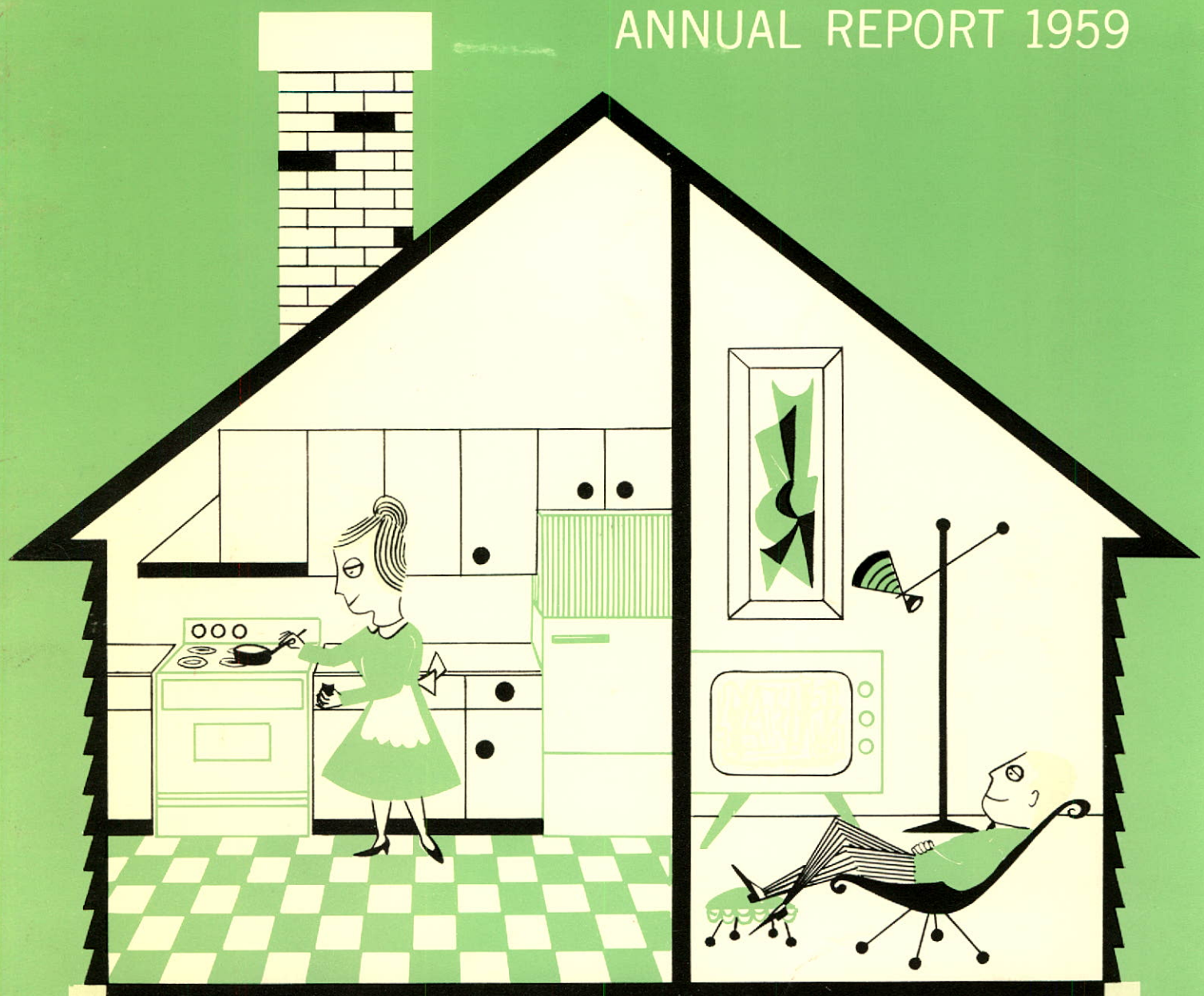


Stackin' file

ANNUAL REPORT 1959



PURVIS HALL
LIBRARIES

APR 22 1960

LOWER ST. LAWRENCE POWER COMPANY

THE YEAR IN BRIEF



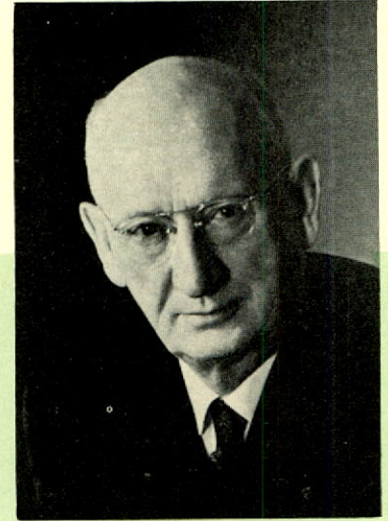
	1959	1958	INCREASE
Gross Revenues	\$ 3,409,099	\$ 3,163,066	\$ 246,033
Expenses and Taxes (other than income taxes)	\$ 1,616,640	\$ 1,543,391	\$ 73,249
Interest and Other Deductions	\$ 705,994	\$ 667,712	\$ 38,282
Balance of Revenue Before Income Taxes	\$ 1,086,465	\$ 951,963	\$ 134,502
Provision for Income Taxes	\$ 508,630	\$ 444,544	\$ 64,086
Net Profit	\$ 577,835	\$ 507,419	\$ 70,416
Earned Per Preferred Share	\$ 5.28	\$ 4.56	\$ 0.72
Earned Per Common Share	\$ 2.39	\$ 2.03	\$ 0.36
Dividends Paid Per Preferred Share	\$ 0.90	\$ 0.90	—
Dividends Paid Per Common Share	\$ 1.00	\$ 1.00	—
Capital Expenditures	\$ 1,057,493	\$ 653,238	\$ 404,255
Kilowatt-Hour Sales	121,013,997	111,515,532	9,498,465
Peak Load (kilowatts)	36,950	33,000	3,950
Customers Served	32,360	31,805	555
Payroll and Employee Benefits	\$ 1,249,903	\$ 1,090,849	\$ 159,054

NOTE:

Ce rapport a été imprimé en français et en anglais. Si vous préférez recevoir un exemplaire français, il nous fera plaisir de vous l'expédier. Veuillez adresser votre demande comme suit:

LA COMPAGNIE DE POUVOIR DU BAS ST-LAURENT,
Casier Postal 470,
Rimouski, P. Q.

THE PRESIDENT'S LETTER



The hydro-electric system operated by Lower St. Lawrence Power Company will soon reach its fiftieth anniversary, and as I read the facts and figures in the accompanying report, I have the feeling that the stability and maturity necessary to the enterprise have been achieved.

The Company has developed the most economical hydro-electric sites on the Metis River and in future will rely increasingly on purchased power. In recent years the Company has extended or renewed its entire main transmission system and is now in a position to provide power to meet the present and future needs of the whole territory by the construction of further distribution lines. After many years of heavy investment, we can look forward with confidence to a substantial increase in our sales of electricity in a territory of considerable economic promise without any need for outside capital in the foreseeable future.

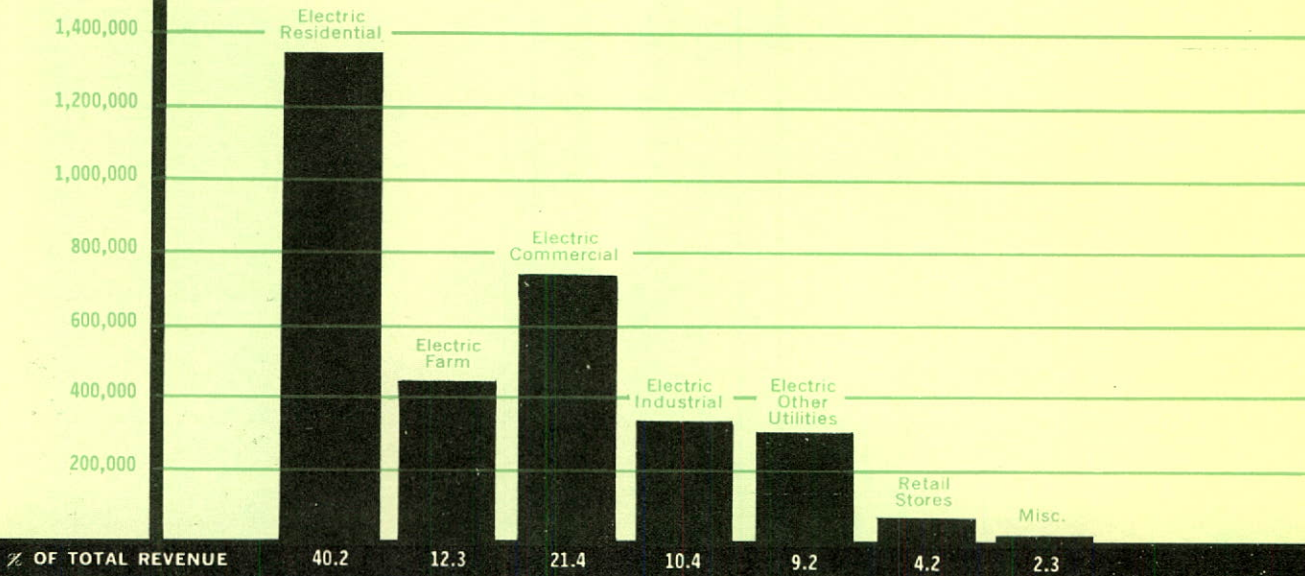
The Company appears to me to be adequately financed, organized and staffed by capable executives and personnel, and I can look forward with confidence to the time when I shall lay down the reins of office. During the whole lifetime of the Company I have seen the Lower St. Lawrence region developing and enjoying increasing prosperity and I am confident that it will continue to do so.

A handwritten signature in cursive script, appearing to read "J. Brillant". The signature is written in dark ink on a light background.

SOURCES OF 1959 REVENUE

DOLLARS

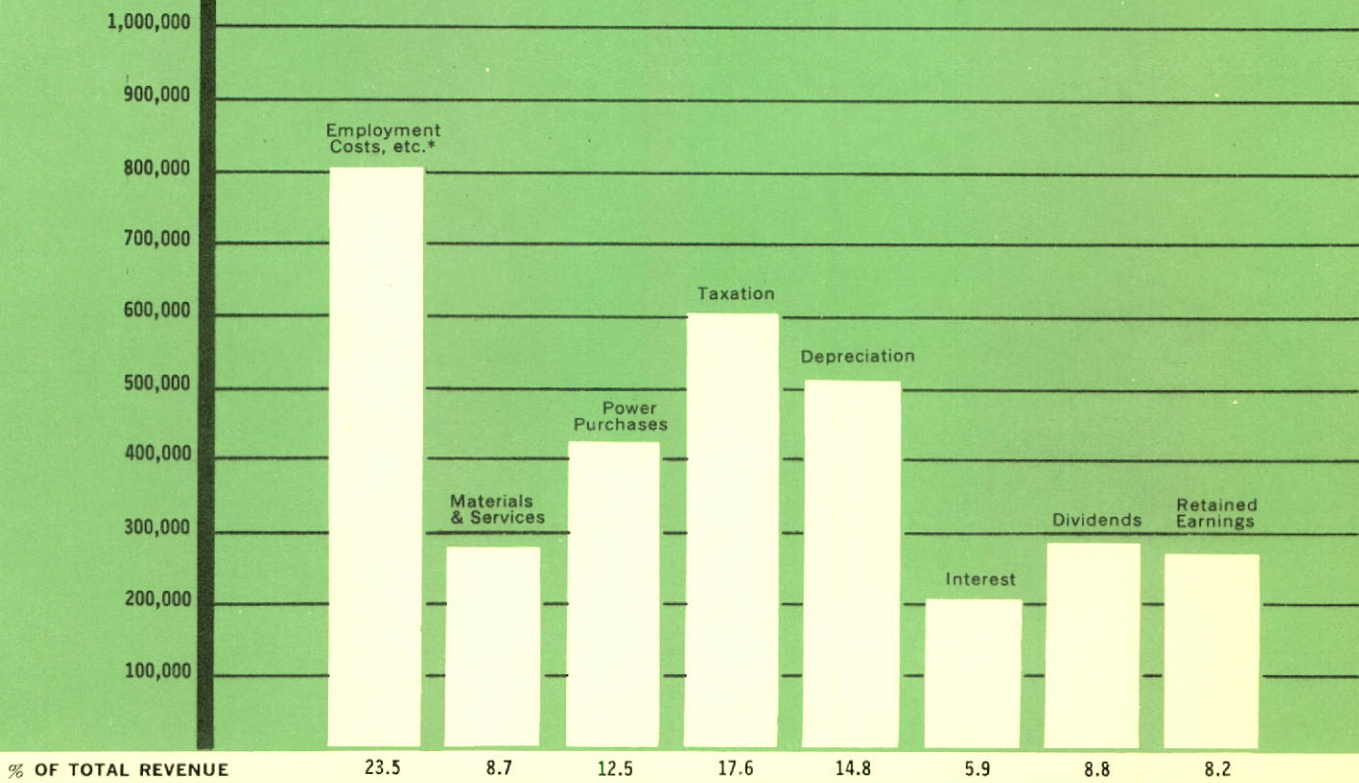
TOTAL \$3,409,099



DOLLARS

DISPOSITION OF 1959 REVENUE

TOTAL \$3,409,099



*Salaries, Wages and Employee Benefits

37th ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

It is our pleasure to review the important events affecting the operations of the Company for the year 1959.

REVENUES AND EXPENSES

Net profit for the year amounted to \$577,835 and represented an increase of 13.8 per cent over profits of \$507,419 in 1958. Earnings per common share were \$2.39 as compared with \$2.03 in 1958. Regular quarterly dividends were paid on the preferred shares and \$1.00 per share was paid on the common, as was the case in 1958.

The gross revenues from operations for the year amounted to \$3,409,099, an increase of \$246,033, or 7.8 per cent over 1958. The table below indicates the sources of the Company's revenues:

	1959	Increase Compared with 1958	
		Amount	Per Cent
Sales of power	\$3,184,452	191,247	6.4
Net profit from retail stores	144,585	16,919	13.3
Miscellaneous	80,062	37,867	89.7
TOTAL	\$3,409,099	246,033	7.8

The tabulation below, which compares revenue from sales of electricity to various classes of customers in 1959 and in 1958, indicates the diversity of the Company's electrical business.

DISTRIBUTION OF SALES OF ELECTRICITY

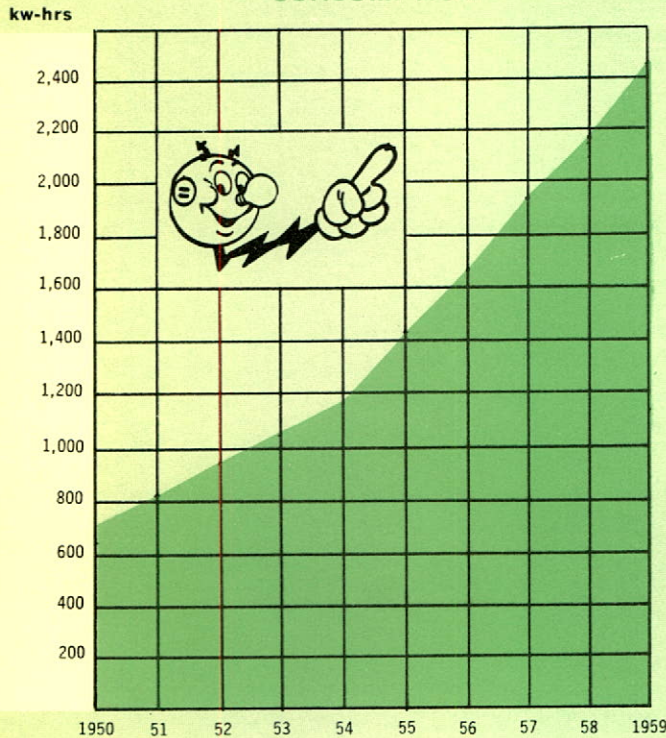
CLASS OF SERVICE	REVENUES			KILOWATT-HOURS		
	1959	Per Cent of Total	% Increase over 1958	1959	Per Cent of Total	% Increase over 1958
Residential	\$1,345,641	42.2	10.0	48,053,054	39.7	14.8
Farm	418,598	13.1	8.9	9,768,535	8.1	14.6
Commercial	730,834	23.0	4.7	23,378,658	19.3	6.8
Industrial	285,502	9.0	3.7	11,577,523	9.6	2.2
Municipal	67,526	2.1	0.2	3,130,747	2.6	0.9
Town of Campbellton	174,623	5.5	(13.6)	13,975,200	11.5	(12.0)
Other utilities	137,520	4.3	10.5	11,130,280	9.2	21.4
Miscellaneous	24,208	0.8	23.5	—	—	—
TOTAL	\$3,184,452	100.0	6.4	121,013,997	100.0	8.5

Comparative statement of SOURCE AND USE OF FUNDS

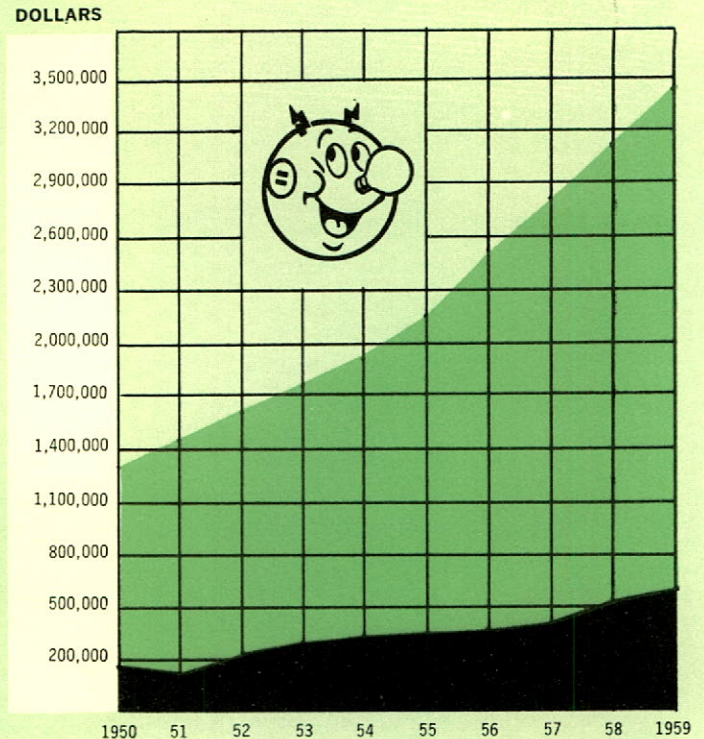
FOR THE YEARS ENDED 31st DECEMBER 1959 AND 1958

	1959	<u>1958</u>
CASH - 1st JANUARY	\$ 210,408	\$ 133,123
SOURCE OF FUNDS —		
Net profit for the year, before provision for depreciation, amortization and income taxes available for future years	1,128,325	1,023,158
Bank loan	340,000	—
Proceeds from sale of first mortgage bonds	943,440	—
	<u>\$2,622,173</u>	<u>\$1,156,281</u>
USE OF FUNDS —		
Capital expenditure	1,057,493	653,238
Preferred shares redeemed and sinking fund deposit	37,380	24,240
First mortgage bonds redeemed and sinking fund deposits	90,344	95,675
Instalment payments on purchase price of fixed assets	71,452	70,140
Dividends —		
Preferred	99,764	101,277
Common	200,000	200,000
Increase (decrease) in miscellaneous investments and advances	8,702	(30,364)
Increase in current assets (other than cash)	869,406	33,225
Increase in current liabilities (other than bank loan)	(10,677)	(201,558)
	<u>2,423,864</u>	<u>945,873</u>
CASH - 31st DECEMBER	<u>\$ 198,309</u>	<u>\$ 210,408</u>

AVERAGE ANNUAL RESIDENTIAL CONSUMPTION



GROSS REVENUES • NET PROFIT



REVENUES AND EXPENSES (Cont'd.)

Revenue from sales of power increased by 6.4 per cent over 1958. This resulted from sales to new customers and from an increase in sales to existing residential, farm, commercial and industrial customers. It is significant that the revenue per customer continued to rise although the percentage of increase in each class of customers was not as pronounced as in previous years. On the other hand, revenue from sales to other utilities for resale decreased \$14,276 or 4.3 per cent.

Total operating expenses for the year amounted to \$1,616,640. This was 4.7 per cent more than in 1958. The amount paid for power purchased increased from \$410,171 last year to \$426,406 in 1959. Operating, maintenance and general expenses increased by 4.3 per cent to \$1,065,536; included in this total were \$802,714 for salaries and employee benefits, representing an increase of 10.3 per cent. Furthermore, expenses for 1959 have been adversely affected by unusually high maintenance costs for our Lake Métis storage dam.

Provision for depreciation increased by \$37,326 to \$504,514 resulting from additions to plant, and bond interest was reduced by \$3,805 due to the decrease in funded debt resulting from redemptions under provisions of the Trust Deed.

After payment of dividends on all classes of capital stock, the earnings retained in the Company amounted to \$278,071 compared with \$206,142 in the previous year.

TAXES

The Company contributes heavily to the public treasury, at federal, provincial and municipal levels. Total taxes for 1959 amounted to \$601,200—more than 17.6 per cent of gross revenues. Higher taxes resulted principally from additions to properties, an increase in taxable income and an increase in federal income tax rates. This tax bill does not include other forms of taxes such as automobile and truck licences, sales taxes, gasoline taxes, meter inspection, etc., which are absorbed by other accounts.

OPERATIONS

Normal water conditions prevailed throughout the year and the Company generated 61,650,000 kilowatt-hours in its own plants, which represents 44.6 per cent of the total 1959 production. The Company purchased an additional 5,000 horsepower from Quebec Hydro-Electric Commission in accordance with its contract with the latter.

Sales of electricity rose 8.5 per cent in 1959 and reached a total of 121,000,000 kilowatt-hours. The peak load on the Company's system was 36,950 kilowatts, 11.9 per cent more than in the previous year.

At the year-end, the Company provided electric service to 32,360 customers, 555 more than at the end of 1958. Sales to residential and farm customers continued their rate of growth of recent years; residential customers, our largest group, increased their total purchases of kilowatt-hours in 1959 by 10.0 per cent and farm customers by 8.9 per cent.

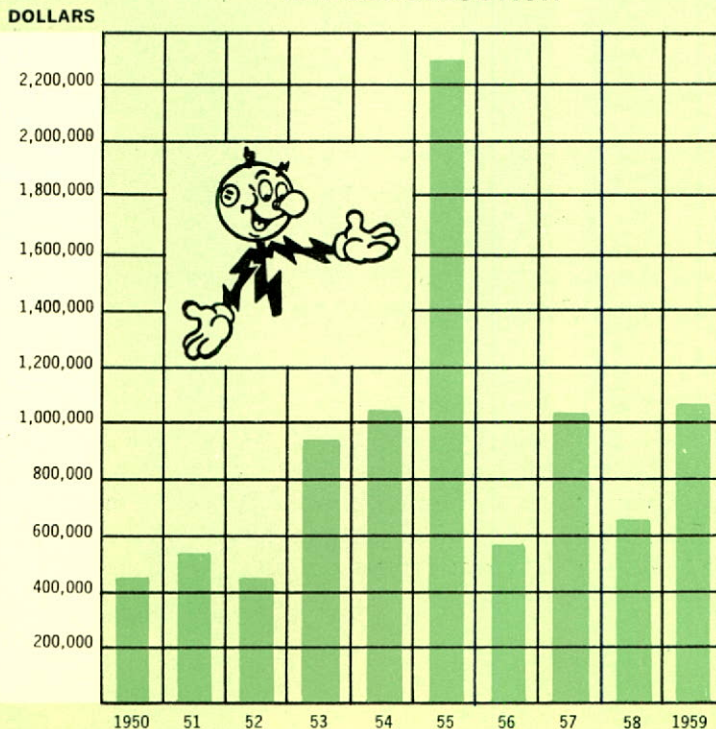
The Company continued its sales promotion activities designed to raise wiring standards in new residences and to explain the necessity for adequate wiring in older residences through newspaper advertising and distribution of promotional literature. The Company's promotional work also includes participation in "Live Better Electrically" programs and organization of displays at various fairs and exhibitions.

The Company operates eight retail stores in its territory. Sales of household appliances and other electrical products for the year amounted to \$1,000,130, an increase of 7.2 per cent over 1958 and the highest in the Company's history

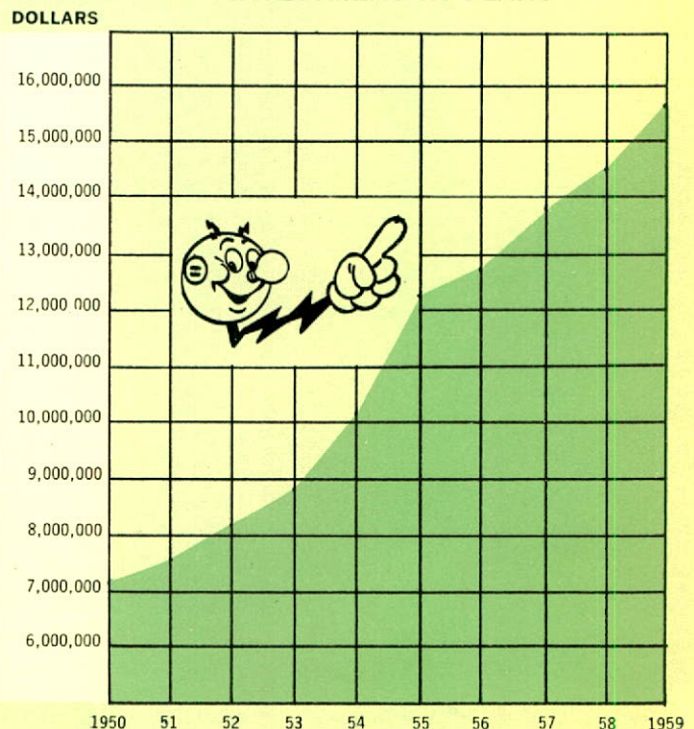
CONSTRUCTION

The continuing expansion of the Company's system to meet ever increasing demands for power required capital expenditures totalling \$1,057,493 in 1959.

NEW CONSTRUCTION



INVESTMENT IN PLANT



The largest single project undertaken during the year was a 161 kv. transmission line of 32 miles in length from Les Boules switching substation to Rimouski. A total of 31.2 miles of distribution lines was built in rural areas. In addition, primary distribution voltages were raised in some municipalities to increase the load carrying capacity of our system. Numerous additions and improvements were also made to distribution substations by the installation of voltage regulating equipment, and to the distribution system generally, to provide adequate service and to supply new customers.

FINANCING

In December 1959, the Company sold \$1,000,000 principal amount 5 $\frac{7}{8}$ % First Mortgage Bonds, \$100,000 of which were issued during that month and \$900,000 of which will be issued during the first quarter of 1960. The proceeds from this issue will be used to repay bank loans of \$485,000 obtained in 1957 and \$340,000 in 1959. These sums were borrowed to defray in part our capital expenditures. The balance of our requirements for capital purposes was generated internally.

EMPLOYEES

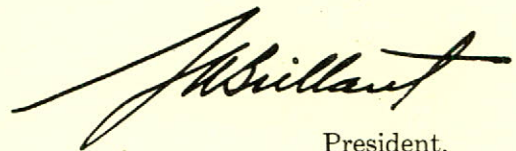
At the end of 1959 the Company had a total strength of 317 employees. Salary payments and employee benefits, including wages charged to construction, amounted to \$1,249,903, higher by \$159,054 than in 1958 primarily as a result of a general wage increase effective July 1, 1959.

One of our greatest assets, one that cannot be reflected in the balance sheet, is the ability and loyalty of the Company's employees. The Board of Directors and Officers wish to express their sincere appreciation to them for their support and cooperation.

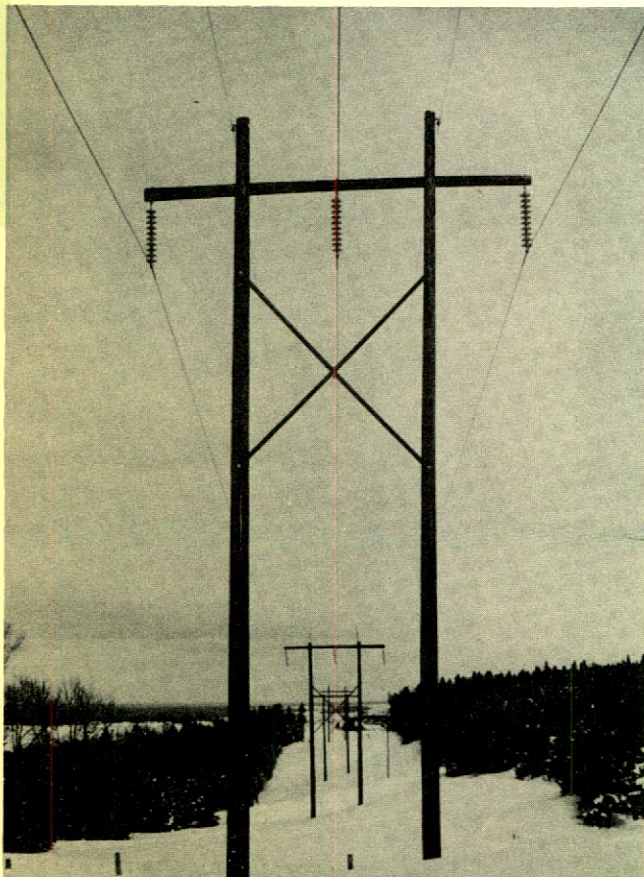
CONCLUSION

In general, forestry and agriculture have recovered from the recent recession. With the development of a new deep water port at Pointe-au-Père and of winter navigation in the Lower St. Lawrence River to meet the transportation requirements of the rapid industrial advance on the North Shore, we believe that the economic outlook in the Company's service area promises much for the future.

On behalf of the Board of Directors,



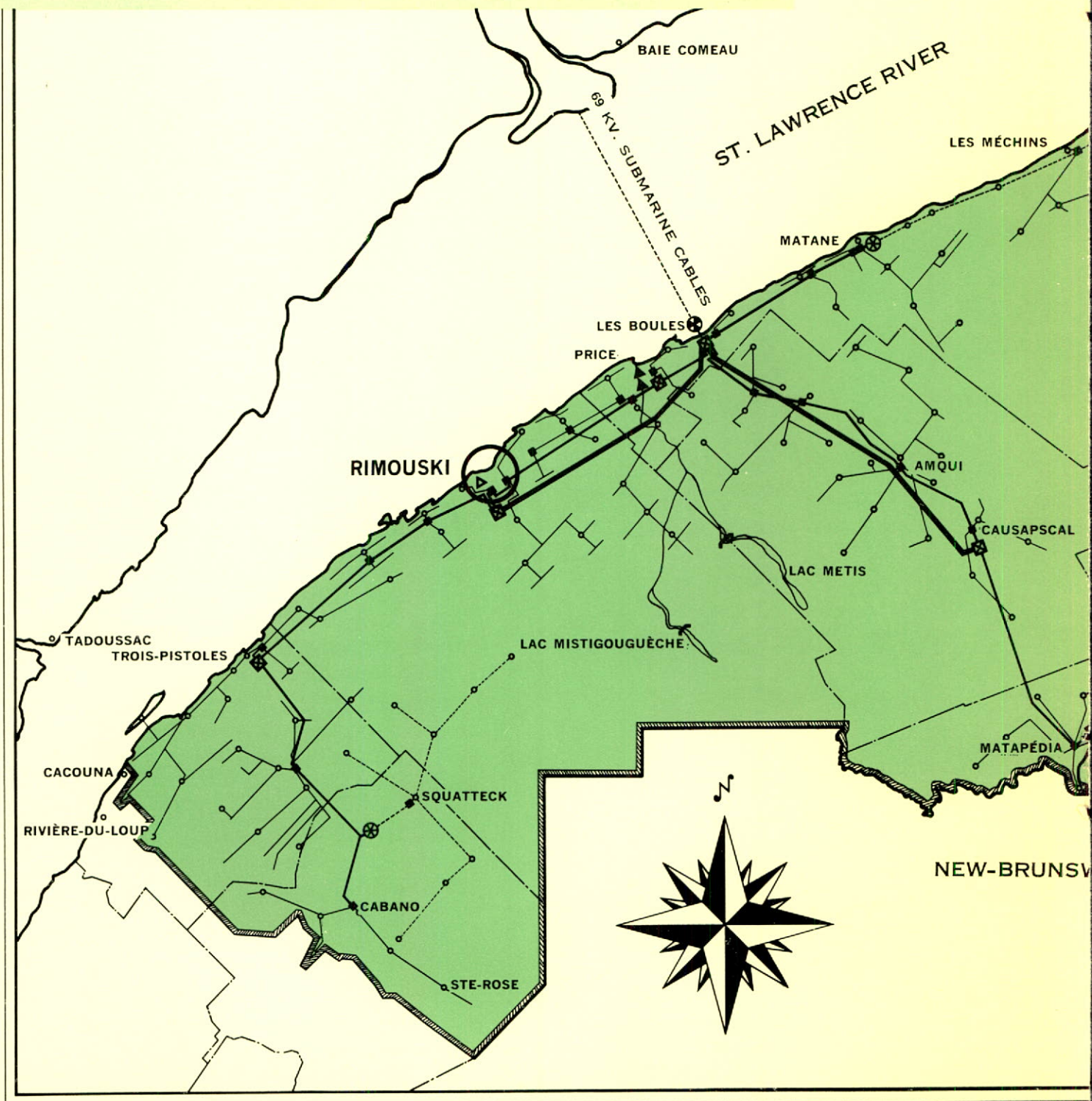
President.

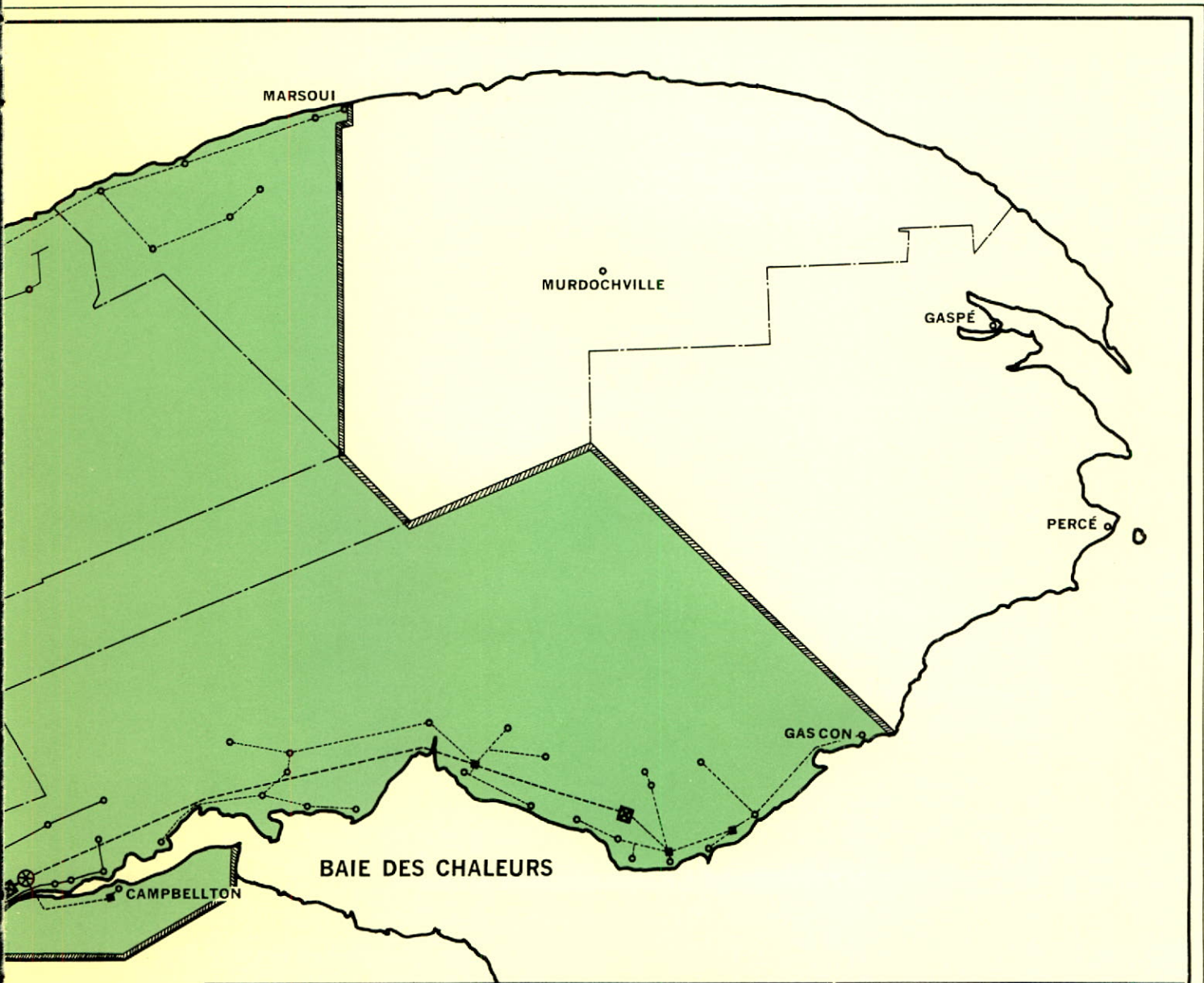


161,000 volt transmission line

MAP OF TRANSMISSION SYSTEM AND TERRITORY SERVED









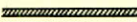



The shaded portion of the map shows the Company's service area which comprises, completely or in part, seven counties on the South Shore of the St. Lawrence River. The territory served includes 122 municipalities having a population in excess of 205,000.





WICK

LEGEND

- | | | | |
|---------------------------|---|------------------------------------|---|
| 161 kv lines |  | Hydro-electric generating stations |  |
| 69 kv lines |  | Diesel generating station |  |
| Distribution lines |  | Principal substations |  |
| Other utilities |  | Distribution substations |  |
| Territory served boundary |  | Wholesale power delivery points |  |
| Communities served |  | Purchased power Hydro-Quebec |  |

Statement of RETAINED EARNINGS

FOR THE YEAR ENDED 31st DECEMBER 1959

BALANCE - 31st DECEMBER 1958		\$1,336,728
DIVIDENDS —		
4½% preferred shares — 90 cents per share	99,764	
Common shares — \$1.00 per share	200,000	299,764
	<hr/>	<hr/>
		1,036,964
NET PROFIT FOR THE YEAR		577,835
		<hr/>
BALANCE - 31st DECEMBER 1959		\$1,614,799
		<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1959

NOTE 1.

DETAILS OF FUNDED DEBT AS AT 31st DECEMBER 1959 AND 1958:

First mortgage bonds —

Series "A" 3½% serial bonds due 1946 to 1953	
Series "B" 3¾% sinking fund bonds due 1965	
Series "C" 3¾% sinking fund bonds due 1965	
Series "D" 3¾% sinking fund bonds due 1965	
Series "E" 4½% sinking fund bonds due 1973 principal and interest payable in U.S. funds	
Series "F" 5¾% sinking fund bonds due 1984 principal and interest payable in U.S. funds	

ISSUED	OUTSTANDING	
	1959	1958
240,000	—	—
1,610,000	1,353,000	1,388,000
1,000,000	854,000	880,000
1,000,000	874,000	889,000
1,150,000	1,054,000	1,075,000
1,000,000	1,000,000	—
\$6,000,000	5,135,000	4,232,000

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

\$1,000,000 principal amount Series "F" bonds were authorized and issued during the year and \$100,000 principal amount were delivered and paid for; the balance is to be delivered and paid for by March 1960.

NOTE 2.

Accumulated depreciation claimed for federal income tax purposes for the years 1954 to 1959 inclusive exceeds by \$738,521 the amounts recorded in the accounts. The resultant tax reductions of \$281,920 have been charged against the income of those years and are carried forward as "Reserve available for future income taxes"

NOTE 3.

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

Comparative statement of PROFIT AND LOSS

FOR THE YEARS ENDED 31st DECEMBER 1959 AND 1958

REVENUE

Gross revenue from sale of power	\$3,184,452	\$2,993,205
Profit from retail stores and electrical contracting	144,585	127,666
Miscellaneous revenue	80,062	42,195

TOTAL REVENUE

3,409,099	3,163,066
-----------	-----------

EXPENSES

Operating and maintenance	1,065,536	1,021,617
Purchased power	426,406	410,171
Taxes, other than income taxes	101,705	92,034
Contributions to employees' pension fund	22,993	19,569

1,616,640	1,543,391
-----------	-----------

OPERATING PROFIT

1,792,459	1,619,675
-----------	-----------

FIXED CHARGES

Bond interest	159,883	163,688
Interest on bank loan	29,011	24,250
Amortization of financing expense	12,586	12,586
Provision for depreciation	504,514	467,188

705,994	667,712
---------	---------

NET PROFIT BEFORE INCOME TAXES

1,086,465	951,963
-----------	---------

INCOME TAXES

Provision for current year	475,240	408,579
Provision available for future years (see note 2)	33,390	35,965

508,630	444,544
---------	---------

NET PROFIT FOR THE YEAR

\$ 577,835	\$ 507,419
------------	------------

COMPARATIVE BALANCE SHEET

ASSETS

AS AT 31st DECEMBER 1959 AND 1958

FIXED ASSETS

Land, water power sites, generating plants, buildings, transmission and distribution systems, motor vehicles, etc. — at cost

1959	1958
\$15,617,358	\$14,560,866

CURRENT ASSETS

Cash
 Accounts receivable, less provision for doubtful accounts
 Amount receivable from sale of first mortgage bonds (see note 1)
 Inventories — at the lower of cost or market
 Merchandise for sale
 Materials and supplies
 Prepaid expenses

198,309	210,408
627,058	539,164
857,844	—
178,566	214,856
165,627	211,563
13,213	7,319

TOTAL CURRENT ASSETS

2,040,617	1,183,310
-----------	-----------

OTHER ASSETS

Customers' deposits
 Cash on deposit with trustee for sinking funds
 Miscellaneous investments and advances

71,957	62,012
2,798	9,676
39,142	30,440

TOTAL OTHER ASSETS

113,897	102,128
---------	---------

FINANCING EXPENSES LESS AMOUNTS WRITTEN OFF

179,211	135,237
---------	---------

APPROVED ON BEHALF OF THE BOARD

J.-A. BRILLANT
 NORMAN GENDREAU

} DIRECTORS

\$17,951,083	\$15,981,541
--------------	--------------

LIABILITIES

	1959	<u>1958</u>
FUNDED DEBT		
First mortgage bonds (see note 1 for details)	5,135,000	4,232,000
BALANCE OF PURCHASE PRICE OF FIXED ASSETS		
secured by hypothec, payable in semi-annual instalments from 1960 to 1990, without interest	1,879,486	1,921,886
SHAREHOLDERS' EQUITY		
Capital stock —		
Authorized —		
175,000 cumulative redeemable preferred shares of \$20 each	\$3,500,000	
300,000 common shares without nominal or par value	—	
Issued and fully paid —		
109,504 4½% cumulative sinking fund redeemable preferred shares of the 1955 series (1,880 shares were redeemed and cancelled during the year)	2,190,080	2,227,680
200,000 common shares	1,000,000	1,000,000
Retained earnings	3,190,080	3,227,680
Reserve available for future income taxes (see note 2)	1,614,799	1,336,728
	281,920	248,530
TOTAL SHAREHOLDERS' EQUITY	5,086,799	4,812,938
ACCUMULATED DEPRECIATION	4,049,489	3,620,396
CONTRIBUTIONS FOR EXTENSIONS	256,311	210,945
CURRENT LIABILITIES		
Bank loan	825,000	485,000
Accounts payable and accrued expenses	290,021	325,543
Accrued bond interest	41,380	42,027
Income taxes — current year	315,640	268,794
TOTAL CURRENT LIABILITIES	1,472,041	1,121,364
CUSTOMERS' DEPOSITS	71,957	62,012
	<u>\$17,951,083</u>	<u>\$15,981,541</u>

TEN YEARS OF PROGRESS



	1959	1958	1957	1956	1955	1950
INCOME RATIOS						
Preferred shares outstanding . . .	109,504	111,384	112,579	113,790	115,000	25,000
Earned per preferred share (*) . . .	\$ 5.28	\$ 4.56	\$ 3.56	\$ 2.93	\$ 2.70	\$ 7.98
Common shares outstanding . . .	200,000	200,000	200,000	200,000	200,000	80,000
Earned per common share(*) . . .	\$ 2.39	\$ 2.03	\$ 1.49	\$ 1.15	\$ 1.26	\$ 2.18
TIMES BOND INTEREST EARNED						
Before depreciation	10.9 times	9.6 times	7.9 times	6.9 times	5.8 times	4.4 times
After depreciation	7.8 times	6.8 times	5.4 times	4.5 times	3.9 times	3.3 times
CAPITALIZATION						
Funded debt	\$ 5,135,000	\$ 4,232,000	\$ 4,323,000	\$ 4,420,000	\$ 4,490,000	\$ 4,448,000
% of total	50.2	46.8	48.5	49.9	50.9	71.2
Preferred stock	2,190,080	2,227,680	2,251,580	2,275,800	2,300,000	500,000
% of total	21.4	24.6	25.2	25.7	26.0	8.0
Common stock and surplus	2,896,719	2,585,258	2,343,151	2,159,483	2,039,340	1,298,373
% of total	28.4	28.6	26.3	24.4	23.1	20.7
Total capitalization	\$10,221,799	\$ 9,044,938	\$ 8,917,731	\$ 8,855,283	\$ 8,829,340	\$ 6,246,373
PLANT INVESTMENT						
Fixed assets	\$15,617,358	\$14,560,866	\$13,909,365	\$12,880,984	\$12,321,818	\$ 7,098,989
Accumulated depreciation	4,305,800	3,831,341	3,409,326	3,013,716	2,690,198	1,501,879
% of fixed assets	27.6	26.3	24.5	23.3	21.8	21.1
Plant investment per dollar of revenue	\$ 4.90	\$ 4.86	\$ 5.32	\$ 5.57	\$ 6.15	\$ 6.26
OTHER STATISTICS						
Meters in service (December 31)	32,360	31,805	30,941	30,395	28,762	19,265
Miles of line (December 31)	2,339	2,276	2,236	2,173	2,193	1,083
Towns and villages served	122	122	121	120	118	81
Kilowatt-hours generated and purchased (in 1000)	139,288	129,028	115,174	99,541	84,125	47,816
Kilowatt-hours sold (in 1000)	121,014	111,516	97,086	83,716	68,050	37,569
Annual average kilowatt-hours — Residential use	2,451	2,197	1,945	1,682	1,415	724
Annual average revenue per residential customer	\$ 68.28	\$ 63.83	\$ 57.90	\$ 52.58	\$ 47.96	\$ 33.96
Annual peak load (kilowatts)	36,950	33,000	29,400	23,600	20,300	12,278
Capacity of generating stations (name plate rating, kw., December 31)	14,850	14,850	14,850	14,850	14,850	12,650
Purchase capacity available (kilowatts)	18,650	18,650	18,650	18,650	18,650	—

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



BALANCE SHEET

ASSETS

	1959	1958	1957	1956	1955	1950
Fixed assets	\$15,617,358	\$14,560,866	\$13,909,365	\$12,880,984	\$12,321,818	\$ 7,098,989
Cash	198,309	210,408	133,123	336,082	690,974	458,067
Current assets	1,842,308	972,902	939,677	906,280	700,761	277,198
Other	293,108	237,365	264,528	263,925	271,514	177,712
Total	\$17,951,083	\$15,981,541	\$15,246,693	\$14,387,271	\$13,985,067	\$ 8,011,966

LIABILITIES

Long term debt	\$ 7,014,486	\$ 6,153,886	\$ 6,271,590	\$ 6,420,768	\$ 6,560,176	\$ 4,448,000
Accumulated depreciation	4,305,800	3,831,341	3,409,326	3,013,716	2,690,198	1,501,879
Current liabilities	1,543,998	1,183,376	971,046	517,504	395,353	263,714
Capital stock and surplus	5,086,799	4,812,938	4,594,731	4,435,283	4,339,340	1,798,373
Total	\$17,951,083	\$15,981,541	\$15,246,693	\$14,387,271	\$13,985,067	\$ 8,011,966

STATEMENT OF EARNINGS

Sales of power	\$ 3,184,452	\$ 2,993,205	\$ 2,613,356	\$ 2,311,128	\$ 2,000,473	\$ 1,134,774
Net profit from retail stores	144,585	127,666	135,595	147,601	130,763	63,887
Miscellaneous	80,062	42,195	62,053	76,168	59,258	43,658
Total revenue	\$ 3,409,099	\$ 3,163,066	\$ 2,811,004	\$ 2,534,897	\$ 2,190,494	\$ 1,242,319
Operating expenses	1,616,640	1,543,391	1,470,486	1,344,869	1,025,837	520,064
Operating profit	1,792,459	1,619,675	1,340,518	1,190,028	1,164,657	722,255
Interest and financing expenses	201,480	200,524	179,778	182,782	215,240	180,594
Provision for depreciation	504,514	467,188	424,927	396,102	373,683	189,380
Provision for income taxes (see note)	508,630	444,544	334,077	277,188	264,685	152,872

NET PROFIT

\$ 577,835	\$ 507,419	\$ 401,736	\$ 333,956	\$ 311,049	\$ 199,409	
Preferred dividends	99,764	101,277	102,411	103,228	57,549	80,000
Remainder for common	478,071	406,142	299,325	230,728	253,500	119,409
Common dividends	200,000	200,000	160,000	160,000	150,000	—

RETAINED EARNINGS

\$ 278,071	\$ 206,142	\$ 139,325	\$ 70,728	\$ 103,500	\$ 119,409
-------------------	-------------------	-------------------	------------------	-------------------	-------------------

NOTE: Reference is made to the Statement of Profit and Loss.

ASSOCIATED WITH
COOPER BROTHERS & CO.
GREAT BRITAIN, EUROPE,
AUSTRALIA, NEW ZEALAND,
CENTRAL, EAST, SOUTH AND
WEST AFRICA

MCDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS
COOPER BROTHERS & CO.
CHARTERED ACCOUNTANTS
MONTREAL, QUEBEC, OTTAWA, TORONTO, SAINT JOHN,
SHERBROOKE, VANCOUVER, HAMILTON, CHARLOTTETOWN,
EDMONTON, RIMOUSKI, WINNIPEG, KITCHENER

TELEPHONE
MARQUETTE 8311
CABLE ADDRESS
"CURMAC"
507 PLACE D'ARMES
MONTREAL 1
QUEBEC CANADA

AUDITORS' REPORT TO THE SHAREHOLDERS

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

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

MCDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS

RIMOUSKI, 9th February 1960

LOWER ST. LAWRENCE POWER COMPANY

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

BOARD OF DIRECTORS

*Honorable Jules-A. Brillant, M.L.C., C.B.E.
*Thomas-A. Bernier, C.E.
*Aubert Brillant
*Carol Brillant
*Jacques Brillant
J. Richard Dubé
Paul-Emile Gagnon, Q.C.
*Norman Gendreau
Henri Labrie

* Members of Executive Committee

OFFICERS

Honorable Jules-A. Brillant, M.L.C., C.B.E.
Thomas-A. Bernier, C.E.
Norman Gendreau
Jacques Brillant
Paul-Emile Gagnon, Q.C.
J. Richard Dubé

President and Chairman of the Board
Vice-President and General Manager
Vice-President and Treasurer
Vice-President
Secretary
Chief Accountant

TRANSFER AGENT AND REGISTRAR

Preferred and common stocks:

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

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

TRUSTEE

First Mortgage Bonds:

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

BANKERS

NATIONAL CANADIAN BANK

PROVINCIAL BANK OF CANADA

TO THE SHAREHOLDERS:

Your Directors appreciate the interest shown by shareholders who are present at the Annual General Meetings and participate in the discussions of the Company's affairs. This year the meeting will be held on Friday, 22nd April, at 10.30 a.m., at the Company's head office, 6 St-Jean Street, Rimouski, P.Q., and all shareholders who find it possible to attend are urged to do so.

