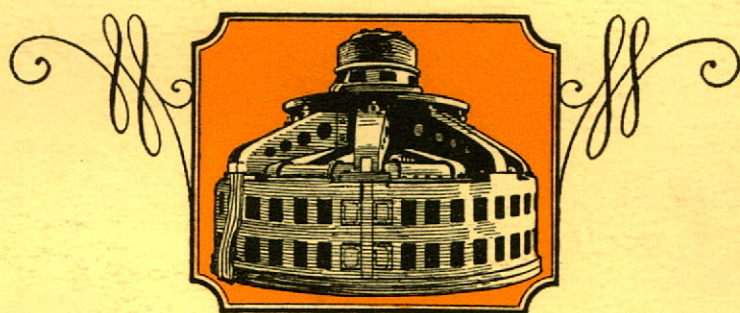


POWER CORPORATION OF CANADA, LIMITED



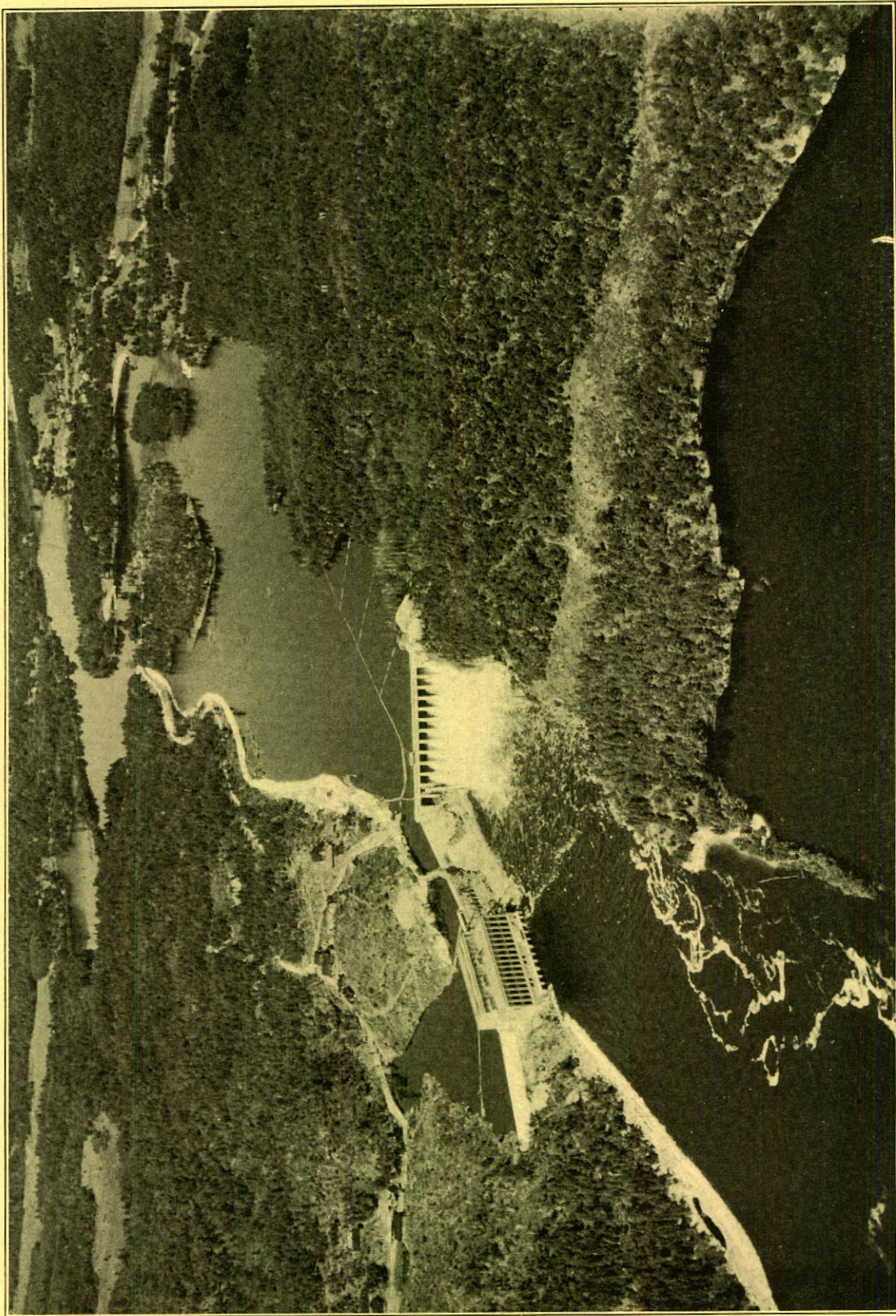
**ANNUAL REPORT
FOR THE YEAR ENDING
30th JUNE 1926**

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*Power Corporation
of Canada, Limited*



*Bryson Development
Ottawa River Power Company Limited*

POWER CORPORATION OF CANADA, LIMITED



ANNUAL REPORT AND
YEAR BOOK

1926

Head Office
145 ST. JAMES STREET
MONTREAL

Officers

President

A. J. NESBITT, Montreal

Vice-President

J. B. WOODYATT, Montreal

Directors

A. W. McLIMONT	Winnipeg
Col. J. R. MOODIE	Hamilton
J. M. ROBERTSON	Montreal
N. A. TIMMINS	Montreal
P. A. THOMSON	Montreal

K. S. BARNES, *Secretary-Treasurer*

M. M. COX, *Assistant Secretary-Treasurer*

Fiscal Agents

NESBITT, THOMSON & COMPANY LIMITED

Auditors

P. S. ROSS & SONS

Power Corporation of Canada Limited

TO THE SHAREHOLDERS:

The Board of Directors submits the following report covering the operations of your Company for the year ending June 30th, 1926. As your Company has only been in operation a year, the following statement of earnings is particularly gratifying:

Gross Earnings	\$324,476.92
Expenses including Reserve for Taxes...	78,090.69
Net Earnings	\$246,386.23

Out of the net earnings of \$246,386.23 the sum of \$145,453.84 was paid out in dividends leaving \$100,932.39 which was carried forward as surplus.

Your Company through stock ownership controls the following:—

Canada Northern Power Corporation Limited
Ottawa and Hull Power Company Limited
Ottawa-Montreal Power Company Limited

and also has a substantial interest in the following:—

Southern Canada Power Company Limited
Dominion Power and Transmission Company Limited
Winnipeg Electric Company
East Kootenay Power Company Limited

The most westerly property is that of the East Kootenay Power Company Limited, which serves a territory extending from Cranbrook, B.C., to Blairmore, Alta. While earnings in 1925 were larger than in 1924, the increase was not as great as had been expected due principally to subnormal conditions in the coal mining industry. Conditions in the early part of 1926 remained subnormal, but there has been some improvement in the last few months and prospects for the remainder of the year are good. Notwithstanding the comparative quietness of some of the customers, the load on the Company's system has been growing and in order to meet the increased demands for power a steam

station is being designed to supplement the existing supply of hydro-electric power.

In Manitoba, the Winnipeg Electric Company and its subsidiary, Manitoba Power Company Limited, supply electric light, power, gas and traction to the city of Winnipeg and the surrounding municipalities. The earnings of Winnipeg Electric Company have reflected the general improvement in business conditions in the territory served and the continued activity that is recorded would indicate that the results of the 1926 operations of the Company will show a decided improvement over those of 1925. Manitoba Power Company Limited is at present installing a third 28,000 horse-power generator which

POWER CORPORATION OF CANADA, LIMITED

will be used to supply the power required by the new mill of the Manitoba Paper Company Limited. It is expected that this mill will have one paper machine of 100 tons daily capacity in operation by December of this year, and that another similar machine will be in operation early in 1927.

The city of Hamilton and the surrounding district, including Brantford, Dundas, Burlington, Oakville, Grimsby and Beamsville, are served by the Dominion Power and Transmission Company Limited and its subsidiaries. The original hydro-electric plant at Decew Falls, built in 1897, contained two 1,700 horse-power turbines but with the increase in load experienced, this soon proved inadequate and additions were made from time to time until there is now over 55,000 horse-power installed at this point. In 1917 a steam station of 27,000 horse-power capacity was placed in operation and lately it has been found necessary to purchase an additional 10,000 horse-power. The increasing demands for power that the Company is experiencing are due to the constant industrial development of the territory served.

In May of this year a new agreement was completed between the city of Hamilton and the Company which will prove very beneficial to both parties as it assures the city adequate service and the Company adequate rates. Net earnings for the first eight months of this year have been substantially higher than they were for the same period last year.

The gold and silver mines of Ontario are supplied with electric power by the subsidiaries of Canada Northern Power Corporation Limited. The territory served includes the gold mining areas of Porcupine, Kirkland Lake and Larder Lake; the silver mining areas of Gowganda, Cobalt and South Lorrain; and a transmission line is

now being built to the copper gold area of Rouyn in Quebec. The marked importance of the mining industry in Canada is evidenced by the fact that in 1925 the value of minerals produced was about \$232,550,000, of this amount \$37,000,000 was produced by the mines served by this company. At the present time the company controls nine plants having an installed capacity of about 78,000 horse-power which can be increased to 118,000 by the installation of additional machinery. Gross earnings for the first seven months of this year were eleven per cent greater than for the same period last year.

Ottawa and Hull Power Company Limited and its subsidiary, Ottawa River Power Company Limited, own three hydro-electric plants on the Ottawa River. Two are situated at the Chaudière Falls, in the city of Hull and the third is at Grand Calumet Falls, about 50 miles above Ottawa. The present capacity of these plants is about 60,000 horse-power which can be readily increased to about 110,000 horse-power. The companies serve the growing cities of Ottawa and Hull and have enjoyed a steady increase in load. In July of this year the load was slightly more than twelve per cent greater than it was at the same time last year. The growth of this territory has never been spectacular, but it is consistent and consequently satisfactory.

In 1924, Ottawa-Montreal Power Company Limited, was incorporated and took over the Hawkesbury Electric Light Company and Western Quebec Power Company Limited. These companies owned four hydro-electric plants and served a number of municipalities in the Ottawa Valley on both sides of the river. The new company has acquired two new hydro-electric plants, and transmission lines have

POWER CORPORATION OF CANADA, LIMITED

been built to serve additional municipalities including Lachute, Alfred, St. Hermas and St. Benoit. The Company now serves over forty municipalities lying between Rockland and Vaudreuil. The territory served is devoted principally to farming and small manufacturing, although there are a few large industries located in it; when the natural advantages of this area are more fully appreciated there should be a marked increase in activity.

The present prosperity of the Eastern Townships of the province of Quebec is, in a large measure, due to the adequate and dependable supply of electric power that is available. One of the most important utilities supplying this district is Southern Canada Power Company Limited, which has grown to be a large factor in the advancement of the territory it serves. In July, 1926, there were 19,655 customers connected to the lines of the company compared with 17,235 at the same time last year, an increase of almost fourteen per cent. The company has been successfully engaged in encouraging new industries to locate in its territory and succeeded, a short time ago, in locating the new plant of Canadian Celanese Limited, at Drummondville. This industry will eventually employ about 3,000 hands.

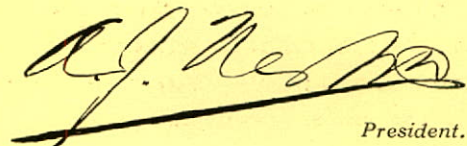
During the year your company has been of considerable assistance to many of the operating companies in which it is interested; advice has been given on many of the problems of these companies and the

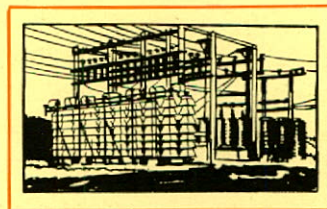
satisfactory nature of the assistance is reflected in the improved positions of the companies. New rate schedules and contracts that are more equitable, both to the consumer and company, have been designed and put in force where necessary and valuable assistance has been rendered in negotiating franchises and important contracts. Your engineering department supervised the design and construction of plant and line extensions under way and contemplated.

The above brief review of the operations of your company and of the utilities in which it is interested indicates in a general way the scope of its activities. It is now generally conceded that the statistics of electricity output are a fair measure of business conditions, hence as industrial activity increases the output of electricity likewise increases. At the present time indications point to a continuation of the present level of prosperity and consequently your Directors have confidence in the continued success and increasing prosperity of your company.

The books and accounts of the company have been audited by Messrs. P. S. Ross & Sons, Chartered Accountants, whose certificate is attached.

Respectfully submitted on behalf of the Board,


President.



POWER CORPORATION

Balance Sheet, as at

ASSETS

Cash on Hand, in Bank and on Call	\$ 24,395.16	
Accounts Receivable	27,387.18	
Investments at Cost	2,817,099.04	
Prepaid Charges	380.00	
		<hr/>
		\$2,869,261.38
Investments in Common Stocks of Affiliated Companies at Cost		3,110,485.72
Accrued Interest on Investments		11,858.53
Furniture and Fixtures, less Reserve for Depreciation		2,359.70
Organization Expenses		6,000.00

\$5,999,965.33

Signed on behalf of the Board { A. J. NESBITT, *Director*
J. B. WOODYATT, *Director*

OF CANADA LIMITED

June 30th, 1926

LIABILITIES

Call Loans Payable	\$ 312,500.00	
Accounts Payable	32,157.96	
Dividend Payable	37,500.00	
Accrued Liabilities	16,874.98	
		\$ 399,032.94
Capital:		
First Cumulative 6% Preferred		
Authorized 50,000 shares, par value \$100.00 each		
Issued 25,000 shares	2,500,000.00	
Non-Cumulative 6% Participating Preferred		
Authorized 100,000 shares, par value \$50.00 each		
Issued 50,000 shares	2,500,000.00	
Common:		
Authorized 250,000 shares, no par value		
Issued 100,000 shares	500,000.00	
		5,500,000.00
Surplus—as per attached statement		100,932.39
		<u>\$5,999,965.33</u>

THE PRESIDENT AND SHAREHOLDERS,
POWER CORPORATION OF CANADA LIMITED

We have examined the books and accounts of the Power Corporation of Canada Limited and certify that the foregoing Balance Sheet and relative Profit and Loss Account exhibit a true and correct view of the state of the Corporation's affairs and the results from the operations thereof, according to the information and explanations given to us and as shown by the books.

MONTREAL, 31st July, 1926.

P. S. ROSS & SONS,
Chartered Accountants.

POWER CORPORATION OF CANADA, LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended June 30th, 1926

Gross Revenue	\$324,476.92
Less: Expenses	61,490.69
	<hr/>
	262,986.23
Less: Reserve for Federal Taxes	16,600.00
	<hr/>
	246,386.23
Less: Dividends Paid	145,453.84
	<hr/>
Surplus	<u>\$100,932.39</u>

POWER CORPORATION OF CANADA, LIMITED

STATEMENT OF OPERATIONS

For the year ended June 30th, 1926

The following condensed statement of the operations of the utility companies which Power Corporation of Canada Limited controls or is substantially interested in, is indicative of the magnitude of its operations:

(1) Combined Gross Earnings for the last fiscal period	\$12,974,984.90
(2) Net Earnings for same period available for Reserves and Common Dividends	1,891,703.65
(3) Total k.w. hours generated during 1925	850,000,000
(4) Total Plant Capacity (horse-power)	400,000

Power Corporation of Canada Limited owns 36.25 per cent of the outstanding Common Stocks of these utilities.

POWER CORPORATION OF CANADA, LIMITED



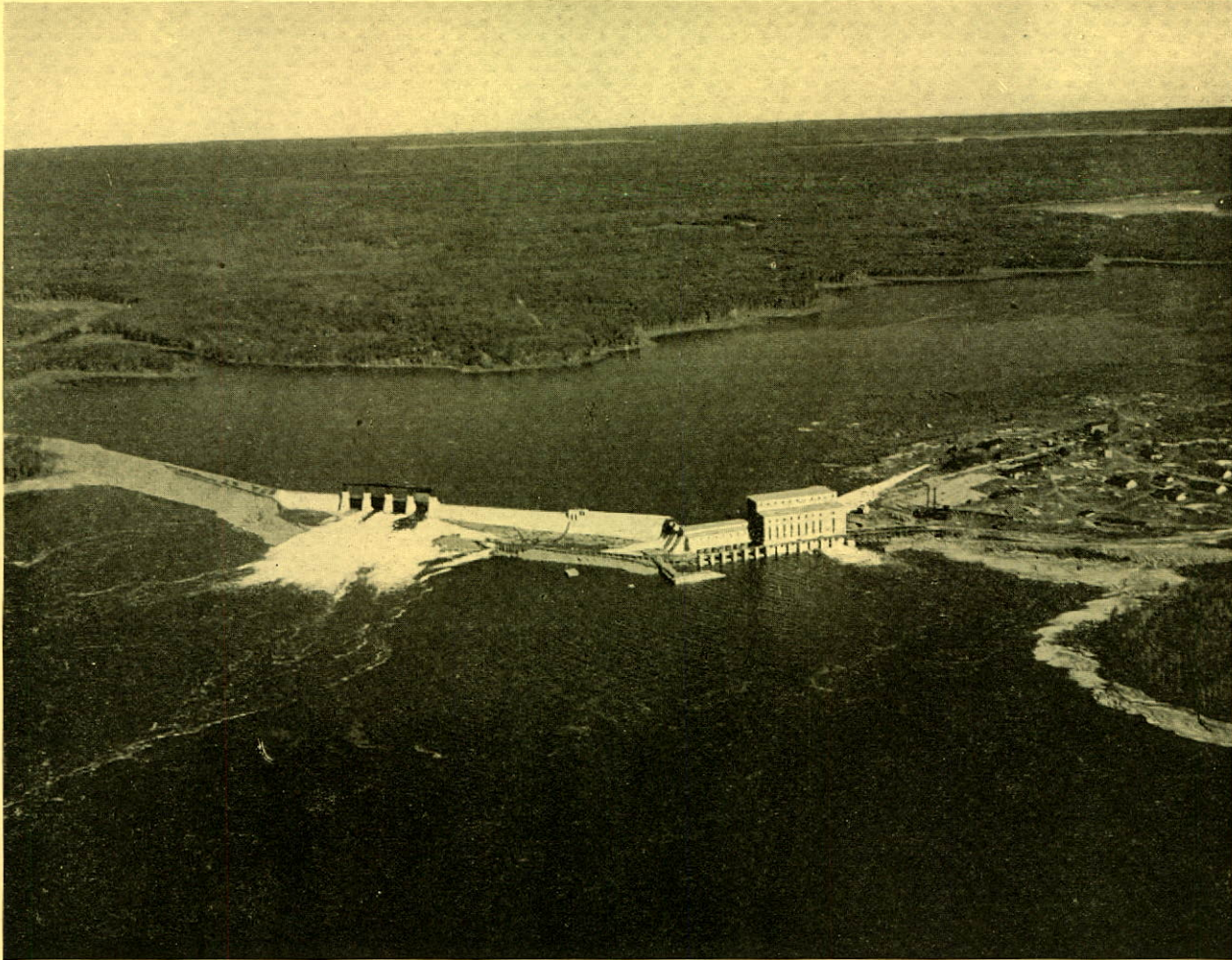
*Dam—Elko Plant
East Kootenay Power Company Limited*

East Kootenay Power Company Limited

*Consolidated Statement of Financial Condition
as at 31st March, 1926*

ASSETS		LIABILITIES	
Properties	\$3,505,236.22	Capital Stock—Pfd. Shares . . .	\$ 750,000.00
Common Stock of Company held in trust for Employees	24,000.00	Ordinary Shares	150,000.00
Current Assets	140,267.93	Funded Debt.	2,281,000.00
Deferred Charges	26,830.47	Notes	250,000.00
		Current Liabilities	121,945.31
		Reserves	135,000.00
		Surplus	8,389.31
	\$3,696,334.62		\$3,696,334.62

POWER CORPORATION OF CANADA, LIMITED



*Great Falls Development
Manitoba Power Company Limited*

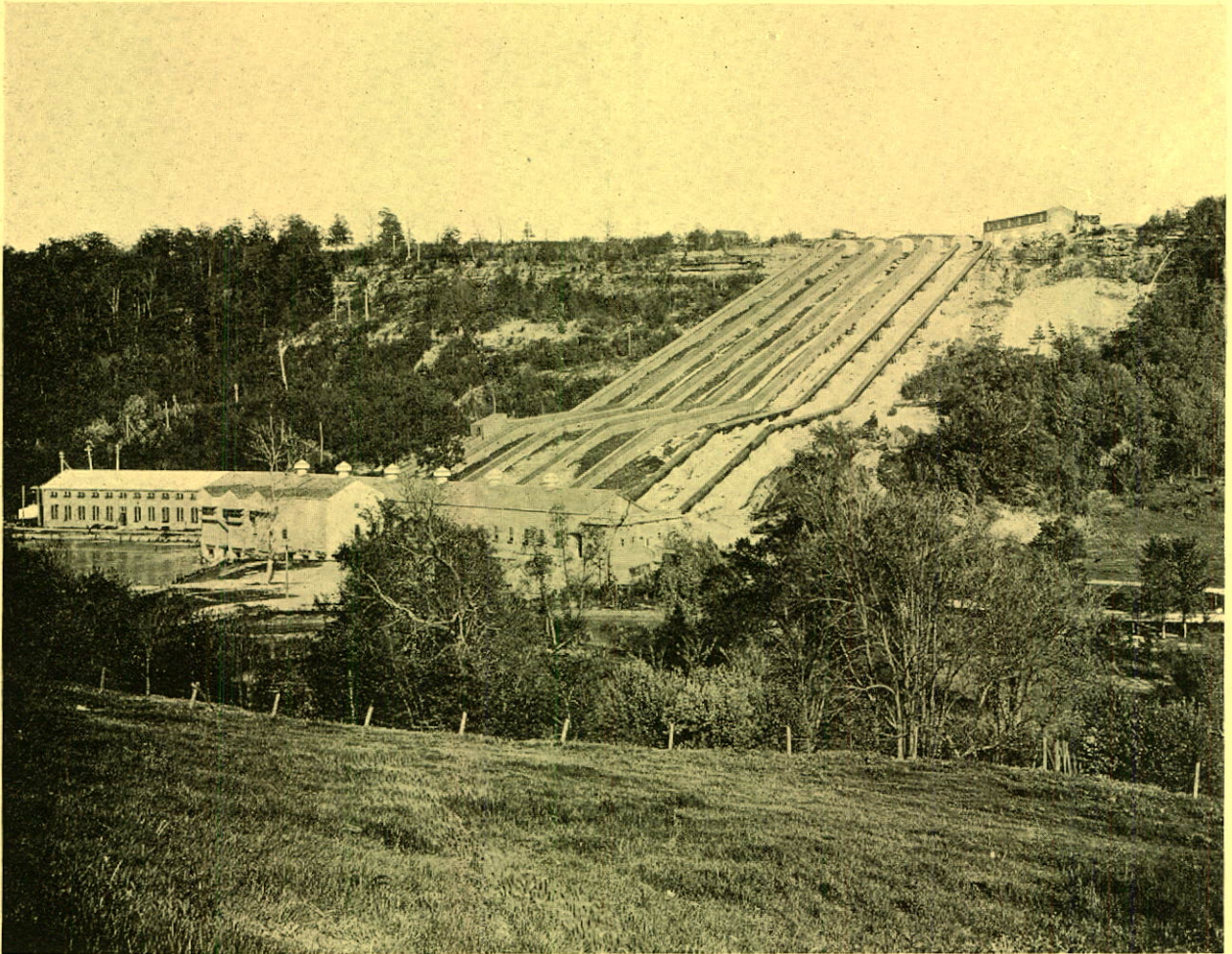
Manitoba Power Company Limited

*Consolidated Statement of Financial Condition
as at 31st December, 1925*

ASSETS		LIABILITIES	
Properties	\$8,896,337.06	Capital Stock	\$1,551,881.45
Investment in subsidiary	352,006.38	Funded Debt 7%, 1941	7,500,000.00
Current Assets	72,638.82	Current Liabilities	166,733.36
Unadjusted Debits	19,900.56	Accrued Liabilities	100,686.29
		Surplus	21,581.72
	<u>\$9,340,882.82</u>		<u>\$9,340,882.82</u>

On May 1st, 1926, the issue of 7% bonds was redeemed and replaced by an issue of \$10,000,000 5½% bonds due 1951.

POWER CORPORATION OF CANADA, LIMITED



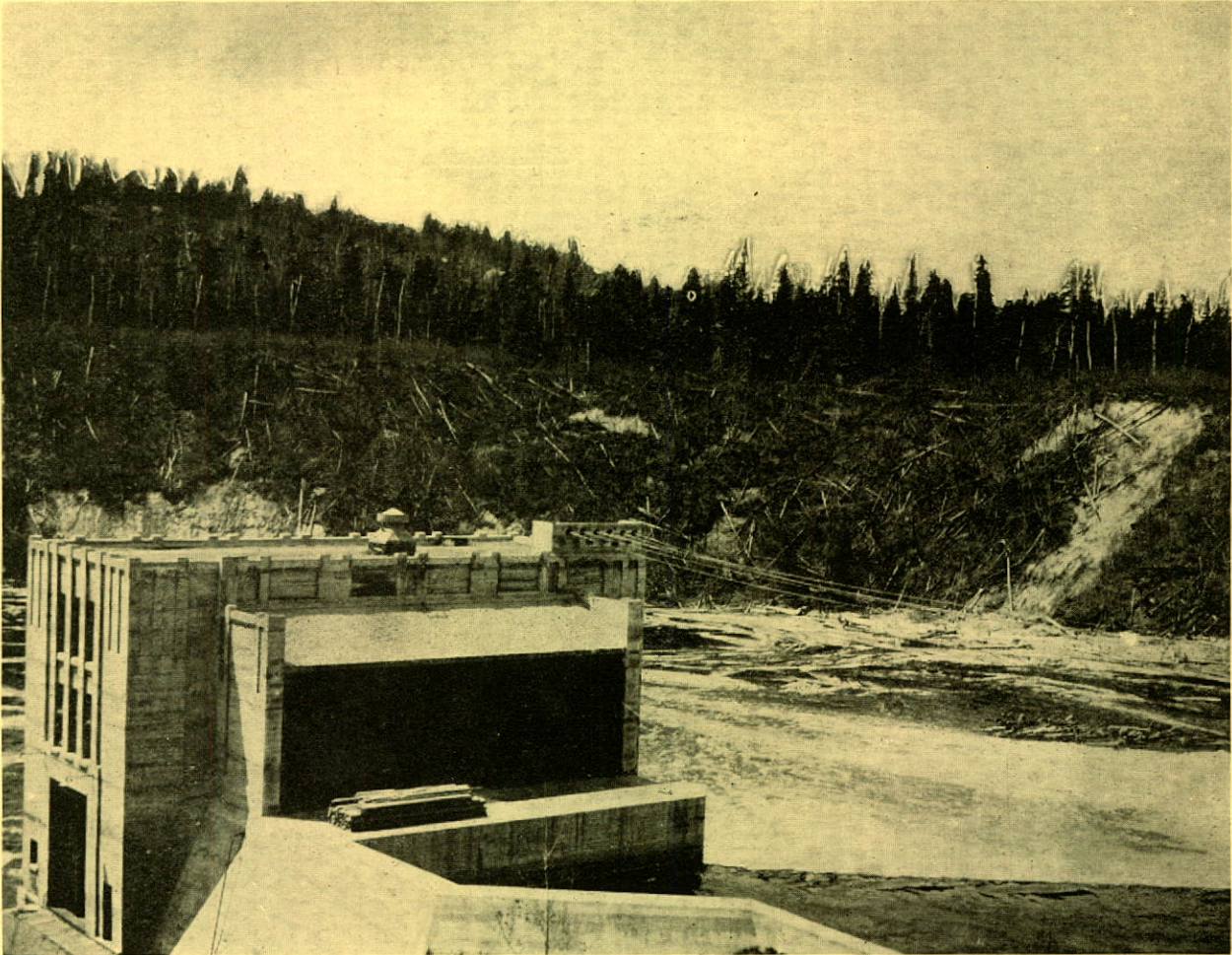
*DeCew Falls Development
Dominion Power & Transmission Company Limited*

Dominion Power & Transmission Company Limited

*Consolidated Statement of Financial Condition
as at December 31st, 1925*

ASSETS		LIABILITIES	
Properties	\$24,341,947.62	Funded Debt	\$ 8,158,000.00
Cash	16,666.88	Notes Payable	199,638.85
Accounts Receivable	195,616.44	Accounts Payable	288,220.51
Stores	243,867.34	Customers' Deposits	4,075.66
Charges Prepaid	9,256.22	Bond Interest Matured	4,945.00
		Bond Interest Accrued	107,703.75
		Capital Stock Preferred	4,239,000.00
		Ordinary	7,700,000.00
		Dividends Payable	76,427.50
		Reserves	3,500,494.96
		Surplus	528,848.27
	\$24,807,354.50		\$24,807,354.50

POWER CORPORATION OF CANADA, LIMITED



*Matabitchouan Plant
Northern Ontario Light and Power Co. Limited*

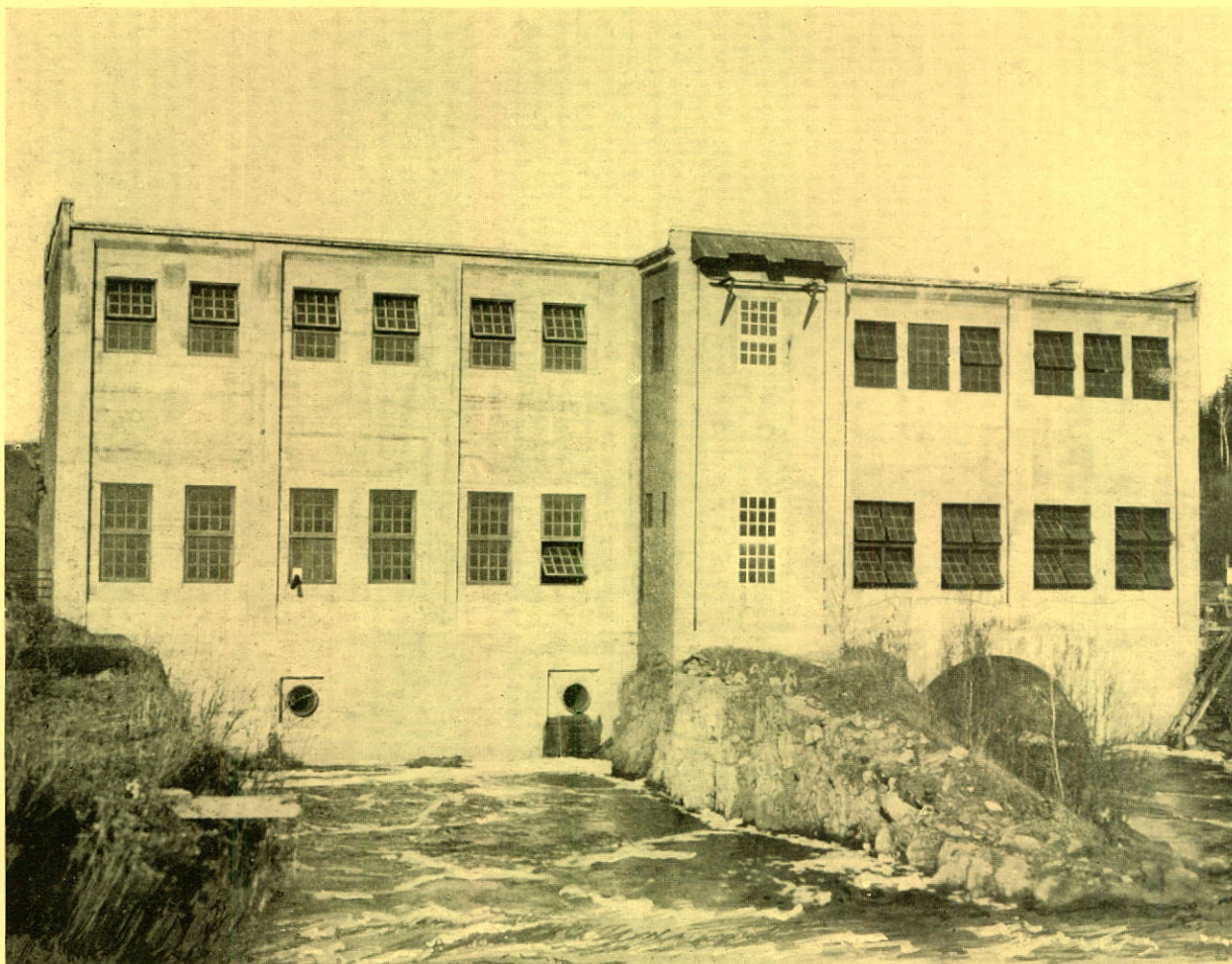
Canada Northern Power Corporation Limited

and SUBSIDIARY COMPANIES:

NORTHERN ONTARIO LIGHT & POWER COMPANY LIMITED NORTHERN CANADA POWER LIMITED
PORCUPINE POWER & TELEPHONE COMPANY LIMITED

Consolidated Balance Sheet as at June 30, 1926

ASSETS	Capital Stock:	LIABILITIES
Plant and Property	7% Cumulative Preferred Shares—	
Special Deposits	Authorized—75,000 shs. of \$100 par value	\$7,500,000.00
	Issued—46,637 shares	4,663,700.00
<i>Current Assets:</i>	Common Shares of No Par Value—	
Cash	Authorized 75,000 shs.	
Investments in Dominion of Canada bonds and other marketable securities	Issued 42,657 shs.	403,210.00 \$ 5,066,910.00
Accounts Receivable	Preferred Stock of Northern Ontario Light & Power Co. Limited	2,400,000.00
Materials and Supplies	Minority Stockholders' Equity in Sub. Cos.	1,332,075.71
	<i>Funded Debt:</i>	
Prepaid Charges	Canada Nor. Power Corp. Limited—6½% Collateral Trust bonds, maturing 1941	2,500,000.00
	Nor. Ontario Light & Power Co. Limited—6% First Mortgage Bonds, maturing 1946	5,067,000.00
	Northern Canada Power Limited—6% First Mortgage bonds, maturing 1928	3,000.00
	6% First Mortgage bonds, maturing 1945	6,000,000.00
	<i>Current Liabilities:</i>	13,570,000.00
	Accounts Payable	585,701.76
	Reserve for Depreciation	3,142,598.47
	Capital Surplus	4,637,554.76
		<u>\$30,734,840.70</u>
		<u>\$30,734,840.70</u>



*Wawaitin Plant
Canada Northern Power Corporation Limited*

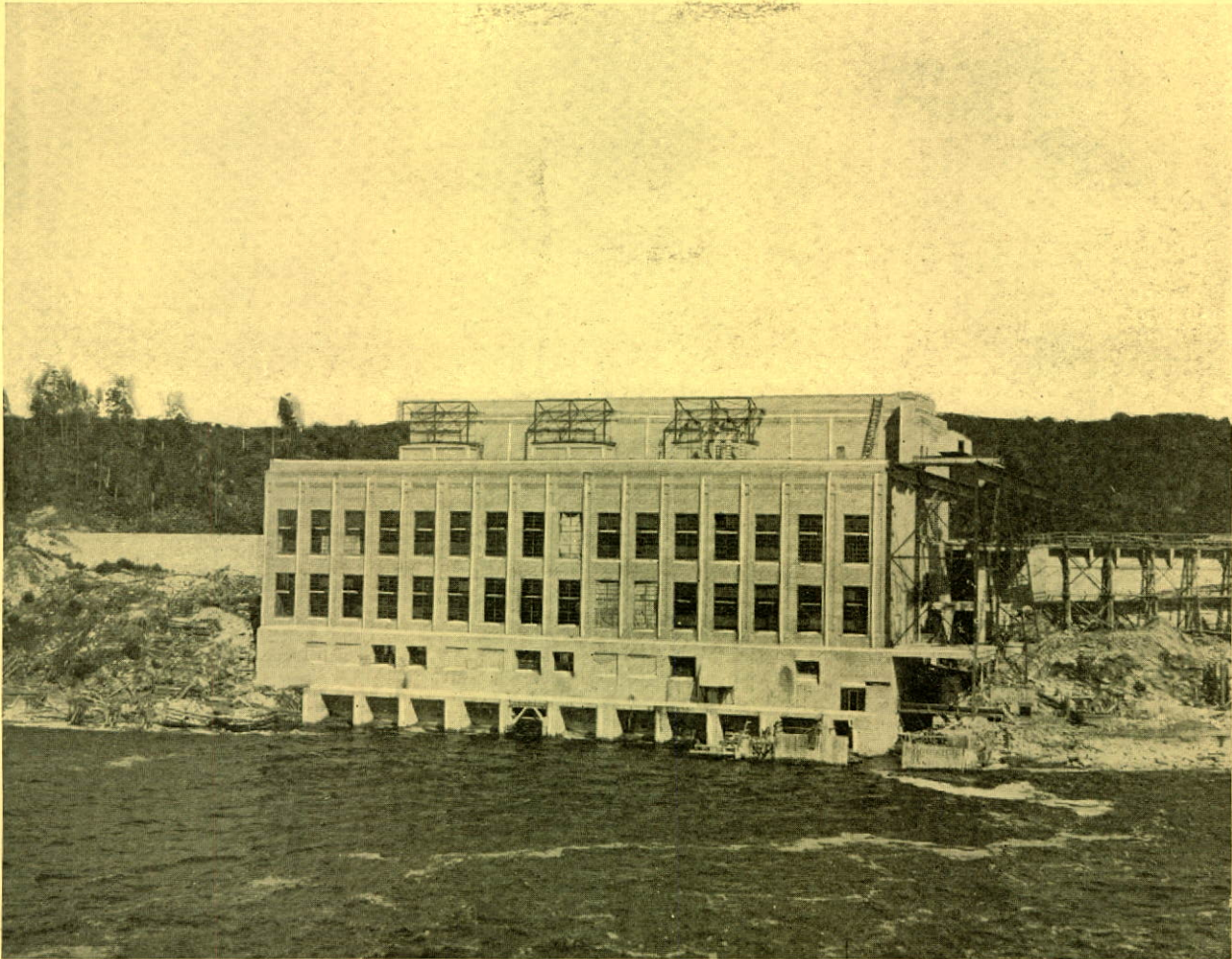
Canada Northern Power Corporation Limited

In 1925 the Porcupine and Kirkland Lake mines produced \$30,292,159 worth of gold and paid over \$8,200,000 in dividends.

The silver mines produced 10,217,315 fine ounces of silver worth over \$7,000,000 and paid \$1,887,500 in dividends.

This territory is supplied with power by the subsidiaries of Canada Northern Power Corporation Limited.

POWER CORPORATION OF CANADA, LIMITED



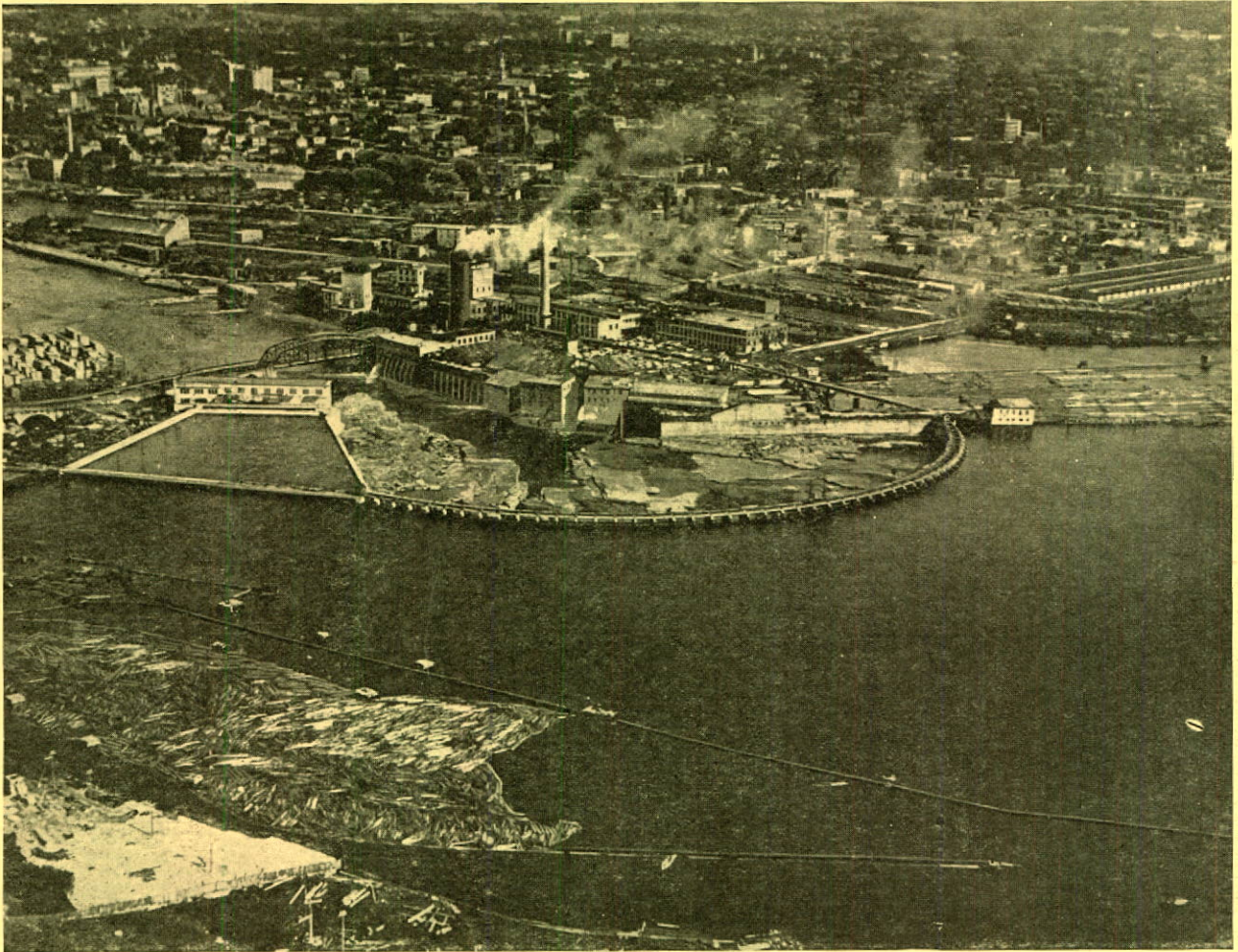
*Bryson Plant
Ottawa River Power Company Limited*

Ottawa River Power Company Limited

*Consolidated Statement of Financial Condition
as at 31st December, 1925*

ASSETS		LIABILITIES	
Properties	\$4,828,843.88	Capital Stock	\$ 450,000.00
Current Assets	33,940.57	Funded Debt	4,000,00.00
Prepaid Charges	2,869.00	Notes	250,000.00
		Current Liabilities	165,653.45
	<u>\$4,865,653.45</u>		<u>\$4,865,653.45</u>

POWER CORPORATION OF CANADA, LIMITED

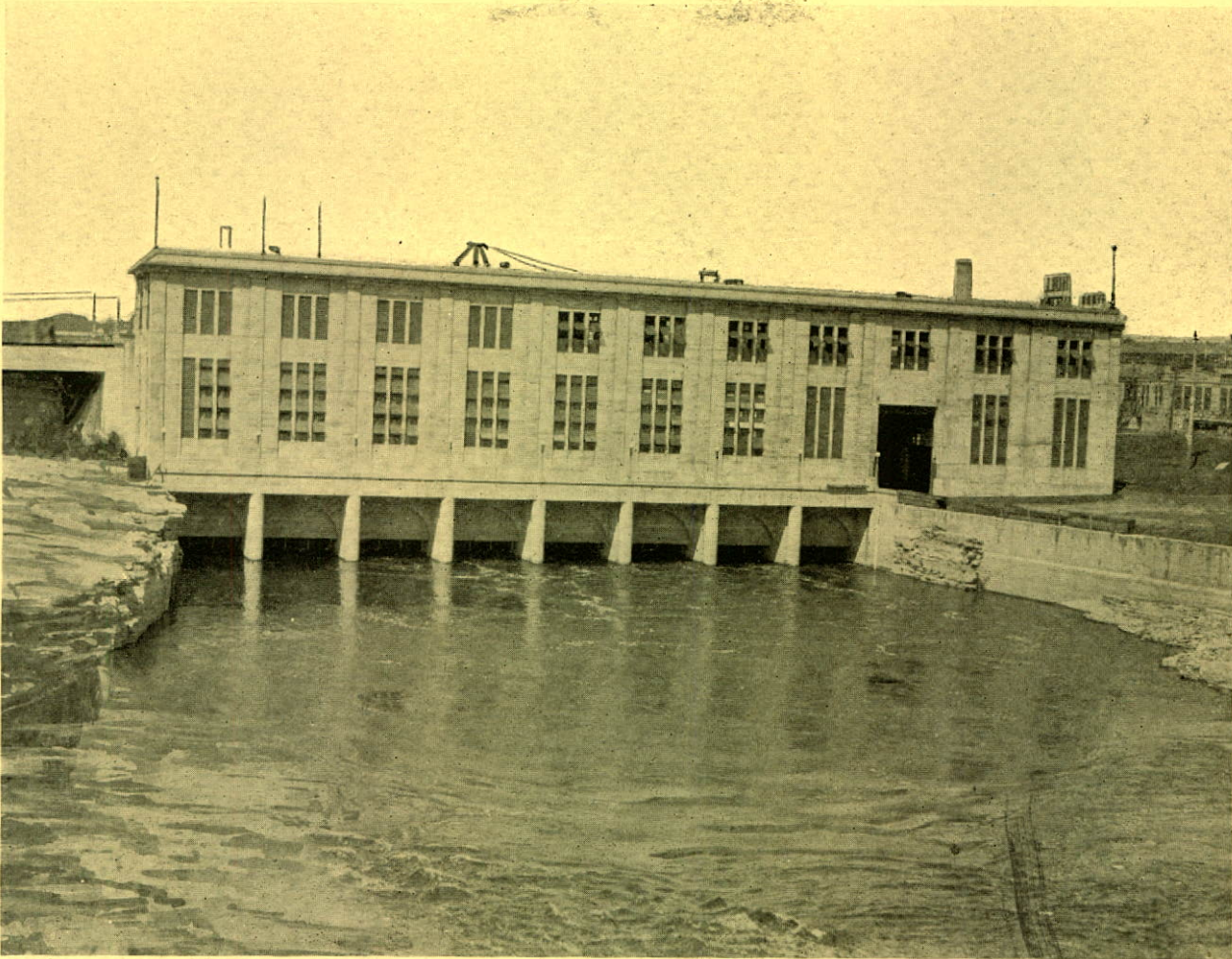


Aeroplane view of the city of Ottawa

Ottawa and Hull Power Company Limited

The utility services in the city of Ottawa are supplied by the Ottawa Hydro-Electric Commission and the Ottawa Light, Heat and Power Company Limited, both of which are customers of Ottawa and Hull Power Company Limited or its subsidiary Ottawa River Power Company Limited.

POWER CORPORATION OF CANADA, LIMITED



*Chaudière Falls Plant
Ottawa and Hull Power Company Limited*

Ottawa and Hull Power Company Limited

*Consolidated Statement of Financial Condition
as at 28th February, 1926*

ASSETS		LIABILITIES	
Properties	\$4,433,552.37	Capital Stock—Preferred	\$1,500,000.00
Current Assets	96,853.22	Common	125,000.00
Investment in and advances to subsidiary	370,000.00	Funded Debt	2,500,000.00
		Accrued Bond Interest	12,500.00
		Accrued Charges	952.17
		Reserves	520,764.85
		Surplus	241,188.57
	<u>\$4,900,405.59</u>		<u>\$4,900,405.59</u>

POWER CORPORATION OF CANADA, LIMITED



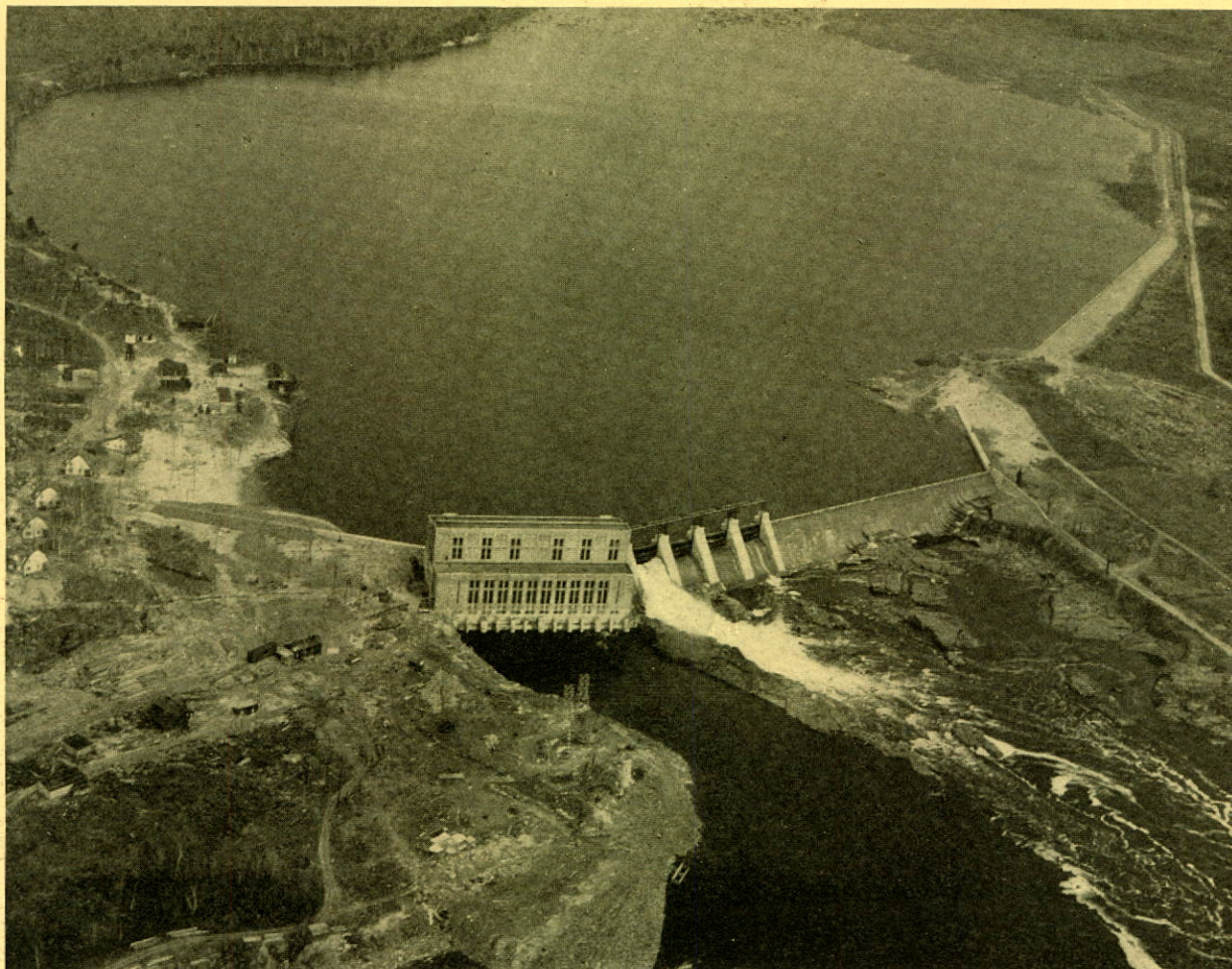
*Bell Falls Development
Ottawa-Montreal Power Company Limited*

Ottawa-Montreal Power Company Limited

*Consolidated Statement of Financial Condition
as at 31st December, 1925*

ASSETS		LIABILITIES	
Properties	\$3,212,889.36	Capital Stock—Preferred	\$ 750,000.00
Current Assets	135,843.65	Common	962,500.00
Investments	100.00	Funded Debt	1,500,000.00
		Mortgages Payable	22,092.69
		Current Liabilities	48,566.69
		Bond Interest Accrued	8,125.00
		Dividends Payable	13,124.93
		Reserve	30,357.57
		Surplus	14,066.13
	<u>\$3,348,833.01</u>		<u>\$3,348,833.01</u>

POWER CORPORATION OF CANADA, LIMITED

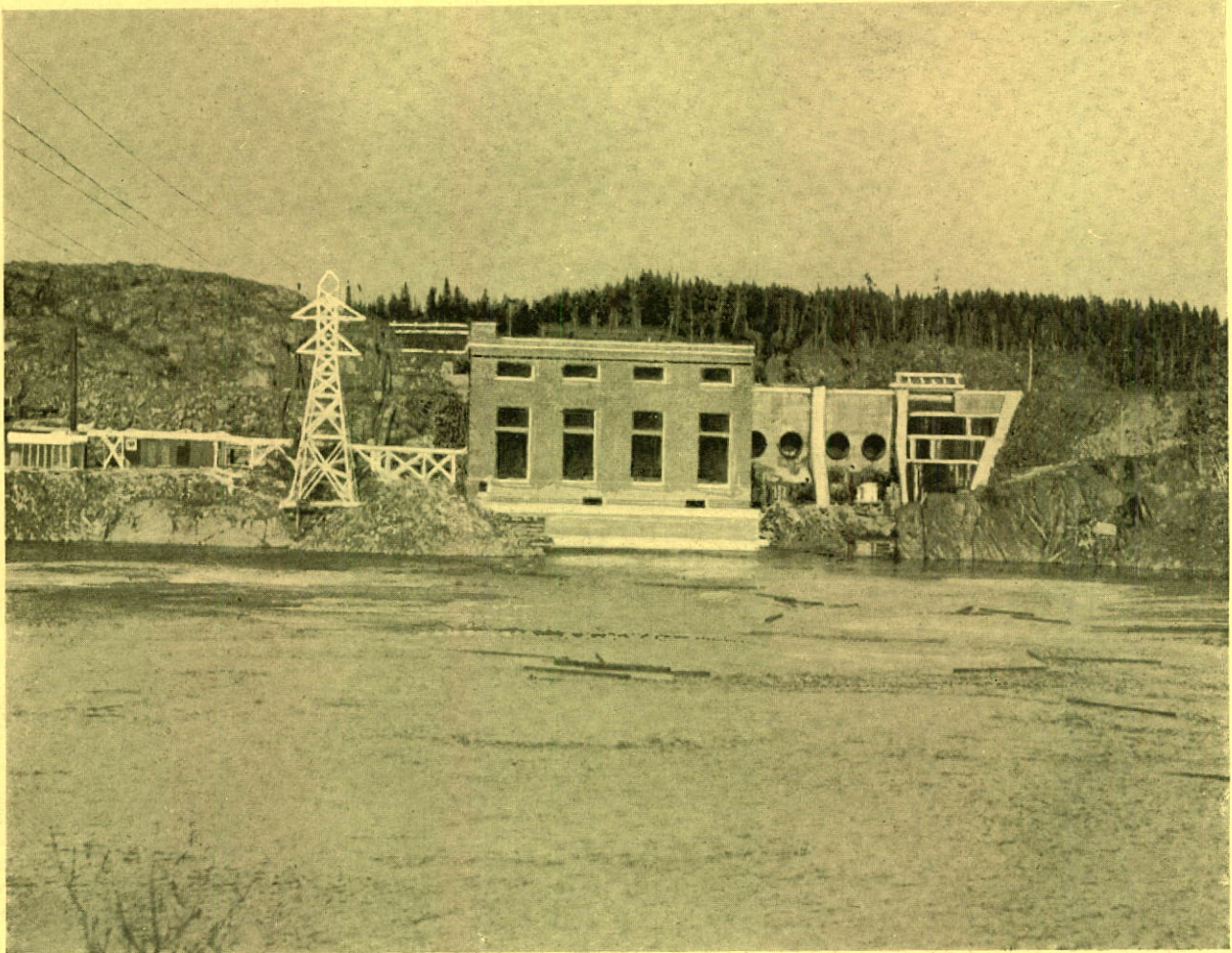


*Hemmings Falls Development
Southern Canada Power Company Limited*

Southern Canada Power Company Limited

*Consolidated Statement of Financial Condition
as at 31st March, 1926*

ASSETS		LIABILITIES	
Properties	\$17,150,082.69	Capital Stock—Preferred	\$ 4,737,200.00
Current Assets	705,273.07	Common	4,171,925.24
Investments	40,293.50	Common (subsidiaries)	15,900.00
Mortgages Receivable	12,592.37	Funded Debt	7,054,253.72
Special Deposits	88,481.85	Mortgages Payable	56,059.95
		Current Liabilities	265,160.79
		Bond Interest Accrued	164,466.49
		Dividend Accrued	71,059.50
		Reserves	1,292,190.11
		Surplus	168,507.68
	<u>\$17,996,723.48</u>		<u>\$17,996,723.48</u>



*Quinze Plant
Canada Northern Power Corporation Limited*

Canada Northern Power Corporation Limited

A transmission line from this plant to the new Rouyn mining district in Northern Quebec will be completed in November of this year and the railway line will be completed about the same time. With adequate power and transportation facilities available the development of the territory should proceed rapidly.

Copper values in the ore vary between 4 per cent and 15 per cent compared with 2 per cent which is an average value for the greater part of the copper mined in the United States. In addition to the copper there are other minerals present which bring the total value of the ore to between \$15 and \$40 per ton.



*Quinze Plant
Canada Northern Power Corporation Limited*

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LIMITED, MONTREAL

