ANNUAL
REPORT
1983

ABITIBI-PRICE

ABITIBI-PRICE

Annual Report for the year ended December 31, 1983

ABITIBI-PRICE, the world's largest producer of newsprint, is an integrated forest products company that also manufactures groundwood papers, fine papers, kraft pulp, building products and lumber. In addition, the company has a nationwide paper converting and distribution operation and is, through partnerships, involved in mining and exploration activities.

Our fundamental goal in all of these operations is to achieve the highest possible standards in safety, product quality, customer service, earnings, return on investment and development of our human resources. This goal is reflected in our dedication to communication as the key to trust and credibility, to employee participation and involvement as a leadership style, and to cooperation in employee relationships.

COVER:
A 1½ year-old black spruce seedling, planted on limits of the Spruce River Forest Management Agreement, is representative of the 12.5 million seedlings planted by Abitibi-Price in 1983.

On peut obtenir ce rapport annuel en français sur demande.

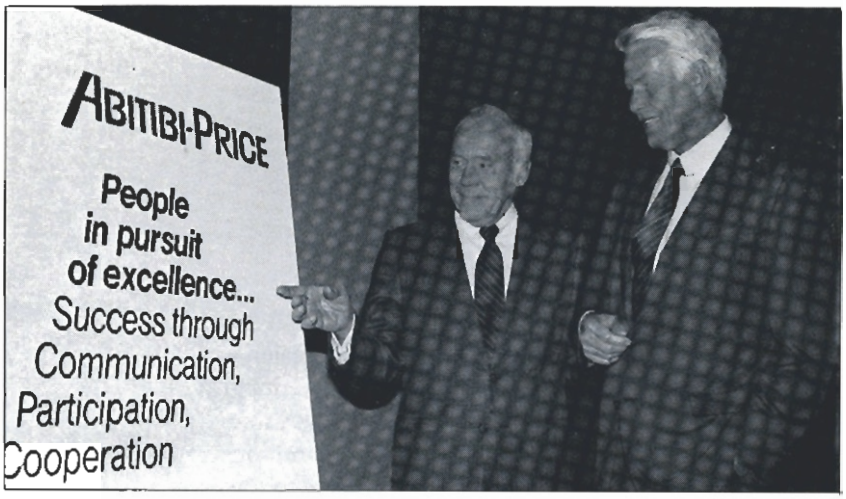
Financial Highlights

(thousands of dollars)	1983	1982[1]
Net sales	**$1,660,180**	$1,634,262
Interest and other income	**27,216**	33,854
Depreciation and depletion	**68,602**	70,109
Interest on long-term debt	**18,903**	25,253
Income taxes	**705**	22,353
Earnings before extraordinary items	**38,013**	63,902
Per common share	**$ 1.44**	$ 2.60
Net earnings	**38,013**	61,287
Per common share	**$ 1.44**	$ 2.47
Dividends declared		
Preferred shares	**7,424**	10,804
Common shares	**12,438**[2]	31,078
Per common share	**$ .60**[2]	$ 1.50
Additions to fixed assets	**165,256**	187,870
Working capital	**384,256**	437,279
Fixed assets, net	**993,575**	917,884
Long-term debt	**395,102**	385,838
Book value of common shares	**747,679**	721,105
Per common share	**$ 36.06**	$ 34.80

Notes: (1) 1982 figures have been restated as explained in Note 3 to the financial statements.
(2) Excludes the fourth quarterly dividend for 1983 of 20¢ per common share, which was declared and paid in January 1984.

Contents

Financial highlights	1
Report of the directors	2
Report on operations	4
Financial review	12
Financial statements	14
Five-year financial review	25
Primary production	25
Directors and officers	26
Products, plants and sales offices	28



Chairman and Chief Executive Officer, Robert Gimlin, and President and Chief Operating Officer, Bernd Koken, at the annual management communications meeting. 'People in Pursuit of Excellence' was the theme of this year's meeting.

Actions taken under our strategic plan over the past few years, as well as specific measures aimed at meeting the challenges of the recession, proved their worth in 1983. Earnings, while lower than in recent years, were acceptable in light of the general economy and the market conditions for our products.

Sales were $1.7 billion compared with $1.6 billion in the preceding year. Earnings were $38.0 million or $1.44 per common share, compared with 1982 earnings of $61.3 million or $2.47 per share which included a net extraordinary loss of $2.6 million. There were no extraordinary items in 1983. As noted in the financial review section of this report, 1982 earnings have been restated to reflect a change introduced in the method of accounting for the cost of fixed assets.

Earnings from operations were affected by low operating rates and depressed prices for pulp and paper products, particularly newsprint. Profit contributions from the U.S. building products division and our converting and distribution operations were considerably improved over 1982 and were important to our overall results.

During the year, a number of steps were taken to conserve cash, including the refinancing of instalments paid on long-term debt. The company's financial position remains strong.

Last year we announced our intention to sell or shut down the kraft pulp and paperboard operation at Jonquière, Quebec. The mill was written down to its estimated realizable value at the end of 1982. In October of 1983, we reached a conditional agreement with Cascades Inc. and the sale is expected to be concluded in the first part of 1984.

In February 1984, we received and accepted a conditional offer to purchase the groundwood papers mill at Sault Ste. Marie, Ontario. If all conditions are met, the sale will be concluded during the second quarter of the year.

The intended sales of the Jonquière and Sault Ste. Marie mills are in keeping with our strategic plan to dispose of operations that are unable to make a contribution to earnings and are not sufficiently compatible with the company's longer-term objectives to warrant continuing capital investment. Over the past five years, the company has addressed a number of similar situations. While difficult and often unpleasant decisions were required, they have resulted in a stronger base on which to build for the future of the company.

Most of these problem situations have now been addressed and in the years ahead we will be concentrating on continuing improvements in cost and quality competitiveness, as well as capacity increases in certain product lines. The new twin-wire newsprint machines at Iroquois Falls, Ontario, and Augusta, Georgia, as well as the conversion of the mill at Beaupré, Quebec, from the production of newsprint to upgraded groundwood papers, are the most noteworthy examples. Other projects, important to cost reduction and quality improvements, are included in the $305 million capital program for the 1983-1984 period, excluding the amount spent by our joint venture partnership with Thomson Newspapers Limited to modernize and expand the newsprint facilities at Augusta, Georgia.

Just as investment in our facilities is an ongoing responsibility, investment in our people also receives our constant attention. Although difficult to quantify, there is no doubt that the company's efforts in recent years to improve its performance in the area of human resources are meeting with success. We believe that a concentrated effort to promote communication, participation and cooperation throughout the company is justified, not only because it is the right way for people to work together, but because it in turn will lead to further gains in job satisfaction, productivity and earnings.

In May of 1983, Thomas J. Bell relinquished his post as chairman of the board and was named chairman of the executive committee. At that time, Robert C. Gimlin, formerly president and chief executive officer, became chairman and chief executive officer of the company, and Bernd K. Koken, previously executive vice-president and chief operating officer, was named president and chief operating officer. In the summer, a major reorganization of corporate structure and key officer responsibilities took place as part of an ongoing effort to increase efficiency and lower overhead expenses.

In April of 1983, Marsh A. Cooper and C. Harry Rosier, a former president of the company, retired from the board of directors. Their many contributions have been of great value to the company over the years and are most appreciated. The vacancies created by these resignations were not filled and the board presently consists of 16 members.

Our employees, through their talents and determined efforts, played a major role in maintaining the company's profitability in what was undeniably a difficult year. The directors wish to recognize this contribution and extend their appreciation.

OUTLOOK

The strengthening economy in our major market, the United States, provides a foundation for better company results in 1984. In particular, 1983 gains in paper consumption in the publishing and commercial printing sectors bode well for our company. At the same time, the worldwide newsprint supply-demand imbalance, which held Canadian operating rates to about 85 per cent throughout most of 1983, is gradually normalizing, and this should create improved opportunities for better operating rates and higher prices that more realistically relate to our levels of cost.

With improving earnings from newsprint, bolstered by continuing strong performances from our building products, converting and distribution businesses, we look forward to a welcome increase in operating profit in 1984.

On behalf of the board of directors,

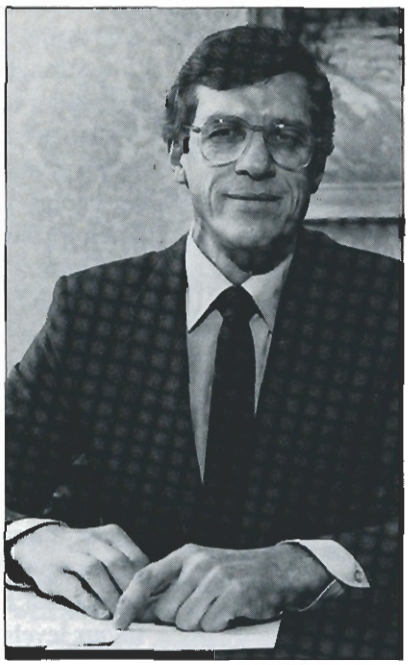
R. C. Gimlin

ROBERT C. GIMLIN
Chairman and
Chief Executive Officer

B. K. Koken

BERND K. KOKEN
President and
Chief Operating Officer

Toronto
February 20, 1984



Group Vice-President
Linn Macdonald

Depressed prices for many products, lower operating rates and resultant higher unit costs took their toll on earnings in 1983. Worldwide supply of newsprint, the company's most important product, continued to exceed demand by a wide margin, making it difficult to obtain prices which reflected increased costs. On the other hand, higher U.S. housing starts had a favourable impact on the profit performance of the U.S. building products division.

Several years ago, Abitibi-Price established key objectives to optimize quality and productivity, control costs and improve the management of our human resources. This direction has enabled the company to respond to the challenge of difficult markets in some products as well as to maximize opportunities in more robust situations. The company operated profitably in each quarter of 1983, a year which saw many forest products companies suffer loss quarters.

NEWSPRINT

The economic recovery in North America resulted in significant growth of nearly five per cent in newsprint consumption in U.S. and Canadian markets in 1983. Offshore markets, on the other hand, remained flat and even declined in some cases. Our newsprint operations produced a total of 1.46 million tonnes in 1983. With additional tonnage made available under an exclusive marketing agreement, total volume was 1.51 million tonnes.

An increase of 2.7 million tonnes in world capacity over the past five years has created an imbalance of supply over demand, causing intense competition for market share among producers. The resulting price competition, low operating rates and demands for improved quality (often at increased cost to the producer) have severely squeezed profit margins. This situation was exacerbated by the continuing decline of European currencies against the Canadian dollar, reducing net sales returns from those countries. Also, foreign exchange controls in many offshore markets both suppressed demand and put strains on normal terms of doing business.

With tight control over manpower requirements, raw material costs and energy consumption, as well as through distribution efficiencies, Abitibi-Price was able to contain the overall increase in newsprint costs at well below the rate of inflation in 1983, thereby easing the impact of market conditions and low operating rates on earnings. After experiencing a six per cent reduction in the U.S. market price for an eight-month period, in mid-1983 we managed to restore the $500 per tonne price which had been in effect since September 1981.

To help us meet the quality and profit margin challenges, two major capital projects were completed in 1983: the installation of new twin-wire newsprint machines at our mills in Iroquois Falls, Ontario, and Augusta, Georgia. Both machines are designed to produce the high-quality newsprint required for successful operation on modern, high-speed printing presses.

The new facility installed at Iroquois Falls, capable of producing 535 tonnes per day, replaced four small, slow machines, all built before 1920. The paper machine is controlled by a computerized system designed to maintain consistent quality of the finished newsprint. It started up in April and attained a commercial level of production by the end of the year. Paper off the new machine has gained wide acceptance for its excellent quality.

The second major capital undertaking was completion of the expansion of the newsprint mill at Augusta, Georgia, which is owned in partnership with Thomson Newspapers Limited. When the project attains designed operating levels, the Augusta mill, which is ideally located to serve

The computerized system on the new Iroquois Falls machine is designed to maintain consistent quality of the finished newsprint. Production superintendent Bill Doyle and coordinator of mechanical, yard and engineering Bill McLaren monitor the dry end control panel and the hole detector control station.

the fast-growing market in the U.S. South, will have a capacity of 1,000 tonnes per day, making it the company's largest newsprint facility. Its new twin-wire machine started up in October and is expected to reach design capacity in 1984. In addition to the new paper machine, a thermo-mechanical pulp mill was installed to provide the additional furnish needs. The new steam plant is designed so that 85 per cent of its fuel is wood waste and refuse. A heat recovery system, new woodyard facilities for slashing, debarking and chipping, expanded warehouse capacity and a transformer substation were also part of the project.

Upgrading of the Augusta mill's original machine to enable it to produce newsprint of comparable quality to that of the new machine is underway and will be completed in the third quarter of 1984.

In addition to these major capital projects, the company's first conversion of a fourdrinier-type machine to a twin-wire configuration was undertaken and completed at Pine Falls, Manitoba. Many other expenditures were made in 1983 to achieve improvements in productivity and quality.

GROUNDWOOD PAPERS

Markets for groundwood papers were somewhat sluggish in the first half of 1983 but began to show substantial improvement in the second half of the year, demonstrating once again that they respond very quickly to general economic cycles. Markets for the grades used to produce business forms, telephone directories, newspaper advertising inserts and

The high-speed winder for the new machine at Iroquois Falls, Ontario, contributes to the quality of the finished newsprint. Utility man Tom Bremner (foreground) manoeuvres a new reel toward the unwind stand while fourth hand Hugh Stewart (centre) and sixth hand Ed Paquette prepare to remove a set of finished rolls.

Group Vice-President John Davis

Group Vice-President Ian McGibbon

catalogues were especially strong. As a result, Abitibi-Price's groundwood papers operations enjoyed almost full capacity production in 1983, producing 321,000 tonnes, approximately the same level as in 1982.

Prices for groundwood papers eroded at the beginning of the year and maintained that level until the third quarter when market conditions for certain grades improved sufficiently to support higher prices. As in newsprint, we were successful in controlling costs and reducing the negative impact of the margin squeeze on earnings.

The conversion of our mill at Beaupré, Quebec, from newsprint to groundwood papers was completed in 1983. The mill began producing groundwood grades in mid-October and is gradually coming up to its design capacity of 145,000 tonnes annually.

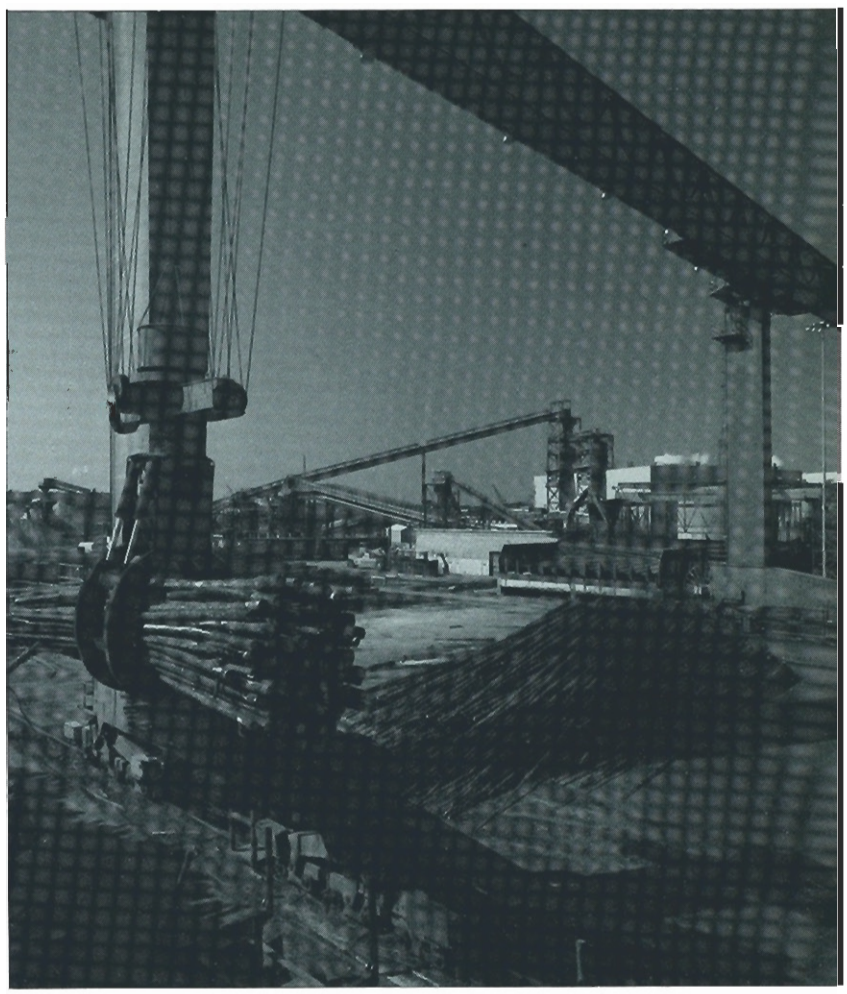
The Beaupré conversion involved extensive modifications to both existing machines, including complete rebuilds of the wet ends and extensive calender modifications. One of the principal contributors to both quality and lower costs at this mill will be the thermochemical mechanical pulp (TCMP) and the bleaching facilities. The technology of this process was developed by our company and first installed on a commercial basis at our Kenogami groundwood papers mill in Jonquière, Quebec. Experience gained from the Kenogami installation, coupled with extensive mill trials, supported our decision to design the Beaupré mill around the exclusive use of TCMP, thereby eliminating the need for costly kraft pulp. The quality of the grades is superior and the decision to use TCMP as the total furnish is proving to be the right one.

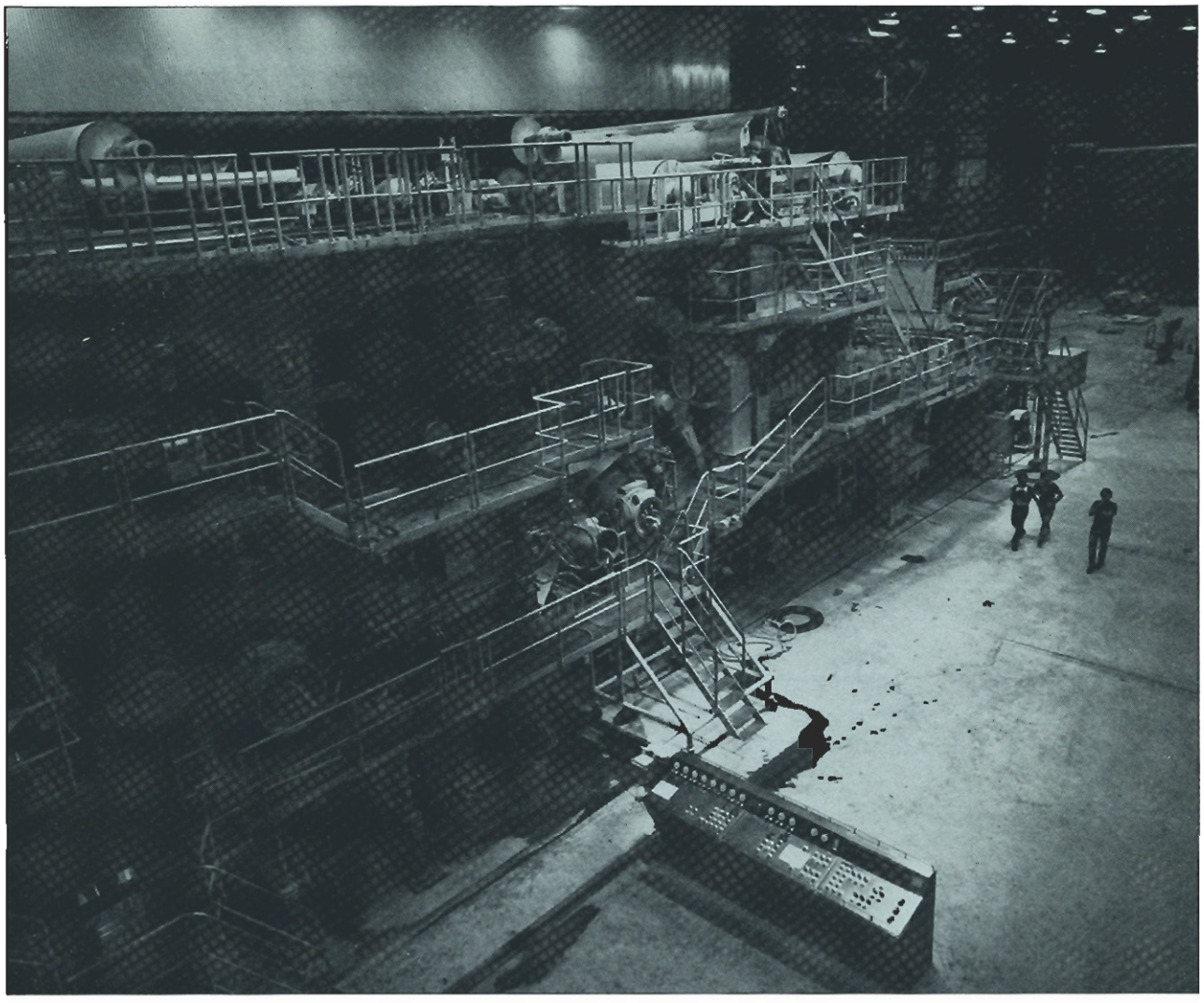
During 1983, concerns intensified over the ability of our Sault Ste. Marie, Ontario, groundwood papers operation to compete in both quality and cost. Accordingly, the mill has been the subject of considerable study regarding alternatives for its future.

Toward the end of the year we received an inquiry from a prospective purchaser which led, in February 1984, to a conditional offer to purchase the mill. If all conditions are met, the sale would be concluded during the second quarter of this year.

KRAFT PULP

Markets for kraft pulp remained soft during most of 1983, with the first signs of strengthening appearing only late in the year. The company's operations at Smooth Rock Falls, Ontario, and Jonquière, Quebec, produced 133,000 tonnes of market pulp. Unusually low prices worldwide had an unfavourable impact on earnings. The list price for kraft pulp fell from a high of $565 per





The twin-wire newsprint machine installed at the mill in Augusta, Georgia, during the year will help the company compete in the fast-growing market in the U.S. South.

A 40-ton gantry crane, capable of picking up a full truckload of tree-length logs in its grapple, is part of the new woodyard facilities installed at the mill in Augusta, Georgia.

tonne in 1981 to $450 in late 1982 and remained at that depressed level throughout 1983.

A conditional offer to purchase the kraft pulp and paperboard mill at Jonquière has been received from Cascades Inc. of Kingsey Falls, Quebec. The mill, which has been unprofitable for most of its 22 years of operation, was written down to its estimated realizable value at the end of 1982.

Product quality is a critical factor in today's market and all Abitibi-Price mills work to maintain consistent standards. Technologist Tony Hreczany uses a small offset printing press at our central research division in Sheridan Park, Ontario, to monitor the lint propensity of newsprint.

LUMBER

Housing starts in the North American market began to grow dramatically at the beginning of 1983 and the demand and price for lumber escalated accordingly. For example, the price of kiln-dried 2 x 4 random length lumber rose to a high of U.S. $243 per mfbm in June. The higher price, however, prompted the reopening of many sawmills previously shut down, creating excessive production. This overbalance of supply caused the market price to tumble by almost $100 in September.

Our sawmill operations, most of which are part of our integrated wood supply, produced 181 million board feet during the year. Although the lumber market showed some recovery near the end of the year, prices did not rise enough to avoid operating at a loss.

BUILDING PRODUCTS

Supported by U.S. housing starts of 1.7 million, an increase of 61 per cent over 1982, our U.S. building products division turned in a record profit performance. Maintenance of tight control over costs and expenses combined with

President, La Compagnie Price Limitée, Denis Hamel

higher volume enabled the division to make a significant contribution to the overall performance of the company.

The siding plant at Roaring River, North Carolina, ran full throughout the year and market conditions were supportive of higher prices for siding. Industrial use of hardboard, together with sales of traditional paneling and the division's new Glaztile® product, kept our plants at Alpena, Michigan, and Toledo, Ohio, active throughout the year. The moulding plant at Middlebury, Indiana, did not operate at capacity because of somewhat depressed market conditions for prefinished mouldings.

FINE PAPERS

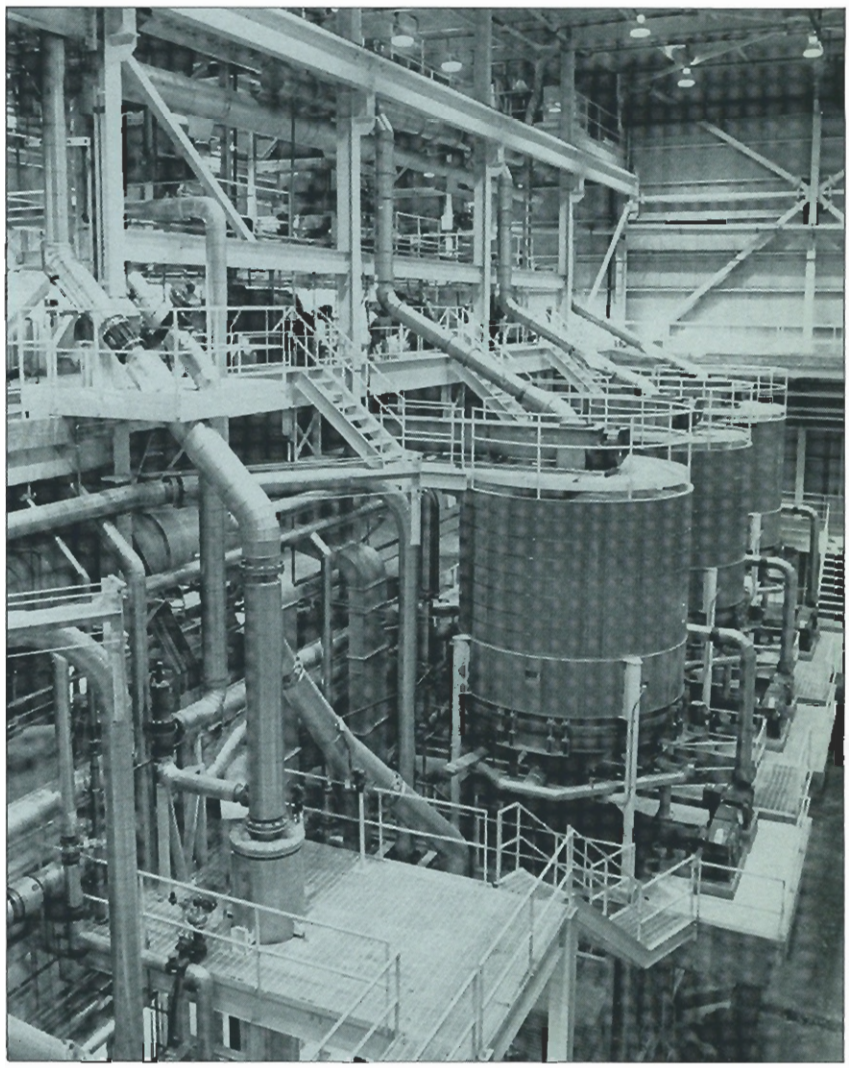
Markets for the products manufactured by the company's fine papers division strengthened and prices firmed during the year. The division produced a total of 114,000 tonnes in 1983.

In order to enhance its earnings capabilities, the division undertook some significant strategic and operational changes during the year. Given the magnitude of the changes, including reduction of the workforce, the support and participation of employees and their unions were sought and achieved. The management structure was reorganized and the division's head office relocated from Toronto to the mill at Thunder Bay, Ontario, thus providing more direct communication between customers and the mill. The new groundwood facility and bleach plant, installed in 1982, contributed to improvements in product quality. To emphasize its status as a distinct business entity within the larger framework of Abitibi-Price, the division changed its name back to Provincial Papers at the end of the year.

CONVERTING AND DISTRIBUTION

Inter City Papers Limited achieved an all-time sales record which, combined with good control of expenses, resulted in record earnings. Construction of a new warehouse at the Lachute, Quebec, plant was completed during the year.

Hilroy and Canada Envelope operated in fairly static markets in 1983 but improved productivity resulted in earnings improvements over 1982. Canada Envelope accomplished this despite a six-week strike at its Toronto operation that adversely affected sales in its largest market.



Engineer Claude Langlois (left) and assistant superintendent William Goucher monitor each step of the production of pulp in the control room of the new thermochemical mechanical pulp plant (TCMP) at Beaupré, Quebec.

MINERAL RESOURCES

Despite depressed base metal markets in 1983, improved efficiencies helped the mining operation at Mattabi, Ontario, a partnership with Noranda Mines Limited, exceed its 1982 earnings. The mine at Buchans, Newfoundland, managed by our partner ASARCO Incorporated, resumed operations in September 1983 on a salvage basis after being closed for eight months due to poor base metal markets.

General exploration activities continued, but on a much curtailed basis consistent with company-wide restraint measures.

WOODLANDS

Efforts by our woodlands operations to control wood fibre costs contributed to the company's overall favourable manufacturing cost performance in 1983. Our silvicultural programs progressed with the planting of 12.5 million trees in 1983, compared with 8 million in 1982. Of these, 80 per cent were planted on Crown lands in Ontario and Manitoba under forest management agreements and licences and the balance were planted on our freehold lands in Ontario and on licensed and freehold lands in Newfoundland. During the year, the company signed its third forest management agreement with the province of Ontario, this one covering more than 5,000 square kilometres of Crown land near White River.

The company expects to plant a total of 19.4 million trees in 1984. Planting trees is important to our long-term wood supply but it is only one component of forest management which includes fire prevention as well as proper maintenance to prevent the growth of competing species and to control disease and damage from pests.

The new thermochemical mechanical pulp plant (TCMP) at the groundwood papers mill in Beaupré, Quebec, will be one of the principal contributors to product quality and lower costs.

Group Vice-President
Ron Oberlander

HUMAN RESOURCES

An important element of our management philosophy is an ongoing commitment to the safety of our employees. Safety is always our first priority and 1983 was, in most respects, an outstanding year. There were 31 per cent fewer accidents than in 1982 and, apart from a most regrettable fatality, they were less severe. A number of our operations had no lost-time injuries for the year, including the entire U.S. building products division which has worked a total of 2.6 million safe manhours since its last lost-time accident in October 1982.

The company continued its thrust throughout 1983 to develop and better utilize our human resources in order to improve quality, productivity and safety performance. We feel that the success of this direction, with emphasis on communication, participation and cooperation, has been a factor in helping us weather the recession and the problems facing our industry.

OUTLOOK

The short-term outlook for newsprint is one of continuing challenge. We have confidence, however, in the long-term viability of the newspaper business which is maintaining its position in competing successfully for advertising against other media.

In 1984, the U.S. and Canadian newsprint markets are expected to continue improving. Offshore markets, however, will still be fraught with challenges. These markets have probably bottomed out but we do not forecast any significant growth for Canadian newsprint in 1984. We expect that, in certain countries, currency and exchange controls will have a negative impact on newsprint imports and it will be difficult to compete against producing countries whose currencies have weakened against the Canadian dollar. In addition, excess capacity in offshore regions combined with a tendency for countries to adopt more protectionism will impede the growth of Canadian shipments to some regions.

The Canadian industry is expected to operate at about 90 per cent of capacity in 1984 and in the mid to high 90s in 1985 – considerable improvement over the 85 per cent operating rate of 1983. As profit margins are very thin, higher prices are a critical factor in restoring the Canadian newsprint industry to an acceptable earnings level.

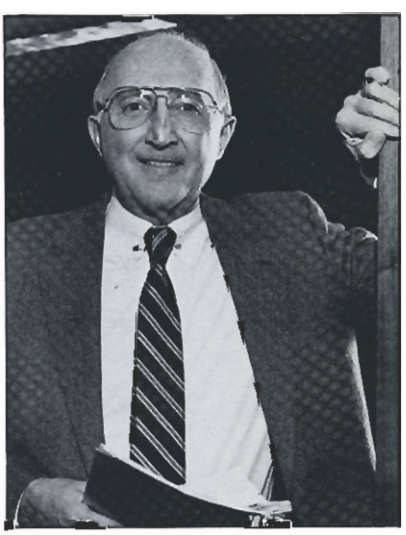
The outlook for groundwood papers is for further growth at a rate higher than that of the general economy. We continue to take steps to position ourselves competitively, with concentration on products that are specifically focussed on the best growth opportunities in the market.

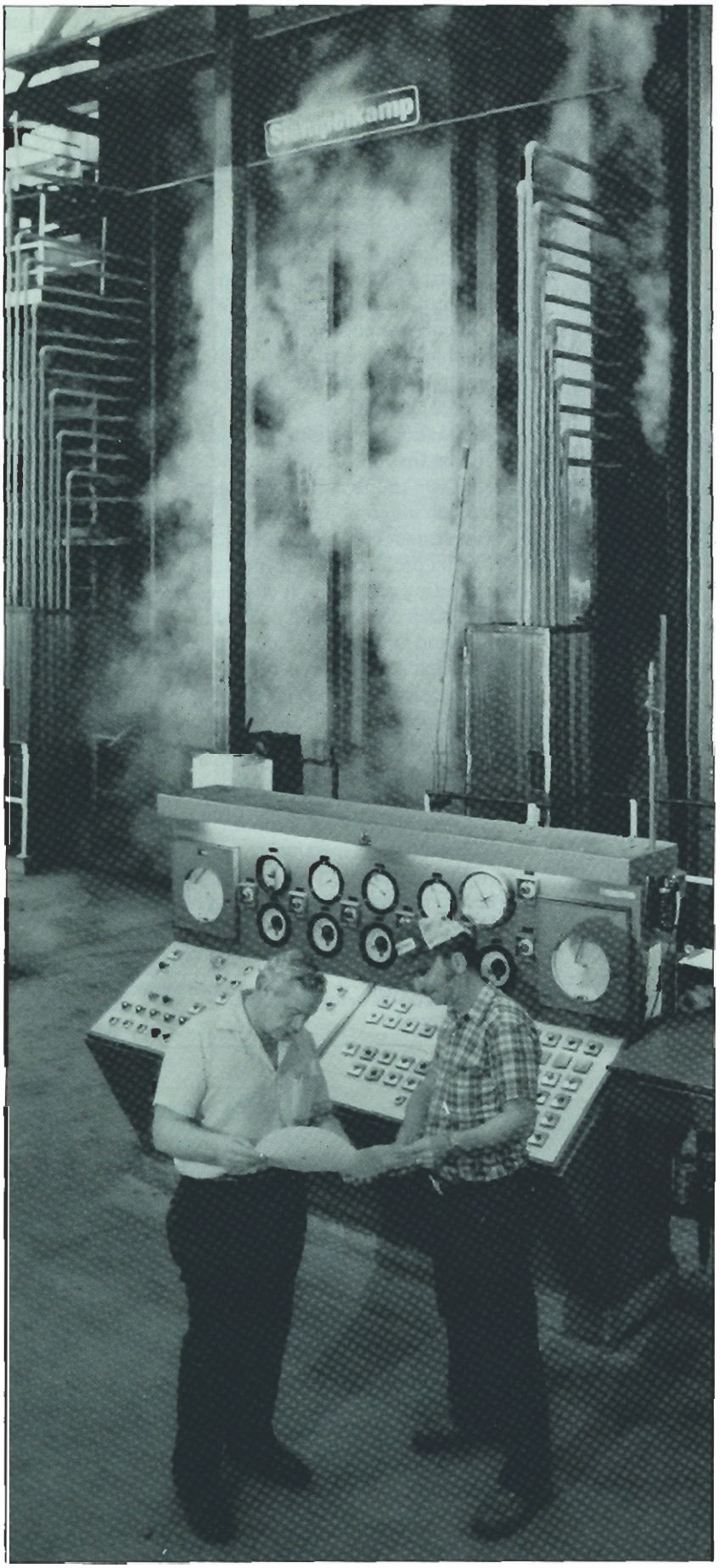
Some price relief is expected for kraft pulp. In the U.S. market a price increase to $490 per tonne was announced for January of 1984. Further increases are anticipated throughout the year, but it will be some time before kraft pulp prices return to their 1981 levels.

North American home building activity is expected to continue at or near its current level and this, plus an increase in offshore consumption, should improve the lumber market. The demand for our building products in the U.S. promises to remain strong through the year and we expect to see continuing improvement in earnings from this sector. A further expansion at our Roaring River siding plant is underway. When completed in late 1984, it will enable us to increase our participation in the housing market.

Markets served by our fine papers, converting and distribution operations are expected to improve throughout 1984 and we anticipate these operations will benefit accordingly.

Our mineral resources operations are forecasted to improve as base metal markets respond to overall economic conditions.





The increase in U.S. housing starts kept our building products plant at Roaring River, North Carolina, running full in 1983. Manufacturing superintendent Al Burkenbine and press operator Kent Sprinkle review production of the press which embosses wood grains on outdoor siding.

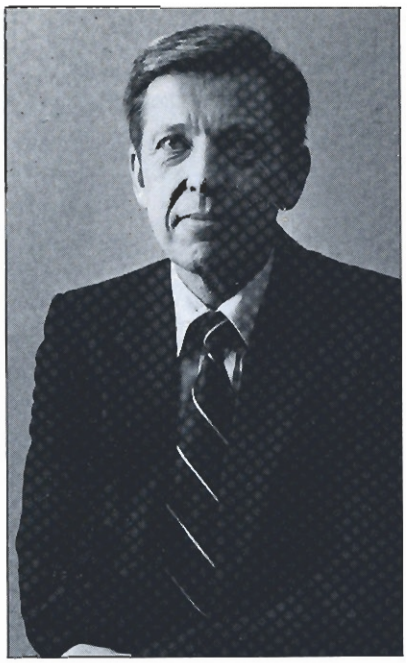
The company's biggest challenge in navigating its way to renewed prosperity is to continue its thrust to improve quality and reduce costs. Experience in the past few years has reinforced the fact that, even in difficult times, the high-quality, low-cost producer will always be in demand. Our capital program to modernize facilities strengthens Abitibi-Price's position as a quality producer and also makes significant contributions to productivity and cost reduction.

Quality-related capital projects contemplated for 1984 include additional twin-wire conversions for machines at: Pine Falls, Manitoba; Fort William, Ontario; Alma, Quebec; and Augusta, Georgia. The conversion to bisulphite chemimechanical pulp at Chandler, Quebec, will be completed in late 1984, which will bring the mill within environmental standards, reduce costs and improve quality. Total capital expenditures for 1984 are planned at $140 million. This does not include planned outlays by Augusta Newsprint Company, our joint venture partnership with Thomson Newspapers Limited.

Labour agreements with the unions representing employees in many of our principal operations will expire in 1984 and we expect that these agreements will be renewed on a basis which will reflect a realistic recognition of the difficult economic conditions which most of these operations face this year.

Excellence is our single, overall goal and, through our combined best efforts to improve quality and productivity, control costs and develop our human resources, we will continue to make strides towards it in 1984.

Group Vice-President Charlie Buckland



Vice-President, Finance, Ken Stevens

Sales of $1,660.2 million in 1983 reflected a slight improvement over 1982 sales of $1,634.3 million.

Net earnings for the year were $38 million or $1.44 per common share, compared with restated 1982 net earnings of $61.3 million or $2.47 per share which included a net extraordinary loss of $2.6 million.

During 1983, the company completed and started up three of the largest capital projects it had ever undertaken–the installation of new newsprint machines at the Iroquois Falls, Ontario, and Augusta, Georgia, mills and the conversion of the two-machine Beaupré, Quebec, mill from newsprint to groundwood papers. Previously it was the company's practice to write off preproduction and start-up costs associated with major capital projects as incurred. However, the nature and magnitude of the projects with which the company was involved in 1983 made it apparent that this practice distorted earnings from current operations. In order to avoid such distortions, and recognizing that preproduction and start-up costs and related interest represent an inherent part of the investment required to bring major capital projects to their intended operating condition, it was decided that such costs should be capitalized and amortized against the earnings that such projects produce in future years. As mentioned in Note 3 to the financial statements, this change in accounting practice, which has been adopted retroactively, has increased 1983 and 1982 earnings by $14.5 million and $2.9 million, respectively.

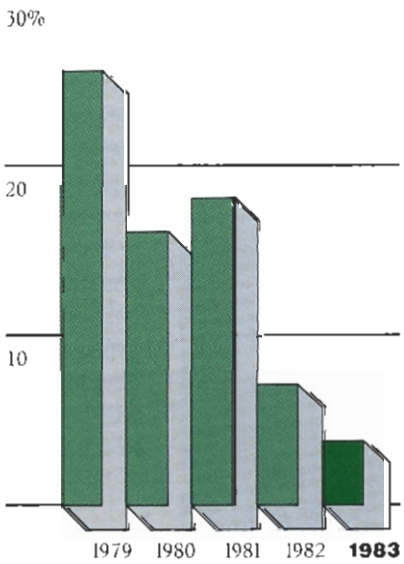
The new foreign currency translation recommendations issued by The Canadian Institute of Chartered Accountants were adopted by the company in 1983 with no material effect on earnings.

Three quarterly dividends of 20 cents per common share were declared during 1983. The fourth quarterly dividend, which in past years has been declared in the month of December, was declared in the amount of 20 cents per share on January 16, 1984 and paid on January 31. Dividends totalling 80 cents per common share for 1983 compare with 1982 dividends of $1.50 per share.

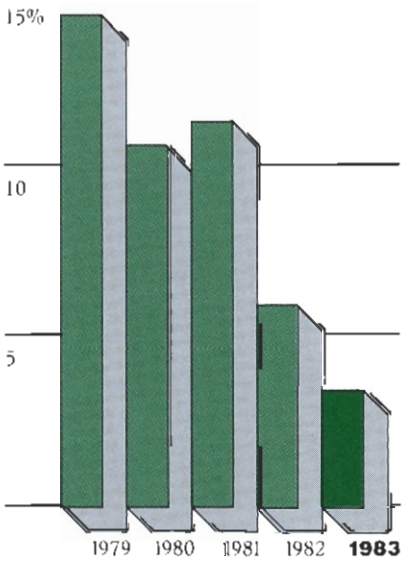
As a percentage of before-tax earnings, income taxes declined from 24.2% in 1982 to 1.7% in 1983. The low effective tax rates for both years, and the significant decline in the 1983 rate, were chiefly the result of tax benefits which reduce income taxes but which do not fluctuate with the level of earnings.

Capital expenditures for the year 1983 aggregated $165.3 million, excluding expenditures relating to the Augusta, Georgia, newsprint mill of the joint venture partnership which is accounted for by the equity method. Comparable expenditures for 1982 were $187.9 million. Of 1983 expenditures, $92 million related to the completion

Return on average common shareholders' equity

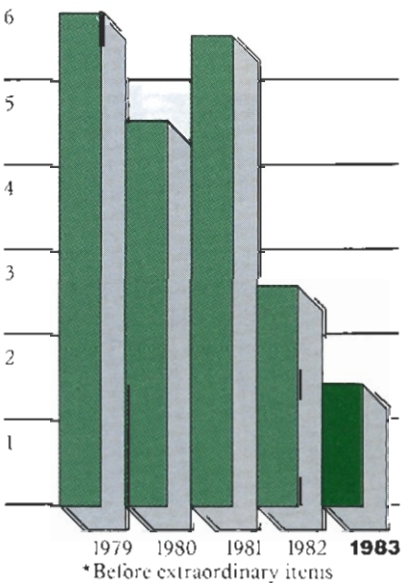


Return on average capital employed



Earnings per common share*

(dollars)



*Before extraordinary items

and start-up of the new newsprint machine at the Iroquois Falls, Ontario, mill and the conversion of the Beaupré, Quebec, mill from newsprint to groundwood papers, with the balance of the expenditures being primarily directed towards other areas in the company's modernization program.

In 1983, the company arranged a cumulative loan of U.S. $70 million with several banks which will be used to refinance certain sinking fund and long-term debt repayment obligations during the period ending December 31, 1986, with the loan to be repaid by December 31, 1993. Of this loan, U.S. $4.5 million was drawn down by the end of 1983. Also, the company has a revolving loan arrangement with certain banks which will enable it to borrow up to $100 million to December 31, 1984, with the loan to be repaid over a term expiring on June 30, 1992. Only a nominal $1,000 of this loan had been drawn down by the end of 1983. In addition, Gaspesia Pulp and Paper Company Ltd., a 51%-owned subsidiary, arranged a revolving loan of U.S. $25 million with a bank which must be repaid by September 19, 1993. Of this loan, U.S. $4.9 million had been drawn down by December 31, 1983.

At the end of the year, the company's working capital ratio was 2.7:1 and its debt/equity ratio, at 0.46:1, was the same as at the end of 1982.

NET SALES BY PRODUCT

(thousands of dollars)	1983	1982
Newsprint	**$ 724,356**	$ 808,591
Groundwood papers	**195,804**	208,918
Fine papers, including converting and distribution operations	**415,372**	371,091
Kraft products	**51,883**	57,948
Total pulp and paper	**1,387,415**	1,446,548
Building products	**164,432**	128,008
Lumber	**108,333**	59,706
Total building products and lumber	**272,765**	187,714
Total all products	**$1,660,180**	$1,634,262

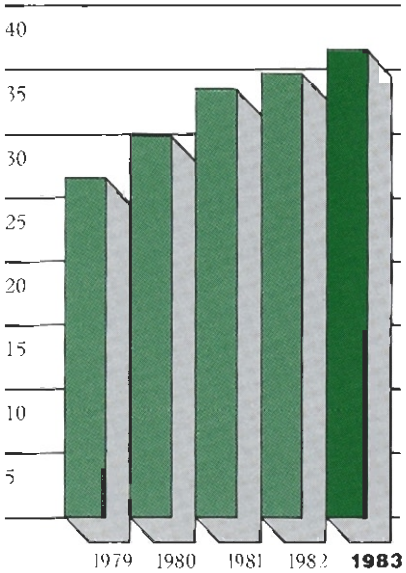
NET SALES AND EARNINGS BY QUARTER

(thousands of dollars)	Net sales		Earnings before extraordinary items*	
	1983	1982	1983	1982
1st quarter	**$ 387,305**	$ 414,618	**$ 2,022**	$21,429
2nd quarter	**447,812**	416,246	**11,880**	23,010
3rd quarter	**398,659**	388,265	**8,961**	7,841
4th quarter	**426,404**	415,133	**15,150**	11,622
	$1,660,180	$1,634,262	**$38,013**	$63,902

*Quarterly figures for 1983 and 1982 have been restated as explained in Note 3 to the financial statements.

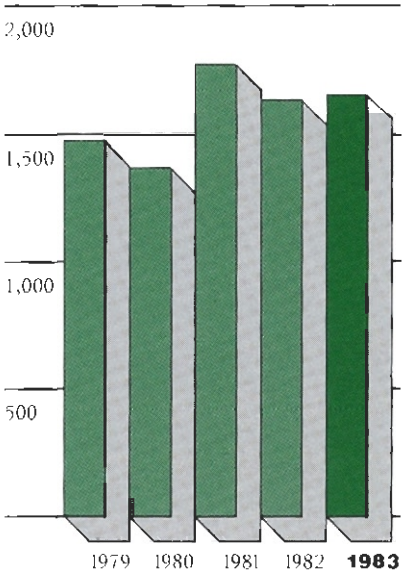
Book value per common share

(dollars)

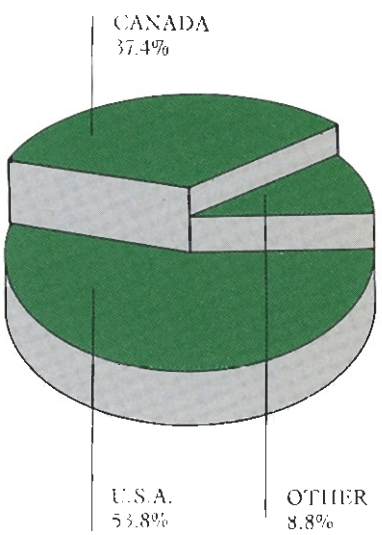


Net sales

(millions of dollars)



Net sales by market—1983



Consolidated Earnings

(thousands of dollars)	Year ended December 31 1983	1982 (note 3)
Net sales	$1,660,180	$1,634,262
Joint ventures – newsprint (note 4)	1,917	2,017
– mining	(729)	(2,222)
Interest and other income	27,216	33,854
	1,688,584	1,667,911
Cost of sales	1,441,569	1,354,358
Selling and administrative expenses	114,795	121,786
Depreciation and depletion	68,602	70,109
Exploration costs	1,497	2,690
Interest on long-term debt (note 8)	18,903	25,253
Other interest	837	1,395
	1,646,203	1,575,591
	42,381	92,320
Income taxes (note 5)	705	22,353
	41,676	69,967
Minority interest	3,663	6,065
Earnings before extraordinary items	38,013	63,902
Extraordinary items (note 6)	–	(2,615)
Net earnings	$ 38,013	$ 61,287
Per Common Share:		
Earnings before extraordinary items	$ 1.44	$ 2.60
Net earnings	1.44	2.47

Consolidated Retained Earnings

(thousands of dollars)	Year ended December 31 1983	1982 (note 3)
Retained earnings at beginning of year –		
As previously reported	$ 596,462	$ 579,986
Adjustment for change in accounting for fixed assets (note 3)	19,583	16,654
As restated	616,045	596,640
Net earnings	38,013	61,287
Dividends declared –		
Preferred Shares	(7,424)	(10,804)
Common Shares	(12,438)	(31,078)
Retained earnings at end of year	$ 634,196	$ 616,045

ABITIBI-PRICE INC.

Changes in Consolidated Financial Position

(thousands of dollars)	Year ended December 31 1983	1982 (note 3)
Financial resources provided by		
Earnings before extraordinary items	$ 38,013	$ 63,902
Depreciation and depletion	68,602	70,109
Deferred income taxes	3,697	14,026
Undistributed earnings of joint ventures	(522)	(2,534)
Minority interest	3,663	6,065
Other—net	(3,374)	(1,692)
Funds from operations	110,079	149,876
Issue of long-term debt	18,042	1
Disposals of fixed assets	10,897	11,049
Government capital grants	19,542	6,201
Note receivable from newsprint joint venture	—	63,543
Other items—net	1,752	(7,362)
	160,312	223,308
Financial resources used for		
Additions to fixed assets	165,256	187,870
Increase (decrease) in working capital contribution to newsprint joint venture	3,737	(6,233)
Dividends declared—		
Preferred and Common shareholders	19,862	41,882
Minority shareholder of a subsidiary company	3,646	3,190
Reduction of long-term debt	12,160	12,903
Retirement of preferred shares	8,674	7,789
	213,335	247,401
Decrease in working capital	(53,023)	(24,093)
Working capital at beginning of year	437,279	461,372
Working capital at end of year	$384,256	$437,279

ABITIBI-PRICE INC.

Consolidated Balance Sheet

(thousands of dollars)	December 31 1983	1982 (note 3)
ASSETS		
Current assets		
Cash and short-term investments	$ 50,462	$ 68,290
Accounts receivable	260,081	234,754
Note receivable from newsprint joint venture	–	65,864
Inventories (note 7)	298,463	280,956
Prepaid expenses	7,751	6,054
	616,757	655,918
Fixed assets		
Properties, plant and equipment	1,512,565	1,383,384
Logging equipment and development	93,270	92,187
Timber limits and mineral and water power rights	32,999	32,636
	1,638,834	1,508,207
Less–accumulated depreciation and depletion	645,259	590,323
	993,575	917,884
Other assets		
Equity interests in joint ventures–		
Newsprint (note 4)	31,480	23,339
Mining	12,716	14,111
Unrealized loss on translation of long-term debt payable in U.S. funds (note 1(b))	27,425	23,900
Investments at cost, long-term receivables and other assets	18,465	20,224
	90,086	81,574
	$1,700,418	$1,655,376

The financial statements have been approved by the Board:

R. C. Hinkley

Director

B. L. Olsen

Director

	December 31 1983	1982 (note 3)
LIABILITIES		
Current liabilities		
Bank loans	$ 6,210	$ 7,795
Accounts payable and accrued liabilities	216,361	182,609
Income and other taxes payable	4,072	9,130
Dividends payable	1,229	8,716
Long-term debt due within one year (note 8)	4,629	10,389
	232,501	218,639
Long-term debt (note 8)	395,102	385,838
Deferred income taxes	191,762	187,625
Minority interest	19,529	19,511
SHAREHOLDERS' EQUITY		
Stated capital (note 9)		
Preferred Shares –		
Series A – 148,000 shares (1982 – 153,900 shares)	7,400	7,695
Series B – 480,000 shares (1982 – 512,687 shares)	24,000	25,634
Series C – 1,500,000 shares	75,000	75,000
Series D – 137,500 shares (1982 – 275,000 shares)	6,875	13,750
Series E – 22,790 shares (1982 – 23,160 shares)	570	579
Class A Shares	–	–
Common Shares – 20,733,315 shares (1982 – 20,723,285 shares)	105,161	105,060
Retained earnings	634,196	616,045
Deferred foreign currency translation gain (note 1(b))	8,322	–
	861,524	843,763
	$1,700,418	$1,655,376

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

The financial statements consolidate the accounts of Abitibi-Price Inc. and all companies in which it holds more than a 50% interest. Investments in joint ventures are included in the financial statements in accordance with the equity method of accounting.

(b) TRANSLATION OF FOREIGN CURRENCIES

The Company has adopted the new foreign currency translation recommendations issued by the Canadian Institute of Chartered Accountants in June 1983, which had no material effect on earnings.

The balance sheets of self-sustaining foreign subsidiaries and affiliates are translated to Canadian funds at year-end exchange rates and their earnings statements are translated at rates prevailing during the year. The resulting unrealized exchange gains or losses are deferred in the shareholders' equity section of the balance sheet.

Monetary assets and liabilities of domestic companies and integrated foreign subsidiaries which are denominated in foreign funds are translated to Canadian funds at year-end exchange rates, non-monetary assets are translated at historical rates, and transactions included in earnings are translated at rates prevailing during the year with the exception of depreciation which is translated at historical rates. Exchange gains or losses are included in earnings with the exception of the unrealized gain or loss on translation of long-term debt payable in U.S. funds which is deferred on the balance sheet and is hedged by an income stream denominated in U.S. funds.

(c) INVENTORIES

Inventories of finished products, work in process and materials and operating supplies are valued at the lower of average cost and net realizable value. Inventories of pulpwood and sawlogs are valued at average cost.

(d) FIXED ASSETS AND DEPRECIATION

Fixed assets are recorded at cost, which includes capitalized interest and preproduction and start-up costs (note 3). Grants under government programs relating to capital expenditures are credited to fixed assets as received.

Depreciation is provided at rates considered adequate to amortize the cost over the productive lives of the assets. The principal asset category is primary production equipment which is depreciated over 20 years on a straight-line basis. Timber limits are depleted on the units-of-production basis to the extent of amounts allowable for income tax purposes.

(e) PENSION COSTS

Current service pension costs are charged to earnings and funded as they accrue. Past service costs are charged to earnings and funded over periods not longer than those permitted by the various regulatory bodies.

(f) INCOME TAXES

Earnings are charged with income taxes relating to reported profits. Differences between such taxes and taxes currently payable, which result from timing differences between the recognition of income and expenses for accounting and for tax purposes, are reflected as deferred income taxes in the financial statements.

Investment tax credits are accounted for using the "flow-through" method which recognizes the tax benefit in the year in which the eligible capital expenditures are made.

2. SEGMENTED INFORMATION (millions of dollars)

BUSINESS SEGMENTS	Pulp and Paper		Building Products and Lumber		Mining and Exploration		Consolidated	
	1983	1982	**1983**	1982	**1983**	1982	**1983**	1982
Net sales	**$1,387**	$1,446	**$273**	$188			**$1,660**	$1,634
Operating profit (loss) before depreciation and depletion	**$ 119**	$ 207	**$ 27**	$ (2)	**$ (2)**	$ (5)	**$ 144**	$ 200
Depreciation and depletion	**(55)**	(56)	**(14)**	(14)	**–**	–	**(69)**	(70)
Operating profit (loss)	**$ 64**	$ 151	**$ 13**	$ (16)	**$ (2)**	$ (5)	**75**	130
Interest and other income							**27**	34
General corporate expenses							**(39)**	(45)
Interest expense							**(20)**	(27)
Income taxes							**(1)**	(22)
Minority interest							**(4)**	(6)
Earnings before extraordinary items							**$ 38**	$ 64
Identifiable assets	**$1,337**	$1,239	**$223**	$216	**$17**	$20	**$1,577**	$1,475
General corporate assets							**123**	180
Total assets							**$1,700**	$1,655
Additions to fixed assets	**$ 158**	$ 173	**$ 6**	$ 14	**$ 1**	$ 1	**$ 165**	$ 188

GEOGRAPHIC SEGMENTS	Canada		U.S.A.		Consolidated	
	1983	1982	**1983**	1982	**1983**	1982
Net sales	**$1,391**	$1,399	**$269**	$235	**$1,660**	$1,634
Operating profit	**$ 56**	$ 121	**$ 19**	$ 9	**$ 75**	$ 130
Identifiable assets	**$1,381**	$1,285	**$196**	$190	**$1,577**	$1,475
General corporate assets					**123**	180
Total assets					**$1,700**	$1,655

Notes: (1) Geographic segments reflect the location of the Company's production facilities.
(2) Canadian operations include sales to the U.S. market of $625 million (1982–$654 million) and other export sales of $146 million (1982–$198 million).

3. CHANGE IN ACCOUNTING FOR FIXED ASSETS

Preproduction and start-up costs relating to major capital additions, which were previously written off as incurred, are now included in the cost of fixed assets. This change recognizes that costs of this nature and related interest represent an inherent part of the investment required to bring capital additions to their intended operating condition.

As a result of this change, which has been adopted on a retroactive basis, net earnings for 1983 and 1982 have been increased by $14,532,000 and $2,929,000, respectively, and retained earnings at January 1, 1982 have been increased by $16,654,000 to give effect to the adjustments which relate to prior years.

4. NEWSPRINT JOINT VENTURE

The Company's 50% share of the earnings and net assets of the joint venture newsprint operation at Augusta, Georgia, is as follows:

	1983 ($000's)	1982 ($000's)
Revenue	**$ 38,647**	$ 36,075
Expenses	**36,730**	34,058
Earnings	**$ 1,917**	$ 2,017
Assets	**$193,646**	$118,489
Liabilities	**162,166**	95,150
Net assets	**$ 31,480**	$ 23,339

Liabilities include $152,168,000 (1982–$83,594,000) representing 50% of long-term borrowings, without recourse to the partners, which were arranged to finance the installation of a second newsprint machine and related facilities at the Augusta mill.

Under a marketing agreement, the joint venture's newsprint production is sold through a wholly-owned sales subsidiary of Abitibi-Price Inc.

5. INCOME TAXES

Income taxes of $705,000 in 1983 and $22,353,000 in 1982 represented 1.7% and 24.2%, respectively, of before-tax earnings. The low effective tax rates for both years, and the decline in the 1983 rate, were primarily due to the effect of benefits derived from investment tax credits and inventory allowances, which do not fluctuate with the level of earnings, as follows:

	1983		1982	
	$000's	%	$000's	%
Earnings before income taxes	**$42,381**		$92,320	
Income taxes before following	**$15,666**	**37.0%**	$40,526	43.9%
Less: Investment tax credits	**12,254**		15,081	
Inventory allowances	**2,707**		3,092	
Income taxes	**$ 705**	**1.7%**	$22,353	24.2%

6. EXTRAORDINARY ITEMS

	1983 ($000's)	1982 ($000's)
Gain on transfer of assets to newsprint joint venture, net of income taxes of $6,165,000	$ –	$ 7,885
Writedown of Jonquière kraft products mill to estimated realizable value, net of income taxes of $7,300,000	–	(10,500)
	$ –	$ (2,615)

7. INVENTORIES	1983 ($000's)	1982 ($000's)
Finished products and work in process	**$101,250**	$ 92,999
Pulpwood, sawlogs and expenditures on current logging operations	**131,683**	125,698
Materials and operating supplies	**65,530**	62,259
	$298,463	$280,956

8. LONG-TERM DEBT	1983 ($000's)	1982 ($000's)
Abitibi-Price Inc.:		
Sinking Fund Debentures (secured)–		
5¼% Series A, maturing 1985 (U.S. $5,975,000)	**$ 7,435**	$ 8,356
7¼% Series B, maturing 1987	**5,926**	6,421
9¾% Series D, maturing 1990	**8,227**	8,894
10½% Series E, maturing 1995	**35,275**	35,370
11% Series F, maturing 1995	**11,378**	11,776
11⅜% Series G, maturing 1995 (U.S. $48,000,000)	**59,731**	63,898
10.15% Series H, maturing 2000 (U.S. $135,000,000)	**167,994**	165,888
15¾% Debentures Series I, maturing 1991 (secured) (U.S. $50,000,000)	**62,220**	61,440
Abitibi-Price Finance Inc.:		
Floating Rate Revolving/Term Loan	**1**	1
Abitibi-Price Refinance Inc.:		
Floating Rate Cumulative/Term Loan (U.S. $4,500,000)	**5,600**	–
Abitibi-Price Corporation:		
7⅜% Instalment Notes, maturing 1988 (U.S. $7,000,000)	**8,711**	9,830
6½% Industrial Revenue Bonds, maturing 1992 (secured) (U.S. $2,983,000)	**3,712**	4,225
The Price Company Limited:		
6¾% Sinking Fund Debentures Series B, maturing 1987	**11,640**	12,309
Gaspesia Pulp and Paper Company Ltd.:		
5½% Sinking Fund Notes, maturing 1985 (U.S. $2,240,000)	**2,787**	4,116
6% Sinking Fund Notes, maturing 1986 (U.S. $1,280,000)	**1,593**	2,163
Floating Rate Revolving Loan (U.S. $4,952,000)	**6,162**	–
Sundry indebtedness	**1,339**	1,540
	399,731	396,227
Less: Amount due within one year	**4,629**	10,389
	$395,102	$385,838

Abitibi-Price Finance Inc. has entered into a loan agreement with certain banks which enables it to borrow on a revolving basis up to $100,000,000, or its U.S. equivalent, to December 31, 1984, with the balance of the loan outstanding at that date to be repaid over a term expiring not later than June 30, 1992. Also, Abitibi-Price Refinance Inc. has entered into a loan agreement with certain banks which enables it to borrow on a cumulative basis up to U.S. $70,000,000, or its Canadian equivalent, in order to enable Abitibi-Price Inc. to refinance certain sinking fund and other long-term debt repayment obligations during the period ending December 31, 1986, with the balance of the loan outstanding at that date to be repaid not later than December 31, 1993. Interest will be at rates approximating bank prime or bankers' acceptances for Canadian funds borrowings and at rates approximating U.S. base rate, U.S. bankers' acceptances or LIBOR for U.S. funds borrowings. To secure repayment of the loans, Abitibi-Price Inc. has issued and pledged a Series J Debenture (secured) in respect of the Abitibi-Price Finance Inc. loan and a Series K Debenture (secured) in respect of the Abitibi-Price Refinance Inc. loan.

Abitibi-Price Inc. has effectively guaranteed payment of outstanding long-term debt of Abitibi-Price Corporation amounting to U.S. $9,983,000 at December 31, 1983. As security for its guarantee of the 7⅞% Instalment Notes, Abitibi-Price Inc. has issued and pledged 7⅞% Series C Debentures (secured).

Gaspesia Pulp and Paper Company Ltd. has entered into a loan agreement with a bank which enables it to borrow on a revolving basis up to U.S. $25,000,000 to September 19, 1993, at which time any outstanding balance becomes due. Interest will be at rates approximating U.S. prime, U.S. bankers' acceptances or LIBOR.

Sinking fund and other long-term debt repayment obligations for the years 1985 to 1988 are estimated to be $4,060,000, $2,455,000, $31,638,000 and $21,729,000, respectively, after deducting amounts to be refinanced through Abitibi-Price Refinance Inc. The holders of the Series E Debentures have the right to elect prepayment on March 1, 1985.

During the year ended December 31, 1983, interest of $24,686,000 has been capitalized on major capital additions (1982–$19,261,000).

9. STATED CAPITAL

The Company is governed by the Canada Business Corporations Act and is authorized to issue an unlimited number of Preferred Shares, Common Shares and Class A Shares.

7½% CUMULATIVE REDEEMABLE PREFERRED SHARES SERIES A–

The Series A shares, which were issued at $50 per share, are redeemable at $51 per share. During 1983 5,900 shares with a book value of $295,000 were purchased at a cost of $219,000 and cancelled (1982–7,500 shares with a book value of $375,000 at a cost of $212,000).

10% CUMULATIVE REDEEMABLE PREFERRED SHARES SERIES B–

The Series B shares, which were issued at $50 per share, are required to be retired at the rate of 40,000 shares annually through the operation of a cumulative sinking fund by redemption at $50 per share and/or open market purchases. The shares are otherwise redeemable at $51.00 per share to and including June 15, 1984, at $50.50 per share to and including June 15, 1985 and at $50 per share thereafter. During 1983, 40,000 shares were retired in accordance with the sinking fund provisions, of which 7,313 shares had been purchased in 1982 at a cost of $311,000 and 32,687 shares were purchased in 1983 at a cost of $1,572,000 (1982–the sinking fund provisions were met by the purchase of 32,679 shares in 1981 at a cost of $1,467,000 and the purchase of 7,321 shares in 1982 at a cost of $262,000).

FLOATING RATE PREFERRED SHARES SERIES C–

The Series C shares, which were issued at $50 per share, are redeemable by the Company at $50 per share and they are retractable at the option of the holders at $50 per share on January 1, 1990. The shares provide for a dividend payable at a floating rate of one-half the average prime rate of the five largest Canadian chartered banks plus 1%, with a maximum dividend rate of 9% per annum.

PREFERRED SHARES SERIES D–

The Series D shares were issued at $50 per share. Under the terms of issue, 137,500 shares were redeemed at $50 per share on December 31, 1983 and 1982 and the remaining 137,500 shares are required to be redeemed at $50 per share on December 31, 1984. No dividend is payable in respect of these shares.

$2.17 CONVERTIBLE PREFERRED SHARES SERIES E–

The Series E shares, which were issued at $25 per share, are convertible into Common Shares at a conversion price of $27.50 per Common Share at any time on or before the earlier of March 1, 1986 and the business day preceding the date fixed for redemption and at a conversion price of $30 per Common Share at any time on or before the earlier of March 1, 1991 and the business day preceding the date fixed for redemption. The shares are not redeemable prior to March 1, 1984, but are redeemable thereafter, subject to certain conditions, at prices declining from $26.25 to $25 in 1991.

During 1983, shareholders exercised the conversion privilege with respect to 200 shares with a book value of $5,000 and received 181 Common Shares with a conversion value of $5,000 (1982–2,200 shares with a book value of $55,000 and received 1,997 Common Shares with a conversion value of $55,000).

The Company may purchase during any period of thirty consecutive days up to 5% of the shares issued and outstanding at the beginning of such period at prices not exceeding $25 per share. During 1983, 170 shares with a book value of $4,000 were purchased at a cost of $3,000 and cancelled (1982–4,150 shares with a book value of $104,000 at a cost of $74,000).

COMMON SHARES AND CLASS A SHARES–

	Number of Common Shares	$000's
Outstanding at December 31, 1982	20,723,285	$105,060
Issued–		
Under stock dividend elections by Common shareholders	4,575	96
Under the terms of the Key Employees' Stock Option Plan	5,274	–
On conversion of Preferred Shares Series E	181	5
Outstanding at December 31, 1983	20,733,315	$105,161

The directors are permitted to give Common shareholders the right to elect to receive all or part of any dividends in the form of stock dividends of either Common Shares or Class A Shares in lieu of cash dividends. Stock dividends payable in the form of Common Shares shall comprise the number of Common Shares which has a value, as determined by the board of directors, that is substantially equal to the cash dividend otherwise payable, with cash to be paid for any fractional share interest unless the board of directors shall otherwise determine. Stock dividends payable in the form of Class A Shares shall have a value per share equal to the cash dividend declared at the time and shall be redeemed by the Company within 15 days of issue.

Under elections made by Common shareholders relating to dividends paid during 1983, the Company issued 4,575 Common Shares with a value of $96,000 and Class A Shares with a value of $11,000. The Class A Shares were redeemed on issue.

10. PENSION PLANS

The Company and its subsidiaries maintain a number of pension plans, with most employees participating in contributory plans that provide pensions based on length of service and final average earnings.

Accumulated plan benefits and plan net assets were as follows at December 31, 1983:

	($000's)
Actuarial present value of accumulated plan benefits, based on current service and compensation levels–	
Vested	$364,300
Non-vested	44,600
	$408,900
Net assets available for benefits, at market value	$502,400

Actuarial reports received during the year, which were based on projections of employees' compensation levels to time of retirement, indicated that the present value of the unfunded obligation for pension benefits relating to past service was $68 million at the beginning of 1983. Current estimates indicate that this unfunded obligation decreased to approximately $45 million at December 31, 1983, largely as a result of favourable pension fund performance and Company contributions during the year. This balance is being funded and charged to earnings over a period not exceeding 15 years.

Auditors' Report

To the Shareholders of
Abitibi-Price Inc.:

We have examined the consolidated balance sheet of Abitibi-Price Inc. as at December 31, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Abitibi-Price Inc. as at December 31, 1983 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for fixed assets referred to in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Price Waterhouse

Chartered Accountants
Toronto, February 16, 1984

Five-year Financial Review

(thousands of dollars)	1983	1982	1981	1980	1979
Sales and earnings					
Net sales	**$1,660,180**	$1,634,262	$1,763,385	$1,364,695	$1,470,910
Mining income (loss)	**(729)**	(2,222)	(435)	18,401	25,275
Interest and other income	**27,216**	33,854	23,974	26,436	9,218
Depreciation and depletion	**68,602**	70,109	61,681	53,309	49,451
Exploration costs	**1,497**	2,690	4,583	3,947	2,406
Interest on long-term debt	**18,903**	25,253	28,155	25,753	19,933
Income taxes	**705**	22,353	87,244	51,868	80,521
Minority interest	**3,663**	6,065	7,788	4,753	5,706
Earnings before extraordinary items	**38,013**	63,902	123,405	94,265	118,791
Per common share	**$ 1.44**	$ 2.60	$ 5.56	$ 4.50	$ 5.87
Extraordinary items	**—**	(2,615)	12,269	18,018	33,642
Net earnings	**38,013**	61,287	135,674	112,283	152,433
Per common share	**$ 1.44**	$ 2.47	$ 6.16	$ 5.46	$ 7.67
Dividends declared					
Preferred shares	**$ 7,424**	$ 10,804	$ 9,975	$ 9,840	$ 9,147
Common shares	**12,438**(2)	31,078	33,098	30,065	28,039
Per common share	**$ .60**(2)	$ 1.50	$ 1.60	$ 1.60	$ 1.50
Additions to fixed assets	**$ 165,256**	$ 187,870	$ 206,960	$ 231,017	$ 153,482
Financial position					
Working capital	**$ 384,256**	$ 437,279	$ 461,372	$ 414,306	$ 339,121
Fixed assets, net	**993,575**	917,884	837,136	730,046	594,074
Long-term debt	**395,102**	385,838	388,851	360,660	237,726
Deferred income taxes	**191,762**	187,625	174,734	127,938	105,431
Minority interest	**19,529**	19,511	16,636	18,076	24,465
Preferred shares	**113,845**	122,658	130,799	139,920	142,999
Book value of common shares	**747,679**	721,105	701,499	560,391	486,990
Per common share	**$ 36.06**	$ 34.80	$ 33.87	$ 29.79	$ 26.04

Notes: (1) Figures for the years 1979 to 1982 have been restated as explained in Note 3 to the financial statements.
(2) Excludes the fourth quarterly dividend for 1983 of 20¢ per common share, which was declared and paid in January 1984.

Primary Production

(figures in thousands)		Newsprint* (tonnes)	Groundwood Papers (tonnes)	Fine Papers (tonnes)	Kraft Products (tonnes)	Hardboard (msf-equivalent)	Lumber (mfbm)
Effective capacity	**1983**	**1,937**	**333**	**127**	**207**	**1,127**	**248**
Production	**1983**	**1,513**	**321**	**114**	**173**	**1,113**	**181**
	1982	1,575	321	101	173	942	140
	1981	1,857	308	154	188	878	291
	1980	1,546	201	178	136	824	244
	1979	1,779	336	183	224	983	360

*Newsprint figures include the total production of the 50%-owned joint venture at Augusta, Georgia, and tonnage made available under an exclusive marketing agreement.

Directors

**Marcel Bélanger, O.C.
President
Gagnon et Bélanger Inc.
Quebec, Quebec

††*Thomas J. Bell, M.C.
Director
Toronto, Ontario

†Howard W. Blauvelt
Director
Charlottesville, Virginia

††*Edmund C. Bovey, C.M.
Director
Toronto, Ontario

†*Robert C. Gimlin
Chairman and
Chief Executive Officer
Abitibi-Price Inc.
Toronto, Ontario

Bernd K. Koken
President
and Chief Operating Officer
Abitibi-Price Inc.
Toronto, Ontario

†**C. Edward Medland
Chairman and
Chief Executive Officer
Wood Gundy Limited
Toronto, Ontario

††**Gilbert I. Newman
Senior Vice-President
Olympia & York
Developments Limited
Toronto, Ontario

†*Albert Reichmann
President
Olympia & York
Developments Limited
Toronto, Ontario

†*Paul Reichmann
Senior Executive Vice-
President and Secretary
Olympia & York
Developments Limited
Toronto, Ontario

Ralph Reichmann
Senior Vice-President
and Treasurer
Olympia & York
Developments Limited
Toronto, Ontario

**Francis J. Ryan, Q.C.
Partner
Stirling, Ryan
St. John's, Newfoundland

Kenneth R. Thomson
Chairman, President and
Chief Executive Officer
Thomson Newspapers
Limited
Toronto, Ontario

†*John A. Tory, Q.C.
President
The Thomson Corporation
Limited
Toronto, Ontario

**Paul-Gaston Tremblay, C.M.
President
Primo-Gestion Inc.
Chicoutimi, Quebec

David A. Ward, Q.C.
Partner
Davies, Ward & Beck
Toronto, Ontario

Honorary Director
General Lauris Norstad
D.S.M., Silver Star, C.B.E.

*Executive Committee
**Audit Committee
†Human Resources and
Compensation Committee
††Pension Fund Committee

The Board of Directors meets regularly in discharging its responsibilities to shareholders. In addition, there are four committees of the Board which meet separately to address specific activities in more detail.

The Executive Committee's principal responsibility is to act on behalf of the Board of Directors between regular Board meetings on matters that cannot be postponed until the Board can be assembled. These matters will usually have been addressed in advance by the Board, which will have provided direction to the Executive Committee.

The Audit Committee, composed of outside directors, meets with senior financial management and the auditors to review the financial statements and recommend their approval by the Board, and to monitor the effectiveness of internal audit and control procedures.

The Human Resources and Compensation Committee oversees compensation arrangements for officers and managers of the company and reviews the company's plans and activities in the development of key management personnel.

The Pension Fund Committee advises the Board with respect to all funding, administrative and policy matters relating to the company's pension plans.

Officers

Robert C. Gimlin
Chairman and
Chief Executive Officer

Bernd K. Koken
President and
Chief Operating Officer

Group Vice-Presidents

Charles F. Buckland

John G. Davis

K. Linn Macdonald

J. Ian McGibbon

Ronald Y. Oberlander

Senior Vice-President

T. Newman McLenaghen

Vice-Presidents

J. Fitzgerald Allison
Industrial Relations

William W. Hall
Marketing

P. Denis Hamel
Manufacturing (Region II)

William J. Johnston
Woodlands Operations

J. Gordon Maw
Treasurer

James A. McGregor
Mineral Resources

James B. Papoe
Manufacturing (Region I)

Donald C. Parker
Lumber

J. Kenneth Stevens
Finance

Michael D. Thompson
General Counsel and Secretary

William J. Urquhart
Engineering

H. Colin Warner
Controller

J. A. Warner Woodley
Personnel

Other Officers

Douglas J. Butler
Assistant Secretary

Bernard Conway
Assistant Treasurer

Robert A. Cook
Assistant Treasurer

Jean E. Gebbie
Assistant Secretary

Donald J. McMullan
Assistant Treasurer

Operating Subsidiaries and Principal Divisions

Abitibi-Price Corporation
Charles F. Buckland,
President

Abitibi-Price Lumber Sales
J. A. William Hatch,
General Manager

Abitibi-Price Sales Corporation
John G. Davis, Chairman

Canada Envelope
Robert M. Sleeth, President

Hilroy
Reginald A. Donaldson,
President

Inter City Papers Limited
Jeffrey Chipman, President

La Compagnie Price Limitée
P. Denis Hamel, President

Price Paperboard and
Pulp Limited
Durward B. Geffken, President

Provincial Papers
J. Raymond Langevin, President

Products, plants and sales offices

Products	Manufactured at	Sales companies and offices
Newsprint	Pine Falls, Man.; Thunder Bay (2 mills) and Iroquois Falls, Ont.; Alma and Chandler, Que.; Grand Falls and Stephenville, Nfld.; Augusta, GA	*Abitibi-Price Inc. Toronto, Ont.; Montreal, Que. *Abitibi-Price Sales Corporation New York, NY; Des Plaines, IL; Atlanta, GA; Detroit, MI; Dallas, TX *Abitibi-Price Sales Company Limited London, England
Groundwood Papers	Sault Ste. Marie, Ont. Beaupré and Jonquière, Que.	*Each of these companies sells both newsprint and groundwood papers.
Coated Printing Papers, Wallpaper Basestock and Specialty Papers	Thunder Bay and Georgetown, Ont.	Provincial Papers Toronto and Thunder Bay, Ont.; Montreal, Que.
School, Home and Office Supplies; Stationery, Commercial and Preschool Products	Toronto, Ont.; Vancouver, B.C.; Joliette, Que.	Hilroy Toronto, Ont.; Montreal, Que.; Vancouver, B.C.
Envelopes	Montreal, Que.; Toronto, Ont.; Winnipeg, Man.; Calgary, Alta.; Vancouver, B.C.	Canada Envelope Halifax, N.S.; Montreal, Que.; Toronto, Ottawa and London, Ont.; Winnipeg, Man.; Calgary and Edmonton, Alta.; Vancouver, B.C.
Wholesale Merchants:		
Printing Papers and Information Processing Supplies		Inter City Papers Limited Ottawa, Toronto and London, Ont.; Halifax, N.S.; Winnipeg, Man. Lauzier, Little Inc. Montreal and Quebec, Que. Azerty Buffalo, NY
Industrial Papers and Plastic Packaging; Allied Products and Services		Inter City Papers Limited Price Wilson and Plastic Packaging Divisions Moncton, N.B.; Quebec and Montreal, Que.; Ottawa, Toronto and London, Ont.; Winnipeg, Man.; Calgary and Edmonton, Alta.; Vancouver and Victoria, B.C. Lawrence Newfoundland Division St. John's, Nfld.
Grocery Bags, Sacks, Paper Towels and Folding Cartons	Lachute, Que.	Price Wilson Inc. Montreal, Que.
Kraft Pulp	Smooth Rock Falls, Ont.	Abitibi-Price Inc. Toronto, Ont.; Montreal, Que.
Hardboard	Alpena, MI	Abitibi-Price Corporation Troy, MI
Woodgrain and Decorative Hardboard	Toledo, OH	
Hardboard Siding	Roaring River, NC	
Prefinished Plastic Mouldings	Middlebury, IN	
Lumber	Smooth Rock Falls and White River, Ont.; Falardeau and L'Ascension, Que.	Abitibi-Price Inc. Toronto, Ont.
Waferboard, Treated Wood Products and Treating Services		

Head office
Abitibi-Price Inc.
Toronto-Dominion Centre
Toronto, Canada M5K 1B3

Annual general meeting
The annual meeting of shareholders of Abitibi-Price Inc. will be held in the Upper Canada Room, Royal York Hotel, 100 Front Street West, Toronto, Canada, on Monday, April 16, 1984 at 10:00 a.m.

Common share information
Common shares of the company are listed on the Montreal, Toronto and Vancouver stock exchanges.

Valuation Day (December 22, 1971) share prices:

Common	$ 7.25
7½% Cumulative redeemable preferred, Series A	$49.50

The company has a dividend option plan under which shareholders may choose to receive their dividends in cash, common shares of the company or Class A shares of the company.

Transfer agents and registrars
Montreal Trust Company
Toronto, Montreal, Vancouver, Calgary, Regina, Winnipeg and Halifax, Canada

National Bank of Detroit
Detroit, U.S.A.

Auditors
Price Waterhouse
Toronto, Canada

Printed in Canada on papers manufactured by Provincial Papers

Cover: Kromekote*CCIS 10pt
Text: Jenson Gloss–160M

*Kromekote is a registered trademark owned by Champion International Corporation

ABITIBI-PRICE

People
in Pursuit
of Excellence