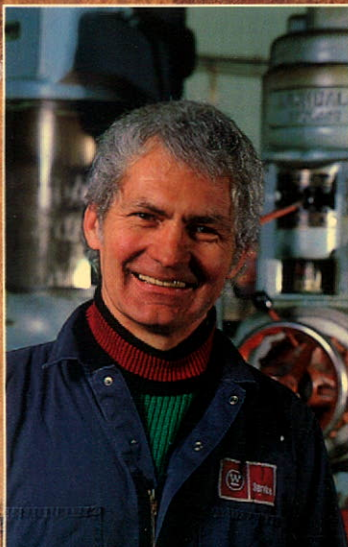




WESTINGHOUSE
CANADA INC.
ANNUAL REVIEW 1987



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RESIDENT'S REPORT

Westinghouse Canada achieved record sales in 1987, helped by Canada's strong domestic economy, and improved export conditions, particularly for data communications and turbine products. Export sales were the second highest in our history, with over 47% of production being shipped to more than 100 countries.

During the year, we made substantial progress in restructuring our operations and diversifying into new markets. For example, Transelectrix Technology Inc., the joint venture through which we now serve the power transformer market, completed a highly successful first year and entered the new year with a good backlog of orders. Also, WESCO — Westinghouse Sales & Distribution Inc., which has been restructured as a wholly-owned subsidiary of Westinghouse Canada — had its best year ever, and embarked on a national expansion program designed to broaden its market coverage.

The task of restructuring to make the company less reliant on mature businesses and markets is costly and ongoing. It will also take time to achieve the full benefits of this process, but we are committed to seeing it through.

The Company has achieved success in several new ventures, ranging from automation technology and waste management to specialized electronic products for commercial and defence applications. As we expand into other high-tech, high-growth markets, we will continue to diversify our capabilities.

Access to export markets is a vital aspect of our growth strategies. The proposed free trade agreement between Canada and the United States will not only enhance our trade with that country, but will also lead to increased export opportunities worldwide.

However, to be a successful global competitor, we must constantly strive to improve our standards of quality, delivery and costs through improved productivity.

Westinghouse employees across Canada are responding to this challenge by adopting a corporate culture based on new approaches to management and employee involvement. As part of this process, responsibility for innovation and quality rests increasingly with the people in our plants and offices, and with sales and service specialists in the field. We are learning to make better use of our human resources by broadening the skills and flexibility of our employees, and by encouraging them to take a greater role in managing their own efforts.



We have also made a strong commitment to Employment Equity, assuring an environment in which women and minorities have fair and equal access to job opportunities. As we hire, train and promote the best people for the job, it will improve the quality of worklife for all employees and help provide customers with better products and services.

It is the commitment of our employees to Total Quality and Customer Satisfaction that serves as the basis for our current and future success. These twin values form the foundation for the strategies which will make Westinghouse Canada a major player in world markets in the years to come.

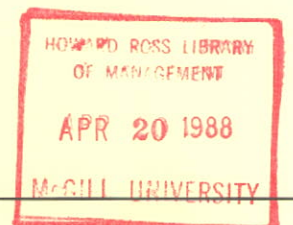


Edward B. Priestner,
President & Chief Executive Officer



FINANCIAL PERFORMANCE

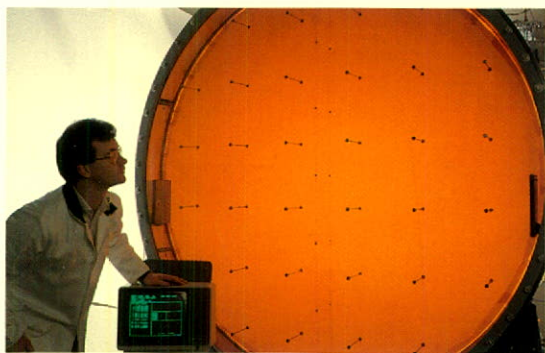
(in thousands of dollars)	1987	1986
Domestic Sales	\$ 591,798	\$ 525,487
Export Sales*	204,852	163,029
Total Sales	\$ 796,650	\$ 688,516
Operating Income	\$ 20,321	\$ 21,789
Orders Booked (but uncompleted at year end)	\$ 319,317	\$ 296,134
Expenditures for Plant and Equipment	\$ 17,964	\$ 15,694
Export Sales as a percent of manufactured product*	47.1%	38.4%



UTILITY MARKET

During 1987, Westinghouse Canada enjoyed generally improved markets for electrical utility products both in Canada and abroad, where Westinghouse technology is used in virtually every aspect of electrical generation, transmission, distribution and control.

A major development of 1987 was the rationalization of power transformer production in Canada. This was achieved through the creation of Transelectrix Technology Inc., a Westinghouse Canada subsidiary. TTI has plants in Guelph and Hamilton, Ontario and is now the country's leading manufacturer of power transformers.



Westinghouse technician monitors test apparatus used to simulate heat distribution in a nuclear reactor moderator system.



Replacing stator coils in electrical generators is a specialty of Westinghouse field service personnel.

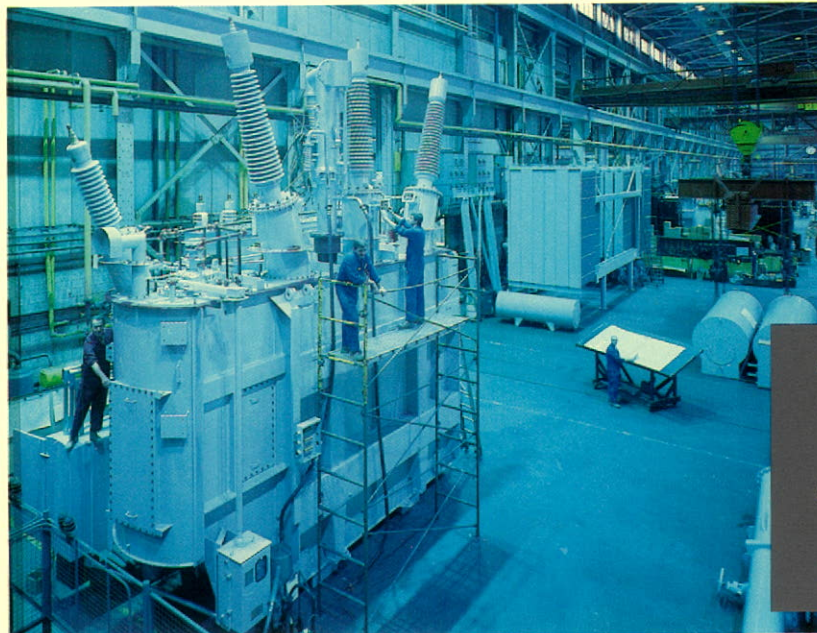
Whether the need is for highly accurate watthour meters or giant power transformers, Westinghouse Canada has the expertise to design and build virtually any electrical product required by utilities in Canada and around the world.



Other important moves to improve the level of service and quality assurance to our utility customers included the opening of new facilities for manufacturing meters and capacitors in Quebec City, Quebec and the installation of computerized test facilities for distribution transformers.

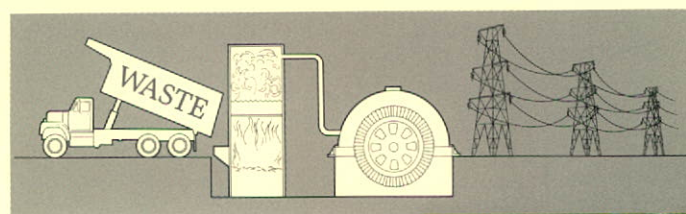
Service support to the utility market was further increased by expanding the field service workforce, and by opening a Centre of Excellence in Burlington, Ontario to install and service power transformers.

A growing trend across North America toward 'waste-to-energy' electrical generating plants and co-generation projects, resulted in increased demand for our gas and steam turbine products.

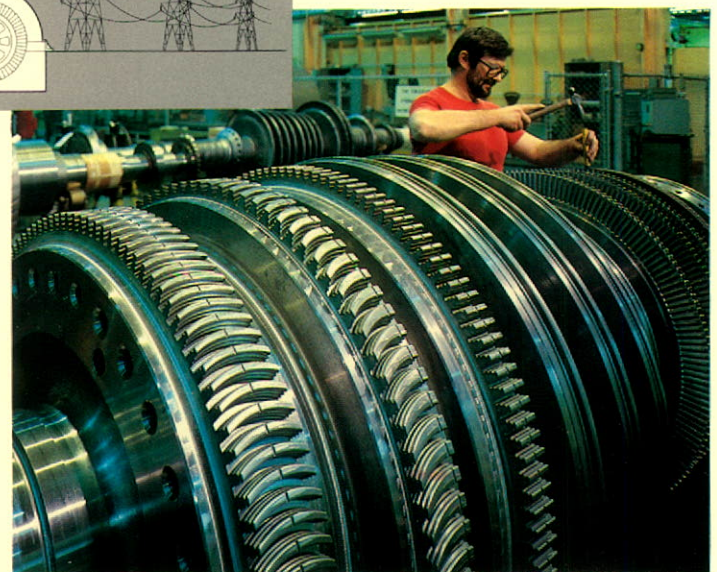


Large power transformers in production at Transelectrix Technology Inc.'s world-class manufacturing facilities in Guelph, Ontario. TTI is a subsidiary of Westinghouse Canada.

TTI
TRANSELECTRIX
TECHNOLOGY INC.



Gas and steam turbines built by Westinghouse are sold worldwide. A growing number are used in municipal 'waste-to-energy' systems and joint utility-industry co-generation projects.



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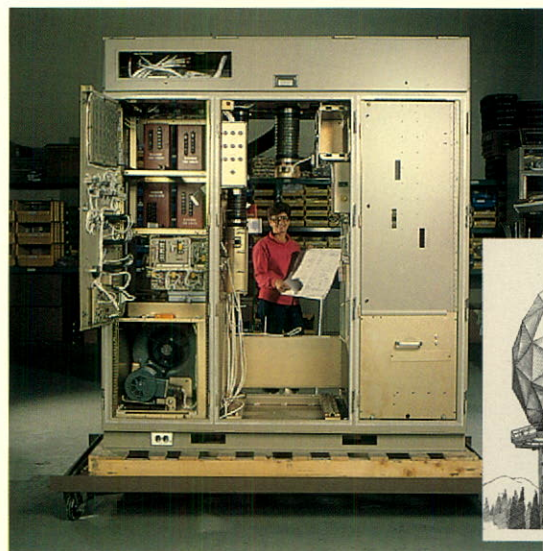
MCGILL UNIVERSITY

D

EFENCE MARKET

Westinghouse Canada has long been a supplier of sophisticated defence products to NATO and other western bloc countries. Today, the focus is on such technologies as airfield lighting control systems, ground-based radar, shallow and deep-water sonar, electronic surveillance devices for spotting unfriendly radar, and logistics support systems.

The year 1987 was highlighted by large scale production of ground-based radar transmitters for both military and commercial applications, for use by the Federal Aviation Authority in the United States. The transmitters form part of a highly sophisticated air traffic control system which, for the



The advanced design of this ground-based radar transmitter will make it easier for air traffic controllers to monitor both weather and flight activity.

'Deep water' sonar built by Westinghouse Canada is now in service with the Belgian, Dutch, Greek and Canadian navies. It is typically used on frigates, destroyers and corvettes.



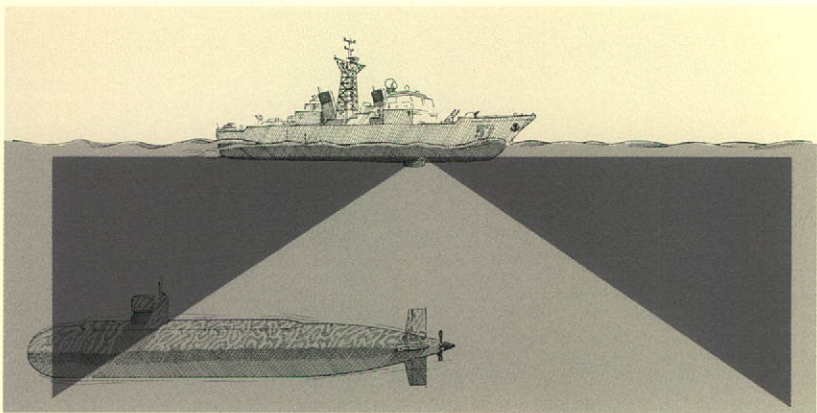
first time, enables controllers to view six altitude levels of weather and aircraft simultaneously on a single screen.

The Company's extensive experience in defence production has evolved into a diverse range of technical skills which position Westinghouse Canada as a major participant in current programs to strengthen Canada's armed forces. This experience ranges from capabilities for designing original equipment to serving as subcontractor for systems purchased offshore.

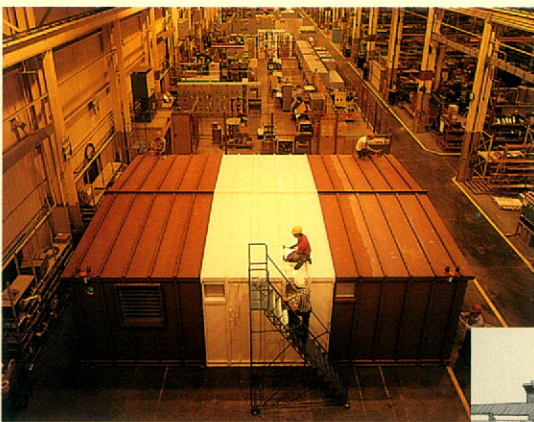
Our expertise in defence electronics has also led to a number of important commercial spin-offs, including our highly successful data communications technology.



New frigates now under construction for the Canadian navy will be equipped with sonar systems built by Westinghouse Canada. Over the past 40 years, the Company has been an important supplier of defence equipment to Canada and its allies.



Westinghouse 'shallow water' sonar is designed for small patrol craft primarily for use in coastal surveillance.



Transportable Westinghouse power centres contain constant current regulators which adjust the brightness of airfield lighting to accommodate changing visibility conditions.



C

ONSTRUCTION MARKET

Residential and commercial construction markets were fairly buoyant in most parts of Canada during 1987, resulting in a strong demand for Westinghouse products and services.

The year also marked the beginning of a new era for WESCO-Westinghouse Sales and Distribution Inc., which was restructured as a wholly-owned subsidiary of Westinghouse Canada. This new status enhances WESCO's ability to expand its facilities in order to better meet customer needs for a broad range of products and services.

Taking advantage of this new flexibility, WESCO has moved quickly to extend its market coverage, especially among small and medium-sized electrical contractors. For example, eight new sales



New sales and distribution centre in Cambridge, Ontario is one of several new locations opened by WESCO during the past year. WESCO branches across Canada provide a complete range of products and services to meet the needs of electrical contractors serving the construction field.



branches were opened in strategic locations across the country, part of an ongoing expansion program that will significantly strengthen WESCO's participation in the electrical distribution business.

WESCO is supporting this growth strategy with a new, on-line order management system designed to provide faster, more comprehensive service to customers. The new system will provide each branch with up-to-the-minute data on pricing and stock availability as well as streamline all aspects of order processing, purchasing and inventory management.

Substantial progress was also achieved during the past year in restructuring the Company's manufacturing and marketing activities for construction-related products to ensure a faster response to the needs of the marketplace.



WESCO sales specialists make sure customers get the products they need, on time and at the right price. WESCO's range of services to the construction market also includes fault protection studies and equipment testing and startup.

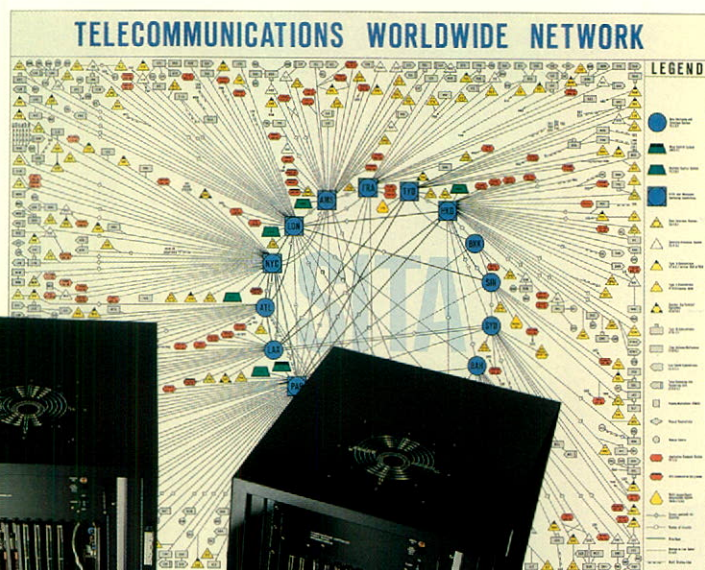
A new on-line, order management system now being installed by WESCO provides busy customers with up-to-the-minute information on pricing and stock availability. The new system will improve all aspects of service to customers from generating quotations, to entering and updating orders, to issuing invoices.

A

IR TRAVEL MARKET

Westinghouse Canada is a leading worldwide supplier of data communications equipment used in airline passenger reservation systems. This equipment is manufactured at the Company's operations in Burlington, Ontario with subsidiary operations in Dublin, Ireland.

Information display terminals designed by Westinghouse Canada are widely used by travel agencies and by over 60 airlines around the world. The Company has recently developed a new generation of interactive workstations to maintain its leadership position in this specialized and increasingly competitive field.



Computer wizardry locked in these communications controllers serves as a 'protocol interpreter' enabling airlines around the world to communicate with each other.

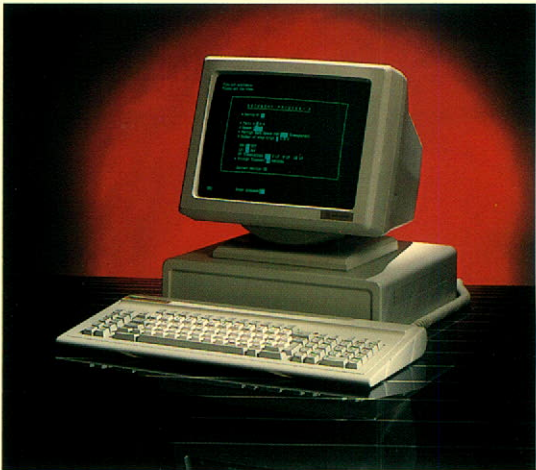


State-of-the-art radar transmitters now in production at the Burlington, Ontario plant are slated for use at over 100 major airports across the United States.



Communications controllers developed by Westinghouse Canada allow communications between different makes of equipment and represent a major technological advance which has gained rapid international acceptance. Westinghouse controllers are now used in communications centres around the world, enabling over 300 airlines in 170 countries to communicate with each other regarding passenger reservations and other flight information.

Ground-based radar transmitters are another important product supplied to the air travel market. A major order is currently in production for the Federal Aviation Authority in the United States. These units will be installed in state-of-the-art air traffic control systems at major airports and military bases.



The latest generation of Westinghouse information display terminals are powerful interactive workstations designed to help travel agencies and airlines keep pace with the growth in air travel.

Data communications technology developed by Westinghouse Canada is used worldwide to schedule flight reservations for millions of air travellers daily.

I NDUSTRIAL MARKET

The Company's strategy of diversifying into high-tech, high-growth markets has resulted in a growing number of new products and services for industry.

Some notable examples include:

- ☐ Hand-held optical sensors for colour-testing of plastics, paints and foods;
- ☐ microprocessor-based transformer controls for anti-pollution systems; and
- ☐ factory-automation systems utilizing advanced programmable logic controllers.

With the emergence of automation systems as an important growth business, the Company has established a new high-tech sales force to market this specialized technology across the country.

New distribution centre in Stoney Creek, Ontario supplies renewal parts to the Company's rapidly expanding service and repair operations across Canada.



Westinghouse expertise in handling PCB's and other hazardous materials is in growing demand by industries across Canada.

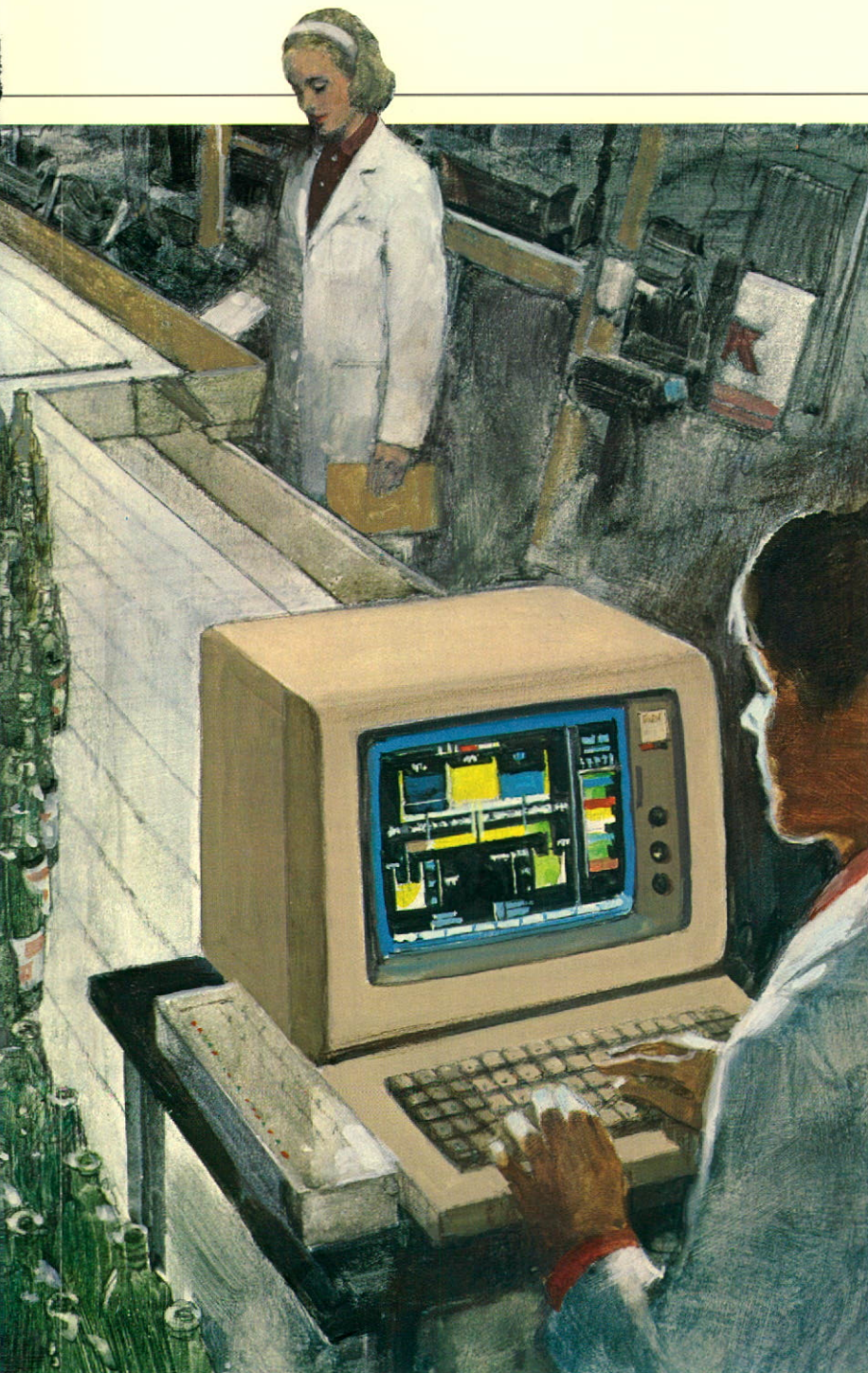


Automation systems engineered by Westinghouse Canada play a vital role in many industries ranging from plastics and food processing to petrochemicals and waste treatment. Westinghouse programmable logic controllers provide the computing power to harness even the most complex industrial processes.

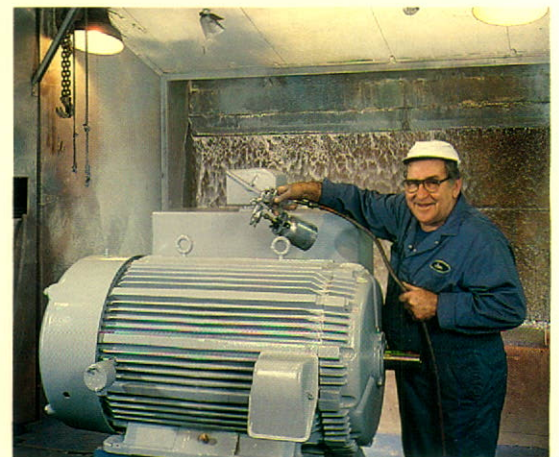


The Company has also broadened its product base with advanced switchgear products, programmable motor controls, and a new line of molded-case circuit breakers which is the first of its kind to meet all major electrical standards worldwide.

1987 was a banner year for the Services Division which has developed the first Quality Assurance program in the service industry. This program involved restructuring the Company's nationwide repair and maintenance operations to meet the stringent standards established by the internationally-based Quality Management Institute. QMI accreditation has improved our competitive position dramatically, and has sparked a major expansion of field service capabilities across the country.



One of the Company's newest technologies, the Colormet spectrophotometer is used to test colour in plastics, paints, foods and various other substances.



A final coat of paint adds the finishing touch to another high efficiency motor built in Hamilton. Westinghouse Canada manufactures motors ranging from 1 to 15,000 horsepower.

**BOARD OF
DIRECTORS***

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Industrial Group
Westinghouse Electric
Corporation
Pittsburgh,
Pennsylvania

W.A. Coates
Executive Vice President
Technology, Quality and
Operations Services
Westinghouse Electric
Corporation
Pittsburgh,
Pennsylvania

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Retired Chairman and
Chief Executive Officer
Hiram Walker
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Q.C.**
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Renault
Barristers and Solicitors
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General Manager
Power Systems Business
Unit
Westinghouse Electric
Corporation
Monroeville,
Pennsylvania

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President and Chief
Executive Officer
Westinghouse Canada
Inc.
Hamilton, Ontario

L.R. Wilson
President and Chief
Executive Officer
Redpath Industries
Limited
Toronto, Ontario

D.T. Wright
President
University of Waterloo
Waterloo, Ontario

J.B. Yasinsky
Executive Vice President
International
Westinghouse Electric
Corporation
Pittsburgh,
Pennsylvania

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President and
Chief Executive Officer

^{1,2} **N.A. Bryson**
Vice President/
General Manager
Transformer, Nuclear
Products & Motor
Division

N.F. Budgen
President
Westinghouse Sales and
Distribution Inc.

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I.B. Gillmore
Vice President
Manitoba-Saskatchewan
District

¹ **G.D. Graham**
Assistant Secretary

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Vice President
Secretary and
General Counsel

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Vice President
Quality & Strategic
Resources

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Vice President/
General Manager
Sales and Services
Division

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Assistant Secretary

L.W. Morgan
Vice President
Utility Sales Division

¹ **J.C. Owen**
Corporate Controller

R.A. Plouffe
Vice President
Quebec District

T.J. Ramoino
General Manager
Turbine & Generator
Division

J.A. Reid
Vice President
British Columbia
District

^{1,2} **O.C. Shewfelt**
Vice President
Finance and
Administration

^{1,2} **E.A. Taylor**
Vice President
Human Resources

^{1,2} **D.G. Whiteside**
Vice President/
General Manager
Information & Defence
Technologies Division

¹ Officers

² Management Committee

*Above listings as of March 1, 1988

LOCATIONS

Manufacturing Plants

Québec

Québec
Saint-Jean-sur-Richelieu

Ontario

Alliston
Burlington
Guelph
Hamilton
London
Mississauga
Mount Forest
Perth
Renfrew
Toronto

Alberta

Airdrie
Calgary

British Columbia

Richmond

Wescan Europe Limited

Dublin, Ireland

Service Centres

Newfoundland

St. John's

Nova Scotia

Dartmouth
Sydney

New Brunswick

Campbellton
Moncton
Saint John

Québec

Baie-Comeau
Chicoutimi
Laval
Sainte-Foy
Saint-Laurent
Trois-Rivières

Ontario

Burlington
Etobicoke
Hamilton
Kingston
Kitchener
London
Oakville
Oshawa
Ottawa
Sarnia

St. Catharines
Sudbury
Swastika
Thunder Bay
Windsor

Manitoba

Winnipeg

Saskatchewan

Regina
Saskatoon

Alberta

Calgary
Edmonton
Fort McMurray

British Columbia

Nanaimo
Prince George
Richmond
Victoria

Elevator Department

Québec, Qué.
Montréal, Qué.
Toronto, Ont.
Hamilton, Ont.
Kitchener, Ont.
London, Ont.
Ottawa, Ont.
Peterborough, Ont.
Calgary, Alta.
Edmonton, Alta.
Vancouver, B.C.

Sales Offices

WESCO - Westinghouse
Sales and Distribution
Inc.

Newfoundland

St. John's

Nova Scotia

Halifax

New Brunswick

Moncton
Saint John

Québec

Chicoutimi
Lachine
Laval
Rimouski
Sainte-Foy
Saint-Hubert
Sept-Îles

Ontario

Cambridge
Don Mills
Hamilton
Kitchener
Ottawa
Richmond Hill
Sarnia
Sudbury
Thunder Bay
Windsor

Manitoba

Brandon
Winnipeg

Saskatchewan

Prince Albert
Regina
Saskatoon

Alberta

Calgary
Edmonton
Red Deer

British Columbia

Abbotsford
Burnaby
Kamloops
Kelowna
Nanaimo
Port Coquitlam
Prince George
Richmond
Surrey
Trail
Vancouver
Victoria

Turbine Sales

Calgary, Alta.
London, England

Utility Sales

Fredericton, N.B.
Montréal, Qué.
Hamilton, Ont.
Toronto, Ont.
Winnipeg, Man.
Calgary, Alta.
Edmonton, Alta.
Vancouver, B.C.

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un exemplaire français
de ce rapport, veuillez
écrire au :
Secrétaire
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Inc.
C.P. 510, Hamilton
(Ontario) L8N 3K2



You can be sure . . .
if it's Westinghouse