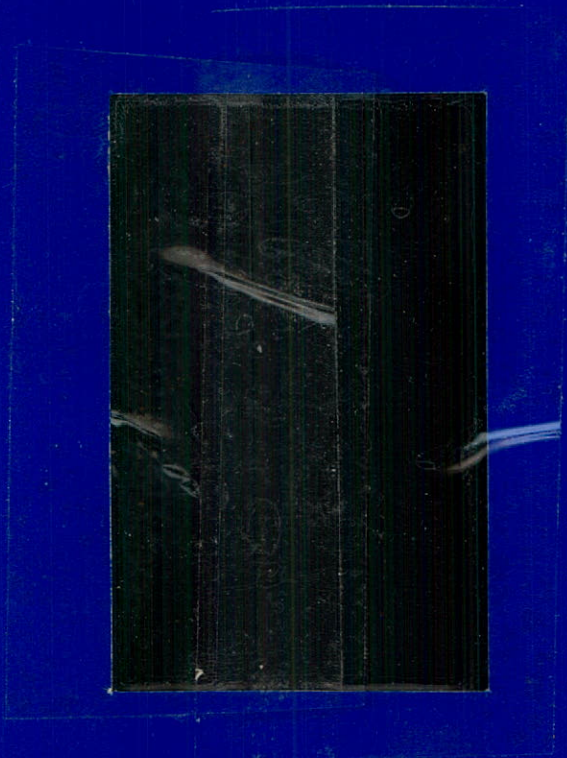

1980 ANNUAL REPORT



WESTINGHOUSE CANADA INC.



From upper right:

Turbines are among the world mandate products designed and manufactured by Westinghouse Canada for international markets.

Development and testing of nuclear fuel assemblies is conducted in the research and development laboratory of the Atomic Power Division.

Computer-assisted equipment is used in the design of printed circuit boards for video display products sold world-wide.

Industrial robots used for painting transformers improve quality and productivity.

Westinghouse people — a blend of skills dedicated to achievement.

Highlights

(Expressed in thousands except per share data)

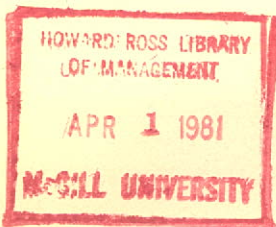
1980 1979

Financial

Sales	\$570,115	\$496,253
Net income	\$ 29,812	\$ 26,049
Plant and equipment additions	\$ 19,587	\$ 9,480
Shareholders' equity	\$169,569	\$146,465

Per share

Net income	\$ 11.11	\$ 9.71
Dividends	\$ 2.50	\$ 2.00
Shareholders' equity	\$ 63.19	\$ 54.58





Pictured from left to right:

J. Douglas Keppy, Assistant Treasurer; Franz H. Tyaack, President and Chief Executive Officer; Irene M. Watson, Manager, Salaried Employee Relations, and Raymond A. Plouffe, Vice-President, Quebec District are seen during an intermission at the 1980 meeting of the Management Council. Objectives of this annual meeting included assisting managers from across Canada to better understand and communicate our business strategies and developing ideas for broader employee participation in company operations.

President's Report

Westinghouse Canada completed the year with a strong financial performance. Net income rose 14.4% to \$29.8 million, or \$11.11 per share. Sales reached \$570.1 million, an increase of 14.9% over 1979. Strength in the non-residential construction, utility and export markets offset weaknesses in other markets. Orders entered continued to keep pace with sales; totalling \$635.9 million in 1980 as compared with \$578.7 million in 1979.

Capital spending on plant expansion and equipment reached \$19.6 million in 1980; an increase of \$10.1 million over the previous year.

Dividends of \$2.50 per common share were paid, compared with \$2.00 per share in 1979.

Our business strategies are also responsive to the economic and social goals of our country. Accordingly, Westinghouse Canada has sought an active and open dialogue with officials of the federal and provincial governments. We are committed to meeting the product and servicing needs of expanding domestic markets, as an integral part of our planning for the future, but greater emphasis on the development of export markets is also in the interest of both Canada and the company. Increasing Canada's exports is a significant step toward helping to reduce the national trade deficit in manufactured products and creating more jobs domestically. The company has maintained a favourable trade balance. Fulfilling our performance expectations during the 1980's requires further expansion of our markets beyond Canada's borders.

In 1980, exports exceeded \$100 million for the first time in our history. Products were sold in 98 countries. Included in our export sales were a number of products for which the company has world-wide assignments within the Westinghouse structure, such as gas turbines and video displays. World product responsibility involves research and development, manufacturing and marketing these products world-wide. Increasing success in implementing this strategy has caused us to actively seek more assignments and has resulted in increased efforts to develop centres of excellence for product technology in Canada. This has meant increased research and development in these product areas and the addition of skilled personnel to our technical work force.

Efforts to increase our electronics business abroad have included the establishment of a subsidiary in Dublin, Ireland. This facility will be completed by the second quarter of 1981.

Some products can be most efficiently produced by treating Canada and the United States as a single market and rationalizing manufacture among Westinghouse plants in North America. For example, this strategy

made our lamp-lighting products more cost-competitive domestically and increased our exports to the United States.

In Canada, plant expansion and decentralization programs outlined last year are progressing. New manufacturing facilities for our switchgear and control business were completed in Alliston and Perth, Ontario, and Airdrie, Alberta; while construction is underway at other sites. In the fall of 1980, a components plant for our turbine and generator business opened in Renfrew, Ontario.


Achievement of company objectives also involves a commitment to enhancing both our human and our technological resources. In the areas of research and development and productivity improvement, we are moving to intensify our activities.

Through our Productivity Council, funding has been provided for a wide range of projects, including education and training programs and new plant and office systems and equipment. As well, employees are encouraged to participate in Quality Circles. Participants meet to analyze and discuss work in which they are directly involved and to produce suggestions for improvement in their areas.

Another innovation this year was a two-week seminar attended by twenty-four key managers. These people were brought together in a Management Forum during the summer, with the aim of broadening their understanding of the company as a whole. The Management Committee has taken action on recommendations made by the members of the group regarding issues facing the company.

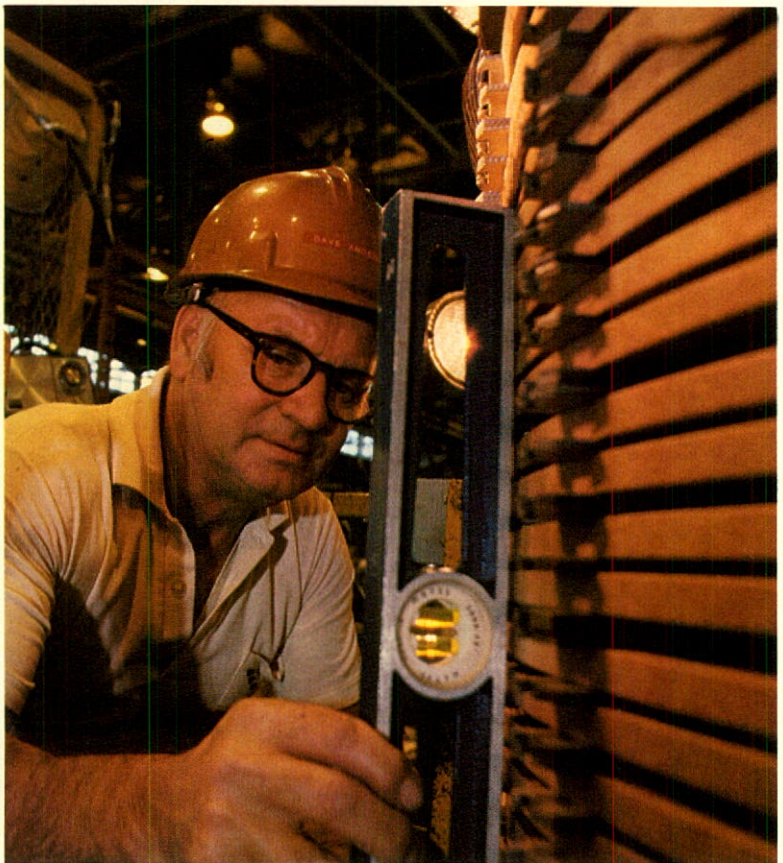
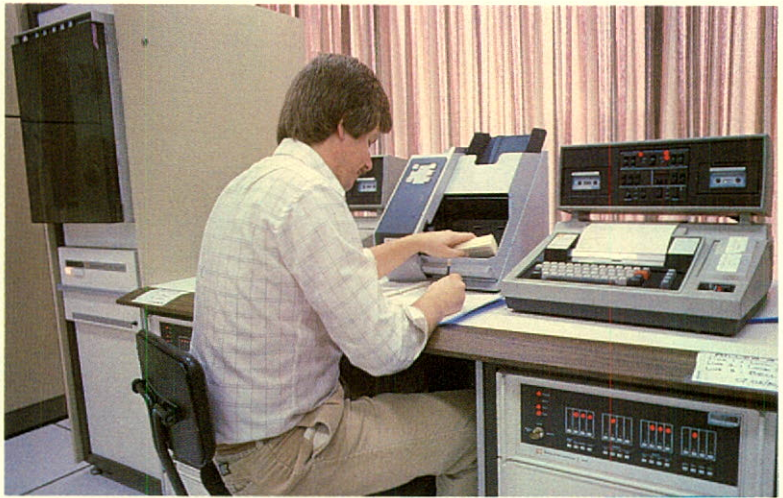
On April 15, 1980, B. Matthews and F.C. Wallace retired from the Board of Directors. We gratefully acknowledge their valuable contribution to the company. On the same date, E.J. Cattabiani, A.E. Downing and L.Y. Fortier were elected to the Board. On November 1, J.F. Ricketts, who served as an officer of the company since 1970, joined Westinghouse, International in Pittsburgh.

On behalf of management, I would like to extend my appreciation to all employees whose dedication led to our achievements in 1980. The best efforts of everyone at Westinghouse Canada are the key to meeting our company's objectives in the 1980's.



F.H. Tyaack
President and
Chief Executive Officer

February 10, 1981



From upper right, clock-wise:

To help productivity, steps are being taken to make maximum use of electronic data processing throughout the company. Photographed is Brian Cochran of the Information Systems Department.

The important contributions of manufacturing employees such as Dave Anderson, Transformer and Distribution Apparatus Division (Hamilton) are recognized as being vital to growth and profitability.

Anne MacDougall, Terry Holk and Dan Abel of the Occupational Health and Safety Department discuss ways by which Westinghouse can provide its employees with a better working environment.

Brian Miki, Comptroller's Department, discusses the practical side of internal auditing with visiting students enrolled in the Business Program of Mohawk College of Applied Arts and Technology.

Skills of individuals like Vicente Salinas, Turbine and Generator Division contribute to reliable performance of existing products and to the design of products for the future.

In November, a three-day career planning workshop was held for employees at Niagara-on-the-Lake, Ontario. The workshop was designed to focus on better ways of utilizing individual capabilities.

During 1980, Westinghouse Canada introduced new programs aimed at improving the quality of working life and refined and restructured others already in place. Opportunity for personal development is an integral part of the company's effort to maximize effectiveness of human resources and create a climate favourable to excellence in individual performance.

Management Forum A new venture was a two-week Management Forum held in Toronto. The twenty-four participants selected to attend met with senior executives to exchange ideas and share experiences. Sessions focussed on company issues, goals and strategies; providing participants with a fuller appreciation of Westinghouse Canada's global activities. Forum members discussed their individual skills and roles in the organization and examined development plans and actions necessary to achieve personal objectives. Two forums are scheduled for 1981.

Quality Circles Quality Circles are being established throughout the company to provide more opportunities for employees to take part in group problem-solving as a means of increasing effectiveness and productivity. Employees can tell their supervisors how quality, productivity and the work environment can be made better. Quality Circles are expected to make an important contribution to a stronger Westinghouse.

Francization As required by Quebec's Bill 101, Westinghouse Canada has prepared and submitted its Francization Program. The program was approved by l'Office de la langue française in May. Company policy has always recognized the use of French as a working language in Quebec.

Educational Assistance Westinghouse Canada continued its policy of offering a wide range of personal development programs including sessions on interaction management, career planning, women in business, assessor training, problem-solving, decision-making and secretarial workshops. Other courses were conducted in marketing and sales training and occupational health and safety.

The company also continued to help employees participate in educational courses at colleges and universities. Well over 400 employees availed themselves of company assistance last year.

Assessment Centres Westinghouse Canada has developed a program to assist in promotion decisions and in identifying development needs for all employees. People being assessed are given tasks to test their personal, interpersonal and administrative skills. Trained assessors evaluate the levels of skills observed, report their findings to

participants, and provide direction for further development. Hiring managers use the assessment data when relevant positions become available. Good results from ten assessment centres have encouraged growth and expansion of the program for 1981.

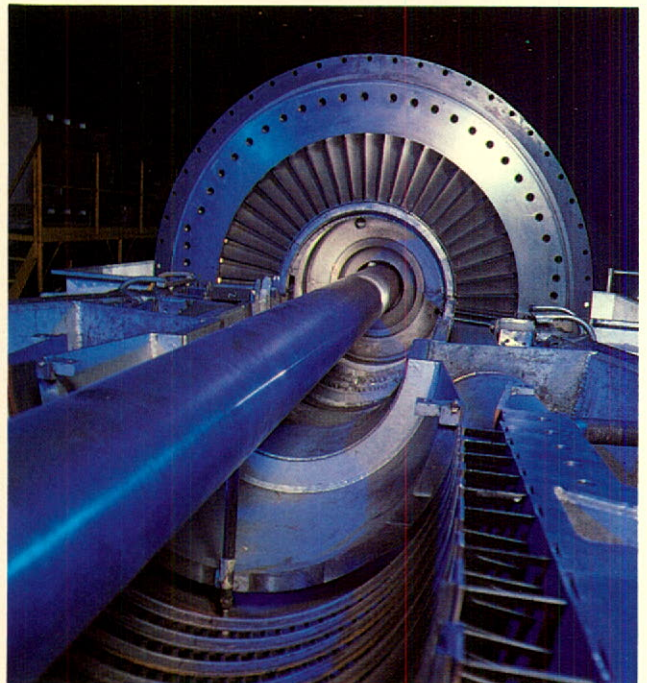
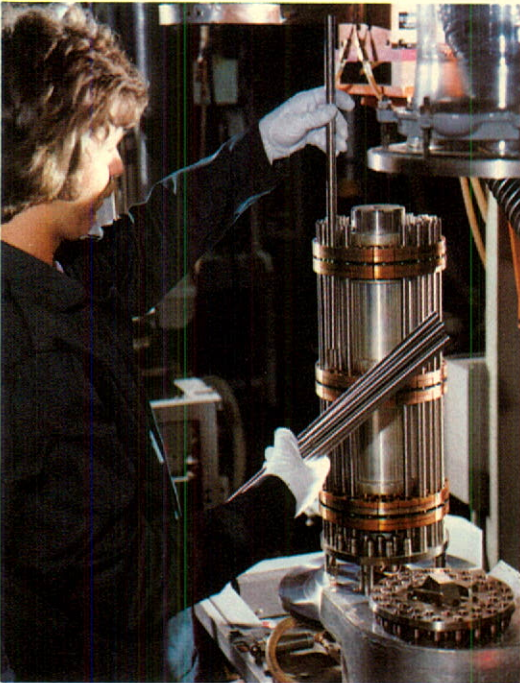
Matrix Management The shared responsibility for decision-making necessary among peers in a large and complex organization has led to the introduction of matrix management. This organization style requires managers to be flexible team players and is well suited to Westinghouse Canada's expanding role in the international marketplace.

Colleges and Universities The frequency of on-campus contacts between company personnel and the academic community increased. Members of management shared their business experience with students during a number of lectures and workshops. Also, Westinghouse Canada representatives worked with members of educational institutions to explore alternative approaches to upgrading the education of present employees. A program is being established with community colleges to allow employees the opportunity of achieving credits in specialized courses while attending on a part-time day-release basis. This is currently a pilot project and could be the forerunner of a system to be developed with colleges and universities across Canada.

Graduate Recruiting Vigorous efforts were made to ensure that opportunities were provided within Westinghouse Canada for graduates of our colleges and universities. Management realizes that highly-skilled people are needed to further the development of our industry. In 1980, the company attracted 89 graduates as a result of visiting 38 educational institutions across the country.

Scholarship Award Programs 1980 was the first year of a company-sponsored scholarship program for children of Westinghouse Canada employees. Six winners of the University Scholarship Program were chosen by a committee established by the Association of Universities and Colleges of Canada. They were selected on the basis of both scholastic achievement and community activities. The winners were: William Brierley, Richard Buzzelli, Gerard Gauthier, Joanne Paul, Bruce Smith and Mark Valchuk. Each will receive \$1,000 annually for three years. The company also offered twenty-five community college awards of \$200 each.

Contributions In addition to the increased contributions of employees to the Westinghouse Charities Fund, the company made substantial charitable contributions across the country. Financial support was extended to a wide variety of health and welfare, educational, cultural and civic endeavours.



From top centre, clock-wise:

Generator transformer weighing 200 tons leaves Hamilton Beach Road plant for the Battle River station of Alberta Power.

Manufacturing process at the Hamilton Sanford Avenue plant of Canadian-built turbine products to serve both domestic and world-wide markets.

Assembling nuclear fuel bundles at the Port Hope, Ontario, plant.

Power Systems Group

The Power Systems Group improved its financial performance in 1980 by increasing domestic sales and service and by expanding its foreign business.

The Transformer and Distribution Apparatus Division experienced a good year at both the Hamilton and the London locations.

Major orders were received from Ontario Hydro for all of the power transformers for the Darlington Nuclear Station. Other utility orders were received from Saskatchewan Power, the British Columbia Hydro and Power Authority and Hydro-Quebec. Significant orders were also placed by paper mills in Ontario, Quebec and New Brunswick.

Shipments were made during the year to the Onslow and Brushy Hill transformer stations of the Nova Scotia Power Commission, to Ontario Hydro's Bruce and Pickering stations and to Hydro-Quebec's Baie James LG-2 project. In western Canada, units were also sent to Alberta Power's Battle River steam generating plant and to Calgary Power's Fort Saskatchewan station. Two large units were delivered to the new Dofasco Inc. mill at Hamilton.

Steps were taken at the London plant to improve productivity. These included installation of an automatic continuous-annealing furnace to process distribution transformer cores and the installation of robots for automatic spray-painting of transformer products. Employees previously involved in this work moved to new production jobs.

Export shipments from the Transformer and Distribution Apparatus Division went to Barbados, Ireland, Jamaica, Thailand and the United States.

During 1980, the division received world product assignment for EHV reactors. This will assist in the division's pursuit of more international business.

The Turbine and Generator Division continued its good performance both domestically and abroad.

In Alberta, the first two CW352 gas turbines, designed and manufactured in Canada, completed their first year of operation. The reliability record of the turbines stood at an impressive 99.2% with more than 20,000 hours of operation.

A \$6 million order for a gas turbine-compressor set and spares was received from Foothills Pipelines (Yukon) Limited. The high-efficiency regenerative cycle CW352 unit will serve on the "pre-build" section of the Alaska Highway Natural Gas Pipeline. Orders for mechanical-drive steam turbines and steam turbine-generator sets increased significantly. These were highlighted by one 29 megawatt steam turbine-generator set for the Polysar Limited utility plant in Sarnia, Ontario.

In addition, record bookings were received for gas and steam turbine renewal parts.

The division intensified its efforts to sell after-sale service to satisfy the diverse needs of customers. Major business resulted, including a \$13 million order from the Secretariat of Electricity of Libya to maintain and operate the power plant and transmission and distribution lines in Sarir.

Shipments of W191 gas turbines were made to Libya, Mexico and the United States.

The division's new components plant at Renfrew, Ontario, opened in November. The initial stage of this expansion includes advanced machine tools, many fitted with Westinghouse "Producer" computer numerical control units. These and other machine tools will make this plant one of Canada's most advanced high-technology manufacturing facilities.

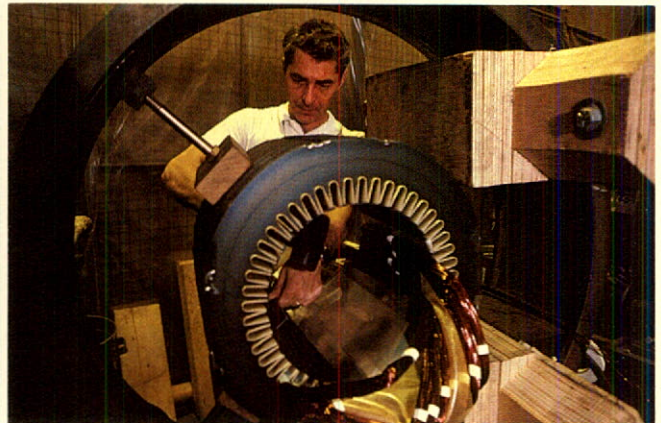
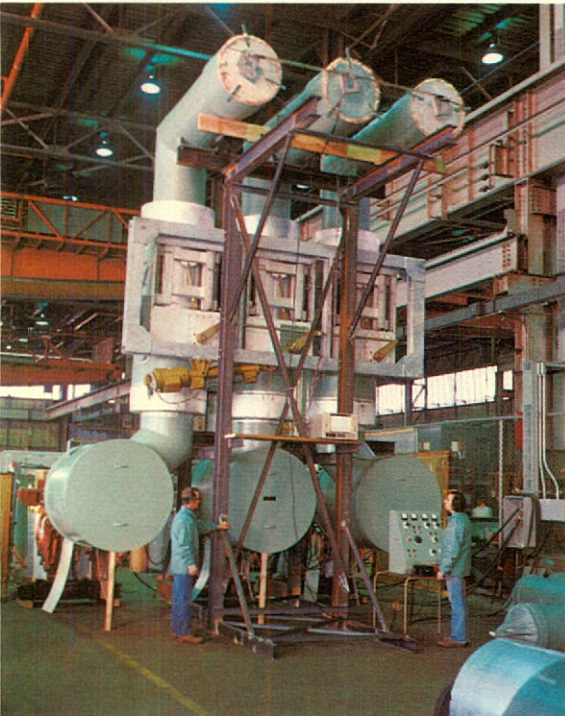
Atomic Power Division improved on its fine performance of 1979. Fuel shipments to Ontario Hydro and Hydro-Quebec reached new levels. Nuclear components, including calandria tubes, were produced for reactors in Ontario.

The health and safety aspect of the work environment continued to receive the close attention of management. With the installation of an HP3000 mini-computer a significant improvement was effected in reducing the time required to process environmental data. Installation commenced on a centralized waste disposal facility which will result in a cleaner workplace and improved efficiency in the production of pellets.

Research programs were instituted to gain a better understanding of the relationship between the properties of uranium dioxide and the production process of fuel pellets. Potential benefits are higher-quality products and reduced costs.

Under the guidance of Atomic Energy of Canada Limited and Ontario Hydro, laboratory experiments continued with the objective of gaining a better understanding of zirconium and nuclear components under simulated operating conditions.

The Utility Sales Division, despite declines in electric and utility markets, secured a good volume of orders. Reductions in these markets reflected a slower economy and lower growth rates in electric power demand.



From top centre, clock-wise:

Switchgear and control plant at Alliston, Ontario, is one of the new facilities built to provide better customer service.

Skills of the Industry Services Division were employed in the rehabilitation and modernization of propulsion and control systems of the Canadian Coast Guard ice-breaker "CAMSELL" which was docked near Victoria, British Columbia.

Production of newly-developed high-efficiency motors at the Beach Road plant in Hamilton, Ontario.

Isolated phase bus duct for Hydro-Quebec's Baie James development is tested at Saint-Jean, Quebec.

Industrial Products Group

All divisions within the Industrial Products Group contributed to improved sales and profits and, additionally, made significant penetration into export markets in 1980.

Motor Division substantially increased its shipments of newly-developed large wound-rotor induction motors to foreign countries. Production of smaller motors was at a consistently high level throughout the year. A new line of high-efficiency units was also developed.

Improved production in the division's punch shop was achieved with the installation of an industrial robot to handle the repetitive task of feeding laminated sheets to a press.

Switchgear and Control Division increased sales volume significantly over the prior year, particularly in industrial and utility markets. Export business included shipments to Brazil and Thailand. The division was awarded a developmental contract by the United States Navy for portable airfield-lighting regulators, a product line for which it has a world mandate. Substantial orders enhanced the division's position as a leading supplier of load-management products to Canadian utilities.

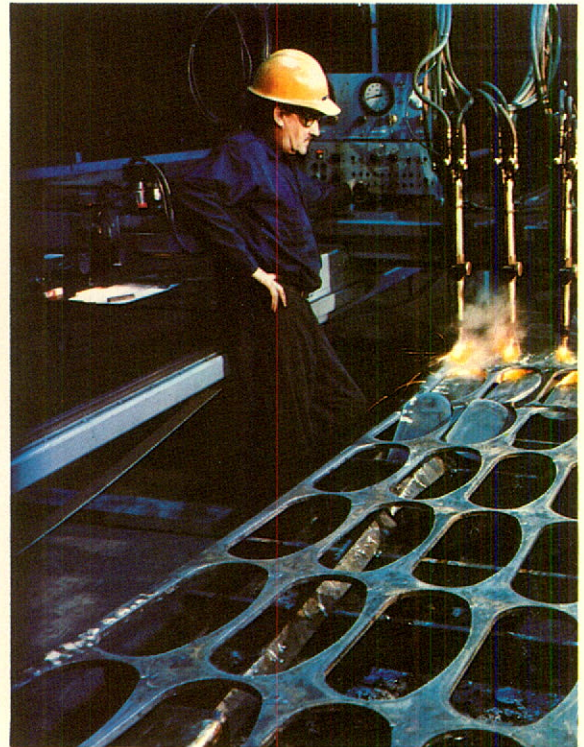
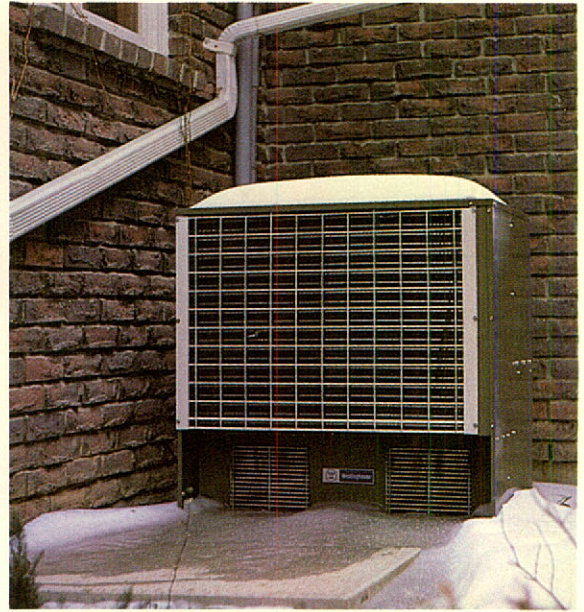
The division continued with its transition to a multi-plant mode of operation aimed at improving market coverage and customer service. Plants were completed at Alliston and Perth, Ontario, and Airdrie, Alberta. Plants were under construction at Mount Forest and Mississauga, Ontario. A trucking terminal that will link various production centres in a transportation network will open in 1981 in Georgetown, Ontario.

The Industrial Products Division continued production on the multi-million dollar order for isolated phase bus duct for Baie James LG-3. Excitation dry-type transformers were shipped to Baie James LG-2 and shipments of similar units for LG-4 will commence in 1981. International business included shipments of large dry-type transformers to Venezuela, Libya and the United States.

During the year, the division earned world-mandate responsibility for some electric heating products.

The Industry Services Division recorded another good financial year. Strong market penetration in virtually all resource-based industry sectors was realized. Capabilities in transformer rebuilding, oil conditioning and generator rewinding contributed to strengthened service to industrial and utility customers. Marine service activities were highlighted by rehabilitation of the propulsion and control systems for the Canadian Coast Guard icebreaker "CAMSELL".

A new service facility was opened at Kitchener, Ontario in response to the needs of industrial and utility customers in the southern part of the province. At Swastika, Ontario, and Sept-iles, Quebec, existing service operations were upgraded to meet changing needs of northern resource markets.



From top right, clock-wise:

The new Northern air-to-air heat pump was engineered in Canada for severe climates.

Linatrol optical line-tracing controls are used in many countries for controlling gas-cutting machines and other types of special machinery.

Elevator installation at the Park Royal Shopping Mall in Vancouver, British Columbia.

The Lamp Department's new Technical Demonstration and Training Facility in Dorval, Quebec.

Components and Construction Group

The Components and Construction Group showed overall improvement in sales and profits for 1980 despite a slowdown in some of its businesses.

Lamp-Lighting Division

The Lamp Department showed a marked gain in profits as a direct result of the successful application of its rationalization strategy in the manufacture of lamp products. Exports included substantial shipments to the United States.

Escalated demand in industrial and commercial markets for energy-saving lamps was met by the department's wide range of exclusive products, such as the Ceramalux 4, Ultralume and PAR Power Savers. In the consumer market, innovative promotions and merchandising programs increased lamp sales. As a result of the downturn in the automotive industry in North America, production of miniature lamps was adversely affected.

A technical demonstration and training facility was opened early in the year in Dorval, Quebec. The facility serves as a centre to show the operating characteristics of various light sources.

The Lighting Department, with facilities in Cambridge, Ontario, and Granby, Quebec, saw moderate growth in sales of interior and outdoor lighting products.

The department holds the world mandate for airport lighting products. These meet government requirements world-wide and consume 30-60% less energy than competitive units.

The Electronic Systems Division's performance was favourably affected by a substantial increase in sales of data communications and display products. However, other areas of the operation, led by government projects, were down compared to last year.

A new venture announced in the summer of 1980 was the establishment of a subsidiary in Dublin, Ireland. Wescan Europe Limited will carry out sales and marketing, application engineering and field and factory

service for data communications and display products. It is expected that the subsidiary will increase activity in the Burlington, Ontario, plant which retains the responsibility for design and manufacture of these products.

The division continued its thrust to increase exports of other world-mandate products such as Linatrol optical line-tracing controls and shipboard anti-submarine sonar.

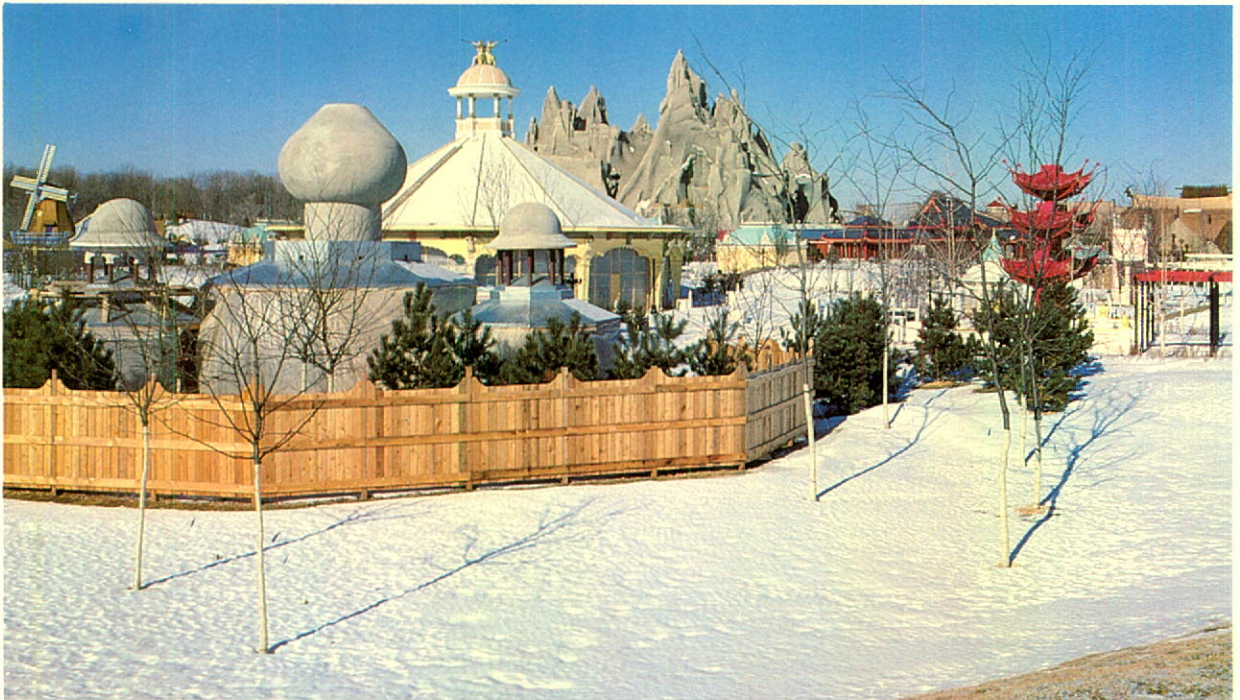
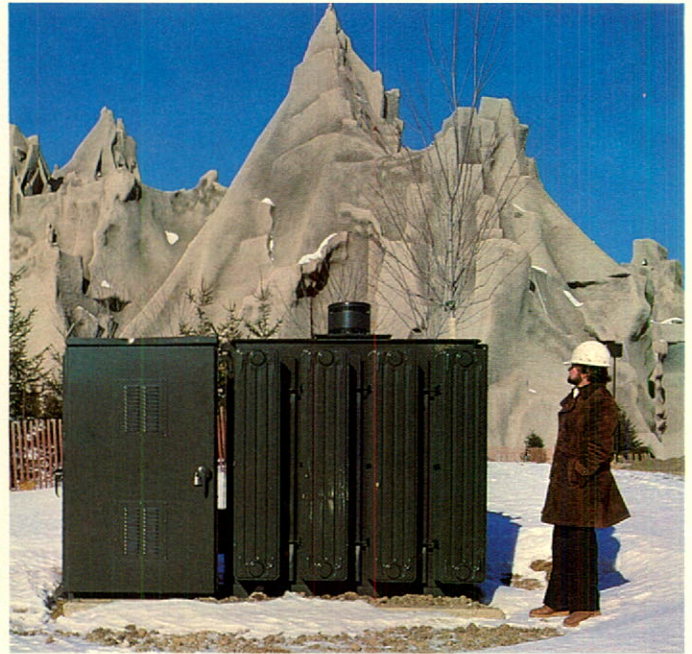
The Air Conditioning Division was renamed the **Environmental Systems Division** to reflect its expansion and participation in several growth markets other than air conditioning. Sales exceeded those of 1979.

The new Northern air-to-air heat pump introduced during the year is engineered in Canada and designed with heating priority for severe climates. The division holds the world mandate for this product.

The open-office-systems furniture business expanded through high acceptance in the Canadian marketplace. These Architectural Systems Department lines also provide energy-saving task lighting and reduce air-conditioning requirements.

Elevator Division installations included solid-state-controlled elevators at the Pan-Canadian Plaza in Calgary and at the Toronto General Hospital.

The division was awarded a contract for 20 escalators for the Montreal Metro system. Another major contract from Complex Desjardins in Montreal includes services for 90 elevators and escalators.



Westinghouse Canada is a major supplier of electrical equipment for Canada's Wonderland, a new family entertainment complex to be opened in 1981 in the Township of Vaughan, Ontario (32 kilometers north of Toronto).

WESCO serves a dual role as a sales arm for company divisions and a distributor of electrical product lines and supplies.

Business activity was generally buoyant during 1980 due to various major capital expenditures in industrial markets. This occurred despite weaknesses in construction activity in many parts of Canada. Sales and profits improved over the prior year.

From a diverse customer base across the country, WESCO received many orders valued at more than \$1 million each. Customers included Canada's Wonderland, an amusement complex near Toronto; Algoma Steel Corporation and Great Lakes Forest Products.

In eastern Canada, WESCO benefited from business linked to offshore oil and gas exploration. Here, as in Quebec, Ontario and British Columbia, upgrading and expansion of pulp and paper mills led to the booking of orders.

In central and eastern parts of Ontario, the industrial, construction and government market sectors were stronger. Industrial activity was highlighted by projects in the cement, steel and pulp-and-paper industries; as well as a high level of original-equipment-manufacturer business. Major expansion programs in the western Ontario steel industry, combined with heavy capital expenditures in the automotive and mining industries, were also beneficial.

For Saskatchewan, major orders were placed with WESCO by the Potash Corporation of Saskatchewan and the Regina General Hospital.

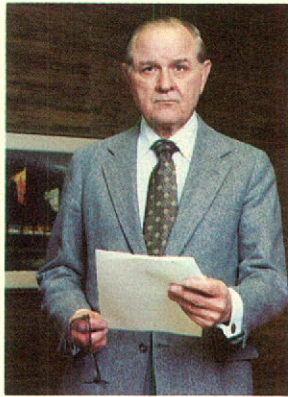
Generally strong markets in Alberta resulted in significant orders from the energy industry. Chemical plant activity remained at a high level, from basic feed-stocks to plastics and fertilizers.

British Columbia saw substantial activity in construction markets. The forest products, chemical and mining markets also showed strength. Opening of a new Surrey, B.C., facility resulted in a near doubling of sales in that market area.

Through its WESCOM system, the new inventory-management program, transportation studies and continuing employee training and development, WESCO is achieving encouraging productivity improvement. The establishment of Quality Circles provides challenging new directions for further efforts.



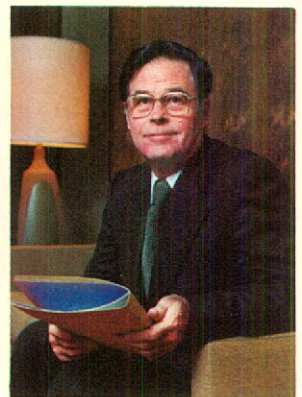
Douglas I. W. Bruce



Robert W. Campbell



Eugene J. Cattabiani



Alfred E. Downing



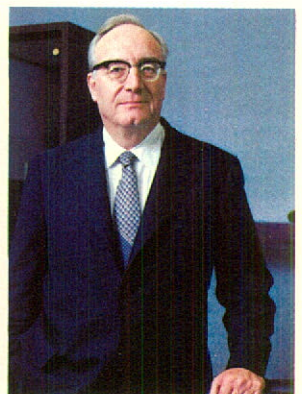
L. Yves Fortier



Allen T. Lambert



John C. Marous



Mathias J. McDonough



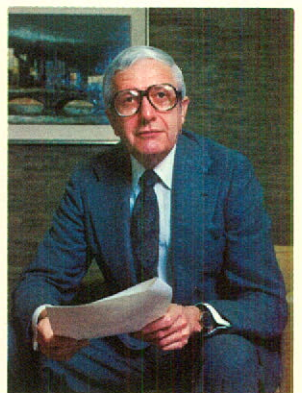
William P. Pigott



Douglas D. Stark



Franz H. Tyaack



Leo W. Yochum

Board of Directors



Douglas C. Marrs
Chairman of the Board

†‡*Douglas C. Marrs
Chairman of the Board
Westinghouse Canada Inc.
Hamilton, Ontario

Douglas I. W. Bruce
Vice President and Secretary
Westinghouse Canada Inc.
Hamilton, Ontario

†Robert W. Campbell
Chairman and Chief Executive Officer
PanCanadian Petroleum Limited
Calgary, Alberta

Eugene J. Cattabiani
Executive Vice President
Power Generation
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania

Alfred E. Downing
President
Hiram Walker—Gooderham & Worts Limited
Walkerville, Ontario

L. Yves Fortier, Q.C.
Partner, Ogilvy, Renault
Barristers and Solicitors
Montreal, Quebec

‡*Allen T. Lambert
Former Chairman of the Board
Toronto Dominion Bank
Toronto, Ontario

†*John C. Marous
President, International
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania

Mathias J. McDonough
Senior Executive Vice President
Corporate Resources
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania

‡*William P. Pigott
President
Pigott Construction Limited
Hamilton, Ontario

Douglas D. Stark
Executive Vice President
Components and Materials
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania

*Franz H. Tyaack
President and Chief Executive Officer
Westinghouse Canada Inc.
Hamilton, Ontario

Leo W. Yochum
Senior Executive Vice President
Finance
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania

*Members of the Executive Committee

†Members of the Compensation Committee

‡Members of the Audit Committee



From left to right:

Charles A. Kain, Edward B. Priestner, Douglas I.W. Bruce, Jack Nairn, Franz H. Tyaack.

From left to right:

James K. Carman, Gerd O. Bernhardt, Edwin A. Taylor, William J. McNicol, Alexander A. McArthur.

Senior Executives of the Company

Management Committee

- * Franz H. Tyaack
President and
Chief Executive Officer
- * Gerd O. Bernhardt
Vice President
Components and Construction Group
- * Douglas I. W. Bruce
Vice President
Secretary and General Counsel
- * James K. Carman
Vice President
Marketing and Strategic Resources
- * Charles A. Kain
Vice President
Industrial Products Group
- * William J. McNicol
Vice President
Power Systems Group
- * Jack Nairn
Vice President
WESCO
- * Edward B. Priestner
Vice President
Finance
- * Edwin A. Taylor
Vice President
Personnel
- Alexander A. McArthur
Director, Corporate Communications

Other Officers

- Robert H. Broad
Treasurer
- Owen C. Shewfelt
Comptroller
- Iain W. M. Hendry
Assistant Secretary
- J. Douglas Keppy
Assistant Treasurer

Division Vice Presidents

- Neil A. Bryson
Transformer and Distribution Apparatus Division
- William Kostyshyn
Turbine and Generator Division
- Cecil F. MacNeil
Switchgear and Control Division

- George Wilkinson
Utility Sales Division

District Vice Presidents

- Ingram B. Gillmore
Manitoba-Saskatchewan District
- Raymond A. Plouffe
Quebec District
- Frank D. Priestly
Alberta District
- J. Arthur Reid
British Columbia District

- John R. Williamson
Atlantic District

*Officers

Financial Report

Responsibility for Financial Reporting

The company has prepared the consolidated financial statements and related financial information included in this report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and applied on a consistent basis and include amounts that are based on best estimates and judgments with appropriate consideration to materiality. Financial information included elsewhere in this report is consistent with the financial statements.

The company maintains a system of internal accounting controls, supported by documentation and augmented by an internal auditing function, to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the company.

The company believes that its policies and procedures, including its system of internal accounting controls, provide reasonable assurance that the financial statements are prepared in accordance with generally accepted accounting principles.

The company has the primary responsibility for the integrity of the financial statements and the other financial information and for ascertaining that the data reflects the financial position and results of operations.

The shareholders' auditors provide an independent opinion that the financial statements are presented fairly. The Board of Directors has the responsibility to approve the company's financial statements.

On behalf of the company:



Vice-President Finance



President and
Chief Executive Officer

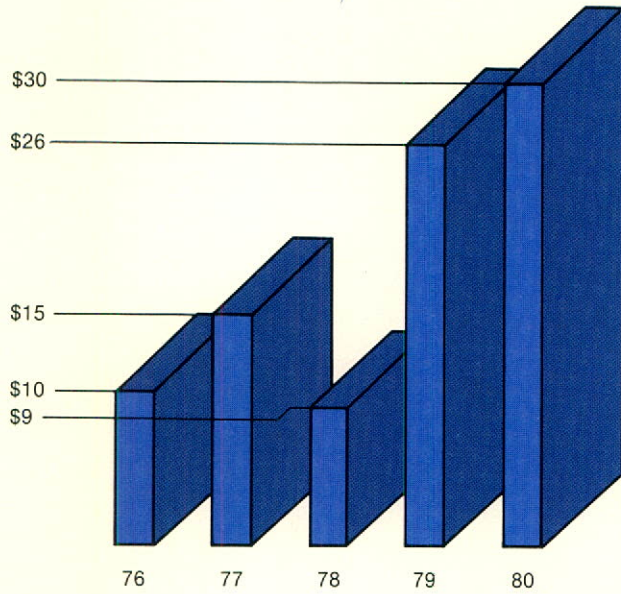
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Key Financial Graphs

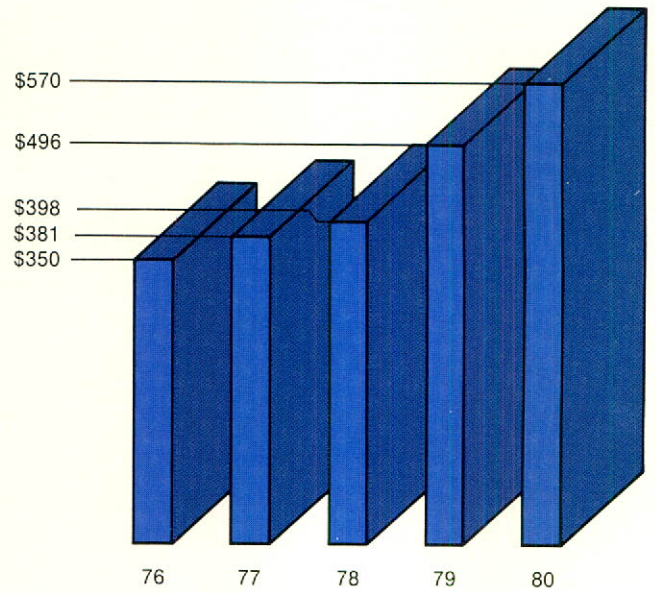
Net Income

(expressed in millions)



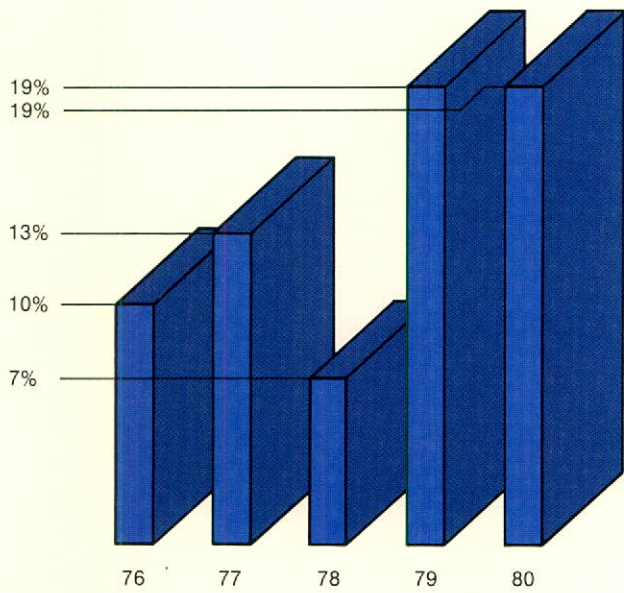
Sales*

(expressed in millions)



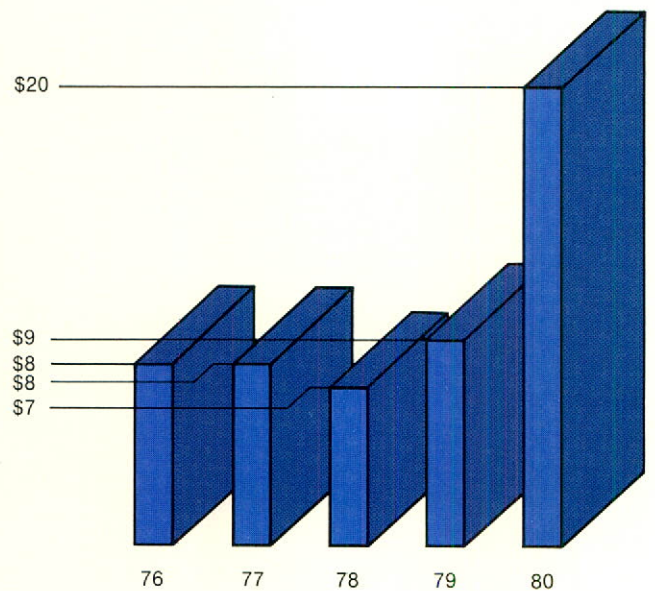
Return on Shareholders' Equity

(percentage)



Capital Spending

(expressed in millions)



Note — The 1978 results reflect the effects of lengthy strikes at five manufacturing plants.

* Sales chart excludes sales of Household Appliances.

Accounting Principles and Policies

The significant accounting policies followed by the company are presented below to assist the reader in evaluating the financial statements and other information in this report. The policies conform to generally accepted accounting principles which have been consistently applied.

(a) Basis of consolidation: The consolidated financial statements include the accounts of three small wholly-owned companies.

(b) Revenue recognition: Sales are recognized when products are shipped or services rendered.

(c) Expense recognition: Costs relating to sales are charged against income when the related sales are recognized. If engineering and manufacturing estimates indicate a loss will be incurred on a contract, full provision is made for the loss at the time of the estimate. Costs not relating to sales are recognized when incurred.

(d) Research and development: Research and development costs and customer order development costs are charged against income when incurred.

(e) Inventories: Inventories are valued at the lower of cost and market less progress billings to customers. Cost is principally computed using currently adjusted standards which are developed for individual items on the basis of material, labour and overhead costs at normal activity levels on a first-in, first-out basis. Such standards approximate actual costs. Market is defined as replacement costs for raw materials and certain work in process and as net realizable value for the balance of the inventory.

(f) Plant and equipment: Purchased plant and equipment is recorded at original cost less related government assistance whether or not conditional in nature. Commencing in 1980 with retroactive application, capital leases are recorded as purchased plant and equipment although the amount does not have a material effect on the financial position or results of operations. Expenditures for maintenance, repairs and tooling are charged against income when incurred.

Depreciation of plant and equipment is provided on the straight-line basis on the following life expectancies beginning in the month the asset is used:

Buildings	—25 and 40 years
Equipment	—principally over 10 years
Leasehold improvements	—over the term of the lease plus the first renewal option

On dispositions, the related asset costs and accumulated depreciation are removed from the accounts and any resultant gain or loss is included in income.

(g) Product and service guarantees: The company recognizes the estimated cost of guarantee obligations to its customers at the time of revenue recognition.

(h) Income taxes: The company follows the deferral method of tax allocation in accounting for income taxes. Under this method, prepaid or deferred income taxes are recognized as a result of timing differences between reported and taxable income, which occur when revenues and expenses recognized in the accounts in one year are taxed or claimed for tax purposes in another year.

The statutory 3% inventory allowance for the effects of inflation is recognized as a reduction in the current income tax provision.

Investment tax credits resulting from investing in production plant and equipment are accounted for by reducing the liability for income taxes and the cost of plant and equipment additions in the year of the addition.

(i) Pension funds: Pension costs for current service are charged against income on a current basis. The liability for past service arising from improvements in the plans is being funded and charged against income over periods of not more than 15 years.

Consolidated Statement of Income

Years ended December 31 (expressed in thousands except per share data)	1980	1979
Sales	\$570,115	\$496,253
Cost of sales excluding depreciation and interest	509,342	442,355
Depreciation	6,815	5,787
Interest expense less interest income of \$575 in 1980 (\$951 in 1979)	1,326	552
Income taxes — current	22,335	20,170
— deferred	485	528
	540,303	469,392
Income before extraordinary items	29,812	26,861
Extraordinary items (note 1)	—	(812)
Net income	\$ 29,812	\$ 26,049
Per share		
Income before extraordinary items	\$11.11	\$10.01
Net income	\$11.11	\$ 9.71

See accompanying notes to consolidated financial statements.


Consolidated Statement of Retained Earnings

Years ended December 31 (expressed in thousands except per share data)	1980	1979
Balance at beginning of year	\$131,518	\$110,836
Net income	29,812	26,049
	161,330	136,885
Dividends paid	6,708	5,367
Balance at end of year	\$154,622	\$131,518
Dividends paid per share	\$2.50	\$2.00

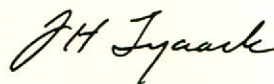
Consolidated Statement of Financial Position

At December 31 (expressed in thousands)	1980	1979
Current assets		
Cash and short-term deposits	\$ 598	\$ 13,926
Accounts receivable	93,359	84,069
Inventories (note 2)	133,355	114,110
Other current assets	2,034	1,994
Total current assets	229,346	214,099
Current liabilities		
Bank indebtedness	13,181	844
Accounts payable and accrued charges	79,547	78,211
Income and other taxes payable	7,845	12,500
Current portion of long-term debt	—	2,229
Total current liabilities	100,573	93,784
Working capital	128,773	120,315
Plant and equipment (note 3)	65,431	52,659
Investments and other assets	3,019	1,593
Net funds invested in the business	\$197,223	\$174,567
Financed by:		
Long-term debt (note 4)	\$ 15,657	\$ 16,590
Deferred income taxes (note 5)	11,997	11,512
	27,654	28,102
Shareholders' equity		
Share capital (note 6)	14,947	14,947
Retained earnings	154,622	131,518
Total shareholders' equity	169,569	146,465
Total financing	\$197,223	\$174,567

On behalf of the Board:



Director



Director

Consolidated Statement of Changes in Financial Position

Years ended December 31 (expressed in thousands)	1980	1979
Source of funds		
Operations —		
Income before extraordinary items	\$ 29,812	\$ 26,861
Items not affecting working capital:		
Depreciation	6,815	5,787
Deferred income taxes	485	528
Gain on redemption of debentures	(235)	(209)
Funds provided from operations	36,877	32,967
Use of funds		
Plant and equipment additions	19,587	9,480
Dividends paid	6,708	5,367
Reduction in long-term debt	698	2,766
Extraordinary items	—	812
Increase (decrease) in investments and other assets	1,426	(328)
	28,419	18,097
Increase in working capital	8,458	14,870
Working capital beginning of year	120,315	105,445
Working capital end of year	\$128,773	\$120,315

Notes to Consolidated Financial Statements

December 31, 1980 and 1979

(1) Extraordinary items

The extraordinary items in 1979 consisted of two amounts.

The first was a provision of \$3,290,000 (after income taxes of \$2,803,000) for non-recurring costs relating to the decentralization of the production facilities of the Switchgear and Control business. Although the provision was based on a number of estimates, the company believes that the unexpended balance at December 31, 1980 is adequate to cover anticipated costs.

The second was a reduction of income taxes of \$2,478,000 arising from application of pre-acquisition losses of Longines-Wittnauer Watch Co. Ltd.

(2) Inventories	1980	1979
	(in thousands)	
Raw materials, work in process and replacement parts	\$111,436	\$ 89,527
Finished goods	41,769	37,182
	153,205	126,709
Less progress billings	19,850	12,599
Net investment in inventory	\$133,355	\$114,110

(3) Plant and equipment	1980		1979	
	(in thousands)			
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 3,106	\$ —	\$ 3,106	\$ 2,467
Buildings	39,926	16,801	23,125	18,098
Equipment	83,324	55,098	28,226	25,403
Leasehold improvements	1,588	850	738	785
New additions not yet in use	10,236	—	10,236	5,906
	\$138,180	\$72,749	\$65,431	\$52,659

The cost of plant and equipment additions during the year was reduced by government assistance of \$2,744,000 (\$448,000 in 1979).

(4) Long-term debt

1980 **1979**
(in thousands)

8½% debentures maturing October 1, 1991 with annual minimum sinking fund requirements of \$667,000 (less debentures purchased for cancellation in advance of sinking fund requirements)	\$ 15,657	\$ 16,590
Non-interest bearing debt payable in 1980 to related corporation	—	2,229
	15,657	18,819
Less portion due within one year including balance of sinking fund requirements	—	2,229
	\$ 15,657	\$ 16,590

Interest on long-term debt amounted to \$1,321,000 in 1980 (\$1,433,000 in 1979). Unamortized debenture discount and issue expenses of \$219,000 (\$254,000 in 1979) are included in Investments and Other Assets in the Consolidated Statement of Financial Position.

(5) Deferred income taxes

Deferred income taxes represent mainly taxes deferred in respect to capital cost allowance claimed for income tax purposes in excess of depreciation written.

(6) Share capital

At December 31, 1979, the authorized share capital consisted of 3,600,000 shares of no par value, of which 2,683,389 were outstanding and fully paid. Pursuant to the Articles of Continuance dated April 15, 1980, the company was continued under the Canada Business Corporations Act with the name of Westinghouse Canada Inc. and with authorized share capital of an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares. There was no change in the number of issued shares during the year.

(7) Related party transactions

Approximately 93 percent of the shares of the company are owned by Westinghouse Electric Corporation of Pittsburgh, Pennsylvania.

Throughout the year products and services were purchased from and sold to Westinghouse Electric Corporation and its affiliates in the normal course of business. These transactions represented less than 20 percent of purchases and sales in both 1979 and 1980. In addition, the company derived patent licenses and much of its technology from Westinghouse Electric Corporation, under a series of License and Technical Assistance Agreements dated January 1, 1977, under which it paid reasonable royalties.

Included in Accounts Payable and Accrued Charges are amounts owing to Westinghouse Electric Corporation and its affiliates of \$7,159,000 at December 31, 1980 (\$8,111,000 at December 31, 1979).

(8) Pension funds

Total pension expense for 1980 was \$10,500,000 (\$9,640,000 in 1979). Amendments during the year, upgrading the level of benefits for most salaried and certain retired employees, increased the unfunded past service liability by approximately \$8,598,000.

Independent actuarial evaluations indicated the total unfunded obligations of the two company-sponsored pension plans were approximately \$43,029,000 as at December 31, 1980 (\$37,964,000 as at December 31, 1979). These obligations are being funded in accordance with government legislation over periods of not more than 15 years.

Summary of changes in pension plan assets

Years ended December 31

	1980	1979
	(in thousands)	
Additions:		
Company contributions	\$ 10,500	\$ 9,640
Employee contributions	1,763	1,554
Income from investments	10,474	7,854
Net gain from disposal of assets	3,926	3,047
	<u>26,663</u>	<u>22,095</u>
Reductions:		
Benefit payments and refunds	5,798	5,276
Fees and expenses	228	184
	<u>6,026</u>	<u>5,460</u>
Net additions to trust funds	20,637	16,635
Market value at beginning of year	107,440	87,903
Unrealized increase in market value of assets	2,675	2,902
Market value at end of year	<u>\$130,752</u>	<u>\$107,440</u>

Statement of financial position

At December 31

	1980	1979
	(in thousands)	
Bonds	\$ 44,025	\$ 34,812
Stocks	45,464	38,101
Mortgages and real estate	22,788	20,304
Short-term investments	16,269	12,958
	<u>128,546</u>	<u>106,175</u>
Cash and other assets	2,206	1,265
Total assets at market value	<u>\$130,752</u>	<u>\$107,440</u>

Financial Information by Segment

(expressed in thousands)	1980	1979
Condensed Statement of Income		
Sales — Power Systems Group	\$176,888	\$141,117
— Industrial Products Group	159,831	137,980
— Components and Construction Group	116,321	108,025
— WESCO	256,578	223,080
— Other	3,770	3,244
	713,388	613,446
Inter-segment eliminations	(143,273)	(117,193)
Sales to outside customers	\$570,115	\$496,253
Export sales	\$100,959	\$ 85,701
Income before income taxes		
— Power Systems Group	\$ 23,134	\$ 19,366
— Industrial Products Group	21,739	19,687
— Components and Construction Group	10,467	5,556
— WESCO	7,815	7,634
— Other revenue and common costs	(10,523)	(4,684)
	52,632	47,559
Income taxes	(22,820)	(20,698)
Income before extraordinary items	\$ 29,812	\$ 26,861
Supplementary Information		
Assets — Power Systems Group	\$107,849	\$ 93,650
— Industrial Products Group	65,435	48,771
— Components and Construction Group	58,109	50,208
— WESCO	58,107	53,021
— Other	8,296	22,701
Total assets	\$297,796	\$268,351
Plant and equipment additions		
— Power Systems Group	\$ 5,471	\$ 1,794
— Industrial Products Group	7,842	4,045
— Components and Construction Group	3,054	1,507
— WESCO	1,860	831
— Other	1,360	1,303
Total plant and equipment additions	\$ 19,587	\$ 9,480
Depreciation expense		
— Power Systems Group	\$ 2,317	\$ 2,219
— Industrial Products Group	1,684	1,428
— Components and Construction Group	1,494	1,380
— WESCO	801	598
— Other	519	162
Total depreciation expense	\$ 6,815	\$ 5,787

Company Description and Segment Definition

The company is engaged principally in the manufacture, sale and service of equipment and components for the generation, transmission, distribution, utilization and control of electricity.

Power Systems Group designs, develops, manufactures, distributes and installs mechanical drive gas and steam turbines, power generating apparatus, transmission and distribution equipment for the electric utility, industrial and construction markets. In addition, it manufactures nuclear fuel and other components for the CANDU reactors.

Industrial Products Group supplies a wide range of products and services, including motors, controls, meters, relays, switchgear, moulded case circuit breakers, machinery, engineering and repair services and distribution to a wide range of customers in such industries as metals, oil, gas, petrochemical, mining, pulp and paper, textile, transportation, rubber and durable goods.

Components and Construction Group provides lamps and lighting, high-technology electronics equipment, elevators and escalators, heating and cooling equipment, process equipment and systems for automation of production machinery and other products and services to the construction industry.

WESCO is the sales and distribution channel for most of the company's products for the industrial and construction markets. WESCO's mandate also includes the sale of complementary products, not manufactured by the company, to serve all the electrical product needs of these customers.

Five-Year Summary

(expressed in thousands of dollars except as otherwise noted *) **1980** 1979 1978 1977 1976

Condensed Statement of Income

Sales — Excluding Household Appliances	\$570,115	496,253	398,299	380,842	350,168
— Household Appliances	\$ —	—	—	50,120	104,476
Total Sales	\$570,115	496,253	398,299	430,962	454,644
Income before extraordinary items	\$ 29,812	26,861	8,275	15,429	13,834
Extraordinary items	\$ —	(812)	416	—	(3,360)
Net income	\$ 29,812	26,049	8,691	15,429	10,474

Condensed Statement of Financial Position

Working capital	\$128,773	120,315	105,445	100,117	99,012
Plant and equipment	\$ 65,431	52,659	48,966	47,520	52,849
Investments and other assets	\$ 3,019	1,593	1,921	1,838	1,787
Net funds invested in the business	\$197,223	174,567	156,332	149,475	153,648
Financed by:					
Long-term debt	\$ 15,657	16,590	19,565	17,984	33,666
Deferred income taxes	\$ 11,997	11,512	10,984	10,374	11,342
Shareholders' equity	\$169,569	146,465	125,783	121,117	108,640
Total financing	\$197,223	174,567	156,332	149,475	153,648

Condensed Statement of Changes in Financial Position

Funds provided from operations (note B)	\$ 37,112	33,176	14,087	19,568	20,310
Expenditures for plant and equipment	\$ 19,587	9,480	6,620	7,674	7,512
Dividends paid	\$ 6,708	5,367	4,025	2,952	2,678

Per Share Data*

Income before extraordinary items	\$11.11	\$10.01	\$3.08	\$5.75	\$5.16
Dividends paid	\$2.50	\$2.00	\$1.50	\$1.10	\$1.00
Net book value	\$63.19	\$54.58	\$46.88	\$45.14	\$40.49

General

Number of common shares outstanding at year-end (in thousands)	2,683	2,683	2,683	2,683	2,683
Average number of employees excluding Household Appliances*	7,300	7,000	7,300	7,400	7,700

Notes (A) 1976 and 1977 have been restated to conform with accounting principles used thereafter.

(B) Funds provided from operations consist of income before extraordinary items, depreciation and deferred income taxes provided in the year.

Auditors' Report

Clarkson Gordon

Chartered Accountants

To the Shareholders of
Westinghouse Canada Inc.

We have examined the consolidated statement of financial position of Westinghouse Canada Inc. (formerly Westinghouse Canada Limited) as at December 31, 1980 and December 31, 1979 and the consolidated statements of income, retained earnings, segment information and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and December 31, 1979 and the results of its operations and changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Clarkson Gordon

Chartered Accountants
Hamilton, Canada
January 19, 1981

Locations

Plants

Quebec
 Granby
 Trois Rivières (2)
 Varennes

Ontario
 Alliston
 Burlington
 Cambridge
 Cobourg
 Hamilton (3)
 London
 Oakville
 Perth
 Port Hope
 Renfrew
 Toronto

Alberta
 Airdrie
 Calgary

British Columbia
 Richmond

Wescan Europe Limited
 Dublin, Ireland

Industry Services

Newfoundland
 St. John's

Nova Scotia
 Dartmouth
 Sydney

New Brunswick
 Campbellton
 Moncton

Quebec
 Ste-Foy
 St. Laurent
 Sept-îles

Ontario
 Burlington
 Hamilton
 Kingston
 Kitchener
 London
 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

Sales and Distribution

Turbine Sales

Calgary, Alta.
 Houston, TX, U.S.A.
 London, England

Utility Sales

Halifax, N.S.
 Fredericton, N.B.
 Montreal, Que.
 Hamilton, Ont.
 Toronto, Ont.
 Winnipeg, Man.
 Calgary, Alta.
 Edmonton, Alta.
 Vancouver, B.C.

Lamp Sales

Halifax, N.S.
 Moncton, N.B.
 Dorval, Que.
 Lachine, Que.
 Don Mills, Ont.
 Winnipeg, Man.
 Saskatoon, Sask.
 Calgary, Alta.
 Edmonton, Alta.
 Vancouver, B.C.

Architectural Systems

Furniture Sales

Toronto, Ont.

Elevator Sales

Charlesbourg, Que.
 Lasalle, Que.
 London, Ont.
 Ottawa, Ont.
 Calgary, Alta.
 Edmonton, Alta.
 Vancouver, B.C.

Longines-Wittnauer

Brampton, Ont.

WESCO —

Westinghouse Sales and Distribution Company

Newfoundland
 St. John's

Nova Scotia
 Halifax

New Brunswick
 Moncton

Quebec
 Chicoutimi
 Lachine
 Ste-Foy
 Sept-îles

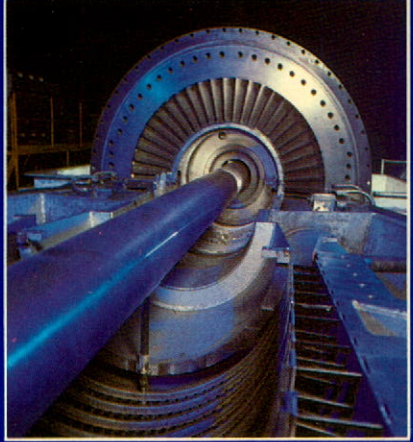
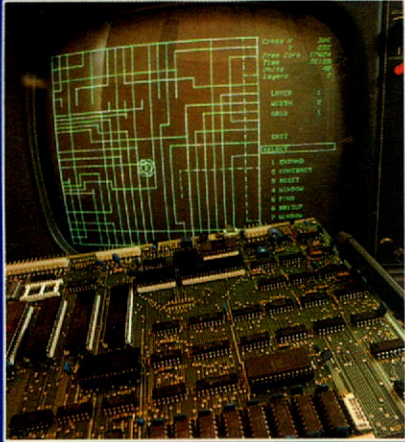
Ontario
 Don Mills
 Hamilton
 Kitchener
 Ottawa
 Sarnia
 Sudbury
 Thunder Bay
 Windsor

Manitoba
 Winnipeg

Saskatchewan
 Regina
 Saskatoon

Alberta
 Calgary (2)
 Edmonton (3)
 Red Deer

British Columbia
 Abbotsford
 Kamloops
 Kelowna
 Nanaimo
 Prince George
 Surrey
 Trail
 Vancouver
 Victoria



Westinghouse Canada
A powerful part of your life.

Corporate Information

Head Office

Hamilton, Ontario

Auditors

Clarkson Gordon

Chartered Accountants

Hamilton, Ontario

Transfer Agent and Registrar

National Trust Company, Limited

Toronto, Ontario

Si vous désirez recevoir un exemplaire français de
ce rapport, veuillez écrire au
Secrétaire,

Westinghouse Canada Inc.

c.p. 510, Hamilton, Ontario

L8N 3K2



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