INTER-CITY GAS CORPORATION
Annual Report 1982

Contents

Annual Report on Form 10-K

The SEC Annual Report on Form 10-K for the year ended December 31, 1982 will be provided by mail upon receipt of a written request. Requests should be directed to:

The Secretary, Inter-City Gas Corporation,
Inter-City Gas Building, 444 St. Mary Ave.,
Winnipeg, Manitoba R3C 3T7

Annual Meeting

The Annual Meeting of the shareholders of Inter-City Gas Corporation will be held on May 27, 1983 at 11:00 a.m. in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba, Canada.

Inter-City Gas Corporation
Highlights

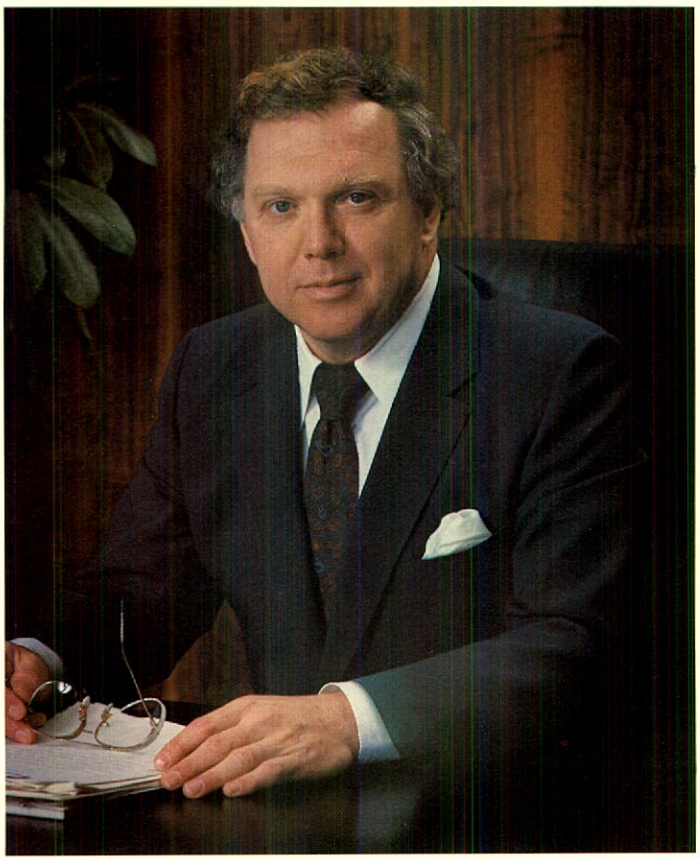
	1982	1981	1980
Financial			
Operating revenue ($000)	**620,712**	571,256	417,775
Operating profit ($000)	**67,711**	73,098	57,193
Net income ($000)	**10,442**	10,938	18,342
Cash flow from operations ($000)	**21,461**	10,594	10,838
Capital expenditures ($000)	**81,061**	89,312	66,018
Net income per common share			
—from continuing operations	**$0.61**	$0.70	$1.40
—after discontinued business and extraordinary items	**$0.70**	$0.74	$1.42
Dividends per common share	**$0.40**	$0.40	$0.32
Average number of common shares outstanding (thousands)	**13,719**	13,537	11,816
Operating			
Resources Division—thousands of cubic metres			
Gas	**295,539**	292,806	275,800
Oil and gas liquids	**107**	93	100
Utilities Division			
Gas—thousands of cubic metres	**1,204,057**	1,094,785	1,242,211
Liquid Gas Division			
Propane—thousands of litres	**879,940**	779,132	832,023
Manufactured Products Division			
Gas furnaces—units	**18,955**	33,037	29,126
Air conditioners—units	**82,453**	135,768	—
Steel pipe—thousands of kilograms	**9,012**	13,057	18,750
Net Proved Reserves (Thousands of Cubic Metres)			
Gas—Marketable reserves	**7,451,734**	7,343,550	7,366,811
—Arctic Islands	**14,813,895**	14,813,895	14,813,895
	22,265,629	22,157,445	22,180,706
Oil and gas liquids	**1,559**	1,698	1,567

The petroleum industry in Canada has officially converted to the International System of Units for measuring and reporting. To facilitate conversion to measures used in the United States and other countries, the following table is included:

	To Convert From	To	Multiply By
Oil and gas liquids	Thousands of cubic metres (10^3m^3)	Thousands of barrels (mbbls.)	6.293
Gas	Thousands of cubic metres (10^3m^3)	Thousands of cubic feet (mcf)	35.494
Propane	Thousands of litres	Thousands of gallons	.220
Steel	Kilograms	Pounds	2.205
Land holdings	Hectares	Acres	2.471

Report to Shareholders

I wish to report that net income for the year was $10.4 million, down slightly from the $10.9 million reported in 1981. After preferred dividends this resulted in net income to holders of common shares of 70¢ per share compared to 74¢ in the previous year. However, even with the difficult economic times, we are pleased to report record high revenues of $620 million. Additionally, we accomplished several important improvements to our financial strength, and we are now extremely well positioned to continue to build a diversified energy company which will prosper with the return of better economic conditions.



R. G. Graham,
President and Chief Executive Officer

Over the past two years, ICG's activities have included expansion in each of its divisions. We have become a major Canadian oil and gas resource company, the largest manufacturer and distributor of energy-related equipment in Canada, the largest distributor of propane gas and the forerunner in the development of new natural gas utility markets in currently unserved areas. However, during this same period, like other companies in our industry, we were faced with a combination of high interest rates, extremely low consumer demand for manufactured products and an unusual government involvement in the form of the National Energy Program. Accordingly, it was management's top priority to ensure that finances for these significant initiatives would be available and that your Company be positioned to take advantage of the opportunities.

$96 Million New Financing

The agreement with MICC Investments Limited of Toronto, approved at a special ICG Shareholders' Meeting just before the end of the year, accomplished three important corporate goals. Based on our optimism for growth in the energy sector, ICG needed equity capital to take advantage of oil and gas opportunities and to minimize the effect of then high interest rates and improve our financial stability. Secondly, we wanted to reduce the amount of our outstanding floating rate debt. Thirdly, we wished to increase the percentage of Canadian shareholders so that we would qualify for maximum government grants for exploration and production. The agreement with MICC Investments Limited, which is detailed in the financial statements included in this report, provides an infusion of $60 million in new common equity capital. This purchase of five million shares by MICC at $12 per share represented a premium of approximately 40% over the average daily market price around the time of offer. The $60 million increased common share equity by 44% and significantly improved our degree of Canadian ownership so as to allow us to obtain maximum exploration incentive grants.

The longer term nature of some of our operations make it particularly desirable to stabilize future money costs on a fixed rather than floating rate basis and, accordingly, a fourteen year $36 million term note, having a fixed interest rate of 14%, was also sold to MICC.

The MICC arrangement also provided for ICG to purchase warrants to buy three million MICC common shares at $12 per share for a period of five years for a cost of $4,500,000; and for MICC to purchase warrants to buy three million ICG common shares at $12 per share for a period of five years for a cost of $8,250,000.

$36 million of the proceeds is invested on a short-term basis in 13% preferred shares of MICC Investments Limited which will be redeemed over the next five years, thus, providing cash when it is planned to be required.

MICC conducts a mortgage insurance business through its subsidiary the Mortgage Insurance Company of Canada. It has assets of approximately $400 million with virtually no debt outstanding and is owned primarily by several major financial institutions. There are 10.7 million shares currently outstanding. On completion of the transaction Messrs. John H. Coleman, Leonard Ellen, H. Reuben Cohen, Q.C. and Stanley Davison were added to the Board of Directors of your Company and Messrs. Alan Sweatman, Q.C., Gordon Osler and R. G. Graham were added to the MICC Board of Directors. In addition, R. G. Graham became President and Chief Executive Officer of MICC as well as continuing as President and Chief Executive Officer of Inter-City Gas Corporation.

The details of the MICC transaction, as well as removing the constraint provision on the issue and transfer of the percentage of shares which could be held by shareholders of Inter-City, were overwhelmingly approved by the ICG shareholders on December 16, 1982 and became effective on that date.

Additional Financing

Early in 1983, promissory notes totalling $64 million were purchased by several financial institutions. The object of this issue is to reduce the floating rate debt component of the company's borrowings as the rate is fixed for thirteen years on $55 million and for seven years on $9 million. These notes are in addition to the $36 million previously issued to MICC.

Operations

The severe pressures on North American business during the year adversely affected ICG operations. Industries such as pulp and paper, mining and oil exploration, which are normally high energy users, were abnormally depressed in 1982 and their slump had an effect on the rest of the economy. Interest rates were still at record highs through most of the year, negatively impacting both consumer spending and financial costs. Housing starts were significantly down, dealing a serious blow to furnace and other appliance sales. Abnormally cold weather during the first quarter did benefit both the Utilities and Liquid Gas divisions, but the benefits soon disappeared with the rapidly deteriorating economic activity and its effect on industrial and consumer demand for natural gas, propane and energy products. None of our divisions escaped the effects of economic conditions in Canada and other countries where our products are sold. However, three of our divisions weathered the 1982 economic storms well and were able, under difficult conditions, to report reasonable operating profits.

The Liquid Gas Division, enjoying the benefit of an innovative auto-propane fleet program, reported an increase of $8.5 million in operating profit. This program, together with several others aimed at the non-heat sensitive market, offers the attraction of higher base loads and more efficient year-round use of fixed assets.

During 1982, our Resources Division contributed $34.6 million in operating profit. Notwithstanding the reduction in world oil prices, we expect our Resources Division to make a major contribution to the Company's future earnings and growth. Proved reserves of oil and gas total some 10 million barrels (more than 1.5 million cubic metres) and 264 billion cubic feet (more than 7.3 billion cubic metres) respectively and continue to offer a substantial back-stop to the value of our Company's shares, as even at current prices, each share is backed up by $20 assuming a 10% discounted cash flow and no future increases in prices. Our substantial land position and highly qualified exploration staff affords us continued profitable opportunities in the resource sector. Achieving the highest COR (Canadian Ownership Rating) was an important step, giving access to maximum exploration incentives in all areas of Canada including the frontier areas.

The Utilities Division continued to make a positive contribution to earnings reporting a $11.5 million operating profit. This profit was after two one-time regulatory reductions totalling $1.5 million. Programs of expansion into eastern Canada continued with construction commencing in the Province of Quebec and with the awarding of the franchise to us to serve the Province of New Brunswick.

Unfortunately, these gains in three of our divisions were more than offset by losses in the Manufactured Products Division where recession markets caused a reduction of $14 million from a $15 million operating of profit in 1982 to $1 million operating profit this year.

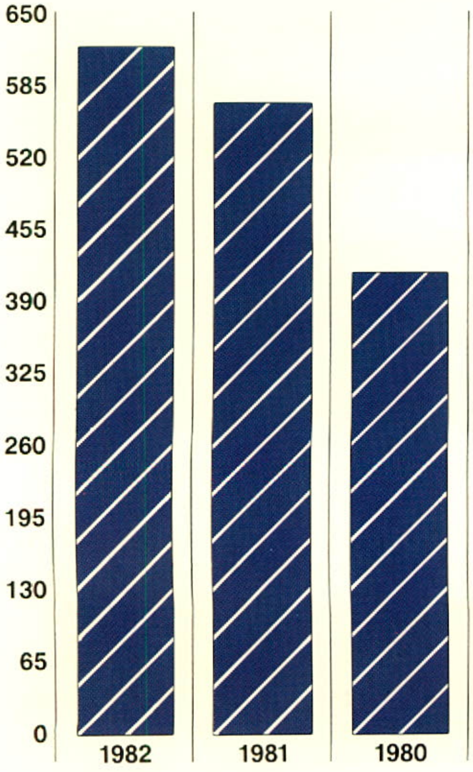
To ensure that we will be well positioned to take advantage of the return to more normal market conditions, a plan of combining KeepRite Inc., our 65% owned air-conditioning manufacturer, with our 100% owned heating manufacturing facilities is being developed. This plan will be subject to the approval of the KeepRite shareholders. We expect to see significant productivity gains through the proposed combination. We also anticipate increased sales volume in 1983 in Canada and the United States due to more housing starts, lower interest rates and our own improved product lines. In addition, we announced on February 1, 1983, the closing of an unprofitable plant in St. Catharines and transferring the products made there to other Company locations.

The results of operations of each of our divisions and their future prospects are dealt with in detail later in this report. With our involvement in both the producing and distributing segments of the energy industry and with our product diversification, we feel well positioned as a Company to adapt to market changes which will reward shareholders with improved profitability.

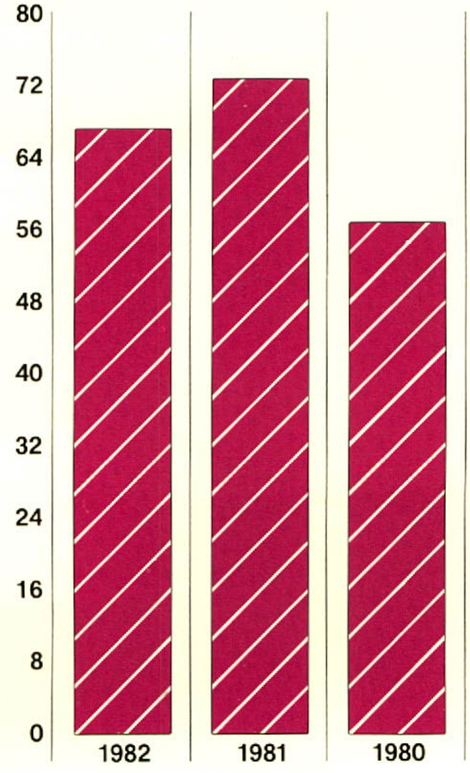
On Behalf of the Board of Directors,

R. G. GRAHAM
President and Chief Executive Officer

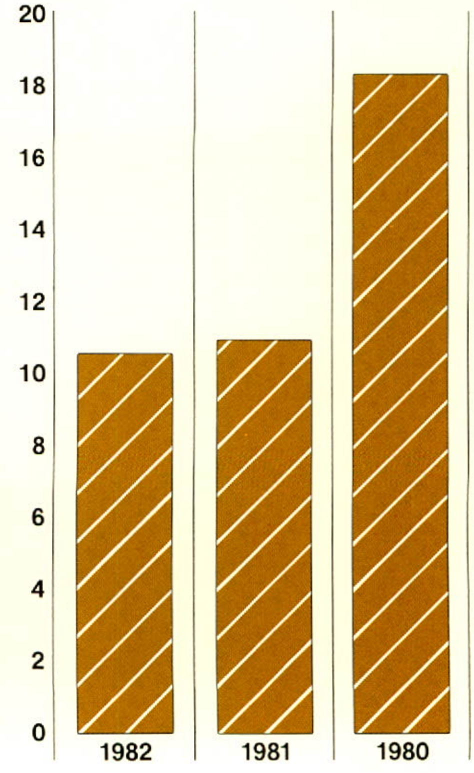
Operating Revenue
In millions of dollars



Operating Profit
In millions of dollars



Net Income
In millions of dollars

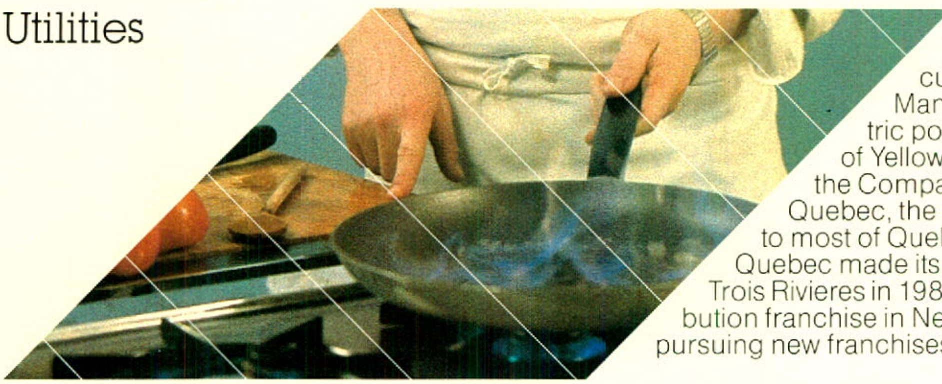


Business Segments

Resources

ICG Resources explores for, develops and operates oil and natural gas producing properties, including several natural gas processing plants. In Canada, our activities and land holdings are concentrated in Alberta, British Columbia, Saskatchewan, Manitoba and the Arctic Islands. In the United States, we are actively pursuing exploration programs through joint venture partnerships in Texas, New Mexico, Wyoming and Michigan. Although we shifted our emphasis to oil exploration during 1982, where markets and reserves size justify, we will continue to search for natural gas. The net effect will be to improve short-term cash flow and substantially increase longer range reserves assets.

Utilities

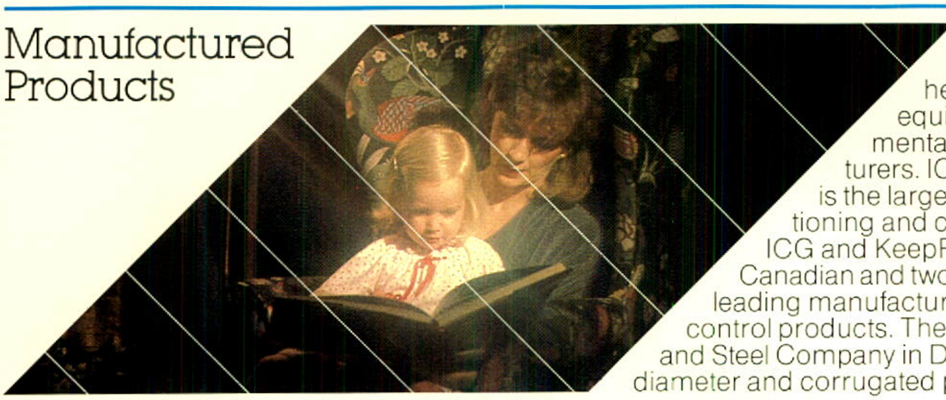


ICG Utilities provide natural gas distribution services to more than 95,000 customers in British Columbia, Alberta, Manitoba, Ontario and Minnesota and electric power to over 3,000 customers in the City of Yellowknife, Northwest Territories. In addition, the Company holds a 49% interest in Gaz Inter-Cite Quebec, the gas distributor chosen to extend service to most of Quebec east of Montreal. Gaz Inter-Cite Quebec made its first deliveries of gas to Louisville and Trois Rivieres in 1982. The Company was awarded the distribution franchise in New Brunswick in 1982 and is actively pursuing new franchises in Nova Scotia and British Columbia.

Liquid Gas

ICG Liquid Gas is primarily engaged in the distribution of propane, industrial gases and related appliances through more than 135 branches in all regions of Canada except the Maritimes. Through ICG Liquid Gas Ltd. and ICG Gaz Liquide Ltee., the Company continues as Canada's propane market share leader. Marketing emphasis is now concentrated on expanding the entire Canadian propane fuel market, especially through ICG Auto-Propane and programs to sell propane into previously undeveloped industrial fuel markets in areas not served by natural gas distribution systems.

Manufactured Products



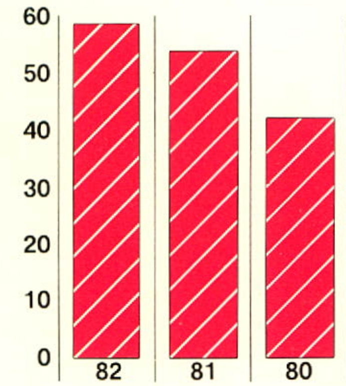
ICG manufactures and distributes residential, commercial and industrial heating, air conditioning and heat transfer equipment, as well as distributing complementary products made by other manufacturers. ICG's 65% owned subsidiary KeepRite Inc. is the largest Canadian manufacturer of air conditioning and commercial refrigeration equipment. ICG and KeepRite have manufacturing plants in four Canadian and two United States cities and are the country's leading manufacturers and distributors of environmental control products. The Corporation also owns Thompson Pipe and Steel Company in Denver, Colorado, manufacturers of large diameter and corrugated pipe used in water transmission.

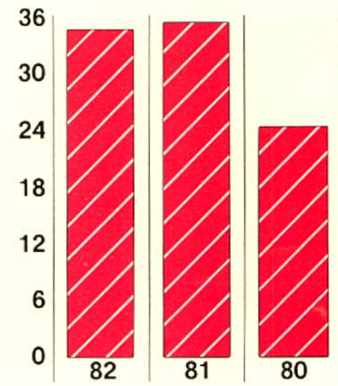
1982 Highlights

Operating Revenue
In millions of dollars

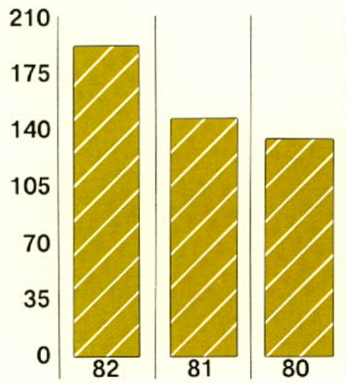
Operating Profit
In millions of dollars

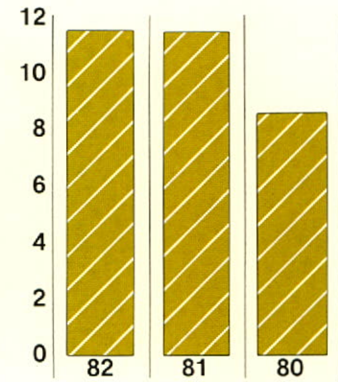
	($000)
Operating revenue	58,737
Operating profit	34,605
Capital expenditures	44,411
Total assets	274,158
Key volumes—	
Gas—thousands of cubic metres	295,539
Oil and gas liquids—cubic metres	106,977



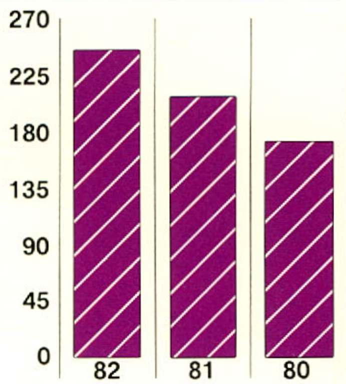


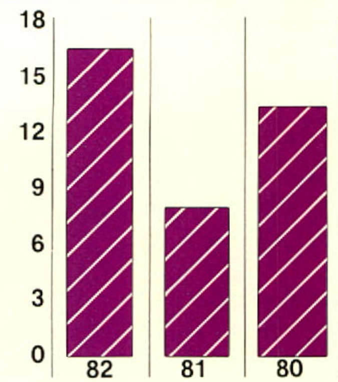
	($000)
Operating revenue	189,585
Operating profit	11,541
Capital expenditures	20,812
Total assets	176,032
Key volumes—	
Gas—thousands of cubic metres	1,204,057



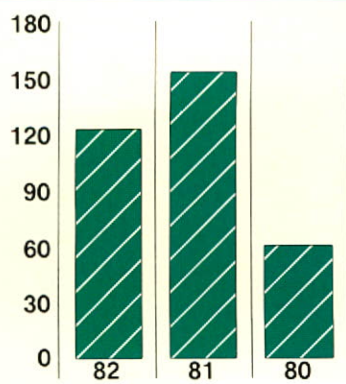


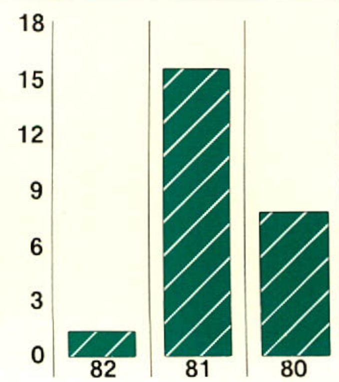
	($000)
Operating revenue	244,384
Operating profit	16,409
Capital expenditures	12,532
Total assets	138,977
Key volumes—	
Propane—thousand litres	879,940





	($000)
Operating revenue	124,111
Operating profit	1,382
Capital expenditures	1,587
Total assets	102,164
Key volumes—	
Gas furnace—units	18,955
Air conditioners—units	82,453
Steel pipe—thousand kilograms	9,012



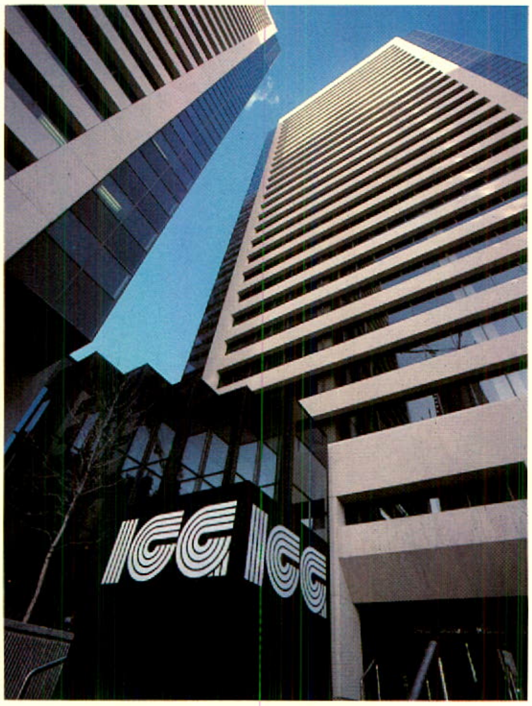


Resources

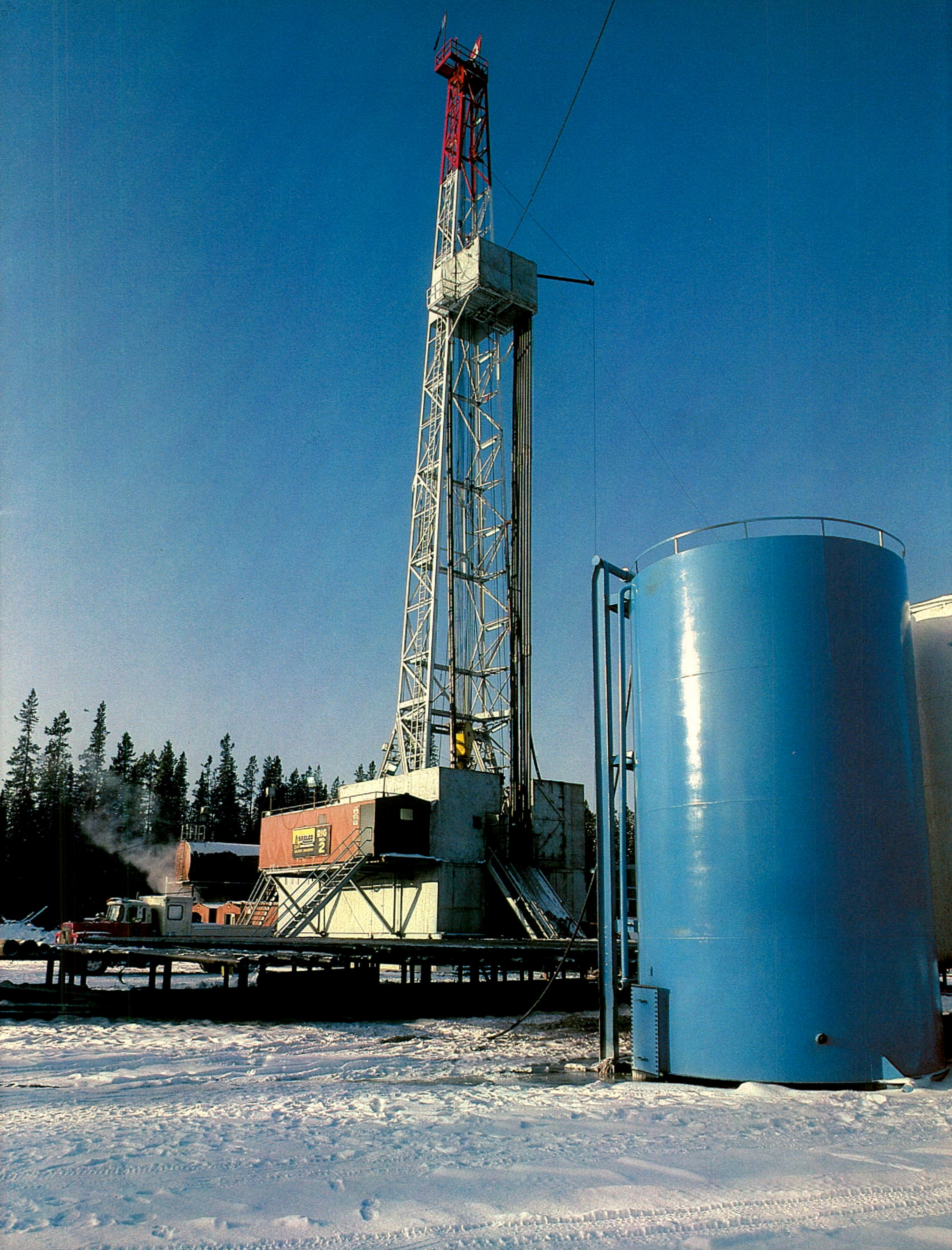
We at ICG recognize that the highly competitive world of oil and gas exploration demands the technological skills of experienced and proven professional explorationists. ICG is proud of the team ICG Resources has assembled and is confident of its ability to compete with the best in the business to achieve our twin goals of an expanded resource base and improved cash flow from oil and gas sales.

During 1982, we implemented a change in exploration strategy. Instead of concentrating on drilling on our current land inventory, we placed more effort on major land and seismic acquisition programs in several high potential and very competitive Canadian areas. This approach requires more lead time and, as a result, less exploratory drilling took place in 1982 compared with 1981. However, as more prospects mature on recently acquired high potential lands, exploratory drilling will increase, and we are confident that we shall see the benefits of this strategy in future years. In response to weakening gas markets in Canada and the United States, ICG directed increased exploration effort and funds towards oil prospects during 1982.

Price uncertainty for products will continue to concern the oil and gas industry in 1983. Canada has a wealth of natural gas reserves but needs assured markets at reasonable prices before they can be developed. We are encouraged by the fact that in early 1983 the National Energy Board approved further natural gas exports from Canada, and we are ready to take part in expanding export markets. We are acutely aware of the downward pressures on world oil prices. Lower producer net-backs will result in reduced exploration unless governments adjust royalties and taxes to allow for continued equitable returns to the industry.



ICG Resources continued a selective but substantial exploration and development drilling program in 1982 such as this winter drilling near Rocky Mountain House, Alberta (far left). Late in 1982 ICG Resources consolidated operations into four floors of a new tower in Sun Life Plaza, Calgary which proudly bears the ICG name (near left).


RIG
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1982 Financial Results

Operating revenues for the year increased 8.3% to $58.7 million, but operating profits of $34.6 million decreased slightly from 1981. Operating revenues and profits are before deductions of energy taxes (mainly Petroleum and Gas Revenue, Incremental Oil Revenue and Natural Gas and Gas Liquids taxes).

Capital expenditures during 1982 were $44.4 million, virtually unchanged from $44.0 million spent in 1981.

Production

Oil and gas liquids production averaged 293 cubic metres net per day, an increase of 14.5 percent or 37 cubic metres per day from 1981. Gas production in 1982 averaged 810 thousand cubic metres net per day compared with 802 thousand cubic metres per day in 1981.

Reserves

An independent appraisal of ICG's oil, gas liquids and gas reserves is completed each year. The following table summarizes the proved and probable reserves, net after royalty, for our Canadian and United States interests. However, excluded from the table is our holding of natural gas reserves in the Arctic Islands which has been estimated at 14,814 million cubic metres.

Proved and Probable Reserves

As At December 31	**1982**	1981	1980
Natural gas (millions of cubic metres)			
Proved	**7,335**	7,268	7,436
Probable	**1,452**	1,173	416
	8,787	8,441	7,852
Oil and gas liquids (thousands of cubic metres)			
Proved	**1,541**	1,663	1,575
Probable	**479**	378	42
	2,020	2,041	1,617

The following table provides the value of the above reserves based on estimated future prices and costs, before income taxes, and the result derived from discounting those amounts at 20 percent per annum.

Value of Proved and Probable Reserves—1982
As At December 31 (Millions of Dollars)

	Undiscounted	Discounted At 20% Per Annum
Proved	1,762	333
Probable	529	32
	2,291	365

Drilling

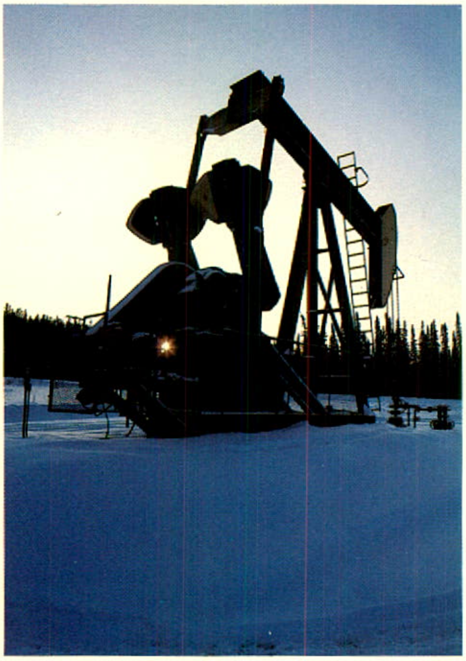
Exploratory drilling was down 27 percent from 1981 and development drilling was down 42 percent. Drilling success ratio was 66 percent overall, 59 percent for exploratory wells and 85 percent for development wells. Drilling results for 1982 were:

Wells	Exploratory	Development	Total Gross	Total Net
Oil	11	3	14	3.65
Gas	21	14	35	7.15
Abandoned	22	3	25	6.15
Drilling	7	6	13	4.71
	61	26	87	21.66

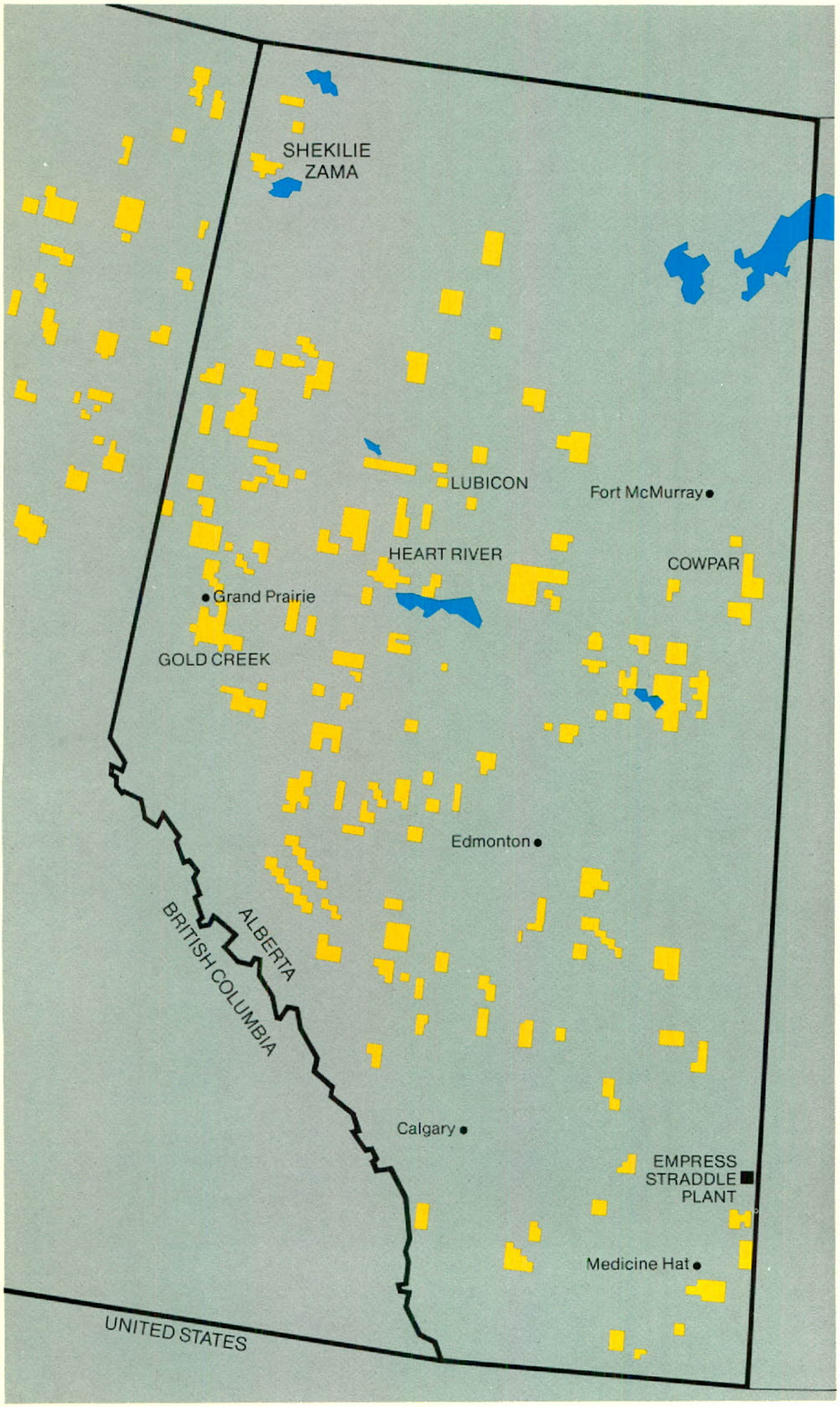
Land

The Division continued an aggressive and diversified land acquisition program in Canada and the United States during the year. $7.1 million was spent in the acquisition of lands identified by our explorationists as prospective areas. Our holding in Canada now totals 3,087,000 gross hectares (801 thousand net hectares). In the United States, our land position has increased 39 percent over 1981 to 40 thousand gross hectares (7 thousand net hectares).

Canada	Thousands of Hectares Gross	Net
Alberta	946	321
British Columbia	182	36
Sask./Man.	151	20
Arctic Islands	409	48
Eastcoast Offshore	5	4
Hudson Bay	1,394	372
	3,087	801
United States	40	7
	3,127	808




BRITISH COLUMBIA
ALBERTA
SASK.
MANITOBA
WYOMING
MICHIGAN
NEW MEXICO
TEXAS
LOUISIANA
NORTH AMERICA
ICG Areas of Activity



CANADA

As part of our strategic shift toward finding more new oil and readily marketable gas, ICG intensified its work on several promising lands in Alberta during 1982. We also acquired new rights in Manitoba and began geophysical exploration activity offshore Newfoundland and Nova Scotia. This work forms the basis of a continued active program in Canada for 1983.

Important new gas production was developed in Alberta during 1982, consistent with current and near future sales opportunities.

EXPLORATION

Gold Creek

During 1982, we continued to actively explore our extensive land holdings at Gold Creek, Alberta by participating in the drilling of 11 wells. The drilling program resulted in one potential Triassic oil well, 9 shut-in or potential Cretaceous gas wells and one dry hole.

ICG has a 10 percent interest in the oil discovery well located in 4-31-68-6 W6M, and we believe that this well establishes a northerly extension to the Triassic oil pool which produces at 10-19-68-6 W6M.

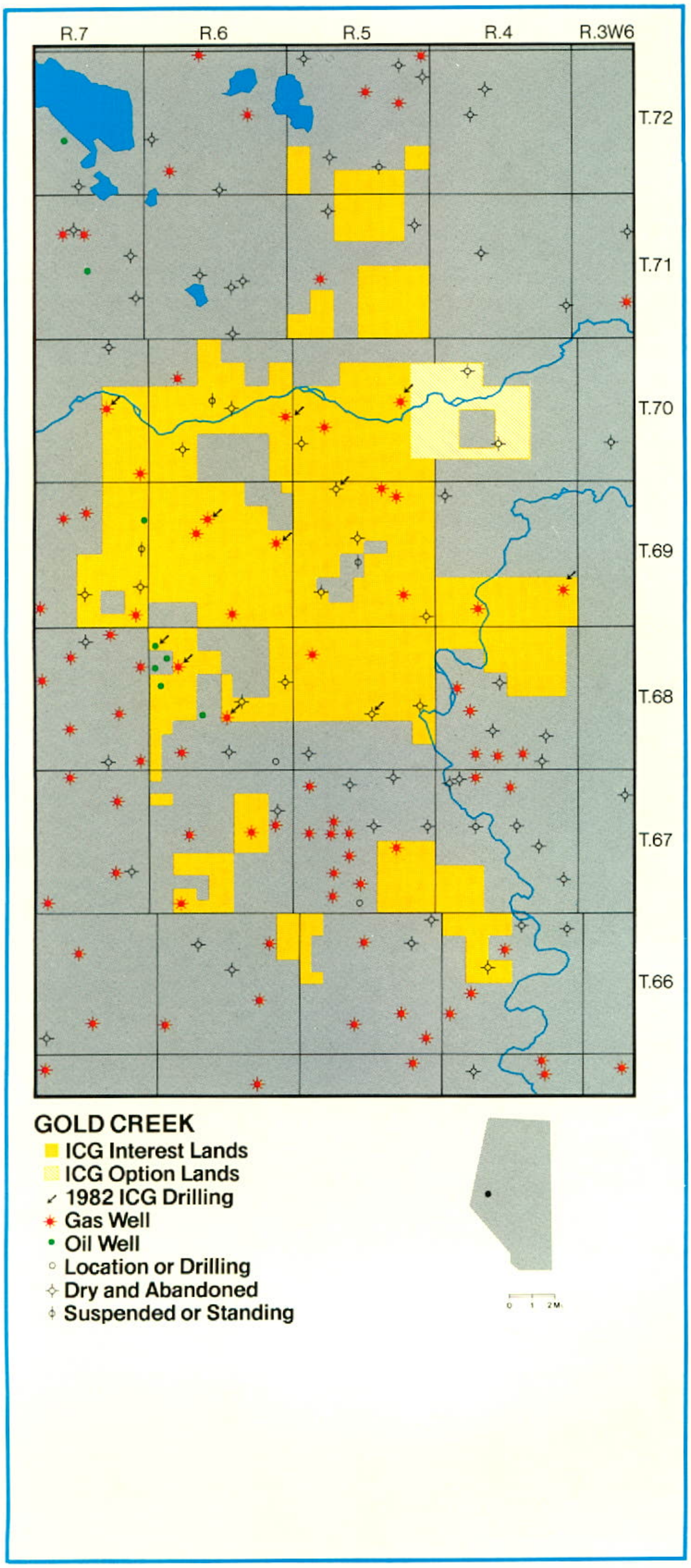
Gas exploration in 1982 was concentrated in the Cretaceous. It was very successful as it resulted in the discovery of gas reserves in new zones and also extended reserves in existing zones into new areas. The extensive gas exploration program carried out in 1982 was due in part to drilling obligations imposed by expiring P&NG Reservations, but also to a desire to prove up reserves for dedication to Progas Limited. We anticipate that the significant gas reserves which have now been established in the Gold Creek area will go on production in 1985.

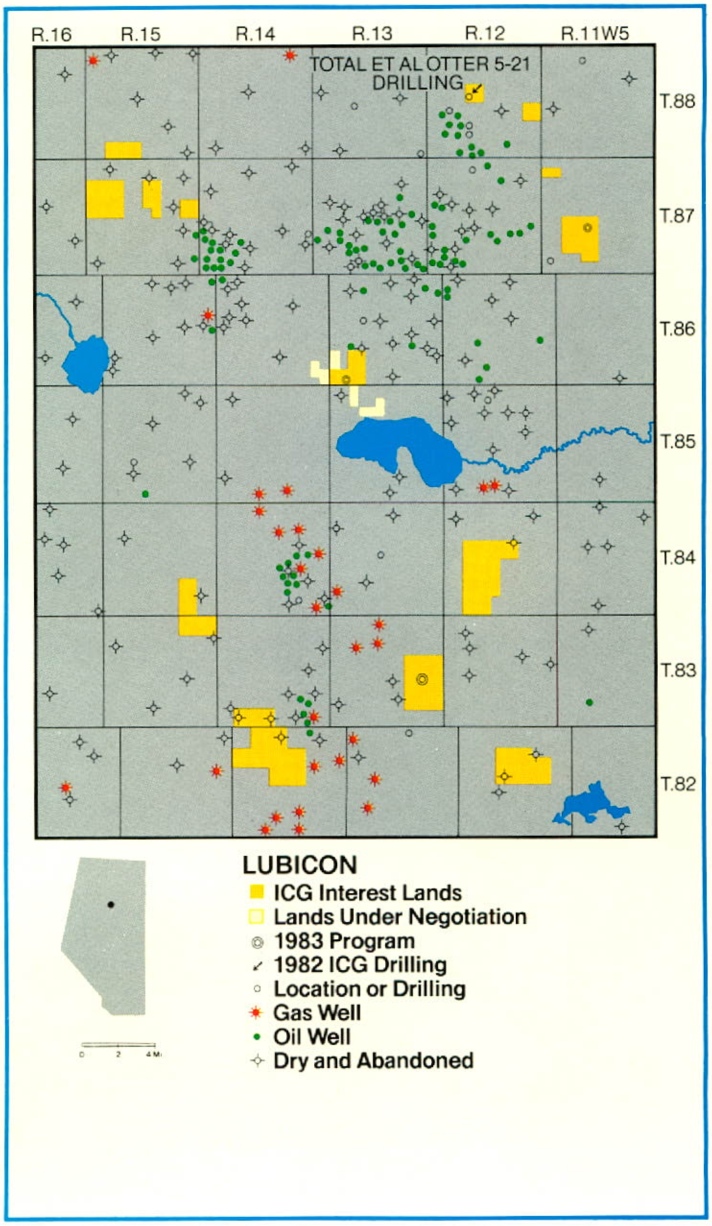
ALBERTA/BRITISH COLUMBIA

ICG Land Areas

Lubicon Area

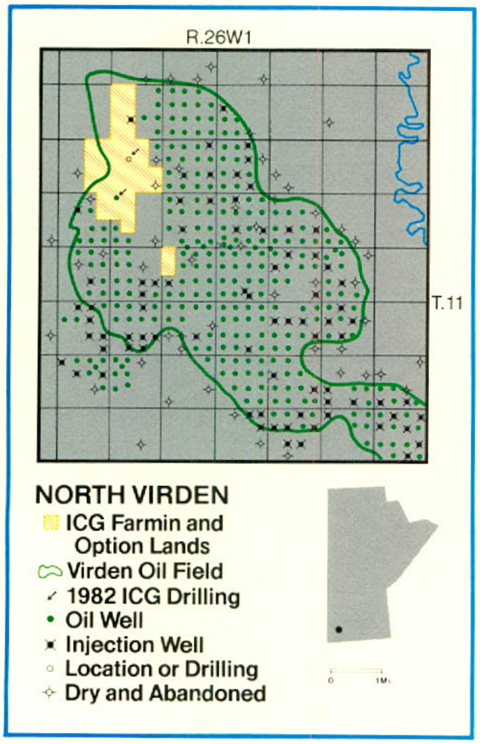
In 1982 ICG participated in an active program of seismic investigation and land acquisition in the Lubicon area of Alberta. A number of oil fields are located in this area with production from the Devonian Slave Point, Gilwood and Granite Wash Formations. The area has been the subject of intensive industry exploration activity in recent years. During 1982 ICG acquired a net 1368 ha of Alberta Crown P&NG Leases and Licenses. A number of drillable seismic anomalies have been defined over these lands. At year end, one anomaly was being evaluated by the well Total et al Otter 5-21-88-12 W5M in which ICG has a 25 percent working interest. It is anticipated that a further three anomalies will be drilled during the winter of 1982-83.





North Virden, Manitoba

In October, 1982 ICG negotiated a farmin and option agreement covering 624 ha to evaluate a significant extension to the present northwest boundary of Mississippian oil production at the Virden Field. A detailed seismic program was conducted, and two wells were drilled by year end with the first well on production at approximately 4 m³ per day while the second well was testing. A minimum of ten development locations are planned for 1983. After payout, ICG's working interests will range between 25 and 50 per cent.



Other Exploration

Other areas of intensive exploration by the Resources Division in 1982 were the Shekilie and Zama areas of northwestern Alberta, and offshore Newfoundland and Nova Scotia.

During 1982 ICG participated in the drilling of one successful Keg River oil well on lands in which we hold a 12.65 per cent working interest in northwestern Alberta. In addition, we embarked upon an aggressive exploration program in this active oil exploration area. Following initial seismic surveys we participated in the acquisition of selected lands at Crown sales during the year. At the end of 1982 we had purchased 9024 ha of prospective acreage, in which ICG's working interest ranges from 25 to 46.5 per cent. Detailed seismic surveying commenced late in 1982 in preparation for an active drilling program in 1983.

ICG conducted regional seismic programs offshore Newfoundland and Nova Scotia encompassing those regions with major oil and gas potential. Approximately 11,000 km of "state of the art" seismic data was acquired and will be used in 1983 to assist ICG in meeting its long range goals of active participation in new discoveries in the East Coast frontier area of Canada.

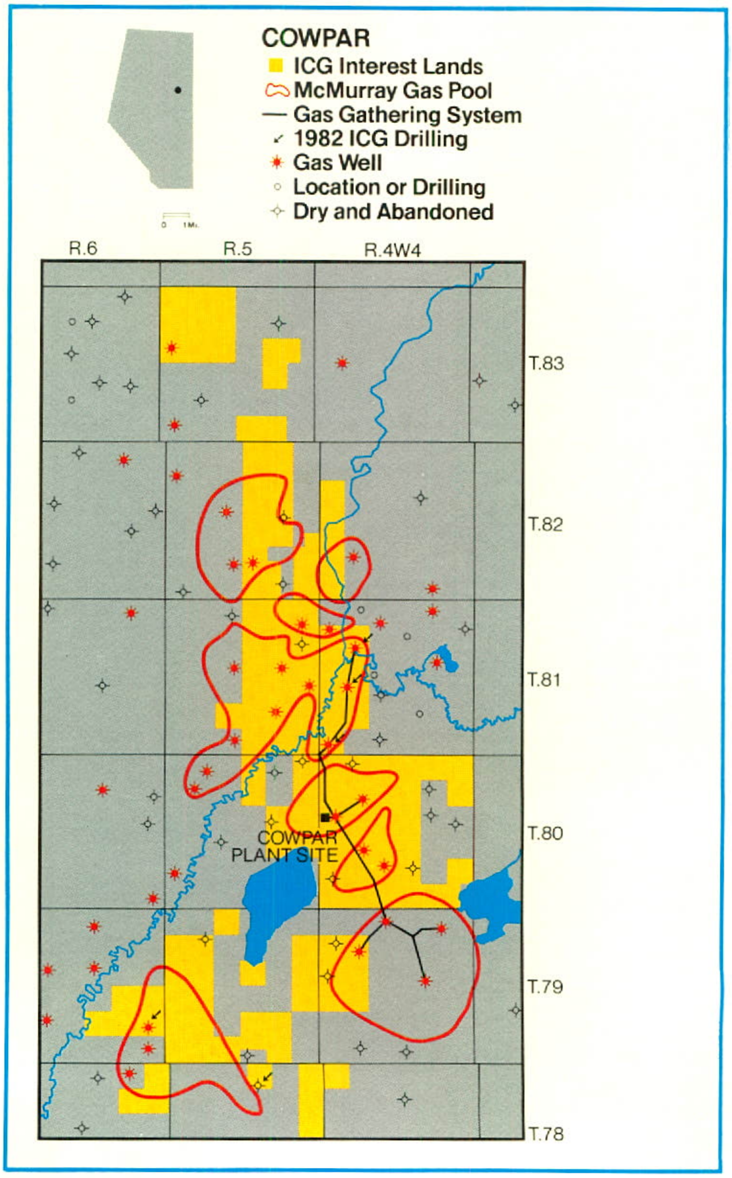
DEVELOPMENT

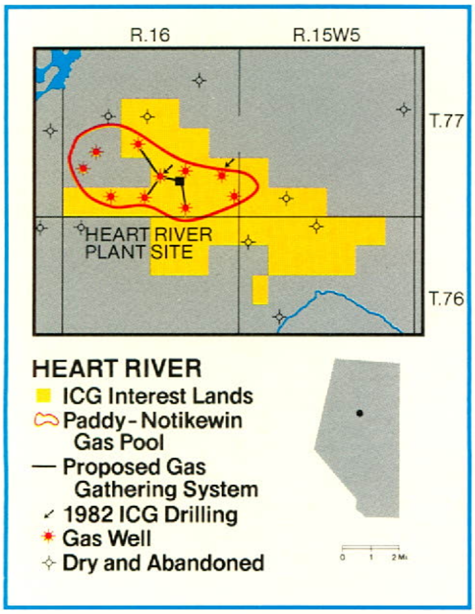
Cowpar

ICG has a 61.4 per cent working interest and is the operator of the Cowpar Compressor Station located 100 km southeast of Fort McMurray. The capacity of the station is 401 $10^3 m^3/d$ (14.3 mmcf/d). Production commenced in June, 1982.

ICG drilled five wells in this area during the winter of 1982. Four of the five wells were successful, and three of these wells are currently being tied-in.

ICG has 1186 $10^6 m^3$ (42 Bcf) of proved reserves in the McMurray sand zone which are contracted to TransCanada Pipeline. ICG's contract rate is 162 $10^3 m^3/d$ (6 mm cf/d).





Heart River

ICG holds a 42.6 per cent working interest in the Heart River Gas Plant which will have capacity to handle 310 $10^3m^3/d$ (11 mmcf/d). Construction of the plant and facilities is currently in progress with start-up scheduled for May, 1983.

ICG's share of reserves in this area is 473 10^6m^3 (17 Bcf) which are contracted to Pan-Alberta. ICG's contract rate is 114 $10^3m^3/d$ (4 mmcf/d).

Empress Liquids Straddle Plant

ICG has a 5.83 percent working interest in a deep cut gas processing plant being constructed at Empress, Alberta. The plant is designed to process 9 $10^6m^3/d$ (320 mmcf/d) of gas attributed to the Progas export sales volumes to recover ethane, propane, butane, pentanes and LPG mix. The project is slated for completion by June 1, 1983. Based on the contract sales volumes the annual liquid recoveries to ICG's account are estimated to be as follows:

Ethane	– 17,200 m^3 (108,200 barrels)
Propane	– 5,200 m^3 (32,500 barrels)
Butane	– 2,400 m^3 (14,800 barrels)
Pentane	– 860 m^3 (5,400 barrels)

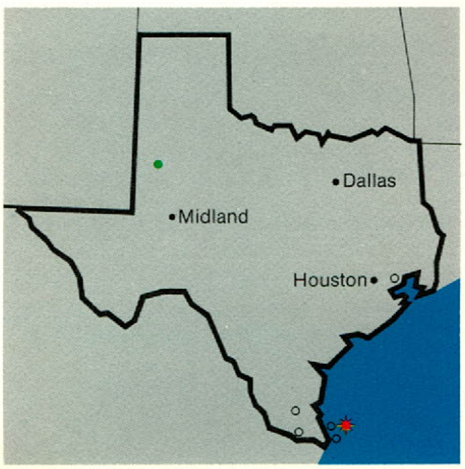
Other Development

ICG is currently involved in negotiations to unitize the Halfway zone at Progress/ Saddle Hills. The major operator in this area has made application to construct a gas plant with a capacity to handle 1800 $10^3m^3/d$ (64 mmcf/d) which is tentatively scheduled for completion by November, 1984.

ICG's share of daily production in this area is 527 10^6m^3 (21 Bcf) which are contracted to Pan-Alberta. Our contract rate will be 63 $10^3m^3/d$ (2 mmcf/d). We will have approximately a 14 per cent interest in the unit and a 7.8 per cent interest in the plant.

ICG has a 0.18% working interest in the Gulf Hanlan-Robb Gas Plant located 260 km west of Edmonton. The plant, the largest to be built in Western Canada in the last ten years, has capacity to process 8.5 $10^6m^3/d$ (300 mmcf/d) of raw gas and it will commence production in March, 1983.

This plant will process gas from four pools in the area which are contracted to Pan-Alberta. ICG has an interest in two of these pools, Mountain Park and Shaw. ICG's contract rate is 28 $10^3m^3/d$ (1. mmcf/d).



TEXAS
- 1983 Program
- Gas Discovery (1982)
- Oil Discovery (1982)

UNITED STATES

In 1982 we shifted more of our exploratory effort to the U.S. in 1982. Oil and gas discoveries there can be taken to market quickly in most cases, and net backs to the producer are generally more attractive than in Canada. Important ICG activity in the U.S. in 1982 included the following.

Offshore South Padre Island, Texas

ICG participated in a Miocene gas discovery in the Gulf of Mexico which tested 141 10^3 3/d (5 mmcf/d) and will be placed on production in early 1983. ICG has a 9.375 per cent working interest in this well.

Nearby, we will participate in another exploratory test. ICG has an 18.75 per cent working interest in this venture which will commence in early 1983.

Earnest Prospect, Texas

ICG has an 11.1% working interest in four sections of land in the Earnest Silurian prospect in the Midland Basin of West Texas. The Earnest #1 discovery well was drilled in mid-1981 and the Earnest #1A and Earnest #2 wells were drilled in mid-1982. The Earnest #2 well encountered the Silurian porosity below the water line, and the well will be converted to a water disposal well. The other two oil wells are presently producing a total of 22 m^3/d (140 bbl/d). Further development drilling for 1983 on this prospect is being evaluated.

Onshore Gulf Coast

ICG participated in three exploration ventures in Texas and one in Louisiana. One well is drilling, another has been abandoned and the other two will be drilled in 1983. ICG has working interests varying from 6.888 percent to 12.5 percent in 10,694 ha (26,413 acres) gross or 1,221 ha (3,017 acres) net.

San Juan Basin, New Mexico

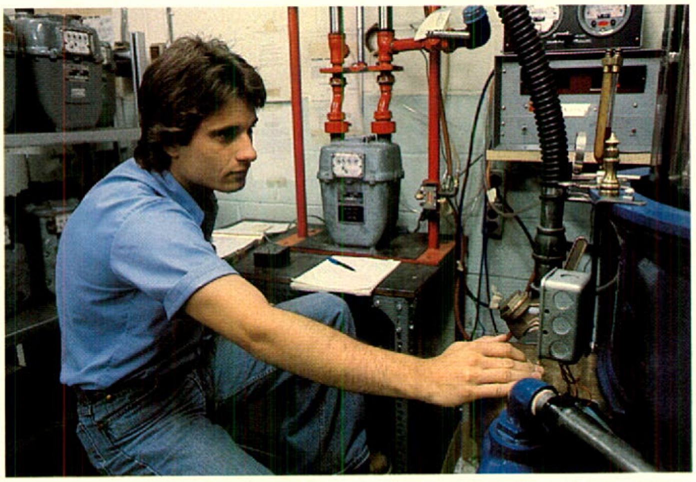
ICG participated in two oil discoveries in this area and exploration activity will continue in 1983. ICG has an 18.75 per cent working interest.

Michigan

ICG is participating in a four well program to earn a 20 per cent working interest in approximately (24,300 ha) 60,000 acres. The first well was plugged and abandoned, and the second well is an oil discovery. The remaining two wells will be drilled in 1983.

Utilities

Our marketing approach in the Utilities Division is to both expand into new natural gas franchise areas and increase volume sales in the areas of Alberta, Manitoba, Minnesota and Ontario which we presently serve. During 1982, ICG was awarded the franchise to serve all of the Province of New Brunswick when natural gas is made available.



1982 Results

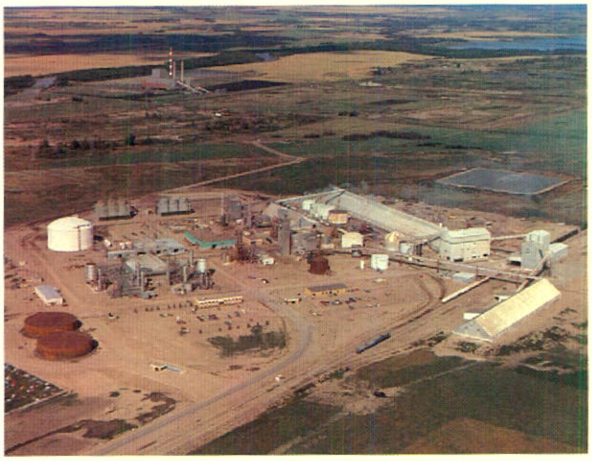
Revenues increased significantly during 1982 due to the combined effects of cost of gas pass-throughs, higher volumes and rate increases. Operating revenues of $189.6 million in 1982 represent a 27 percent increase over the $149.3 million reported in 1981. Operating profit remained unchanged at $11.5 million for 1982 compared to the same amount the year before. Operating profits were reduced in 1982 by $1.5 million as a result of one-time regulatory decisions in Alberta and Minnesota. The respective regulatory jurisdictions ordered the companies involved to refund or reverse $1.5 million of 1981 revenue.

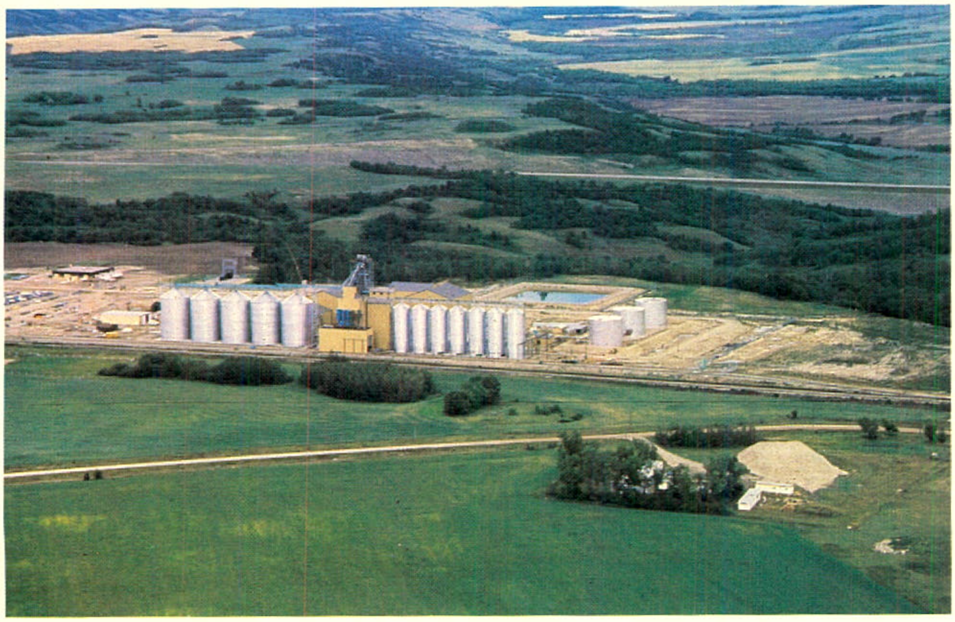
Sales volumes during the year increased 10 percent to 1,204 million cubic metres. Colder weather and an increase in the number of customers served more than offset the negative effects of conservation and the economic slowdown.

In all regions, the Division felt the impact of the adverse economy on the industries we serve, particularly construction, pulp and paper and mining.

Plant slow-downs depressed volumes required by our customers. In Manitoba, the negative effects of the economy and conservation were offset to a degree by the addition of three new customers – a new plant at the Simplot fertilizer complex in Brandon, the Mohawk Oil ethanol plant in Minnedosa and start-up of the CSP

Work such as testing meters is a routine benchmark of customer service at ICG Utilities (above left). ICG Utilities (Plains-Western) Ltd., Leduc, Alberta, continued to add new customers during 1982 across its service areas in B.C., Alberta and the Northwest Territories (left). This Manitoba chef is one of many ICG customers who are being encouraged to do more with clean, economical, plentiful natural gas (right).





ICG Utilities in Manitoba added important new industrial loads in 1982 including an additional plant in the Simplot fertilizer facility at Brandon (above), and a new plant of CSP Foods in Harrowby (below).

Foods facility at Harrowby. These new customers used only 60 percent of their estimated annual requirements in 1982 and will contribute to further volume increases in 1983 when fully on-stream.

Capital Spending

The Division spent $20.8 million on distribution system upgrading, expansion and acquisitions during 1982. Grants of $8.4 million, mainly for the replacement of rural plastic pipe in Alberta, brought net capital expenditures to $12.4 million.

Rate Review

During the year, the Division achieved its goal of making rate reviews current in all eight jurisdictions in which we operate. During 1982, we submitted thirty-four rate adjustment applications. Thirty requested permission to pass on increased costs resulting from gas supply price increases and higher federal taxes. The other four requested approval to recover higher operating and maintenance expenses, increased costs of borrowing and any erosion on return on equity. The result of the 1982 general rate applications, together with decisions on 1981 applications rendered in 1982, was $6.8 million in additional revenue realized in 1982. On an annualized basis, the result equates to approximately $8 million in increased revenues.

New Franchise Developments

Several developments during the year relate to the ICG goal of extending its natural gas franchise to other areas of the country not presently served by natural gas:

1. ICG Brunswick Gas Ltd. was awarded the franchise to

distribute natural gas in the Province of New Brunswick.

2. According to government sources, hearings are expected to begin in British Columbia during 1983 on extending natural gas service to Vancouver Island. ICG remains interested in this new market for natural gas.
3. ICG Scotia Gas maintains its effort to win distribution rights for natural gas in Nova Scotia. The company presented a proposal to the Nova Scotia cabinet on February 3, 1983.

Gaz Inter-Cite Quebec Inc., 49 percent owned by ICG, began natural gas distribution in the community of Trois Rivieres in December of 1982. Advantageous pricing of natural gas with respect to alternative fuels, industrial conversion grants, formalization of legislation governing the import of heavy fuel oil and off-oil subsidies will all help in the task of developing the new Quebec market.

Productivity

The Division achieved a 4½ percent increase in customer growth without increasing overall staff. Reorganization in the Division under a separate company in each province was started in 1982 and will continue this year. During the past two years, we have been preparing a more efficient customer accounting system and will begin to see benefits from it during 1983.

Gaz Inter-Cite Quebec, 49 per cent owned by ICG, completed installation of distribution lines which permitted first gas deliveries to Trois Rivieres and Louisville in 1982. Further system expansion is planned.

Liquid Gas

Operating revenues for the Division were up $33.8 million from 1981 to $244.4 million. Operating profit improved by $8.5 million to $16.4 million. The impact of an unhealthy economy was more than offset by dramatically improved results from aggressive marketing programs, particularly auto-propane.

Propane sales volume increased by 100 million litres to 880 million litres. Fifty-one million litres of the increase was due to the weather which returned to more normal levels during the year. First quarter temperatures were 19 percent colder than last year. Volumes directly attributable to the auto-propane program increased by 34 million litres during the year. This represents a 160 percent increase over the previous year.

Auto-Propane

During 1982, ICG continued to concentrate on selling auto-propane to the fleet market, contacting potential commercial users across Canada. We place our emphasis on fleet conversions as the best approach to increasing the overall demand for this clean-burning, economical fuel to power cars and trucks. These attributes appeal not only to fleet operators but also to those concerned with environmental issues. Our goal of fleet conversion coincides with the Federal Department of Energy, Mines and Resources' aim of oil self-sufficiency by 1990 and the Province of Ontario government's Drive Propane Project. ICG Auto-Propane continues to benefit from both federal and provincial incentives to convert cars and trucks from gasoline to propane. Ontario, the largest energy-consuming

Developments in ICG Auto-Propane included expansion of our authorized fueling centre system to about 500 stations across Canada, including high profile facilities such as one (left) in Kingston, Ontario. (right) ICG Auto-Propane powered school bus near Toronto.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SCHOOL BUS
STOP
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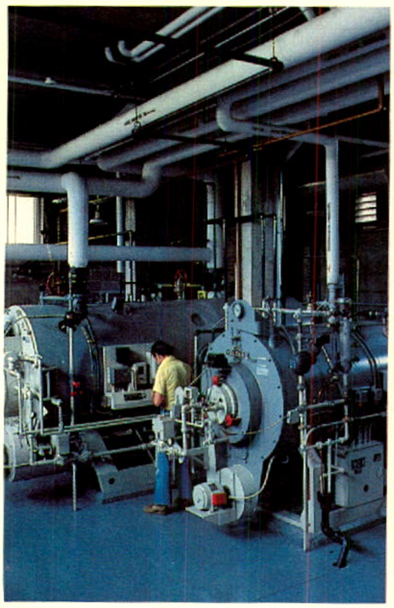
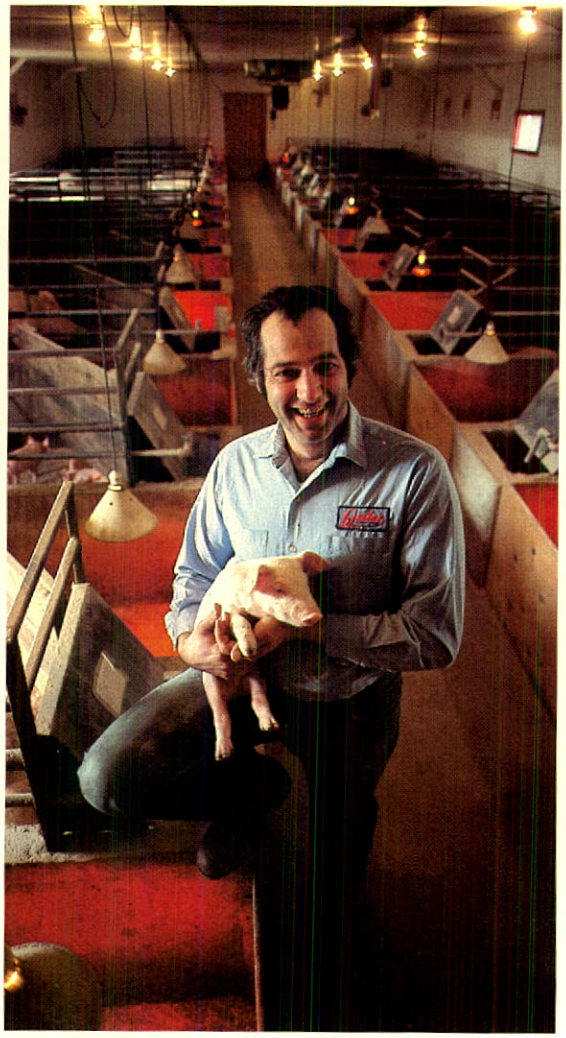
province, has a goal of 40,000 commercial vehicles on propane by 1985.

By the end of 1982, approximately 30,000 Canadian vehicles had been converted to propane and ICG retains over 30 percent of that market. We estimate that there are a total of 1,200 propane stations across Canada, 500 of them ICG outlets. The bulk of conversions have been done in Ontario and Alberta, leaving markets like British Columbia still to develop. We are projecting 1983 will show a doubling of volume in auto-propane over 1982.





Other Propane Marketing Programs

We continued to make progress in our traditional market where propane's clean-burning qualities make it an ideal fuel in enclosed spaces or around animals or food. We have uncovered new markets in locations where ventilation is a problem or where portability is necessary. Some ideal customers are greenhouses, hospitals, mines, motels and asphalt plants, especially those located in areas of Canada not served by natural gas.

The EconoPower Program, an intensive marketing effort to identify potential industrial users with boilers powered by other fuels and convince them of the efficiency and price advantages of propane, got underway during the year.

In a related effort to increase volumes, we launched AgriPower. Farmers who are already familiar with propane's advantages for crop drying, are being encouraged to use it for other aspects of their operations such as farm vehicle fueling and the heating of buildings.

Industrial Gases

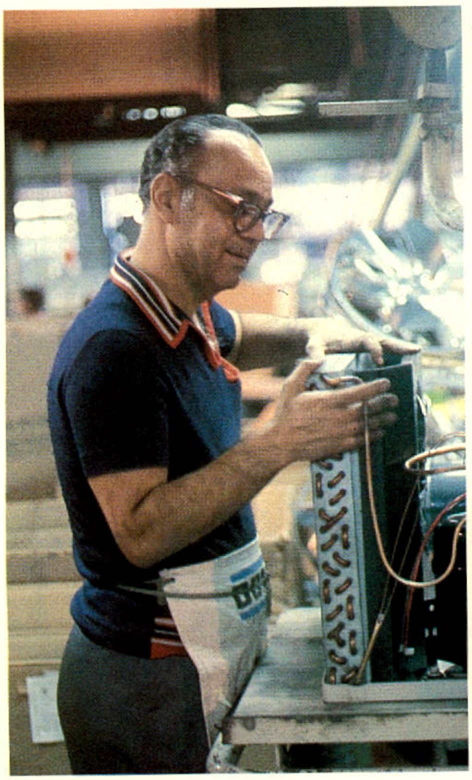
A new air separation plant in Calgary came on-stream in the early part of 1982. The disappointing level of oil and gas drilling activity in Alberta has not improved the outlook for the industrial gases produced in the plant in the short term. However, the plant is producing nitrogen, oxygen and argon and will be in a position to take a large share of the provincial market when economic activity improves.

Initiatives were taken during 1982 to enlarge ICG propane's penetration of traditional fuel oil markets, highlighted by the EconoPower boiler fuel program (far left) in B.C., Manitoba, Ontario and Quebec. Traditional agricultural markets for ICG propane in Western Canada and Quebec (near left) were also re-examined for new opportunities.

Manufactured Products

During 1982, markets for our principal products — furnaces, air-conditioners and heat pumps — were severely depressed as consumer demand waned in the face of high unemployment and interest rates. The disappointing performance of the two manufacturing entities operating separately pointed out an urgent need for rationalization of products and methods of distribution. Early in 1983, plans were developed to amalgamate the ICG heating equipment operations with KeepRite Inc., our 65 percent owned air-conditioning subsidiary, and a formal proposal was submitted to that company on February 14, 1983. The result will be a new company with stronger management and a balanced range of heating and cooling products to serve residential and commercial markets. The new combined operation will aggressively seek export markets, particularly through distributors already set up in the United States. We predict that important savings can be achieved in both manufacturing and distribution by combining the two organizations.

ICG Manufactured Products Division entered new geographic markets in 1982 including the opening early in the year of a KeepRite air conditioning distributor PHR Pty. Limited (below right) in Kilburn, South Australia.



Heating Equipment

Sales for 1982 were $36.9 million, a drop of $9.5 million from the 1981 level of $46.4 million. The lower volumes translated into an operating loss of $0.9 million, a $3.9 million decline from the profit of $3.0 million the year before.

Unit production in the Division was 40,000 compared to 58,000 in 1981. The biggest unit volume declines for the year were in gas and electric furnaces and unit heaters.

During 1982, the Division continued development of new products. Plans are underway for a second line of high efficiency furnaces only slightly lower in efficiency than our top line but which are significantly lower in price. During the year, we contracted to build high efficiency furnaces for a major oil company under that company's brand name. Negotiations are underway for introduction of the product line to the United States market.

During 1983, the Division's St. Catharines' factory will be closed and production will be transferred to other Company plants.

KeepRite

Sales for 1982 were $62.8 million (excluding inter-segment sales), a drop of $17.6 million from 1981 sales of $86.4 million. Operating profit for 1982 was $1.7 million down from $9.2 million in 1981.

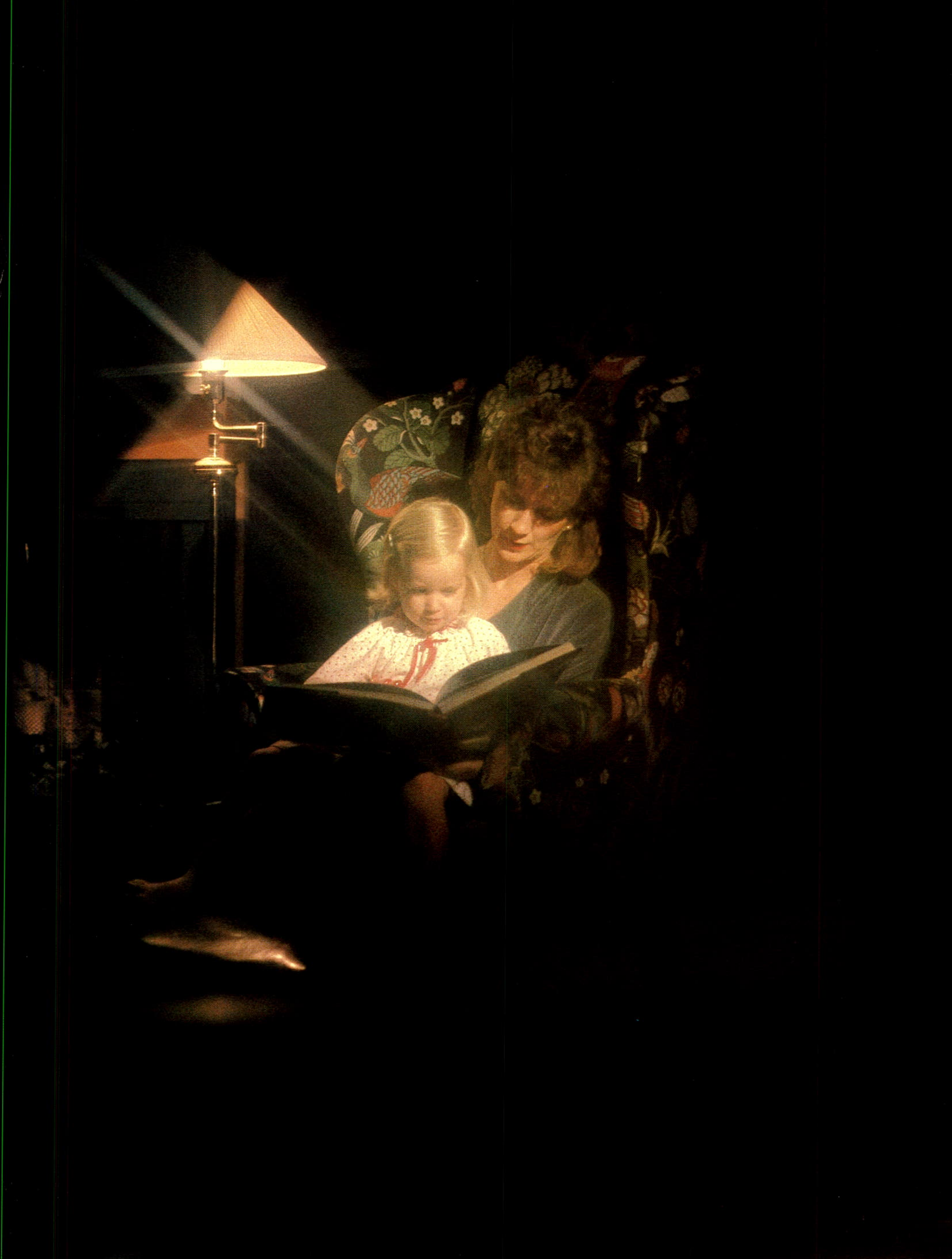
Unit sales were 114,000 in 1982 down from 192,000 in 1981. A substantial loss in volume was due to the loss of the market in Nigeria caused by the oil crisis there. Thirty percent of the reduction in sales is due to the cooler than normal summer in Canada and the United States. The proposed combination of ICG heating products with Keep-Rite cooling products will help to correct the seasonal nature of each product line and thereby improve productivity.

Thompson Pipe & Steel Company

Total sales were down to $14.3 million (U.S.) from $17.5 million in 1981. Operating income, impacted by lower volumes and loss of margins in a competitive environment was down to $0.7 million from $2.8 million in 1981.

We are optimistic about the future demand for water-related equipment in the U.S. market. The key factor is the level of public spending. The state of Wyoming alone has proposed a total of $500.0 million in water projects over the next five years.

The Ultimate by ICG, a new very high efficiency gas furnace, was introduced to the market in Canada early in 1982 and into some upper midwest and northeast states in the U.S. by fall. New product developments which offer unequalled value in home comfort continue at ICG.



Inter-City Gas Corporation
Ten Year Summary of Operations

In Thousands of Dollars	**1982**	1981	1980
Operating revenue	**620,712**	571,256	417,775
Operating costs			
Cost of sales	**414,209**	384,439	271,441
Operating, selling and administration	**116,112**	95,002	73,827
Depreciation and depletion	**22,680**	18,717	15,314
	553,001	498,158	360,582
	67,711	73,098	57,193
Equity in net income of unconsolidated subsidiaries	**—**	—	—
Operating profit	**67,711**	73,098	57,193
Financial expenses	**44,910**	42,365	22,535
Income before taxes	**22,801**	30,733	34,658
Provision for taxes	**13,878**	17,916	15,009
	8,923	12,817	19,649
Minority interest	**316**	(2,358)	(1,543)
Discontinued business	**—**	—	(228)
Extraordinary items	**1,203**	479	464
Net income for the year	**10,442**	10,938	18,342
Net income per common share	**$0.70**	$0.74	$1.42
Dividends paid—			
Preference shares	**891**	983	1,592
Common shares	**5,393**	5,377	3,823
Dividends paid per common share	**.40**	.40	.32
Fixed assets (cost)	**608,458**	533,523	430,898
Common shareholders' equity	**189,767**	135,098	128,951
Number of common shares outstanding	**17,075†**	13,589†	13,437†
Book value per share	**$11.11**	$9.94	$9.60

† After deducting shares held by subsidiary companies net of minority interest.

1979	1978	1977	1976	1975	1974	1973
454,383	229,090	81,995	67,728	52,630	37,339	32,689
333,894	169,441	58,160	48,560	36,603	25,001	22,585
68,329	33,555	9,943	8,409	6,941	5,384	4,713
12,843	7,076	3,258	2,215	1,648	919	797
415,066	210,072	71,361	59,184	45,192	31,304	28,095
39,317	19,018	10,634	8,544	7,438	6,035	4,594
2,187	2,471	2,852	1,207	—	—	—
41,504	21,489	13,486	9,751	7,438	6,035	4,594
19,285	11,386	7,439	4,330	2,642	2,249	2,136
22,219	10,103	6,047	5,421	4,796	3,786	2,458
9,312	2,410	737	1,572	2,174	1,659	1,003
12,907	7,693	5,310	3,849	2,622	2,127	1,455
(968)	(505)	—	—	—	—	(3)
—	—	—	—	—	—	—
495	121	(188)	—	—	—	—
12,434	7,309	5,122	3,849	2,622	2,127	1,452
$1.43	$1.21	$0.94	$0.73	$0.56	$0.45	$0.37
1,619	1,335	1,100	903	713	537	352
2,372	1,570	1,160	1,031	825	683	378
.31	.28	.27	.24	.24	.20	.12
289,244	267,508	66,606	60,393	52,832	48,895	39,288
54,967	42,657	17,431	14,549	9,625	8,413	7,503
7,889†	7,162†	4,297	4,296	3,436	3,416	3,411
$6.97	$5.96	$4.06	$3.39	$2.80	$2.46	$2.20

D. S. Rogers, Executive Vice-President and Chief Operating Officer

Management's Discussion
and Analysis of Financial Condition and Results of Operations

Our 1981 annual report provided a general outlook for 1982 and identified three key factors which would play a role in the results of operations for 1982. The factors identified were a return to more normal weather patterns than those experienced in 1981, a moderation in interest rates and the duration and severity of the economic recession. The slightly colder than normal weather and lower interest rates both had a positive impact on operating results. However, the effects of the recession were particularly severe in the manufacturing segment with the result that net income per share has declined slightly from 1981.

Net income to common shareholders for 1982, including the benefits of utilizing tax losses of prior years, was $9,551,000 compared to $9,955,000 in 1981. On a per share basis, this represents 70 cents per common share compared to 74 cents per common share in 1981.

Information by industry segment and geographic area for the past three years and selected financial data for the past five years are presented in the Notes to the Consolidated Financial Statements and should be read in conjunction with this discussion.

Operating Revenue

Operating revenues increased by 8.7 percent from $571,256,000 to $620,712,000. Revenues increased in the Resources, Utilities and Liquid Gas divisions as a result of both volume and price increases. Volume increases are attributable to colder weather, an increase in the number of utility customers and a substantial increase in propane volumes under the ICG Auto-Propane program. Approximately $24,435,000 of the operating revenue increase in the Utilities Division is the result of pass-through increases. Rate of return increases also contributed to higher revenues in this Division.

Operating revenues in the Manufactured Products Division were severely impacted by the recessionary economic conditions. In Canada, new residential and commercial construction dropped off dramatically in 1982. As these are significant markets for heating and air conditioning products, volume

P. Marriott,
Senior Vice-President and Controller

sales declined accordingly. Similarly, in the United States, a reduction in major construction projects and severe market competition resulted in lower volumes and revenues.

Operating Profit

Operating profits declined from $73,098,000 in 1981 to $67,711,000 in 1982, a total of $5,387,000 or 7.4 percent. The most significant decline was in the Manufacturing Division, resulting from lower volumes and reduced gross margins, particularly in the United States operations. Operating profits in the Liquid Gas Division increased due to an improvement in gross margins and volume increases, offset by increases in operating expenses. In the Resources Division, the increase in revenue from higher prices has been offset by increased administrative and production expenses and higher depreciation and depletion charges. As stated above, a substantial portion of the revenue increase in the Utilities Division is a result of pass-through increases of the cost of product. Consequently, no increase in gross profits resulted from this increase in revenues. The increase in gross profit, resulting from higher volumes and improved rates of return, has been offset by increases in operating expenses and a one-time rate of return adjustment. Operating profits are, therefore, virtually the same as last year.

Financial Expenses

The increase in financial expenses over 1981 is attributable to higher borrowings offset by lower costs of borrowing. Despite the significant decline in interest rates in the latter half of 1982, interest rates were still at high levels for the year as a whole with prime lending rates in Canada averaging nearly 16 percent in 1982 compared to 19.5 percent in 1981. Additional borrowings were incurred in 1982 primarily to finance capital expenditures.

Provision for Taxes

The effective rate of income taxes on income before taxes has increased by 4.1 percentage points to 48.6 percent, resulting in an increased expense over the 1981 rate of $935,000. In addition, energy taxes have increased as a result of both higher prices for oil and natural gas and higher rates, specifically the Petroleum and Gas Revenue Tax and the introduction of the Incremental Oil Revenue Tax for part of the year. These increases have been offset by a significant increase in the Alberta Royalty Tax Credit program, a portion of which was retroactive, covering part of the 1981 fiscal year.

Minority Interest in Subsidiary Companies

Minority interest expense reflects a recovery in 1982 as a result of the loss incurred by KeepRite, a 65 percent owned subsidiary. The decline from 1981 is also affected by the method of presentation. In 1981, the operations of KeepRite were consolidated for the entire year with earnings attributable to the period prior to acquisition in May 1981 reflected as minority interest expense.

1981 Compared with 1980

Net income declined significantly from 1980 to 1981. Operating revenues and operating profits increased even after taking into account the additional revenues and operating profits contributed by the newly acquired subsidiary KeepRite Inc. (1980 comparative figures are not restated to include KeepRite Inc.'s operations). However, financial expenses almost doubled from the 1980 level due to record high interest rates and additional borrowings required to finance capital expenditures and the acquisition of KeepRite Inc. In addition, the new energy taxes introduced by the October 1980 National Energy Program in Canada, came into effect and further reduced earnings by $3,683,000 over 1980. As a result, net income to common shareholders, including the benefits of utilizing tax losses of prior years, declined from $16,750,000 – $1.42 per share in 1980 to $9,955,000 – $0.74 cents per share in 1981. The decline on a per share basis was impacted further by the increase in the weighted average number of common shares outstanding resulting from the amalgamation with Canadian Homestead Oils Limited in 1980.

Capital Resources and Liquidity

A significant improvement was made in 1982 in the financial condition of the Company. Last year's report indicated management's desire to increase the equity base of the Company. The capital transactions concluded in late 1982 with MICC Investments Limited, described in Note 3 to the Consolidated Financial Statements, provide the Company with $68,250,000 equity financing. Of the total, $50,250,000 was received in 1982 and the remaining $18,000,000 will be received in 1983. In addition, through the sale of common share purchase warrants, there is potential additional equity financing of

$36,000,000 during the next five years. Through a holding of $36,000,000 in preferred shares in MICC Investments Limited, there is a source of cash during the same period. Furthermore, the transactions do not have any material dilutive effect on existing shareholders' investment.

Cash flow from continuing operations, after deducting interest and taxes, has more than doubled in 1982 to $21,461,000. Cash flow from operations in 1982 was sufficient to cover the fixed fiduciary requirements of long-term debt, the redemption of and dividends on preference shares and provide a return to common shareholders. Anticipated cash flow from operations in 1983 is expected to be adequate to finance the projected requirements for these items in 1983.

The benefit from the infusion of equity and increased cash flows also contributed to an improvement of $13,498,000 in working capital to reduce the deficiency at December 31, 1982 to $9,072,000, or 4.1 percent of current assets.

As discussed in previous reports, the Company has a long-term credit agreement with a major Canadian chartered bank which provides for up to $200,000,000 in term loans and $100,000,000 in guarantees of private placement notes. To December 31, 1982, a total of $109,211,000 had been drawn on the loan facility and $36,000,000 placed under the guarantee provision. Subsequent to December 31, an additional $64,000,000 was placed under the guarantee provision with the proceeds utilized to reduce borrowings under the term loan.

This credit agreement, along with the capital transactions completed with MICC Investments Limited, provides the company with adequate resources to finance its capital requirements for the foreseeable future. In addition, the placement of the guaranteed notes has allowed the Company to fix a substantial portion of its previously floating rate interest costs and, thus, escape some of the uncertainties created by fluctuating interest rates. Management will, however, continue to review and assess opportunities for improving the Company's capital resources in the best interests of its shareholders.

Outlook For 1983

Economic conditions are not expected to show a significant improvement over those experienced in 1982 with the Gross National Product in Canada forecast to increase by only 1 to 2 percent. As a result, the operating environment will continue to be difficult, and management does not expect the 1983 return on shareholders' equity to revert to the levels acheived in the past. However, there are some positive signs, particularly lower financial costs which point to an improvement in 1983 earnings over those achieved in the past two years.

Inter-City Gas Corporation
Consolidated Statement of Income

For the Years Ended December 31, 1982, 1981 and 1980

In Thousands of Dollars	1982	1981	1980
Operating Revenue	**620,712**	571,256	417,775
Operating Costs			
Cost of sales	**414,209**	384,439	271,441
Operating, selling and administration	**116,112**	95,002	73,827
Depreciation and depletion	**22,680**	18,717	15,314
	553,001	498,158	360,582
Operating Profit	**67,711**	73,098	57,193
Financial Expenses			
Interest on long-term debt	**35,964**	29,721	14,711
Other interest	**18,992**	21,907	9,994
Interest capitalized	**(11,864)**	(11,474)	(3,261)
Amortization of other assets	**1,167**	907	491
Loss on foreign exchange	**651**	1,304	600
	44,910	42,365	22,535
Income Before Taxes	**22,801**	30,733	34,658
Provision for Taxes			
Income taxes	**11,075**	13,673	15,699
Alberta royalty tax credit	**(4,745)**	(1,204)	(1,287)
Energy taxes	**7,548**	5,447	597
	13,878	17,916	15,009
Income After Taxes	**8,923**	12,817	19,649
Minority Interests in Subsidiary Companies	**(316)**	2,358	1,543
	9,239	10,459	18,106
Discontinued Business	—	—	228
	9,239	10,459	17,878
Extraordinary Item			
Reduction of current income taxes on application of prior years' losses	**1,203**	479	464
Net Income for the Year	**10,442**	10,938	18,342

See accompanying notes

Inter-City Gas Corporation
Consolidated Balance Sheet

As at December 31, 1982 and 1981

In Thousands of Dollars	1982	1981
ASSETS		
Current Assets		
Cash and short term deposits	**14,469**	6,127
Accounts and notes receivable less allowance for doubtful accounts; 1982—$3,326; 1981—$2,581	**118,154**	107,592
Income taxes recoverable	**3,844**	6,568
Inventories	**82,042**	80,784
Prepaid expenses	**1,613**	1,723
	220,122	202,794
Investments		
Investments in related companies	**47,543**	5,959
Notes, mortgages and other investments	**13,531**	14,562
Employee share purchase plan loans	**5,031**	4,909
	66,105	25,430
Fixed Assets		
Property, plant and equipment—at cost	**608,458**	533,523
Accumulated depreciation and depletion	**149,369**	130,571
	459,089	402,952
Other Assets and Deferred Costs—at cost, less amortization		
Goodwill	**9,625**	10,039
Financing expenses	**3,394**	2,693
Other deferred costs	**7,420**	5,052
	20,439	17,784
	765,755	648,960

See accompanying notes

On behalf of the Board

Director

Director

	1982	1981
LIABILITIES		
Current Liabilities		
Bank advances	**106,271**	118,961
Accounts payable and accrued liabilities	**104,564**	92,823
Income taxes payable	**2,949**	4,367
Current maturities of long-term debt	**15,410**	9,213
	229,194	225,364
Deferred Revenue	**14,472**	5,736
Long-Term Debt	**244,171**	205,694
Customers' Contributions in Aid of Construction	**18,890**	10,002
Deferred Income Taxes	**49,685**	44,877
Minority Interests in Subsidiary Companies	**9,878**	11,182
	566,290	502,855
REDEEMABLE PREFERENCE SHARES	**9,698**	11,007
COMMON SHAREHOLDERS' EQUITY		
Stated Capital	**158,948**	123,258
Contributed Surplus	**8,250**	—
Retained Earnings	**41,165**	40,821
	208,363	164,079
Common Shares of the Company Held by Subsidiaries—at cost (1982—4,953,735 shares; 1981—5,990,985 shares)	**18,596**	28,981
	189,767	135,098
	765,755	648,960

Inter-City Gas Corporation Consolidated Statement of Changes in Financial Position

For the Years Ended December 31, 1982, 1981 and 1980

In Thousands of Dollars	1982	1981	1980
Cash Provided from Continuing Operations	**81,477**	69,562	48,237
Deduct:			
Interest	**52,295**	50,827	21,690
Income and energy taxes, net	**7,721**	8,141	8,295
Discontinued business	—	—	7,414
	60,016	58,968	37,399
	21,461	10,594	10,838
Cash Provided from Other Sources			
Long-term debt	**53,586**	127,374	20,863
Common shares and warrants	**50,258**	216	123
Receipts under take-or-pay contracts	**8,937**	1,123	3,126
Customer contributions	**7,918**	4,057	1,304
Notes, mortgages, sale of fixed assets	**8,786**	10,793	22,131
	129,485	143,563	47,547
	150,946	154,157	58,385
Cash Utilized For			
Additions to property, plant and equipment (net of capitalized interest and overhead)	**64,763**	78,873	55,638
Repayment of long-term debt	**10,928**	42,617	21,897
Dividends paid to shareholders and minority interests	**6,836**	7,781	6,069
Investments in related companies	**41,017**	1,278	1,921
Redemption of preference shares and purchase of minority interests	**1,817**	757	11,939
Deferred costs	**4,553**	1,639	1,894
Investment in KeepRite Inc.	—	18,825	—
	129,914	151,770	99,358
Increase (Decrease) in Cash	**21,032**	2,387	(40,973)
Cash Balance — Beginning of the year	**(112,834)**	(95,791)	(54,818)
— KeepRite Inc. acquired	—	(19,430)	—
Cash Balance — End of the Year	**(91,802)**	(112,834)	(95,791)

See accompanying notes

Inter-City Gas Corporation
Consolidated Statement of Retained Earnings

For the Years Ended December 31, 1982, 1981 and 1980

In Thousands of Dollars	**1982**	1981	1980
Balance—Beginning of the year	**40,821**	36,243	23,316
Net income for the year	**10,442**	10,938	18,342
	51,263	47,181	41,658
Dividends paid—			
First preference shares, Series B	**306**	349	380
First preference shares, Series C	**363**	405	420
Second preference shares, Series A	**107**	111	114
Second preference shares, Series B	**115**	118	122
Third preference shares, Series A	—	—	556
Common shares	**5,393**	5,377	3,823
	6,284	6,360	5,415
Purchase and cancellation of common shares	**3,814**	—	—
Balance—End of the year	**41,165**	40,821	36,243

See accompanying notes

Auditors' Report to the Shareholders

We have examined the consolidated balance sheets of Inter-City Gas Corporation as at December 31, 1982 and 1981, and the related consolidated statements of income, retained earnings and changes in financial position for the years ended December 31, 1982, 1981 and 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the consolidated financial position of the Company as at December 31, 1982 and 1981 and the consolidated results of its operations and the changes in its financial position for the years ended December 31, 1982, 1981 and 1980, in accordance with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

Chartered Accountants

Winnipeg, Manitoba
March 10, 1983

Inter-City Gas Corporation
Notes to Consolidated Financial Statements

For the years ended December 31, 1982, 1981 and 1980

1. SIGNIFICANT ACCOUNTING POLICIES

Consolidation—The consolidated financial statements include the assets, liabilities and operating results of all subsidiary companies and have been prepared in accordance with generally accepted accounting principles in Canada which differ in certain respects with accounting principles in the United States. The differences between generally accepted accounting principles in Canada and the United States are described further in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission. The accounts of subsidiary companies are consolidated from the dates of acquisition on the basis of purchase accounting. The amounts by which the purchase price of subsidiary companies exceeds the fair value of the assets acquired have been treated as goodwill and are being amortized on a straight line basis over periods not exceeding forty years.

Foreign Exchange—The accounts of subsidiaries and divisions operating in the United States are translated into Canadian dollars at the rates of exchange on the balance sheet date for current assets and current liabilities, on the date of the transaction for other balance sheet accounts and at the average rate for the year for revenues and expenses. Gains and losses on translation are reflected in income. The rate of exchange, as at December 31, 1982, was $1.2294 Cdn. = $1.00 U.S. (1981-$1.1859 Cdn. = $1.00 U.S.) and the average exchange rate for the year was $1.2340 Cdn. = $1.00 U.S. (1981-$1.1990 Cdn. = $1.00 U.S.; 1980-$1.1690 Cdn. = $1.00 U.S.).

Fixed Assets—Fixed assets are recorded at cost which includes interest and overhead amounts capitalized during the construction period and the full cost method of accounting for oil and gas properties. Substantially all of the Company's exploration and production activities related to oil and gas are conducted jointly with others and accordingly, the accounts reflect only the Company's proportionate interest in such activities. Grants under the Petroleum Incentives Program for exploration and development activities are applied as a reduction of the related capital expenditures.

Depreciation is provided on a straight line basis at the following rates based on the estimated useful lives of the applicable assets:

Buildings	2½%—10%
Transmission lines and distribution systems	2%— 3%
Customer installations	3%—10%
Transportation equipment	10%—33%
Machinery, equipment and furniture	5%—25%

Fixed assets leased under capital leases are capitalized and depreciated on the same basis and rates as above.

Depletion of oil and gas properties and depreciation of well equipment, gathering systems and processing facilities are provided on a unit of production method based on estimated recoverable reserves except that costs and estimated reserves applicable to the Arctic Islands have been excluded from the calculation. Limited term interests in oil and gas leases are depleted over their remaining terms.

Inventories—Inventories of propane and petroleum products are valued at the lower of cost (first-in, first-out) and replacement cost. Inventories of merchandise, materials and supplies are valued at the lower of cost and net realizable value. Cost is determined for work-in-process and finished goods at standard prices and for raw materials and supplies on a first-in, first-out basis.

Deferred Costs—Amortization of financing expenses is provided on a straight line basis over the terms of the respective issues and amortization of other deferred charges is provided on a straight line basis over periods of three to twenty years.

Deferred Revenue—Amounts received under take-or-pay natural gas contracts in respect of minimum deliverable quantities which are in excess of actual deliveries are reflected as deferred revenue. These amounts will be taken into income in the years corresponding to the future gas deliveries under these contracts which are expected to commence on November 1, 1984.

Revenue Accounting—Gas sales revenue in the Utilities Division is recorded on the basis of meter readings plus an estimate of customer usage since the last meter reading.

Income Taxes—Subsidiaries in the Utilities Division provide only for income taxes currently payable in their financial statements and in the calculation of their rates of return for rate-making purposes. However, for all other operations, the Company provides for deferred income taxes on all timing differences between accounting income and taxable income, including those relating to exploration, development and acquisition of petroleum and natural gas properties.

2. RESTATEMENT OF COMPARATIVE FIGURES

(a) For the year ended December 31, 1982, the Company has adopted the cash definition of funds (bank advances less cash and short-term deposits) in the Consolidated Statement of Changes in Financial Position. Previously, this statement was prepared on the working capital definition of funds (current assets less current liabilities). Prior years' figures have been restated to provide an appropriate basis of comparison.

(b) The Company has also adopted a method of presentation whereby certain taxes on oil and gas activities are now reflected under the heading Provision For Taxes. Previously, these taxes were netted against revenues or included under operating costs. The comparative figures for 1981 and 1980 have been restated in the Consolidated Statement of Income and in the related Notes to the Consolidated Financial Statements to reflect this change.

3. CAPITAL TRANSACTION WITH MICC INVESTMENTS LIMITED

At a special meeting of shareholders held on December 15, 1982, the shareholders of the Company approved a series of capital transactions between the Company, its wholly-owned subsidiary, ICG Resources Ltd. and MICC Investments Limited (MICC) and its wholly-owned subsidiary, The Mortgage Insurance Company of Canada (MICC Insurance) as follows:

(a) MICC and MICC Insurance acquired a total of 5 million common shares of the Company at a price of $12 per share, of which 3.5 million shares were issued and paid for in cash on December 16, 1982 and the balance of 1.5 million shares will be paid for and issued not later than December 16, 1983.

(b) MICC purchased common share purchase warrants for a cash consideration of $8,250,000 entitling it to acquire an additional 3 million common shares of the Company at a price of $12 per share. The warrants expire on December 16, 1987.

(c) MICC Insurance purchased from ICG Resources Ltd. a fourteen year promissory note due June 1, 1996 for $36,000,000 bearing interest at 14% and repayable in equal semi-annual instalments of $1,800,000 in the years 1988 to 1995 with a final payment of $7,200,000 in 1996. The note is supported by a letter of credit under the terms of a long-term credit agreement between ICG Resources Ltd. and a Canadian chartered bank.

(d) The Company purchased 360,000 first preferred shares of MICC, bearing a fixed cumulative dividend rate of 13%, for $36,000,000 cash. The shares are subject to a mandatory annual redemption requirement of 18,000 shares at $100 per share on December 31, 1983 through 1986 with the balance to be redeemed on December 16, 1987.

(e) The Company purchased common share purchase warrants for a cash consideration of $4,500,000 entitling it to acquire 3 million common shares of MICC at a price of $12 per share. The warrants expire on December 16, 1987.

4. SECURITY FOR BANK ADVANCES, TERM LOANS AND OTHER LONG-TERM INDEBTEDNESS

Current bank loans, term bank loans and other long-term indebtedness are generally secured by a pledge of inventories, accounts receivable, shares of certain subsidiary companies, property, equipment and interests in petroleum and natural gas properties.

The Company and its subsidiaries have operating lines of credit with Canadian and United States banks totalling $140,493,000 (1981—$156,565,000) of which $106,271,000 was utilized at December 31, 1982 (1981—$118,961,000).

The weighted average interest rate on the outstanding bank advances at December 31, 1982 was 12.41% (1981—16.99%). Weighted average interest rates are calculated based on actual interest rates in effect and the bank advances outstanding as at December 31. The maximum amount of bank advances outstanding at any month-end during the year ended December 31, 1982 was $139,525,000 (1981—$138,823,000).

The average bank advances outstanding, calculated by averaging month-end balances, during the year ended December 31, 1982 was $129,648,000 (1981—$124,499,000). Virtually all of the Company's lines of credit are at bank prime rates which averaged 15.95% in Canada and 14.9% in the United States in 1982 (1981—19.4% and 18.9%).

In addition, the Company has a long-term credit agreement with a Canadian bank which provides for up to $200,000,000 in term bank loans and $100,000,000 in guarantees of private placement notes. To December 31, 1982, $109,211,000 had been drawn down on the term loan facility and $36,000,000 placed under the guarantee provision.

Subsequent to December 31, the Company completed a private placement of $55,000,000 of sinking funds notes due in 1996 bearing interest at 13½%. These notes are guaranteed under the guarantee provision of the credit facility. The proceeds will be utilized to reduce borrowings under the term loan facility.

5. ACCOUNTS RECEIVABLE

Accounts receivable include $7,866,000 of grants claimed under the Petroleum Incentives Program of the Federal and Alberta governments. Receipt of this amount is contingent upon government approval of a Canadian Ownership Rate of not less than 65% for 1981 and 67% for 1982. The Company has completed and filed the documentation required by the Petroleum Monitoring Agency supporting a Canadian Ownership Rate in excess of the above percentages.

6. INVENTORIES

Inventories are classified as follows:

	1982	1981
	($000)	($000)
Propane and petroleum products	**11,284**	10,563
Raw materials	**16,761**	21,177
Work-in-process	**7,572**	5,704
Finished goods	**23,796**	18,348
Merchandise, materials and supplies	**20,022**	23,998
Prepaid natural gas	**2,607**	994
	82,042	80,784

7. INVESTMENTS IN RELATED COMPANIES

Investments in related companies are comprised of the following:

	1982		1981	
	Shares	**Advances**	Shares	Advances
	($000)	**($000)**	($000)	($000)
MICC preferred shares and warrants	**40,500**	**—**	—	—
Gaz Inter-Cite Quebec Inc.—49%	**2,998**	**—**	2,998	26
ICG Brunswick Gas Ltd.—100%	**53**	**1,660**	30	1,141
ICG Scotia Gas Limited—50%	**28**	**2,304**	25	1,739
	43,579	**3,964**	3,053	2,906

Gaz Inter-Cite Quebec Inc. provided start-up deliveries of gas in December 1982 and is considered to have commenced operations as of January 1, 1983. There have been no operations in the other utility companies to December 31.

8. NOTES, MORTGAGES AND OTHER INVESTMENTS

Notes, mortgages and other investments consist primarily of the note receivable taken on the sale of certain U.S. petroleum and exploration operations in 1980. The balance at December 31, 1982 of $12,362,000 U.S. is due over the next seven years as follows:

$3,132,000—in equal annual principal instalments of $447,500 plus interest at the greater of 13½% or 110% of prime.

$9,230,000—in equal annual instalments of $2,120,000 including interest at 13½% per annum.

This note is secured by shares of the companies sold.

9. EMPLOYEE SHARE PURCHASE PLAN

During 1982, 27,000 common shares were purchased by employees under the terms of the share purchase plan (1981—91,400). In addition, loans in the amount of $130,000 were repaid by employees to the Company. The balances due from employees at December 31, 1982 which are non-interest bearing, total $5,031,000 (1981—$4,909,000).

10. FIXED ASSETS

Property, plant and equipment are classified as follows:

	1982			1981
	Cost	**Accumulated Depreciation and Depletion**	**Net Book Value**	Net Book Value
	($000)	**($000)**	**($000)**	($000)
Petroleum and natural gas properties, leases and exploration costs	**249,430**	**46,543**	**202,887**	176,787
Well equipment, gathering systems and processing facilities	**56,137**	**16,382**	**39,755**	32,692
Transmission lines and distribution systems	**128,821**	**17,949**	**110,872**	96,341
Customer installations	**61,263**	**27,115**	**34,148**	32,514
Machinery, equipment and furniture	**50,176**	**21,071**	**29,105**	24,835
Transportation equipment	**25,403**	**14,038**	**11,365**	11,744
Buildings	**29,950**	**6,271**	**23,679**	21,444
Land	**7,278**	**—**	**7,278**	6,595
	608,458	**149,369**	**459,089**	402,952

Details of assets leased under capital leases and included in fixed assets are as follows:

	1982			1981
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
	($000)	**($000)**	**($000)**	($000)
Customer installations	**12,131**	**4,786**	**7,345**	8,694
Transportation equipment	**11,048**	**2,142**	**8,906**	6,985
Machinery and equipment	**1,352**	**532**	**820**	265
	24,531	**7,460**	**17,071**	15,944

11. LONG-TERM DEBT

The details of long-term debt are as follows:

	1982	1981
	($000)	($000)
Term bank loans, secured, bearing interest at rates which vary with the prime bank rate repayable during the period 1983 to 1996	**166,410**	157,750
Promissory notes bearing interest at rates varying from 7¼% to 14½% due in the years 1983 to 1996	**51,761**	16,805
Debentures bearing interest at rates varying from 5% to 17¾% due in the years 1983 to 1994	**21,350**	20,298
Capitalized lease obligations bearing interest at rates varying from 6% to the bank prime rate repayable during the period 1983 to 1993	**17,875**	16,641
Sundry notes and mortgages	**2,185**	2,222
First mortgage bonds	**—**	1,191
	259,581	214,907
Current maturities included in current liabilities	**15,410**	9,213
	244,171	205,694

Amounts repayable in United States funds are translated into Canadian funds at the historical exchange rates in effect at their respective dates of issue except for current maturities which are translated at the year-end exchange rate. If all amounts repayable in United States funds were translated at the exchange rate in effect at year-end, it would result in an increase in long-term debt of approximately $4,490,000 at December 31, 1982 ($3,729,000 at December 31, 1981).

Under the provisions of the various agreements and indentures, excluding capitalized lease obligations, the Company is required to make the following instalments during the next five years. This schedule reflects changes to debt repayment terms as a result of financing arrangements concluded subsequent to December 31, (See Note 4).

Year	($000)
1983	12,353
1984	14,386
1985	17,054
1986	12,067
1987	15,022

Minimum lease payments required under capital leases are as follows:

Year	($000)
1983	5,796
1984	5,423
1985	4,555
1986	3,307
1987	2,205
subsequent years	8,309
Total minimum lease payments	29,595
Less—amount representing interest	11,720
Balance of capitalized lease obligations	17,875

12. REDEEMABLE PREFERENCE SHARES

(a) Authorized

600,000 first preference shares issuable in series of which 265,000 have been designated as Series B shares carrying a cumulative dividend entitlement of $1.65 per share and redeemable at $21.80 per share; and 200,000 have been designated as Series C shares carrying a cumulative dividend entitlement of $2.10 per share and redeemable at $21.00 per share.

262,468 second preference shares issuable in series of which 97,268 have been designated as Series A shares carrying a cumulative dividend entitlement of $1.30 per share and redeemable at a price not to exceed $20.63 per share; and 90,200 have been designated as Series B shares carrying a cumulative dividend entitlement of $1.50 per share and redeemable at $20.75 per share.

10,000,000 third preference shares issuable in series.

The redemption privileges on all preference shares are at the option of the Company only. The preference shares have voting privileges at all meetings of shareholders, except meetings at which only holders of another class or series of shares are entitled to vote.

(b) Issued and fully paid

		1982		1981	
		Number	**Amount**	Number	Amount
			($000)		($000)
First preference shares	—Series B	**167,900**	**3,358**	202,350	4,047
	—Series C	**160,000**	**3,200**	186,000	3,720
Second preference shares	—Series A	**81,373**	**1,628**	83,873	1,678
	—Series B	**75,610**	**1,512**	78,110	1,562
			9,698		11,007

(c) Purchase fund requirements

First preference shares Series B and C

To offer to purchase 13% of the original issue amount in each of the years 1983 to 1986 and 5% for each year thereafter. In 1982, 34,450 Series B shares and 26,000 Series C shares were purchased and cancelled (1981—18,550 and 14,000).

Second preference shares Series A and B

To purchase annually in the market, a minimum of 3% of the original issue amount outstanding at the end of the preceding year. In each of the years 1982 and 1981, 2,500 Series A and 2,500 Series B shares were purchased and cancelled.

The minimum purchase requirements for all series in the next five years are as follows:

Year	($000)
1983	1,304
1984	1,300
1985	1,298
1986	1,296
1987	548

13. STATED CAPITAL

(a) Authorized and outstanding

In addition to the redeemable preference shares, the authorized stated capital of the Company includes 50,000,000 common shares. Changes in the issued and outstanding common shares for the years 1982, 1981 and 1980 are as follows:

	1982		1981		1980	
	Number	**Amount**	Number	Amount	Number	Amount
		($000)		($000)		($000)
Issued and fully paid—beginning of the year	**19,470,747**	**123,258**	19,317,733	121,689	8,926,568	42,024
Issued to MICC and MICC Insurance (see Note 3)	**3,500,000**	**42,000**	—	—	—	—
Purchase and cancellation of shares held by a subsidiary	**(1,037,250)**	**(6,571)**	—	—	—	—
Issued to employees under the employee share purchase plan	**27,000**	**253**	91,400	1,353	103,450	1,997
Issued to employees under the employee stock option plan	**800**	**7**	—	—	—	—
Issued on exercise of share purchase warrants	**200**	**1**	61,614	216	35,284	123
Issued upon amalgamation with Canadian Homestead Oils Limited	—	—	—	—	10,252,431	77,545
Issued and fully paid—end of the year	**21,961,497**	**158,948**	19,470,747	123,258	19,317,733	121,689

On September 30, the Company acquired 1,037,250 of its own common shares previously held by a subsidiary company. These shares were returned to the category of authorized, but unissued shares. The purchase and cancellation resulted in a reduction of the cost of common shares held by subsidiaries of $10,385,000, a reduction in stated capital of $6,571,000 and a charge to retained earnings of $3,814,000. There has been no effect on net shareholders' equity.

(b) Share purchase warrants

At December 31, 1982 the Company has reserved 3,000,000 common shares for the exercise of share purchase warrants at $12.00 per share.

(c) Employee stock option plan

Under the terms of an Employee Stock Option Plan, which was approved by the shareholders at the annual meeting held on May 20, 1982, options were granted during the year to various officers and employees to purchase 291,000 common shares at $8.875 per share and 190,500 common shares at $12.75 per share. To December 31, options covering 800 shares were exercised leaving a balance of 480,700 optioned shares outstanding.

The term of each option is five years but not more than 20% of the total shares optioned can be taken up and paid for in any one year. The option exercise price is fixed by the Board of Directors at the time each option is authorized and cannot be less than 90% of the weighted average sales price per share on the Toronto Stock Exchange on the business day preceding the date of authorization.

14. INCOME TAXES

(a) A reconciliation between the statutory and the effective rate of income taxes is provided as follows:

	1982	1981	1980
	($000)	($000)	($000)
Income before taxes	**22,801**	30,733	34,658
Federal statutory tax rate including the corporate surtax	**47.8%**	47.8%	47.8%
Computed income taxes	**10,899**	14,690	16,566
Increase (decrease) in income taxes resulting from—			
Deductible energy taxes	**(1,178)**	(1,152)	(285)
Excess of non-deductible oil and gas expenditures over tax deductions	**615**	429	132
Inventory allowance	**(924)**	(831)	(359)
Non-deductible expenses and losses	**919**	911	428
Regulated natural gas divisions	**(1)**	(980)	(1,356)
Other	**745**	606	573
Effective income taxes	**11,075**	13,673	15,699
Effective rate of income taxes	**48.6%**	44.5%	45.3%

(b) The components of income before taxes and income tax expense are as follows:

	1982	1981	1980
	($000)	($000)	($000)
Income before taxes			
—Canada	**18,821**	20,081	27,193
—United States	**3,980**	10,652	7,465
	22,801	30,733	34,658
Current income tax expense			
—Canada	**5,554**	2,560	6,383
—United States	**564**	1,484	2,902
	6,118	4,044	9,285
Deferred tax expense			
—Canada	**4,377**	7,864	5,634
—United States	**580**	1,765	780
	4,957	9,629	6,414
	11,075	13,673	15,699

(c) Deferred income tax expense results from timing differences in the recognition of revenues and expenses for income tax purposes and financial statement purposes. The source of these differences are as follows:

	1982	1981	1980
	($000)	($000)	($000)
Excess of book depreciation over tax depreciation	**(1,510)**	(289)	1,390
Drilling and exploration costs claimed net of book depletion	**244**	6,717	2,533
Excess of items capitalized for book purposes and expensed for tax purposes	**7,057**	3,182	1,858
Loss carry forward	**(971)**	—	—
Other	**137**	19	633
Deferred income tax expense	**4,957**	9,629	6,414

If tax allocation had been followed in respect of all timing differences between accounting income and taxable income in respect of subsidiaries in the Utilities Division, the provision for deferred income taxes would have increased and consolidated net income would have decreased by $1,000 (1981—$980,000; 1980—$1,356,000). At December 31, 1982, the accumulated deferred income taxes would have amounted to approximately $5,291,000 (1981—$5,290,000), in addition to the amounts recorded in the accounts.

15. NET INCOME PER COMMON SHARE

The net income per common share is calculated on the weighted average number of shares outstanding during the respective years as follows:

	1982	1981	1980
	($000)	($000)	($000)
Income for the year from continuing operations	**9,239**	10,459	18,106
Less dividends on preference shares	**891**	983	1,592
Income to common shareholders from continuing operations	**8,348**	9,476	16,514
Discontinued business	—	—	(228)
Extraordinary item	**1,203**	479	464
Net income to common shareholders	**9,551**	9,955	16,750
Weighted average number of shares outstanding during the year	**19,376,268**	19,417,880	16,284,209
Less—weighted average of shares held by subsidiaries	**5,657,659**	5,880,752	4,468,063
	13,718,609	13,537,128	11,816,146
Net income per common share			
—from continuing operations	**$0.61**	$0.70	$1.40
—after discontinued business and extraordinary item	**$0.70**	$0.74	$1.42

There is no material dilutive effect as a result of the share subscription to be taken up in 1983 and the share purchase warrants and stock options outstanding.

Pro-forma earnings per share are computed to show the effect on earnings per share of the capital transactions with MICC assuming the transactions had occurred on January 1, 1982. Net income to common shareholders would have increased by $5,767,000 and the weighted average number of common shares outstanding would have increased by 3,354,167 shares resulting in net income to common shareholders of 83 cents per share before extraordinary items and 90 cents per share after extraordinary items.

16. PENSION PLANS

The Company and its subsidiaries have various pension plans available to substantially all permanent full-time employees. The Company makes contributions to the plans based on salary levels. The total pension expense for 1982 was $1,331,000 (1981—$1,053,000), including contributions in respect of unfunded past service benefits. A comparison of accumulated plan benefits and plan net assets is as follows:

	1982		1981	
	Canada	United States	Canada	United States
	($000)	($000)	($000)	($000)
Actuarial present value of accumulated plan benefits	**12,197**	**3,317**	8,689	2,878
Net assets available for benefits	**12,457**	**1,212**	9,007	1,270

The above figures for plans covering United States based employees are in U.S. dollars.

Actuarial valuation of the Canadian plan assumes that benefits are immediately vested with the employees. The assumed rates of return used in determining the actuarial present value of accumulated plan benefits ranged from 5½% to 6½% for the Canadian plans and 6% to 7% for the United States plans. Valuation dates range from January 1979 to December 1981 for the Canadian plans and from June 1981 to January 1982 for the United States plans. Unfunded liabilities for past service benefits are being funded by payments of $47,000 U.S. and $77,000 U.S. over periods of nine and twenty-five years, respectively.

17. LEASE COMMITMENTS

Lease rental expense during the current year amounted to $4,783,000 (1981—$3,354,000). The approximate aggregate minimum annual rentals under long-term leases, excluding capital leases, at December 31, 1982, are as follows:

Year	($000)
1983	5,377
1984	4,532
1985	3,963
1986	3,366
1987	2,841
subsequent years	9,355
	29,434

18. SELECTED FINANCIAL DATA

Selected financial data for the five years ended December 31, 1978 to 1982 is as follows. Amounts are in thousands of dollars except per share amounts.

	1982	1981	1980	1979	1978
Operating revenue	**620,712**	571,256	417,775	339,192	305,513
Net income for the year					
—continuing operations	**9,239**	10,459	18,106	11,976	6,953
—discontinued business and extraordinary items	**1,203**	479	236	458	356
	10,442	10,938	18,342	12,434	7,309
Basic net income per common share					
—continuing operations	**$0.61**	$0.70	$1.40	$1.37	$1.14
—discontinued business and extraordinary items	**$0.09**	$0.04	$0.02	$0.06	$0.07
	$0.70	$0.74	$1.42	$1.43	$1.21
Dividends per common share	**$0.40**	$0.40	$0.32	$0.31	$0.28
Total assets	**765,755**	648,960	502,219	421,651	387,063
Long-term obligations	**253,869**	216,701	111,337	119,828	120,604

Long-term obligations includes long-term debt and redeemable preference shares.

19. QUARTERLY FINANCIAL DATA (Unaudited)

Summarized quarterly financial data is as follows. Amounts are in thousands of dollars except per share amounts.

	3 Months Ended				Year Ended
1982	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31
Operating revenue	**192,021**	**126,906**	**119,656**	**182,129**	**620,712**
Gross profit	**61,862**	**43,852**	**41,474**	**59,315**	**206,503**
Net income (loss) after dividends on preference shares					
—before extraordinary item	**8,173**	**(3,037)**	**(2,805)**	**6,017**	**8,348**
—after extraordinary item	**8,173**	**(2,251)**	**(2,805)**	**6,434**	**9,551**
Net income (loss) per common share					
—before extraordinary item	**$0.60**	**$(0.22)**	**$(0.21)**	**$0.42**	**$0.61***
—after extraordinary item	**$0.60**	**$(0.16)**	**$(0.21)**	**$0.45**	**$0.70***
1981					
Operating revenue	155,144	123,740	120,293	172,079	571,256
Gross profit	47,716	40,707	37,366	61,028	186,817
Net income (loss) after dividends on preference shares					
—before extraordinary item	4,396	159	(1,998)	6,919	9,476
—after extraordinary item	4,396	159	(1,998)	7,398	9,955
Net income (loss) per common share					
—before extraordinary item	$0.33	$0.01	$(0.15)	$0.51	$0.70
—after extraordinary item	$0.33	$0.01	$(0.15)	$0.55	$0.74
1980					
Operating revenue	116,533	82,451	83,678	135,113	417,775
Gross profit	40,706	29,540	29,673	46,415	146,334
Net income after dividends on preference shares					
—from continuing operations	6,455	1,699	856	7,504	16,514
—after discontinued business and extraordinary items	4,286	2,686	856	8,922	16,750
Net income per common share					
—from continuing operations	$0.82	$0.14	$0.06	$0.56	$1.40*
—after discontinued business and extraordinary items	$0.54	$0.22	$0.06	$0.66	$1.42*

*Net income per share by quarter does not add to the total for the year due to changes in the number of common shares outstanding during the year.

20. BUSINESS SEGMENTS

The following is an analysis of certain financial information by business lines and geographical areas for the three years ended December 31, 1982, 1981 and 1980 as it relates to revenue, operating profit, identifiable assets, capital expenditures and depreciation and depletion.

Intersegment sales are not material and are accounted for at prices comparable to normal, unaffiliated customers.

Operating profit is total revenue less operating expenses which includes an allocation of corporate expenses. Identifiable assets include only those assets directly identifiable with those operations. Corporate assets consist primarily of the investment in MICC (see Note 3) notes receivable, employee share purchase plan loans, leasehold improvements, furniture and fixtures and deferred financing expenses.

	Operating Revenue			Operating Profit		
	1982	1981	1980	**1982**	1981	1980
	($000)	($000)	($000)	**($000)**	($000)	($000)
Resources						
—Canada	**52,897**	47,125	38,760	**30,439**	29,371	22,109
—United States	**5,840**	7,096	3,932	**4,166**	5,783	2,374
	58,737	54,221	42,692	**34,605**	35,154	24,483
Utilities						
—Canada	**124,966**	88,171	69,197	**7,590**	7,572	5,905
—United States	**64,619**	61,108	66,339	**3,951**	3,960	2,745
	189,585	149,279	135,536	**11,541**	11,532	8,650
Liquid Gas						
—Canada	**244,384**	210,559	175,618	**16,409**	7,919	13,355
Manufactured Products						
—Canada	**100,007**	129,440	34,181	**207**	11,850	2,076
—United States	**24,104**	24,336	26,345	**1,175**	3,726	5,845
	124,111	153,776	60,526	**1,382**	15,576	7,921
Interest income and other	**3,895**	3,421	3,403	**3,774**	2,917	2,784
	620,712	571,256	417,775	**67,711**	73,098	57,193

	Identifiable Assets			Capital Expenditures			Depreciation and Depletion Expense		
	1982	1981	1980	**1982**	1981	1980	**1982**	1981	1980
	($000)	($000)	($000)	**($000)**	($000)	($000)	**($000)**	($000)	($000)
Resources									
—Canada	**246,266**	211,719	185,544	**37,788**	37,215	30,986	**8,418**	5,905	5,444
—United States	**27,892**	16,296	9,110	**6,623**	6,818	2,854	**769**	1,116	1,120
	274,158	228,015	194,654	**44,411**	44,033	33,840	**9,187**	7,021	6,564
Utilities									
—Canada	**139,909**	114,088	96,945	**18,394**	15,175	9,938	**2,335**	2,078	1,816
—United States	**36,123**	32,535	32,539	**2,418**	1,573	1,232	**625**	587	577
	176,032	146,623	129,484	**20,812**	16,748	11,170	**2,960**	2,665	2,393
Liquid Gas									
—Canada	**138,977**	138,437	111,196	**12,532**	25,661	18,095	**7,819**	6,498	5,159
Manufactured Products									
—Canada	**86,040**	89,977	19,714	**1,072**	1,526	540	**1,528**	1,483	224
—United States	**16,124**	16,169	14,951	**515**	1,004	1,340	**529**	462	341
	102,164	106,146	34,665	**1,587**	2,530	1,880	**2,057**	1,945	565
Total Business Segments	**691,331**	619,221	469,999	**79,342**	88,972	64,985	**22,023**	18,129	14,681
Corporate Assets	**74,424**	29,739	32,220	**1,719**	340	1,033	**657**	588	633
	765,755	648,960	502,219	**81,061**	89,312	66,018	**22,680**	18,717	15,314

21. OIL AND GAS PRODUCING ACTIVITIES (Unaudited)

Additional information with respect to the oil and gas activities of the Company is presented below. This information has been compiled in accordance with the United States Financial Accounting Standards Board Statement No. 69 which was published in November 1982. Certain of the information disclosures are different from the requirements in previous years. Where such is the case, the prior years' figures have been restated to provide an appropriate basis for comparison.

This information will not agree in all cases with information included under Note 20, Business Segments, as the Resources Division includes other activities and operations which are not defined as oil and gas producing activities for purposes of the following disclosures:

(a) Capitalized Costs—Aggregate capitalized costs and related accumulated depreciation and depletion at December 31, 1982 and 1981 are:

(i) Cost	Canada	U.S.	Total
1982	($000)	($000)	($000)
Petroleum and natural gas properties	**222,807**	**25,534**	**248,341**
Production and other equipment	**45,964**	**2,223**	**48,187**
	268,771	**27,757**	**296,528**
1981			
Petroleum and natural gas properties	196,482	20,286	216,768
Production and other equipment	39,827	1,997	41,824
	236,309	22,283	258,592
(ii) Accumulated depreciation and depletion			
1982			
Petroleum and natural gas properties	**41,750**	**4,575**	**46,325**
Production and other equipment	**11,523**	**600**	**12,123**
	53,273	**5,175**	**58,448**
1981			
Petroleum and natural gas properties	32,991	6,990	39,981
Production and other equipment	10,691	733	11,424
	43,682	7,723	51,405

Capitalized costs include an amount of $31,321,000 (1981—31,020,000) attributable to the Arctic Islands. In accordance with the accounting policy described in Note 1, no depreciation or depletion is recorded in respect of these costs as there is no production from these reserves.

(b) Expenditures—Costs incurred in oil and gas activities for the years ended December 31, 1982, 1981 and 1980 are:

	1982			1981			1980		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total	Canada	U.S.	Total
	($000)	**($000)**	**($000)**	($000)	($000)	($000)	($000)	($000)	($000)
Property acquisition	**6,007**	**1,079**	**7,086**	4,675	1,694	6,369	5,717	29	5,746
Exploration	**18,959**	**4,868**	**23,827**	24,055	3,906	27,961	8,011	989	9,000
Development	**10,440**	**676**	**11,116**	5,720	975	6,695	16,574	1,836	18,410
	35,406	**6,623**	**42,029**	34,450	6,575	41,025	30,302	2,854	33,156

In addition to the above, exploration expenditures in the amount of $301,000 were incurred in the Arctic Islands in 1982 (1981—$113,000; 1980—$300,000). Expenditures reported for 1982 are net of 1981 and 1982 Petroleum Incentives Program (PIP) grants of $7,866,000.

(c) Results of Operations—Results of operations from oil and gas producing activities for the years ended December 31, 1982, 1981 and 1980 are:

	1982			1981			1980		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total	Canada	U.S.	Total
	($000)	**($000)**	**($000)**	($000)	($000)	($000)	($000)	($000)	($000)
Revenues	**41,132**	**5,840**	**46,972**	34,634	7,096	41,730	29,792	3,932	33,724
Production expenses	**7,655**	**327**	**7,982**	4,719	376	5,095	4,724	271	4,995
Administrative expenses	**1,260**	**205**	**1,465**	991	205	1,196	1,998	198	2,196
Depreciation and depletion	**7,988**	**551**	**8,539**	5,795	1,116	6,911	5,066	1,120	6,186
Income and other taxes	**14,084**	**2,897**	**16,981**	12,480	3,436	15,916	8,462	1,400	9,862
	30,987	**3,980**	**34,967**	23,985	5,133	29,118	20,250	2,989	23,239
Results of operations (excluding corporate overhead and interest costs)	**10,145**	**1,860**	**12,005**	10,649	1,963	12,612	9,542	943	10,485

(d) Proved Reserves—Net quantities of proved reserves of oil, gas and gas liquids as evaluated by independent petroleum consultants at December 31, 1982, 1981 and 1980 are as follows:

	Oil and Gas Liquids			Gas		
	Canada	U.S.	Total	Canada	U.S.	Total
1980	(Thousands of Cubic Metres)			(Millions of Cubic Metres)		
Proved developed and undeveloped reserves, January 1, 1980	39	288	327	2,659	339	2,998
Revisions to estimates	189	(8)	181	(575)	7	(568)
Purchases of reserves in place	1,203	31	1,234	4,486	—	4,486
Extensions, discoveries and additions	83	9	92	780	—	780
Production	(73)	(27)	(100)	(267)	(8)	(275)
Sales of reserves in place	—	(167)	(167)	—	(54)	(54)
Proved developed and undeveloped reserves, December 31, 1980	1,441	126	1,567	7,083	284	7,367
1981						
Revisions to estimates	83	6	89	(152)	(39)	(191)
Extension, discoveries and additions	113	13	126	458	3	461
Production	(77)	(16)	(93)	(280)	(13)	(293)
Proved developed and undeveloped reserves, December 31, 1981	1,560	129	1,689	7,109	235	7,344
1982						
Revisions to estimates	**(49)**	**6**	**(43)**	**301**	**(149)**	**152**
Extensions, discoveries and additions	**17**	**3**	**20**	**251**	**—**	**251**
Production	**(93)**	**(14)**	**(107)**	**(277)**	**(19)**	**(296)**
Proved developed and undeveloped reserves December 31, 1982	**1,435**	**124**	**1,559**	**7,384**	**67**	**7,451**
Proved developed reserves only						
January 1, 1980	37	288	325	1,988	339	2,327
December 31, 1980	1,376	126	1,502	6,677	284	6,961
December 31, 1981	1,483	129	1,612	6,711	235	6,946
December 31, 1982	**1,421**	**124**	**1,545**	**7,018**	**67**	**7,085**

In addition to the above, the Company's reserves include 14,814 million cubic metres of gas in the Drake Point Main Gas Pool in the Arctic Islands. Production from these reserves cannot commence without National Energy Board approval and until a market is found and a distribution network constructed.

(e) Future Net Revenues From Proved Reserves

The following information has been computed in accordance with the procedures specified by the Financial Accounting Standards Board in the United States. These procedures are designed to provide consistency among companies required to disclose this information. The assumptions made will not result in an amount representing fair market value nor do they provide the best estimate for the present value of cash flows that will be realized for the following reasons:

(i) The calculations are based on prices and costs in effect at the end of each year with no provision for increases or decreases except to the extent provided by contractual arrangements in effect at the year-end.

(ii) Income taxes are computed at the statutory tax rate, not the rate actually incurred by the Company.

(iii) Probable reserves which may ultimately become proved are excluded from the calculation.

Estimated future net revenues from proved reserves, stated in millions of dollars as at December 31, 1982, 1981 and 1980, are:

	(In Millions of Dollars)								
	1982			1981			1980		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total	Canada	U.S.	Total
Future revenues	**1,109**	**36**	**1,145**	957	41	998	704	45	749
Future production and development costs	**(246)**	**(3)**	**(249)**	(194)	(2)	(196)	(145)	(1)	(146)
Future income and other taxes	**(451)**	**(18)**	**(469)**	(408)	(23)	(431)	(246)	(26)	(272)
Future net revenues	**412**	**15**	**427**	355	16	371	313	18	331
10% annual discount for estimated timing of cash flows	**(229)**	**(7)**	**(236)**	(195)	(7)	(202)	(171)	(8)	(179)
Discounted future net revenues	**183**	**8**	**191**	160	9	169	142	10	152

Changes in value of discounted future net revenues from proved reserves during the years ended December 31, 1982, 1981 and 1980 are:

	(In Millions of Dollars)		
	1982	1981	1980
Sales, net of production expenses	**(38)**	(35)	(29)
Net changes in prices and production costs	**44**	86	3
Extensions and discoveries less related costs	**7**	19	24
Purchase of reserves	**—**	—	176
Development costs incurred during the year	**11**	6	18
Revisions of previous quantity estimates	**4**	(3)	(13)
Accretion of discount	**17**	15	5
Net change in income and other taxes	**(17)**	(71)	(81)
Other	**(6)**	—	4
	22	17	107

SUPPLEMENTARY INFORMATION ON CHANGING PRICES (Unaudited)

The following unaudited supplementary information has been prepared and is presented in accordance with the guidelines established by the Canadian Institute of Chartered Accountants ("CICA") in December 1982 for reporting the effects of changing prices. For the past three years, the Company has reported similar information in its Annual Report on Form 10-K to the Securities and Exchange Commission in the United States in accordance with the U.S. Financial Accounting Standards Board Statement No. 33. As the Canadian recommendation requires the information to be included with the Annual Report to shareholders, the Company has chosen to implement the Canadian guidelines in the current year even though the requirements do not come into effect until the 1983 fiscal year.

The primary purpose of this information is to provide readers of the financial statements with information about the impact on the financial position and operating results of the Company of changes in prices of specific goods and services purchased, produced and used by the enterprise and changes in the general purchasing power of the monetary unit in which transactions are measured.

Because this information has been determined according to prescribed rules and definitions and because there is necessarily an element of subjectivity, the reader is cautioned that the data presented may not represent the true impact on the Company of actual inflated dollar transactions, although it is believed to have been prepared on a reasonable basis. The information included herein should also not be interpreted as indicating it is possible to replace existing assets or that there is an implied intention to do so.

Schedule of Consolidated Assets on a Current Cost Basis
As at December 31, 1982

	As Reported in the Primary Financial Statements	Adjustments to Current Cost	As Restated on a Current Cost Basis
	($000)	($000)	($000)
Inventories	82,042	2,199	84,241
Property, plant and equipment, net	459,089	293,106	752,195
Net assets (common shareholders' equity)	189,767	295,305	485,072

The current cost measurement is an adjustment to reflect the current costs to be paid to purchase or produce inventories or to acquire the same service potential as embodied in the property, plant and equipment presently owned by the Company. These adjustments can be generally characterized as specific price changes in specific assets. Current costs were obtained through independent appraisal, vendor invoices and price catalogues, and by applying specific indices. The related impact on cost of sales, depreciation and depletion is then calculated under the same accounting policies as are utilized in the primary financial statements. Other financial statement items have not been adjusted as the effects are not material.

Consolidated Statement of Income from Continuing Operations
on a Current Cost Basis
for the year ended December 31, 1982

	As Reported in the Primary Financial Statements	Adjustments to Current Costs	As Restated on a Current Cost Basis
	($000)	($000)	($000)
Operating revenue	620,712	—	620,712
Cost of sales	414,209	4,155	418,364
Operating, selling and administrative expenses	116,112	—	116,112
Depreciation and depletion	22,680	16,098	38,778
Financial expenses	44,910	—	44,910
Minority interests	(316)	—	(316)
Energy taxes, net of Alberta royalty tax credit	2,803	—	2,803
Income taxes—current	6,118	—	6,118
—deferred	4,957	—	4,957
	611,473	20,253	631,726
Income (loss) before extraordinary item	9,239	(20,253)	(11,014)

This data might be interpreted as indicating that the Company should increase the price of its products and set aside larger amounts for depreciation so that it will have adequate finances to acquire the assets required to maintain the same level of productive capacity when it comes time to replace them in the future. However, the nature of the industry segments in which the Company operates must be recognized. Two of these industry segments are price regulated, namely the Utilities and Resources Divisions. In a third segment, the Liquid Gas Division, the prices, while not specifically regulated, bear a relationship to regulated oil and natural gas prices.

In the Utilities Division, the price of product sold is established by regulatory authorities on the basis of historical costs plus a return to the shareholder, also based on the historical cost of the investment. Similarly, in the Resources Division, prices to producers of oil and gas are established by governmental authorities. Thus, the analogy of the Company charging (and having the ability to charge) higher prices to cover costs stated on a current cost basis does not hold for these divisions. Futhermore, if the Company had to replace the assets in these and other divisions at today's prices, it would only do so on the premise that it could obtain an adequate return on its investment and build that return into the prices of its products.

In addition, in accordance with the disclosure requirements, income tax expense is not adjusted. This results in a significantly higher portion of income being absorbed by taxation and does not represent the true income tax expense to the Company which would result if income taxation was based on the economic gain for the year as measured under the inflation accounting principles applied above. For 1982, virtually the whole loss stated on a current cost basis is represented by the income tax expense computed on the historical cost financial statements.

The CICA guidelines require disclosure of information which will enable the reader to determine income attributable to common shareholders under an operating capability concept of capital and under a financial concept of capital. Under the operating capability concept, the intent is to allow an assessment as to the extent to which the common shareholders' proportionate interest in the operating capability of the Company has been maintained. Under the financial concept, the intent is to allow an assessment as to the extent to which the general purchasing power of the common shareholders' capital has been maintained. This information is provided below.

	Operating Capability Concept of Capital	Financial Concept of Capital
	($000)	($000)
Loss on a current cost basis	(11,014)	(11,014)
Extraordinary item	1,203	1,203
Dividend on preference shares	(891)	(891)
	(10,702)	(10,702)
Financing adjustment based on current cost adjustments	8,493	
Loss attributable to common shareholders on an operating capability concept of capital	(2,209)	
Increase during the year in current cost of inventories and property, plant and equipment		70,312
Less: increase attributable to general inflation		(67,263)
		3,049
		(7,653)
General purchasing power gain resulting from holding net monetary liabilities		27,024
Income attributable to common shareholders under a financial concept of capital		19,371

The financing adjustment is defined and computed according to the CICA guidelines. It is intended to represent the amount of the adjustment to the historical cost income statement for cost of sales and depreciation on a current cost basis which is absorbed by the providers of debt financing. The use of debt to finance assets reduces the amount of the increase in their current cost that must be charged against the income statement (ultimately, against the common shareholders' equity) because the cost of debt is fixed.

The increase in the current cost of inventories and property, plant and equipment in the current year of $70,312,000 is the cost on a current cost basis to the Company of maintaining its existing level of operations. A portion of the increase is attributable to general inflation. The balance of $3,049,000 represents the extent to which specific price changes have exceeded general price increases.

The general purchasing power gain represents the benefit to the Company during the current year of being in net monetary liability position during a period of general inflation.

Shareholder Information

Directors
Robert G. Graham
Wayne R. Harding
Gordon P. Osler
J. Derek Riley
Donald S. Rogers
George C. Solomon
Alan Sweatman, Q.C.
Michael J. Walton
H. Reuben Cohen, Q.C.
John H. Coleman
Stanley Davison
Leonard Ellen

Stock Exchange Listings
Toronto Stock Exchange
American Stock Exchange
Winnipeg Stock Exchange

Solicitors
Thompson, Dorfman, Sweatman

Auditors
Coopers & Lybrand

Transfer Agents and Registrar
Guaranty Trust Company
Winnipeg, Toronto,
Calgary and Vancouver

Head Office
Inter-City Gas Building
444 St. Mary Avenue
Winnipeg, Manitoba
R3C 3T7

The following table provides certain market information in respect of the Company's common shares for the years ended December 31, 1982 and 1981.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Market price per common share (Toronto Exchange)				
1982 High	$10.00	$10.375	$12.00	$14.50
Low	$ 7.00	$ 8.375	$ 7.625	$10.875
1981 High	$19.875	$19.25	$15.375	$12.00
Low	$14.75	$15.125	$ 8.125	$ 9.125
Dividends per common share				
1982	$ 0.10	$ 0.10	$ 0.10	$ 0.10
1981	$ 0.10	$ 0.10	$ 0.10	$ 0.10

OFFICERS AND SENIOR MANAGERS

Corporate
R. G. Graham, President and Chief Executive Officer
D. S. Rogers, Executive Vice-President and Chief Operating Officer
P. Marriott, Senior Vice-President and Controller
J. E. Carstairs, Vice-President and Secretary
H. C. Coppen, Vice-President, Marketing
W. R. Harding, Vice-President, Corporate Development
R. Noseworthy, Vice-President, Management Information Services
E. D. Warkentin, Vice-President, Human Resources
T. M. Carey, Assistant Secretary

Resources
R. C. Siegfried, Group Vice-President
W. J. Smart, Vice-President, Operations
B. Smith, Vice-President, Exploration
J. Whitworth, Vice-President and Controller

Utilities
N. J. Didur, Group Vice-President
R. B. Callow, Vice-President and General Manager (B.C. and Alberta)
G. M. Hoffman, Vice-President, Rate Administration
J. Lagadin, Vice-President, Engineering
F. Little, Vice-President and General Manager (Minnesota)
B. McLean, Vice-President and Controller
R. Muegge, Vice-President and General Manager (Man. and N.W. Ont.)
E. P. Rimmer, Vice-President, Planning
D. G. Olsen, General Manager, Vancouver Island Gas

G. Barbeau, President, Gaz Inter-Cite Quebec
J. deGrasse, Vice-President and Project Manager, ICG Brunswick Gas
M. G. Meacher, President, ICG Scotia Gas

Liquid Gas
W. Zboroluk, Group Vice-President
G. Boutin, Zone Vice-President (Quebec)
G. Bullen, Zone Vice-President (B.C.)
M. Patterson, Zone Vice-President (Central)
P. C. Monachan, Vice-President and Controller
J. L. Pinault, Zone Vice-President (Ontario)
D. Podgurny, Vice-President, Supply and Distribution
J. Salamon, Vice-President, Marketing
J. Schaffer, Zone Vice-President (Alberta)

Manufactured Products
C. R. Beenham, Group Vice-President
D. Tayler, Vice-President and General Manager
B. Bennett, Vice-President, Manufacturing
R. P. Gannon, Vice-President and Controller
R. Mills, President, Thompson Pipe & Steel Company

D. McKay, President, KeepRite Inc.

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