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United Fuel Investments,
Limited

and

Subsidiary Companies

Thirtieth Annual Report
For the Fiscal Year Ended
March 31, 1958

UNITED FUEL INVESTMENTS, LIMITED

AND

SUBSIDIARY COMPANIES

Board of Directors

R. L. O'Brian	David P. Rogers
F. Palin, C.A.	R. L. Warren
J. M. Pigott	T. Weir

Officers

David P. Rogers	*President*
R. L. O'Brian	*Vice-President*
T. P. Pinckard	*General Manager of Subsidiaries*
F. Palin, C.A.	*Comptroller, Secretary and Treasurer*
K. J. Burnett	*Assistant General Manager of Subsidiaries*
W. M. Common	*Assistant Secretary and Assistant Treasurer*

SUBSIDIARY COMPANIES

Hamilton By Product Coke Ovens, Limited:
Manufacturing coke and related by-products in Hamilton, Ontario

United Gas Limited (Formerly United Gas and Fuel Company of Hamilton Limited):
Distributing gas in Hamilton, Ontario.

United Suburban Gas Company, Limited:
Distributing gas in Oakville, Burlington, Dundas, Milton, Georgetown, Acton, Bronte, Waterdown and other territory adjacent to Hamilton, Ont.

By Supplementary Letters Patent, dated March 10, 1958, the name of United Gas and Fuel Company of Hamilton Limited was changed to United Gas Limited.

As of April 11, 1958, United Suburban Gas Company, Limited became a wholly-owned subsidiary of United Gas Limited.

THIRTIETH ANNUAL REPORT

OF THE DIRECTORS OF

UNITED FUEL INVESTMENTS, LIMITED

FOR THE FISCAL YEAR ENDED MARCH 31, 1958

Hamilton, Ontario

May 27, 1958.

To the Shareholders:

During the past fiscal year further substantial progress was made on the plans commenced in 1955 to convert from manufactured to natural gas all markets served by your Company. At March 31, 1958, this conversion had been completed throughout practically all of the gas service area. By April 30, 1958 the entire system had been converted to natural gas and the distribution of manufactured gas discontinued.

The costs incidental to natural gas conversion applicable to the past fiscal year; higher distribution and promotional costs due to extension of facilities into new areas and to serve a larger number of customers; interest costs on larger borrowings and the need to provide for depreciation on greatly expanded plant facilities all contributed to a substantial increase in the cost of doing business. While gas sales revenues at $4,131,716 were 10% greater than for the prior year this increase was not sufficient to offset the higher costs of operating the gas system and increased costs of gas purchased for resale.

In addition, increased unit costs of production in the coke manufacturing plant were not entirely recoverable from higher unit selling prices for products sold.

As a result consolidated net earnings for the year ended March 31, 1958 at $415,829 were $182, 611 less than for the previous fiscal year.

Meters on the lines at March 31, 1958, totalled 41,911, a net increase of 1,464 during the year. However, the number of customers presently on the lines and the annual volumes of gas currently being sold do not reflect the potential volume of sales which may be attained on the existing distribution facilities, including those installed in anticipation of natural gas becoming available. The obtaining of larger portions of this potential load and the operation of the gas distribution system at a level closer to capacity will ultimately result in improved earnings for the Company.

Incorporated herein are the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Statement of Accumulated Earnings Retained for Use in the Business of the Company and its wholly-owned subsidiaries for the fiscal year ended March 31, 1958, with comparative figures for the previous fiscal year, together with the Report of the Auditors thereon.

OPERATING RESULTS

The following summary shows the consolidated results of operations of your Company and its subsidiaries for the fiscal year ended March 31, 1958, as compared with the previous year:

	Fiscal year ended March 31 1958	1957	Increase or *Decrease* for 1958
Gross revenue from sales	$ 8,329,919	$ 8,147,397	$ 182,522
Other income	155,267	174,503	*19,236*
Total income	$ 8,485,186	$ 8,321,900	$ 163,286
Cost of products sold	$ 5,312,576	$ 5,127,330	$ 185,246
Distribution, selling, general and administrative expenses	1,692,032	1,486,751	205,281
Depreciation	430,895	377,953	52,942
Amortization of natural gas conversion costs	20,800	6,600	14,200
Interest on bonds and bank loans and other funded debt charges	113,054	85,526	27,528
Total costs and expenses exclusive of income taxes	$ 7,569,357	$ 7,084,160	$ 485,197
Profit before income taxes	$ 915,829	$ 1,237,740	$ *321,911*
Income taxes	500,000	639,300	*139,300*
Net Profit for the year	$ 415,829	$ 598,440	$ *182,611*

REVENUES

Gross revenue from sales for the fiscal year ended March 31, 1958 was $182,522, or 2.2%, greater than for the prior fiscal year. The following is an analysis of sales by principal products:

	Gross revenue from sales for fiscal year ended March 31, 1958	Increase or *Decrease* compared with prior fiscal year Amount	%
Coke sales:			
Company production	$ 3,758,563	$ 285,264	8.2
Purchased for re-sale	9,900	*457,354*	—
Total	$ 3,768,463	*172,090*	*4.4*
Gas sales	4,131,716	377,072	10.0
Tar and other residual sales	429,740	*22,460*	*5.0*
Total sales	$ 8,329,919	$ 182,522	2.2

In keeping with the practice developed over the past few years, production schedules at the coke ovens of your Company during the past year were directed mainly to the production of high quality coke for foundry and other metallurgical purposes. While the production time per ton of such coke produced is considerably longer than that required to produce other standard cokes, with a resultant decrease in the number of tons which may be produced per annum, this high grade coke demands a premium price over the prices obtainable for standard quality coke. The efforts of the Company to obtain as large a share as possible of the market for this type of coke resulted in an increase of approximately 12,000 tons in the volume of coke produced in its ovens and sold. Although a slightly higher price per ton was realized on the sales of such coke and gross revenue received therefrom was $285,264 higher than for the previous year, the increased revenue was not sufficient to entirely offset the higher production costs per ton incurred during the year.

The Company was able to meet the coke requirements of its customers almost entirely from the coke production of its own ovens and only a very nominal quantity of coke was purchased and resold during the year. As a result, gross revenues from sales of purchased coke were reduced by $457,354. While only a nominal profit per ton had been realized on such sales in the past, as a service to its customers it was the practice of the Company to obtain from other sources coke of the quality requested when demands for such coke could not be met from the Company's own production.

The total volume of gas sold, both manufactured and natural, was 2.7% greater and gross revenue received therefrom was $377,072, or 10.0%, greater than for the previous year. However, because of the greatly increased number of customers converted from manufactured to natural gas during the past year and because the heating value of natural gas is approximately twice that of manufactured gas, the volume and value of gas sales for the two years are not accurately comparable. The following tabulation shows the changes in volume and value of gas sales by classes of customers as compared with the previous year without adjustment to reflect the difference in heating value of natural gas as compared with manufactured gas.

	Volume in thousands of cubic feet			Gross Revenue in Dollars		
Class of Customers	Year to March 31 1958	% of Total	% over or *under* previous year	Year to March 31 1958	% of Total	% over or *under* previous year
Residential	2,289,671	50.0	12.1	$2,391,439	57.9	16.6
Commercial	690,984	15.1	9.4	607,295	14.7	15.7
Industrial	1,598,620	34.9	*10.5*	1,132,982	27.4	*3.9*
Total	4,579,275	100.0	2.7	$4,131,716	100.0	10.0

The volume of tar and other residuals produced in the coke manufacturing plant and sold was somewhat less than for the previous fiscal year. As a result, gross revenue from sales of such products was reduced by $22,460, or 5.0%

EXPENSES

Total expenses of the Company, exclusive of income taxes, were $485,197, or 6.8% greater than for the previous year. This increase in costs occurred as follows:

Cost of Products Sold increased $185,246.

Cost of coke produced in the Company's ovens and sold increased $350,408 due to the increased tonnage produced and sold and the higher unit production costs, while the almost total elimination of purchase and sale of coke produced by others resulted in a decrease of $438,360 in cost of such sales. As a result, cost of all coke sales decreased $87,952. Cost of gas produced and purchased for re-sale was higher by $273,760, due in part to the moderate increase in volume of gas sales but mainly to the fact that a larger portion of the gas purchased was natural gas at a higher cost per thousand cubic feet than the displaced manufactured gas. Gross revenue from gas sales however, was $377,072 higher. The cost of all other residuals sold decreased $562.

Distribution, Selling, General and Administrative Expenses increased $205,281.

Increased labor and other costs incidental to the operation and maintenance of more extensive gas plant facilities; the need for more clerical and administrative staff to adequately serve an increasing number of customers over a more extensive service area; higher municipal taxes; expanded gas sales promotion activities and generally increased costs of doing business, all contributed to these higher expenses.

Depreciation increased $52,942.

Provisions for depreciation were made on the same basis as for the prior fiscal year but because of the need to provide for depreciation on extensive property additions made during the year the total charge to Profit and Loss Account for this purpose increased $52,942.

Amortization of Natural Gas Conversion Costs increased $14,200.

During the year a further amount of $641,037 was spent on the conversion to natural gas of appliances in the premises of customers. These costs are being carried forward as a deferred expense to be amortized over approximately 10 years. The pro rata charge to Profit and Loss Account for this purpose during the fiscal year ended March 31, 1958 was $20,800, or $14,200 more than for the previous year.

Interest on Bonds and Bank Loans and Other Funded Debt Charges increased $27,528.

While there was no change in the amount of funded debt outstanding during the year, it was necessary to obtain temporary bank loans to finance the construction program pending the issuance of long term debt securities. As a result, and after charging $25,786 to property account for interest during construction, the charge to Profit and Loss Account for interest on borrowings and other funded debt costs for the year was higher by $27,528.

CONSOLIDATED FINANCIAL POSITION

As at March 31, 1958, current liabilities of the Company and its subsidiaries were $380,474 in excess of current assets. The following summary indicates the receipts and disbursements of working capital during the fiscal year ended March 31, 1958:

Receipts of Working Capital:		
Net earnings for the year	$ 415,829	
Add back: Amounts charged to earnings which did not represent cash outlay:		
Provision for depreciation	430,895	
Amortization of bond discount and other bond issue expenses	12,117	
Amortization of natural gas conversion costs	20,800	
Reduction in income taxes payable resulting from claiming for tax purposes capital cost allowances and natural gas conversion costs, in an amount greater than the depreciation and amortization recorded in the accounts	314,000	
		$1,193,641
Reduction in inventory of stores and spare equipment		32,144
Decrease in deferred charges and prepaid expenses		37,707
Total working capital made available		$1,263,492
Disbursements of Working Capital:		
Gross expenditure on property account, less salvage	$2,803,201	
Natural gas conversion costs	641,037	
Dividends on capital stock paid or provided for	429,689	
Increase in funds on deposit with trustee for bondholders	159,452	
		4,033,379
Resulting in disbursements of working capital exceeding receipts of working capital by		$2,769,887
Excess of current assets over current liabilities at beginning of year		2,389,413
Excess of current liabilities over current assets at end of year (and before completion of debt financing in April 1958)		$ 380,474

Property account expenditures during the year were as follows:

Gas Companies:		
Property additions	$2,554,765	
Property replacements	233,691	
		$2,788,456
Coke Company:		
Property additions	$ 14,790	
Property replacements	12,202	
		26,992
Gross expenditures on property account additions and replacements		$2,815,448
Less: Amounts realized on property items sold or replaced		12,247
Net expenditure on property		$2,803,201

The property additions of the gas companies consisted mainly of the construction of large diameter transmission lines connecting with a new source of natural gas supply, and numerous distribution plant extensions designed to make natural gas service available to a greater number of customers throughout the franchise areas.

Dividends totalling $429,689 were paid on the capital stock of the Company during the year as follows:

Class "A" 6% Cumulative Preference Shares—	
Four quarterly dividends of $ .75 each per share, or a total of $3.00 per share, on 90,000 shares outstanding	$ 270,000
Class "B" Non-Cumulative Preference Shares—	
Dividend of $1.00 per share paid July 2, 1957 on 69,689 shares outstanding	69,689
Common Shares—	
Dividend of $1.00 per share paid on July 2, 1957 on 90,000 shares outstanding	90,000
Total dividends paid	$ 429,689

In April 1958 United Gas Limited sold $6,500,000 par value of its first mortgage 5¼% sinking fund bonds due October 1, 1977. At the same time United Fuel Investments, Limited redeemed its remaining outstanding $1,990,000 par value first collateral mortgage 4% sinking fund bonds, series A, due December 1, 1959, for which purpose approximately $418,000 was already on deposit with the trustee for the bondholders, and sold $500,000 par value of its holdings of Hamilton By Product Coke Ovens, Limited 4¼% first mortgage bonds due December 1, 1959 to a subsidiary of Union Gas Company of Canada, Limited. The net result of these transactions has been to supply United Fuel Investments, Limited and its wholly-owned subsidiaries with sufficient funds to finance further contemplated expansion of the gas distribution facilities during the fiscal year commenced April 1, 1958, at an estimated cost of $3,000,000 with the balance of the proceeds, approximately $2,300,000, being available for general corporate purposes.

PERSONNEL

The growth and expansion of the Company during the past year resulted in a further increase in the number of regular employees. As at March 31, 1958 there were 592 regular employees on the payrolls, an increase of 119 during the year. A total of $2,041,500 was paid in wages and salaries during the year to all employees, including those employed on a temporary basis during the construction season. This represents an increase of $349,835 as compared with the previous year. In addition, during the past year the Company contributed $164,347 to the group insurance and pension plans maintained for the benefit of employees and to which the employees also contribute.

Many employees attended and participated with keen interest in educational and training programs conducted by the Company throughout the year to keep employees informed on Company policies and to better equip them to carry out their duties in a safe and efficient manner.

The sincere appreciation of the Board of Directors is expressed to all employees who through their loyalty and co-operative spirit maintained high standards of service during a period in which the Company's facilities were being widely expanded and converted for the distribution of natural gas.

NATURAL GAS

Under the terms of a contract dated November 4, 1955, United Suburban Gas Company, Limited is purchasing substantial volumes of natural gas from Niagara Gas Transmission Limited. This gas is being utilized on the systems of United Gas Limited and United Suburban Gas Company, Limited.

As at December 2, 1957, United Gas Limited entered into a contract with Ontario Natural Gas Storage and Pipelines Limited, a wholly-owned subsidiary of Union Gas Company of Canada, Limited for a supply of natural gas for the systems of United Gas Limited and United Suburban Gas Company, Limited. The contract extends for a primary period of 20 years from January 1, 1958 and under its terms United Gas Limited is entitled to purchase natural gas in volumes up to 4.25 billion cubic feet in the first contract year increasing progressively to 14.5 billion cubic feet in the thirteenth and subsequent contract years. United Gas Limited is required to take, or in any event pay for, a minimum of 75% of the stated volume for each year, less such quantities as may be purchased under the November 4, 1955 contract with Niagara Gas Transmission Limited.

When Western Canada gas is made available by Trans-Canada Pipe Lines Limited at a point adjacent to the service area of United Gas Limited and United Suburban Gas Company, Limited, receipts of gas under the contract of November 4, 1955 with Niagara Gas Transmission Limited will cease and thereafter, with the exception of the purchase of a nominal volume of gas produced locally, United Gas and United Suburban Gas will receive their entire natural gas requirements from Ontario Natural Gas Storage and Pipelines Limited.

With the completion by Ontario Natural Gas Storage and Pipelines Limited in December, 1957 of its main gas transmission pipeline from underground gas storage pools in Lambton County, Ontario, to the point of juncture between the facilities of that Company and United Gas Limited near the city of Hamilton deliveries of gas were commenced under the above-mentioned contract of December 2, 1957.

Under the contract with Ontario Natural Gas Storage and Pipelines Limited your Company is now assured of ample supplies of natural gas, on terms and under conditions more favorable than could be obtained from any other source, to meet the requirements of its present and future customers for many years to come. With this assurance of gas supply it is intended that pipeline facilities will be extended to give natural gas service to all sections of the Company's franchise areas where the economics of the project indicate that such extensions are justified.

GENERAL

The coke manufacturing facilities of the Company will continue to operate to produce high quality metallurgical coke to meet as far as possible the market demands for such coke.

On behalf of the Board of Directors,

DAVID P. ROGERS,
President.

AUDITORS' REPORT

To the Shareholders of
United Fuel Investments, Limited:

We have examined the consolidated balance sheet of United Fuel Investments, Limited and its wholly-owned subsidiaries as at March 31, 1958 and the statement of consolidated profit and loss and accumulated earnings retained for use in the business for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statement of consolidated profit and loss and accumulated earnings retained for use in the business are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at March 31, 1958 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

CLARKSON, GORDON & CO.
Chartered Accountants.

Hamilton, Canada,
May 20, 1958.

UNITED FUEL INV

(Incorporated under the

AND ITS WHOLLY-

Consolidated

MARCH

(with comparative

ASSETS

	March 31, 1958	March 31, 1957
PROPERTY (notes 4 and 5):		
Gas and coke manufacturing plants, distribution systems, transmission lines, land, buildings, franchises, rights, etc.—at cost	$16,509,435	$13,823,505
Less accumulated depreciation	8,032,083	7,718,459
	$ 8,477,352	$ 6,105,046
Premium paid on acquisition of subsidiary companies	4,079,955	4,079,955
	$12,557,307	$10,185,001
CURRENT:		
Cash	$ 145,293	$ 1,504,778
Accounts receivable less allowance for doubtful accounts	929,533	826,862
Inventories valued at the lower of cost or market	828,724	1,046,596
Income taxes recoverable	296,817	
	$ 2,200,367	$ 3,378,236
DEFERRED AND OTHER ASSETS:		
Stores and spare equipment	$ 164,560	$ 196,704
Funds on deposit with trustee for bondholders	418,564	259,112
Prepaid expenses and deferred charges	50,186	111,044
Balances to be amortized in future years:		
Natural gas conversion costs	694,890	74,653
Discount and expenses on issue of funded debt	37,350	26,316
	$ 1,365,550	$ 667,829
	$16,123,224	$14,231,066

Approved on behalf of the Board:

DAVID P. ROGERS, *Director*

T. WEIR, *Director*

ESTMENTS, LIMITED
aws of Canada)
OWNED SUBSIDIARIES

Balance Sheet
31, 1958
igures for 1957)

LIABILITIES

	March 31, 1958	March 31, 1957
SHAREHOLDERS' EQUITY:		
Capital (note 3)—		
Class "A" 6% cumulative preference shares of $50 each— Authorized and issued—90,000 shares	$ 4,500,000	$ 4,500,000
Class "B" non-cumulative preference shares of $25 each— Authorized and outstanding—69,689 shares	1,742,225	1,742,225
Common shares of no par value— Authorized and issued—90,000 shares	50,000	50,000
Contributed surplus arising from discount on redemption of Class "B" preference shares	417,220	417,220
Accumulated earnings retained for use in the business	4,463,238	4,477,098
	$11,172,683	$11,186,543
FUNDED DEBT (note 1):		
First collateral mortgage serial and sinking fund bonds— Authorized $5,500,000, whereof originally issued $4,500,000 Outstanding—4% sinking fund bonds Series "A" due December 1, 1959	$ 1,990,000	$ 1,990,000
DEFERRED:		
Accumulated tax reductions applicable to future years (note 2)	$ 379,700	$ 65,700
CURRENT LIABILITIES:		
Bank indebtedness	$ 1,548,131	
Accounts payable and accrued charges	643,956	$ 563,202
Accrued interest on bonds	26,170	26,242
Income and other taxes payable	295,084	331,879
Dividend payable	67,500	67,500
	$ 2,580,841	$ 988,823
	$16,123,224	$14,231,066

UNITED FUEL INVESTMENTS, LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES

Statement of Consolidated Profit and Loss and Accumulated Earnings Retained for use in the Business

for Year Ended March 31, 1958
(with comparative figures for 1957)

PROFIT AND LOSS	1958	1957
OPERATING REVENUE AND OTHER INCOME:		
Gross revenue from sales	$8,329,919	$8,147,397
Other income	155,267	174,503
	$8,485,186	$8,321,900
OPERATING EXPENSES AND INTEREST:		
Cost of products sold	$5,312,576	$5,127,330
Distribution, selling, general and administrative expenses	1,692,032	1,486,751
Depreciation	430,895	377,953
Amortization of natural gas conversion costs	20,800	6,600
Bond and other interest including bond discount and expense amortized (less interest charged to construction in 1958, $25,786; in 1957, $8,389)	113,054	85,526
	$7,569,357	$7,084,160
PROFIT BEFORE INCOME TAXES	$ 915,829	$1,237,740
INCOME TAXES (note 2)	500,000	639,300
NET PROFIT FOR YEAR	$ 415,829	$ 598,440

ACCUMULATED EARNINGS RETAINED FOR USE IN THE BUSINESS	1958	1957
Balance at beginning of year	$4,477,098	$4,879,672
Add net profit for year as above	415,829	598,440
	$4,892,927	$5,478,112
Deduct:		
Dividends declared—		
Class "A" 6% preference shares	$ 270,000	$ 270,000
Class "B" preference shares	69,689	69,689
Common shares	90,000	90,000
	$ 429,689	$ 429,689
Net reduction in property accounts (note 5)		571,325
	$ 429,689	$1,001,014
Balance at end of year	$4,463,238	$4,477,098

UNITED FUEL INVESTMENTS, LIMITED

Notes to Consolidated Financial Statements
March 31, 1958

(1) Transactions subsequent to March 31, 1958—

(a) During April 1958 United Fuel Investments, Limited—

(i) Sold \$500,000 4¼% first mortgage serial bonds of a wholly-owned subsidiary, Hamilton By Product Coke Ovens, Limited maturing December 1, 1959 for \$500,000 to a subsidiary of Union Gas Company of Canada, Limited;

(ii) Redeemed \$1,990,000 first collateral mortgage 4% sinking fund bonds Series "A" and secured discharge of the relative trust deed;

(b) During April 1958 a wholly-owned subsidiary company, United Gas Limited, (formerly United Gas and Fuel Company of Hamilton Limited) issued and sold \$6,500,000 5¼% first mortgage sinking fund bonds dated April 1, 1958 and maturing October 1, 1977 for \$6,353,750.

(2) Accumulated tax reductions—

The subsidiary companies may for tax purposes deduct expenditures on conversion of facilities for utilization of natural gas in the year such expenditures are incurred, whereas these costs are being amortized in the accounts over a ten-year period. In addition, they may deduct capital cost allowances for 1958 in excess of the depreciation recorded in the accounts. As a result, income taxes payable for the current year are less than the amounts provided in the accounts by \$314,000 (\$41,558 in 1957). The aggregate of this amount and similar reductions in previous years, \$379,700, will be restored to income in those future years when the relative amounts recorded in the accounts will be greater than the amounts which may be claimed for tax purposes and are included in the balance sheet in the item "Accumulated tax reductions applicable to future years".

(3) Capital stock—

The Class "A" preference shares are redeemable at the option of the company or by purchase in the open market for cancellation at a price not exceeding \$60.

The Class "B" preference shares are non-voting and have a preference only on winding up. They participate pro-rata with the common shares in any payment of dividends over and above the cumulative preferential dividends payable on the Class "A" preference shares. The Class "B" preference shares are redeemable only through purchase for cancellation by the company in the open market at a price not exceeding \$30.

(4) Future capital expenditures—

At March 31, 1958 the companies had authorized further capital expenditures of \$3,000,000 for the expansion of gas distribution and other facilities.

(5) Reduction in property accounts—

As of April 1, 1956, in accordance with a report dated June 13, 1956, of Stone & Webster Canada Limited, consulting engineers, the property accounts of the subsidiary companies engaged in gas distribution were reduced in the aggregate by $571,325 as follows:

Net reduction in asset values now restated at cost as computed by the consulting engineers (comprising principally (a) elimination of amounts added on appraisal prior to 1920 and plant retired, less (b) inclusion of applicable overhead and other costs previously charged to expense)...........	$480,868
Net increase in accumulated depreciation (adjusted to reflect the depreciation which in the opinion of the consulting engineers had accrued to April 1, 1956)..................	90,457
Amount deducted from accumulated earnings retained for use in the business....................................	$571,325

(6) Natural gas contracts—

By contract dated December 2, 1957, United Gas Limited, a wholly-owned subsidiary company, has agreed to purchase from Ontario Natural Gas Storage and Pipelines Limited annual amounts of natural gas ranging from 4.25 billion cubic feet in the calendar year 1958 to 14.5 billion cubic feet in the calendar year 1970 and subsequent years. United Gas Limited is obliged to take or in any event pay for a minimum of 75% of the stipulated volume for each contract year, less such quantities as may be purchased under an existing contract with Niagara Gas Transmission Limited.

(7) Remuneration of directors, officers and legal advisers—

The expenditures of the year ended March 31, 1958 include remuneration of directors (other than executive officers) $9,900, payments to legal advisers, $32,209, and remuneration of executive officers, $40,000.