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The Southam Company Limited was incorporated under the Companies Act of Canada by Letters Patent dated December 7, 1927, and commenced business on January 1, 1928. Since May 1945 the shares of the company have been listed on the Montreal, Toronto and Vancouver stock exchanges. Stock Transfer Agent, The Royal Trust Company. Stock Registrar, The Bankers' Trust Company.

The year's results at a glance

Consolidated, with comparative figures for 1962

	1963	1962
Earnings		
Gross revenues	\$44,550,917	\$43,350,442
Gross expenses	35,221,081	33,764,538
Depreciation	1,071,732	989,843
Income taxes	3,710,000	3,823,000
Net earnings	4,548,104	4,773,061
Net earnings per share	1.52	1.59
Dividends paid	3,450,000	2,550,000
Dividends paid per share	1.15	.85
Balance sheet		
Working capital	\$ 4,465,414	\$ 5,804,582
Investments	8,715,344	9,030,472
Fixed assets (net)	10,236,014	8,994,230
Funded debt	3,186,000	3,945,000
Income tax reductions applicable to future years	135,000	—
Shareholders' equity	20,095,772	19,884,284
Statistics		
Advertising linage—newspapers	117,210,399	118,576,663
Advertising pages—magazines	10,353	8,900
Daily newspaper circulation—December	506,253	495,184
Total number of employees	2,813	2,781
Total salaries, wages and employee benefits	\$16,032,127	\$15,414,236
Common share price range	\$ 36 ³ / ₈ —29	\$ 34 ¹ / ₂ —25

Consolidated revenue from operations increased by 2.9 percent and from investments by 5.0 percent. Expenditures for all purposes increased by 4.4 percent. Net earnings, including profits on capital account, at \$4,548,000 were 4.7 percent under 1962, which was a record year.

Working capital now stands at \$4,465,000, an amount we believe to be adequate for foreseeable requirements.

At the year-end our combined daily circulation had risen to 506,000—up 2.2 percent from 1962. Because of circulation rate increases at some divisions circulation revenue was up 3.3 percent.

Newspaper advertising revenue also increased in 1963. The gain—2.3 percent—came from higher rates made possible by our growing circulation.

The company's share of the cost of all employee benefits in 1963 was \$1,009,000.

The Southam Company Limited

Head Office

321 Bloor Street East, Toronto, Ontario

Newspaper divisions

The Ottawa Citizen
The North Bay Nugget
The Hamilton Spectator
The Winnipeg Tribune
The Medicine Hat News
The Edmonton Journal
The Calgary Herald
The Vancouver Province (*Published for Pacific Press Limited*)

News service bureaux

Ottawa, 136 Sparks Street
England, 43 Fleet Street, London EC4
U.S.A., 1149 National Press Building, Washington

Newspaper advertising offices

Montreal, 1070 Bleury Street
Toronto, 88 University Avenue
England, 43 Fleet Street, London EC4
U.S.A., Cresmer, Woodward, O'Mara and Ormsbee, Inc., New York, Detroit, Chicago, Atlanta, Los Angeles and San Francisco

Consumer magazine division

Canadian Homes Magazine, Toronto, Ontario

Wholly owned subsidiaries

The Southam Printing Company Limited
Montreal, Toronto, Vancouver
Province Press Holdings Limited
A non-operating subsidiary connected with the financing of our interest in Pacific Press Limited
Southam Business Publications Limited
Don Mills, Ontario

Associated company

Pacific Press Limited (*50 percent owned*)—Vancouver

Southam Business publications

Agricultural Chemicals in Canada
Architecture-Batiment-Construction
Automatic Heating, Plumbing, Air Conditioning
Canadian Architect, The
Canadian Chemical Processing
Canadian Consulting Engineer
Canadian Farm Equipment Dealer
Canadian Forest Industries
Canadian Gas Journal
Canadian Metalworking/Machine Production
Canadian Milling & Feed
Canadian Municipal Utilities
Canadian Petro Engineering
Canadian Plastics
Canadian Transportation
Canadian Wood Products Industries
Electrical Equipment News
Electrical News and Engineering
Electronics & Communications
Engineering & Contract Record
Equipement Industriel
Executive
Furniture & Furnishings
Genie Construction
Good Farming Quarterly
Hospital Administration in Canada
Industrial Digest
L'Entrepreneur en Plomberie et Chauffage
Office Administration
Packaging Progress
Product Design & Engineering
Restaurants and Institutions
Shoe & Leather Journal
Southam MacLean Building Guide
Supermarket Methods
The Financial Times
and 12 annual publications

Directors and officers

The Southam Company Limited

- †Philip S. Fisher, CBE, chairman
- †St. Clair Balfour, president
- †W. W. Southam, vice-president
- †R. W. Southam, vice-president, publisher, The Ottawa Citizen
- *F. S. Auger, vice-president, publisher, The Vancouver Province
- *Gordon T. Southam, Vancouver
- †Britton B. Osler, QC, Toronto
- †J. Grant Glassco, OBE, FCA, Toronto
- †George L. Crawford, QC, Calgary
- *T. E. Nichols, vice-president, publisher, The Hamilton Spectator
- *W. Culver Riley, OBE, Winnipeg
- *James A. Daly, Toronto
- †Basil Dean, vice-president, publisher, The Edmonton Journal
- *J. Jacques Pigott, Toronto
- *G. H. Southam, Ottawa
- Ross Munro, OBE, vice-president, publisher, The Winnipeg Tribune
- F. G. Swanson, vice-president, publisher, The Calgary Herald
- J. F. Grainger, vice-president, publisher, The North Bay Nugget
- F. G. McGuinness, vice-president, publisher, The Medicine Hat News
- J. S. Ward, vice-president, marketing
- B. H. Shelley, CA, secretary-treasurer

The Southam Printing Company Limited

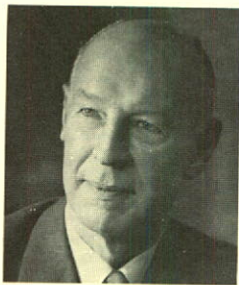
- *Philip S. Fisher, CBE, chairman
- *St. Clair Balfour, president
- *E. M. Pritchard, vice-president and managing director
- *F. M. Southam, vice-president and secretary
- *J. Grant Glassco, OBE, FCA, Toronto
- *Britton B. Osler, QC, Toronto
- *W. W. Southam, Toronto
- *Guy S. Fisher, vice-president, Montreal division
- Frank Robins, general manager, The Nicholson Printing Company
- D. G. Scott, FCA, treasurer and assistant secretary

Southam Business Publications Limited

- *St. Clair Balfour, chairman
- *James A. Daly, president
- *L. R. Kingsland, executive vice-president
- *Philip S. Fisher, CBE, Montreal
- *Britton B. Osler, QC, Toronto
- *W. W. Southam, Toronto
- E. V. Manser, vice-president
- Samuel S. Moore, vice-president
- J. E. Uberig, treasurer and assistant secretary

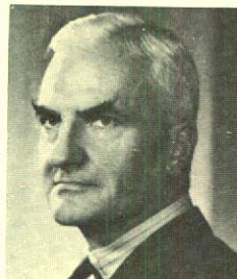
Directors and officers

The Southam
Company Limited



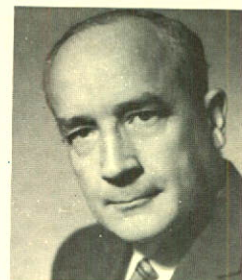
Philip S. Fisher, CBE
Elected director 1928.

Born Montreal, 1896. BA (McGill). Joined The Southam Company 1924 as assistant to the president. Elected president 1945; chairman of the board 1961. Served in World War I with RNAS and RAF. Past President, Canadian Daily Newspaper Publishers Association; past chairman, Executive Council, Canadian Chamber of Commerce; honorary president, The Canadian Welfare Council.



St. Clair Balfour
Elected director 1953.

Born Hamilton, 1910. BA (Toronto). Joined The Hamilton Spectator 1931; publisher 1951; vice-president and managing director 1954; president 1961. Served in RCNVR 1940-1945. Vice-president, Canadian Press. Director, Canadian Daily Newspaper Publishers Association, American Newspaper Publishers Association; governor, McMaster University.



W. W. Southam, P.Eng.
Elected director 1950.

Born Hamilton, 1908. BSc (McGill). Joined The Vancouver Province 1930; transferred to head office as executive assistant 1945; vice-president 1954. Member, Engineering Institute of Canada, Association of Professional Engineers of Ontario; director, American Newspaper Publishers Association Research Institute Incorporated.



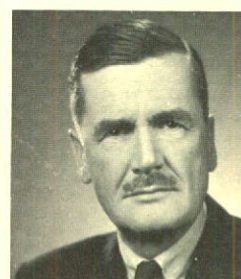
J. Grant Glassco, OBE, FCA
Elected director 1958.

Born Los Angeles, 1905. Chartered Accountant 1927. Partner, Clarkson, Gordon & Co. 1935-1957; executive vice-president, Brazilian Traction Light and Power Co. Limited 1957, president 1963. Trustee, Hospital for Sick Children; governor, Ridley College; chairman, Royal Commission on Government Organization 1960-1963. Director of a number of Canadian companies.



George L. Crawford, QC
Elected director 1959.

Born Edmonton, 1915. Called to Alberta Bar in 1939. Served with RCNVR 1940-45. Partner law firm, Arnold & Crawford. President and director of Grouped Income Shares Limited, director of Western Minerals and First Oil and Gas Fund Limited and other companies. Member of The National Council of YMCA.



Thomas E. Nichols
Elected director 1960.

Born Winnipeg, 1907. BA (Mount Allison). Joined The Winnipeg Tribune 1928; transferred to The Vancouver Province 1930; The Hamilton Spectator in 1934. Served in RCNVR 1940-1945. Publisher, The Hamilton Spectator 1955. Chairman, Canadian Section, Commonwealth Press Union; director, Canadian Press, Canadian Daily Newspaper Publishers Association; governor, McMaster University; governor, Art Gallery of Hamilton.



G. Hamilton Southam
Elected director 1964.

Born Ottawa, 1916. BA (Toronto). Served with Canadian Army 1940-1945. Joined The Times of London 1945; The Ottawa Citizen 1946. Joined Department of External Affairs 1948; Secretary of Legation, Stockholm, 1949-1953; Chargé d'Affaires and Ambassador, Warsaw, 1959-1962; Founding president of National Gallery Association, 1958; and of National Capital Arts Alliance, 1963.



John F. Grainger

Born North Bay, 1915. With mechanical departments, The North Bay Nugget and The Sudbury Star 1929-1938. Returned to The North Bay Nugget 1939 in printing and advertising; publisher 1941; president, North Bay Publishing Company Limited 1948; vice-president and publisher on acquisition by The Southam Company Limited. Former member North Bay City Council.



Fred G. McGuinness

Born Brandon, 1921. Educated at United College, Winnipeg, and the University of Manitoba. Enlisted in RCNVR in 1939. Executive director, Saskatchewan Golden Jubilee committee 1952-1955. Joined The Medicine Hat News 1956 as assistant to publisher; vice-president and publisher 1958. Past-president Medicine Hat Chamber of Commerce.



R. W. Southam

Elected director 1954.

Born Ottawa, 1914. BA (Queen's), MS (Columbia). Joined The Ottawa Citizen 1937; managing editor 1946; assistant publisher 1950; publisher 1953. Served with Royal Canadian Navy 1940-1945. Director and past-president, Canadian Daily Newspaper Publishers Association. Trustee, Queen's University; member of corporation, Bishop's University.



Fred S. Auger

Elected director 1954.

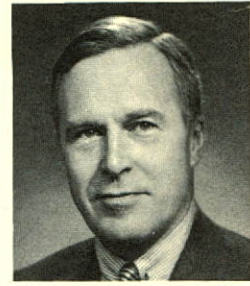
Born Calgary, 1907. Joined The Southam Company Limited as publisher of The Winnipeg Tribune in 1951. Previously director of advertising, Procter & Gamble. Appointed publisher of The Vancouver Province 1959. Director, Vancouver Art Gallery, B.C. Waterfowl Society, Boys Clubs of Vancouver; International Trustee of Ducks Unlimited.



Gordon T. Southam

Elected director 1955.

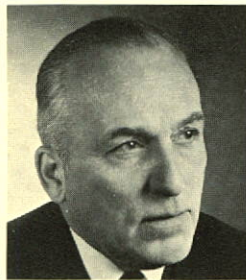
Born Ottawa, 1910. Joined The Ottawa Citizen 1930. Moved to The Vancouver Province 1936. Served with Royal Canadian Navy 1940-1945. President, Pioneer Envelopes Limited 1955; director, MacMillan, Bloedel and Powell River Limited and B.C. Packers Limited. President, G. F. Strong Rehabilitation Centre.



Britton B. Osler, QC

Elected director 1956.

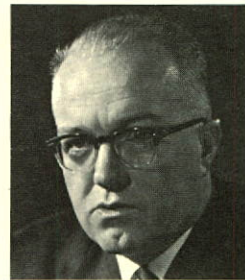
Born Ottawa, 1904. Graduate RMC of Canada. Partner law firm, Blake, Cassels & Graydon since 1933. Served in Canadian army 1940-1946. Member, board of governors, St. John's Convalescent Hospital; vice-president of Ridley College. Director of a number of Canadian companies.



W. C. Riley, OBE

Elected director 1960.

Born Winnipeg, 1907. Chairman, Canadian Indemnity Company; United Canadian Shares Limited. Served in Canadian Army 1940-1945. Member, board of trustees, Winnipeg General Hospital; past chairman, Community Chest. Director of a number of Canadian companies.



J. A. Daly

Elected director 1961.

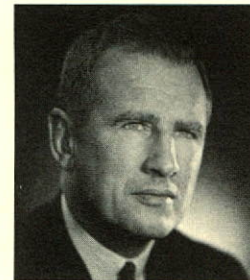
Born Toronto, 1913. Joined Hugh C. MacLean Publications as associate editor in 1941. Successively editor, general manager, president and managing director 1955 and continued in this position when company acquired by The Southam Company in 1961. Past president and director of The Business Newspapers Association, Business Paper Editors Association and Periodical Press Association.



Basil Dean

Elected director 1962.

Born Newbury, England, 1915. Diploma for journalism, University of London, 1936. Came to Canada 1938 as reporter on The Hamilton Spectator. Served in RCAF 1941-1945. Southam London bureau 1945; associate editor, The Calgary Herald 1949; publisher 1955; publisher The Edmonton Journal 1962. Past-president, Calgary Chamber of Commerce; director, Alberta and Northwest Chamber of Mines and Resources.



J. Jacques Pigott, P.Eng.

Elected director 1962.

Born Detroit, Mich., 1916. Graduated in engineering University of Toronto 1940. Served with RCNVR 1940-1945. Joined Pigott Construction Company Limited in 1946, becoming executive vice-president of that company in 1956. Director of a number of Canadian companies.



Ross Munro, OBE

Born Ottawa, 1913. BA (Toronto). Staff writer Canadian Press 1936-1948, CP war correspondent overseas 1940-1945. Joined Southam in Ottawa news bureau 1948; assistant to the publisher, The Vancouver Province 1951; editor 1955; assistant publisher and editor-in-chief 1957; publisher, The Winnipeg Tribune 1959. Director, Manitoba Heart Foundation.



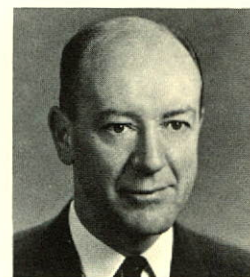
Frank G. Swanson

Born Edmonton, 1917. BA (Alberta), MSC (Columbia). Joined The Edmonton Journal 1938. Served in World War II 1940-1945. Southam London bureau 1945; Ottawa Citizen Press Gallery correspondent 1948, associate editor 1956, editor 1960; assistant publisher, The Calgary Herald 1961; publisher 1962. Director, Calgary Symphony Orchestra; associate director, Calgary Exhibition and Stampede.



John S. Ward

Born Toronto, 1919. Educated public schools and University of Saskatchewan, Saskatoon. RCAF 1940-1946. MacLaren Advertising Company Limited, 1946. Joined Toronto advertising service department of Southam Newspapers 1948; assistant advertising manager, The Edmonton Journal 1950; advertising director 1951; transferred to head office as vice-president, marketing 1960.



B. H. Shelley, CA

Born Manchester, England, 1917. Served in RAF 1939-1945. McDonald, Currie & Co., Toronto 1947, Brazilian Traction Light & Power Company Limited, Sao Paulo, Brazil 1950. Joined Southam 1957 as assistant secretary-treasurer; appointed secretary-treasurer same year.

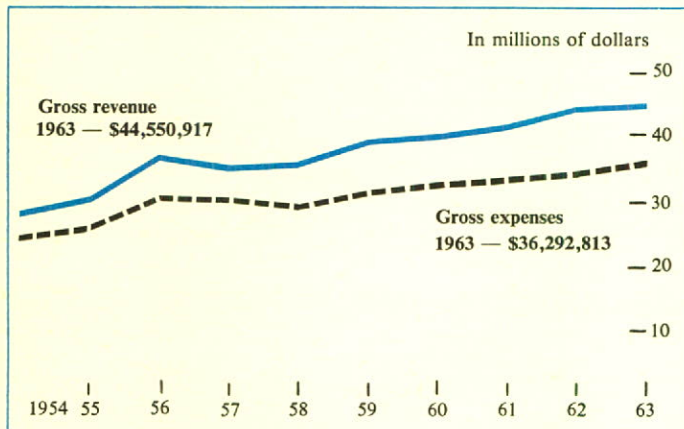
Directors' report to the shareholders

Your directors have pleasure in submitting the 37th annual report of the company for the year ended December 31, 1963.

Generally speaking 1963 was a satisfactory year. The demand for our chief products and services—newspapers, magazines and the advertising that appears in them, as well as the output of our commercial printing plants—continued to expand. The advertising market, from which we receive the major portion of our revenue, became increasingly competitive but during the fourth quarter our operations showed a material improvement.

Earnings

Consolidated revenue from operations increased by 2.9 percent and from investments by 5.0 percent. Expenditures for all purposes increased by 4.4 percent. Net earnings, including profits on capital account, at \$4,548,000 were 4.7 percent under 1962, which was a record year. Earnings per share of \$1.52 compare with \$1.59 the previous year.

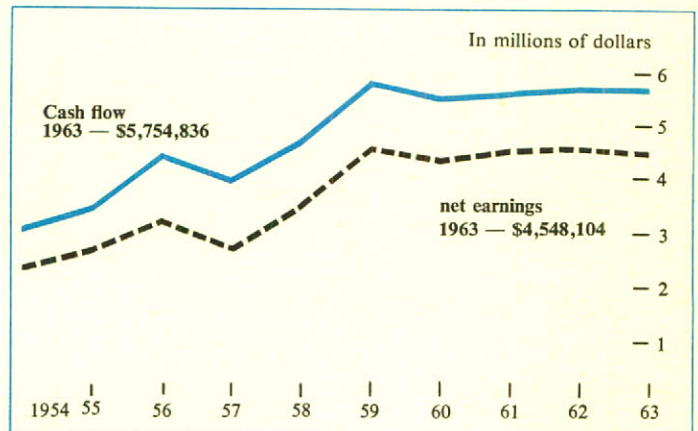


These profits were achieved in the face of a further substantial increase in expenditures to improve the editorial quality and the standard of printing of our publications and the continuing cost of developing *The Financial Times* and *Canadian Homes Magazine*, both of which made progress during the year.

This year, to take advantage of certain new provisions in the income tax act, we have changed the basis on which we have written depreciation. This is explained in note 1 on the consolidated statement of earnings appearing on page 19.

Dividends and retained earnings

In December, the company paid a stock dividend of 15 cents per share. This was in addition to the regular annual cash dividends totalling \$1.00 per share. Total dividend payments in

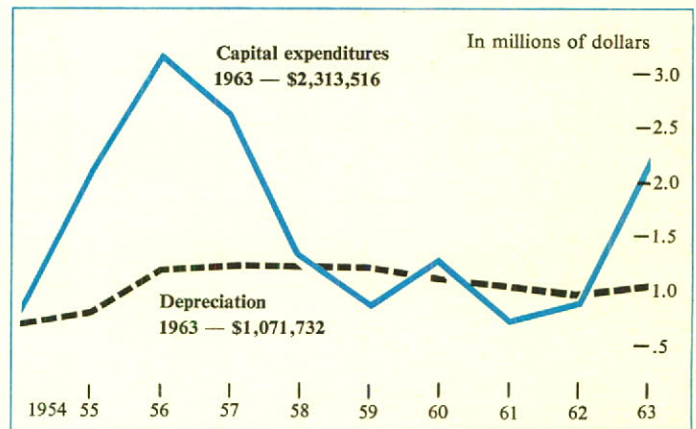


the year amounted to \$3,450,000, an increase from \$2,550,000 in 1962.

During the year an amount of \$887,000 was written off against retained earnings. This represented the excess of the cost over book value of net tangible assets of newly acquired publications.

Capital transactions

An amount of \$2,314,000 was spent on additions and improvements to our production facilities. This compares with \$897,000 so expended in 1962. The new mechanical building now under construction for *The Calgary Herald* and an addition to the office building of *The Hamilton Spectator* accounted for the major part of this expenditure, although varying amounts were spent to improve the facilities at every one of our operating divisions.



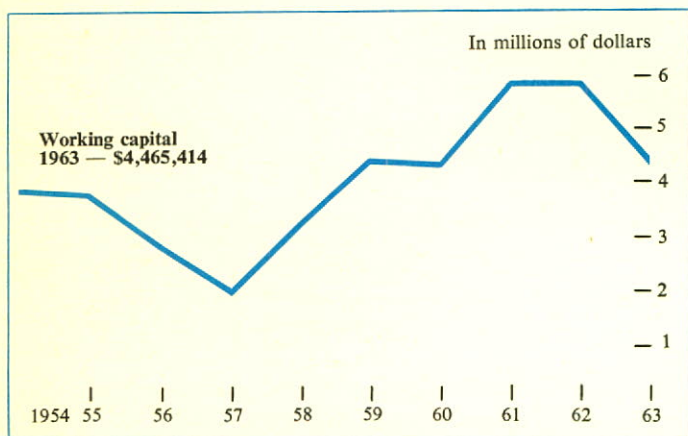
The company continued to purchase for redemption its five percent Perpetual Redeemable Debentures whenever the offering price was favorable. The principal amount of these de-

ventures redeemed in 1963 was \$259,000. In addition a repayment of \$500,000 on the six percent Serial Debentures brought the total reduction in long-term debt to \$759,000.

During the year our magazine subsidiary bought several trade publications. At the year-end it acquired Age Publishing Company Limited at a cost of \$792,000, including title to 14 additional publications.

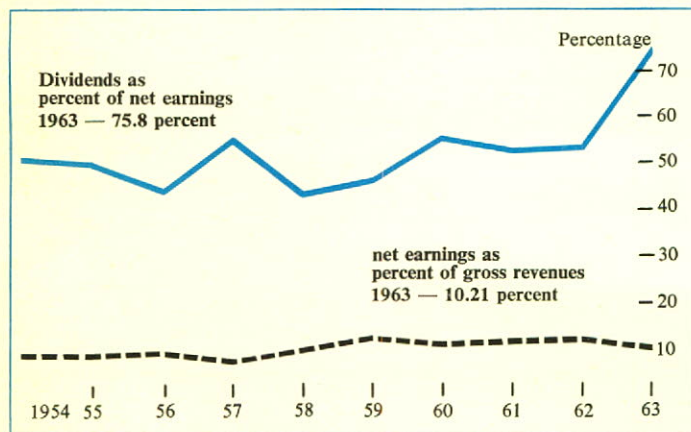
Working capital

The aggregate cost of the foregoing transactions as well as other miscellaneous investments was \$7,409,000. This exceeded funds made available by operations, resulting in a net reduction in working capital of \$1,339,000. This now stands at \$4,465,000, an amount we believe to be adequate for foreseeable requirements.



Daily newspapers

The company's daily newspaper operations continue to be the backbone of our business. At the year-end our combined daily circulation had risen to 506,000—up 2.2 percent from



1962. Because of circulation rate increases at some divisions circulation revenue was up 3.3 percent.

Newspaper advertising revenue also increased in 1963. The gain—2.3 percent—came from higher rates related to circulation growth. Advertising linage actually dropped 1.2 percent, this apparently being the result of some hesitancy on the part of the retail advertisers in the earlier part of the year and of increased competition among media for the national advertising dollar.

The Southam Printing Company Limited

Operated as a wholly-owned subsidiary, our commercial printing business realized substantially increased earnings during the year. The company's three plants in Montreal, Toronto and Vancouver employ a total of 429 people. In 1963 the Toronto plant completed a modernization program that makes its bindery and finishing department one of the best in the industry. New equipment is presently on order for all three plants to improve further the quality of service and product.

Southam Business Publications Limited

This subsidiary was formerly known as Southam-MacLean Publications Limited. In addition to 48 business publications, the company owns and operates trade shows in the furniture, forest industries and chemical fields. The Canadian Furniture Mart is the largest annual trade show held in Canada.

Total revenues of the company were at record levels. We continued our program of improving editorial quality which involved a substantial increase in operating costs.

As mentioned earlier our magazine operations were expanded during the year. The major item was the acquisition of Age Publishing Company Limited in December. L. R. Kingsland, president of Age, has been appointed executive vice-president and elected a director of Southam Business Publications Limited.

After the year-end additional magazines were acquired from The Monetary Times Publications Limited when that company ceased operations in February.

Community and employee relations

Following long established practice, the company supported many philanthropic activities in the communities in which we operate. Cash contributions totalled \$241,000 and further substantial support was given through newspaper publicity and printing. Of this amount, \$25,000 went to the University of Toronto to cover the cost of the Southam fellowships in

journalism. These fellowships are available on a selective basis to Canadians in all branches of journalism.

Our relations with our employees have continued on a happy basis. The contributions made to the success of the company by its executive and general personnel can hardly be over-rated. In recognition of this, the directors voted a special extra contribution of \$195,000 in 1963 to the pension fund. The total of such special contributions since the inception of the plan in 1946 is \$1,080,000. During the year the company paid out a further \$183,000 in pensions to employees who had not qualified for the plan by reason of age or whose share had not accumulated to an adequate amount.

The company's share of the cost of all employee benefits in 1963 was \$1,009,000.

Retirement fund statement

(not included in company accounts)

Balance January 1, 1963	\$ 8,776,770	
Contributions during the year:		
Employees (including extra contributions of \$80,453)	\$481,236	
Company (including special appropriation of \$194,610).	<u>536,301</u>	1,017,537
Net income of fund		<u>431,336</u>
		10,225,643
Payment for annuities and refunds on death before retirement.		258,966
Balance December 31, 1963	<u>\$ 9,966,677</u>	

Funds not invested in government annuities are administered by the trustee, The Royal Trust Company.

Directors and officers

In November, we suffered a heavy loss by the death in an automobile accident of The Honorable D. K. MacTavish, OBE, QC. His keen interest, wise judgment and breadth of vision were of the greatest value to the company. His warm personality and unfailing courtesy endeared him to all his associates.

The vacancy on the board was filled by the election of G. Hamilton Southam of Ottawa, a son of the late Wilson M. Southam, one of the founders of the company.

Canadian ownership

The ownership of Canadian daily newspapers has recently become the subject of some public discussion. The Prime Minister has stated that the government has been approached

by several publishers who expressed their concern at the possibility that important Canadian newspapers might fall into foreign hands. While it is generally agreed that foreign ownership of any medium of mass communications would be undesirable, there is disagreement within the industry as to whether legislative action is required to prevent it. Your directors believe this is an urgent matter bearing on Canada's future as an independent nation. We consider that the potential danger to our nation, if no action is taken, is greater than the danger inherent in government legislation in this instance.

Southam Press Limited

Your attention is directed to the notice enclosed herewith of a Special General Meeting of shareholders to be held immediately preceding the annual meeting. As indicated this meeting will consider a recommendation of the directors to change the company's name to Southam Press Limited. We believe that the addition of the word "Press", clarifying as it does the specific area of the company's activities, will be helpful. At the same time the change gives formal recognition to a name by which the company has become quite well known.

Propects for the future

Labor costs—our largest category of expense—will continue to be a problem in 1964. To offset this we are working constantly for increased productivity in manufacturing. This will require a continuing investment in modern equipment.


The cost of developing new publications, which had a significant effect on our 1963 results, should bear less heavily on earnings in 1964.

Over all, we believe the economy of the country is increasing in strength and vigor. We expect retail trade, to which advertising revenues are closely tied, to show further gains. The printed media have a firmly established position which will parallel closely the growth of Canada. While competition for the advertising dollar will remain strong, nevertheless, there has been an improvement in our operating results in recent months. This we think will continue.

Submitted on behalf of the board.



Chairman



President

Carleton	
Lloyd Francis (L)	21,332
*Richard A. Bell (PC)	30,692
Lewis Hanley (NDP)	3,130
Harry Splett (SC)	669
East Ottawa	
*Jean T. Richard (L)	11,508
Yves Pariseau (Ind. L)	6,541
Rex Le Lacheur (PC)	3,009
Ruth Townshend (NDP)	1,415
Roger Boulanger (SC)	906
Larry Bertelieu (Ind. PC)	340
West Ottawa	
*George McIlraith (L)	17,985
Don Houston (PC)	9,710
Brian Buggins (NDP)	1,412
Fred Richardson (SC)	914
Russell	
*Paul Tuffill (L)	23,675
Joe Poirier (PC)	14,605
Harold Wilson (NDP)	3,139
Leo Cote (SC)	2,926
Hall	
*Alexis Caron (L)	19,314
Marcel Clement (SC)	13,588
Jules Barriere (PC)	2,915
Claude Morissette (NDP)	890
Gatineau	
*Dr. Rodolphe Ledar (L)	11,428
Conrad Beaudoin (SC)	6,442
Ton Van Dusen (PC)	5,795
Roy LaBerge (NDP)	1,125
Glenagarry-Preacott	
*Walter Ethier (L)	9,717
Marcel Gelineau (PC)	5,551
Roland Cholette (SC)	2,768
Raymond Brassau (Ind. L)	1,221
Peter Schneider (NDP)	388
Greenville-Dundas	
*Jean Casselman (L)	16,163
John Palmer (L)	6,848
Raymond S. Libby (NDP)	370
Labbell	
Gerrard Grouard (SC)	6,941
*Gaston Clermont (L)	6,543
Gérard Vermette (PC)	2,839
Ronald Masse (NDP)	906
Lanark	
*George Doucett (PC)	10,444
Arthur Stewart (L)	6,803
James Griffith (NDP)	866
Oscar Ventres (SC)	337
Leeds	
*John Matheson (L)	11,929
Mrs. F. MacOdrum (PC)	9,887
Renfrew North	
*James M. Forgie (L)	11,057
E. M. Fraser (PC)	8,978
Rev. Knox Brubacher (SC)	1,696
Wilfred Charbonneau (NDP)	925
Renfrew South	
*Joseph Greene (L)	8,598
James Baskin (PC)	8,149
Leonard Welk (SC)	393
Ernest Brighshaw (NDP)	316
Stormont	
*Lucien Lamoureux (L)	13,854
John Aiguire (PC)	9,863
L. R. Bolduc (SC)	846
William Elger (NDP)	796
Pontiac-Temiscamingue	
*Paul Martineau (PC)	6,649
Paul-Olivier Goulet (L)	6,537
Yvon Beaudin (SC)	3,373
Lorne Calderwood (NDP)	358
*Member of the last House	

Minority govt. again?

Pearson wins—PM awaits services' vote

Loyal Prairies rescue Tories



Prime Minister Diefenbaker: 'At this moment no party has a majority of seats in the next Parliament. That being so, no decision can be made as to the course that ought to be followed'

Cabinet meeting due on Thursday

PRINCE ALBERT, Sask. (CP)—Prime Minister Diefenbaker intends to leave here by plane tomorrow morning for Ottawa and to hold a cabinet meeting Thursday morning, added said today.

He said the prime minister started working on the telephone about 8 a.m. (CST) and had been consulting various cabinet colleagues. He also was receiving a number of other calls concerning final results in yesterday's general election.

There were also some other matters to be dealt with from the private railway car in which he was travelling.

SEAT GAINS BY PARTIES

By the Canadian Press

With four of 265 seats undecided and 22 unchanged, following is the list of the 40 party gains:

Lib from PC 23
Lib from SC 5
Lib from NDP 2
PC from Lib 4
PC from NDP 1
SC from Lib 2
NDP from PC 1

Voting map in color for record

For election results of a plebiscite, in color, riding by riding, see page 10. For province, see The Citizen map on pages 10 and 11.

On the opposite sides of these pages are carried stories and photos of the election, as well as detailed results from ridings across Canada. The low-poll section can be pulled out of the paper and used for home reference.

Party standings by provinces

Party	Total	NDP	PEI	NS	NB	Que	Ont	Man	Sask	Alta	BC	NWYT
Lib	157	0	2	6	4	9	38	10	17	14	4	2
PC	127	7	2	4	6	47	51	2	0	0	0	0
SC	24	0	0	0	0	0	20	0	0	0	0	0
NDP	17	0	0	0	0	0	2	0	0	0	0	0
Doubtful	2	0	0	0	0	0	0	0	0	0	0	0
Total	365	7	4	12	10	76	85	14	17	17	22	2

By Charles Lynch
Southern News Service

The Prairies, staunchly loyal to John Diefenbaker, denied Lester Pearson and his Liberals a majority victory in Monday's general election and landed the country with its second successive Parliament of minorities.

It appeared the nation would have to wait several days for Prime Minister Diefenbaker's decision on whether he would resign as prime minister, or choose to stay on and face the new Parliament, gambling that neither of the splinter parties would seek to depose him in a confidence vote.

The decision is his alone to make — but the most likely course appeared to be that once the armed services vote is in, he will make way for a Liberal government headed by Mr. Pearson.

Six more cabinet ministers lost

Against his tremendous show of strength on the Prairies, Mr. Diefenbaker would have to weigh his setbacks in other parts of the country, coming on the heels of the losses the Tories suffered at the polls last year.

From a cabinet whose ranks were badly riddled in the last year, he lost six more ministers, including his principal lieutenant, Howard Green, who suffered personal defeat in the riding of Vancouver Quays. External Affairs Minister Green was the principal architect of Mr. Diefenbaker's anti-nuclear policy, which led to the February cabinet crisis and precipitated the election.

Other cabinet ministers defeated were Postmaster-General Elton Fairclough, Defense Production Minister Raymond O'Brien, Immigration Minister Richard A. Bell, Forestry Minister Martial Asselin and Minister without Portfolio Frank McGeer.

The latest standings:

	1963	1962	1958	1957
Lib	127	100	0	107
PC	96	116	206	113
NDP	24	30	0	19
NDP (CPR)	1	119	6	25
Ind.	0	0	0	2
Doubtful	1	0	0	0
Total	265	265	265	265

Big splash for Canada

NEW YORK (CP)—New York Times newspaper with the exception of the Daily News today devoted their top lines to Liberal leader Lester B. Pearson's victory in the Canadian general election.

The Daily News, a tabloid with the largest circulation in the United States, gave a top page to the academy award winners.

The New York Mirror, look up half its front page with the headline "Pearson Wins in Canada" and devoted a column to the election story itself.

The Herald Tribune, under a headline "A pro-U.S. vote in Canada," printed more than two columns on the election and ran a profile on Pearson—a man with "the quiet approach."

The New York Times under the heading "Pearson's Party Wins Plurality in Canada's Vote" published more than three columns of election news.

"Swing From Die!"

LONDON (Reuters)—London's evening newspapers today carried the results of the Canadian election with banner front-page headlines.

The Evening Standard, "Swing From Die!"

Red China comments

TOKYO (AP)—Communist China said today that regardless of the results of the Canadian election, "the contradictions between the United States and Canada could not be resolved, nor can the anti-U.S. sentiment of the Canadian people be suppressed."



'Liberal leader Pearson: "It is clear that the Conservative government of Mr. Diefenbaker has suffered its second drastic defeat in a year... The only party which can secure that majority when the service vote is counted is the Liberal party."

Francis leads way

By Greg Connolly
Ottawa Post

A sweeping Liberal trend has placed 71 of 11 Ottawa and district constituencies in the grip of the Liberal party, that has seen the defeat of Citizenship and Immigration Minister R. A. Bell.

An amazing upsurge in support for the Liberal party was the first time historic Carleton constituency has voted other than Conservative since 1967.

Liberal strength mounted in Ottawa South for another gain from the Conservatives as GRI candidate John J. Green knocked off Tory incumbent James Baskin by some 300 votes.

Mr. Bell's downfall came as a devastating shock to the Conservative party which had considered Carleton a safe constituency. He was one of six ministers in the Diefenbaker administration that were rejected by the electorate.

Mr. Bell attributed the loss to the Civil Service vote gaining ground in the area. He referred guardedly to certain CF matters being decisive in some 300 votes.

WASHINGTON (AP)—The United States and Britain made public today an agreement under which Britain will buy U.S. Polaris missiles in such quantities as it requires to equip an under-sea nuclear striking force.

The agreement was signed here Saturday by Secretary of State Dean Rusk and Ambassador Sir David Cromdy Gore. It was made public concurrently with its presentation to parliament by the British government.

Francis' winning hand

Mr. Francis may also form part of a Liberal administration, perhaps as a parliamentary secretary. He will resign from Board of Control, (See 'Liberals' page 10, col. 1)

U.K. Polaris deal signed

WASHINGTON (AP)—The United States and Britain made public today an agreement under which Britain will buy U.S. Polaris missiles in such quantities as it requires to equip an under-sea nuclear striking force.

Soviet meet

LONDON (Reuters)—The full Central Committee of the Soviet Communist party will meet in plenary session May 23. Tass News Agency announced today.

On the inside



Clow sent for trial

BROCKVILLE (Special)—Mrs. Delores Clow, 44, of Prescott, was committed for trial today on a charge of first-degree murder of the late Mrs. M. J. Brockville, Brockville, Ontario.

Magnate George Jermy continued bail at \$10,000. The trial will probably take place at Supreme Court sessions here next October. Mrs. Clow was next of kin of the money in the years 1959 to Oct. 16, 1962, while she was employed as an accountant by the car firm.

Magnate George Jermy said he was satisfied that the crown had produced sufficient evidence to warrant committing Mrs. Clow to trial.

Mostly cloudy and cool today. Cloudy and cool Wednesday. Low tonight and high Wednesday 23 and 41. Details on page 1.

Faithful reporting of news is of paramount importance to the publishing of daily newspapers which continues to be the backbone of our business. We strive to produce good newspapers in content and

appearance. We believe this is the foundation for long-term profitability. The careful selection and training of staff is emphasized throughout the company so that our newspapers will continue to improve.

TORONTO

Report Cabinet Revolt

OTTAWA (UPI) — A group of dissident cabinet ministers, seeking to avert a general election on the U.S.-triggered nuclear defense issue, moved today to force the resignation of Prime Minister John Diefenbaker.

Authoritative sources said at least six ministers would ask the 17-year-old Canadian leader to step down — ostensibly on "health" grounds — before a scheduled showdown vote in the House of Commons later in the day.

With all three opposition parties pledged in wide non-confidence in the minority Liberal administration, the government's defeat, followed quickly by dissolution of Parliament and general election, seemed certain under present circumstances.

But high-placed informants said the 30-member Social Credit group, whose support could save the government, offered to bring its votes behind the administration in tonight's test provided Diefenbaker stepped down.

THE SOURCE identified Justice Minister Donald Fleming as the key figure in the cabinet revolt, brought partially into the open yesterday by the resignation of Defence Minister Douglas Harkness.

Others said to be in on the Diefenbaker "must" go plot were Trade Minister George Hees, Minister without Portfolio Wallace McLutcheon, Finance Minister George Nowlan, Transport Minister Hugh John Fleming, Revenue Minister Hugh Balcer, Revenue Minister Hugh John Fleming.

It was learned authoritatively that Nowlan would take over the government if Diefenbaker resigned.

The cabinet group, it was learned, met most of the morning in Hees' back office. Diefenbaker emerged from the meeting at one point, but refused comment other than to confirm the presence of "some" other ministers inside.

"YOU'D BETTER ask Mr. Hees about it," Balcer told UPI shortly after noon EST, several ministers emerged from Hees' office. The group included Minister Minister Hees, Revenue Minister Hugh John Fleming, Works Minister E. Davis Fulton and Immigration Minister Richard Bell.

"We have been discussing how we can avoid defeat in tonight's vote," Fulton told newsmen.

ASKED point-blank if a change in leadership has been discussed, Bell smiled broadly and replied: "How could you think a thing like that?"

The cabinet group opposed its campaign for Diefenbaker's resignation.

(Continued on page 3)



GEORGE NOWLAN GEORGE HEES



DONALD FLEMING WALLACE McLUTCHEON



LEON BALCER HUGH JOHN FLEMING



PRIME MINISTER DIEFENBAKER

Six Cabinet ministers shown here reportedly led revolt against the Prime Minister.

Three Parties Will Vote No Confidence

OTTAWA — The New Democrats emerged from party caucus this afternoon and announced that they would vote no confidence in the government tonight, thus apparently sealing the fate of John Diefenbaker's ministry.

The NDP stand was announced as "a group decision," and ended speculation that the socialists might be the ones to save the government.

FALL OF THE government, if Prime Minister Diefenbaker doesn't decide to ask for dissolution of Parliament in the meantime, seems certain to come on a no-confidence motion proposed last night by Robert Thompson, Social Credit leader.

Tuesday Douglas, NDP leader, said "This is a decision of the party. One is not a vendetta against Diefenbaker or anyone else. The government has failed in a grave way because of the day."

He said the reason for NDP defeat last night was that their caucus had not met, and Social leader Thompson had given the impression that Social Credit would support the government prior to his speech in Parliament.

"AT THAT time, we thought that would not be introducing an amendment," he said. But Douglas' announcement ended speculation that the NDP might vote defeating the government because it sympathized with Prime Minister Diefenbaker's anti-nuclear stand.

Other rumors on Parliament Hill had it that Finance Minister George Nowlan would be prime minister. Mr. Churchill said that report was not true.

OTHER Cabinet ministers were unavailable, except for Labor Minister Michael Starr, who laughed at the report and said he had heard nothing about it.

The news agency report was based on radio stations and picked up by the Central Press in the continuing drama. The Prime Minister might be expected to reject nuclear weapons outright.

Social Credit leader Thompson said today the Social Credit confidence motion would stand, and that if the NDP votes "no," then the government is finished.

Crisis Day By Day

JAN. 3 — U.S. Gen. Lauris Norstad, retired NORAD commander, says at a press conference in Ottawa that Canada had committed itself to nuclear weapons, but its NATO weapons and was now weighing on the problem.

JAN. 4 — The Hon. Lester Pearson, Liberal Opposition leader, says in a speech at Toronto that Canada should end the "era" of its commitments and accept nuclear weapons. Prime Minister Diefenbaker refused to comment.

JAN. 21 — Parliament reopened. Mr. Pearson repeats his demand for nuclear weapons for Canada, for Europe and North America. Mr. Diefenbaker speaks often and at length on the subject, but cannot be pinned down on the government's plans for nuclear arms.

THE SAME WEEK — Speculation in Ottawa that Canada may have to scrap \$700 million in weapons which were designed to carry nuclear warheads.

JAN. 28 — The Hon. Douglas Harkness, defence minister, says the government will not scrap any weapons.

JAN. 28 — Liberals in the House ask why Mr. Harkness had felt a need to "clarify" the prime minister's speech. Mr. Harkness said he had been misled. He says this is nonsense.

JAN. 29 — Liberals in the House ask if the cabinet is split on the nuclear issue. Cabinet ministers refuse to answer.

JAN. 30 — The U.S. State Department enters the picture, issuing a statement disposing many of Mr. Diefenbaker's claims about negotiations between the countries and about effectiveness of Canadian planes and missiles without nuclear warheads.

JAN. 31 — Mr. Diefenbaker accuses the U.S. of interfering in Canadian policy by Canada. Mr. Harkness says there is no public policy at all.

THIRD MINISTER Harkness emerged from a cabinet meeting in his office and burst into laughter at reports of the palace revolt against the Prime Minister.

Mr. Harkness said there were reports of Prime Minister Nowlan for Prime Minister. Mr. Harkness said: "Well, that's not going to be a surprise to George."

Mr. Harkness said he was in his office was to work on tactics to avoid defeat in tonight's vote in the House of Commons.

"THESE ARE very important votes for our party," he said. "I am going to be in my office was to work on tactics to avoid defeat in tonight's vote in the House of Commons."

Mr. Harkness said he was in his office was to work on tactics to avoid defeat in tonight's vote in the House of Commons.

MPs From All Parties Agree Parliament Passing Final Hours

OTTAWA (UPI) — MPs of all parties agree that the 8th Parliament session is to be in final hours.

There was wide agreement that the government would lose a vote of confidence scheduled for tonight, leaving a split Social Credit vote on Social Credit's new non-confidence motion or heavy abstention in support of the motion.

DEFEAT for the government would mean social dissolution. There was only a matter of time, with a new election about days later.

A de facto group, including some within the Cabinet, held a meeting.

Advantages for the election will be yesterday afternoon by the opposition parties — on the theory the public had had the day.

Ironically, Social Credit, whose vote helped the government to pass the pathway down which the government could go, will be defeated in the Commons.

J. W. Picken (U.) — Bonaville-Twington said there is nothing unacceptable that has been said in the Social Credit non-confidence motion.

Apparently only a combination of circumstances could save the government.

The party standings in the Commons are: Progressive Conservative, 115; Liberals, 90; Social Credit, 30; New Democrats, 11; vacant, 2.

However, chances of a full thrust for the vote appeared remote and the relative number of abstentions among the opposition groups plus the possibility of a split in Social Credit ranks have become crucial questions.

Prime Minister Diefenbaker appeared unconcerned about the outcome. He left Parliament at 11:45.

Mr. Harkness said he would continue to talk in favor of acquisition of nuclear weapons in the earliest possible time. "I shall remain on a strong nuclear policy," he said. "I believe we should acquire the weapons and stay with them."

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Denies Knowledge Of Cabinet Clash

Knowledge of a cabinet revolt against Prime Minister Diefenbaker was denied today by Mrs. Ellen Fairclough, Postmaster General and member for Hamilton West.

Mr. Fairclough said she had heard nothing of an alleged attempt by six cabinet members to force the Prime Minister's resignation before tonight's nuclear debate.

"I DEFINITELY have nothing about this," Mrs. Fairclough told the Spectator.

"In fact, I don't think such a group exists."

Mrs. Fairclough said she had many rumors are swirling through the cabinet-clash capital today that you don't know what to believe.

She admitted, however, that the government could not go on without a showdown but she knew only as much as any other Hamiltonian as far as the date of the next election is concerned.

Reached in Ottawa by phone from the Spectator, Mrs. Fairclough refused to comment on her own position in the nuclear arms issue.

Asked whether she would agree with the views of former Defence Minister Douglas Harkness who resigned yesterday, except to observe that it was against the Prime Minister, "I would have had to resign myself."

Although the government had been in a precarious position since the opening of Parliament, Mrs. Fairclough maintained that American statements on Canada's defence policy had "precipitated the crisis."

Asked whether the United States had acted deliberately, Mrs. Fairclough declined to enlarge on her comments.

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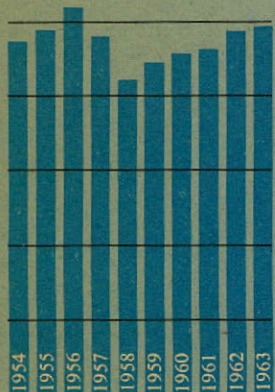
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Newsprint used

In thousands of tons



As a result of the increased staff in London it was possible to cover events such as the NATO meeting in Paris in December, the November meeting of the European Common Market in Brussels and the historic visit of the Pope to Jerusalem early in 1964.

Harkness Expresses Opinion

'Policy Wouldn't Win Election'

By CHARLES LYNCH, Spectator Ottawa Bureau

OTTAWA — Douglas Harkness said last night he disputes with Prime Minister Diefenbaker involved not only when nuclear weapons should be acquired but also whether they should be acquired at all.

Mr. Harkness, who resigned yesterday as minister of national defence, said it was conceivable that under the present Diefenbaker policy nuclear weapons would never get nuclear weapons.

On a television interview Mr. Harkness said the people of Canada "are extremely anxious to find out where we stand on nuclear arms."

"If the government could not win an election on its present nuclear policy, it should be replaced," he said. "A very considerable majority of the members of the Conservative party support the acquisition of nuclear arms."

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Mr. Harkness said he would continue to talk in favor of acquisition of nuclear weapons in the earliest possible time. "I shall remain on a strong nuclear policy," he said. "I believe we should acquire the weapons and stay with them."

Mr. Harkness did not elaborate on his statement.

He did say, though, that he thought there will be a very long delay now in getting nuclear weapons—and I don't think you can afford that delay."

Harkness said he felt Canada was letting down her allies and lowering her security by not acquiring nuclear weapons now.

He said he could understand the United States getting weary "waiting, waiting, waiting for us to make up our minds."

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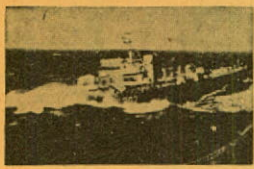
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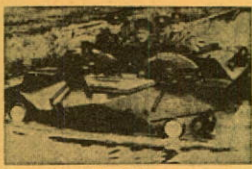
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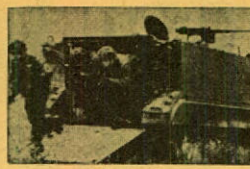
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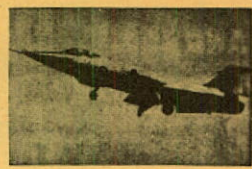
Frigate program
... scrapped, for \$450 million saving.



The Bobcat
... scrapped, for \$14 million saving.



The M-113
... to replace the Bobcat.



CF-104 Starfighter
... \$125 million saved.

Roblin shuffles four key posts

Four top ministers have been given new jobs in the provincial cabinet, Premier Duff Roblin announced today.

Two of the pre-election changes involve the important, and often controversial, portfolio of health and education. But a third strength remains at 12.

The changes, anticipated for some time and effective Monday are:

- Education Minister Stewart McLean, to become attorney-general.
- Health Minister George Johnson to become education minister.
- Attorney-General Sterling Lyon to become minister of mines and natural resources.
- Minister C. H. Witney, to become health minister.

Mr. Roblin said the changes were in line with his policy of adding strength and depth to the cabinet by having ministers learn a number of major departments.



GEORGE JOHNSON
... to education



C. H. WITNEY
... health minister

NEW CHALLENGE

He said the four ministers had undertaken "significant and far-reaching programs" since taking office. Planning of new and expanded responsibilities will provide them with even greater challenges.

Mr. McLean, Dr. Johnson and Mr. Lyon are original members of the Roblin cabinet. They have held their present posts since Aug. 20, 1960, when the Conservative government took office after stepping the previous Liberal administration.

Mr. Witney was brought into the cabinet in August, 1960, as minister of mines and resources. Mr. McLean has held one of the hottest seats in the cabinet, being responsible for the revolution in Manitoba education. Over \$45 million has been spent on new schools in the past five years.

When Dr. Johnson takes over the education post he will be faced with working out recommendations of the Michener commission. It is expected to call for changes in the education grant formula.

Mr. Witney will become responsible for a hospital building program expected to total \$24 million in the next five years.

Canaveral name change opposed

WASHINGTON (AP)—Arthur A. Baker, chairman of the domestic name committee, says he regards the change in name of Cape Canaveral to Cape Kennedy as an accomplished fact.

In Cape Kennedy, Florida, the state council and the Greater Cape Chamber of Commerce in similar resolutions being sent to President Johnson questioned legality of president or governor "re-naming a mass of land which has borne a name of historical significance for more than 400 years." Spanish navigators first named the cape Canaveral—Spanish for reef field or cane field.



STEWART McLEAN
... attorney-general



STERLING LYON
... mines portfolio

Christine asks mercy — gets it

LONDON (AP) — Christine Keeler, the 21-year-old prostitute who almost brought down a British government, Thursday herself upon the mercy of the court today and got a nine-month term in prison.

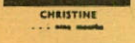
With her housekeeper and a girl friend, she pleaded guilty to charges of perjury and conspiracy to frame a discredited West Indian lawyer. She could have gone to prison for seven years or more.

The stony composition of the red-haired girl friend of former war minister John D. Profumo was an actor in his plot to break minister's affair as she heard Judge Sir Anthony Havers pronounce sentence to C.M. Keeler. There was relief in her eyes and she was "cured".

Paula Hamilton-Marsall, 23.



CHRISTINE
... nine months



PAULA
... nine months

N-survival plans dead: Harkness

OTTAWA — Former defence minister Douglas Harkness charged Thursday that the slash in army reserves meant the government has jettisoned its nuclear survival operations out of the window.

Saying he was "shocked and disappointed" by Defence Minister Paul Hellyer's statement on service reductions, the member from Calgary North labelled the planned cutbacks in the army reserve the most serious of all.

"There is no question but that this move indicates a definite change in policy," said Mr. Harkness, who had been previously asked by Mr. Hellyer in his statement to offer his criticism of the government's plan.

"The setting down of the army reserve (from 51,000 to a maximum of 20,000 men)," said Harkness, "means that the policy of using the reserve force for survival operations has a large extent been thrown out the window."

He went on to say that "the whole emergency measures legislation (EMO) act-up, on which a large amount of money has been spent, has been abandoned."

Mr. Harkness said that in "the immediate defence of Canada" the existence of a militia reserve is "essential" as a basis for trained or semi-trained men needed in event of an attack on the country — particularly in the event of a nuclear attack on this continent and the need for survival operations."

He named the minister with having gone about it "the very worst way" possible and said he should be increasing the members in the reserve, since for their cost in the overall budgeting "the best value we get for our defence dollar" lies with the militia.

Mr. Hellyer, ignoring the fact that the defence minister Gordon Churchill, who called the program "absurdities," expressed the hope that Harkness would criticize the pass, since "his views... will be greatly appreciated."

The former defence minister in the Diefenbaker administration, whose resignation over defence policy last February helped precipitate the fall of that government, charged Mr. Hellyer with "scrapping right and left without either a policy or a plan."

He said that the long list of reductions announced, starting with the cancellation of the \$200-million frigate program, "reduce the strength and effectiveness of the armed services and reduce its ability to meet UN and NATO requests, and "shake the confidence of our allies in our will and ability to meet obligations we have assumed."

Mr. Harkness suggested that Canada's present defence posture was weaker than at any time since the end of the Second World War, because the nuclear weapons systems was still installed in the European area.

Mr. Churchill had said it was "paradoxical" that no nuclear missiles yet in the Bomarcas or on the CF-104s in the European air division. At the same time, there were no conventional fighters at such bases as Marville in France.

Mr. Harkness claimed that the withdrawal of the army and the impact of EMO exhibits proof "to herald the end of cold weather training and to reduce its ability to meet obligations we have assumed."

He called this regrettable and "very short-sighted policy" after the distinct contribution in NATO which Canada had made through its research under cold weather conditions there.

Key railway legislation in the works

OTTAWA (CP)—The government gave notice today of railway legislation indicating it is adopting the main recommendations of the MacPherson report on transportation.

The MacPherson report of 1962 called for revolutionary changes in Canada's railway policy, including a new concept of rail policy geared to modern competitive conditions, orderly abandonment of uneconomic branch lines and passenger services.

These proposals feature, including an initial cut to the federal treasury estimated by the MacPherson commission at about \$100,000,000, as a preliminary government resolution placed on today's Commons order paper.

Prime Minister Pearson said in the Commons today that railway legislation will probably have to be held over till the next parliamentary session.

Subpoena power asked for probe

WASHINGTON — The presidential commission investigating the assassination of President Kennedy decided Thursday to ask Congress for power to subpoena witnesses and records.

Measures in Dallas, 13 days after the tragedy, told investigators they were still reconstructing the slaying.

The prolonged investigation and the clamp on information from officials as well as official sources added to the expressions of doubt and skepticism about the circumstances of the crime.

An open car with a man and a woman in the back seat stimulated again and again in Thursday the role of the President and Mrs. Kennedy on Nov. 22. A motion picture camera in the back of the car was used by the assassin recorded these trips.

A surveyor's transit stood in the pathway on the other side of the street looking up at the window.

Each of the simulations differed slightly from the other, either the speed of the car or the gestures of the occupants or in some other detail. On one trip the back seat occupants were later, stamped in his seat and then the car picked up speed.

One of the nagging questions was how the president could have received a bullet in the front of the throat from a rifle in the book depository building after his car had passed the building and was turning a corner away from the building.

One explanation from a computer source was that the president had turned to his right in the wave and was struck at that moment.

Thompson jury weighs the evidence

MINNEAPOLIS (AP)—A jury resumed deliberation today in a first-degree murder charge against T. Eugene Thompson, but fell in a decision by noon when they broke off for lunch.

Jurors asked that a blackboard be brought into the locked deliberation room before lunch but it was not immediately clear what it was to be used for.

Under consideration is the testimony of 104 witnesses and the impact of 128 exhibits produced at the lengthy trial now reaching a climax.

The six men and six women were five hours Thursday night, retiring to a hotel just before 10 p.m.

The 36-year-old St. Paul lawyer is accused of masterminding the slaying of his wife last March 8.

Carol Thompson, 34, mother of their children, was beaten and stabbed at the family's fashion-home store shortly after her husband had left for work and the children had gone to school.

The prosecution contended the motives were Thompson's love for his mistress secretary, Mrs. Jacqueline Olson, and the \$1,250,000 in insurance he bought on his wife in the 13 months preceding the slaying.

Sir Alec wins two elections

LONDON (CP)—Prime Minister Sir Alec Douglas-Home's personal prestige doubled today as the result of three by-elections, in which the ruling Conservative party retained two seats and Labor the other.

He held the judge: "Miss Keeler has said quite simply to me from the start: 'I know I must face it. I hope your lordship will give her credit for that.'"

Spending cut \$650 million

OTTAWA — Defence Minister Hellyer took another giant step Thursday in his multi-million dollar economy drive, aimed at keeping Canada's annual defence outlay in the neighborhood of \$1.5 billion.

He announced annual cuts in national defence spending amounting to \$74 million, largely achieved through cutbacks in militia operations and general armed forces economies.

His latest savings bring to approximately \$850 million the amount national defence has decided to slice from current and budgeted defence planning.

Mr. Hellyer killed the \$6 million, eight-year-old development program for the Canadian Bobcat armored personnel carrier and announced that he would cancel the development of the American M113. Cost to equip the brigade with these is estimated at about \$14 million or almost half what the Bobcat would have cost.

The defence minister announced what he called a "little 'judicious pruning'" of the defence establishment at home, during which he revealed government plans to close down a couple of dozen naval, army and air force bases or units all across Canada.

He slashed the three military reserves by 21,000 men, with the biggest slice contemplated from the militia, whose entire organization and structure may be radically revised for the nuclear age.

Disappointment — and hope from Churchill

Churchill residents today reacted to the announcement that Canadian army and RCMP personnel will be withdrawn from Fort Churchill, with dismay, mingled with hope that the shut-down will be the beginning of a more stable economy for the Hudson Bay town.

Premier Duff Roblin in Winnipeg said the federal government's decision "looks pretty serious" but he would have to await more details before commenting further.

In Churchill, a town of 2,200 persons only a few miles from the military base, local businessmen said the town's economy would suffer.

Joe Williams, president of the Churchill Chamber of Commerce, said "we're very disappointed" but that "other government departments have shown an interest in moving us here" — public works, northern affairs and transport.

"So the situation might help us in the long run. A military economy is a stable one," he said.

William Lunoy, manager of an electrical and hardware store, said "we're going to lose our government contracts — especially with the RCMP."

Meanwhile, commanding officers of Winnipeg militia units adopted a cautious wait-and-see attitude towards another of the minister's announcements — that militia strength in Canada would be slashed by 23,000 men to 29,000.

They said they were unable to comment until they knew how the cuts would be achieved — as a percentage from each regiment or elimination of individual units.

...Farewell, 1,051 days later

When she leaves the White House early this afternoon, Mrs. Kennedy will take with her only personal belongings, such as a clock and a few pictures and books.

She and her two children, Caroline, 4 years old, and John Jr., 2, will move temporarily to Washington by Under Secretary of State and Mrs. W. Averell Harriman and Mrs. Mrs. Kennedy has said that she hopes to either rent or purchase a home in Georgetown.

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Since they were established in 1962 the Southern Fellowship journalists have proved themselves. To date these have been awarded to seven newspapermen, one magazine writer and one CBC news editor.

We feel the fellows who are fulfilling the objective for which they were established, namely, "to further the general development of Canadian journalism".



THE NEWS EXPERIMENT—Following reports that some experts felt President Kennedy's assassin could not have fired three shots in the reported five seconds from a bolt-action rifle equipped with a telescopic sight, THE NEWS decided to find out for itself with an expert. This morning, Sgt. Bill McKenzie tried it on the range

of Peterson Armories. At top left he loads, at centre he fires and at right he works the bolt for his second shot. At bottom left Sgt. McKenzie and Const. Ken Cassella examine the target. The shots were closely grouped in the target, but it took Sgt. McKenzie, an expert marksman, six seconds to get off his shots. (NEWS Photos by Howard Heid)

Plane seized

CARACAS (AP)—Terrorists seized a twin-engine Venezuelan airliner on a domestic flight today, hurried pre-Communist leaders over the city of Ciudad Bolivar and then forced the crew to land the jet plane on Trinidad.

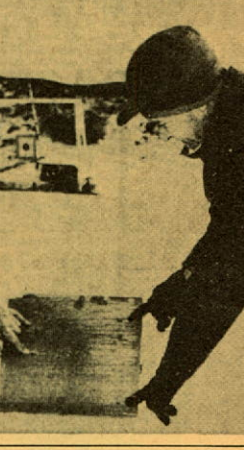
This incident came as police rounded Caracas for Lt. Col. James K. Chevrolet, a U.S. Army officer kidnapped by pro-Cuban fans of President Romulo Betancourt. All exits from the Venezuelan capital were blocked.

Armed with machine guns, five men and a woman, who were among 14 passengers, seized control of the plane, a Cessna, after it took off from Ciudad Bolivar, 110 miles east of Caracas, for a flight to Maracaibo, 616 miles north of the Venezuelan capital. The plane, owned by the National Aerea Airline, carried a crew of three. The pilot was John Power.

Power landed the plane at Port of Spain, the Trinidad capital, in the Caribbean 200 miles east of Caracas.

Presumably the plane seizure was carried out by members of the pro-Cuban Armed Forces of National Liberation, which is trying with a campaign of terrorism to overthrow Betancourt and back a presidential election set for Sunday.

All the passengers of the plane were believed to be Venezuelan.



6 secs. needed here

Lee Harvey Oswald could accurately handle a bolt-action rifle more rapidly than the Hat's Sgt. Bill McKenzie, long recognized as one of Alberta's crack shots—if Oswald, unaided, shot President Kennedy and Texas Governor John Connally.

This is indicated in test which Sgt. McKenzie carried out for THE NEWS at the range at Peterson Armories today.

McKenzie's assistants stated that five seconds elapsed between the time the first and third (final) shots were fired by Oswald, using a bolt-action rifle mounted with a telescopic sight.

Pearson in favor tax-share change

OTTAWA (CP)—The Pearson government, while delaying any overhaul of the federal-provincial tax-sharing system pending a study in depth, indicated Wednesday it will propose to the federal-provincial conference Friday an increase in equalization payments starting next April.

It is likely to work out details of the proposal today while the conference moves into committee on pensions, welfare, health and welfare, the economy, and Indian-Status administration.

The primary reason will remain Friday. It could be the last day.

Prime Minister Pearson's statement came early Wednesday. A federal source said there was "very little opposition" to the federal position on equalization.

This appeared to be the main import of the federal stand: "It is to expect to reduce the tax-sharing system, and recognize the provinces' needs for more money—especially for education. It pointed out that progress is being made in equalization—18 per cent next fiscal year—recognize these rising needs. But in the light of current studies by tax commissions, and the need for a full review of increasing costs of provincial programs, nothing could be done this week."

Meanwhile, the federal government believes firmly in equalization, necessary on all provinces can take care of their constitutional responsibilities—and more simply, so the provinces can expect an approximately equal amount of revenue, on the basis of their populations. And Ottawa thinks there is a need for "more positive" equalization.

Reversing its earlier position, the federal government indicated its readiness to withdraw from certain "mutual" cost-sharing programs—which were, it has not yet clear, to make up for loss of the federal share. The provinces would get an equivalent additional share of the income tax fund. This issue also likely will be renewed Friday.

Red China rebuff raises protests

WASEDA (Reuters)—A 30-strong Communist Chinese delegation at the World Peace Council meeting here today refused to join in a standing homage to President John F. Kennedy and twice raised angry protests against the gesture.

The Chinese delegation remained seated as the rest of the Communist-backed body rose to their feet in a gesture of mourning for the assassinated western leader.

Tang Ming Chao, a leading member of the Chinese Communist delegation, twice strode to the rostrum to argue fiercely with Polish Chairman Gtaz Shkasi against a moment's applause in memory of the late president.

Tang declared in English: "The death of a man who has done nothing to bring peace to the world is not our business. We should pay tribute to all men and women who heroically fought for peace against United States aggression, and against racial discrimination."

President Kennedy depicted the world "of a statesman who realistically assessed the international situation and strove to find solutions to dispute questions through talks."

In an editorial quoted by the Soviet news agency Tass, Pravda said the "traffic event" cannot but arouse anger and alert all the honest-minded people of the world.

Employing the same kind of cheap Italian-made bolt-action rifle used in the Dallas shooting, the experts simulated conditions by aiming the gun from an upper-story window into a courtyard at police headquarters.

Parker said Wednesday that an officer demonstrated by aiming a 6.5-millimetre rifle accurately, pulling the trigger three times and jamming the bolt into place twice within 3½ seconds.

"It was only necessary to use the bolt action," added Parker. "It was already set for action before the first shot was fired."

In Paris, the newspaper Paris Jour and in Milan, the newspaper Corriere Lombardo said the Caracas rifle, known in the Italian army during the Second World War as the "08 model," could not fire three bullets as rapidly as Dallas reports indicated. They hinted another person might have been involved.

Fired in 3½ secs.

British opposition Labour party sent a message of good wishes to Johnson welcoming the fact that "no vital questions that concern peace and freedom" he will follow Kennedy's policies.

Canadian Prime Minister Lester B. Pearson described Johnson's address as moving, impressive and encouraging.

Japanese foreign ministry sources said they welcomed Johnson's address and expressed high expectations for his administration.

Commons turns to world scene

OTTAWA (CP)—After debate, the resolution provides for 10 independent commissions—one for each province—one which would review constitutional boundaries in line with population shifts of the last 10 years and decide how many MPs each province will have in the Commons.

FAVORS EXPANSION

There have been press reports that the government favors the addition of 18 seats in the provincial of 205, but the government has declined to confirm or deny the reports so far.

Douglas Fisher (NDP—Port Arthur) said the present distribution of seats does not conform with the principle of representation by population. Some provinces were over-represented because of several constituencies extended to them in the past.

If the Commons were expanded, he said, some of the new seats would be allocated to the Maritime and the "relative influence" of the 33 MPs from the Atlantic region would diminish.

State Secretary Pakenhall explained that the government intends to respect the special guarantees given in the Atlantic provinces that there Commonwealth representation will never drop below their Senate representation.

The minimums are Newfoundland and Labrador, New Brunswick and Nova Scotia 10 each and Prince Edward Island, three.

icy winds hit 60 mph; no damage

The icy, north-westerly winds which struck Medicine Hat yesterday, reached velocities of 60 miles per hour and went so low as 20 miles per hour, but there were no reports of wind damage in the city.

Intermittent snow flurries were brief and the Medicine Hat weather office recorded only a "trace" of moisture.

Similar conditions were recorded in a wide area around Medicine Hat causing extremely dry conditions on highways leading to and from this city last night. Most roads have since that they are covered, but a section between Banamu and Calgary on the Trans-Canada Highway is still reported to be icy in spots.

No. 3 Highway to Lethbridge is clear and in good winter condition. No. 1 Highway east of Medicine Hat.

Reaction favors Johnson address

LONDON (Reuters)—Favorable, optimistic reaction continued to pour in from around the world today for President Johnson's first major policy speech.

Johnson's address to a joint session of Congress Wednesday was televised throughout Western Europe either live by the Teletel communications satellite or on film.

A West German government spokesman said Johnson's pledge confirmed that country's faith in the continuity of American foreign policy.

"That, the official West German agency, and Pravda gave good coverage to Johnson's speech but did not comment editorially.

The Soviet Communist party newspaper continued in print comment suggesting Khrushchev's extremist elements were behind the assassination of President Kennedy.

In France, Johnson's pledge to keep U.S. external commitments and his stand on the civil rights bill were both received with strong sympathy.

SUNNY WARMER

Low 20; High 40

DALLAS, Tex. (AP)—"My God, what a horrible, horrible tragedy..."

Texas Governor John Connally said this was one of his first conscious thoughts when he awoke in a hospital hours after the assassination of President Kennedy and severely wounded Governor.

Connally recalled from his hospital bed Wednesday that he was reflecting seconds of that tragic Friday.

"We got into downtown Dallas, there were tremendous crowds, real warmth, real understanding, real appreciation. The reception had been magnificent."

The president remarked on it and so had Mrs. Kennedy, at a matter of fact 30 seconds before the tragic incident occurred, Dallas (Mrs. Connally) turned to the president and said, "Nellie (Mrs. Connally) you believe now that there are not some in Dallas who love you and appreciate you, can they?"

Killed in bus crash

GILBERT PLAINS, Man. (CP)—A school truck and a bus collided in post-midnight darkness here today killing one man and injuring nine others, two seriously.

All those injured in the high way crash were in the bus, on a daily run from Edmonton to Winnipeg via Yorkton, Sask.

Dead in John James Cleveland, 54, Grandview, Man., the truck driver. His vehicle was loaded with bags of cement.

'What a horrible tragedy...'

to kill us all."

"And then there was a third shot and the president was hit again, and we thought then very seriously, I had still retained consciousness but the president had slipped in my left hand and when he hit the second time—or the first time, I wasn't sure, 'Oh, my God!'"

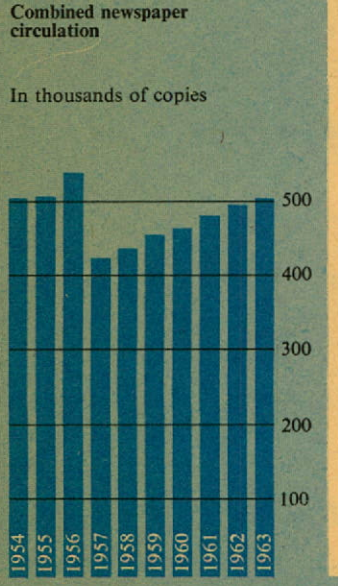
"They killed my husband! Jack! Jack!"

"And then after the third shot, I said, 'My God, they are going to kill us all.'"

"Get out of here!"

"Conally, recovering from a chest, wrist and thigh wounds inflicted by a single bullet, granted the interview—his first since the shooting in Martin Agency of the National Broadcasting Company on a pool basis.

"The Democratic governor was pale and obviously in pain at times during the 20-minute interview but other reporters in-



As has been the case in each of the past ten years the circulations of our papers increased in the year just past. The total in December was up 2.2 percent to

506,253, the first time the total has been above half a million since The Vancouver Province was transferred to Pacific Press in 1957.

SPLIT MAY RUPTURE DEFENCE ALLIANCE

Sizzling U.S. Attack Rips Canadian Stand

By CHARLES LYNCH

(The Hearst Corp. Copyright by Hearst Corp. Inc.) OTTAWA—The nuclear weapons crisis that has split the Canadian cabinet...

arrangement sufficiently practical to contribute effectively to North American defence.

Labelled 'Special'

The press release, labelled "special" by the U.S. embassy here, the state department complained that nuclear negotiations with Canada...

Mr. Diefenbaker had said the Voodoo jets were on de-licence service with the RCAF...

President Kennedy

... reported out of posture



PRIME MINISTER DIEFENBAKER ... 'unconvinced intruder'

U.S. ENDS SILENCE POLICY 'TO SET RECORD STRAIGHT'

By TIM CREEBY

WASHINGTON—President Kennedy's decision to approve a rebuttal to Prime Minister Diefenbaker's recent long-standing state department policy...

The administration's decision to bring the American case into the open...

It is in line with the president's new policy of speaking more frankly about American views of the policies of other nations...

The defence department under Secretary Robert S. McNamara faces a tremendous battle over its new weapons policies in Congress...

American officials have become frustrated over the years of unavailing quiet diplomatic efforts to have Canada enter into the North American defence pact...

Britain May Now Eye Other Europe Allies

By J. R. WALKER

OTTAWA—CBC radio transmitting facilities for Calgary and Edmonton will be started in August...

The two transmitting stations for the Alberta cities were delayed last year because of the government's austerity program...

British political circles suggested strengthening and even enlarging EFTA might help make up for what Britain lost through being excluded from the European community.

Mr. Erag was expected to give Macmillan a first-hand report on President de Gaulle's report to help Denmark join the Common Market without Britain's approval...

Three Committed On Murder Charge

MONTREAL (CP)—Three men arrested for the killing of two policemen during a bank robbery by the Beauséjour gang...

COOLER FRIDAY Low Zero; High 10

Barometer Betty's

Key Election Issue

U.S. 'Meddling' May Be PC Plank

OTTAWA (CP)—The government is likely to make a strong statement on the U.S. embassy here and the state department in Washington...

U.S. STATEMENT 'EXHIBIT A'

Charges U.S. Blast Inwarranted Intrusion Canadian Envoy To U.S. Recalled

(Text on U.S. attack on Canada on page 1)

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Emergency Cabinet Meeting

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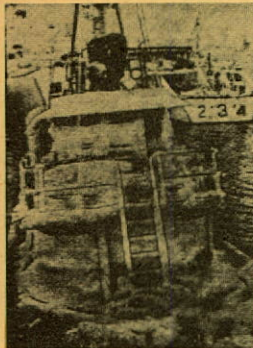
Rescued Sailors Gambled Lives On Last Flare

HALIFAX (CP) — RCAF Search and Rescue headquarters here today issued a list showing four dead, eight were missing and 17 survived the sinking of the French freighter Douala.

The list was issued after 15 survivors, suffering from cold and exposure, arrived in Port-au-Prince, Nfld. The Douala sank in heavy seas about 80 miles south of Newfoundland.

An RCAF statement said four Argus aircraft were involved in the search and first news of the dramatic rescue of the first survivors was flashed by an Argus as it circled the distress area.

The plane had sighted the sailors' last signal flare.



ICE-COATED SHIP ... storm added weight

The RCAF statement said two lifeboats were located in the Atlantic. The first, carrying 16 survivors, was found by one of the Argus aircraft, had three survivors. Two of these died later.

"The federal icebreaker Sir Humphrey Gilbert and the motor vessel Langford made the rescue," the statement said.

A report from an RCAF search aircraft described the rescue operation as "demanding."

Survivors' Accounts of Disaster on Page 17

ing great courage by the men of the two rescue ships because of the monstrous sea and very strong winds.

TELLS OF ORDEAL

At Port-au-Prince, chief engineer Gabriel Smeets, 45, of Marseille, told of the men's 27-hour ordeal in small lifeboats in the brutal Atlantic storm.

Smeets, senior surviving officer of the Douala, told how wind had torn away hatch covers and allowed the ship to fill with water.

He said the hatches had been covered with 10-inch-thick wooden slabs, tarpaulins and steel traps.

"Our ship was sinking and the captain ordered us to abandon ship," he said. "The captain stayed aboard but the others dove into the sea. They swam but not all of them were able to get into the two life boats.

"We were soon very cold. There was drifting snow and we were coated in frozen spray."

THINKS CAPT DROWNED

He said he believes Capt. Michel Labe and the first mate were drowned when the Douala went down.

They saw the search plane but after darkness, Smeets, 51, was an RCAF Argus aircraft from Greenwood, N.S. The plane spotted the last of their flares.

Of the 18 men in Smeets' boat, 18 were picked up by the transport icebreaker Sir Humphrey Gilbert. Two men who had died were left in the boat. Another was left aboard but while being transferred from boat to ship.

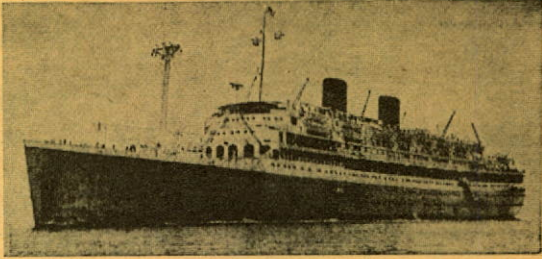
Another died before the Gilbert reached Port-au-Prince late Sunday afternoon. The 18 survivors were taken to a hospital at Charvet, near Port-au-Prince, where they were treated for various minor injuries and exposure.

FATHER DIDN'T KNOW

One of the passengers who came rushing over from noon mass in the rectory was Leo Binette, father of the two brothers. A police spokesman said

See KILLINGS Page 2

Shopping Day 'til Christmas

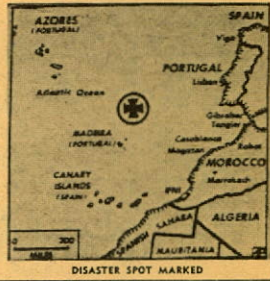


"SOS from the Lakonia last time. I cannot stay anymore in the wireless station. We are leaving the ship. Please immediate assistance. Please help."

873 Escape Death On Burning Ship

Rescue Points

- 100 dead spotted in water.
- 873 rescued so far from total of 1,016.
- Five rescue ships on scene, others steaming full speed toward area.
- One Canadian rescued.
- 30 to 34 children aboard vessel.
- Water temperature 64 degrees.



100 Reported Dead As Bodies Dot Sea

LONDON (CP) — A massive rescue operation has recovered 873 survivors from the liner Lakonia, the Christmas cruise ship swept by fire and abandoned off Lisbon today.

Ten bodies have been recovered.

A spokesman for the Greek shipping line said this left 132 persons not accounted for. Rescue operations were continuing.

Fragmentary reports indicated the rescued total might go higher. But the U.S. Air Force reported sighting about 100 persons in the water, all of whom appeared dead.

The air force later added that all 100 were not necessarily dead.

More than 1,000 persons were aboard the liner when fire broke out Sunday night. Some reports put the total at 1,048, including a crew of 385 while other reports gave a total of 1,081. Almost all were British.

The 5,686-ton Argentine freighter Salta messaged the Lakonia about 500 survivors aboard before leaving the scene.

A radio report said the British liner Stratheden had picked up 300, some injured, plus some dead but there was no confirmation in London. The Stratheden's office said it had heard the report but had no direct word from the ship.

The Mexican said it had 100 survivors and the Argentine liner Rio Grande reported another 50 picked up.

An Associated Press correspondent who flew over the Lakonia at 2 p.m. (8 a.m. MST) said the vessel was still afloat but was listing furiously and listing heavily to starboard.

She died were reported aboard the Belgian ship Charville, which rescued 28, including four crew members.

All but the stern of the ship was ablaze and explosions rocked her mid-foot length when rescue vessels arrived on the scene about 180 miles north of the Portuguese island of Madeira and 500 miles northwest of Cape Verde.

WAYS FROM LIFEBOATS

Great clouds of smoke rolled up from the red hot bulkheads and drifted down the sides of lifeboats as rescuers approached. Others struggled to swim as far away from the Lakonia as they could. The water temperature was 46 degrees, warm enough to give those in the sea chance to survive.

A Canadian among the passengers was identified only as a Mr. C. Hoyt.

BABIES ABOARD

Officials of the line believed two babies and 24 to 26 children under 12 were aboard. Some accounts told of mothers loading children into lifeboats and of parents struggling in the water to keep their children afloat.

U.S. and British military planes circled the area, directing swimmers and lifeboats and directing rescue boats.

A U.S. Air Force air rescue report received in Orlando, Fla., said a C-119 flying over the area from the Azores told of the casualties. It said "the 100 were wearing life jackets but all appeared to be dead."

Wardens envisaged told of the dramatic rescue. The master of the British liner Montclair, Capt. E. J. Montclair, an Englishman, radioed.

"There are a lot of people in the water around the burning ship."

See LINER Page 2

ECM Mends Policy Split

BRUSSELS, Belgium (Reuters) — Common Market ministers reached agreement today on common farm and tariff-cutting policies after long and stormy negotiations.

The ministers adjourned their discussions early Sunday morning after a grueling all-night session which failed to reach final agreement on a compromise "package deal" accepted by France, Germany and Italy.

Belgian Premier Theo Lefevre said today the compromise proposal "contains very little advantage to Belgium and some very definite disadvantages."

"However," he added, "concerned with superior problems of Europe we felt that everything should be done today to try and reach agreement."

PROVISIONAL AGREED

The proposals were introduced by West Germany's Walter Hallstein, president of the market executive commission.

They included common regulations for beef, dairy products and rice and the community's policy for next year's "Kennedy round" of tariff-cutting negotiations in the General Agreement on Tariffs and Trade.

The ministers failed to reach final agreement at the all-night session mainly because of reservations by the Netherlands.

See WEATHER Page 3

Gunfire Kills Four In Rectory Burglary

OTTAWA (CP) — A boy scout leader, a housekeeper, a 65-year-old sister and a young gunman were killed Sunday as two brothers tried to steal collection boxes from a rectory.

Roger Binette, 21, shot himself, police said. Reginald Binette, his 17-year-old brother, has been charged with capital murder. Conviction on the charge would mean an automatic life prison sentence. Under Criminal Code provisions, murder under 18 cannot be capital murder.

Dead from the bullets of the two intruders who burst into the rectory of the Little Church of Christ the King are, Paul Mercier, 24, leader of the church's boy scout troop and formerly from East Angus, Que.; Miss Alberta Guindon, about 45, niece and housekeeper of the parish priest, and Doris Leclerc, 65, who shared a second-floor apartment in the rectory with her sister.

FATHER DIDN'T KNOW

One of the parishioners who came rushing over from noon mass in the rectory was Leo Binette, father of the two brothers. A police spokesman said

See KILLINGS Page 2

South U.S. Paralyzed By Storms

CHICAGO (AP) — Snow and sleet paralyzed much of the southern United States today, forcing the closing of airports and highways and stranding motorists.

Some deaths were attributed to the freezing temperatures as far south as Florida.

Many areas expected their first white Christmas in years. Arkansas and Tennessee reported heavy snowfalls, with Memphis, Tenn., expected to receive 16 inches.

PROPOSALS AGREED

The proposals were introduced by West Germany's Walter Hallstein, president of the market executive commission.

They included common regulations for beef, dairy products and rice and the community's policy for next year's "Kennedy round" of tariff-cutting negotiations in the General Agreement on Tariffs and Trade.

The ministers failed to reach final agreement at the all-night session mainly because of reservations by the Netherlands.

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Shopping Day 'til Christmas

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Group Wants Valley Used As Parkland

A group of planning specialists will urge uniform development of the North Saskatchewan River Valley in a report early next month.

The technical staff of the Edmonton regional planning commission will make the recommendation Jan. 8 as it presents the results of a two-month study of the river valley between Big Island and Fort Saskatchewan.

A commission planner said today the study, an "all inclusive look at the valley," will call for its consistent development as parkland in the metropolitan Edmonton area.

He said the study has also included the Sturgeon River Valley in the St. Albert area.

The report could clash with recommendations contained in Volume Two of the Metropolitan Edmonton Transit Study, scheduled for release at about the same time as the recreation and parks development report.

The transit study is expected to recommend increased use of the river valley for arterial roadways.

City Christmas Will Be Barely White

Edmonton will have a White Christmas this year but it's a little less.

The weatherman says the current warm spell shouldn't melt all the snow by Christmas Day but doesn't expect much left.

With winter officially arriving last Saturday, the introduction of balmy weather came as a pleasant surprise to most Edmontonians and Albertans.

Warm air off the Pacific moved across B.C., Alberta and Saskatchewan over the weekend, shooting temperatures to 40 and 50 degrees above.

NO HURDLE RISK

The temperature rose from 22 above at 8 a.m. Sunday to 44 above at 8 a.m. today in Edmonton.

The air treated winds of 45 miles per hour with gusts up to 60 in the Pincher Creek-Lethbridge area.

A 20-mile-per-hour west wind

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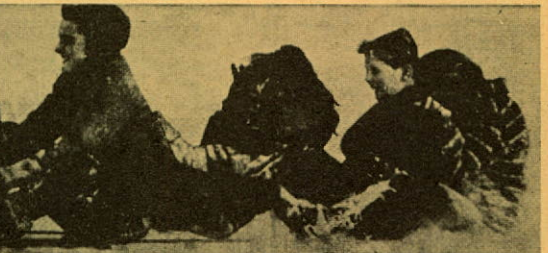
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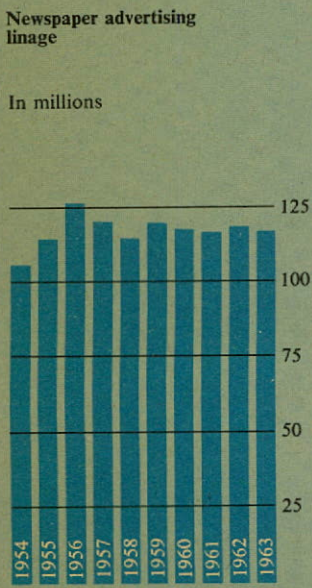
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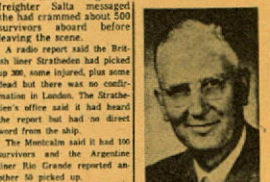


SW -- OOSH ... IT'S FULL STEAM AHEAD ... tykes toboggan down slopes at Gallagher Park



Several training courses were conducted during the year for the sales staffs of the branch offices and the newspapers. There is also a comprehensive program of market and readership research which provides

useful information about our papers and the cities in which they operate. These activities should stimulate increased sales in the coming months.



Appointed

Francis G. Winsper of Edmonton is one of 25 members appointed to the Economic Council of Canada.

The appointments were announced today by Prime Minister Pearson.

Mr. Winsper and the other 24 members of the council will serve on a part-time basis. The council's job is to advise the government how Canada can achieve the highest possible levels of employment and efficient production.

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John F. Kennedy's path to glory

By ALAN JESSUP
Editor of
The Province Editorial Page

What the masses of his country could do in time of war or in time of peace.

Canada, from the humblest to the president, from the youngest to the oldest, share in the shock and grief of our friends and neighbors on the other side of the international barrier.

We mourn a great North

American, one whom we have come to know almost as well as if he were a member of our own family. We share in the pain of his wife and children, whom we also have learned to know and love.

For John Fitzgerald Kennedy, as it has for many others since the far-off days of John Carter in the hall of the House Senate, his path of glory led to the grave.

We join the other martyred presidents of his country — Lincoln, Garfield and McKinley — who gave their lives in the public service.

Because of television and thousands of news photos and news stories, this handsome young president with the beady beard, the keen eyes and the grin, had been known to Canadians than any of his predecessors.

It is still difficult to realize he has been cut down in the prime of his life, his work half finished, his presidency incomplete.

This martyrdom is the ultimate testimony of the endless sacrifice a great democracy demands of its people.

Here was the president whom personal fortune made it unnecessary for him to accept the increased strain and immense responsibility of public duty. He could have led away the

rest of his life in some sunny strand, in perfect ease and perfect safety.

But, as in Gray's Elegy: *The bust of heraldry, the pomp of power, And all that beauty, all that wealth ever gave,*

And all that beauty, all that wealth ever gave, served for his greatest loss.

Now he lies with the thousands of Americans who died before him in their country's service. His name rests with history, carved deep in the honor roll that America reserves for her greatest sons.



THE PROVINCE

MU 3-6242 VANCOUVER, B.C. SATURDAY, NOVEMBER 23, 1963 66TH YEAR—No. 203 10 CENTS ***

World mourns slain U.S. president

Kennedy earned Nikita's respect

By MAX FRANKEL
New York Times

HARRIMAN, N.Y.—The foreign policy of the United States has suffered a grievous blow.

President Kennedy, by the testimony of all who worked him, had learned in three years to become an extraordinarily effective diplomat.

He managed to assemble and hold together a knowledgeable team of foreign affairs specialists. He had developed an awareness of the nuclear power at his command and had reluctantly sought a working relationship with his principal adversary, Premier Khrushchev.

Even those who have disagreed at times with the Kennedy policy came to value his grasp of international issues and his simultaneous respect and prudence in dealing with the Soviet Union.



Mrs. Kennedy stands by Lyndon Johnson as he is sworn in as president.

Man charged with murder

New York Times

DALLAS, Texas — The world has been plunged into a state of grief and shock by the assassination of President John F. Kennedy.

The president was shot and killed by a sniper here Friday (at 12:30 a.m. Vancouver time). He suffered massive wounds in the head and died a half-hour later.

Twelve hours after the assassination Lee Harvey Oswald, 24, a former U.S. marine who professed love for Russia, was formally charged with his murder. (See story below).

Lubbock B. Johnson, who was riding in the third car behind the president in a motorcade when the shooting took place, was sworn in at 12:30 p.m. (Vancouver time) as the 34th president of the United States.

Now political turmoil

New York Times

WASHINGTON—President Kennedy's assassination has thrown the American political scene into turmoil.

It removed at a single blow the man who would have been re-elected for a second term in the White House by a landslide in next year's election.

It elevated into the presidency and leadership of the Democratic Party an older, more conservative man still emerging from his Southern heritage.

It increased immeasurably for the leaders of the Republican Party their prospects of electing a president a year from now.

The shock of the president's death will affect the official policies of politics in the capital, but so profound was the potential effect on the government and

Johnson asks help of God and people in new burdens

Providence News Services

WASHINGTON—Lyndon B. Johnson took over the burdens of the presidency Friday night pledging to do his best in the nation's highest office with the help of God and the American people.

Still stunned by the assassination of John F. Kennedy, Johnson took the oath of office in the White House today.

Under floodlights at Andrews Air Force base just outside Washington, the first U.S. president to be sworn in at night, Johnson said: "This is a sad time for all of us. We have suffered a loss that cannot be weighed. For me it is a deep personal tragedy. I know the world will share the sorrow that Mrs. Kennedy and her family bear. I will do my best. That is all I can do. I ask your help and God's."

Both President Johnson and his wife, Ladybird, remained about the huge aircraft until the casket bearing the remains of the slain president had been removed from a forward compartment in an enclosed room and thence to a waiting many ambulance.

His brief message to the nation completed, the president returned again to the congressional capitol to talk briefly with a few of the leaders before boarding an army helicopter for the 15-mile hop to the White House south lawn.

President Johnson was attired in a black three-button suit and stood listless in a speaking airfield breeze as he spoke his terse message to the country with Mrs. Johnson at his side. A thin silver stripe across his black four-in-hand necktie was the only deviation in his funeral appearance.

President Johnson long has been known as a matter factist, a political leader whose specialty is getting things done.

Determined, persuasive, with an intuitive sense of legislative bodies and the individuals who comprise them, he knows the ways of the cloakroom and corridors of the Capitol Hill.

Intense, sometimes even morose, he is adept in the personal approach and skilled in the art of give and take.

It is perhaps a measure of his talents that in 1957, an unlikely leader of the anti-communists, he was elected to the Senate (the first civil rights bill in more than 80 years).

See also Pages 2, 3, 4 and 5

Johnson took the oath of office in the presidential jet plane while it stood on the runway at Dallas. The body of the president was aboard and immediately after the plane flew to Washington.

Johnson was not injured in the shooting.

Standing beside him as he took the oath was Mrs. Kennedy, widow of the late president. Her stocking leg was saturated with her husband's blood.

Gov. John B. Connally of Texas, riding in the same car with Kennedy, was severely wounded in the chest and arm but was expected to live.

Fired from building

The Miller or Milers used a telescopic-equipped rifle and fired at the president's car from a building just off the motorcade route through Dallas. The president, Connally and Johnson had just received an enthusiastic welcome from a huge crowd in downtown Dallas.

Three shots reverberated. Blood spang from Kennedy's face. He fell face downward in the back seat of his car. His wife clutched his head and tried to lift it, crying, "Oh, no!"

Kennedy, who apparently was hit by the first of the shots, was driven to a high speed to a hospital. There, in an emergency operating room, with no one attending him but physicians and nurses, he died without regaining consciousness or uttering a word. Kennedy, a Roman Catholic, had been administered last rites by two priests.

Mrs. Kennedy, Mrs. Connally and a secret service agent were in the car with the president and Connally. Two more secret service agents flanked the car. None of these was injured in the shooting.

Bullet entered throat

Mrs. Kennedy was in the hospital near her husband when he died, but was not in the operating room itself. She walked beside his bronze casket when it was taken from the hospital.

Her face was sorrowful. She looked steadily at the floor. Her hand rested lightly on her husband's casket as it was taken to a waiting hearse and thence to the airport.

Dr. Malcolm Perry, 34, an attending surgeon, and Dr. Kemp Clark, 38, chief of neurosurgery at Parkland hospital where Kennedy was taken, gave details of the president's wounds.

Kennedy was hit by a bullet in the throat, they said.

(Continued on next page. See WORLD MOURNS)

Pearson leads mourning

Providence News Services

OTTAWA — Prime Minister Lester Pearson, his heart "filled with sadness" at the death of a personal friend, termed the assassination of President Kennedy "one of the great tragedies of history."

Pearson, in a special television and radio message Friday night, paid a glowing personal tribute to the late president and called on all five men to draw from their death "a clearer appreciation of their common concerns."

He said that while a historical tragedy, Kennedy's death was also a "heart-breaking personal loss for both himself and mankind in general."

"There will be a great many people

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'Russia-lover' charged with slaying Kennedy

Canadian Press

DALLAS, Tex.—Police here have shots which killed the presidentially charged Lee Harvey Oswald, 24, with the murder of President Kennedy.

Capt. Will Price of Dallas homicide bureau announced Friday the charge had been laid against Oswald, a former U.S. marine who professed love for Russia, who pressed love for Russia.

Price said Oswald, a slender 5-foot-10-inch, slender, 20-year-old man, had been questioned for 10 hours, but had made no confession. There was sufficient evidence, however, on which to base a formal charge, Price said.

The charge was laid nearly 12 hours after President Kennedy was assassinated by the man who fired from ambush.

Officers said Oswald was the first man who hid on the fifth floor of a textbook warehouse and snatched off three quick rifle

Hating violence, he died violently

By JAMES HESTON
New York Times

WASHINGTON — America wept Friday night, not alone for its dead young president, but for itself. The grief was general, for somehow the worst in the nation had prevailed over the best. The indictment extended beyond the assassin to something in the nation itself. Some strain of madness and violence had destroyed the highest symbol of law and order.

Speaker John McCormack, now 71 and, by the peculiarities of U.S.

politics now next in line for the presidency, expressed this sense of national dismay and self-reproach: "My God, my God what are we coming to?" he asked.

The irony of the president's death is that his short administration was devoted almost entirely to various attempts to curb this very strain of violence in the American character.

When the historian writes of Kennedy in three years in office, it is very likely that he will be impressed with just this: His efforts to restrain those who wanted to be more violent in the cold war over-

brought him into conflict with those who opposed change.

The president somehow always seemed to be suspended between the ideal conception of what a president should be, what the office called for, and a kind of despairing realization of the practical limits upon his power.

He came into office convinced of the truth of Teddy Roosevelt's view of the president's duties — "The

police were slain when he stopped a man on the street to question him. Acting on a tip, police arrested Oswald in a tiny movie theatre near where the policeman was slain, and about four miles from the spot where Kennedy was assassinated.

As Oswald was led out of the police interrogation room Friday night to be booked on the charge of murdering the

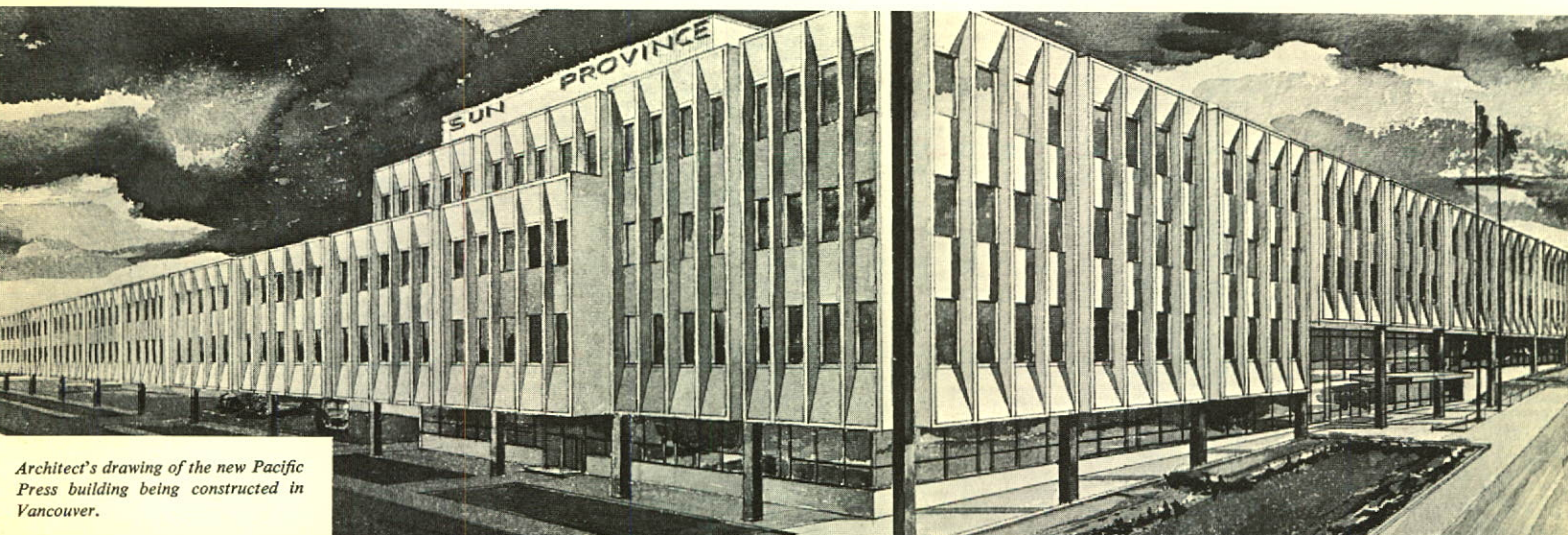
The Province is published by The Southam Company Limited for Pacific Press Limited in which Southam has a half interest. The other half is owned by The Sun Publishing Company Limited which publishes The Sun, Vancouver's afternoon daily.

Both papers are printed in the same plant by Pacific Press which carries on all maintenance and accounting operations. Some advertising is sold for both papers. In all other areas, particularly that of editorial content, the two papers are in direct competition.

Pacific Press Limited

The fiscal year of Pacific Press terminates on March 31, but as a matter of interest the following non-audited statements are included covering the twelve months ended December 31, 1963:

	1963	1962
Statement of earnings		
Total operating revenue	\$20,897,900	\$20,607,900
Total operating expense	16,167,100	15,661,800
Profit before depreciation, interest and income tax	<u>4,730,800</u>	<u>4,946,100</u>
Depreciation	550,500	469,300
Interest on 5½ percent debentures (owned by shareholders)	440,000	440,000
Provision for income tax	1,788,200	2,102,500
	<u>2,778,700</u>	<u>3,011,800</u>
Net earnings	<u>\$ 1,952,100</u>	<u>\$ 1,934,300</u>
50 percent interest therein of The Southam Company Limited	\$ 976,050	\$ 967,150
Received by The Southam Company Limited during the year as dividends	\$ 320,000	\$ 280,000
	<u>16,202,400</u>	<u>15,186,700</u>
Condensed balance sheet as at December 31		
Working capital	\$ 3,640,400	\$ 2,420,500
Fixed assets at cost less depreciation	6,102,000	6,296,200
Franchises, subscription lists and other intangibles	6,460,000	6,470,000
	<u>16,202,400</u>	<u>15,186,700</u>
Deduct:		
Provision for taxes applicable to future years	704,000	724,800
5½ percent debentures (owned by shareholders)	8,000,000	8,000,000
	<u>8,704,000</u>	<u>8,724,800</u>
Shareholders' equity	<u>\$ 7,498,400</u>	<u>\$ 6,461,900</u>
The Southam Company Limited interest:		
50 percent of the common stock at a cost of	\$ 800,000	\$ 800,000
50 percent of the 5½ percent debenture issue at a cost of	4,000,000	4,000,000
50 percent of retained earnings	2,949,200	2,430,950
	<u>\$ 7,749,200</u>	<u>\$ 7,230,950</u>



Architect's drawing of the new Pacific Press building being constructed in Vancouver.

MONTREAL TORONTO
CHATHAM CALGARY
VANCOUVER

GUNN, ROBERTS AND CO. CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
The Southam Company Limited:

We have examined the consolidated balance sheet of The Southam Company Limited and subsidiary companies as at December 31, 1963 and the consolidated statements of earnings and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1963 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 11, 1964.



Chartered Accountants.

Consolidated statement of earnings

For the year ended December 31, 1963 (with comparative figures for 1962)

	1963	% change	1962
Revenue from operations	\$43,083,147	+ 2.9	\$41,852,876
Costs and operating expenses	35,006,763	+ 4.5	33,506,914
Depreciation (note 1)	1,071,732	+ 8.3	989,843
Debenture interest	214,318	-16.8	257,624
	<u>36,292,813</u>	+ 4.4	<u>34,754,381</u>
Earnings from operations before income taxes	6,790,334	- 4.3	7,098,495
Income from investments			
Pacific Press Limited	540,000	+ 8.0	500,000
Other investments	641,805	+ 2.6	625,286
Earnings from operations and investments before undernoted items	7,972,139	- 3.1	8,223,781
Income taxes (note 1)	3,710,000	- 3.0	3,823,000
	<u>4,262,139</u>	- 3.2	<u>4,400,781</u>
Profit on sale of investments and surplus fixed assets	285,965	-23.2	372,280
Net earnings	<u>\$ 4,548,104</u>	- 4.7	<u>\$ 4,773,061</u>
Per share	<u>\$1.52</u>		<u>\$1.59</u>

Notes: 1. Depreciation has been charged at rates normally permitted for income tax purposes. However, as the companies intend to claim additional depreciation for 1963 under incentive provisions of the income tax regulations, income taxes provided for 1963 exceed the amounts actually payable by \$135,000. This difference is applicable to those future periods in which depreciation recorded in the accounts exceeds that allowable for tax purposes. Accordingly, it is included in the balance

sheet as "Income tax reductions applicable to future years".

2. The comparative figures for 1962 have been adjusted to agree with the changes in statement presentation adopted for 1963.

3. For 1963 remuneration of executive officers and employed directors amounted to \$286,600, fees of other directors \$24,000, legal fees \$26,537 and audit fees \$39,275.

Consolidated statement of retained earnings

For the year ended December 31, 1963 (with comparative figures for 1962)

	1963	1962
Balance January 1	\$16,884,284	\$15,462,164
Add net earnings	4,548,104	4,773,061
	<u>21,432,388</u>	<u>20,235,225</u>
Deduct		
Dividends		
Paid in cash	3,000,000	2,550,000
Paid in preferred shares which were redeemed for cash	450,000	—
Circulation and other intangible assets of publications acquired during year, and excess of investment in shares of subsidiary company acquired during year over net tangible assets at acquisition	886,616	800,941
	<u>4,336,616</u>	<u>3,350,941</u>
Balance December 31	<u>\$17,095,772</u>	<u>\$16,884,284</u>

Consolidated balance sheet

The Southam Company Limited and subsidiary companies
December 31, 1963 (with comparative figures for 1962)

Assets	1963	1962
CURRENT ASSETS		
Cash	\$ 755,291	\$ 900,416
Government securities at cost (market value \$1,341,000)	1,326,699	1,152,285
Short term notes and deposits	2,339,324	2,852,030
Accounts receivable (after allowance for doubtful accounts)	4,330,050	4,368,185
Inventories valued at the lower of cost or market	1,340,380	1,445,883
Prepaid expenses	110,161	84,470
	<u>10,201,905</u>	<u>10,803,269</u>
INVESTMENTS AT COST		
Pacific Press Limited shares and debentures	4,800,000	4,800,000
Other newspaper and printing companies	2,536,255	2,812,894
Radio and television companies	462,304	490,281
Other investments	916,785	927,297
	<u>8,715,344</u>	<u>9,030,472</u>
FIXED ASSETS VALUED AT COST OR LOWER		
Land	1,817,521	1,612,851
Buildings	\$ 8,896,928	
Less accumulated depreciation	3,644,651	4,387,858
	<u>5,252,277</u>	
Machinery and equipment	13,629,934	
Less accumulated depreciation	10,463,718	2,993,521
	<u>3,166,216</u>	<u>2,993,521</u>
	<u>10,236,014</u>	<u>8,994,230</u>
	<u>\$29,153,263</u>	<u>\$28,827,971</u>

Approved on behalf of the Board:

Philip S. Fisher, Director

St. Clair Balfour, Director

Liabilities

	1963	1962
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,925,508	\$ 2,029,167
Income and other taxes	1,828,104	1,991,997
Deferred revenue—subscriptions and rentals	482,879	477,523
Serial debenture maturing in 1964	500,000	500,000
	<u>5,736,491</u>	<u>4,998,687</u>
FUNDED DEBT		
5% Perpetual redeemable debentures	2,686,000	2,945,000
6% Serial redeemable debentures, secured, (\$500,000 maturing July 1st annually) less amount included in current liabilities . . .	500,000	1,000,000
	<u>3,186,000</u>	<u>3,945,000</u>
INCOME TAX REDUCTIONS APPLICABLE TO FUTURE YEARS	135,000	—
Total liabilities	<u>9,057,491</u>	<u>8,943,687</u>
Shareholders' equity		
CAPITAL STOCK (note 3)		
Common shares without nominal or par value		
Authorized—4,000,000 shares		
Issued —3,000,000 shares	3,000,000	3,000,000
RETAINED EARNINGS	17,095,772	16,884,284
	<u>20,095,772</u>	<u>19,884,284</u>
	<u>\$29,153,263</u>	<u>\$28,827,971</u>

Notes:

1. The subsidiary companies included in the consolidation are—

The Southam Printing Company Limited, Southam Business Publications Limited (formerly Southam-MacLean Publications Limited) and its subsidiary company, Age Publishing Company Limited, which was acquired on December 31, 1963, and Province Press Holdings Limited.

2. Commitments for acquisition of fixed assets and investments payable during 1964 amount to \$2,800,000.

3. During the year 3,000,000 redeemable preferred shares of the par value of 15 cents each were issued and were redeemed under authority of the supplementary letters patent under which the shares were issued.

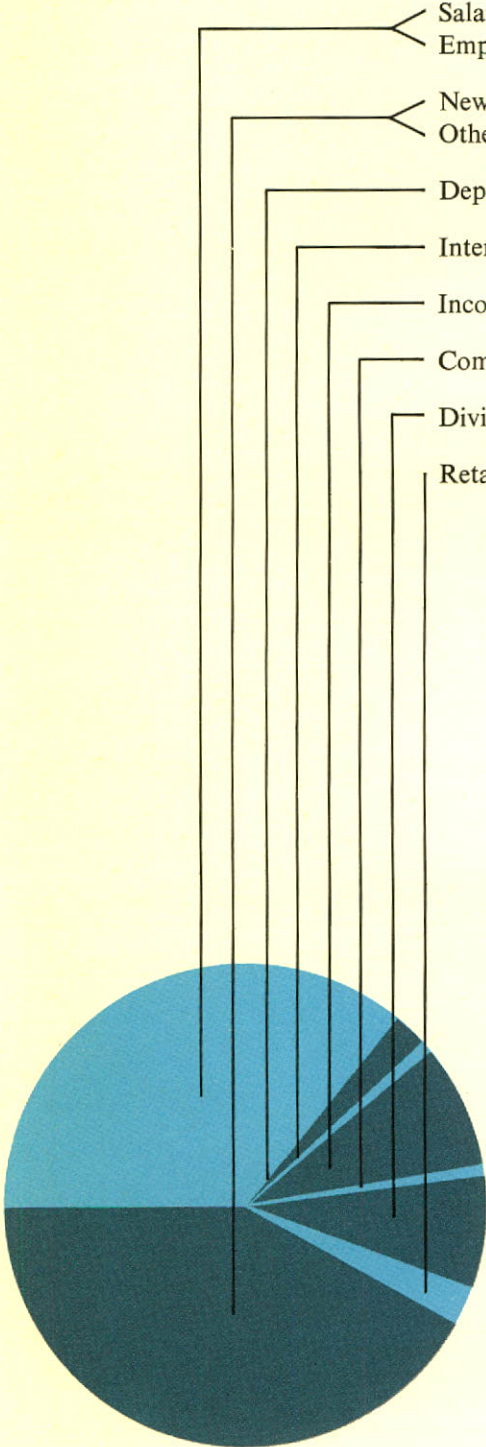
Consolidated statement of source and use of funds

	Year ended December 31, 1963	Ten years 1954-1963
Source of funds		
Net earnings for the period	\$ 4,548,104	\$37,133,359
Depreciation charged against earnings	1,071,732	10,450,834
Income tax reductions applicable to future years	135,000	—
	<u>5,754,836</u>	<u>47,584,193</u>
Proceeds from issue of 6% serial redeemable debentures	—	3,500,000
Net decrease in investments	315,128	—
	<u>6,069,964</u>	<u>51,084,193</u>
Use of funds		
Dividends paid (including stock dividends redeemed)	3,450,000	19,875,000
Net increase in investments	—	7,133,256
Net additions to fixed assets	2,313,516	15,134,764
Reduction in non-current portion of funded debt	759,000	4,314,000
Circulation and other intangible assets of publications acquired and excess of investment in shares of subsidiary companies over their net tangible assets at acquisition	886,616	3,660,376
	<u>7,409,132</u>	<u>50,117,396</u>
DECREASE IN WORKING CAPITAL IN 1963	<u>\$ 1,339,168</u>	
INCREASE IN WORKING CAPITAL IN TEN YEARS		<u>\$ 966,797</u>
DECREASE IN WORKING CAPITAL IN 1963		
Decrease in cash, government securities and short term notes and deposits	\$ 483,417	
Decrease in accounts receivable and prepaid expenses	12,444	
Decrease in inventories	105,503	
Increase in current liabilities	737,804	
	<u>\$ 1,339,168</u>	

Note: The amount of net earnings for the ten years includes capital gains less sundry adjustments amounting to \$165,203 (net) which were credited or charged directly to retained earnings.

Disposition of revenue

	1963		1962	
Gross Revenue	\$44,550,917	100.00%	\$43,350,442	100.00%
Salaries and wages paid	\$15,022,981	33.72%	\$14,439,121	33.31%
Employee benefits	1,009,146	2.27	975,115	2.25
Newsprint, paper and ink	8,255,834	18.53	8,151,141	18.80
Other supplies and services	10,478,111	23.52	9,695,070	22.37
Depreciation	1,071,732	2.41	989,843	2.28
Interest on debt	214,318	.48	257,624	.59
Income taxes	3,710,000	8.33	3,823,000	8.82
Community welfare donations	240,691	.54	246,467	.57
Dividends	3,450,000	7.74	2,550,000	5.88
Retained in company	1,098,104	2.46	2,223,061	5.13
	<u>\$44,550,917</u>	<u>100.00%</u>	<u>\$43,350,442</u>	<u>100.00%</u>



The company

The Southam Company Limited is a Canadian-owned and operated company whose origins reach back almost to Confederation. The company began in 1877 when William Southam bought a half interest in *The Hamilton Spectator*. Between that date and 1927, when the family newspaper interests were reorganized as The Southam Publishing Company Limited, he and his six sons had established or purchased seven other businesses. These were printing companies in Toronto (1883) and Montreal (1889) and newspapers, *The Ottawa Citizen* (1897), *The Calgary Herald* (1908), *The Edmonton Journal* (1912), *The Winnipeg Tribune* (1920), and *The Vancouver Province* (1923). A one-quarter interest in *The London Free Press* had also been bought.

William Southam in his earlier years had a substantial interest in other forms of business in Hamilton, but over the years the family hammered out a policy of concentration on newspaper publishing and printing.

Originally the Southam family was not the sole owner of these enterprises; but commencing in 1927 the present company acquired all the minority equity interests, except in the case of *The London Free Press*, issuing shares in payment therefor.

In 1938 the company name was changed to The Southam Company Limited and in 1941 all the subsidiaries became divisions by transferring their assets to the parent company. Additional shares were issued in 1945 and made available to the public.

After the war the company entered a new phase of expansion. This resulted in the acquisition of *The Medicine Hat News* (1948), *The North Bay Nugget* (1956), and a 47 percent interest in the *Kitchener-Waterloo Record* (1953). Over the years various interests in radio and television operations were also acquired. Pacific Press Limited, in which the company holds a 50 percent interest, was incorporated in 1957 and acquired *The Vancouver Province* and *The Vancouver Sun*.

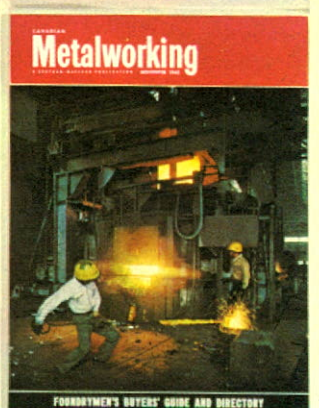
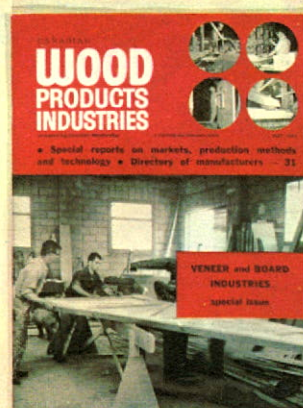
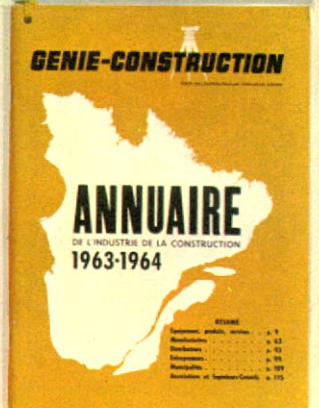
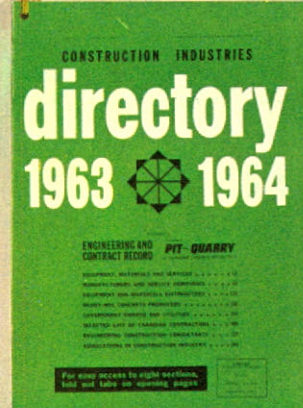
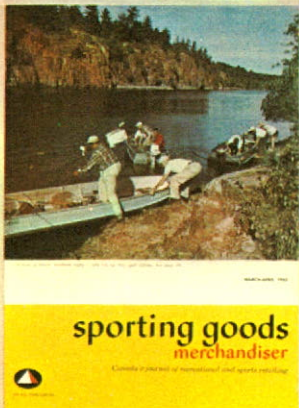
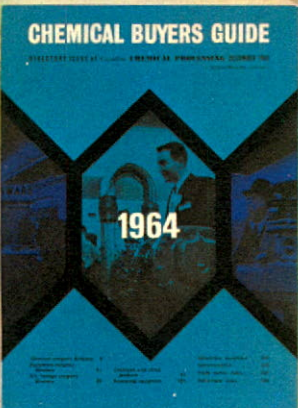
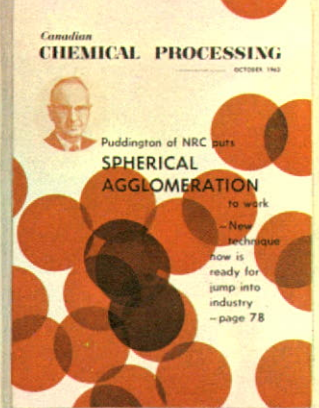
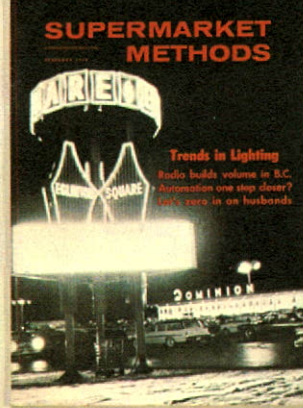
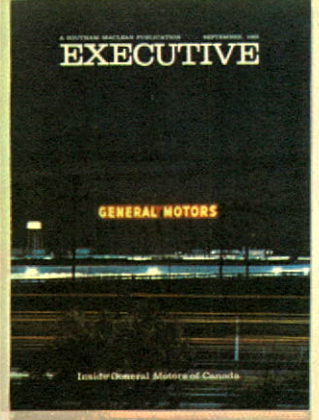
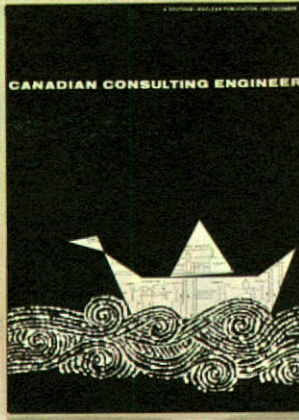
In 1960 the company entered the field of business publications by purchasing a controlling interest in The Hugh C. MacLean Publications Limited. This company, which became Southam-MacLean Publications Limited, is now called Southam Business Publications Limited. It has grown through the purchase of additional magazines in 1962, 1963 and 1964. The company is now a wholly-owned subsidiary producing 48 different business and professional publications.

The company expanded into a new field in 1961 through the purchase of *Financial Times of Canada*, a national weekly newspaper edited primarily for investors.

In 1962 *Canadian Homes Magazine* was purchased from Maclean-Hunter Publishing Company Limited. It is now a monthly rotogravure magazine distributed with all Southam newspapers as well as *The London Free Press*, *The Montreal Gazette* and *The Toronto Globe and Mail*.

In an industry as important to the growth and maturity of Canadian public opinion as newspaper and magazine publishing, the company has pursued three basic policies, all of which are intended to assure objectivity of the printed word. These are:

1. Newspapers and magazines are operated under individual management and develop independent editorial policies. There is no "Southam" editorial policy.
2. The company will have no financial interest in enterprises outside mass communications and printing.
3. Officers of the company and senior executives may not act as directors of other unrelated firms operated for profit, nor may officers or those involved in the news handling and editorial positions take any active part, outside the publications they serve, in municipal, provincial or federal politics.



Some of the 48 Southam Business publications serving many industries and professions.

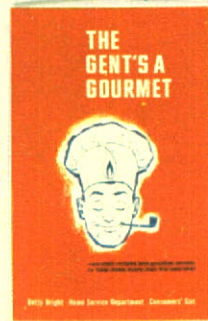
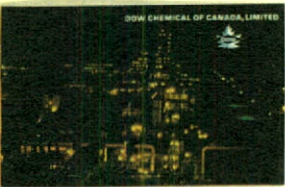
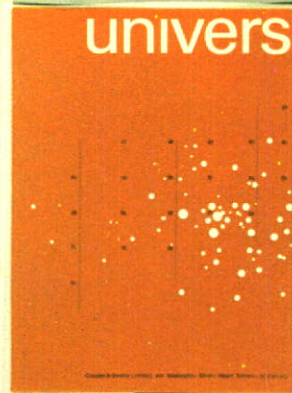
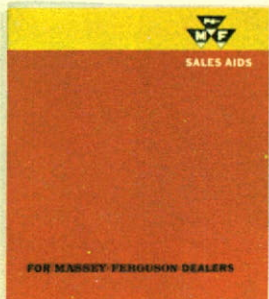
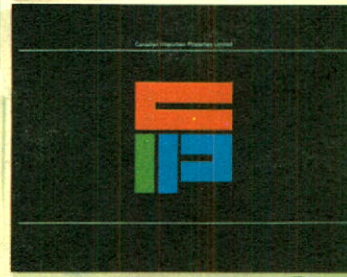
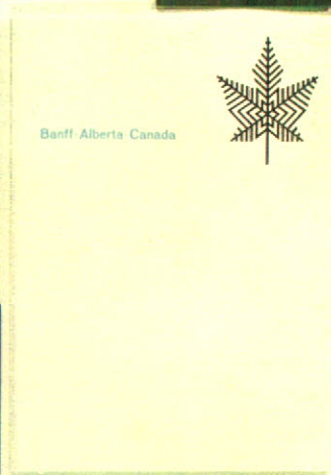
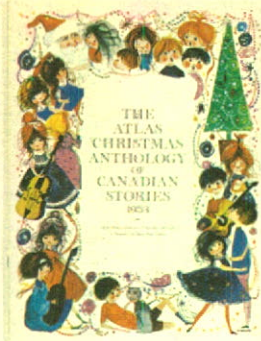
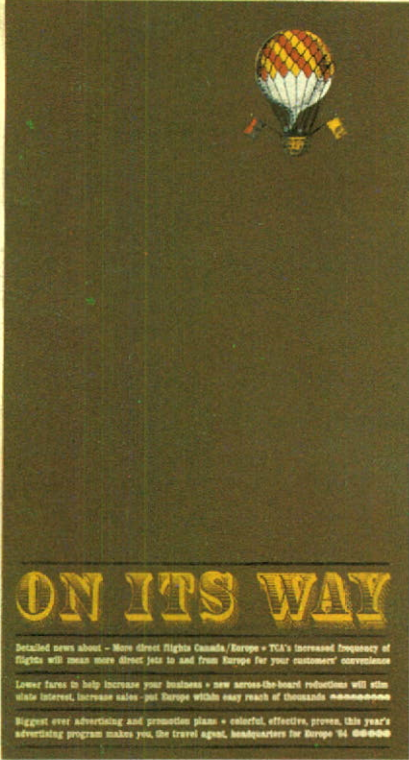
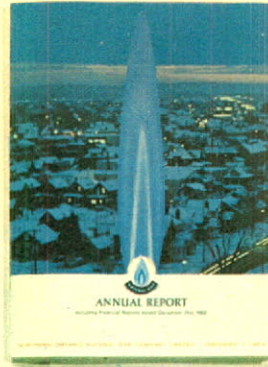
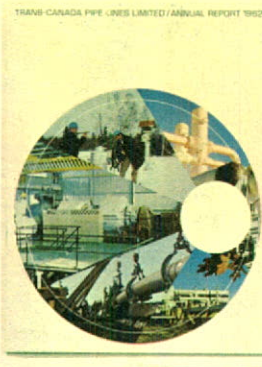
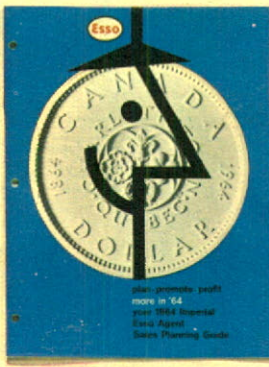
1958	1959	1960	1961	1962	1963
35,184,835	37,800,331	39,704,072	40,742,329	41,852,876**	43,083,147**
545,898	951,338	850,679	946,975	1,125,286	1,181,805
—	531,793	231,792	253,030	372,280	285,965
27,834,670	29,591,099	31,297,610	32,300,356	33,506,914**	35,006,763**
406,613	375,138	333,967	296,377	257,624	214,318
1,209,500	1,156,885	1,098,068	1,020,047	989,843	1,071,732
2,852,000	3,591,000	3,737,000	3,815,000	3,823,000	3,710,000
3,427,950	4,569,340	4,319,898	4,510,554	4,773,061	4,548,104
9.59	11.63	10.59	10.75	11.01	10.21
1.14	1.52	1.44	1.50	1.59	1.52
1,500,000	2,137,500	2,400,000	2,400,000	2,550,000	3,450,000
.50	.71	.80	.80	.85	1.15
43.8	46.8	55.5	53.2	53.5	75.8
7,370,762	9,226,309	9,268,180	10,407,330	10,803,269	10,201,905
4,091,224	4,716,778	4,980,327	4,700,352	4,998,687	5,736,491
3,279,538	4,509,531	4,287,853	5,706,978	5,804,582	4,465,414
6,902,055	7,756,639	7,206,355	7,511,967	9,030,472	8,715,344
21,556,050	21,977,135	23,503,575	23,524,859	22,331,984	24,344,383
11,340,093	12,077,976	13,144,238	13,609,744	13,337,754	14,108,369
6,600,000	5,924,000	5,307,000	4,626,000	3,945,000	3,186,000
150,852	162,791	194,935	45,896	—	—
—	—	—	—	—	135,000
3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
10,646,698	13,078,538	13,351,610	15,462,164	16,884,284	17,095,772
4.55	5.36	5.45	6.15	6.63	6.70
113,715,789	119,809,999	118,269,453	117,770,937	118,576,663	117,210,399
—	—	—	8,628	8,900	10,353
86,179	90,113	88,801	87,469	89,117	87,684
—	—	—	16,767	17,930	21,062
441,338	454,636	465,781	478,454	495,184	506,253
41,893	44,629	45,549	45,882	48,798	49,853
2,829	2,824	2,976	2,794	2,781	2,813
11,750,259	12,602,035	13,560,708	14,081,178	14,439,121	15,022,981
817,200	861,100	876,350	847,803	975,115	1,009,146
1,300,758	840,087	1,292,246	741,715	896,678	2,313,516
1,720	1,680	1,954	2,053	2,271	2,429
15¾—9½	20¾—15¾	24—18½	34—21	34½—25	36¾—29

Ten-year comparative summary

Earnings	1954	1955	1956	1957
Revenue from operations	\$28,391,223	30,513,412	36,458,377	35,047,415
Income from investments	\$ 234,506	299,314	150,750	260,149
Capital profit	\$ —	—	—	—
Costs and operating expenses	\$23,451,734	24,945,023	29,220,144	28,627,819
Debenture and other interest	\$ 185,000	180,000	186,411	336,030
Depreciation	\$ 701,215	792,013	1,168,795	1,242,736
Income taxes	\$ 1,960,000	2,272,100	2,835,005	2,431,871
Net earnings	\$ 2,327,780	2,623,590	3,198,772	2,669,108
Net earnings as a percent of revenue	8.13%	8.51	8.74	7.56
Net earnings per share*	\$.78	.88	1.07	.89
Dividends paid	\$ 1,200,000	1,312,500	1,425,000	1,500,000
Dividends per share*	\$.40	.44	.48	.50
Percent earnings distributed	51.6%	50.0	44.5	56.2
Balance sheets				
Current assets	\$ 6,524,801	6,905,544	6,662,076	5,860,605
Current liabilities	\$ 2,630,564	3,064,975	3,809,479	3,867,460
Working capital	\$ 3,894,237	3,840,569	2,852,597	1,993,145
Investments	\$ 1,708,948	1,698,314	2,120,338	6,856,157
Fixed assets—gross	\$14,972,947	17,113,584	20,842,653	20,735,916
Accumulated depreciation	\$ 9,121,831	9,925,648	11,513,486	10,611,217
Funded debt	\$ 3,600,000	3,600,000	3,600,000	7,100,000
Minority shareholders' equity	\$ —	—	152,462	155,253
Income tax reductions applicable to future years	\$ —	—	—	—
Capital stock	\$ 3,000,000	3,000,000	3,000,000	3,000,000
Retained earnings	\$ 4,854,301	6,126,819	7,549,640	8,718,748
Equity per common share*	\$ 2.61	3.04	3.51	3.90
Statistics				
Advertising linage—newspapers	106,891,033	115,144,088	126,327,553	121,100,525
Advertising pages—magazines	—	—	—	—
Newspaper pages	77,317	85,285	92,065	92,168
Magazine pages	—	—	—	—
Daily newspaper circulation—December	504,809	508,648	533,903	426,334
Tons of newsprint used	46,859	49,253	52,180	48,325
Employees	2,844	2,952	3,340	2,701
Salaries and wages paid	\$ 9,581,074	10,450,340	11,956,593	11,972,966
Employee benefits	\$ 642,400	699,427	737,035	690,538
Improvements to plant	\$ 836,761	2,128,833	3,137,698	2,562,434
Shareholders	1,618	1,704	1,686	1,669
Common share price range*	\$ 9¼—7¼	12—8¾	14—11	13¾—9¾

*Adjusted for the years 1954 to 1959 to reflect a four-for-one stock split in 1960.

**Adjusted to conform to changes in statement presentation adopted for 1963.



Samples of the great variety of commercial printing done by The Southam Printing Company Limited at its plants in Toronto, Montreal and Vancouver.