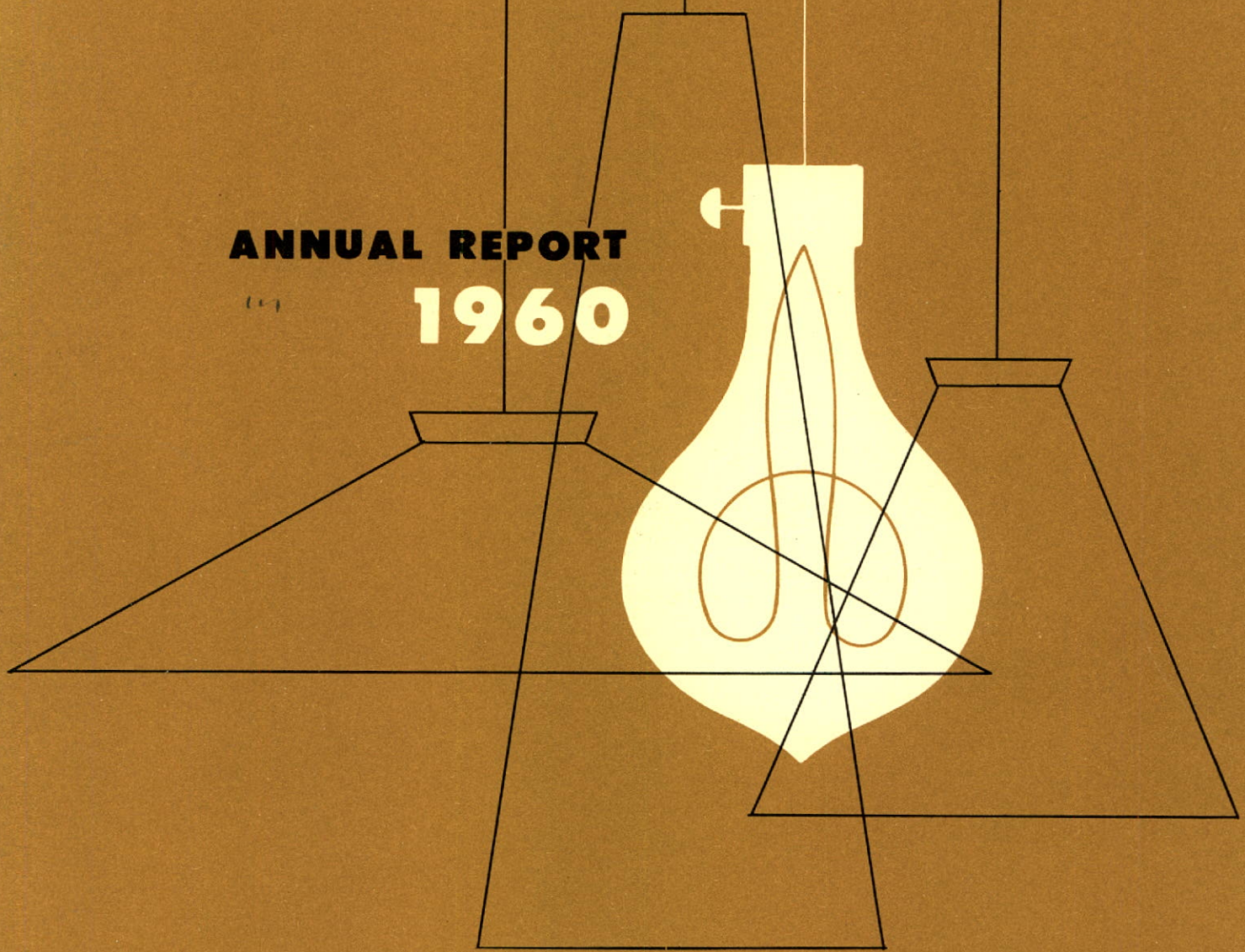


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ANNUAL REPORT
1960



50 years of public service

LOWER ST. LAWRENCE POWER COMPANY

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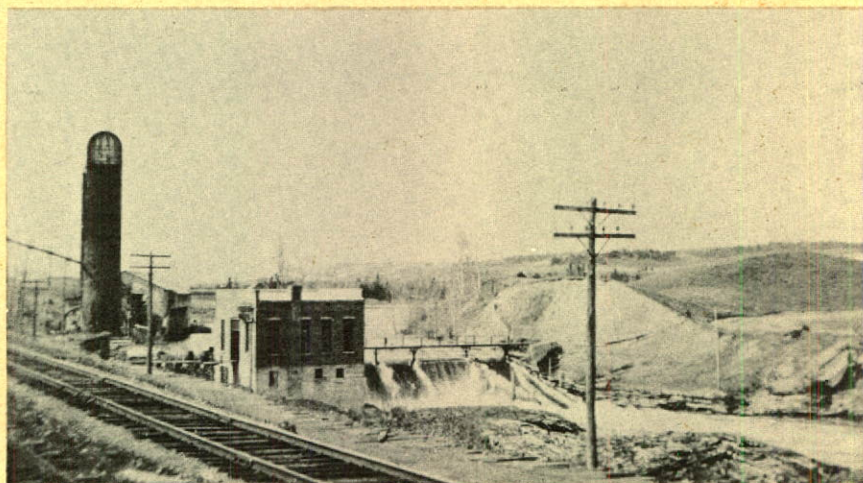
LA COMPAGNIE DE POUVOIR
DU BAS ST-LAURENT,
Case postale 470, Rimouski, P.Q

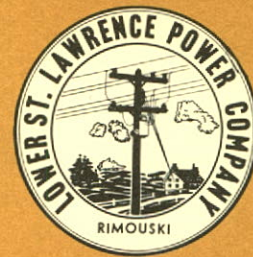
The Year in Brief

	1960	1959	Increase or Decrease*
Gross Revenues.....	\$3,712,431	\$3,409,099	8.8 %
Operating Expenses.....	\$2,403,958	\$2,121,154	13.3 %
Interest and Other Deductions.....	\$ 227,729	\$ 201,480	13.1 %
Income Taxes.....	\$ 518,095	\$ 508,630	1.9 %
Net Profit.....	\$ 562,649	\$ 577,835	2.6 %*
Earned per Preferred Share.....	\$ 5.18	\$ 5.28	.10 cents*
Earned per Common Share.....	\$ 2.32	\$ 2.39	.07 cents*
Dividends paid per Common Share	\$ 1.00	\$ 1.00	—
Capital Expenditures.....	\$ 619,381	\$1,057,493	\$438,112*
Kilowatt-hour Sales.....	139,579,000	121,014,000	15.3 %
Peak Load (kilowatts).....	40,125	36,950	8.6 %
Customers served December 31....	33,280	32,360	920
Payroll and Employee Benefits.....	\$1,322,567	\$1,249,903	5.8 %

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The President's Letter

During 1960, the system operated by Lower St. Lawrence Power Company celebrated its fiftieth anniversary. A half century ago the Company operated only in Amqui, Matapedia County.

From this small beginning the Company's system has expanded into a seven county area serving more than 33,000 customers in 122 communities and surrounding rural areas. The period from 1910 through 1935 was one of expansion and integration as the Company acquired properties and knitted them together with a transmission system that made possible mass production and distribution of electricity. During that period the basic boundaries of the Company's present service area were established. Since 1935 Lower St. Lawrence Power Company has grown further through promotion and development of the use of electricity within the service area.

The Company's growth has kept pace with the growth of the area it serves. Throughout the past half century the Company has always looked forward in planning and building more efficient facilities to provide adequate and dependable service. The Company today looks to the future with continued faith and confidence in the expanding potential of the area it serves. Many new uses of electricity in the home, on the farm and in industry will be developed.

Guided by its half century of experience, Lower St. Lawrence Power Company continues to plan for the brighter future that lies ahead and to give its customers assurance that they will continue to receive the best possible service, consistent with a fair return to its investors and fair wages to its employees.

The Board of Directors and the Management wish to express sincere thanks to the employees for their support and cooperation.

At left, 200 h.p. hydro-electric plant on the Matapedia River constructed in 1911.

At right, Lower M tis River power development.



SOURCES OF 1960 REVENUE

DOLLARS

1,600,000

1,400,000

1,200,000

1,000,000

800,000

600,000

400,000

200,000

TOTAL \$3,712,431

% OF TOTAL REVENUE

40.4

21.4

11.9

10.7

10.1

2.9

2.6

100.0

Electric Residential

Electric Commercial

Electric Farm

Electric Other Utilities

Electric Industrial & Municipal

Retail Stores

Miscellaneous

DISPOSITION OF 1960 REVENUE

DOLLARS

900,000

800,000

700,000

600,000

500,000

400,000

300,000

200,000

100,000

TOTAL \$3,712,431

% OF TOTAL REVENUE

24.2

16.7

14.9

14.4

8.5

8.1

7.1

6.1

100.0

Employment Costs, etc.*

Taxation

Power Purchases

Depreciation

Other Operating Expenses

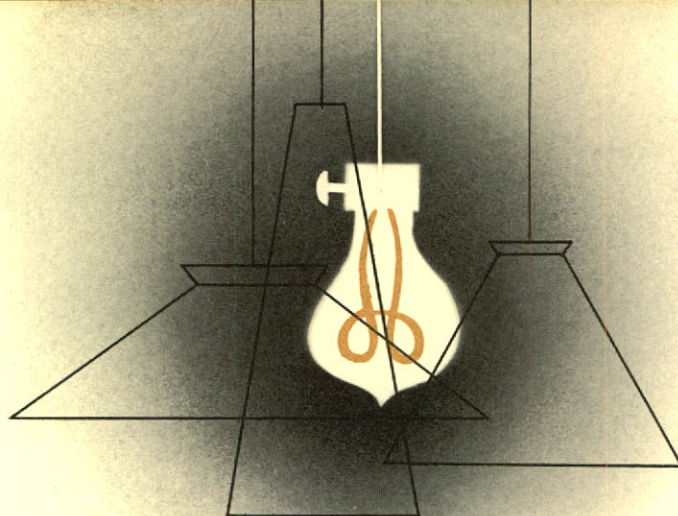
Dividends

Retained Earnings

Interest

*Salaries, Wages and Employee Benefits.

Annual Report of the Board of Directors



TO THE SHAREHOLDERS:

Sales of electricity and total number of customers served were greater than last year. However, the increased revenues were more than offset by increased cost of providing service, due principally to unfavourable water conditions and reduced income from non-utility sources.

REVENUES AND EXPENSES

The Company's gross revenues in 1960 totalled \$3,712,431, an increase of \$303,332, or 8.8 per cent over 1959. The table below indicates the sources of the Company's revenues:

	1960	Increase or (Decrease) compared with 1959	
		Amount	Per Cent
Sales of power	\$3,507,754	323,302	10.1
Net profit from retail stores	108,209	(36,376)	(25.1)
Miscellaneous	96,468	16,406	20.4
TOTAL	<u>\$3,712,431</u>	<u>303,332</u>	<u>8.8</u>

Sales of power to the public amounted to \$3,083,801 and accounted for 87.9 per cent of the Company's total sales of electricity for the year. Residential business provided 41.9 per cent of the Company's electric revenues for the year; farm, 12.6 per cent; general service, 22.7 per cent; industrial, 8.4 per cent; and public utilities and other, 14.4 per cent. All classes of customers increased their use of electricity in 1959: residential, 9.3 per cent; farm, 5.8 per cent; general service, 8.8 per cent; industrial, 3.5 per cent.

Total operating expenses including power purchased, operation and maintenance expenses, depreciation and taxes rose 13.3 per cent to \$2,403,958. Largest item of expense was \$551,903 for purchase of power, 29.4 per cent more than in 1959. Other items which contributed to the increase in operating expenses were higher sales promotion expenses and a general wage increase effective October 2, 1960.

Because of new facilities placed in service during the year, the amount charged to depreciation increased 6.3 per cent and municipal and school taxes rose 5.2 per cent. Interest on funded debt has increased from \$159,883 to \$206,884 as a result of the issue of \$1,000,000 first mortgage bonds in December 1959.

Provision for federal, provincial, municipal and other taxes increased 3.3 per cent and required almost 17 cents of every revenue dollar. Total taxes of \$621,269 were again one of the largest items of expense, representing more than one half of the wages and salaries to all employees and amounting to more than twice as much as was paid in preferred and common dividends.

Net profit for the year amounted to \$562,649, a decrease of \$15,186 or 2.6 per cent in comparison to 1959. After providing for dividend requirements of \$98,140 on preferred stock, and as a result of the various factors mentioned above, earnings on common stock in 1960 were equivalent to \$2.32 per share as compared with \$2.39 in 1959. Semi-annual dividends totalling \$1.00 per share were paid during the year on the common stock and regular quarterly dividends were paid on the preferred stock.

OPERATIONS

Water conditions in the area served were well below average throughout the year. The resulting decrease in power generated by the Company's hydro-electric plants necessitated an increase in power purchases and in electric energy generated by the Company's diesel electric plant. Of the Company's total power output during the year, 36.0 per cent was produced in its own plants in comparison to 44.6 per cent last year.

There was a substantial growth in the consumption of electricity by the Company's general business customers in 1960. Energy sales to these customers totalled 106,346,000 kilowatt-hours and were 10.9 per cent above the prior year. The total amount of electricity sold was 139,579,000 kilowatt-hours, which represents an increase of 15.3 per cent.

By classes of customers, the increase in kilowatt-hour sales was as follows: residential, 12.9 per cent; farm, 10.2 per cent; general service, 9.7 per cent; industrial, 4.6 per cent; utilities, 32.4 per cent.

Use of electricity in homes served by the Company in 1960 increased by 225 kilowatt-hours or 9.1 per cent, to bring the system average residential use to 2,676 kilowatt-hours. The total number of customers served as at December 31, 1960 was 33,280, an increase of 920 in comparison to the previous year.



One of our retail stores and district offices.

THIRTY YEAR GROWTH IN PLANT INVESTMENT

SALES AND PROMOTION

We intensified our sales activities and advertising during the year, emphasizing the benefits to be obtained from use of modern electric appliances, with special attention to electric ranges, driers and water-heaters. Full time agricultural representatives worked with individual farmers and farm organizations on the application of electrical equipment to farming operations. Our related expenses were consequently higher.

The Company's advertising activities were coordinated with the "Live Better Electrically" program and with campaigns of national manufacturers. These efforts were instrumental in furthering consumption of electricity by our residential and farm customers.

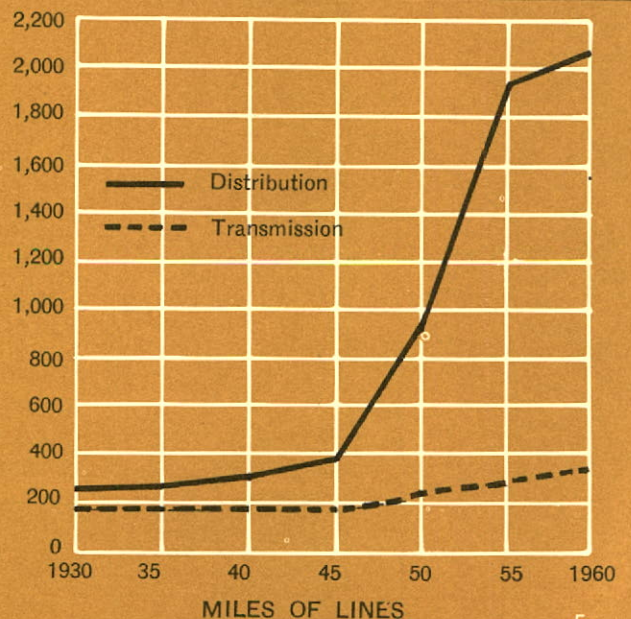
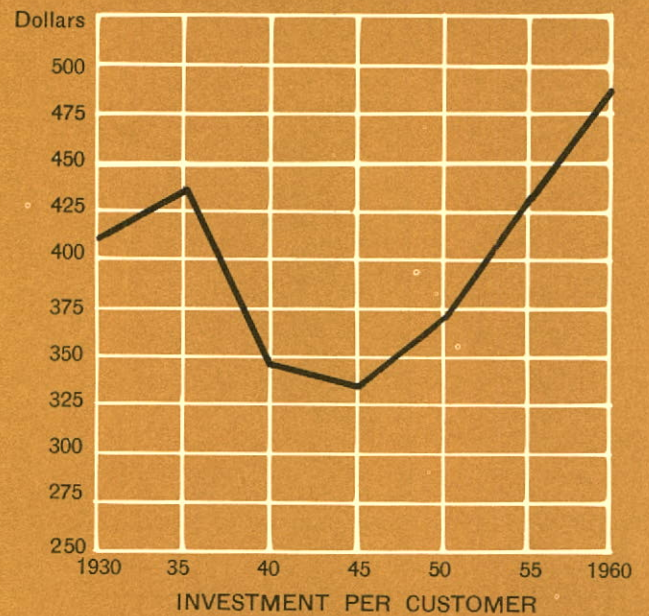
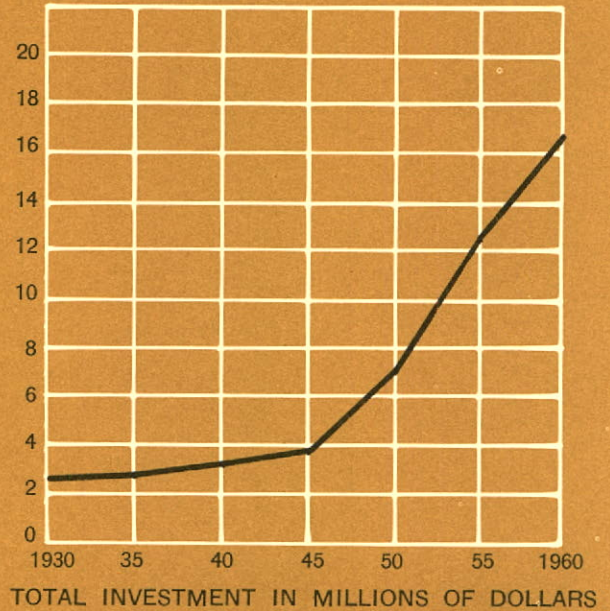
PROPERTY ADDITIONS

The Company's construction program in 1960 resulted in gross expenditures of \$619,381, which raised the total for the past ten year period to \$9,149,888. Gross expenditures for construction in 1961 are estimated at \$750,000.

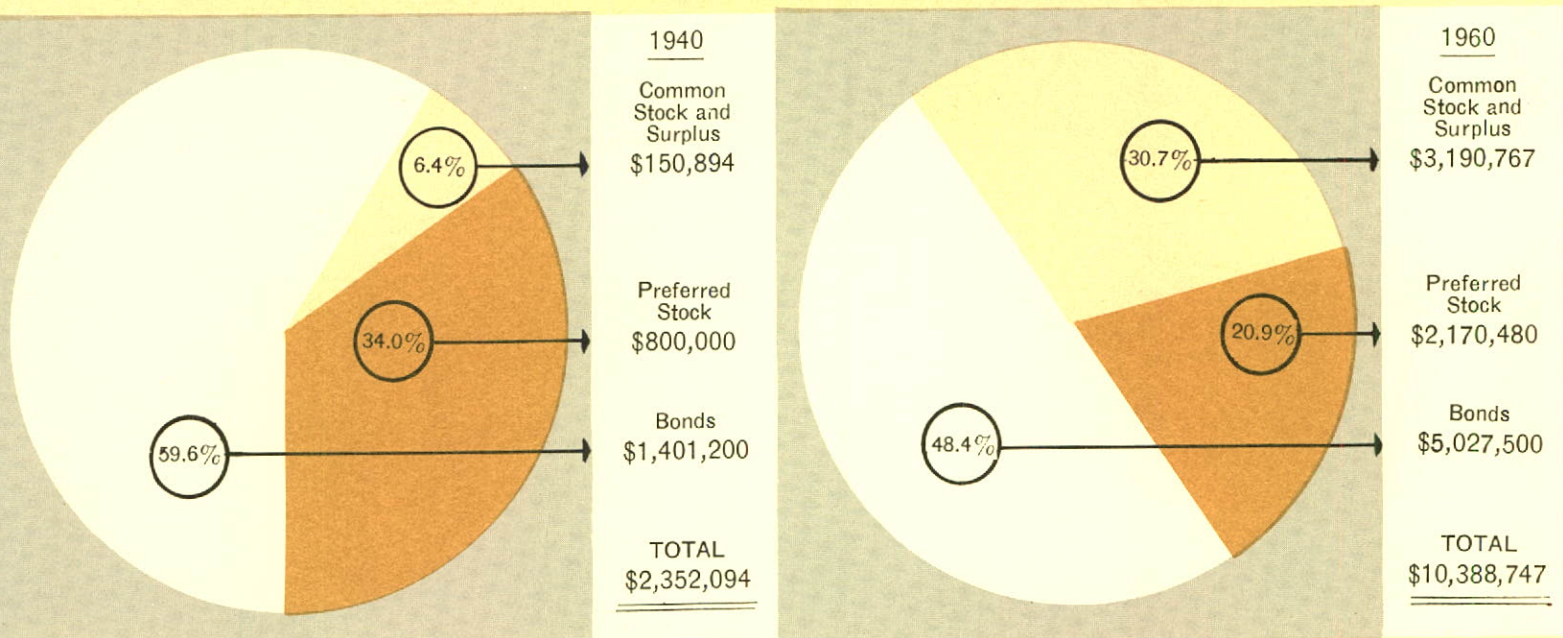
In 1960, a 161,000 volt transmission line from Les Boules switching sub-station to Rimouski, a distance of 32 miles, was completed. As in previous years, a substantial portion of the 1960 construction expenditures were made to extend electric distribution lines to serve new customers, to purchase transformers and meters, and to increase the capacity of existing facilities to meet growing customer demand for service.

FINANCING

No new public financing was undertaken in 1960, and the construction program for that year was financed from cash generated internally. No public financing is contemplated in 1961. We estimate that our capital requirements for that year can be provided from internal sources and from temporary bank loans.



Capital Structure Ratios



During the past twenty years public financing programs have been carried out from time to time to help finance our expansion program. The various methods of financing were dictated by the necessity of reducing the debt ratio in the capital structure. Capitalization ratios at the beginning and end of the twenty-year period are compared on this page.

EMPLOYEES

At the year end the Company had a total strength of 364 employees. Throughout 1960 these men and women continued to serve the Company's customers competently and efficiently. Many of them are active in community affairs. Their contribution to civic and charitable organizations identifies them with the communities and creates much goodwill for the Company.

The total payroll for 1960 was \$1,208,116 and the Company's contribution to employee benefits was \$114,451. The total of \$1,322,567 represents an increase of \$72,664 or 5.8 per cent over 1959.

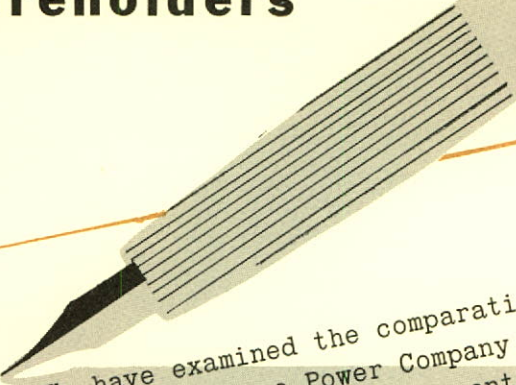
CONCLUSION

The increasing reliance upon electricity for use in every facet of community life again emphasizes our responsibility in the public interest for the maintenance of a high standard of service. This is our continuing objective, and in its attainment we best serve our loyal employees, our bondholders and our stockholders who provide the tools with which we work.

On behalf of the Board of Directors,

J. Brillant
President.

Auditors' Report to the Shareholders

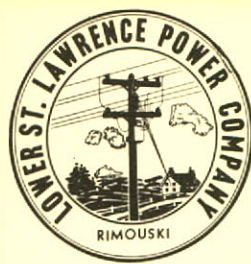


We have examined the comparative balance sheet of Lower St. Lawrence Power Company as at December 31, 1960 and 1959, the statement of earnings for the ten years ended December 31, 1960 and the statement of retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying comparative balance sheet and statements of earnings and retained earnings, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit, in accordance with generally accepted accounting principles consistently applied, a true and correct view of the state of the affairs of the company as at December 31, 1960 and 1959, and the results of its operations for the ten years ended December 31, 1960, according to the best of our information and the explanations given to us and as shown by the books of the company.

Mr. Donald Burnie Esq.

RIMOUSKI, February 8, 1961. CHARTERED ACCOUNTANTS



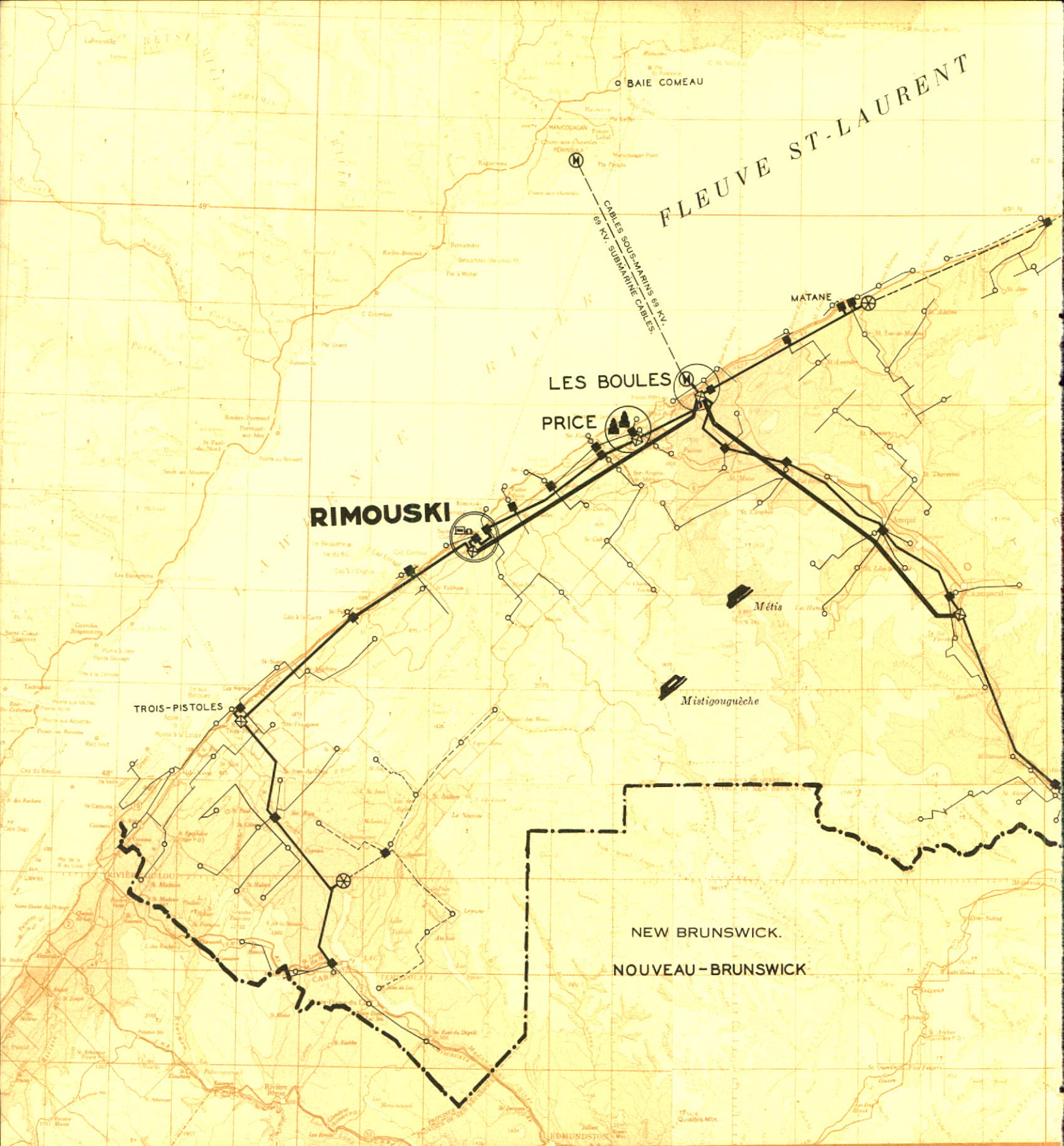
Comparative Statement of

	1960	1959	1958
REVENUE			
Gross revenue from sale of power	3,507,754	3,184,452	2,993,205
Profit from retail stores and electrical contracting	108,209	144,585	127,666
Miscellaneous revenue	96,468	80,062	42,195
TOTAL REVENUE	3,712,431	3,409,099	3,163,066
EXPENSES			
Operating	1,067,970	967,198	902,548
Maintenance	138,513	121,331	138,638
Purchased power	551,903	426,406	410,171
Taxes, other than income taxes	109,333	101,705	92,034
Provision for depreciation	536,239	504,514	467,188
TOTAL EXPENSES	2,403,958	2,121,154	2,010,579
OPERATING PROFIT	1,308,473	1,287,945	1,152,487
FINANCIAL EXPENSE			
Bond interest	206,884	159,883	163,688
Interest on bank loan	5,959	29,011	24,250
Amortization of financing expense	14,886	12,586	12,586
TOTAL FINANCIAL EXPENSE	227,729	201,480	200,524
NET EARNINGS BEFORE INCOME TAXES	1,080,744	1,086,465	951,963
INCOME TAXES			
Provision for current year	488,556	475,240	408,579
Provision available for future years (note 2)	29,539	33,390	35,965
TOTAL INCOME TAXES	518,095	508,630	444,544
NET EARNINGS FOR THE YEAR	\$ 562,649	577,835	507,419

Earnings

FOR THE TEN YEARS ENDED DECEMBER 31, 1960

1957	1956	1955	1954	1953	1952	1951
2,613,356	2,311,128	2,000,473	1,762,470	1,615,218	1,457,246	1,276,651
135,595	147,601	130,763	86,630	86,383	85,641	96,183
62,053	76,168	59,258	55,868	38,919	44,800	50,435
2,811,004	2,534,897	2,190,494	1,904,968	1,740,520	1,587,687	1,423,269
787,732	781,130	802,392	661,256	664,329	583,538	476,448
149,200	157,365	112,265	109,462	139,694	97,236	120,507
430,037	322,345	39,964	7,173	10,297	—	—
93,008	84,029	71,216	66,704	58,338	57,806	65,315
424,927	396,102	373,683	280,496	247,027	222,083	198,163
1,884,904	1,740,971	1,399,520	1,125,091	1,119,685	960,663	860,433
926,100	793,926	790,974	779,877	620,835	627,024	562,836
167,192	170,195	197,871	204,246	159,340	160,187	163,518
10,509	—	—	—	—	—	—
12,586	12,587	17,369	16,538	14,740	15,546	15,546
190,287	182,782	215,240	220,784	174,080	175,733	179,064
735,813	611,144	575,734	559,093	446,755	451,291	383,772
284,490	223,774	202,128	205,672	207,965	226,631	207,938
49,587	53,414	62,557	52,251	—	—	—
334,077	277,188	264,685	257,923	207,965	226,631	207,938
401,736	333,956	311,049	301,170	238,790	224,660	175,834



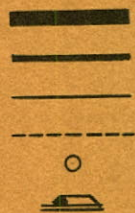
**MAP OF TERRITORY SERVED AND OF
TRANSMISSION AND DISTRIBUTION SYSTEM**

The dotted line marks the boundary of the Company's service area which comprises, completely or in part, seven counties on the South Shore of the St. Lawrence River. The territory served includes 122 municipalities having a population in excess of 205,000.



LEGEND

161 kv. LINES
 69 kv. LINES
 DISTRIBUTION LINES
 OTHER UTILITIES
 COMMUNITIES SERVED
 STORAGE RESERVOIRS



HYDRO-ELECTRIC GENERATING STATIONS
 DIESEL GENERATING STATION
 PRINCIPAL SUBSTATIONS
 DISTRIBUTION SUBSTATIONS
 WHOLESALE POWER DELIVERY POINTS
 PURCHASED POWER HYDRO-QUEBEC
 TERRITORY SERVED BOUNDARY



ASSETS

Comparative Balance Sheet as at

	<u>1960</u>	<u>1959</u>
FIXED ASSETS		
Land, water power sites, generating plants, buildings, transmission and distribution systems, motor vehicles, etc. — at cost.....	\$16,248,877	\$15,617,358
CURRENT ASSETS		
Cash.....	238,397	198,309
Accounts receivable, less provision for doubtful accounts.....	620,059	627,058
Amount receivable from sale of first mortgage bonds.	—	857,844
Inventories — at the lower of cost or market —		
Merchandise for sale.....	207,862	178,566
Materials and supplies.....	135,746	165,627
Prepaid expenses.....	11,526	13,213
TOTAL CURRENT ASSETS.....	<u>1,213,590</u>	<u>2,040,617</u>
OTHER ASSETS		
Customers' deposits.....	78,623	71,957
Cash on deposit with trustee for sinking funds.....	1,317	2,798
Miscellaneous investments and advances.....	65,109	39,142
TOTAL OTHER ASSETS.....	<u>145,049</u>	<u>113,897</u>
FINANCING EXPENSES LESS AMOUNTS WRITTEN OFF.....	165,253	179,211
 <i>APPROVED ON BEHALF OF THE BOARD</i>		
J. A. BRILLANT	} <i>DIRECTORS</i>	
N. GENDREAU		
	<u>\$17,772,769</u>	<u>\$17,951,083</u>

December 31, 1960 and 1959

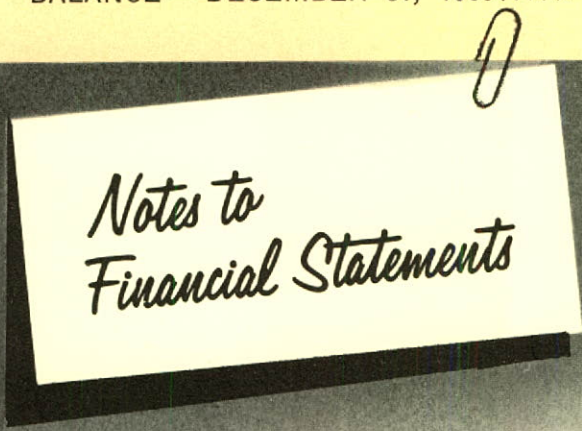
LIABILITIES

	<u>1960</u>	<u>1959</u>
FUNDED DEBT		
First mortgage bonds..... (see note 1 for details)	\$ 5,027,500	\$ 5,135,000
BALANCE OF PURCHASE PRICE OF FIXED ASSETS secured by hypothec, payable in semi-annual instal- ments from 1961 to 1991, without interest.....	1,844,510	1,879,486
SHAREHOLDERS' EQUITY		
Capital stock —		
Authorized —		
175,000 cumulative redeemable preferred shares of \$20 each.....	\$3,500,000	
300,000 common shares without nominal or par value.....	—	
Issued and fully paid —		
108,524 4½% cumulative sinking fund re- deemable preferred shares of the 1955 series (980 shares were redeem- ed and cancelled during the year) ..	2,170,480	2,190,080
200,000 common shares.....	1,000,000	1,000,000
Retained earnings.....	3,170,480	3,190,080
Reserve available for future income taxes (see note 2)	1,879,308	1,614,799
	311,459	281,920
TOTAL SHAREHOLDERS' EQUITY.....	5,361,247	5,086,799
ACCUMULATED DEPRECIATION.....	4,475,060	4,049,489
CONTRIBUTIONS FOR EXTENSIONS.....	341,728	256,311
CURRENT LIABILITIES		
Bank loan.....	—	825,000
Accounts payable and accrued expenses.....	300,411	290,021
Accrued bond interest.....	44,833	41,380
Income taxes — current year.....	298,857	315,640
TOTAL CURRENT LIABILITIES.....	644,101	1,472,041
CUSTOMERS' DEPOSITS.....	78,623	71,957
	\$17,772,769	\$17,951,083

Statement of Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1960

BALANCE — DECEMBER 31, 1959.....		\$1,614,799
Dividends —		
4½ % preferred shares — 90 cents per share.....	\$ 98,140	
Common shares — \$1.00 per share.....	200,000	298,140
		<u>1,316,659</u>
Net earnings for the year.....		562,649
BALANCE — DECEMBER 31, 1960.....		<u>\$1,879,308</u>



FOR THE YEAR ENDED DECEMBER 31, 1960

NOTE 1.

Details of funded debt as at December 31, 1960 and 1959:

	OUTSTANDING	
Issued	1960	1959
First mortgage bonds —		
Series "A" 3½% serial bonds due 1946 to 1953.....	\$ 240,000	—
Series "B" 3¾% sinking fund bonds due 1965.....	1,610,000	1,353,000
Series "C" 3¾% sinking fund bonds due 1965.....	1,000,000	854,000
Series "D" 3¾% sinking fund bonds due 1965.....	1,000,000	874,000
Series "E" 4½% sinking fund bonds due 1973, principal and interest payable in U.S. funds.....	1,150,000	1,054,000
Series "F" 5⅞% sinking fund bonds due 1984, principal and interest payable in U.S. funds.....	1,000,000	1,000,000
	<u>\$6,000,000</u>	<u>\$5,135,000</u>

Under the provisions of the Trust Deed securing the First Mortgage Bonds, additional First Mortgage Bonds may be issued from time to time in unlimited amounts provided compliance is made with certain restrictive conditions of the Trust Deed.

NOTE 2.

Accumulated depreciation claimed for federal income tax purposes for the years 1954 to 1960 inclusive exceeds by \$815,298 the amounts recorded in the accounts. The resultant tax reductions of \$311,459 have been charged against the income of those years and are carried forward as "Reserve available for future income taxes".

NOTE 3.

To assist its employees in the acquisition of dwellings, the company has guaranteed loans on employees' dwellings in the amount of \$69,500.

Comparative Statement of Source and Use of Funds

FOR THE YEARS ENDED DECEMBER 31, 1960 AND 1959

	<u>1960</u>	<u>1959</u>
CASH — JANUARY 1.....	\$ 198,309	\$ 210,408
Source of funds —		
Net earnings for the year, before provision for depreciation, amortization and income taxes available for future years	1,143,312	1,128,325
Bank loan.....	—	340,000
Proceeds from sale of first mortgage bonds.....	—	943,440
	<u>1,341,621</u>	<u>2,622,173</u>
Use of funds —		
Capital expenditure.....	619,381	1,057,493
Dividends —		
Preferred.....	98,140	99,764
Common.....	200,000	200,000
First mortgage bonds redeemed and sinking fund deposit...	105,971	90,344
Preferred shares redeemed and sinking fund deposits.....	19,647	37,380
Instalment payments on purchase price of fixed assets.....	72,364	71,452
Increase in miscellaneous investments and advances.....	25,967	8,702
Increase (decrease) in current assets (other than cash).....	(867,115)	869,406
Decrease (increase) in current liabilities (other than bank loan).....	2,940	(10,677)
Payment of bank loan.....	825,000	—
Miscellaneous.....	929	—
	<u>1,103,224</u>	<u>2,423,864</u>
CASH — DECEMBER 31.....	<u>\$ 238,397</u>	<u>\$ 198,309</u>

Ten Year Financial Statistics

	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951
BALANCE SHEET										
ASSETS										
Fixed assets.....	\$16,248,877	\$15,617,358	\$14,560,866	\$13,909,365	\$12,880,984	\$12,321,818	\$10,034,420	\$ 8,984,235	\$ 8,061,009	\$ 7,630,173
Cash.....	238,397	198,309	210,408	133,123	336,082	690,974	474,800	837,826	511,582	555,233
Current assets.....	975,193	1,842,308	972,902	939,677	906,280	700,761	539,247	543,872	398,402	370,956
Other.....	310,302	293,108	237,365	264,528	263,925	271,514	227,302	200,853	180,985	192,307
Total.....	\$17,772,769	\$17,951,083	\$15,981,541	\$15,246,693	\$14,387,271	\$13,985,067	\$11,275,769	\$10,566,786	\$ 9,151,978	\$ 8,748,669
LIABILITIES										
Funded debt.....	\$ 5,027,500	\$ 5,135,000	\$ 4,232,000	\$ 4,323,000	\$ 4,420,000	\$ 4,490,000	\$ 5,252,500	\$ 5,339,500	\$ 4,273,500	\$ 4,361,500
Other long term debt.....	1,844,510	1,879,486	1,921,886	1,948,590	2,000,768	2,070,176	314,958	—	—	—
Accumulated depreciation.....	4,816,788	4,305,800	3,831,341	3,409,326	3,013,716	2,690,198	2,374,905	2,106,465	1,898,239	1,682,172
Current liabilities.....	722,724	1,543,998	1,183,376	971,046	517,504	395,353	422,698	453,969	445,492	300,590
Capital stock and surplus.....	5,361,247	5,086,799	4,812,938	4,594,731	4,435,283	4,339,340	2,910,708	2,666,852	2,534,747	2,404,407
Total.....	\$17,772,769	\$17,951,083	\$15,981,541	\$15,246,693	\$14,387,271	\$13,985,067	\$11,275,769	\$10,566,786	\$ 9,151,978	\$ 8,748,669
INCOME RATIOS										
Preferred shares outstanding.....	108,524	109,504	111,384	112,579	113,790	115,000	47,503	48,460	49,360	50,000
Earned per preferred share (*).....	\$ 5.18	\$ 5.28	\$ 4.56	\$ 3.56	\$ 2.93	\$ 2.70	\$ 6.34	\$ 4.92	\$ 4.55	\$ 3.52
Common shares outstanding.....	200,000	200,000	200,000	200,000	200,000	200,000	200,000	80,000	80,000	80,000
Earned per common share (*).....	\$ 2.32	\$ 2.39	\$ 2.03	\$ 1.49	\$ 1.15	\$ 1.26	\$ 1.26	\$ 2.37	\$ 2.18	\$ 1.57
TIMES BOND INTEREST EARNED										
Before depreciation.....	8.8 times	10.9 times	9.6 times	7.9 times	6.9 times	5.8 times	5.2 times	5.4 times	5.3 times	4.7 times
After depreciation.....	6.2 times	7.8 times	6.8 times	5.4 times	4.5 times	3.9 times	3.8 times	3.9 times	3.9 times	3.4 times
CAPITALIZATION										
Funded debt.....	\$ 5,027,500	\$ 5,135,000	\$ 4,232,000	\$ 4,323,000	\$ 4,420,000	\$ 4,490,000	\$ 5,252,500	\$ 5,339,500	\$ 4,273,500	\$ 4,361,500
% of total.....	48.4	50.2	46.8	48.5	49.9	50.9	64.4	66.6	62.7	64.4
Preferred stock.....	2,170,480	2,190,080	2,227,680	2,251,580	2,275,800	2,300,000	950,060	969,200	987,200	1,000,000
% of total.....	20.9	21.4	24.6	25.2	25.7	26.0	11.6	12.1	14.5	14.8
Common stock and surplus.....	3,190,767	2,896,719	2,585,258	2,343,151	2,159,483	2,039,340	1,960,648	1,697,652	1,547,547	1,404,407
% of total.....	30.7	28.4	28.6	26.3	24.4	23.1	24.0	21.2	22.7	20.8
Total capitalization.....	\$10,388,747	\$10,221,799	\$ 9,044,938	\$ 8,917,731	\$ 8,855,283	\$ 8,829,340	\$ 8,163,208	\$ 8,006,352	\$ 6,808,247	\$ 6,765,907
PLANT INVESTMENT										
Fixed assets.....	\$16,248,877	\$15,617,358	\$14,560,866	\$13,909,365	\$12,880,984	\$12,321,818	\$10,034,420	\$ 8,984,235	\$ 8,061,009	\$ 7,630,173
Accumulated depreciation.....	4,816,788	4,305,800	3,831,341	3,409,326	3,013,716	2,690,198	2,374,905	2,106,465	1,898,239	1,682,172
% of fixed assets.....	29.6	27.6	26.3	24.5	23.3	21.8	23.6	23.4	23.5	22.0
Plant investment per dollar of revenue.....	\$ 4.63	\$ 4.90	\$ 4.86	\$ 5.32	\$ 5.57	\$ 6.15	\$ 5.69	\$ 5.56	\$ 5.53	\$ 5.98

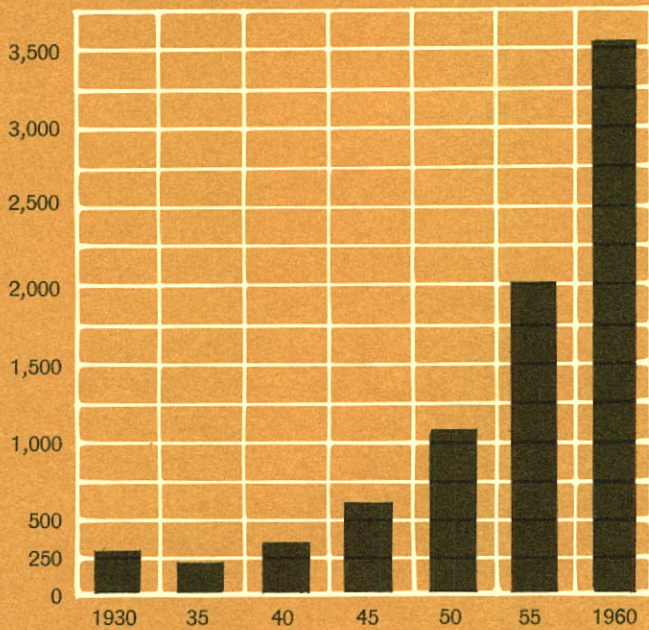
* Calculations have been based upon the number of shares outstanding as at December 31 of each year.

Ten Year Operating Statistics

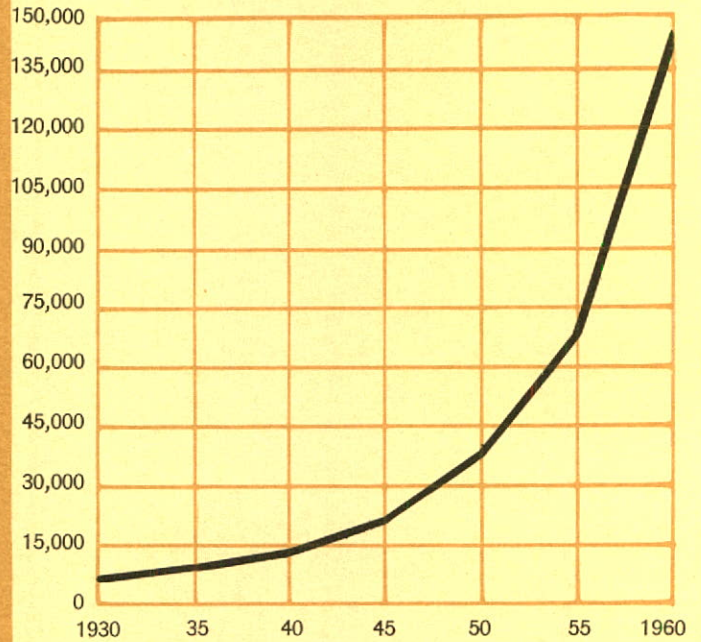
	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951
SALES OF POWER:										
Residential.....	\$1,470,869	\$1,345,641	\$1,222,444	\$1,073,424	\$ 927,231	\$ 797,637	\$ 693,456	\$ 626,687	\$ 559,271	\$ 480,554
Farm.....	442,800	418,598	384,270	344,492	299,473	268,125	238,864	207,306	168,230	123,236
Commercial.....	794,949	730,834	697,646	622,069	552,963	463,187	410,054	377,558	339,794	298,357
Industrial.....	295,412	285,502	275,400	268,542	264,442	254,848	236,690	246,640	222,185	216,388
Municipal.....	79,771	67,526	67,416	60,371	52,710	48,334	45,657	42,442	41,319	39,132
Town of Campbellton.....	185,362	174,623	202,010	142,740	133,866	105,126	85,328	68,773	87,884	81,151
Other utilities.....	211,025	137,520	124,409	85,096	68,115	54,391	49,848	45,812	38,563	37,833
Miscellaneous.....	27,566	24,208	19,610	16,622	12,328	8,825	2,573	—	—	—
TOTAL.....	\$3,507,754	\$3,184,452	\$2,993,205	\$2,613,356	\$2,311,128	\$2,000,473	\$1,762,470	\$1,615,218	\$1,457,246	\$1,276,651
KILOWATT-HOUR SALES (1000 omitted):										
Residential.....	54,273	48,053	41,863	35,930	29,666	23,538	18,789	15,897	13,494	10,869
Farm.....	10,760	9,769	8,523	7,175	5,859	5,018	4,273	3,575	2,865	2,053
Commercial.....	25,637	23,379	21,894	19,333	16,804	13,714	11,657	10,503	9,551	8,335
Industrial.....	12,107	11,578	11,329	11,472	10,809	9,125	8,676	8,853	8,364	8,512
Municipal.....	3,569	3,130	2,858	2,591	2,314	2,009	1,770	1,871	1,945	1,457
Town of Campbellton.....	15,300	13,975	15,880	14,274	13,387	10,559	10,039	8,091	10,339	9,547
Other utilities.....	17,933	11,130	9,169	6,311	4,877	4,087	3,629	3,228	2,723	2,324
TOTAL.....	139,579	121,014	111,516	97,086	83,716	68,050	58,833	52,018	49,281	43,097
NUMBER OF CUSTOMERS (December 31):										
Residential.....	20,464	19,590	19,033	18,400	17,872	16,904	16,033	15,334	14,669	13,726
Farm.....	8,335	8,469	8,548	8,467	8,515	8,084	7,658	7,304	6,617	5,098
Commercial.....	4,043	3,869	3,798	3,655	3,600	3,376	3,161	2,926	2,764	2,439
Industrial.....	327	324	321	316	307	307	295	278	297	293
Municipal.....	106	103	100	98	96	88	85	81	72	70
Other utilities.....	5	5	5	5	5	3	4	4	4	4
TOTAL.....	33,280	32,360	31,805	30,941	30,395	28,762	27,236	25,927	24,423	21,630
Miles of line (December 31).....	2,378	2,339	2,276	2,236	2,173	2,193	1,323	1,151	1,134	1,109
Towns and villages served.....	122	122	122	121	120	118	118	110	108	98
Kilowatt-hours generated and purchased (in 1000).....	158,689	139,288	129,028	115,174	99,541	84,125	73,209	65,445	61,479	54,281
Annual average kilowatt-hours — Residential use.....	2,676	2,451	2,197	1,945	1,682	1,415	1,184	1,042	941	808
Annual average revenue per residential customer.....	\$ 72.12	\$ 68.28	\$ 63.83	\$ 57.90	\$ 52.58	\$ 47.96	\$ 43.73	\$ 41.10	\$ 39.01	\$ 35.74
Annual peak load (kilowatts).....	40,125	36,950	33,000	29,400	23,600	20,300	16,251	15,525	15,925	14,150
Capacity of generating stations (name plate rating, kw., December 31).....	14,850	14,850	14,850	14,850	14,850	14,850	14,850	14,850	14,850	12,650
Purchase capacity available (kilowatts).....	18,650	18,650	18,650	18,650	18,650	18,650	—	—	—	—

THIRTY YEAR SUMMARY 1930-1960

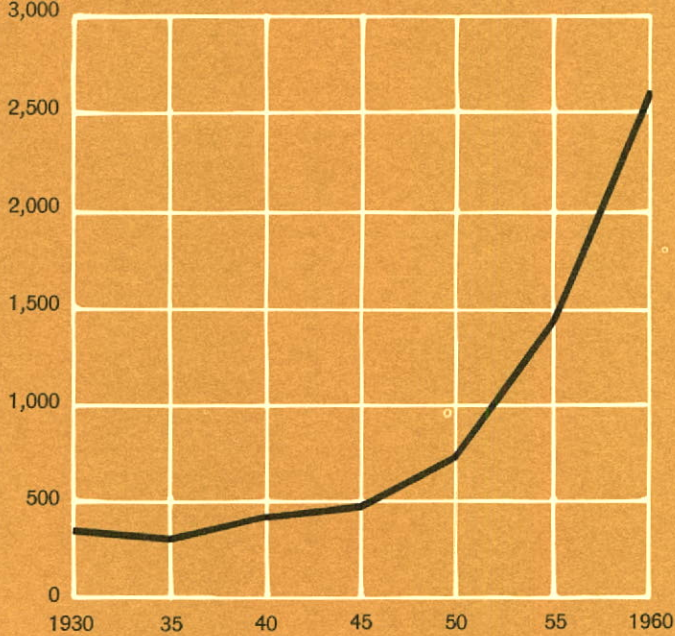
SALES OF ELECTRICITY
IN THOUSANDS OF DOLLARS



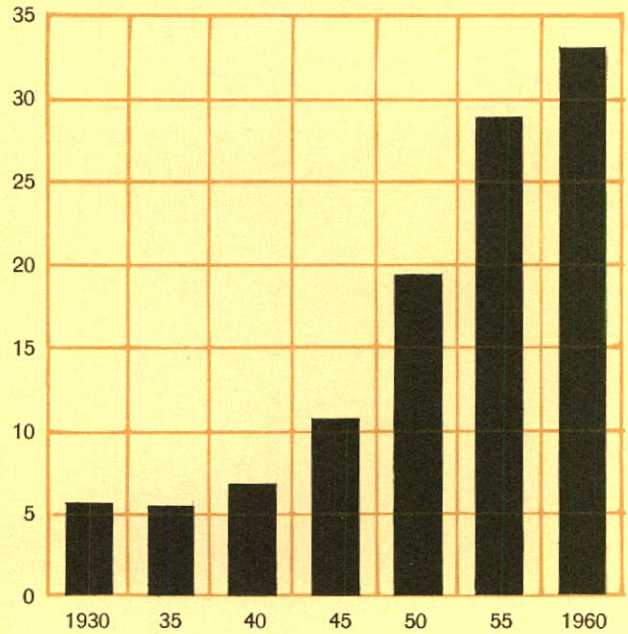
KILOWATT-HOUR SALES
IN THOUSANDS OF KILOWATT-HOURS

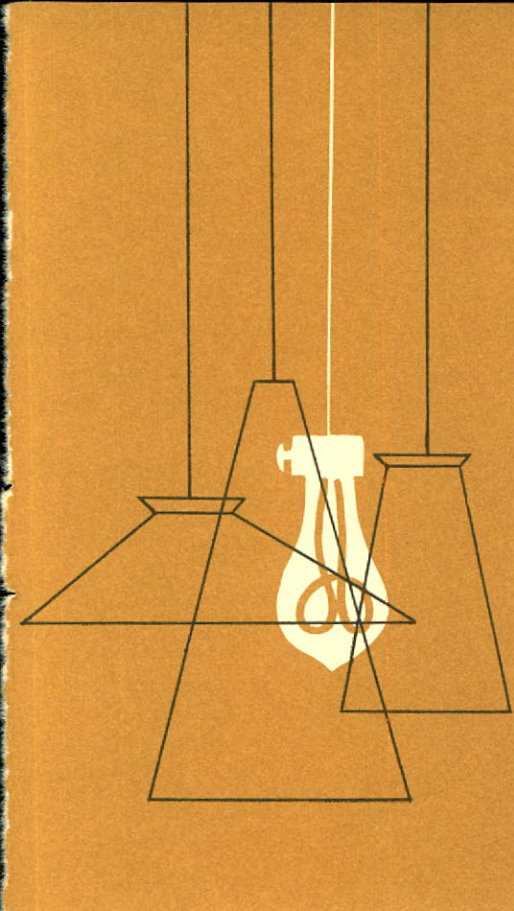


AVERAGE CONSUMPTION PER
RESIDENTIAL CUSTOMER — KILOWATT-HOURS



NUMBER OF CUSTOMERS
IN THOUSANDS





COMMEMORATING FIFTY YEARS OF ELECTRICAL PROGRESS

Fifty years ago — in 1910 — La Compagnie Électrique d'Amqui, a predecessor of this Company, came into being and in 1911 constructed a hydro-electric station having an installed capacity of 200 h.p. on the Matapedia River. This plant supplied electricity to Amqui, Sayabec and Lac-au-Saumon. This was the beginning of dependable light and power service in the Lower St. Lawrence region.

At that time, the attitude throughout the area toward the use of electricity as a lighting medium was one of scepticism and indifference; many regarded it as a doubtful substitute for oil lamps then in use. With the introduction of tungsten incandescent lamps and commercial electric motors, electric service began to prove its worth. As manufacturers developed a variety of electrical appliances and equipment, and as new adaptations of electricity for the home, farm and industry were introduced, it became more and more indispensable to our way of life.

Lower St. Lawrence Power Company was formed in 1922 to develop a water power site at Grand Metis Falls and to acquire La Compagnie Électrique d'Amqui and six other distribution systems which were later consolidated into a single unit.

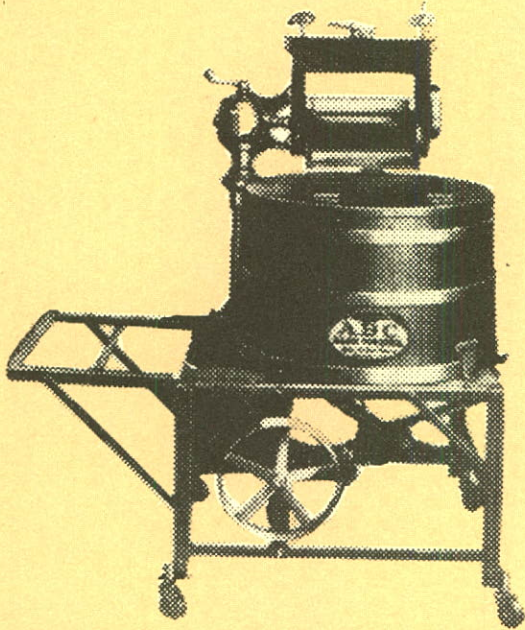
Through the years electric service has played a major role in the growth and progress of the many towns and rural areas of the region served.



a look at the past

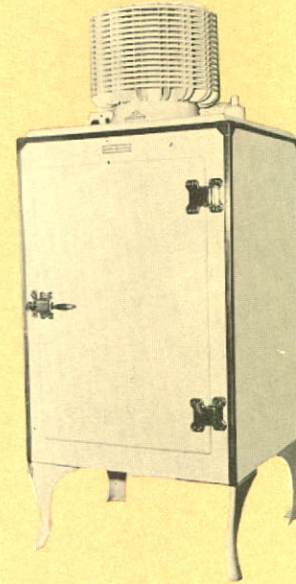
In the early days of electric utility service, electricity was used primarily for lighting and to energize small motors for commercial and industrial uses.

Around 1914, the only electric appliances in the homes were the iron, percolator, toaster and fan. The first practical electric range came on the market around 1911, but in competition with wood and coal ranges its acceptance was slow.



In the early twenties, electric vacuum cleaners, washing machines, heating pads and water heaters were introduced but again acceptance was slow. Electric refrigerators came on the market around 1923 or 1924.

Through its appliance sales department, organized by the predecessor company in 1912, the Company led the way in convincing its customers as to the advantages and convenience of various appliances and made them readily available in its retail stores.

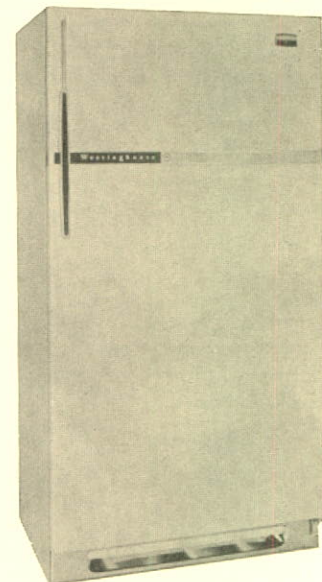
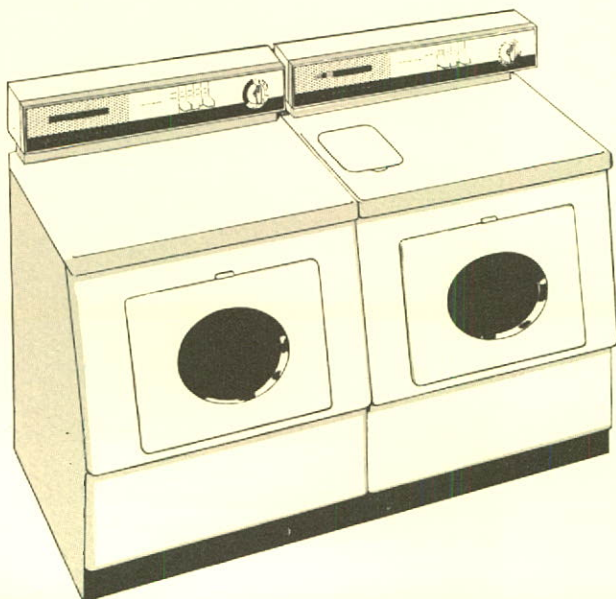


a look at the present

Although the general public, in the early days of the electric industry, was slow to accept electricity for lighting and other purposes, the history of the industry, particularly in recent years, has been one of phenomenal growth. Today it is considered indispensable to our modern civilization. More than any other product or service, it has made possible our high standard of living and our enormous industrial production. It has lightened the work load of people in virtually all walks of life. It has opened up new worlds of leisure and entertainment for millions.

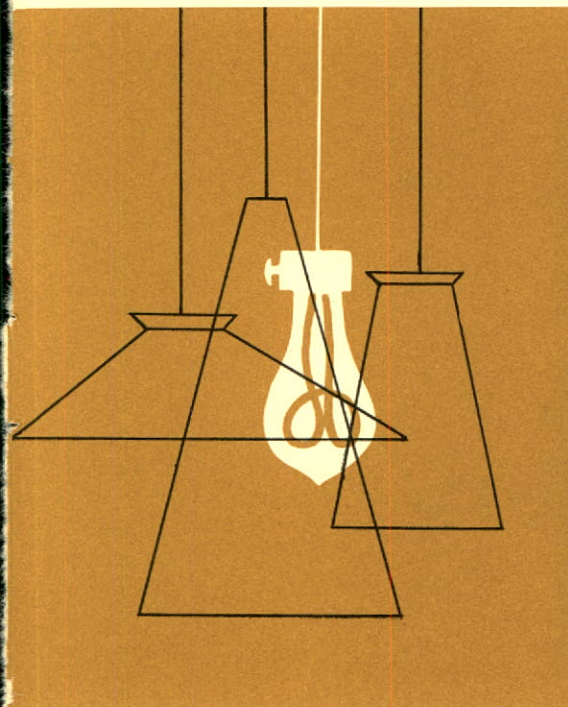
In our service area, customers are making greater use of electricity than ever before. Housewives find dozens of electric appliances available to lighten household chores. Farmers are finding scores of uses of electricity on the farm. Commercial and industrial use of electricity continue to mount.

Despite the many services it performs and the constantly increasing quantities being used, electricity absorbs only a small portion of the family budget. The average residential customer of the Company uses 270 per cent more electricity than he used 10 years ago, but spends only approximately 20 cents a day for the countless benefits electricity provides.



LOWER ST. LAWRENCE POWER COMPANY

HEAD OFFICE: 6, St-Jean Street, Rimouski, Que.



BOARD OF DIRECTORS

Honorable Jules-A. Brillant, M.L.C. C.B.E.

Thomas-A. Bernier, C.E.

Paul-Émile Gagnon, Q.C.

Jacques Brillant

Norman Gendreau

J.-Richard Dubé

Henri Labrie

Aubert Brillant

Carol Brillant

OFFICERS

Honorable Jules-A. Brillant, M.L.C., C.B.E.
President and Chairman of the Board

Thomas-A. Bernier, C.E.
Vice-President and General Manager

Norman Gendreau
Vice-President and Treasurer

Jacques Brillant
Vice-President

Paul-Émile Gagnon, Q.C.
Secretary

J.-Richard Dubé
Chief Accountant

TRANSFER AGENT AND REGISTRAR

Preferred and common stocks:

ADMINISTRATION AND TRUST COMPANY
10 St. James Street West, Montreal

The Company's Common Stock is listed on Montreal Stock Exchange

TRUSTEE

First Mortgage Bonds:

ADMINISTRATION AND TRUST COMPANY
10 St. James Street West, Montreal

BANKERS

NATIONAL CANADIAN BANK

PROVINCIAL BANK OF CANADA

TO THE SHAREHOLDERS:

Your Directors appreciate the interest shown by shareholders who are present at the Annual General Meetings and participate in the discussions of the Company's affairs. This year the meeting will be held on Tuesday, April 25th, at 10:30 a.m., at the Company's head office, 6 St-Jean Street, Rimouski, P.Q., and all shareholders who find it possible to attend are urged to do so.

