



“All of us in the gas industry are compelled to acknowledge that we have entered a tough competitive era wherein marginal economics will be called upon to play a dominant role in deciding who will garner the market.”

The Company

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Founded in 1957, Gaz Métropolitain operates a natural gas distribution system in a territory embracing the Island of Montréal and more than 60 municipalities located within a 40-km radius of the metropolis. The Company's franchise area represents more than 65% of Québec's potential market for natural gas. The network, which is continually undergoing expansion, makes Gaz Métropolitain Québec's largest distributor of natural gas. The Company's gas distribution activities are regulated by the Régie de l'Électricité et du Gaz du Québec.

Gaz Métropolitain is also involved in the sale and servicing of household appliances which operate on natural gas, in research and development of new gas technologies and in the use of natural gas as vehicle fuel. It recently also began to market consulting services.

The majority of Gaz Métropolitain shares are held by Québec residents and companies. Shares are listed on the Montréal and Toronto stock exchanges under the symbol GZM.

Our cover:

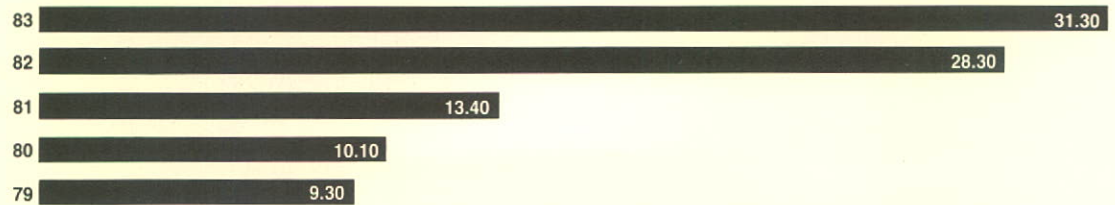
The four vignettes represent Gaz Métropolitain's most important publics.

<i>Mrs. Marie-Jeanne Carrier Montréal, Québec. A Gaz Métropolitain shareholder since 1957.</i>	<i>Henri Charette, Customer Relations Department American Motors (Canada) Inc. St-Bruno, Québec, a Gaz Métropolitain commercial account</i>
<i>Léon Bourque Senior Clerk Meter Reading Department Gaz Métropolitain.</i>	<i>Pierre Lévesque, Plumber Service Gaz Naturel Rive Sud, Inc. Plumbing and heating contractors.</i>

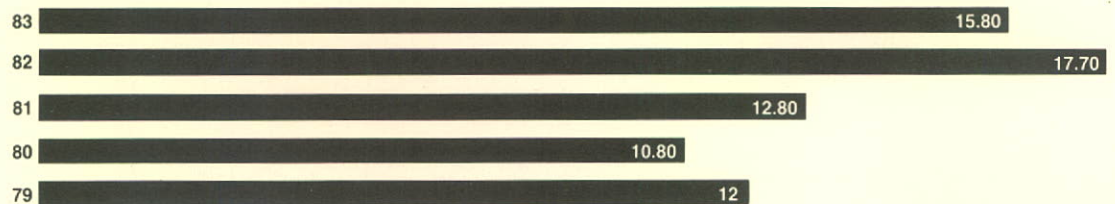
Highlights

(year ended December 31)	1983	1982
Sales Volume (in millions of cubic meters)	3,288	2,741
Revenues (in millions of dollars)	\$ 647,366	\$ 501,861
Net income (in millions of dollars)	\$ 31,274	\$ 28,262
Earnings per common share	\$0.98	\$1.05
Dividends per common share	\$0.58	\$0.52

Net Income (in millions of \$)

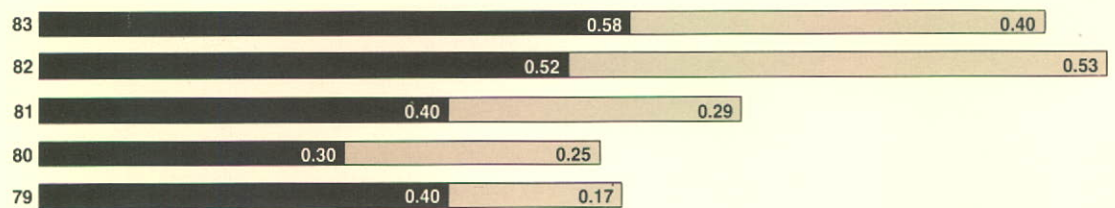


Return on Common Equity (in %)



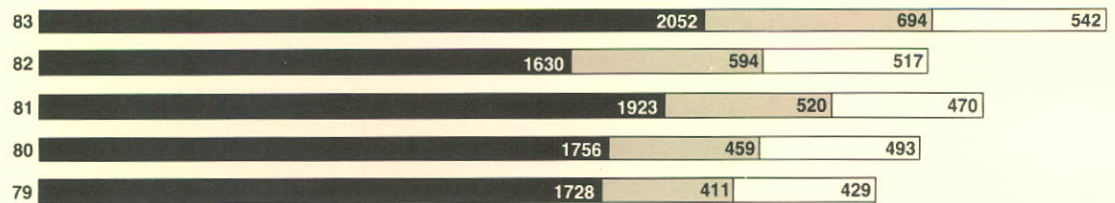
Earnings and Dividends Per Common Share

■ Earnings
■ Dividends

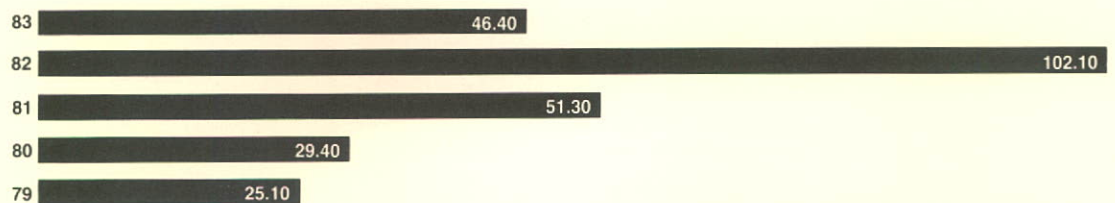


Breakdown of Sales Volume (in millions of cubic meters)

■ Residential
■ Commercial
■ Industrial

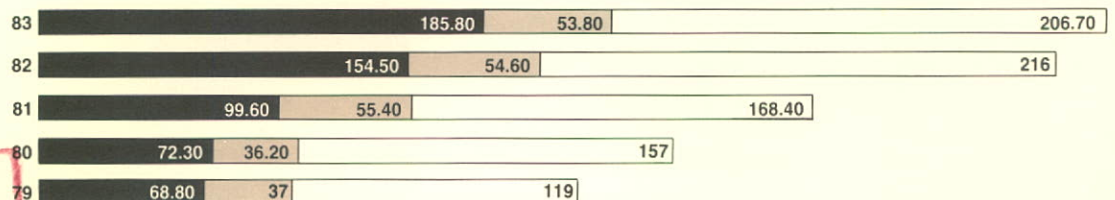


Capital Expenditures (in millions of \$)



Capitalization (in millions of \$)

■ Long-term Debt
■ Preferred Shares
■ Common Equity



HOWARD ROSS LIBRARY
OF MANAGEMENT

MAR 29 1984

McGILL UNIVERSITY

The 1983 financial year was a most satisfactory one for Gaz Métropolitain in an environment marked by modest economic recovery and heavy competition. The results are fully in line with the Company's excellent performance of 1982.

Principal results

The objectives we had set both for sales growth and profits were met in 1983. Sales of natural gas totalled 3,288 million cubic metres, compared with 2,741 million cubic metres in 1982 — a gain of 20%. Company revenue totalled \$647 366 000, compared with \$501,861,000 in 1982, an increase of 29%.

Net profit was \$31,274,000, as against \$28,262,000 in 1982, an increment of 10.7% over the previous year. Net profit per share fell off slightly to \$0.98 in 1983, compared with \$1.05 in 1982. The decline was due mainly to the lower rate of return granted to the Company by the Régie de l'Électricité et du Gaz du Québec for the financial year. The situation is in keeping with the general trend observed throughout Canada in 1983. The drift towards lower rates of return reflects the improved economic situation and interest rates which are significantly lower than during the preceding financial year.

Sales growth in 1983 was a direct result of marketing programs introduced at a time when the economy was firming up and competition in heavy fuel oils was weakening. The effect of the three factors was felt particularly in the area involving large industrial customers. Gaz Métropolitain increased sales to industrial users by about 26% compared with 1982. Sales in the residential and commercial sectors were up by 11% despite temperatures which were slightly warmer than the previous year.

Competition

The competitive position of natural gas in relation to heavy and light fuel oils improved considerably in 1983 compared to the preceding financial year. In the case of heavy oil, the price advantage of natural gas was accentuated with the closing of refineries in eastern Canada, changes in refinery configuration and a better quality of processed crude.

Natural gas also maintained a competitive price position vis-à-vis electricity throughout the year. Average increases announced for electricity rates in 1983 and for 1984 were 7.3% and 3.4%, respectively, while those for gas were only 3.9% and 3%, respectively.

Energy policy

The competitive position of natural gas was once again confirmed during the year when the federal and Alberta governments reached an agreement regulating conditions for the marketing of natural gas in Canada. The agreement provided that favourable conditions previously granted to natural gas would be maintained. It also confirmed the setting of the price of natural gas would be set at 65% of the Montreal crude oil price and that additional incentives would be introduced, should they be required.

Regulation

The regulatory environment continued to evolve in a constructive manner in 1983. The favourable environment was reflected in the timely authorization of new rates early in 1983 enabling the return on the average common share equity to reach 16%, and in the approval of innovative incentives to accelerate development of natural gas markets.

Elimination of regulatory lag in the application of new rates which had been initiated during the past few years was fully achieved at the start of 1984 when the Régie de l'Électricité et du Gaz du Québec authorized new permanent rates as of January 1. The decision should enable the Company to achieve a return of 16.1% on common share equity for 1984.

Rationalization of activities

In order to maintain the competitive position of natural gas, marketing in 1983 was directed principally towards sectors where gas mains were already in place. As regards development of new markets, efforts focused on the most profitable sectors while the Company made maximum use of government grants.

The Company also reviewed its connections policy and construction contracts to increase the number of eligible contractors to improve its relations with contractors and better curb expenses. These efforts enabled the Company to reduce its unit construction costs appreciably.

In 1983, the Company established a plan to promote innovation and technological transfer. Implementation of the plan will enable use of state-of-the-art techniques and technologies and even their adaptation so as to increase efficiency and savings in the distribution and use of gas.

To arrive at these goals, Gaz Métropolitain signed a framework agreement with École Polytechnique de Montréal to establish a centre for the study and transfer of gas technologies — a first in Canada.

The Company also began to diversify its activities in various unregulated sectors, capitalizing on its expertise in natural gas distribution. A project was introduced to market natural gas distribution consulting services. An agreement in this area was already signed in 1983 with LMBDS, an engineering company, for Alcan facilities at Ile Maligne.



Pierre Martin

Pierre Martin
Chairman of the Board

During the first half of 1984, Gaz Métropolitain will engage in the retail sale of gas appliances and the marketing of appliance maintenance services. The maintenance and renovation of mains by Company employees will also be stepped up.

Cooperation between Gaz Métropolitain and GNC Québec Ltd. continued in 1983. Engaged in promoting natural gas as a vehicle fuel, GNC strived to increase public awareness of this new form of fuel. To make the fuel more readily available to consumers, a centre for the conversion of vehicles to natural gas was established in Saint-Laurent and seven public supply stations were opened in the Montréal, Québec and Trois-Rivières areas.

Financing

Due to improvement in internal cash flow and conditions which temporarily favored the use of its short term credit margins, Gaz Métropolitain turned to the long term equity markets only once during 1983. The issue of common shares was completed in December, with proceeds of \$20,846,000.

The volume of transactions of Gaz Métropolitain common shares in the stock markets increased considerably in 1983 compared with the high of last year, providing, among other advantages, an additional asset of stability for common shares of the Company.

Dividend

The Company increased its yearly dividend from \$0.56 to \$0.60 per common share as of the third quarter of 1983. The increase in the yearly dividend was set considering the Company's consistently good financial results and its desire to maintain a sound dividend payout policy.

Labour relations

Gaz Métropolitain and its unionized employees made the effort required to breathe a new spirit of mutual cooperation and confidence into the Company. The most significant results of this new spirit were the signing of two collective agreements — one with hourly-paid employees assigned to operations, the other with sales representatives, without strike notice, while complying with the six-and-five wage policy of the Company.

Outlook

In 1984, Gaz Métropolitain will pursue efforts begun last year to achieve its sales expansion objectives.

To meet this goal, the Company intends to emphasize advanced management of technological development and even tighter control of costs to maintain the competitive position of natural gas. The Company also plans to develop the necessary measures to open natural gas markets now closed to it. And it will continue its effort to identify diversification opportunities to ensure greater value for the Company's common shares.

To achieve these objectives, the Company began a reorganization of its senior management early in 1984. The new structure will make it possible to attach a greater importance to the implementation of the strategic positioning of our Company and will ensure the planned administration of its growth.

Acknowledgements

Gaz Métropolitain wishes to express its deep appreciation to Mr. Jacques Courtois who, after 23 years of service as a director and, then, as Chairman of the Board, left the Board of Directors in April, 1983. His contribution to the growth of Gaz Métropolitain makes him one of the Company's pioneers.

Gaz Métropolitain also wishes to acknowledge the dedicated efforts and dynamism of all its employees. Without their cooperation, the Company's excellent performance in 1983 could not have been achieved.

The Company wishes to express its indebtedness to all its shareholders — long-time and new — for their support of, and confidence in, Gaz Métropolitain.



Jean Gaulin

Jean Gaulin
President and Chief
Executive Officer

The year's main events

Operations

4 Gaz Métropolitain installed more than 178 km of new mains in 1983 and continued to improve its distribution system by replacing 39 km of cast-iron mains.

Extension of distribution system in 1983 made it possible to serve the following additional municipalities: Beauharnois, Berthierville, L'Assomption, and Vaudeuil.

The Company also moved ahead with expansion throughout its territory and, particularly, in the municipalities of Longueuil, Joliette, Montréal-Nord, Saint-Jean-sur-Richelieu, Laval, Sorel, Valleyfield, Saint-Hubert, and Greenfield Park.

Of total purchases of nearly \$41,000,000 in materials, goods and services, about \$25,000,000, or more than 60% were made in Québec.

Gaz Métropolitain also undertook a clean-up of the site of the former coke production plant in Ville LaSalle in keeping with the ordinances issued by the Ministère de l'Environnement. With shutdown of operations at the plant in 1977, the Company awarded a contract to a Montreal firm in 1978 for demolition and draining of tanks on the site. In 1981, studies revealed the presence of certain organic products, such as oils and grease, in the sub-soil of the tank site.

At December 31, 1983, the Company's principal gas installations were 3,282 km of pipe, including 1,793 of steel, 803 of cast-iron and 686 of plastic; 162,070 natural gas meters and a liquefied natural gas peak-sharing plant (LNG).

Gaz Métropolitain continued the process of adapting its motor vehicle fleet to natural gas. Out of a total of 473 vehicles, 187 were fuelled by natural gas at December 31, 1983. The Company expects to adapt 66 others in 1984.

Gas contracts

Gaz Métropolitain purchased 3,284 million cubic metres of gas in 1983, or the whole of the volume available under base contracts, compared with 92% in 1982. Gas purchases in 1983 totalled \$487,205,000, or 79% of overall expenditures.

During the year, 217.1 million cubic metres of gas were withdrawn from storage at Union Gas Limited, compared with 128.6 million cubic metres in 1982. Gaz Métropolitain's LNG plant during the financial year supplied 61.2 million cubic metres of gas which were regasified, compared with 46.1 million cubic metres in 1982. The two sources of gas supply enabled the Company to respond economically to customer demand.

On December 20, 1983, the Company set a record for delivery of gas in a 24-hour period — a total of 18.4 million cubic metres.

In 1983, the Company began installation of an automated system for the allocation of gas volumes. Start-up of the system, scheduled for Spring, 1984, will make it possible to optimize management of gas supplies and to increase the number of delivery points from five to ten stations.

During the year, the National Energy Board undertook the updating of its study on supply and demand of natural gas. At present, proven and probable reserves from traditional sources suffice to supply Canada with natural gas for at least 30 years.

Marketing and sales

Gaz Métropolitain's marketing efforts enabled it to add 18,879 dwellings and 2,054 commercial and industrial structures to its customer list. Annual consumption by these new clients will total about 300 million cubic metres of gas.

Since development of the Gaz Métropolitain system has taken place essentially along existing lines in 1983, the Company was able to take advantage of past investments by connecting a consumption equivalent to that of 1982 to its system for half the investment cost.

Growth of the customer base is largely the result of the Company's introduction of new marketing programs. The thrust of these programs was to win business in the commercial, institutional and industrial sectors, and in the conversion of motor vehicles to natural gas.

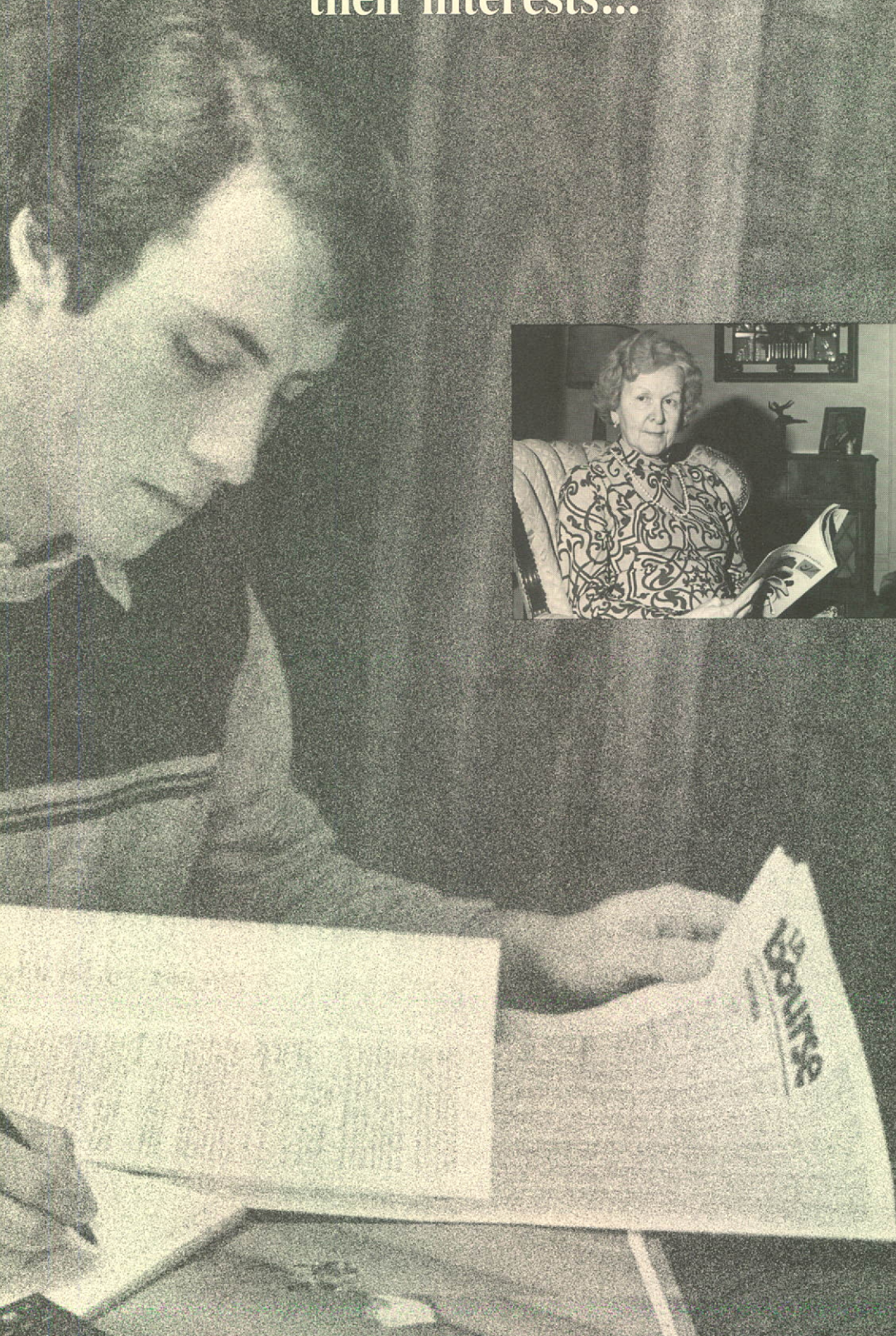


... “Gaz Métropolitain carries out the integrated distribution of energy, goods and services for the use of natural gas...

... while providing its shareholders with a return designed to sustain and foster their interests...

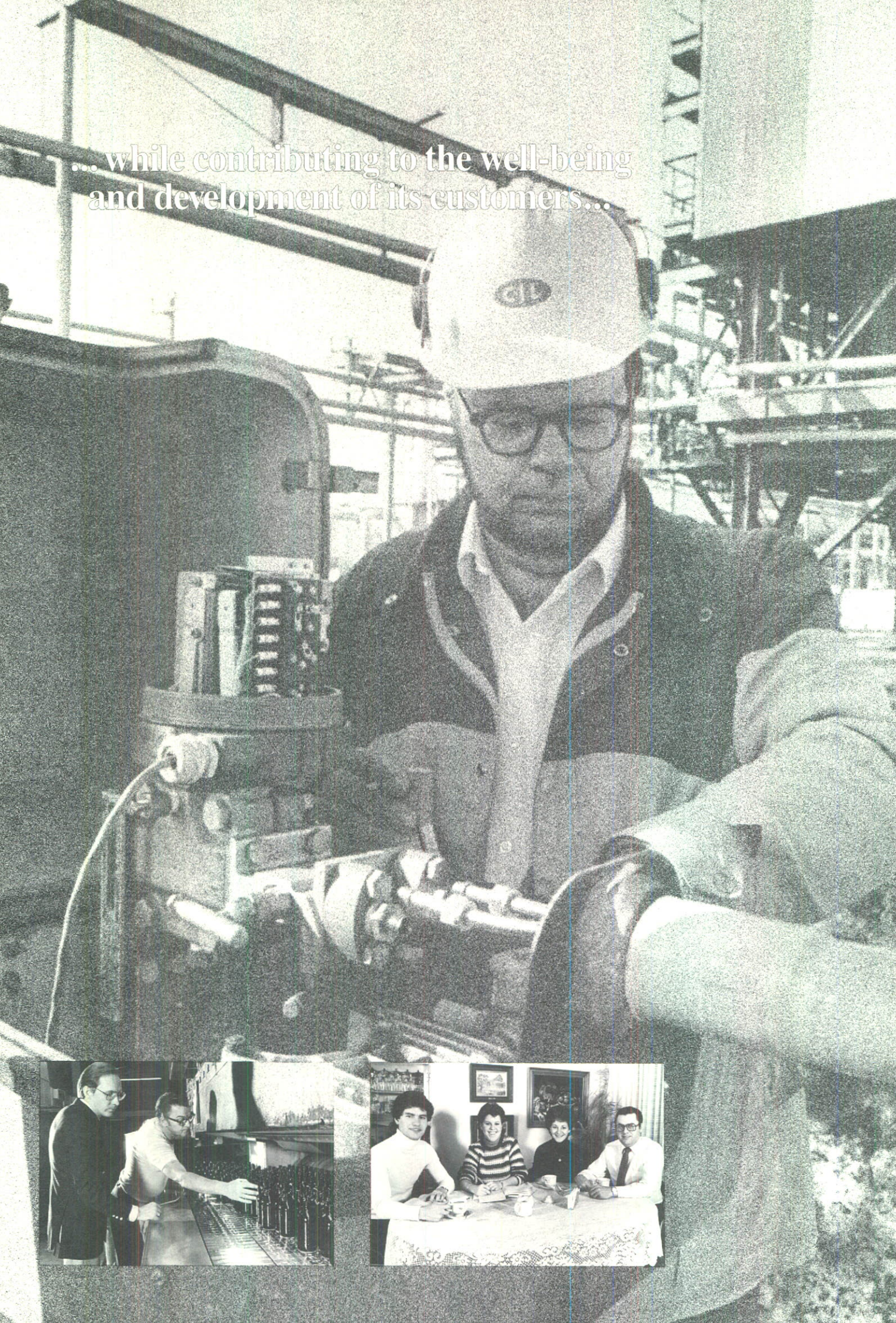


*Mrs. Marie-Jeanne Carrier
Montréal, Québec.
A Gaz Métropolitain
shareholder since 1957.*



*Steve Lemoine, 21,
Pointe-du-Lac, Québec.
Student at CEGEP de
Trois-Rivières and one of Gaz
Métropolitain's youngest
shareholders.*

... while contributing to the well-being
and development of its customers...



Other programs, governmental in origin, also contributed to higher sales, particularly the Canada Oil Substitution Program (COSP), the Distribution Extension Subsidy Program (DESP) and the Industrial Conversion Assistance Program (ICAP).

Gaz Métropolitain processed some 8,227 applications for conversion subsidies during the year, representing payments of \$9,406,000 to consumers.

A new multi-media advertising campaign was launched in September and will continue in 1984. The slogan of the campaign — "Come in out of the cold... to natural gas" — will contribute to the positive public image of Gaz Métropolitain. The campaign will set the Company apart from its competitors and promote a favourable public acceptance for natural gas — still the most economical source of energy on the market.

Human resources

Two collective agreements were signed during the year. The first, covering a two-year period ending December 31, 1984, was entered into in January, 1983 with the group of sales representatives who are members of the Office and Professional Employees' International Union (Local 463). On November 7, 1983, the Company and representatives of its 523 employees who are members of the Syndicat des Employés de Gaz Métropolitain, inc. (CSN) signed a 24-month collective agreement expiring September 30, 1985.

During the financial year, Gaz Métropolitain and the Syndicat des employés de Gaz Métropolitain jointly participated in the program of preventive mediation introduced by the Ministère du Travail du Québec. The program, aimed at improving the labour relations climate, was successful and changes agreed upon will be applied in 1984.

Gaz Métropolitain training programs were made available to 2,100 persons in 1983. Dealing with gas technology and management, the programmes involved 983 outside participants and 1,117 Company employees.

Regulation

During 1983, the Régie de l'Électricité et du Gaz du Québec heard 11 cases involving Gaz Métropolitain. The main ones were as follows:

On February 21, 1983, the Régie granted a provisional increase in revenue of about \$16,500,000 for the year 1983.

The decision became permanent when, on June 27, 1983, the Régie rendered a final order on the question of granting a revenue increase of \$14,173,000, or a rate of return of 16% on average shareholder equity.

On January 18, 1984, the Régie authorized Gaz Métropolitain to recover, on a permanent basis, a revenue increase of \$19,876,000. The value of investments constituting the rate base was set at \$503,459,000 and the cost of capital applied to it, at 13.84%.

A rate of return of 16.1% was authorized on the average equity of holders of common shares whose participation in planned capitalization for 1984 is \$194,576,000.

The Régie also confirmed a reduction of \$2,155,000 in the cost of gas August 1, 1983 and the savings were passed on to customers.

The Régie also gave the green light to additional investment projects stemming from subsidies paid through the Distribution Systems Expansion Program (DSEP). The subsidies totalled \$15,046,000.

Mr. Yves Cloutier
Process Manager
C-I-L Inc.
McMasterville, Québec.
C-I-L is an industrial
customer of
Gaz Métropolitain.



Many large hospitals have converted their heating systems to efficient natural gas.

Left, Danielle Gauthier, receptionist, and Lucie Brault, nurse, check a patient's file at Hôpital Charles Le Moyne, Greenfield Park, Québec.

Mr. Roger Arbour, Director, Technical Services and Gérard Galarneau, operator of La Brasserie Molson, Québec, Ltee one of 1568 industries served by Gaz Métropolitain.

Mr. and Mrs. Rosaire Gibeault with their son Richard and daughter Sylvie, Kirkland, Québec. The Gibeault family is one of Gaz Métropolitain's 145,000 residential customers.

Components of the cost of gas to Gaz Métropolitain (\$/GJ)	■ Alberta Border Price ■ Transmission Costs to Montreal	■ Natural Gas and Gas Liquids Tax ■ Canadian Ownership Special Charge □ Others*	*Cost of liquefied natural gas (LNG) storage, underground natural gas storage and unaccounted for natural gas	
82 February 1	1.935	0.74	0.63 0.14 0.11	3.555
August 1	2.168	0.76	0.63 0.14 0.143	3.841
September 1	2.168	0.88	0.63 0.14 0.146	3.964
83 February 1	2.401	0.883	0.45 0.14 0.152	4.026
August 1	2.634	0.937	0.15 0.14 0.12	3.981
84 February 1	2.79	0.928	0.14 0.134	3.992

... while progressing with its employees in an environment conducive to innovation, personal initiative, excellence, and success...

Left, Rosario Dipisa and right Marcel Dupéré, welders, Gaz Métropolitain.



Francine Robert, Executive Secretary, Central Regional Office, and Diane Sauvageau, Executive Secretary, Distribution Department Gaz Métropolitain.



Réal Hébert, Section Supervisor, Administrative Support, Data Processing, with Alfred Rioux, Senior Operator Data Processing Gaz Métropolitain.



Financial results

Net income applicable to common shares were \$26,013,000 or \$0.98 per share, compared with \$22,878,000 or \$1.05 per share in 1982. Return per share in 1983, while lower than that of last year, continued to be satisfactory in light of the fact that the rates of return granted by regulatory agencies across Canada generally followed the trend towards lower interest rates recorded during the year. For Gaz Métropolitain, the rate of return granted on common share equity was 16% in 1983, compared with 18% in 1982. The rates for both years compare favourably with those obtained by other public utilities in Canada.

In 1983, the Company achieved the authorized return while the return was slightly lower in 1982.

Revenue

Revenue from gas sales totalled \$642,401,000, compared with \$496,130,000 in 1982, an increase of \$146,271,000. This higher figure stems from an increase of \$45,480,000 corresponding to the cost of gas; the balance — \$100,791,000 — is the result of larger volumes sold and the rate increase.

Marked growth in sales continued throughout the year with gas sales for 1983 totalling 3,288 million cubic metres. This was up 20% compared with sales of 2,741 million cubic metres during the preceding year. Sales in 1982 were severely affected by the economic recession and tight competition from oil companies on the heavy fuel oil market.

Expenditures

The cost of gas, which represents 81% of operating expenditures, rose from \$381,289,000 in 1982 to \$494,078,000 in 1983. The increase was due mainly to larger volumes purchased. The average cost of natural gas was \$148.28 per thousand cubic metres in 1983, compared with \$136.67 in 1982. The increase was smaller than in prior years due to stabilization of world prices for petroleum products, the large gas surplus in Canada, and maintenance of the Canadian policy of indexing the price of natural gas to that of oil.

Operating and maintenance costs increased in 1983 by 12% to \$59,105,000 from \$52,860,000 in 1982. Higher expenditures reflect inflation and the fuel effect in 1983 of establishment of the management and operating structure to meet the Company's expansion requirements. They also stem from some expenditures which fluctuate with revenue, particularly fees to the Régie and bad debts also increased. Given the substantial increase in revenue in 1983, the latter rose by 15%.

Depreciation increased by 9% in 1983 compared with 1982. The higher figure is the result of additions to properties, installations and equipment. The weighted average amortization rate was 3.41% in 1983, compared with 3.69% in 1982. The reduction is the result of the new capital expenditures mix since individual amortization rates remained the same during both years.

Property and other taxes rose by 23% in 1983 because of the tax system application to gas distribution systems which provides that property taxes be calculated on gross revenue of the Company after deducting the cost of gas which increased by 37%.

Income tax

For the first time in its history, the Company became taxable in 1983. Consequently, an income tax expense of \$6,505,000 was assigned to the 1983 financial year. This new expenditure was also an important component of the rate increase granted by the Régie early in 1983.

Rate stabilization accounts

To minimize the unpredictable or cyclical effects of certain events, the Régie authorized the Company, as of 1982, to create various rate stabilization accounts. The balance of these accounts at the end of a given financial year are used in subsequent years to offset the effects of reverse conditions. Furthermore, as of 1982, the Régie adopted the principle whereby profits in excess of the authorized return on the average common shareholders' equity must be carried into a surplus earnings account and be used to reduce the rate increases in subsequent years. In 1983, the impact of such accounts was marginal, with an increase in net income for the year of \$196,000.

Growth in funds required

Despite achievement of the Company's development rationalization objectives, expansion projects kept outside fund requirements at a high level in 1983.

Investment of funds totalled \$58,920,000 of which \$46,379,000 was assigned to capital expenditures, a decline of \$55,751,000 over 1982.

Retained funds, made up mainly of reinvested profits and amortization, once again experienced a large increment during the year, rising from \$23,645,000 in 1982 to \$30,289,000 in 1983.



From top to bottom, Donat Proulx, welder, Americo Napoleoni, apprentice pipefitter, René Lussier, welder, Jean-Louis Germain, pipefitter, Gaz Métropolitain employees, installing a natural gas service for a customer Schenker Warehousing, Ville LaSalle.

Clément Racine and Jacques Gervais, employees of La Société D.C.L. Ltée, a Gaz Métropolitain sub-contractor, are actively involved in the natural gas expansion programmes.

Sylvain Lamy and Alain Nadeau, plumbers, employees of Service Gaz Naturel Rive Sud Inc., plumbing and heating contractors.

Financing

Both the stock and bond markets experienced exemplary stability in 1983 after three turbulent years. Interest rates — both short and long term — fluctuated moderately around an average which failed to drop along with the inflation rate. Stock market indexes showed sustained growth, reflecting economic recovery.

Evolution of the price of the Company's common shares was subject to lesser fluctuation in 1983. Common shares closed the year at \$7⁷/₈ compared with \$7 at the same time the previous year. Nearly 3,500,000 common shares were traded on the Montréal and Toronto stock exchanges — 68% more than in 1982.

The Company made one public issue in 1983. It involved 2,100,000 common shares at \$7.75 per share, completed December 14. Strong interest was shown in the issue by investors.

Simultaneously, the Company issued 600,000 additional common shares to SOQUIP at the same price as the public issue. Consequently, SOQUIP and the Caisse de dépôt et placement du Québec maintain joint control of voting rights on just over 50% of the Company's common shares.

Proceeds from the issues and from the Company's savings and investment plan for employees provided Gaz Métropolitain with \$21,857,098.

The Company did not have to call upon bond markets in 1983 because of the product of these issues and the availability of sufficient short-term credits and cash flow.

The Company anticipates no problem in 1984 in raising the outside funds required for its development and to maintain sound capitalization.

Distribution of profits

Faithful to its dividend policy and strengthened by a sound financial position, the Company increased its dividend from \$0.14 to \$0.15 per share in the third quarter — the equivalent of a yearly dividend of \$0.60 per share. In 1983, dividends paid to holders of common shares represented 60% of available profit for common shares.

Financial position

The maintenance and, in some cases, the improvement in principal financial ratios at levels which compare favorably with those of other companies in the same industrial sector, enabled the Company to reinforce its image in the financial community. During the year, the capital structure consisted of 46% long term debt, 12% preferred shares and 42% common shareholders equity. This level is higher than the one of 1982 and is in accordance with the desired structure. The interest coverage ratio reached 2.24 in 1983, compared with 2.28 in 1982.

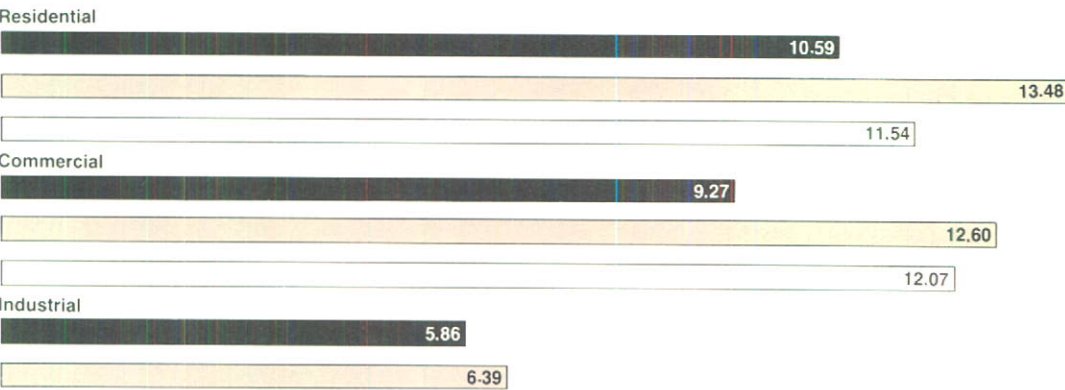
Information on the effects of price variations

The Canadian Institute of Chartered Accountants (C.I.C.A.) recommends that information on the effects of price variations be provided as a supplement.

The Company is subject to the regulatory process which sets rates for the sale of gas on the basis of historic costs and not on actual value in order to permit the Company to obtain a reasonable return on its investments. At the present time, the Company does not believe that "information on the effects of price variations" is relevant for a regulated public utility.

Annual Cost of Various Forms of Energy in Montréal at December 31, 1983
Cost / MMBTU

- Natural Gas
- Oil
- Electricity



... while maintaining faithful relations
with its suppliers and intermediaries and
by selecting them on the basis of their
excellent performance.”



Financial Statements

12

Income
Year ended
December 31
(in thousands of dollars)

	1983	1982
Revenues	\$ 647,366	\$ 501,861
Expenses		
Cost of gas	494,078	381,289
Operation and maintenance	59,105	52,860
Depreciation and amortization	19,952	18,240
Property and other taxes	6,215	5,072
Interest on long term debt	27,887	21,655
Other financial expenses	2,546	441
	609,783	479,557
Income before rate stabilization accounts and income taxes	37,583	22,304
Rate stabilization accounts	196	5,958
Income before income taxes	37,779	28,262
Income taxes	6,505	—
Net income	31,274	28,262
Dividends on preferred shares	5,261	5,384
Net income applicable to common shares	\$ 26,013	\$ 22,878
Earnings per common share	\$ 0.98	\$ 1.05
Fully diluted earnings per common share	\$ 0.95	\$ 1.04
Weighted average of outstanding common shares	26,419,136	21,780,866

Retained Earnings
Year ended
December 31
(in thousands of dollars)

	1983	1982
Balance at beginning		
As established previously	\$ 42,773	\$ 32,429
Prior years' adjustment (note 11)	2,016	2,016
Restated	40,757	30,413
Net income	31,274	28,262
	72,031	58,675
Dividends		
Preferred shares	5,261	5,384
Common shares	15,657	11,621
Write-off of expenses on issue of preferred shares	—	913
	20,918	17,918
Balance at end	\$ 51,113	\$ 40,757

Balance Sheet
At December 31
(in thousands of dollars)

	1983	1982 (restated)	13
Investments			
Working capital			
Current assets			
Cash	\$ 2,095	\$ 1,620	
Accounts receivable	65,672	59,697	
Grants receivable	11,317	—	
Unbilled gas sales	34,043	28,897	
Inventories (note 2)	36,573	48,154	
Prepayments	485	470	
	150,185	138,838	
Current liabilities			
Accounts payable and accrued liabilities	112,739	94,682	
Income taxes	3,897	—	
Short term borrowing (note 3)	40,182	33,041	
	156,818	127,723	
	(6,633)	11,115	
Property, plant and equipment (note 4)	409,403	377,470	
Other assets			
Investments	843	1,215	
Land held for sale	2,805	2,898	
Deferred charges (note 5)	33,723	26,400	
Rate stabilization accounts (note 6)	6,154	5,958	
	43,525	36,471	
	\$446,295	\$425,056	
Capitalization			
Long term debt (note 7)	206,699	216,008	
Preferred shares (note 8)	53,784	54,584	
Common shareholders' equity (note 9)	185,812	154,464	
	\$446,295	\$425,056	

On behalf of the Board

Pierre Martin

Director

Jean Baudin

Director

Auditors' Report

**To the Shareholders of
Gaz Métropolitain, inc.**

We have examined the statements of income, retained earnings and changes in financial position of Gaz Métropolitain, inc. for the year ended December 31, 1983 and its balance sheet at that date. We have obtained all the information and explanations we have required. Our examination was 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, and according to the best of our information and the explanations given to us and as shown by the books of the Company, these financial statements are properly drawn up so as to exhibit a true and correct view of the results of its operations and the changes in its financial position for the year ended December 31, 1983 and of the state of its affairs as at that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Samson Bélair
Chartered Accountants

Thorne Riddell
Chartered Accountants

Montreal, Canada
February 3rd, 1984

Changes in
financial position
Year ended
December 31
(in thousands of dollars)

	1983	1982
Source of funds		
Net income	\$ 31,274	\$ 28,262
Depreciation and amortization	19,952	18,240
Rate stabilization accounts	(196)	(5,958)
Other	177	106
Funds provided from operations	51,207	40,650
Less dividends	(20,918)	(17,005)
Funds retained	30,289	23,645
New issues		
Long term debt	—	60,000
Common shares	20,846	44,165
	20,846	104,165
Refunds and redemptions		
Long term debt	9,309	12,398
Preferred shares	654	436
	9,963	12,834
Net proceeds from financing	10,883	91,331
	41,172	114,976
Investment of funds		
Additions to property, plant and equipment	46,379	102,130
Investments	(372)	1,215
Deferred charges and conversion grants	13,006	9,373
Other	(93)	380
	58,920	113,098
Increase (decrease) in working capital	(17,748)	1,878
Working capital at beginning		
As established previously	13,131	11,253
Prior years' adjustment (note 11)	2,016	2,016
Restated	11,115	9,237
Working capital (deficiency) at end	\$ (6,633)	\$ 11,115

1. Summary of significant accounting policies

a) Regulation

The Company is engaged in the distribution of natural gas and, therefore, several of its activities, in particular the approval of rates for gas sales, the expansion of the distribution system and marketing strategies are subject to the supervision and control of the Régie de l'Électricité et du Gaz du Québec. The rates for gas sales are set to permit the Company to cover its operating expenses and to obtain a reasonable return on its investments.

Moreover, the Régie, in the exercise of its powers, renders decisions which affect the adoption and use by the Company of certain accounting practices which differ from those otherwise applied in unregulated businesses, in particular with respect to certain deferred charges, depreciation, income tax and rate stabilization accounts. Such accounting practices are described below under the appropriate headings.

b) Inventories

Natural gas in storage is carried at the lower of cost and net realizable value. Inventories of materials and supplies are carried at average cost.

c) Property, plant and equipment

Plant additions, renewals and betterments are capitalized at cost, including direct costs, general and administrative expenses as accepted by the Régie.

Upon retirement, the historical cost of retired properties related to the distribution system is deducted from accumulated depreciation. Under this method no gain or loss on disposal of assets is realized.

d) Depreciation

Assets are depreciated using the straight-line method at various rates periodically revised and approved by the Régie and applied in conformity with its policy of recovering the unamortized cost of the properties over their remaining estimated useful life.

e) Land held for sale

Land held for sale are evaluated at their net realizable value.

f) Deferred charges

The Company defers certain costs and expenses which are being amortized and recovered in its rates for gas sales over various time periods not exceeding 17 years.

g) Rate stabilization accounts

To avoid the unpredictable and uncontrollable effects of certain events, the Régie has authorized the Company to create as of January 1, 1982 different rate stabilization accounts. The balance in these accounts should be used to eliminate the effects of reversed conditions in future years.

In addition, the Régie adopted in 1982 the principle whereby a portion of the annual income exceeding the authorized return on the average common shareholders' equity would be carried to a surplus earnings account and used to reduce rate increases of future years.

h) Translation of United States currency

Long term debt payable in the United States currency has been translated in the balance sheet at rates of exchange effective at dates of issue. The long term debt maturing within one year is converted into Canadian dollars at the rate of exchange effective at the end of the year; exchange gains or losses are included in the net amount of other financial expenses in the statement of income.

i) Revenues

Revenues from gas sales include volumes delivered but not billed at the end of the year.

j) Income taxes

The Company claims, for income tax purposes, capital cost allowances and certain other deductions in excess of the amounts reflected in the accounts, which defers to future years income taxes which would have otherwise been payable.

These income taxes deferred to future years have not been recorded in the accounts for the year since only income taxes payable are included in current rates for gas sales.

k) Earnings per share

Earnings per common share are calculated using the weighted average of the number of common shares outstanding during the year.

2. Inventories

	1983	1982
Natural gas in storage	\$31,839	\$41,025
Materials and supplies	4,734	7,129
	\$36,573	\$48,154

3. Short term borrowing

Notes payable	\$28,414	\$21,315
Long term debt due within one year	11,768	11,726
	\$40,182	\$33,041

Financial Statements

16 4. Property, plant and equipment

			1983	1982
	Cost	Accumulated depreciation	Net	Net
Storage	\$ 13,768	\$ 4,681	\$ 9,087	\$ 9,202
Distribution	410,399	44,815	365,584	333,447
Rental equipment	11,041	6,094	4,947	5,565
General plant	31,035	9,588	21,447	19,676
	\$466,243	\$65,178	401,065	367,890
Deviation of accumulated depreciation*			8,338	9,580
			\$409,403	\$377,470

*The Régie regularly reviews the Company's depreciation rates and accumulated depreciation. Revised depreciation rates have been approved by the Régie and the Company has been directed to increase certain accumulated depreciation balances by an amount of \$16,119,000. This amount will be amortized and recovered in the Company's gas rates over periods varying from three to fifteen years.

Depreciation rates applied in 1983 vary from 2% to 24%. The application of the individual

rates on each type of fixed asset results in an average composite rate of 3.41% in 1983 and of 3.69% in 1982.

Capitalized overhead and administrative expenses for the year ended December 31, 1983 amount to \$5,257,000 (\$4,989,000 in 1982).

Grants in the amount of \$17,017,000 in relation with the Distribution System Expansion Program (D.S.E.P.) from the federal government have been recorded as a reduction of cost of fixed assets.

5. Deferred charges

	1983	1982
Debt issue expenses	\$ 4,455	\$ 4,890
Cost related to the retirement of plant facilities	6,429	8,297
Expansion costs	3,316	4,020
Conversion grants	15,506	6,564
Income taxes (1)	2,422	—
Other	1,595	2,629
	\$33,723	\$26,400

Amortization for the year amounts to \$5,683,000 (\$6,679,000 in 1982).

(1) These deferred charges represent additional income taxes arising from the refusal by tax authorities to accept the tax treatment followed by the Company in regards to certain expenses. The Company believes it

has followed an acceptable treatment and it has contested such decision. The Company records these amounts as deferred charges and not on the Statement of Income as it intends to recover them, if any, through the regulatory process.

6. Rate stabilization accounts

	December 31, 1983	Current year effect	December 31, 1982
Weather normalization	\$5,983	\$1,701	\$4,282
Unaccounted cost of gas normalization	2,476	565	1,911
Financial expenses normalization	(358)	(123)	(235)
Surplus earnings	(1,947)	(1,947)	—
	\$6,154	\$ 196	\$5,958

7. Long term debt

	Year of maturity	1983	1982
First mortgage bonds			
6% Series	1987	\$ 3,271	\$ 3,546
5½% Series (1)	1987	1,579	1,739
6% Series	1988	1,800	2,090
7% Series	1990	2,400	2,700
8½% Series (1)	1990	17,003	18,738
15% Series C	1990	22,000	23,250
8⅝% Series (1)	1992	8,448	8,976
11% Series (1)	1993	6,840	7,220
11⅜% Series	1993	2,160	2,280
11¼% Series	1995	8,160	8,640
17¼% Series D	1996	18,000	19,000
10½% Series A	1998	6,825	7,200
10½% Series B	1998	2,275	2,400
Premium on exchange rate of U.S. funds (1)		1,741	1,831
		102,502	109,610
General mortgage bonds			
6% Series G	1988	5,250	5,600
6% Series I	1989	1,395	1,485
		6,645	7,085
Debentures			
17¼% Series	1990	20,000	20,000
9½% Series A	1991	9,000	9,525
9⅝% Series B	1991	9,000	9,525
14½% Series	1992	40,000	40,000
		78,000	79,050
Convertible unsecured debentures			
12% Series A (2)	2000	20,000	20,000
Subordinated debentures			
5¼% Series	1985	10,993	11,500
		218,140	227,245
Due within one year		11,768	11,726
Long term debt		206,372	215,519
Early retirements		327	489
		\$206,699	\$216,008

Annual payments to be made on long term debt during the five-year period ending December 31, 1988 are:

1984: \$11,768,000	1987: \$15,143,000
1985: \$22,082,000	1988: \$16,045,000
1986: \$11,565,000	

1) These bonds are payable in U.S. funds. Translation of such issues at the rate of exchange prevailing at year-end would result in

an increase of long term debt of \$6,662,000 in 1983 (\$6,561,000 in 1982).

2) These debentures are convertible into common shares of the Company, until December 31, 1990 at the rate of 125 common shares for \$1,000 of debentures. Accordingly, 2,500,000 common shares are reserved for the conversion of these debentures.

Financial Statements

18 8. Preferred shares

	1983	1982
Authorized		
300,000 Preferred shares with a par value of \$100 each, issuable in series		
5,000,000 Second preferred shares with a par value of \$25 each, issuable in series		
Issued		
100,000 5.40% cumulative preferred shares, 1965 Series, currently redeemable at \$101 per share (1)	\$10,000	\$10,000
75,000 5½% cumulative preferred shares, 1966 Series, currently redeemable at \$102 per share (1)	7,500	7,500
651,371 7.85% cumulative, second preferred shares, Series A, redeemable (683,371 as at December 31, 1982) (2)	16,284	17,084
800,000 15% cumulative, second preferred shares, Series B, redeemable (3)	20,000	20,000
	\$53,784	\$54,584

1) These shares have the same retractable privilege as the one attached to the second preferred shares, 15%, Series B.

2) These shares have been redeemable since December 16, 1982 at an initial price of \$26 per share decreasing annually to \$25 per share after December 16, 1987. In addition, the Company shall make all reasonable efforts to purchase for cancellation on the open market up to a maximum of 8,000 of such shares during each calendar quarter, at a price not exceeding \$25 per share, plus costs of purchase.

3) These shares issued in December 1981 will be redeemable beginning January 1, 1987 at an initial price of \$26 per share decreasing annually to \$25 per share after January 1, 1992. From January 1, 1985, the Company shall make all reasonable efforts to purchase for cancellation on the open market up to 6,000 of such shares during each calendar quarter, at a price not exceeding \$25 per share plus costs of purchase. From January 1, 1987, this obligation, during each calendar quarter, will be 0.75% of the number of outstanding shares on January 1, 1987. These shares are retractable on December 31, 1986.

9. Common shareholders' equity

	1983	1982
Shares		
Authorized		
46,000,000 shares without par value		
Issued		
29,061,691 shares	\$127,232	\$106,386
(26,228,319 as at December 31, 1982)		
Contributed surplus (1)	7,467	7,321
Retained earnings (2)	51,113	40,757
	\$185,812	\$154,464

1) Profits of \$146,000 related to the purchase for cancellation of 32,000 second preferred shares, 7.85%, Series A for the year 1983 and of \$364,000 in 1982 related to the purchase of 32,000 shares have been credited to contributed surplus.

2) As at December 31, 1983, retained earnings included an amount of \$3,716,000 not available for distribution before the second prefer-

red shares, 7.85%, Series A, purchased by the Company, have been cancelled.

Trust deeds and agreements related to the Company's commitments on long term debt include clauses which restrict the payment of dividends. Under the terms of the most restrictive clause, retained earnings available for dividends amounted to approximately \$32,609,000 as at December 31, 1983 (\$23,053,000 as at December 31, 1982).

10. Pension plans

The Company maintains two defined-benefit pension plans, one related to managerial employees and the other to unionized employees. Based on the last actuarial appraisal, as of December 31, 1981, the balance of the initial and experienced unfunded liabilities amounted to \$1,845,000. This amount will be paid and charged against income over a period of 10

years, starting with fiscal year 1982 and the payments required, including interest, for the next five years are \$363,000 annually.

Total charges relating to the pension plan costs amount to \$1,910,000 for the year ended December 31, 1983 (\$1,634,000 for 1982).

11. Prior years' adjustment

The Company owns, in Ville LaSalle, land on which spillage of contaminants occurred during the carrying out of work by an independent contractor for the demolition and emptying of tanks originally located on that land, following the shutting down of the LaSalle coke plant in 1977. The Ministère de l'Environnement of Québec issued an order in 1983 enjoining the Company to proceed with the decontamination of the land

in accordance with the method approved by the department. The balances of retained earnings and working capital as at January 1, 1982 were reduced by an amount of \$2,016,000 (excluding the related income tax of \$1,484,000) corresponding to the cost of the work. Legal action has been taken by the Company against the independent contractor in order to seek indemnification.

12. Directors and senior officers fixed remuneration

The fixed remuneration paid to the Directors and Senior Officers of the Company aggregated

\$1,249,000 for 1983, (\$1,081,000 for 1982 as restated).

13. Deferred income taxes

If the Company had accounted for deferred income taxes, it would have recorded in its accounts a provision of \$6,888,000 in 1983,

\$11,369,000 in 1982 and \$49,245,000 in prior years for a cumulative amount of \$67,502,000 as at December 31, 1983.

14. Economic dependence and commitments

In accordance with several agreements expiring in 1987, approximately 14% of the Company's gas sales are made up by two major customers.

Virtually all the natural gas required by the Company is purchased from two main suppliers in accordance with long term contracts.

Highlights
1979-1983
 Year ended
 December 31

	1983	1982	1981	1980	1979
Operating Statistics					
Total Sales (10⁶m³)					
Industrial	2,052	1,630	1,923	1,756	1,728
Commercial	694	594	520	459	411
Residential	542	517	470	493	429
Plant additions	\$ 46,379	\$102,130	\$ 51,314	\$ 29,361	\$ 25,146
Gross plant at year end	\$466,243	\$426,415	\$330,916	\$283,501	\$257,726
Financial Statistics					
Net income applicable to common shares	\$ 26,013	\$ 22,878	\$ 11,011	\$ 7,614	\$ 6,828
Weighted average of outstanding common shares	26,419,136	21,780,866	16,041,097	13,958,905	11,958,905
Earnings per common share	\$0.98	\$1.05	\$0.69	\$0.55	\$0.57
Dividends per common share	\$0.58	\$0.52	\$0.40	\$0.30	\$0.40
Book value of common share at year end (restated)	\$6.39	\$5.89	\$5.55	\$5.18	\$4.93
Rate of return on investment	15.8%	17.4%	12.5%	10.5%	11.6%
Market price per common share					
High	8.00	7.25	7.63	7.75	7.34
Low	6.00	4.25	4.20	6.38	5.14
Closing	7.63	7.00	4.55	7.13	6.75
Interest coverage	2.24	2.28	1.68	1.59	1.64

**Financial and
operating statistics
1979-1983**

Year ended
December 31
(in thousands of dollars)

	1983	1982	1981	1980	1979
Income					
Revenue					
Gas sales	\$642,401	\$496,130	\$404,173	\$305,738	\$250,815
Other	4,965	5,731	4,103	3,783	3,891
Total revenues	647,366	501,861	408,276	309,521	254,706
Expenses					
Cost of gas	494,078	381,289	320,177	235,630	189,924
Operations and maintenance	59,105	52,860	38,707	32,718	28,747
Depreciation and amortization	19,952	18,240	12,622	11,612	10,208
Property and other taxes	6,215	5,072	3,698	2,551	1,863
Interest on					
long term debt	27,887	21,655	16,777	11,171	11,879
Other financial expenses	2,546	441	2,904	5,776	2,748
Total expenses	609,783	479,557	394,885	299,458	245,369
Income before rate stabilization accounts and income taxes	37,583	22,304	13,391	10,063	9,337
Rate stabilization accounts	196	5,958	—	—	—
Income taxes	(6,505)	—	—	—	—
Net income	31,274	28,262	13,391	10,063	9,337
Dividends on preferred shares	5,261	5,384	2,380	2,449	2,509
Net income applicable to common shares	\$ 26,013	\$ 22,878	\$ 11,011	\$ 7,614	\$ 6,828
Weighted average of outstanding common shares					
during the year	26,419,136	21,780,866	16,041,097	13,958,905	11,958,905
Earnings per common share	\$0.98	\$1.05	\$0.69	\$0.55	\$0.57
Dividends paid on common shares	\$0.58	\$0.52	\$0.40	\$0.30	\$0.40
Capitalization (\$)					
Long term debt*	\$206,699	\$216,008	\$168,406	\$156,974	\$119,014
Preferred shares	53,784	54,584	55,384	36,184	36,999
Common equity (restated)	185,812	154,464	99,591	72,334	68,772
	\$446,295	\$425,056	\$323,381	\$265,492	\$224,785
Capitalization (%)					
Long term debt*	46%	51%	52%	59%	53%
Preferred shares	12%	13%	17%	14%	16%
Common equity	42%	36%	31%	27%	31%
Yield on common share (restated)	15.8%	17.7%	12.8%	10.8%	12%
Shares outstanding at the end	29,061,691	26,228,319	17,958,905	13,958,905	13,958,905
Book value per share (restated)	\$6.39	\$5.89	\$5.55	\$5.18	\$4.93

*Excludes current maturities on long term debt.

**Financial and
operating statistics
1979-1983**

 Year ended December 31
(in thousands of dollars)

	1983	1982	1981	1980	1979
System data					
Length of distribution pipe at year end (km)	3,282	3,095	2,771	2,732	2,704
Expenditures for plant additions	\$ 46,379	\$102,130	\$ 51,314	\$ 29,361	\$ 25,146
Gross plant at year-end	\$466,243	\$426,415	\$330,916	\$283,501	\$257,726
Active customers at year-end					
Industrial	1,568	1,539	1,484	1,417	1,394
Commercial	14,570	13,225	12,086	11,349	10,919
Residential — non heating	46,812	50,073	53,004	54,601	56,845
Residential — heating	97,874	94,892	90,674	90,313	91,668
Total	160,824	159,729	157,248	157,680	160,826
Cost of gas (per 10 ³ m ³)	\$148.28	\$136.67	\$108.63	\$86.26	\$74.32
Consumption per residential customer (10 ³ m ³)	3.75	3.57	3.27	3.40	2.89
Degree day	4,367	4,575	4,398	4,873	4,470
Gas deliveries					
Gas revenues (\$)					
Industrial firm	\$275,464	\$224,933	\$188,661	\$127,090	\$ 93,766
Industrial subject to curtailment	86,313	44,097	54,570	48,308	53,990
Commercial	148,542	116,000	79,402	58,382	46,316
Residential	131,825	110,628	81,110	71,629	56,445
Liquefied natural gas	257	472	430	329	298
Total	\$642,401	\$496,130	\$404,173	\$305,738	\$250,815
Gas sales (10 ⁶ m ³)					
Industrial firm	1,517	1,332	1,453	1,195	988
Industrial subject to curtailment	534	296	468	559	738
Commercial	694	594	520	459	411
Residential	542	517	470	493	429
Liquefied natural gas	1	2	2	2	2
Total	3,288	2,741	2,913	2,708	2,568
Maximum day send-out (10 ³ m ³)	18,393	14,330	13,172	12,358	11,287

**Summary of
quarterly
financial data
(unaudited)**

Year ended December 31
(in thousands
of dollars except
for per share data)

	December 31	Three months ended		March 31
		September 30	June 30	
1983*				
Sales and other revenues	\$201,201	\$ 97,677	\$132,047	\$216,441
Net income (loss) applicable to common shares	\$ 13,536	\$ (3,328)	\$ 53	\$ 15,752
Net income (loss) per common share	\$ 0.50	\$ (0.13)	—	\$ 0.60
Dividend paid per common share	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.14
Market price per common share				
High	\$8	\$7.38	\$7.50	\$7
Low	\$6.88	\$6.50	\$6.63	\$6
Closing	\$7.63	\$6.94	\$6.75	\$6.75
Volume	733,788	729,012	816,912	1,214,024

*Rates and tax factors have changed the pattern of quarterly results for 1983 compared with 1982. Earnings decrease in the first and last quarters was compensated by higher earnings in the second and third quarters.

	December 31	Three months ended		March 31
		September 30	June 30	
1982**				
Sales and other revenues	\$165,068	\$ 70,832	\$ 96,530	\$169,431
Net income (loss) applicable to common shares	\$ 16,915	\$ (9,646)	\$ (3,719)	\$ 19,328
Net income (loss) per common share	\$ 0.65	\$ (0.39)	\$ (0.21)	\$ 1.08
Dividend paid per common share	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.10
Market price per common share				
High	\$7.25	\$6.25	\$5.75	\$5.50
Low	\$5.50	\$5.25	\$4.95	\$4.25
Closing	\$7.00	\$7.75	\$5.31	\$5.25
Volume	786,736	389,200	467,297	432,063

**The 1982 quarterly financial data have restated following decisions from the Régie dated March 10 and 28, 1983.

- ¹ Member of the Executive Committee
- ² Member of the Audit Committee
- ³ Member of the Pension Plan Committee
- ⁴ Member of the Remuneration Committee

- ² Jean F. Béïque
General Manager — Investment,
C.N. Investment Division
Canadian National Railway Company
Since April 29, 1981
- ¹ Richard Boivin
⁴ Vice-President, Engineering
Laboratoire d'Hydraulique Lasalle Ltée
Since April 29, 1981
- ² Roger Charbonneau
President
Laboratoires Anglo-French Ltée
Since April 6, 1979
- ¹ Jean Gaulin
⁴ President and Chief Executive Officer
Gaz Métropolitain, inc.
Since April 15, 1982
- ² Jean-Louis Gauvin
Actuary
Groupe SOBECO Inc.
Since April 29, 1981
- ³ Philippe Girard
Portfolio Manager, Stock Market Investments
Caisse de dépôt et placement du Québec
Since April 29, 1981
- ¹ Jean A. Guérin
Vice-President, Corporate Planning
Société québécoise d'initiatives
pétrolières (SOQUIP)
Since April 29, 1981
- ³ Jean-René Halde
President and Chief Executive Officer
Direct Film
Since April 15, 1982
- ¹ Henri Joli-Coeur
³ President
Société Nationale d'Assurances
Since April 29, 1981
- Jean-Jacques Leroux
Chairman of the Board and President
Northern and Central Gas Corporation Limited
Since October 1, 1965
- ¹ Pierre Martin
⁴ President and Chief Executive Officer
Société québécoise d'initiatives pétrolières
(SOQUIP)
Since April 15, 1982
- ¹ Charles Perrault
President
Perconsult Limitée
Since April 21, 1975
- Guyline Saucier
President & General Manager
Le Groupe Saucier Ltée
Since April 29, 1983
- ⁴ Robert Léo Vachon
Chairman of the Board
Le Groupe Christie Ltée
Since April 15, 1982

- Pierre Martin
Chairman of the Board
- Jean Gaulin
President and Chief Executive Officer
- Joseph Baladi
Senior Vice-President, Energy
Resources and Technology
- André Caillé
Senior Vice-President, Administration
and Public Affairs
- Nicolas Gravino
Senior Vice-President, Market
Development
- Gaston LongVal
Senior Vice-President, Operations
- Robert Normand
Senior Vice-President, Finance and
Regulatory Matters
- Hung Bui Quang
Vice-President, Marketing
- Jacques Caussignac
Vice-President, Distribution
- Roger Gagnon
Vice-President, Regional Offices
- Donald Hotte
Vice-President, Control and
Regulatory Matters
- Luc Meilleur
Vice-President, Human Resources
- Robert Noël
Vice-President, Large Volume Accounts
and Industrial Development
- Gilles Thibault
Vice-President, Construction
- Jean-François Villion
Vice-President, Communications
- Richard Lassonde
Director, Legal Affairs and Secretary
- Denis Chouinard
Treasurer
- Gérard Doucet
Assistant Treasurer
- Louise Legaré
Assistant Secretary
- Marie-Paule Habel
Assistant Secretary

Additional Information

Securities

	Listings	Transfer Agents
Common Shares	Listed on the Montréal and Toronto Stock exchanges Symbol (GZM)	Montreal Trust Company, Montréal, Toronto, Winnipeg, Regina, Calgary and Vancouver. First National Bank of Boston, Boston, New York, Chicago and Los Angeles.
Preferred Shares	Listed on the Montréal and Toronto Stock exchanges	Montreal Trust Company, Montréal, Toronto, Winnipeg, Regina, Calgary and Vancouver.
1965, 5,40%, \$100, retractable on Dec. 31, 1986	Symbol (GZM PR A)	
1966, 5,50%, \$100, retractable on Dec. 31, 1986	Symbol (GZM PR B)	
Series B, second pref. 15%, \$25 retractable on Dec. 31, 1986	Symbol (GZM PR C)	
Bonds and Debentures	Trustees	Principal Paying Agents
First Mortgage Bonds	Royal Trust Company, Montréal, Morgan Guaranty Trust, New York	Royal Bank of Canada, Montréal, Morgan Guaranty Trust, New York
General Mortgage Bonds	Canada Trust Company, Montréal	Royal Bank of Canada, Montréal
Debentures 17¼% due October 15, 1990 14½% due December 1, 1992	Canada Permanent Trust Company, Montréal	Canadian Imperial Bank of Commerce, Montréal
Convertible Debentures 12% Series A	Trust Général du Canada, Montréal	Canadian Imperial Bank of Commerce, Montréal
Subordinate debentures	Montreal Trust Company, Montréal, Chemical Bank, New York	Royal Bank of Canada, Montréal, Morgan Guaranty Trust, New York.

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