



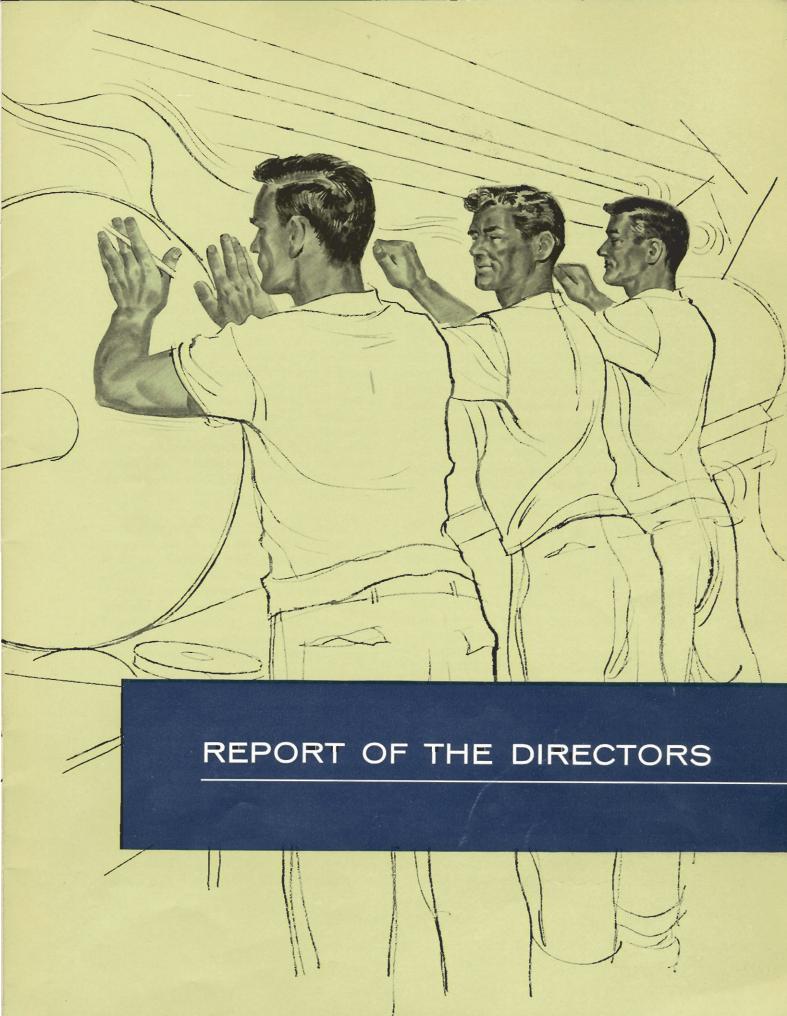
annual report

for the year ended December 31

1955

HIGHLIGHTS OF THE YEAR

	1955	1954		
Paper, pulp and board produced	1,001,715 tons	953.911 tons		
Net sales	\$123,173,281	\$113,997.836		
Taxes on income	\$ 14,570,000	\$ 12,403,000		
Net earnings for the year	\$ 13,936,026	\$ 10,625,901		
Per common share.	\$ 3.20	\$ 2.19		
Dividends declared on preferred shares	\$ 618,825	S 1.176.955		
Dividends declared on common shares	\$ 5,618,967	\$ 1,487.561		
Per common share	\$ 1.35	\$ 1.20		
Invested in capital assets	\$ 10,144,650	\$ 7.216.192		
Working capital at end of year	\$ 40,807,946	\$ 39,099,197		
Number of shareholders – common shares	18,270	16.118		
Number of shareholders – preferred shares	3,893	3.862		





TO THE SHAREHOLDERS:

During the year 1955 there was an unprecedented and entirely unexpected rise in the demand for newsprint paper. This demand came principally from the United States but substantially increased orders also came from Europe. South America and Australasia. During the first quarter of the year supply was in approximate balance with demand and it was generally believed that any increase in demand would be provided for by the normal increase in the productive capacity of the North American industry. However, during the second quarter it became evident that the phenomenal consumption in the United States would create serious difficulties.

Every possible step was taken to increase the Company's output with the result that Abitibi produced a total of 793.560 tons of newsprint in 1955, an increase of 21,313 tons over the production in 1954.

The present condition of the market is such that it will be necessary for the North American industry to exert every possible effort to produce every ton of paper which can be produced during 1956 if further difficulties are to be avoided.

Demand for the fine paper products of Provincial Paper, Limited was reasonably strong for most of the year and there was a distinct improvement in the last two months. Production of fine papers during the year was 85.972 tons, and our present order position is excellent.

Conditions in world markets for wood pulps were much improved and price levels prevailing today are somewhat better than they were a year ago. Our bleached sulphite pulp mill at Smooth Rock Falls operated at full capacity all year and maintained its reputation for first class quality.

The output of corrugating medium at Sturgeon Falls was very much increased during the year as a result of sales arrangements that were made in the United Kingdom. The hardboard mill at Sturgeon Falls operated full time and produced a record of sixty million square feet of hardboard in a wide variety of types and qualities.

For the first time in the long history of the Company total production of all products exceeded one million tons. This noteworthy achievement is due, of course, to the policy of expansion, diversification and plant improvement which has consistently been followed during the past decade.

Some moderate price increases were made during the year in several of our products, including newsprint, to compensate for increases in production costs and were accepted without comment by the great majority of our customers. In the Province of Quebec, legislation has been enacted to control the price and distribution of newsprint paper to consumers in that province who choose to avail themselves of its provisions.

SALES, EARNINGS AND DIVIDENDS

Net sales in 1955 were \$123,173,281, an increase of \$9,175,445 over the corresponding figure for 1954 and the highest in the history of the Company. These sales figures reflect the increased production of all products. Shipments of newsprint to the United States are paid for in U.S. funds so that our receipts from this source are affected by the rate of exchange between Canadian and U.S. currencies. The average discount on U.S. funds was 1,37% during 1955 as compared with 2,68% in 1954. There was a strengthening of the U.S. dollar during the late

months of the year and at the year end the discount on U.S. funds had practically disappeared.

Consolidated net earnings for the year ended December 31, 1955, after providing for all charges, including depreciation, depletion and taxes, amounted to \$13,936,026 as compared with \$10,625,901 for the previous year. After providing for preferred dividends, carnings were equal to \$3.20 per share on the 4,163,218 common shares presently outstanding compared to \$2.49 per share on the 3,794,400 shares outstanding at the end of 1954.

Total dividends declared on the common sbares during 1955 amounted to \$5,618,967, an increase of \$1,131,406 over the prior year. Dividends on the common shares have now been paid for seven consecutive years, including 1949 the year in which they were resumed after a lapse of over twenty years. Commencing with the quarterly dividend paid October 1, 1955 the dividend rate on the common shares was increased from \$1.20 to \$1.50 per share per annum.

Dividends on preferred shares in 1955 were \$618,825, a decrease of \$558,130 from 1954 and a decrease of \$956,799 from 1953.

WORKING CAPITAL

The Company's working capital as at December 31, 1955 stond at \$40,807,946, an increase of \$1,708,749 during the year. It will be noted from the accompanying balance sheet that the increase in the volume of business in 1955 has resulted in an increase in accounts receivable, and requires us to carry larger inventories, chiefly pulpwood, so that the higher production levels may be maintained.

FUNDED DEBT

During the year, outstanding First Mortgage Bonds, Series "A", were further reduced and outstanding Convertible Debentures in the amount of \$9,388,300, were eliminated through conversion of \$8,841,700 into common shares and the balance by redemption. Funded debt now stands at \$30,060,000.

PREFERRED SHARES

One of the provisions attached to the presently outstanding 550,000 4½% Cumulative Redeemable Preferred Shares is a requirement on the Company to set aside on or before April 30, 1956 as a retirement fund an amount equal to 5% of consolidated net income for the last preceding fiscal year after deducting therefrom preferred share dividends. In accordance with this provision the Company will establish a retirement fund of \$665,860 for the purchase of preferred shares at a price not exceeding the redemption price, plus costs of purchase.

COMMON SHARES

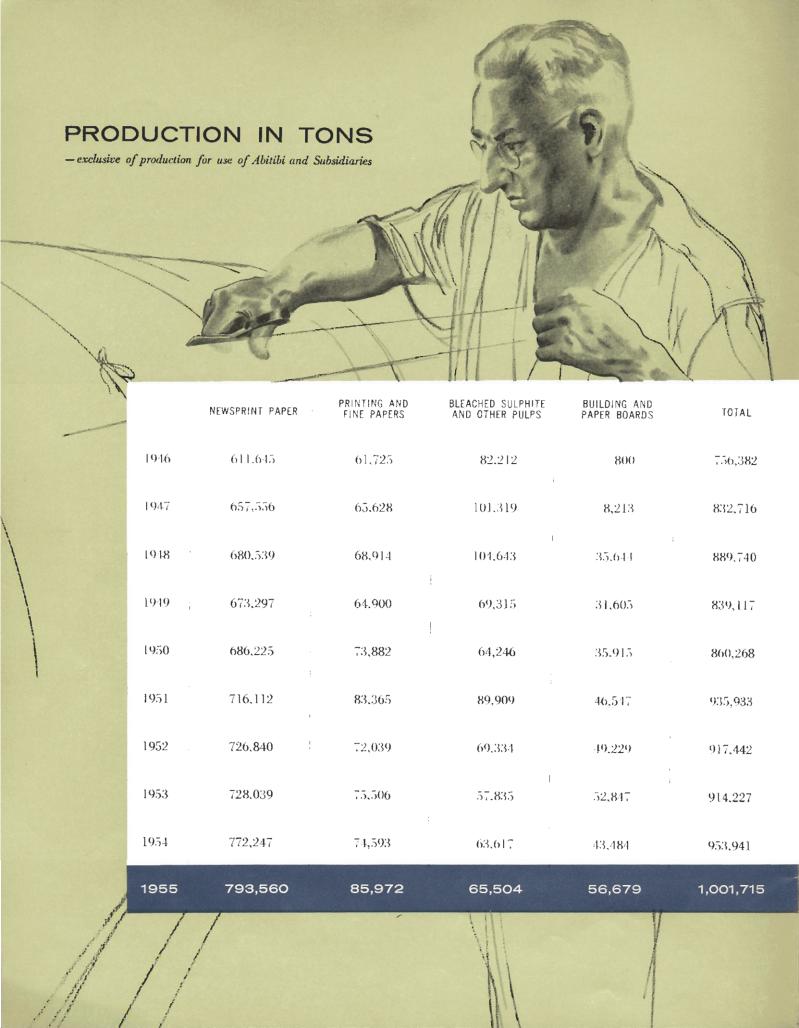
Issued and outstanding common shares total 4,163,218 in comparison with 3,794,400 shares a year ago, out of an authorized total of 6,000,000. During 1955 there were 353,668 shares issued in January on the conversion of debentures and 15,150 shares issued under the terms of option agreements in favour of senior executives entered into in 1951.

For some years past our balance sheet has shown a Reserve Against Possible Decline in Inventory Values in the amount of \$4,500,000. The necessity for this appropriation was further reviewed this year and it was decided to transfer this amount to Earned Surplus.

The total equity in the Company of all common and preferred shareholders, based on book values, now stands at \$110,747,193 and of this amount \$96,997,193 is the equity of the holders of common shares. The increase in common stock equity per share over the ten year period commencing in 1946 is shown by a chart on page 16 of this Report.

ALASKA PINE & CELLULOSE LIMITED

In the accompanying balance sheet the Company's holdings of 10,000 common shares in Alaska Pine & Cellulose Limited are valued at



their cost of \$1,800.000. The attention of share-holders is drawn to the fact that these shares are exchangeable at our option in 1957 for 125,000 common shares of Rayonier Incorporated which have a total indicated market value in excess of \$4,000,000 as of the date this is written.

ABITIBL CORPORATION

An announcement was made several months ago concerning the Company's plans to establish a plant in the United States for the manufacture of hardboard and insulating board using as raw material the species of trees growing in the lower Michigan peninsula.

This important step in the diversification of the Company's products is the result of the experience gained at the plant in Sturgeon Falls with the processes developed in the research laboratories at Sault Ste. Marie. Shipments of hardboard from Sturgeon Falls to the United States markets have been made for several years and this experience has given confidence that the growing consumption of these wood products in the United States will provide an ample market for the output of the new mill.

In order to carry out this new venture a wholly-owned subsidiary company was formed and chartered in Delaware under the name of Abitibi Corporation.

A contract with Stone & Webster has been signed and this internationally known firm of engineers and builders will begin the construction of the new mill at Alpena, Michigan, in the spring of 1956.

MILL PROPERTIES

Capital expenditures during the year on properties, plant and equipment amounted to \$9,634,629. While a substantial sum must be devoted annually to the replacement of machinery and equipment that has either worn out or has become uneconomical and obsolete since its original installation, many plans for improve-

ment, expansion and diversification have been carried forward.

At Pine Falls, Manitoba, a programme to increase production of newsprint by some 30,000 tons per annum is under way by speed-up of existing paper machines. This programme involves the installation of vacuum pick-ups, new reels, winders and other equipment on the paper machines, and improvements and additions to the pulp producing facilities of the mill. Some of the increased production should be achieved about the middle of the year.

At the Sault Ste. Marie mill a new boiler was installed and is now in operation. This is the second stage in the complete renewal of this steam plant. The third and final stage will be carried out this year.

At Smooth Rock Falls a new and highly efficient drying machine together with automatic balers was installed and has resulted in substantial cost reduction as planned.

A new paper machine at the Thorold mill has been brought into production. This is the fourth machine for this mill and makes it the largest fine paper plant in Canada. The machine is designed to produce many grades of fine papers at relatively high speeds. As this is written the initial stages in operation are quite satisfactory.

As in past years, all eleven mills in the Company participated in the annual programme of improvements.

Preliminary discussions have taken place with the Hydro-Electric Power Commission of Ontario concerning the expropriation of our mill at Mille Roches which will be flooded by the St. Lawrence Seaway. The compensation which we are to receive is to be determined by the Municipal Board of Ontario in accordance with expropriation procedure laid down by Iaw. As this is written it is difficult to predict when this long outstanding transaction will be finally settled.

CONDENSED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	For year ended December 31, 1955	For period since reor- ganization on May 1, 1946
SOURCE OF FUNDS:	-,,	
Net earnings before provision for taxes on income Non-cash charges for depreciation and depletion deducted in	8-28,506,026	8216,211,135
arriving at not earnings	7,132,899	54,737,482
Limited	_	2.638.281
First Mortgage Bonds, Series "B", issued in 1954	-	10,000,000
common shares and \$546,600 redcemed)	(8,841,700)	
Cumulative Redeemable Preferred Shares issued in 1954 Common Shares issued on conversion of debentures	_	13,750,000
(353,668 shares in 1955; 378,136 shares in total) Common Shares issued under option agreements	8,841,700	9, 453, 100
(15.150 shares in 1955; 60.000 shares in total)	272,700	1,080,000
Proceeds from disposal of capital assets	317,525	6,130,302
Other items – net	(-223,592)	280,252
	\$ 36,005,558	8314.280,852
APPLICATION OF FUNDS:		
Provision for taxes on income. Investment in remaining 10,000 common shares of Alaska Pine &	\$ 14,570.000	\$111,553,104
Cellulose Limited	-	1,800,000
Invested in properties, plant and equipment	9,634,629	64,862,955
Invested in timber limits	510.021	2,110,021
Reduction in First Mortgage Bonds by application of working capital	3,430,000	36,773,700
Cost of preferred shares retired	-	41,329,820
Dividends declared on preferred shares	618,825	15,055,558
Dividends declared on common shares	5,618,967	26,122,776
Increase in deferred charges and other assets	(85,633)	335,719
	\$ 34,296,809	\$299,943,653
RESULTING IN AN INCREASE IN WORKING CAPITAL OF	\$ 1,708,749	8-14,337,199
CHANGES IN WORKING CAPITAL DURING THE PERIOD CONSIST OF INCREASES AND (DECREASES) AS FOLLOWS:		
Current Assets -	8 521,009	8 3,462,360
Cash and short term securities	2,111,685	7,515,953
Accounts receivable	1.369,986	13,723,176
Operating inventories		
	\$ 4,002,680	S 24,701,489
Current Liabilities	$\frac{2,293,931}{}$	10,364,290
Net increase as above	S 1,708,749	S 14,337,199

WOODLANDS OPERATIONS

The operations of the Company's mills require somewhat more than one million cords of pulpwood annually and a constant search is going on for improved methods in field operations both from the point of view of the permanence of our forest resources and the efficiency of our logging operations.

Every effort is being made to provide continuous employment for as many workers as possible so that productivity per man bour may be continually improved.

After much study and negotiation the Department of Lands & Forests of the Government of Quebec allocated to us some of the additional areas of forest land which are required to ensure the operation of the newsprint mill at Beaupre. Quebec.

The past year was one of the worst in the history of the Province of Ontario for damage from forest fires caused by human carelessness and lightning under severe drought conditions. The Company cooperated fully with the provincial authorities in fighting fires and many thousands of man hours were diverted from cutting to fire fighting.

The danger from fire is an annual menace which will not be removed until a system of access roads has been constructed, a tremendous task which cannot possibly be completed for decades to come.

EMPLOYEE RELATIONS

It is a great satisfaction to be able to report that with one or two very minor exceptions contracts with the various unions were successfully negotiated, and that in consequence our labour relations are in a satisfactory state. Increases granted to mill employees were approximately 5% and to woods workers approximately 7%, both accompanied by additional indirect benefits.

A revaluation during the year of the employees' past service retirement fund established by the Company in 1946 indicated that resources of the fund would be insufficient to provide in full for the retirement obligations which lie ahead. To correct this situation an additional payment of \$313.680 was made to the fund and charged against Earned Surplus.

An enterprise can be successful only because of the combined efforts of a great number of people. There are some 6500 full time employees on the Abitihi team and there are a great many more seasonal workers. The Directors take this opportunity to express their appreciation of the interest and effort which all the employees of the Company contributed toward the accomplishments of the Company in 1955.

THE OUTLOOK

Although predictions are necessarily hazardous there seems to be no reason to doubt that the business climate of the coming year will continue to be favourable. The demand for newsprint in the markets of the world is likely to be somewhat greater than the supply, despite capacity operations by producers; and demand for the many other products of the Company's mills is expected to result in a satisfactory level of operations.

There are, however, some indications that the financial authorities of the free world are again concerning themselves with the dangers of inflation. The problem of preventing the costs of production from rising unduly will continue to present an urgent challenge to industrial managements everywhere.

On behalf of the Board,

S. W. ambridge President

Toronto. February 9, 1956.

ABITIBI POWER & PAPER

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1955

COMPANY, LIMITED

(With comparable balances at December 31, 1954)

ASSETS			LIABILITIES		
CURRENT ASSETS:	1955	1954	CURRENT LIABILITIES;	1955	1954
Cash. Short term securities, at cost. Accounts receivable, less reserve of \$918,935 (\$918,935 in 1954). Inventories of paper, pulp, wood, materials and supplies on the basis of cost, and expenditures on logging operations.	13,641,767 13,135,640 31,433,084	14,035,393 11,023,955 30,063,098	Accounts payable. Dividends payable January 1st. Interest accrued on funded debt. Provision for income and other taxes. Serial bonds and sinking fund requirements payable April 1st. Tax of 20% on premium paid on preferred shares redeemed July 30, 1954.	\$ 11,976,294 1,715,938 358,858 8,480,938 1,000,000 	\$ 9,792,515 1,288,104 384,743 7,868,689 853,600 1,050,416 \$ 21,238,097
INVESTMENT IN ALASKA PINE & CELLULOSE LIMITED, at cost			FUNDED DEBT:		
10,000 common shares	\$ 1,800,000	\$ 1,800,000	First Mortgage Bonds:		
CAPITAL ASSETS: Properties, plant and equipment – at gross physical values as at April 30, 1946 (as reported by Messrs, Coverdale & Colpitts, Consulting Engineers, New York, except as to Provincial Paper, Limited, included at book values) plus subsequent additions at cost, less retirements. Less – Accumulated depreciation. Timber concessions, agreements and licenses, waterpower rights and freehold timber areas, less accumulated depletion of \$3,909,846 (\$3,684,846 in 1954)	90,381,425	\$159,398,208 <u>83,824,226</u> \$ 75,573,982 <u>16,747,537</u> <u>\$ 92,321,519</u>	Authorized	\$ 2,000,000 18,060,000 10,000,000	\$ 2,100,000 20,697,000 10,000,000 9,388,300
DEFERRED CHARGES AND OTHER ASSETS:			Less - Amount included with current liabilities	\$ 30,060,000 1,000,000	853,600
Prepaid insurance, taxes, etc. Employees' past service pension expense deferred Unamortized bond discount and expense Miscellaneous investments and other assets.	233,329 1,127,168	536,767 293,727 686,256	RESERVE AGAINST POSSIBLE DECLINE IN INVENTORY VALUES CAPITAL AND SURPLUS:	\$ 29,060,000 \$ -	\$ 41,331,700 \$ 4,500,000
APPROVED ON BEHALF OF THE BOARD: D. W. Ambridge, Director W. H. Smith, Director	\$ 2,289,988	8 2,375,621	Preferred Shares par value \$25 each — Authorized: 1,000,000 shares issuable in series Issued: 550,000 4½% Cumulative Redeemable Preferred Shares. Common Shares — Authorized: 6,000,000 shares without nominal or par value Issued: 4,163,218 shares (3,794,400 shares in 1954). Earned Surplus as per statement attached.	3 6,474. 695 6 0,522, 198	\$ 13,750,000 27,360,295 18,654,342 <u>\$ 89,764,637</u>
	\$163,339,221	<u>\$156,834,434</u>		\$163,339,221	\$156,831,434

STATEMENT OF CONSOLIDATED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1955

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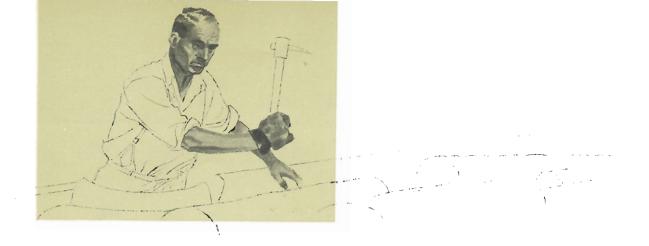
	(W	ith comparable statements	for the preceding seven year	rs)				
Net sales after deducting outward freight, etc	1955 \$123,173,281	1954 \$113,997,836	1953 \$ 109,768,039	1952 \$107,381,890	1951 \$111.528,208	1950 \$93,776,756	1949 \$ 84,677,709	1948 \$87,756,852
Less - Operating costs including administrative, selling and general expenses, but before provision for depreciation, depletion, etc	84,835,300 \$ 38,337,981	81,276,015 8 32,721,821	78,859,483 \$ 30,908,556	76,558,811 \$ 30,823,079	73,568,574 \$ 37,959,634	62,590,832 \$31,185,924	59,179,992 825,497,717	60,068,928 \$27.687,924
Provision for depreciation. Provision for depletion. Employees' retirement income plan. Interest on funded debt. Amortization of bond discount and expense. Dividends on preference shares of Provincial Paper, Limited. Dividends from Alaska Pine & Cellulose Limited.	225,000 1,501,004 1,137,654 60,398	\$ 6.618,698 175,000 1.423,220 1,417,564 58,438 - - \$ 9,692,920	\$ 6,332,298 200,000 1,478,425 1,399,178 69,503 - - \$ 9,479,404	\$ 6,194,055 225,000 1,461,481 1,502,159 70,625 - \$ 9,453,320	\$ 5,993,932 200,000 1,348,449 1,419,864 389,363 40,000 (1,174,851) \$ 8,216,757	\$ 5,472,168 150,000 1,274,497 1,282,322 103,104 40,000 - \$ 8.322,091	\$ 4,993,241 125,000 1,264,256 1,393,876 100,397 40,000	\$ 4,204,018 260,000 1,116,486 1,499,499 153,697 40,000 - \$ 7,273,700
Earnings before provision for taxes on income	14,570,000	\$ 23,028,901 12,403,000 \$ 10,625,901 2.49	\$ 21,429,152 11,385,000 \$ 10,044,152 2.27	\$ 21,369,759 12,272,000 \$ 9,097,759 2.02	\$ 29,742,877 16,745,000 \$ 12,997,877 3.07	\$22,863,833 10,240,000 \$12,623,833 2,92	\$17,580,947 7,800,000 \$ 9,780,947 2.06	\$20,414,224 <u>8,643,638</u> <u>\$11,770,586</u> <u>2.56</u>

Note: For the year 1955 fees of directors not holding salaried positions amounted to \$24,500 and counsel and solicitors' fees, salaries and fees of executive officers and directors holding salaried positions amounted to \$453,795.

DIVIDEND RECORD FOR EIGHT YEARS ENDED DECEMBER 31, 1955

1955	1954	1953	1952	1951	1950	1949	1948
Declared on preferred shares	\$ 1,176,955	\$ 1,575,624	\$ 1,575,624	\$ 1,575,624	\$ 1,730,406	\$ 2,116,605	\$ 2,217,908
Declared on common shares. 5,618,967 \$ 6,237,792	4,487,561 \$ 5,664,516	3,911,336 \$ 5,486,960	3,725,082 \$ 5,300,706	3,724,853 \$ 5,300,477	2,793,050 \$ 4,523,456	1,861,927 \$ 3,978,532	\$ 2,217,908
Declared per common share* 1.35	1.20	1.05	1.00	1.00	.75	.50	-

^{*1950} and prior years adjusted for stock split.



STATEMENT OF CONSOLIDATED EARNED SURPLUS

(Since May 1, 1946)

FOR THE YEAR ENDED DECEMBER 31, 1955

(With a comparable statement for the year ended December 31, 1954)

	1955	1954
Earned Surplus at beginning of year	\$48,654,342	\$48.519,672
Net earnings for the year	13,936,026	10.625,901
Transfer of amount previously carried as Reserve Against Possible Decline in Inventory Values	4,500,000	_
Gain on sale of 40,000 common shares of Alaska Pine & Cellulose Limited	<u>\$67,090,368</u>	2,638,281 \$61,783,854
Deduct -		
Dividends declared on Cumulative Redeemable Preferred Shares	\$ 618,825	\$ 1,176,955
Dividends declared on Common Shares	$\frac{5,618,967}{$,6,237,792}$	4,487,561 \$ 5,664,516
Additional contribution to employees' past service retirement fund established in 1946	313,680	_
Premium paid on \$546,600 4¼% Convertible Debentures redeemed January 25, 1955	16,398	_
Premium on redemption of the former Cumulative Redeemable Preferred Shares of a par value of \$20 each together with tax of 20% on the redemption premium	-	6.302.496
Payment to the underwriter on the sale of 550,000 4½% Cumulative Redeemable Preferred Shares	-	962.500
Commission on sale of \$10,000,000 principal amount 4% First Mortgage Sinking Fund Bonds. Series "B"	-	200,000
	\$ 6,567,870	\$13,129,512
Earned Surplus at end of year	\$60,522.498	848,654,342



AUDITORS' REPORT

PRICE WATERHOUSE & GO.

ROYAL BANK BUILDING

TORONTO

February 8 1956.

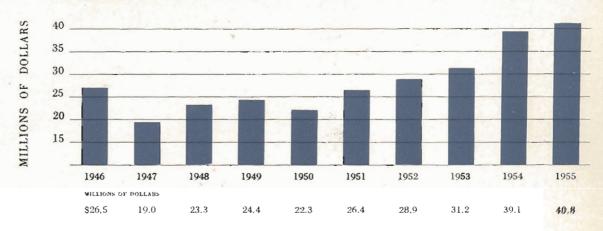
To the Shareholders of ABITIBI POWER & PAPER COMPANY, LIMITED:

We have examined the consolidated balance sheet of Abitibi Power & Paper Company, Limited as at December 31 1955 and the related statements of consolidated earnings and consolidated earned surplus for the year then ended and have obtained all the information and explanations which we 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.

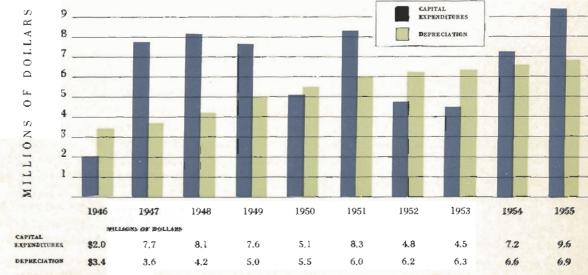
In our opinion, the accompanying consolidated balance sheet and related statements of consolidated earnings and consolidated earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31 1955 and the result of operations for the year then ended according to the best of our information and the explanations given to us and as shown by the books of the companies.

Auditors.

WORKING CAPITAL

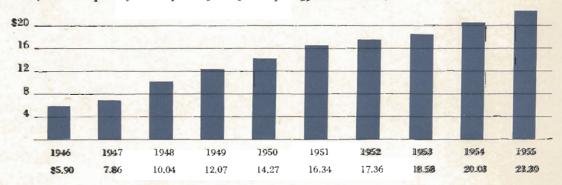


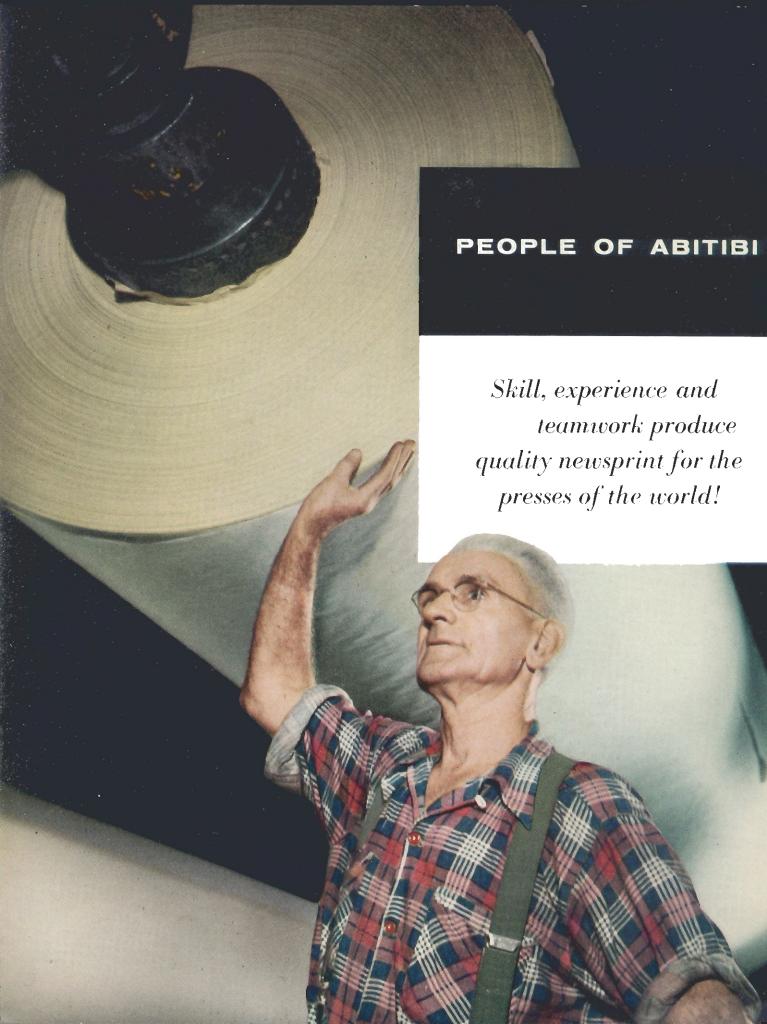
CAPITAL EXPENDITURES AND DEPRECIATION On properties, plant and equipment

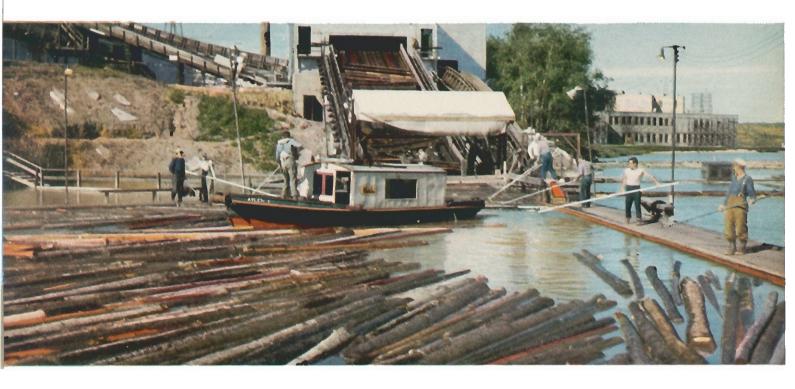


COMMON STOCK EQUITY PER SHARE

(1950 and prior years adjusted for 3 for 1 split effected in 1951)







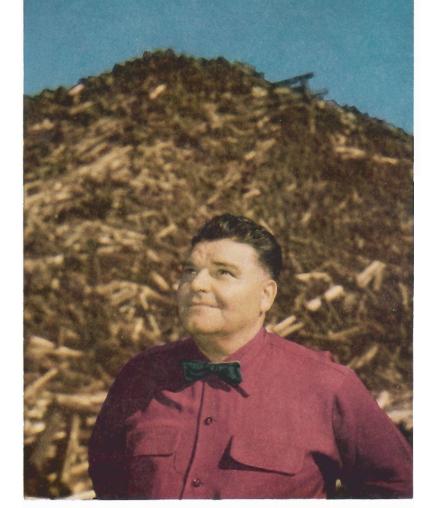
The ability to work together as a team is one of the most important characteristics of the people of Abitibi's newsprint mills. It starts at the mill ponds and extends to and through every phase of production until the newsprint rolls are wrapped and loaded on railway cars.

Coupled with this teamwork, of course, are the skills, experience, technical and scientific knowledge and workmanship that Abitibi people employ to make "Abitibi" newsprint the hallmark of quality in hundreds of newspaper pressrooms throughout the continent. This, then, is a tribute to the people in Abitibi newsprint mills who contribute so much to make this product reputation possible.

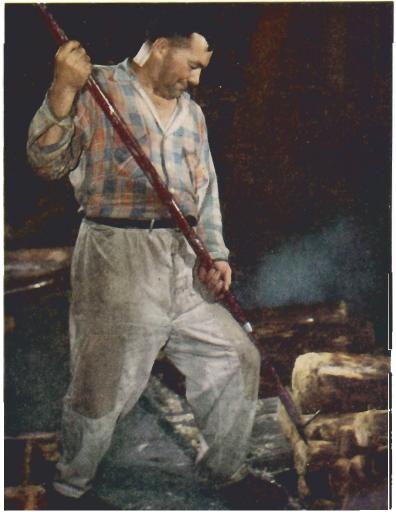
The photograph on this page was taken at the foot of the jack ladder at the Iroquois Falls mill. A sturdy, steel work boat, called an "alligator", moves the logs to the men feeding the jack ladder, which carries the pulp wood to the saws. Conveyors then move the wood to the mill. The Iroquois Falls Division, which has the distinction of being the company's first mill, now turns out over 800 tons of newsprint a day.



On the eve of his retirement, Robert Poling, a tour boss at Thunder Bay, is shown on the cover of this section. With 36 years' service, he had a loyalty to the company and a pride in its products that is typical of the men who "grow up" in newsprint. Huge stock piles of pulpwood stand ready to feed the mills with raw material when seasonal conditions make it impossible to secure direct deliveries of wood by water or road. Since newsprint is manufactured to meet the specifications of customers, and newspapers are consuming it faster than at any time in history, all Abitibi mills are faced with a challenge. Men like Harvey Turmaine, general superintendent at Thunder Bay, are doing their utmost to meet production demands.



Wood is carried into the mills by belt conveyors. Here, the four-foot logs have been barked and are being loaded into the magazines on the charging floor of the groundwood mill. The magazines automatically guide the wood into hydraulic grinders where it is converted to groundwood pulp. John Hyla, shown here, pays close attention to the magazines and keeps them filled.

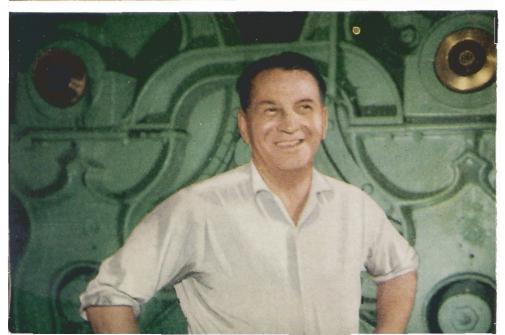




A fine example of teamwork, between mill personnel, engineers and the Abitibi research staff at the Sault Ste. Marie laboratory, was the development of a high yield sulphite process—now in successful operation at the Fort William mill. This achievement is of highest importance to the company's economy because it increases the yield from pulpwood. In this photo, James Purdey, a control superintendent, examines the pulp mixture.



Good men working in good jobs is a combination that has produced competent employees who have a personal interest in maintaining the highest quality of products. Every seventh employee in the company is now a member of the Quarter Century Club. Andrew Proulx, a foreman in the grinder room at Iroquois Falls, has been with the company 32 years and like many long-term workers has a son working in the same mill. Here, he examines groundwood fibre for quality.



The efficiency of Abitibi operations is maintained by providing employees with the best "tools" available to do a good job. Joseph Boutotte, a mill superintendent who has been with the company 36 years, has an intimate knowledge of the paper machine that turns out tons of newsprint each day. Starting in Sturgeon Falls he has had experience making all grades of paper. He and his son, a machine back tender, both work in the Fort William mill.

A machine tender. Jack Johnson, who has been with the company 29 years, keeps experienced eyes on the operation of the Fourdrinier or "wet end" of a paper-making machine. This serves the vitally important function of removing the water and leaving behind fibres felted together in a wet mat which is the first form of the paper web. Through additional pressing and drying processes the fibres are firmly bonded together.

The paper machine dries and calenders the paper and winds it onto reels up to 20 feet wide at an approximate speed of 20 miles per hour. Abitibi paper-makers are recognized as among the best in the trade and acquire an uncanny "fingertip" control of the paper's quality as it is wound onto the reels. Aurel Perrier, a back tender, has 39 years' experience to guide his hands as he feels for any possible variation in the paper's finish.

In addition to the men actually engaged in newsprint production, the Abitibi team includes hundreds of men who work in the mills' machine shops, electrical shops and on general maintenance of the millions of dollars' worth of machines and equipment. Their job is to keep mills rolling at top performance, and they do it well. A member of this group, Sante Fonsolato, who has 22 years' service at the Thunder Bay mill, is shown carefully checking the calibration of a roll.

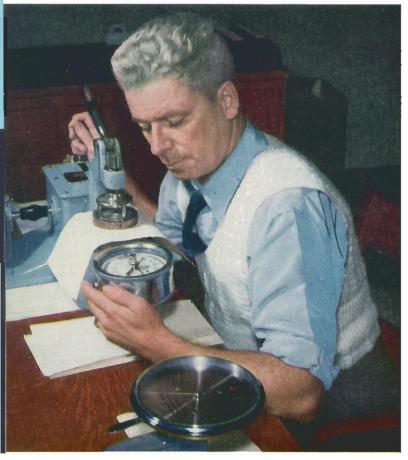


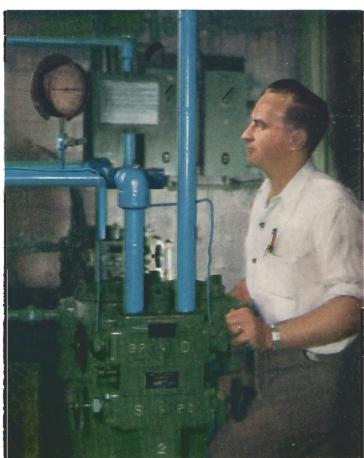






Employees throughout all operations of Abitibi have enthusiastically shared in the company's safety campaigns. The number of injuries to personnel are being continually reduced and new records of accident free operation are a continuous objective. As he planes off a slice-lip holder for a paper machine Bud Maurice, an 18-year employee, wears safety glasses.





Engineers, chemists and technicians are employed in the quality control laboratories at all Abitibi mills. They double check each phase of the processes that are also spot checked by operators on the machines. Here, John A. Nagle, who has been with the company 18 years examines a sample of newsprint.

Abitibi has shared in the development of technical and engineering equipment for the newsprint industry of the continent and through these advances savings in manufacturing costs have been made. Here, Kenneth Kant inspects the gauges controlling storage tanks of sulphur dioxide at Iroquois Falls. This is one of the few installations of its kind on the continent.

Many of the men employed by Abitibi have devoted all their working years to the manufacture of newsprint. Roleigh Sawyer, for example, was 14 years of age when he started with the company and, now a tour boss at Iroquois Falls, he can look back on 41 years of experience. He is proud to wear his safety badge conspicuously.

After leaving the paper machine, the newsprint is transferred to a winder where it is cut into the specific widths required by the customers, then rolled into the finishing room for wrapping. Here Austin McCooeye and Vernon Parker are shown crimping the wrapper before feeding the roll into the "header". Under pressure of increasing newsprint requirements of customers, the six newsprint mills owned by Abitibi are at capacity production.

The maple leaf emblem and the name "Abitibi" mark the finished newsprint, a truly Canadian product—from the pulpwood harvest to every foot of paper. The people who produce it have a record of performance of which they can be proud and all are making a major contribution to the economy of the country. Here, Eno Johnson trucks a roll of newsprint to the railway car. Abitibi mills and the men who operate them render invaluable service in providing one of the most effective methods of modern communication—your daily newspaper.









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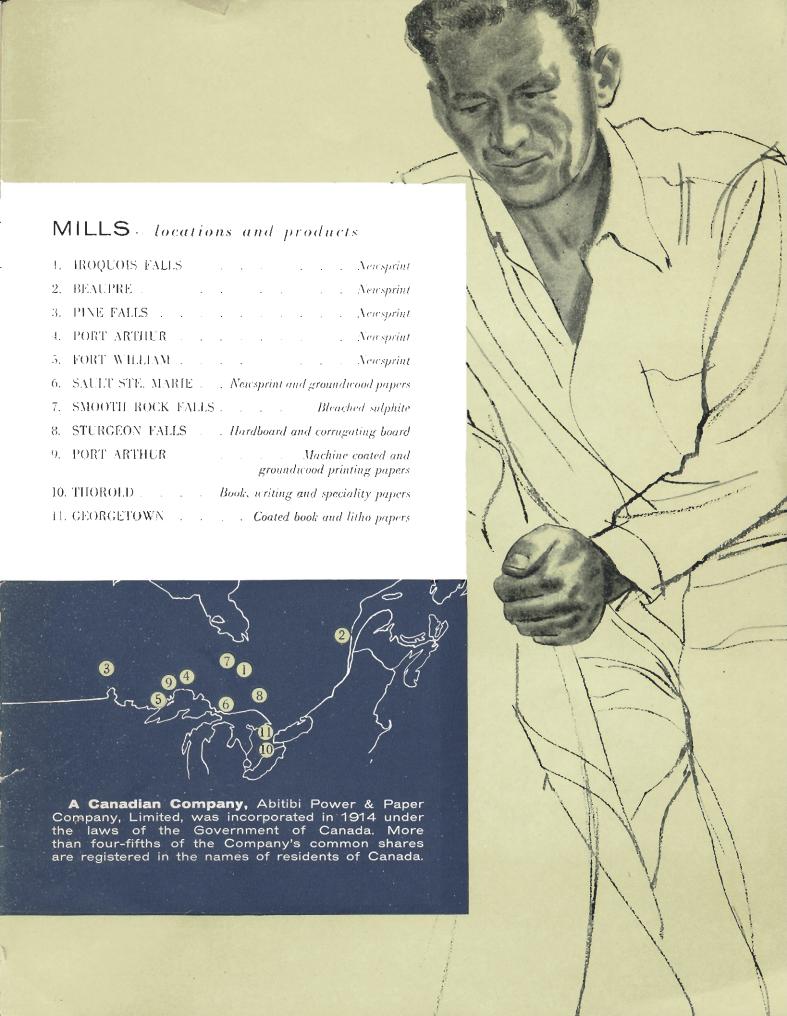
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ANNUAL MEETING

The Annual General Meeting of Shareholders will be held at the Royal York Hotel in the City of Toronto on Thursday, the 12th day of April, 1956 at the hour of ten-thirty in the forenoon.





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