for 1986 was \$21.8 million compared to \$35.9 million in 1985.



D. M. Lambert
Vice President/
General Manager
Sales & Services Division

Domestic Sales

The Company experienced a successful year in serving Canadian markets, despite uneven growth in some regions due largely to the decline in oil prices.

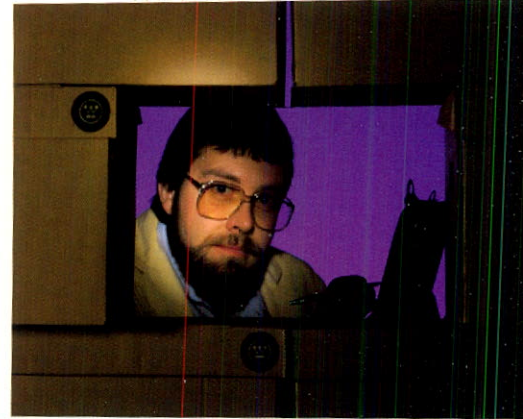
WESCO – Westinghouse Sales and Distribution Company posted its second consecutive year of record sales, helped by the buoyant construction and industrial markets in Ontario, Quebec and the Atlantic Provinces. In Western Canada, construction associated with the 1988 Winter Olympics provided a major stimulus, while other projects were cancelled or put on hold due to the decline in investment caused by low oil prices. In British Columbia, residual business generated by Expo '86 in Vancouver helped to offset low demand in the mining and pulp and paper sectors.

The electric utility market remained a strong source of business for many Westinghouse products and services. For example, the distribution apparatus plants maintained a high level of production in helping utilities to keep pace with the electrical requirements of new commercial and residential construction. High-voltage capacitors are an important part of this market, and Westinghouse Canada is now the leading producer of these products in Canada.

Other utility business included an order for generator step-up transformers for upgrading Hydro Quebec's Bersimis generating station; and a new upgrade program for turbo-alternator rotors for Ontario Hydro. This latter service employs an innovative insulation technique which cuts heat losses substantially, thus improving the operating efficiency of the equipment.



The Environmental Projects Group operates a comprehensive PCB management service to help utility and industrial customers handle PCB equipment and conform to government regulations.



WESCO's thirty-six sales and distribution centres across Canada posted their second consecutive year of record sales in 1986.

WESCO provides convenient, one-stop shopping for electrical contractors as well as industrial and institutional buyers. On major projects, WESCO sales specialists help customers determine their product needs, coordinate drawings and expedite deliveries. They can also arrange electrical coordination studies, testing, equipment startup and warranty protection.

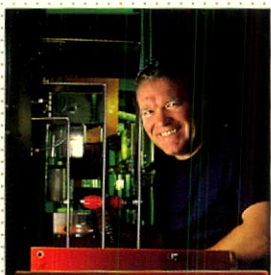
Meeting customer needs in terms of reliability, price and delivery, is the focus of our quality programs.



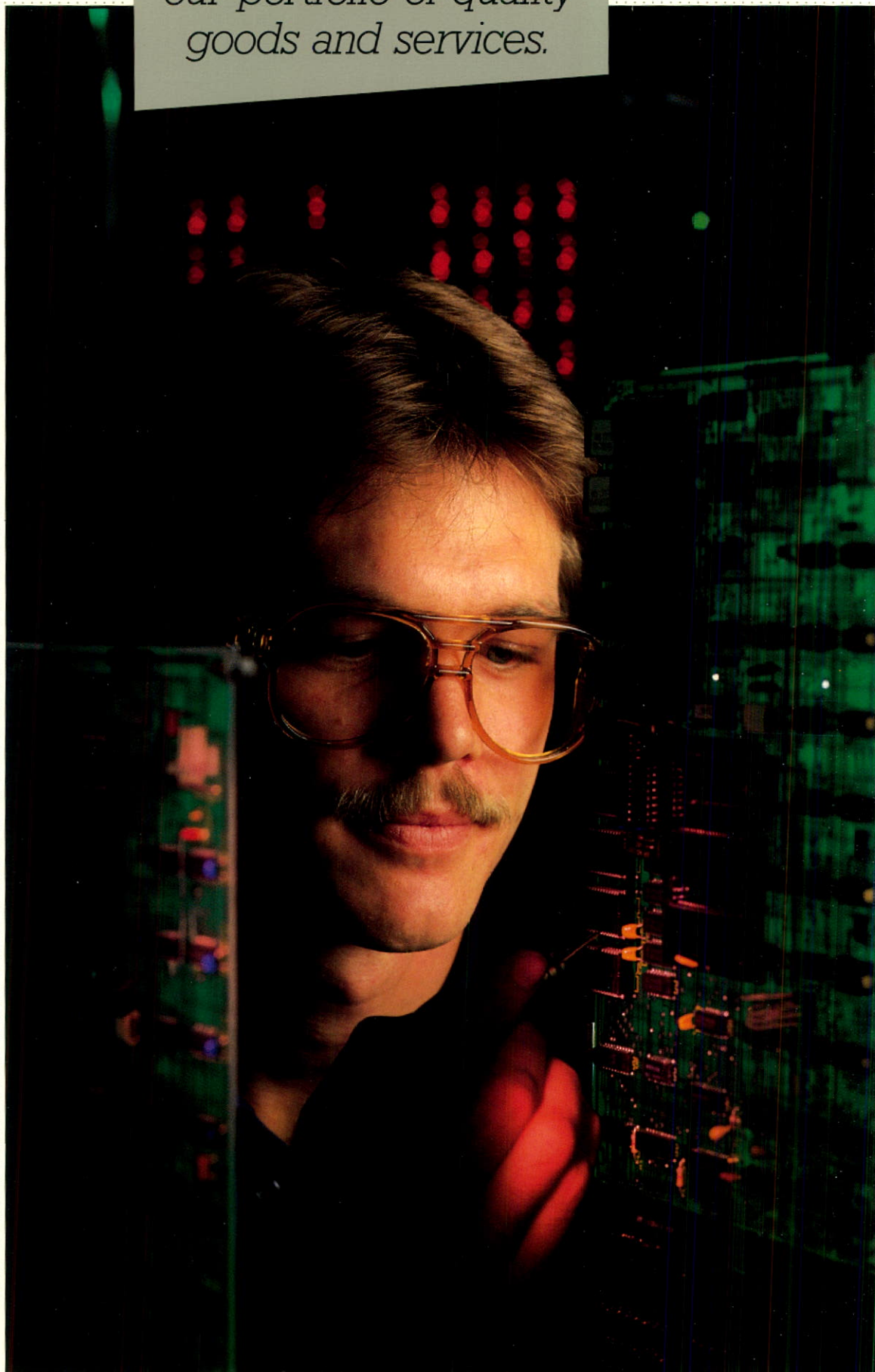
The Instrumentation Systems and Services Group designs and installs turnkey factory automation systems, and provides a variety of instrumentation field services.

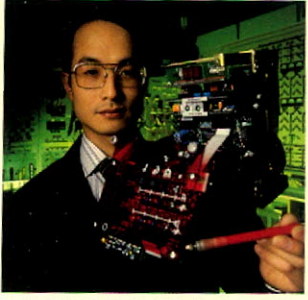


*We are meeting the
needs of today's
markets by expanding
our portfolio of quality
goods and services.*



The Company builds a complete range of switch-gear equipment to provide control and protection for electrical distribution systems.





Advanced design of this Westinghouse relay will protect industrial motors under the most severe operating conditions.

Services Division increased the profitability of its traditional electrical repair and maintenance operations, while at the same time expanding its newer services. The Environmental Projects Group, for example, now provides a nationwide PCB management service to handle equipment maintenance and retrofitting of existing apparatus with non-PCB material. Another retrofit service, which modernizes circuit-interrupting equipment with solid-state protective devices, is in growing demand by utility and industrial customers.

Export Sales

After two years of strong growth, the Company's export sales declined by 22% in 1986 to a level of \$163 million.

The Turbine and Generator Division was hardest hit. Its markets in

the United States and overseas came to a standstill as falling oil prices put a hold on purchases of gas and steam turbine products.

The division's worldwide maintenance and repair operations were less affected, and continued to service existing turbine installations built by Westinghouse and other manufacturers.

New manufacturing business booked during the year included \$28 million in gas turbines for the Middle East, and \$24 million in gas turbine generator power plants for U.S. customers.

The Electronics, Control and Distribution Products Division experienced a drop in demand for video terminals used in airline passenger reservation systems. This was largely the result of the aftereffects of deregulation in the U.S. air travel industry, where declining profits and an uncertain future have reduced capital spending. However, the division's ability to meet Federal Aviation Authority (FAA) specifications resulted in a subcontract from Westinghouse Electric Corporation to build more than 200 large ground radar transmitters for major commercial U.S. airports.

The Transformer, Nuclear Products and Motor Division expanded its sales to U.S. customers through rationalized production arrangements with Westinghouse Electric Corporation. Major orders included large motors for industrial applications, and shunt reactors for electric utilities.



D. G. Hysop
Vice President/
General Manager
Electronics, Control &
Distribution
Products Division



Air travel reservation terminals designed and built by Westinghouse Canada are used by over 60 airlines around the world.

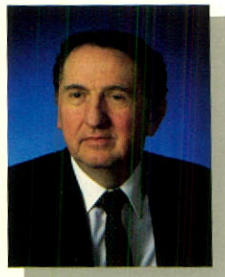
Technician assembles a User Interface System (U.I.S.) developed by the Company for the Société Internationale de Télécommunications Aéronautiques (S.I.T.A.), the Paris-based organization which provides communications facilities to international airlines. The U.I.S. equipment allows the various airlines to connect into S.I.T.A.'s world-wide network.

Westinghouse Canada has a world mandate for producing shunt reactors, and has attained a sizeable share of the U.S. market.

Expanding the Portfolio

The Company undertook a number of new business thrusts during the year, to broaden its market base.

WESCO was made a wholly-owned subsidiary of Westinghouse Canada. This will allow it to develop a wider range of products and services for domestic customers.



W. Kostyshyn
Vice President/
General Manager
Turbine & Generator
Division

Westinghouse Canada became the major shareholder in a new company formed with Canadian General Electric to manufacture and market large power transformers. This combining of resources will enable the new enterprise to be competitive in the transformer market, both in Canada and abroad.

The Company expanded its sonar manufacturing capabilities by purchasing the assets of Scannar Industries Ltd., a Canadian firm which specializes in shallow water sonar systems. Scannar-made equipment is used on patrol craft favoured by many of the world's smaller navies, and also has applications in the commercial fishing industry.

An equity position was acquired in Metron Instruments Inc., a Canadian electronics firm specializing in portable colorimeters for grading fish, meat, paper and plastics. The equipment also has potential medical uses.

The Company was also assigned responsibility for managing certain investments of Westinghouse Electric Corporation. These include the Westinghouse motor-generator coil manufacturing plants in Texas and Mexico, and Micros Systems, Inc., a producer of data communications equipment for the hospitality and general retail industries. The Micros Systems technology complements the computer-based airline reservations systems built by Westinghouse Canada.

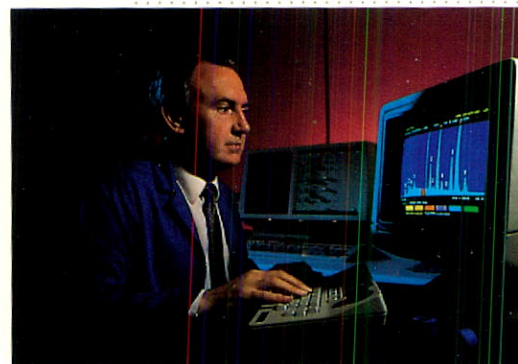
Capital Investment

During 1986 Westinghouse Canada invested \$15.7 million in plant and equipment to support its commitment to quality, customer satisfaction and productivity improvement.

A new order entry system which is designed to upgrade the sales branch computer network will ensure that WESCO remains a leader in customer service. When completed, the



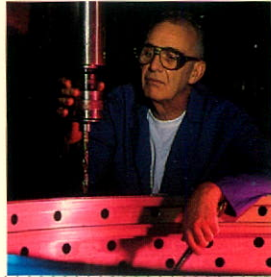
Typical steam turbine rotor assembly. The Company manufactures steam turbines in ratings up to 60 megawatts.



Metallurgist checks data from scanning electron microscope. Capable of magnifying up to 250,000 times, this equipment is used to determine the composition and quality of metals used in turbine construction.

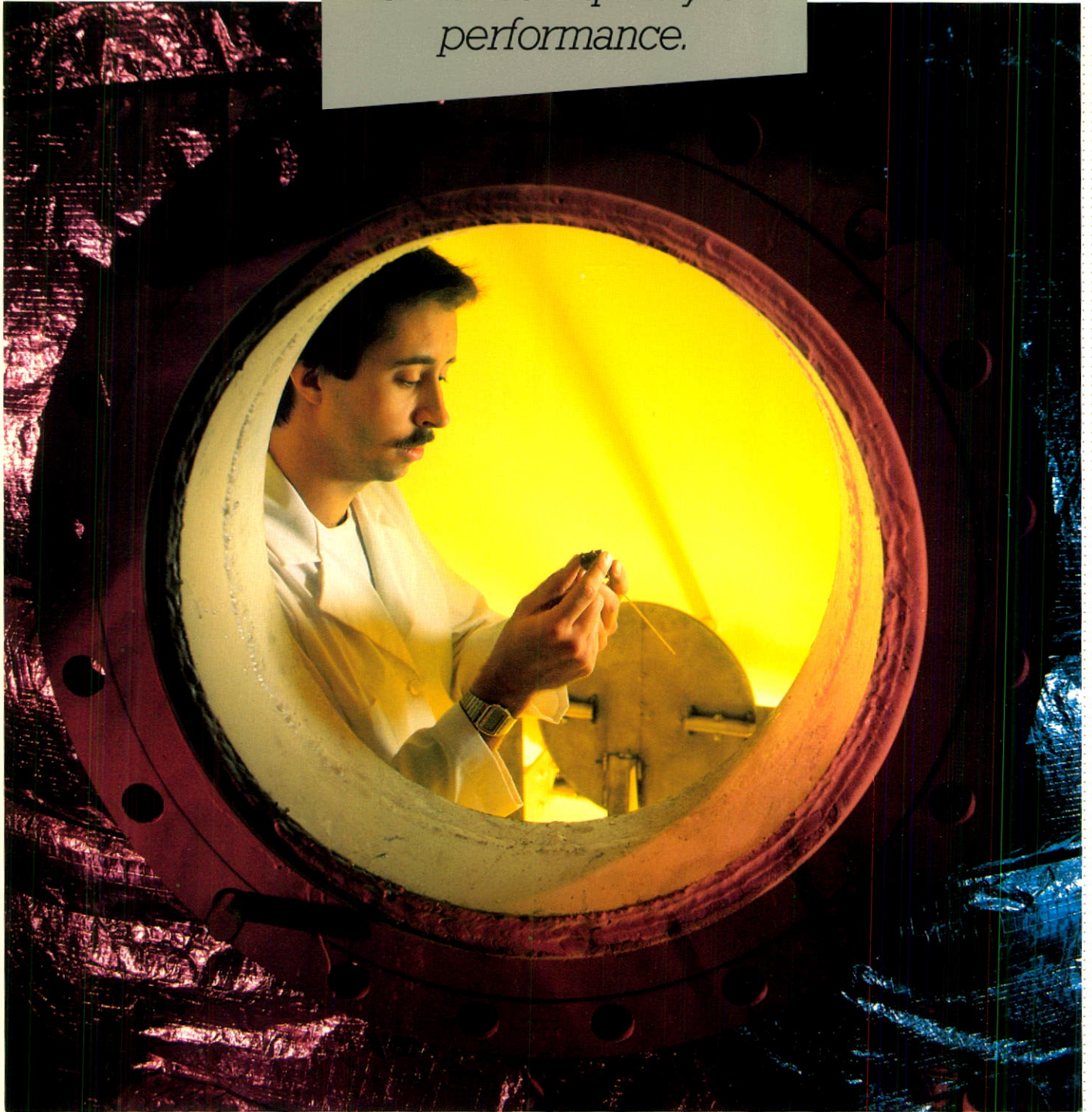
Hand-held electronic gauge allows operator to verify the dimensional accuracy of serrated grooves in a disk assembly in which gas turbine blades will be rooted. The Company produces a broad range of gas and steam turbine products for sale worldwide.

*O*n-going investment
in product development
and new production
techniques supports our
commitment to total
quality.



Skilful machining of components is a critical aspect of gas and steam turbine production.

*G*iving employees
greater responsibility
and better training has
enhanced quality of
performance.



The Company manufactures a full range of electric motors up to 15000 hp for industrial applications worldwide.





Precision craftsmanship is essential when assembling components like these motor stators. High efficiency motors from Westinghouse are helping customers reduce their energy costs.

new system will allow industrial and construction customers to access WESCO inventory and pricing data directly, to expedite ordering.

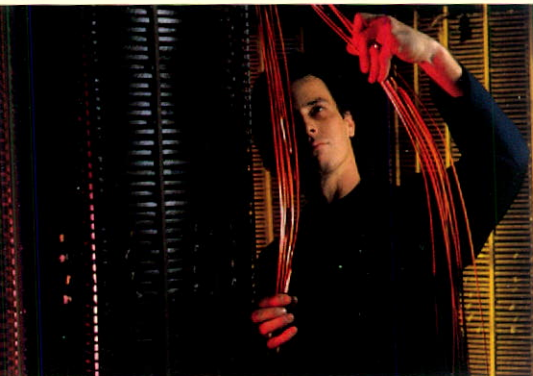
Installation of a similar system to facilitate doing business with the Company's utilities customers, was also begun.

The Nuclear Products Department brought an advanced cold metal working process on stream at its plant in Cobourg, Ontario. This facility is used in producing reactor fuel cladding, and its installation makes Westinghouse Canada a cost-competitive and fully-integrated supplier of zirconium alloy nuclear tubing to the world market.

Additional investments included a new manufacturing facility for high-voltage capacitors in Quebec City, Quebec, and a new state-of-the-art turbine blade-making process in Renfrew, Ontario.



N. A. Bryson
Vice President/
General Manager
Transformer, Nuclear
Products &
Motor Division



Coil assemblies such as this form the heart of large power transformers built by Westinghouse for utility and industrial installations.

◀ Development work at the Nuclear Products Department laboratory in Hamilton contributes to the safety and efficiency of nuclear power stations. Here a technologist prepares an experiment to study the dispersion characteristics of water droplets in a simulated nuclear containment structure.

Quality Commitment

The Company's commitment to total quality is exemplified by the number of manufacturing and service locations which are now registered with the Quality Management Institute.

Accredited operations as of December 31, 1986 included: all twenty-one Industry Service Centres across Canada; the distribution products plant at Mount Forest, Ontario; the motor, power transformer and turbine plants in Hamilton, Ontario; and the turbine components plant at Renfrew, Ontario.

Several additional plants are now in the process of attaining similar accreditation. Registration with the Quality Management Institute assures our customers that Westinghouse Canada can meet their quality requirements, and that we stand behind our pledge - 'You can be sure . . . if it's Westinghouse'.

Board of Directors

- 1 F. H. Tyaack**
Chairman of the Board
Westinghouse Canada Inc.
Hamilton, Ontario
- 1,2 J. A. Boyle**
Former President
Toronto Dominion Bank
Toronto, Ontario
- 1,3 W. A. Coates**
Executive Vice President
International
Westinghouse Electric
Corporation
Pittsburgh, Pennsylvania
- 1,3 A. E. Downing**
Retired Chairman
and Chief Executive Officer
Hiram Walker Resources Ltd.
Toronto, Ontario
- 3 L. Y. Fortier, O.C., Q.C.**
Senior Partner - Ogilvy, Renault
Barristers and Solicitors
Montreal, Quebec
- 2 P. M. Marshall**
President and
Chief Executive Officer
Westmin Resources Limited
Calgary, Alberta
- 1 E. B. Priestner**
President and
Chief Executive Officer
Westinghouse Canada Inc.
Hamilton, Ontario

- D. D. Stark**
President
Commercial Group
Westinghouse Electric
Corporation
Pittsburgh, Pennsylvania
- 2 L. R. Wilson**
President and
Chief Executive Officer
Redpath Industries Limited
Toronto, Ontario
- D. T. Wright**
President
University of Waterloo
Waterloo, Ontario
- L. W. Yochum**
Senior Executive Vice President,
Finance
Westinghouse Electric
Corporation
Pittsburgh, Pennsylvania

- 1 Executive Committee**
2 Audit Committee
3 Compensation Committee

Management

- 1,2 E. B. Priestner**
President and
Chief Executive Officer
- 1 R. H. Broad**
Treasurer
- 1,2 N. A. Bryson**
Vice President/General Manager
Transformer, Nuclear Products
& Motor Division
- N. F. Budgen**
Vice President/General Manager
WESCO-Westinghouse
Sales & Distribution Company
- 1 L. K. Burke**
Comptroller
- 1,2 J. K. Carman**
Vice President
Strategic Planning and Corporate
Affairs
- 1,2 R. M. Daniel**
Vice President
Corporate Resources
- I. B. Gillmore**
Vice President
Manitoba-Saskatchewan District
- 1 G. D. Graham**
Assistant Secretary
- 1,2 I. W. M. Hendry**
Vice President
Secretary and General Counsel
- 1,2 D. G. Hysop**
Vice President/General Manager
Electronics, Control &
Distribution Products Division
- 1,2 W. Kostyshyn**
Vice President/General Manager
Turbine & Generator Division
- 1,2 D. M. Lambert**
Vice President/General Manager
Sales & Services Division
- 1 T. H. Lawrason**
Assistant Secretary
- R. A. Plouffe**
Vice President
Quebec District
- J. A. Reid**
Vice President
British Columbia District
- 1,2 O. C. Shewfelt**
Vice President
Finance and Administration
- 1,2 E. A. Taylor**
Vice President
Human Resources
- L. W. Morgan**
Vice President
Utility Sales Division
- J. R. Williamson**
Vice President
Atlantic District

- 1 Officers**
2 Management Committee

Si vous désirez recevoir un exem-
plaire français de ce rapport,
veuillez écrire au:
Secrétaire
Westinghouse Canada Inc.
C.P. 510, Hamilton (Ontario)
L8N 3K2

Locations

Manufacturing Plants

Québec

Québec
Saint-Jean-sur-Richelieu

Ontario

Alliston
Burlington
Cobourg
Hamilton
London
Mississauga
Mount Forest
Perth
Port Hope
Renfrew
Toronto

Alberta

Airdrie
Calgary

British Columbia

Richmond

Wescan Europe Limited

Dublin, Ireland

Service Centres

Newfoundland

St. John's

Nova Scotia

Dartmouth
Sydney

New Brunswick

Campbellton
Moncton
Saint John

Québec

Baie-Comeau
Chicoutimi
Sainte-Foy
Saint-Laurent
Sept-Îles
Trois-Rivières

Ontario

Burlington
Hamilton
Kingston
Kitchener
London
Ottawa
St. Catharines
Sarnia
Sudbury
Swastika
Thunder Bay
Toronto
Windsor

Manitoba

Winnipeg

Saskatchewan

Regina
Saskatoon

Alberta

Calgary
Edmonton
Fort McMurray

British Columbia

Nanaimo
Prince George
Richmond

Elevator Department

Québec, Qué.
Montréal, Qué.
Toronto, Ont.
Hamilton, Ont.
Kitchener, Ont.
London, Ont.
Ottawa, Ont.
Peterborough, Ont.
Calgary, Alta.
Edmonton, Alta.
Vancouver, B.C.

Sales Offices

WESCO - Westinghouse
Sales and Distribution Inc.

Newfoundland

St. John's

Nova Scotia

Halifax

New Brunswick

Moncton

Québec

Chicoutimi
Lachine
Rimouski
Sainte-Foy
Sept-Îles

Ontario

Don Mills
Hamilton
Kitchener
Ottawa
Sarnia
Sudbury
Thunder Bay
Windsor

Manitoba

Winnipeg

Saskatchewan

Prince Albert
Regina
Saskatoon

Alberta

Calgary
Edmonton
Red Deer

British Columbia

Abbotsford
Burnaby
Kamloops
Kelowna
Nanaimo
Prince George
Surrey
Trail
Vancouver
Victoria

Turbine Sales

Calgary, Alta.
London, England

Utility Sales

Fredericton, N.B.
Montréal, Qué.
Hamilton, Ont.
Toronto, Ont.
Winnipeg, Man.
Calgary, Alta.
Edmonton, Alta.
Vancouver, B.C.



Head Office

Westinghouse Canada Inc.
P.O. Box 510
Hamilton, Ontario
L8N 3K2

Tel: (416) 528-8811

Standard Life Centre, Hamilton, Ontario



You can be sure...
if it's Westinghouse