

BATON BROADCASTING INCORPORATED

Baton Broadcasting Incorporated is a diversified Canadian communications company. The Company's broadcasting subsidiaries hold television licences in Toronto, Saskatoon, Regina, Yorkton and Prince Albert and radio licences in Saskatoon and Ottawa. The business forms, printing and packaging subsidiaries have plants in St-Hyacinthe, Toronto and Edmonton. The Company has extensive facilities in Toronto for the production of television programs, commercials and movies and for the duplication of computer software and home movie video cassettes.

The Company is committed to the long term expansion of its existing business interests and to diversification into related activities.

ANNUAL MEETING

Shareholders are invited to attend the Annual Meeting being held in the Library of the Royal York Hotel, 100 Front Street West, Toronto, Ontario on Wednesday, December 17, 1986 at 11:00 a.m. o'clock.

The Notice of Meeting, Management Information Circular and Proxy are being mailed to shareholders with this report. Shareholders who are unable to attend the Annual Meeting in person are requested to complete, sign and return to the Registrar the enclosed form of Proxy in the envelope provided, postage paid.

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FINANCIAL HIGHLIGHTS

for the year ended August 31, 1986 (with comparative figures for 1985)

OPERATING SUMMARY (000's)

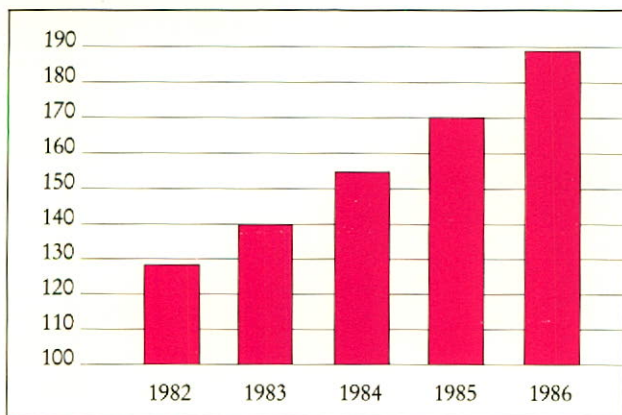
	1986	1985
Revenue	\$188,651	\$170,440
Consolidated net income		
Before extraordinary item	17,703	17,269
After extraordinary item	20,988	17,269

PER SHARE DATA

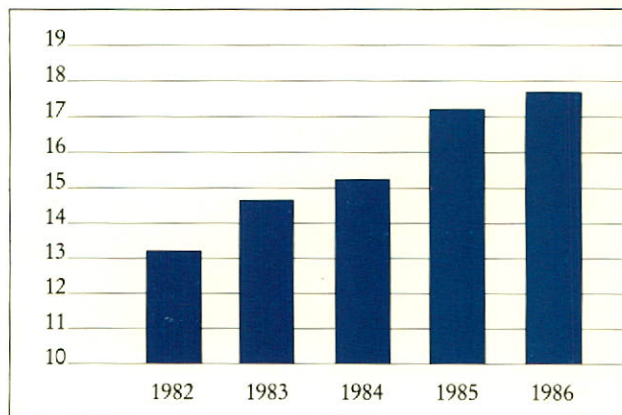
Earnings per share		
Before extraordinary item	\$ 1.28	\$ 1.25
After extraordinary item	1.52	1.25
Dividends per share		
Common shares	20.0¢	
Class A shares	20.0¢	38.5¢
Class B shares	17.5¢	33.5¢

During the year the Class A and Class B shares were each converted to common shares.

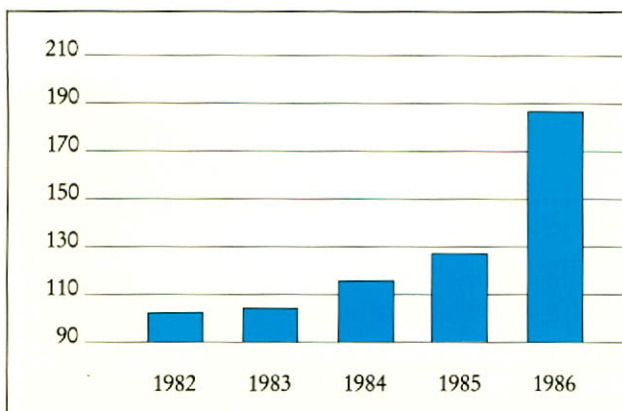
TOTAL REVENUE (millions of dollars)



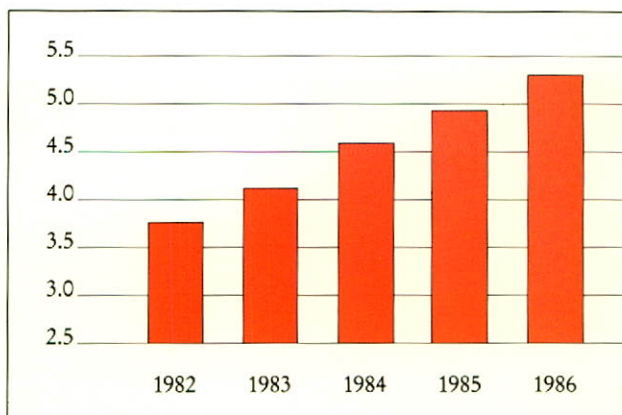
NET INCOME BEFORE EXTRAORDINARY ITEMS (millions of dollars)



TOTAL ASSETS (millions of dollars)



DIVIDENDS PAID (millions of dollars)



REPORT TO THE SHAREHOLDERS



Allan L. Beattie

On behalf of the Board of Directors of Baton Broadcasting Incorporated we are pleased to report on the operations of the Company for the year ended August 31, 1986.

Consolidated net income before an extraordinary item amounted to \$17,702,969, an increase of \$434,294 over the net income of \$17,268,675 earned last year. An extraordinary item in the amount of \$3,285,000 net of tax resulting from the sale of 10% of the Company's interest in the television operations of CFQC-TV in Saskatoon increased net income to \$20,987,969 in this fiscal year.

Earnings per share before the extraordinary item amounted to \$1.28 for the year ended August 31, 1986 compared to \$1.25 earned in the prior year. Earnings per share in 1986 were increased as a result of the extraordinary item by 24¢ to \$1.52.

The net income before extraordinary item of \$17,702,969 is the highest in the history of the Company and marks the fourteenth consecutive year of record net income before extraordinary items.

The 1986 fiscal year was a year of growth for Baton Broadcasting. Total assets increased \$58,827,401 or 46% as the Company expanded its income earning base through the acquisition of television properties in Saskatchewan.

Current year operations were not significantly affected by the acquisitions as all transactions closed near the end of the current fiscal year. Operating results from CKOS-TV, a CBC affiliate and CICC-TV a CTV supplementary affiliate in Yorkton as well as CKBI-TV a CBC affiliate in Prince Albert for the month of August were included in the Company's results as the purchase of these operations was completed by Shamrock Television System Inc., a wholly owned subsidiary of the Company at the end of July.

On August 29, 1986 the Company, through a newly formed partnership CKCK Broadcasting Limited Partnership acquired the assets of CKCK-TV, the CTV affiliate in Regina, Saskatchewan. CKCK Broadcasting Limited Partnership is a limited partnership with CKCK-TV Limited, a wholly owned subsidiary of the Company as the general partner with 90% interest and Harvard Develop-

ments Limited the limited partner with a 10% interest.

On August 29, 1986 the Company through a series of transactions restructured the operations of CFQC-TV in Saskatoon, Saskatchewan. CFQC Broadcasting was formed as a limited Partnership with CFQC-TV Limited, a wholly owned subsidiary of the Company being the General Partner with a 90% interest and Harvard Developments Limited the limited partner with a 10% interest. As a result of the restructured operation an effective 10% disposition of the Company's previously wholly owned operation of CFQC-TV transpired.

Income before income taxes and extraordinary item increased to \$34,022,000, representing a gain of \$3,643,000 or 12% over 1985 results. Broadcasting and program production segment improved over last year by \$3,046,000 or 11%, and the business forms, printing and packaging segment improved \$764,000 or 37%. These increases were offset by an increase of \$167,000 in General Corporate Expense.

Total revenues from the Company's television operations including CFTO-TV in Toronto, CFQC-TV in Saskatoon and revenues since acquisition from CKOS/CICC in Yorkton and CKBI in Prince Albert increased 9% over last year. CFTO-TV Limited reported higher net income, but CFQC-TV, as a result of increased CTV program costs, had a marginal decline in net income compared to a year ago.

The radio operations of the Company, CFQC-AM in Saskatoon and CFGO-AM in Ottawa were a disappointment. Total revenues and net income declined over last year's results.

Total production and distribution revenue increased 6% over the revenue earned last year.

Glen-Warren Productions Limited reported lower earnings compared to the prior year. Increased revenue from the sale of production facilities to outside producers was offset by the reduced production work from the sale of television programs to the CTV Television Network and lower syndicated program sales. A significant percentage of Glen-Warren's overhead is fixed making earnings sensitive to activity levels.



Douglas G. Bassett

Agincourt Productions Limited reported an increase in net income for the year, with revenue from the duplication of home movie video cassettes increasing 30% over last year.

Revenue from the commercial duplication of computer software at ReproSoft Incorporated increased this year by 16%. The revenue gains and reduced operating expenses resulted in improved operating results over the prior year.

The business forms, printing and packaging segment increased revenues to \$80,857,180 or 15.7% over 1985. ABF Business Forms Limited, through its manufacturing facilities in Toronto and Edmonton, contributed significantly to the improved revenues and operating profits from this segment. ABF Formules d'Affaires Ltée, located in St. Hyacinthe, Quebec reported lower revenues and net income compared to the prior year.

REPORT TO THE SHAREHOLDERS

Telfer Packaging Limited, a wholly owned subsidiary of the Company involved in the manufacturing of paper-box containers, reported higher revenues this year and improved operating results.

Haughton Graphics Limited, a specialized commercial printing operation reported higher revenues; however, increased costs including significantly higher depreciation costs reduced earnings compared to the prior year.

Consolidated net income of your Company was reduced by increased tax provisions. An increase in basic corporate tax rates from 51.0% in 1985 to 53.3% in 1986, and a change required in the Company's accounting for Investment Tax Credits contributed to an increase in our overall effective tax rate to 48% from 43.2%.

A significant change in Working Capital was the result of major acquisitions during the year. Net funds of \$56,531,000 were required for acquisitions. The Company financed these acquisitions through its available cash and by incurring bank indebtedness. In addition, a promissory note in the amount of \$15,000,000 with interest at a maximum of 9% was issued.

Capital expenditures amounted to \$8,896,000 and represented primarily the continuous upgrade and replacement policy at our various locations. The Company believes this policy is necessary in order to maintain the capability of delivering our service and products to the best of our ability.

Dividends paid in the 1986 fiscal year amounted to \$5,354,639 compared to \$4,982,271 in 1985. The dividends paid in 1986 represented 31.01% of the Company's 1985 net income. The Company, pursuant to a Special Resolution approved by the Shareholders at last year's Annual Meeting, reclassified the Class A non-voting shares and Class B shares into Common shares in January of this year. Semi-Annual Dividends were paid on the Common shares in May 1986 at the rate of .20¢ on each issued and outstanding Common share.

At a meeting of the Board of Directors after the Annual Meeting held in December 1985, Mr. J.W.H. Bassett, O.C., retired at his own request as Chairman, Baton Broadcasting Incorporated. Mr. Bassett

remains as Chairman of the Executive Committee of Baton Broadcasting Incorporated, and as a director of the Company and its major subsidiaries. At the same meeting, Mr. A.L. Beattie, Q.C., was appointed Chairman, Baton Broadcasting Incorporated.

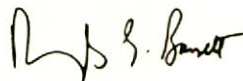
Mr. Beattie has been a director of the Company since its incorporation in 1971 and involved with the Company's operating subsidiaries since their formation.

The 1987 fiscal year is about to complete its first quarter. Advance bookings at all locations are ahead and we anticipate further increases in net income. The year will be presenting new challenges with the development of Canadian programming utilizing the combined resources of CFTO-TV Limited and the Saskatchewan Television Network. We will await the decision of the Canadian Radio-television and Telecommunications Commission on your Company's application to provide an independent English-language television service to the Ottawa area, to be presented at a public hearing commencing December 1, 1986 in Ottawa. Plant capacity at our Western Canada location for ABF Business Forms Limited is being expanded to meet the growth from this market. The Company expects to meet these challenges and benefit from them.

On behalf of the Board of Directors we would like to extend our appreciation to all our employees, now numbering 1,543, across Canada and acknowledge that the continued success of our Company is a reflection of their combined individual efforts.



Allan L. Beattie
Chairman



Douglas G. Bassett
President and Chief Executive Officer

November 21, 1986

BROADCASTING

Television

In Toronto, CFTO-TV reported increased air time sales and increased net income.

CFTO-TV continued to be the most watched television station in its coverage area. Both the Bureau of Broadcast Measurement and A.C. Nielsen audience surveys covering the 1985-1986 broadcast season show CFTO-TV as the number one rated television station in all major day parts. This is the 11th consecutive year CFTO-TV has retained its ranking as the number one rated television station in its coverage area. BBM and Nielsen also report that the first half hour of World Beat News, the station's early evening one hour newscast, averaged over the twelve month period, has double the audience of its closest competition.

January 1, 1986 marked the 25th anniversary of CFTO-TV serving the City of Toronto and portions of Southern Ontario. In celebration, CFTO was proud to broadcast an Anniversary Special, highlighting its past twenty-five years with interviews and a visual montage of its history.

During the year the station produced for broadcast a number of television specials. CFTO-TV produced and aired in December, 1985, a Christmas Special entitled "A Family Christmas", starring Miss Patti Jannetta, John Allen Cameron, Barbara Hamilton and an all-Canadian cast. In May, the station produced and telecast a one-hour documentary



January 1st, 1986 marked CFTO-TV's 25th Anniversary! News anchors, from earlier days to the present, joined in the celebration commemorating 25 outstanding years in broadcasting.

special hosted by Isabel Bassett called "Missing", probing the serious social issue of child abduction and missing children in Canada. A special series of six one-hour interviews with outstanding Canadians hosted by Joyce Davidson was also produced during the year by CFTO-TV.

CFTO-TV, throughout its 25 year history, has been involved with the community it serves and donated its facilities to broadcast a 24 hour telethon for the Hospital for Sick Children Foundation, raising \$1.6 million for the Hospital. A 1986 gold CAN-PRO award was received by the station for excellence in Public Affairs Specials for the 24 hour telethon held the prior year for the same cause.

The station was also honoured at the 1986 CAN-PRO awards for excellence in programming for "Night Beat News" and "No Place To Hide", a Public Affairs special. In addition, CFTO-TV received top recognition for on-air television promotion of "A Family Christmas".

In addition, the station won awards from the Canadian Film and Television Association for "Papal Visit: Behind the Scenes" and "Welcome To My World", a children's program.

In Saskatoon, CFQC-TV continued to reflect higher revenues but marginally reduced net income, due primarily to substantially increased CTV program costs. The latest Bureau of Broadcast Measurement and A.C. Nielsen rating surveys reconfirm CFQC-TV as the number one ranked television station in its coverage area in all major day parts throughout the broadcast day.

In 1986, the station won three gold CAN-PRO awards for excellence in Local Programming in competition with television stations across Canada. The award winning programs in News and Public Affairs were "Bill Epp: The Sculpture" and "Trouble in Paradise", and in Series Programming the five-part series "Suicide".

Following a public hearing in Saskatchewan, the Canadian Radio-television and Telecommunications Commission, on July 4, 1986 approved the acquisition by the Company of various television operations in Regina, Yorkton and Prince Albert, Saskatchewan.

BROADCASTING

Shamrock Television System Inc., a wholly owned subsidiary of the Company, on July 31, 1986 acquired the television operations in Yorkton and Prince Albert. The Yorkton operations include the twin-stick operation of CKOS-TV, a CBC affiliate and CICC-TV, a CTV supplementary affiliate together with their rebroadcasting stations. The Prince Albert operations include CKBI-TV, a CBC affiliate and its rebroadcast stations and a new CTV affiliated station, CIPA-TV. This new station is expected to commence on-air operations in the early part of January, 1987.

On August 29, 1986 CKCK Broadcasting Limited Partnership, in which the Company maintains a 90% interest, acquired the television assets of CKCK-TV, the CTV affiliate in Regina and its rebroadcasting stations. At the same time, CFQC Broadcasting, in which the Company maintains a 90% interest, commenced the operation of CFQC-TV in Saskatoon, resulting in a 10% disposition of the Company's interest in CFQC.

The Bureau of Broadcast Measurement audience surveys covering the 1985-1986 broadcast season indicate CKOS-TV/CICC-TV in Yorkton, CKBI-TV in Prince Albert and CKCK-TV in Regina are rated as the number one stations in their respective coverage areas in all major day parts.

CKCK-TV in Regina continued its award winning trend with the receipt in 1986 of two gold CAN-PRO awards for excellence in the Sports Category for "Rider Pride - 1966 Grey Cup Special" and "Sports Journal: Rueben Mays Story". In the News Special Category the station was also honoured with an award for "The Rank in File Herbert - Portrait of a Prairie Town".

At a public hearing commencing on December 1, 1986 Nation's Capital Television Incorporated, a wholly owned subsidiary of the Company, will appear before the Canadian Radio-television and Telecommunications Commission to present its application for an independent English-language television service for the Ottawa area. The Company is optimistic that its plans and proposals will meet the desired objectives sought by the Commission for a new television service in the Ottawa area.



CFQC-TV donated facilities for the telecast of a 24-hour telethon in support of THE HOSPITAL FOR SICK CHILDREN CAPITAL CAMPAIGN.

The Company looks forward to continued growth from its television operations in the 1987 fiscal year.

Radio

The radio operations of the Company, CFQC-AM in Saskatoon, Saskatchewan and CFGO-AM in Ottawa, Ontario resulted in lower air-time revenue and decreased net income compared to last year.

In Saskatoon, CFQC-AM increased local sales compared to last year, but suffered a decline in air-time sales from National advertisers. According to the latest BBM survey, CFQC-AM remains as the number one rated radio station in weekly reach for all persons based on its full coverage area. Increased competition from AM/FM combinations has eroded CFQC's position in the Central Market Area, and the Company is taking steps to improve its position.

In Ottawa, CFGO-AM increased local sales compared to last year, but suffered a decline in air-time sales from National advertisers. The decrease in revenues and a marginal increase in costs due to increased promotion expenses associated with the move to 1200 kHz on the AM radio dial completed in December, 1985 resulted in a net loss for the year. CFGO-AM remains in a good position to improve its acceptance by young adult listeners in the Ottawa area and the Company anticipates an improvement in earnings next year.

CFGO Radio Limited, during the current year, was pleased to receive notification of the renewal of the licence for CFGO-AM until September 30, 1990.

General

This past year has been an exciting and continuing evolving period for the Company and the broadcast industry as a whole.

In July, 1986 the Canadian Radio-television and Telecommunications Commission released its proposed new regulations respecting television broadcasting. These proposals reflect the continuing effort by the Commission to streamline and update the industry in line with a more supervisory mandate, as was detailed in the enactment of new regulations this year covering Cable Television and AM and FM Radio.

In September, 1986 the long-awaited Report of the Task Force on Broadcasting Policy was released. The Report made numerous recommendations for the Canadian Broadcasting System as a whole for the next decade. We herald the Report and uphold its concerns for continued better quality Canadian programming. The Company remains committed to providing quality Canadian programming for the Canadian people.



Patti Jannetta hosted an all Canadian cast in the CFTO-TV production of the festive special "A FAMILY CHRISTMAS"

Broadcasting Licences

The following are the licences held by the Company's broadcast subsidiaries with the expiry dates footnoted below.

Licensee	Call Sign and Location
Television:	
CFTO-TV Limited*	CFTO-TV (CTV) Toronto
Shamrock Television System Inc.†	CKBI-TV (CBC/SRC) Prince Albert
	CKBI-TV-1 Alticane
	CKBI-TV-2 North Battleford
	CKBI-TV-3 Greenwater Lake
	CKBI-TV-5 Big River
	CKBI-TV-6 Spiritwood
	CKBI-TV-7 Tisdale
	CIPA-TV (CTV) Prince Albert
	CKOS-TV (CBC/SRC) Yorkton
	CHSS-TV (CBC/SRC) Wynyard
	CFSS-TV (CBC/SRC) Warmley
	CICC-TV (CTV) Yorkton
	CICC-TV-1 Wynyard
	CICC-TV-2 Norquay
	CICC-TV-3 Hudson Bay
	CICC-TV-4 Humboldt
	CIEWTV (CTV) Carlyle Lake
CKCK Broadcasting Limited Partnership†	CKCK-TV (CTV) Regina
	CKCK-TV-1 Colgate
	CKCK-TV-2 Willow Bunch
	CKMC-TV Swift Current
	CKMJ-TV Marquis
CFQC Broadcasting†	CFQC-TV (CTV) Saskatoon
	CFQC-TV-1 Stranraer
	CFQC-TV-2 North Battleford
CFQC Broadcasting and Shamrock Television System Inc.†	CKBQ-TV Melfort
Radio:	
CFGO Radio Limited**	CFGO-AM Ottawa
Russwood Broadcasting Limited**	CFQC-AM Saskatoon
*Expires September 30, 1987	
**Expires September 30, 1990	
†Expire June 30, 1991	

In a decision dated September 10, 1986 the Canadian Radio-television and Telecommunications Commission renewed the broadcasting licence for CFGO-AM from October 1, 1986 to September 30, 1990. The Company expects that the licence renewal hearing for CFTO-TV will be held in the spring of 1987.

PRODUCTION

Glen-Warren Productions Limited reported lower revenue and net income this year compared to the prior year. Revenue from the sale of production facilities to outside producers achieved a significant increase this year, but total revenue was reduced by a decrease in sales of television programs to the CTV Television Network and a decrease in sales of syndicated programs.

During the year, the studios and facilities of Glen-Warren were actively used to produce a variety of very special programming. Among such highly acclaimed programs was "The Execution of Raymond Graham", the first live international TV drama, starring Jeff Mahey and Kate Reid. This two-hour documentary drama, depicting the final two hours in the life of a convicted murderer, was telecast live from Glen-Warren facilities simultaneously on the CTV Television Network and the ABC Network. This production was the first live network TV drama broadcast in 25 years.

Another live ninety-minute drama special, "Winston Churchill", was produced at Glen-Warren facilities and telecast live in April, 1986 for the Public Broadcasting System.

During the year, the studios and facilities of Glen-Warren were also used to continue production for a second season of such programs as "Check It Out!", a weekly half-hour situation comedy starring Don Adams and Dinah Christie for the CTV Television Network and the U.S.A. Cable Network, and "Lifetime", a one-hour show starring Peter Feniak, telecast weekday afternoons by the CTV Television Network.

Other productions included the "Crystal Light National Aerobics Championships" hosted by Alan Thicke and Terri Austin of Knots Landing fame.

Glen-Warren was also responsible for performing the editing and post production work on such television series as "Night Heat", an hour-long drama series currently telecast by the CTV Television Network and the CBS Network in the United States, and "The Campbells", a one-half hour family drama series starring Malcolm Stoddard and John Wildman, currently scheduled on the CTV Television Net-

work, the CBN Network in the United States and in the United Kingdom.

Glen-Warren remains the largest supplier of facilities to the The Sports Network and supplies facilities for the telecast of all home games of the Toronto Blue Jays. The company's mobile facilities continue to be used to produce the Miss Universe and Miss U.S.A. Pageants, as well as the Billy Graham Crusades from locations throughout the world. Glen-Warren's facilities were also used in connection with live coverage of the Toronto Molson Indy in July 1986 from Exhibition Place. This race was Toronto's first event in Indy type cars.

Staff lighting director, John Botelho, was nominated for an Emmy Award in 1986 for his lighting direction on the two-hour live special "The Execution of Raymond Graham" produced in Glen-Warren studios.

Operations of Agincourt Productions Limited resulted in another year of increased revenues and net income from the duplication of home movie video cassettes. Agincourt continues to be one of the largest duplicating facilities in Canada with the capacity to produce close to four million videotape cassettes annually.

ReproSoft Incorporated, in its second year of operations, reported improved operating results from the duplication of diskettes for the computer software market. ReproSoft continues to maintain its position in the computer software market as a top quality service oriented company for software developers both in Canada and the United States.



The historic live broadcast of THE EXECUTION OF RAYMOND GRAHAM, originated from Glen-Warren studios.



Glen-Warren facilities are utilized in off-line and on-line editing of the internationally recognized series THE CAMPBELLS, featuring Malcolm Stoddard and John Wildman.



Scott Hylands and Jeff Wincott star in NIGHT HEAT, a series edited and mixed at Glen-Warren and telecast on the CTV and CBS networks.



Glen-Warren Productions utilizes its mobile facilities for stereo telecasts of all Toronto Blue Jays home games. Live coverage was also provided of the first Molson Indy races held in Toronto.

BUSINESS FORMS, PRINTING AND PACKAGING

Business Forms

The consolidated operations of ABF Business Forms Limited and ABF, Formules d'Affaires Ltée reported a record year, showing substantial increases in both sales and net income. Improved market shares in both the Ontario and Western Divisions resulted in significant revenue increases in both custom and stock products. The increased sales volumes, as well as improved selling margins and productivity improvements, resulted in an increase in net income.

During the year, ABF won a number of awards for printing and forms excellence from the International Association of Printing House Craftsmen at their annual international competition.

Capital expenditures were made in a number of areas, including a computer based laser forms design system for both the Ontario and Western Divisions. A major expansion of the Edmonton manufacturing facility is nearing completion and will considerably enhance operating efficiencies. Further additions to the production capacity and capabilities of all Divisions are planned for the current year and continued improvement is anticipated.

Printing

The expected improvement in net income for Houghton Graphics Limited did not happen in fiscal 1986. Higher revenues were achieved for the sixth consecutive year, but the volume increase was achieved from a segment of the printing market not previously served by Houghton Graphics. The lower selling margins and increased depreciation offset productivity gains, resulting in a decline in net income compared to a year ago.

During the latter half of the year, sales policies were focused on the mid-market segment of high quality printing where Houghton Graphics established its fine reputation for printing excellence. The market has reacted most favourably and improved earnings are anticipated in the current fiscal year.

Packaging

The aggressive sales policies at Telfer Packaging Limited continued during most of 1986 with Telfer gaining an increased share of the Ontario market, improving revenues in a competitive market place, 23% against an industry average of 15%.

Increases in revenues over the past two years have been the result of competitive pricing and, as a result, there continues to be constant pressure on profit margins. Productivity gains through operating efficiencies and materials pricing are beginning to reflect in operating results. During the current year, Telfer managed significant improvements in operating results compared to last year.

Telfer is presently the leading supplier of sheet fed offset folding cartons for the detergent industry and is increasing its share as a major supplier for Canada of waxed cartons.

The Company in 1987 expects a slower revenue growth for Telfer, but a continuation of improvement in operating results as Telfer continues to build on its reputation as a quality producer.



The Scarborough home of Houghton Graphics Limited, where this Annual Report was designed and printed.

FIVE YEAR FINANCIAL REVIEW

(in 1,000's of dollars)

FOR THE YEAR ENDING AUGUST 31, 1986	1986	1985	1984	1983	1982
OPERATING RESULTS					
Revenue					
Net air time	\$ 73,706	\$ 68,344	\$ 66,087	\$ 60,500	\$ 58,180
Production and distribution	33,656	31,881	27,823	28,207	25,957
Business forms, printing and packaging	80,857	69,856	59,944	50,061	43,672
Interest	432	359	714	1,464	725
Total revenue	\$ 188,651	\$ 170,440	\$ 154,568	\$ 140,232	\$ 128,534
Income before extraordinary items	\$ 17,703	\$ 17,269	\$ 15,205	\$ 14,680	\$ 13,182
Extraordinary items	3,285		(2,600)	(4,594)	974
Net income	\$ 20,988	\$ 17,269	\$ 12,605	\$ 10,086	\$ 14,156
PER SHARE DATA					
Income before extraordinary items (1)	\$ 1.28	\$ 1.25	\$ 1.10	\$ 1.06	\$ 0.95
Net income (1)	\$ 1.52	\$ 1.25	\$ 0.91	\$ 0.73	\$ 1.03
Dividends paid					
Common shares (2)	20.0¢				
Class A shares	20.0¢	38.5¢	36.0¢	32.5¢	30.0¢
Class B shares	17.5¢	33.5¢	31.0¢	27.5¢	25.0¢
Number of shares outstanding (000's)					
Common shares	13,800				
Class A shares		7,186	7,185	7,137	6,956
Class B shares		6,614	6,615	6,663	6,844
Book value per share (1)	\$ 8.45	\$ 7.32	\$ 6.43	\$ 5.85	\$ 5.42
FUNDS FLOW					
Funds provided from operations	\$ 25,741	\$ 25,597	\$ 23,914	\$ 19,251	\$ 18,965
Capital expenditures:					
Business acquisitions	46,531				
Additions to plant and equipment	8,896	23,356	11,353	7,460	12,271
Dividends paid	5,355	4,982	4,636	4,144	3,796
YEAR-END FINANCIAL POSITION					
Working capital	\$ 8,849	\$ 38,649	\$ 39,544	\$ 30,361	\$ 21,924
Total assets	186,977	128,149	113,248	105,479	100,161
Long-term debt	11,250				
Shareholders' equity	116,678	101,045	88,758	80,790	74,847
RATIOS					
Net income as a percentage of revenue (3)	9.4%	10.1%	9.8%	10.5%	10.3%
Net income on average shareholders' equity (3)	16.3%	18.2%	17.9%	18.9%	18.9%
Net income on average assets (3)	11.2%	14.3%	13.9%	14.3%	13.0%
Current assets to current liabilities	1.2	2.9	3.2	2.5	2.1
NUMBER OF EMPLOYEES	1,543	1,279	1,258	1,206	1,174
ANNUAL SHARE PRICE RANGE					
Common shares (2)	\$ 25 ⁷ / ₈ -20 ¹ / ₂				
Class A shares	\$ 24 ¹ / ₂ -17	\$ 19 ¹ / ₄ -14 ³ / ₈	\$ 14 ³ / ₄ -11 ¹ / ₂	\$ 15 ¹ / ₂ -7 ³ / ₈	\$ 8-5 ¹ / ₂
Class B shares	\$ 25-17 ³ / ₈	\$ 20 ¹ / ₂ -15 ³ / ₄	\$ 16-11 ³ / ₄	\$ 15 ¹ / ₂ -7 ¹ / ₂	\$ 8-6

(1) Based on 13,800,000 shares.

(2) Class A shares and Class B shares were reclassified January 24, 1986 to 13,800,000 common shares.

(3) Based on income before extraordinary items.

INVESTOR INFORMATION

Responsibility for Financial Reporting

The consolidated financial statements of the Company appearing in this report were prepared by management and reviewed in detail by the Audit Committee of the Board of Directors. On the recommendation of the Audit Committee, they were approved by the Board of Directors for presentation to the shareholders. To ensure that transactions are properly recorded and approved, management maintains extensive internal accounting controls. These controls are monitored by the Company's external auditors.

External Auditors

Clarkson Gordon, Chartered Accountants, have been the independent auditors of the Company since it was incorporated. In addition to expressing an informed judgment as to whether management's financial statements present fairly the Company's financial position and the results of its operations, the external auditors review but do not express an opinion on the quarterly Interim Reports prepared by management for the shareholders.

Audit Committee

The Board of Directors annually appoints an Audit Committee consisting of four outside directors. The Audit Committee meets with the external auditors and management to review the audited consolidated financial statements prior to their submission to the Board of Directors for approval. At this meeting, the Audit Committee receives explanations for any unusual disclosures or accounting treatment, reviews recommendations made by the external auditors for improvements in accounting systems and internal control and considers any matters which should be brought to the attention of the directors or shareholders.

Restrictions on Ownership

Since certain subsidiaries of the Company hold licences under the Broadcasting Act, at least 80% of the shares of the Company must be beneficially owned by persons who are Canadian citizens or by corporations controlled in Canada.

Stock Exchange Listing

The Toronto Stock Exchange
The Montreal Exchange

Stock Symbol

BNB

Registrar and Transfer Agent

National Trust Company

Dividend Payment Dates

November 15th
May 1st

Banks

Canadian Imperial Bank of Commerce
The Bank of Nova Scotia
The Toronto-Dominion Bank

Auditors

Clarkson Gordon, Toronto

Head Office

P.O. Box 9, Station 0
Toronto, Ontario M4A 2M9
Telephone (416) 299-2000
Telex No. 065-25161

SUMMARY OF ACCOUNTING POLICIES AND AUDITORS' REPORT

The accounting policies followed by Baton Broadcasting Incorporated and its subsidiary companies are summarized hereunder to facilitate a comprehensive review of the financial statements contained in this Report.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are outlined below.

The consolidated financial statements include the financial position of all subsidiary companies at August 31, 1986 and the results of their operations for the year then ended.

The significant subsidiary companies are:

Broadcasting and production -

Wholly-owned:

CFTO-TV Limited
Russwood Broadcasting Limited
CFGO Radio Limited
Glen-Warren Productions Limited
Agincourt Productions Limited
ReproSoft Incorporated
Nation's Capital Television Incorporated
Shamrock Television System Inc.
CFQC-TV Limited
CKCK-TV Limited

Partially-owned:

CFQC Broadcasting (90%)
CKCK Broadcasting Limited Partnership (90%)

Business forms, printing and packaging -

Wholly-owned:

ABF Business Forms Limited
ABF, Formules d'Affaires Ltée
Houghton Graphics Limited
Telfer Packaging Limited

Revenue recognition

Air time revenue is recognized by the Company when advertisements are aired under broadcast contracts.

Program production and distribution revenues are recognized by the Company to the extent that services have been performed or programs made available under contracts.

Business forms, printing and packaging revenue is recognized at the time goods are shipped to customers or, in certain circumstances, at the time they are available for shipment to customers.

Inventories

- (i) Business forms, printing and packaging materials -
Inventories are stated at the lower of cost, including direct production costs and an appropriate share of overhead, or estimated net realizable value.
- (ii) Production materials -
Production materials are carried in the Company's accounts at cost less provision for usage.
- (iii) Television programs -
Television programs produced by the Company are carried in the Company's accounts at cost, including direct production costs and an appropriate share of overhead. Profits are recorded on the sale of television programs only after all the related costs have been

recovered. If it becomes apparent that future revenues will not be sufficient to absorb the cost of television programs, the asset is written down to its estimated net realizable value.

Program and feature film contracts

The Company is committed under various long-term contracts for the rights to broadcast programs and feature films. Payments made under the terms of these contracts are reflected in the accounts as a prepaid expense. The cost of each contract is amortized on a "per play" basis over the duration of the contract; if it becomes apparent that this basis will not allow the contract to be fully amortized, the rate of amortization is increased.

Fixed assets and depreciation

Rates and bases of depreciation applied by the Company on an annual basis are as follows:

Buildings	—	2 1/2% straight-line basis
Production and transmitting equipment	—	7% to 12 1/2% straight-line basis
Business forms, printing and packaging equipment	—	10% straight-line basis
Automotive equipment	—	30% declining balance basis
Furniture and fixtures	—	10% straight-line basis

Gain or loss on disposal of individual assets is the difference between proceeds and net book value in the year of disposal.

Goodwill

Goodwill is recorded at cost and amortized on the following basis: Goodwill acquired prior to April 1, 1974 is not amortized; if it becomes apparent that the value of any component is permanently impaired, it will be written down. Goodwill acquired subsequent to April 1, 1974 is being amortized over a forty-year period.

Auditors' Report

To the Shareholders of Baton Broadcasting Incorporated:

We have examined the consolidated balance sheet of Baton Broadcasting Incorporated as at August 31, 1986 and the consolidated statements of income, retained earnings, changes in financial position and segmented financial information for the year then ended. 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, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Toronto, Canada,
October 14, 1986.

Clarkson Gordon
Chartered Accountants

BATON BROADCASTING INCORPORATED

(Incorporated under the laws of Ontario)

ASSETS	1986	1985
CURRENT:		
Cash and term deposits		\$ 4,695,217
Accounts receivable	\$ 38,090,283	32,122,364
Inventories -		
Business forms, printing and packaging materials	11,673,254	12,605,478
Production materials	1,576,951	1,196,429
Television programs	5,490,640	5,373,592
Prepaid expenses	2,473,349	2,701,216
TOTAL CURRENT ASSETS	<u>59,304,477</u>	<u>58,694,296</u>
OTHER ASSETS (note 1)	<u>1,719,514</u>	<u>1,933,473</u>
FIXED ASSETS (notes 2 and 4)	114,940,282	101,500,350
Less accumulated depreciation	<u>47,621,448</u>	<u>40,969,408</u>
TOTAL FIXED ASSETS	<u>67,318,834</u>	<u>60,530,942</u>
GOODWILL (notes 3 and 4)	<u>58,633,736</u>	<u>6,990,449</u>
	<u>\$ 186,976,561</u>	<u>\$ 128,149,160</u>

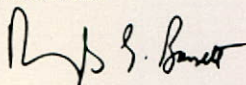
(See accompanying notes)

CONSOLIDATED BALANCE SHEET

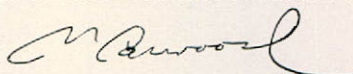
AUGUST 31, 1986
(with comparative figures at August 31, 1985)

LIABILITIES AND SHAREHOLDERS' EQUITY	1986	1985
CURRENT:		
Bank indebtedness	\$ 26,337,166	
Accounts payable and accrued charges	12,685,001	\$ 14,157,807
Current portion of note payable (note 5)	3,750,000	
Income and other taxes payable	3,815,105	2,216,755
Deferred income taxes	<u>3,867,989</u>	<u>3,670,874</u>
TOTAL CURRENT LIABILITIES	<u>50,455,261</u>	<u>20,045,436</u>
NOTE PAYABLE (note 5)	<u>11,250,000</u>	
DEFERRED INCOME TAXES	<u>7,529,067</u>	<u>7,059,047</u>
MINORITY INTEREST (notes 4 and 8)	<u>1,064,226</u>	
SHAREHOLDERS' EQUITY:		
Share capital (note 6) -		
Authorized:		
Unlimited common shares		
Issued:		
13,800,000 common shares	14,269,112	
7,185,569 Class A shares		7,429,833
6,614,431 Class B shares		<u>6,839,279</u>
	<u>14,269,112</u>	14,269,112
Retained earnings	<u>102,408,895</u>	<u>86,775,565</u>
TOTAL SHAREHOLDERS' EQUITY	<u>116,678,007</u>	<u>101,044,677</u>
	<u>\$ 186,976,561</u>	<u>\$ 128,149,160</u>

On behalf of the Board:



..... Director



..... Director

(See accompanying notes)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED AUGUST 31, 1986

(with comparative figures for 1985)

	1986	1985
REVENUES:		
Net air time	\$ 73,706,186	\$ 68,344,674
Production and distribution	33,655,728	31,880,962
Business forms, printing and packaging	80,857,180	69,856,019
Interest	<u>432,054</u>	<u>358,810</u>
	<u>188,651,148</u>	<u>170,440,465</u>
EXPENSES:		
Programming and production	116,746,671	106,172,804
Selling and administrative	29,099,997	26,473,322
Depreciation and amortization	<u>8,782,700</u>	<u>7,415,723</u>
	<u>154,629,368</u>	<u>140,061,849</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	34,021,780	30,378,616
Income taxes (note 7)	<u>16,318,811</u>	<u>13,109,941</u>
INCOME BEFORE EXTRAORDINARY ITEM	17,702,969	17,268,675
Extraordinary item (note 8)	<u>3,285,000</u>	<u></u>
NET INCOME FOR THE YEAR	\$ 20,987,969	\$ 17,268,675
EARNINGS PER SHARE:		
Income before extraordinary item	<u>\$1.28</u>	<u>\$1.25</u>
Net income for the year	<u>\$1.52</u>	<u>\$1.25</u>

(See accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED AUGUST 31, 1986

(with comparative figures for 1985)

	1986	1985
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Income before extraordinary item	\$ 17,702,969	\$ 17,268,675
Add (deduct) charges to operations not requiring a current cash payment -		
Depreciation and amortization	8,782,700	7,415,723
Deferred income taxes	(744,980)	899,389
Other		13,145
	25,740,689	25,596,932
Net change in non-cash working capital balances related to operations -		
Increase in accounts receivable and prepaid expenses	(1,963,768)	(572,698)
Decrease in inventories	547,402	396,151
Increase (decrease) in accounts payable and accrued charges	(1,724,146)	758,104
Increase in income and other taxes payable and deferred income taxes	1,795,465	956,847
	24,395,642	27,135,336
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES:		
Acquisition of television operations (note 4) -		
Working capital	(3,382,271)	
Land, buildings and equipment	(6,340,261)	
Other assets	(48,197)	
Goodwill	(51,760,510)	
Promissory note issued	15,000,000	
	(46,531,239)	
Proceeds on disposal of television operations (note 8)	5,000,000	
Purchases of fixed assets	(8,895,985)	(23,355,688)
Proceeds from disposal of fixed assets	86,327	804,783
Decrease in other assets	267,511	1,040,795
	(50,073,386)	(21,510,110)
CASH USED IN INVESTMENT ACTIVITIES	(50,073,386)	(21,510,110)
CASH USED TO PAY DIVIDENDS	(5,354,639)	(4,982,271)
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	(31,032,383)	642,955
CASH POSITION, BEGINNING OF THE YEAR	4,695,217	4,052,262
CASH POSITION, END OF THE YEAR	\$ (26,337,166)	\$ 4,695,217

(See accompanying notes)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED AUGUST 31, 1986

(with comparative figures for 1985)

	1986	1985
Balance, beginning of the year	\$ 86,775,565	\$ 74,489,161
Net income for the year	<u>20,987,969</u>	<u>17,268,675</u>
	107,763,534	91,757,836
Dividends paid	<u>5,354,639</u>	<u>4,982,271</u>
Balance, end of the year	<u>\$ 102,408,895</u>	<u>\$ 86,775,565</u>

(See accompanying notes)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 1986

1. Other assets

Other assets are comprised of:

	1986	1985
Investment in CTV Television Network Ltd., at cost	\$ 268,942	\$ 215,390
Distribution rights	125,572	218,083
Note receivable bearing interest at an effective rate of 14% payable in 35 quarterly instalments commencing September 1, 1986	<u>1,325,000</u>	<u>1,500,000</u>
	<u>\$ 1,719,514</u>	<u>\$ 1,933,473</u>

2. Fixed assets

Fixed assets and related accumulated depreciation and amortization are comprised of:

	1986		1985	
Cost	Accumulated depreciation and amortization	Net book value	Net book value	
Land	\$ 4,045,364		\$ 4,045,364	\$ 3,643,398
Buildings	19,024,192	\$ 4,667,024	14,357,168	11,823,063
Production and transmitting equipment	44,178,190	24,306,191	19,871,999	16,426,520
Business forms, printing and packaging equipment	38,428,976	14,139,303	24,289,673	24,370,870
Automotive equipment	1,759,610	973,403	786,207	669,329
Furniture and fixtures	7,503,950	3,535,527	3,968,423	3,597,762
	<u>\$ 114,940,282</u>	<u>\$ 47,621,448</u>	<u>\$ 67,318,834</u>	<u>\$ 60,530,942</u>

3. Goodwill

Goodwill is comprised of:

	1986	1985
Goodwill acquired before April 1, 1974	\$ 3,983,334	\$ 3,983,334
Goodwill acquired on or after April 1, 1974 (net of accumulated amortization of \$801,520; 1985 - \$684,297)	54,650,402	3,007,115
	<u>\$ 58,633,736</u>	<u>\$ 6,990,449</u>

4. Acquisitions

On July 31, 1986 the Company purchased all of the television operations of Yorkton Television Co., Ltd. ('Yorkton') and Prince Albert Television Inc. ('Prince Albert') serving a number of communities in Saskatchewan, Canada. In addition the Company acquired an option to purchase the assets of Image Cable Systems Ltd.. The option is for a period of five years at a price to be determined in accordance with an agreed formula.

On August 29, 1986 the Company purchased 90% of the television operations of CKCK-TV serving Regina, Saskatchewan, Canada and, as described in note 8, disposed of a 10% interest in the television operations of CFQC-TV serving Saskatoon, Saskatchewan, Canada. The Company has also agreed to sell 10% of the operations of Yorkton and Prince Albert, following approval of the Canadian Radio-television and Telecommunications Commission, for cash consideration equivalent to 10% of their acquisition price on July 31, 1986 adjusted for subsequent transactions.

These acquisitions have been accounted for by the purchase method and earnings therefrom are included from their respective acquisition dates. Net assets at assigned values and consideration given are as follows:

	Yorkton- Prince Albert	Regina
Net assets acquired at assigned values:		
Working capital	\$ 1,081,239	\$ 2,556,703
Land	194,517	100,000
Buildings	1,098,949	625,000
Equipment	2,317,995	2,307,000
Other		53,552
	<u>4,692,700</u>	<u>5,642,255</u>
Less minority interest in net assets acquired		(564,226)
Net assets acquired	4,692,700	5,078,029
Goodwill acquired	<u>11,838,539</u>	<u>39,921,971</u>
	<u>\$ 16,531,239</u>	<u>\$ 45,000,000</u>
Consideration given:		
Cash	\$ 16,531,239	\$ 30,000,000
Issue of 9% promissory note (see note 5)		15,000,000
	<u>\$ 16,531,239</u>	<u>\$ 45,000,000</u>

Goodwill acquired is amortized on a straight-line basis over 40 years.

5. Note payable

Note payable consists of a 9% promissory note, payable at the option of the holder over a period of four to ten years from January 15, 1987 to January 15, 1996. The holder may demand repayment of up to \$3,750,000 on each of January 15, 1987, 1988 and 1989. The interest rate may be revised annually after January 15, 1990 to the lesser of the average Canadian 90-day treasury bill rate or 9%.

6. Share capital

(a) Pursuant to the terms of a Special Resolution approved on December 18, 1985 by the holders of the Class A non-voting shares and the Class B shares of the Company, the Articles of the Company were amended on January 24, 1986 so as to reclassify and change each issued and outstanding Class A non-voting share of the Company into one common share of the Company and each issued and outstanding Class B share of the Company into one common share of the Company. The remaining authorized but unissued Class A non-voting shares and Class B shares of the Company were cancelled.

(b) The Company has reserved 700,000 common shares under its 1984 Employee Share Option Plan. At August 31, 1986, 696,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

options were outstanding of which 671,000 were granted in prior years at an option price of \$15.00 per share and an additional 25,000 were granted during the current year at an option price of \$22.50 per share. These options are exercisable at various specified dates until expiry 10 years from the date granted.

- (c) As a result of corporate reorganizations in prior years, the Company's legal share capital of \$34,135,400 is \$19,866,288 in excess of share capital of \$14,269,112 shown on the consolidated financial statements.

7. Income taxes

The components of the Company's effective income tax rate are as follows:

	<u>1986</u>	<u>1985</u>
Combined basic Canadian federal and provincial income tax rate	53.3%	51.0%
Provision for income taxes based on combined basic Canadian federal and provincial income tax rates	\$ 18,134,000	\$ 15,493,000
Decrease in tax resulting from -		
Manufacturing and processing deduction	(1,372,947)	(925,000)
3% inventory allowance	(79,577)	(241,000)
Investment tax credits		(982,000)
Other	(362,665)	(235,059)
	<u>\$ 16,318,811</u>	<u>\$ 13,109,941</u>
Effective income tax rate	<u>48.0%</u>	<u>43.2%</u>

8. Extraordinary item

On August 29, 1986 the Company sold 10% of its interest in the television operations of CFQC-TV in Saskatoon, Saskatchewan, Canada for cash consideration of \$5.0 million. As a result, the Company has recorded a minority interest of \$500,000 in the carrying value of the assets sold and a gain on disposition of \$3,285,000, net of deferred income taxes of \$1,215,000.

9. Related party transactions

The Company has transacted business during the year with companies that are related to members of the Board of Directors of the Company. These are summarized as follows:

	<u>1986</u>	<u>1985</u>
Advertising revenues and sales of business forms, printing and packaging materials	<u>\$ 1,833,000</u>	<u>\$ 2,439,000</u>
Purchases of goods and services	<u>\$ 1,000,000</u>	<u>\$ 1,087,000</u>
Capital expenditures		<u>\$ 239,000</u>

STATEMENT OF SEGMENTED FINANCIAL INFORMATION

(in thousands of dollars)

FOR THE YEAR ENDED AUGUST 31, 1986

(with comparative figures for 1985)

	Consolidated		Broadcasting, and program production and distribution		Business forms, printing and packaging	
	1986	1985	1986	1985	1986	1985
A. Total revenue	\$ 188,651	\$ 170,440				
Less revenue not identifiable to specific operating segments	432	39				
Identifiable revenue	<u>\$ 188,219</u>	<u>\$ 170,401</u>	<u>\$ 107,362</u>	<u>\$ 100,438</u>	<u>\$ 80,857</u>	<u>\$ 69,963</u>
B. Income before income taxes and extraordinary item	\$ 34,022	\$ 30,379				
Add net general corporate expenses not identifiable to specific operating segments	596	429				
Identifiable income before income taxes and extraordinary item	<u>\$ 34,618</u>	<u>\$ 30,808</u>	<u>\$ 31,792</u>	<u>\$ 28,746</u>	<u>\$ 2,826</u>	<u>\$ 2,062</u>
C. Total assets	\$ 186,977	\$ 128,149				
Less cash and term deposits not identifiable to specific operating segments		4,695				
Identifiable assets	<u>\$ 186,977</u>	<u>\$ 123,454</u>	<u>\$ 127,513</u>	<u>\$ 63,488</u>	<u>\$ 59,464</u>	<u>\$ 59,966</u>
D. Identifiable depreciation and amortization	\$ 8,783	\$ 7,416	\$ 5,035	\$ 4,803	\$ 3,748	\$ 2,613
E. Identifiable capital expenditures	<u>\$ 15,237</u>	<u>\$ 23,356</u>	<u>\$ 11,768</u>	<u>\$ 6,525</u>	<u>\$ 3,469</u>	<u>\$ 16,831</u>

The Company has defined the following as its two main industry segments: (1) television and radio broadcasting combined with the production and distribution of commercial and syndicated programming; (2) commercial printing combined with the production of packaging and business forms.

(See accompanying notes)



John W.H. Bassett, O.C. announced following the Annual Meeting of Shareholders December 18, 1985 that he was retiring from his office of Chairman, Baton Broadcasting Incorporated.

Responsible for obtaining the first private television broadcast licence in the Toronto area for CFTO-TV in 1960, Mr. Bassett led the Company from its inception through to the formation of Baton Broadcasting Incorporated as a public company in 1971 and has served as Chairman until December 18, 1985.

In recognition of his outstanding contributions to the development and character of this country, Mr. Bassett was awarded the Order of Canada on October 30, 1985.

The Board of Directors would like to acknowledge Mr. Bassett's remarkable achievements and his contribution to the Company's success and are pleased that he will remain as Chairman of the Executive Committee and as a Director of the Company.

BOARD OF DIRECTORS

ALLAN L. BEATTIE, Q.C.
Chairman
Baton Broadcasting Incorporated
Senior Partner, Law Firm
Osler, Hoskin & Harcourt

JOHN W.H. BASSETT, O.C.
Chairman
CFTO-TV Limited

DOUGLAS G. BASSETT
President and Chief Executive Officer
Baton Broadcasting Incorporated

WILLIAM PRESS COOPER
President
Cooper Construction Company Limited

EDWARD J. DELANEY
Vice-President and Secretary
Baton Broadcasting Incorporated

FREDRIK S. EATON
President
Eaton's of Canada Limited

GEORGE ROSS EATON
Executive Vice-President
Eaton's of Canada Limited

JOSEPH J. GARWOOD, C.A.
Vice-President and Managing Director
Baton Broadcasting Incorporated

IRVING RUSSELL GERSTEIN
President
Peoples Jewellers Limited

EDWIN A. GOODMAN, O.C., Q.C.
Senior Partner, Law Firm
Goodman & Goodman

LEIGHTON W. McCARTHY
President
McCarthy Securities Limited

G. BLAIR NELSON
President
Russwood Broadcasting Limited

JAMES D. WALLACE, C.A.
President
Pioneer Construction Inc.

COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE
JOHN W.H. BASSETT, O.C.
Chairman
DOUGLAS G. BASSETT
ALLAN L. BEATTIE, Q.C.
FREDRIK S. EATON
LEIGHTON W. McCARTHY

AUDIT COMMITTEE
ALLAN L. BEATTIE, Q.C.
Chairman
EDWIN A. GOODMAN, O.C., Q.C.
LEIGHTON W. McCARTHY
JAMES D. WALLACE, C.A.

COMPENSATION COMMITTEE
GEORGE ROSS EATON
Chairman
DOUGLAS G. BASSETT
WILLIAM PRESS COOPER
IRVING RUSSELL GERSTEIN

DONATIONS COMMITTEE
DOUGLAS G. BASSETT
Chairman
WILLIAM PRESS COOPER
IRVING RUSSELL GERSTEIN

OFFICERS

ALLAN L. BEATTIE, Q.C.
Chairman

DOUGLAS G. BASSETT
President and Chief Executive Officer

JOSEPH J. GARWOOD, C.A.
Vice-President and Managing Director

EDWARD J. DELANEY
Vice-President and Secretary

ROBIN A. FILLINGHAM, C.A.
Vice-President, Finance

RAYMOND J. CARNOVALE, P. Eng.
Vice-President, Engineering

DONALD C. FERGUSON
Vice-President, Research

COMPANY ADDRESSES

CFTO-TV LIMITED

9 Channel Nine Court, Scarborough, Ontario M1S 4B5 (416) 299-2000

GLEN-WARREN PRODUCTIONS LIMITED

Box 9, Station O, Toronto, Ontario M4A 2M9 (416) 291-7571

Sales Offices:

Suite 414, 551 Fifth Avenue, New York, N.Y. 10017, U.S.A. (212) 883-0090

Suite PH-M, 9911 West Pico Blvd., Los Angeles, Ca. 90035, U.S.A. (213) 553-9233

GLEN-WARREN BROADCAST SALES

Suite 300, 2 Bloor Street W., Toronto, Ontario M4W 3L2 (416) 963-9898

Sales Offices:

Suite 1702, 1010 Sherbrooke St. W., Montreal, Quebec H3A 2R7 (514) 282-1845

P.O. Box 10149, Pacific Centre, Vancouver, B.C. V7Y 1C6 (604) 682-8404

CLEO PRODUCTIONS

Suite 300, 2 Bloor Street W., Toronto, Ontario M4W 3L2 (416) 963-9800

RUSSWOOD BROADCASTING LIMITED

CFQC Radio 600

216 First Avenue North

Saskatoon, Saskatchewan S7K 3W3 (306) 665-8600

CFQC-TV LIMITED

CFQC BROADCASTING

216 First Avenue North, Saskatoon, Saskatchewan S7K 3W3 (306) 665-8600

CKCK-TV LIMITED

CKCK BROADCASTING LIMITED PARTNERSHIP

#1 Hwy. East

P.O. Box 2000

Regina, Saskatchewan S4P 3E5 (306) 569-2000

SHAMROCK TELEVISION SYSTEM INC.

YORKTON TELEVISION - P.O. Box 280, 95 East Broadway, Yorkton, Saskatchewan S3N 2V9 (306) 783-3685

PRINCE ALBERT TELEVISION - 22-10th Street West, Prince Albert, Saskatchewan S6V 3A5 (305) 922-6066

CFG0 RADIO LIMITED

1575 Carling Avenue, Ottawa, Ontario K1Z 7M3 (613) 729-1200

AGINCOURT PRODUCTIONS LIMITED

821 Queen Street East, Toronto, Ontario M4M 1H8 (416) 469-1171

REPROSOFT INCORPORATED

5250 Finch Avenue East, Scarborough, Ontario M1S 4P3 (416) 297-0150

HAUGHTON GRAPHICS LIMITED

851 Middlefield Rd., Scarborough, Ontario M1V 2R2 (416) 291-2573

TELFER PACKAGING LIMITED

1845 Birchmount Rd., Scarborough, Ontario M1P 2J4 (416) 291-1161

ABF, FORMULES d'AFFAIRES LTÉE

6935 rue Picard, St-Hyacinthe, Quebec J2S 1H3 (514) 774-1001

Sales Offices:

Suite 206, 1481 Cyrville Rd., Ottawa, Ontario K1B 3L7 (613) 745-9474

Suite 207, 2120 Est, rue Sherbrooke, Montreal, Quebec H2K 1C3 (514) 521-5700

Suite 125, 2022 rue Lavoisier, Ste-Foy, Quebec G1N 4L5 (418) 688-8922

951 Nere Duplessis, C.P. 633, Trois Rivieres, Quebec G9A 5J3 (819) 372-1911

ABF BUSINESS FORMS LIMITED

30 Fasken Drive, Rexdale, Ontario M9W 1K5 (416) 675-3626

9815-42nd Avenue, Edmonton, Alberta T6E 0A3 (403) 462-5711

Sales Offices:

3332 Mainway, Burlington, Ontario L7W 1A7 (416) 335-4242

678 Belmont Avenue West, Suite 302, Kitchener, Ontario N2M 1N6 (519) 743-3645

Suite 204, 148 York Street, London, Ontario N6A 1A9 (519) 672-1436

1249 Clarence Avenue, #12, Winnipeg, Manitoba R3T 1T4 (204) 284-8254

1145 Rose Street, Regina, Saskatchewan S4R 1Z5 (306) 359-0878

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610F, 70 Avenue S.E., Calgary, Alberta T2H 2J6 (403) 253-8387

3331 Viking Way, #6, Richmond, B.C. V6V 1X7 (604) 278-7778

168 Seymour Street, Kamloops, B.C. V2C 2E1 (604) 372-1303

CFTO

CFTO-TV Limited



CTV Television Network Ltd.



CKOS-TV
CICQ-TV
CKBI-TV
CIPA-TV

Shamrock Television System Inc.



CKCK-TV Limited

CKCK Broadcasting Limited Partnership



CFQC Broadcasting



CFGQ Radio Limited



RUSSWOOD
BROADCASTING
LIMITED

CFQC Radio 800



Glen-Warren Productions Limited



Agincourt Productions Limited

REPROSOFT

ReproSoft Incorporated

Telfer

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ABF Business Forms Limited
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