

## Western Canada Power Company Limited

Montreal, Canada,  
June 12th, 1916.

To the Shareholders of

Western Canada Power Company, Limited:—

The Balance Sheet of your Company for the year ending December 31st, 1915, is herewith enclosed.

The Gross Earnings of the Company for the year were \$316,554.16, and the Operating Expenses were \$89,626.69; leaving a credit balance of \$226,927.47, which was insufficient to meet the interest on the First Mortgage Bonds, which amounted to \$250,000; while interest on the Refunding Mortgage Bonds of the Company and interest payable on current account were not earned by the Company.

The loans to the Company secured by pledges on its First Mortgage Bonds and the other net current liabilities of this Company amounted to nearly \$550,000. The Company will require, in addition, \$100,000 to instal the third generating unit.

In June, 1915, the President of the Company sought permission of the British Treasury Board to make a public issue of the Company's Securities in London; but, owing to the decision of the British Government to utilize in the prosecution of the War, all available financial resources of the British people, this request was refused.

Unsuccessful efforts were then made by the Directors of this Company to effect a compromise with the Committee representing the holders of the First Mortgage Bonds.

Subsequently a Noteholders' Protective Committee in New York City, representing the holders of the Notes, which are secured by the Refunding Mortgage Bonds of the Company, was able to effect a compromise with the Committee representing the holders of the First Mortgage Bonds, whereby it is proposed among other things:—

1st. That the holders of the First Mortgage Bonds will convert Two Years' Interest Coupons, amounting to \$500,000, into Debentures of the Company, payable in Ten Years, with interest at the rate of Seven per cent. per annum; and

2nd. That the holders of the Notes, secured by Refunding Mortgage Bonds, will procure these Bonds to be converted into Ordinary Shares of the Company, and thereupon cancelled; and

3rd. That an issue of Preferred Shares shall be made and sold to realize sufficient to pay off all current liabilities of the Company, and to provide sufficient funds for the installation of a third Generating Unit in the Company's Power House at Stave Falls.

In order to carry out the terms of this compromise, and to avoid the sale of the Company's properties in foreclosure proceedings, it is necessary that the holders of the \$2,495,000 par value of the shares of the Company, now issued to the public, should subscribe for a sufficient number of the proposed new issue of Preferred Shares to realize \$374,240 in cash.

It is, therefore, proposed, at the ensuing Annual Meeting of the Company, to enact By-laws reducing the paid-up Capital of the Company from \$5,000,000 to \$1,000,000; and to issue to each Shareholder One fully paid share for each lot of Five fully paid shares, now held by him.

The Noteholders' Protective Committee, above mentioned, have procured the formation of a syndicate in New York City, which will underwrite an issue of at least \$850,000 of Preferred Shares; and the Noteholders' Protective Committee will offer these Preferred Shares to Noteholders and to the Shareholders of this Company at the price of \$80 per share.

Each Shareholder is requested, for each lot of Five shares now held by him, to subscribe for at least Two new Preferred Shares of the par value of \$100 each, and to pay therefor \$80 per share in cash; and, upon such payment being made, each Shareholder, in addition to receiving, out of the reduced Capital Stock of the Company, one share in Five of his present holdings, will, in case the issue of Preferred Shares is not over-subscribed, receive from the Noteholders' Protective Committee Four additional fully paid Ordinary Shares of the Company for every Two Preferred Shares allotted to him. Subscriptions must be received on or before July 15th, 1916.

In other words, in case the issue of Preferred Shares is not over-subscribed, a present holder of Five Ordinary Shares of the Company, who subscribes and pays for at least Two Preferred Shares, on the terms mentioned above, will, in the reconstruction of the Company, obtain the same number of Ordinary Shares as he now holds.

If this scheme of reconstruction, which has been underwritten by the New York Syndicate, is successfully carried out, the Capital of the Company will be adjusted approximately as follows:—

	Present Capital.	Proposed Capital.
First Mortgage Bonds	\$5,000,000	\$5,000,000
Refunding Bonds	4,000,000	None
Debenture Bonds	None	500,000
Preferred Shares	None	\$50,000
Ordinary Shares		
Held by Public	2,495,000	5,000,000
Pledged to Noteholders	2,505,000	None
	\$14,000,000	\$11,350,000

The Company, which now has \$9,000,000 of Mortgage Bonds of both classes outstanding, will, after its reconstruction as proposed, have only \$5,000,000 First Mortgage Bonds outstanding; the Refunding Mortgage Bonds being converted into Ordinary Shares. There will be \$5,000,000 of Ordinary Shares as at present; and the \$850,000 of Preferred Shares and \$500,000 of Debentures will largely represent additional moneys subscribed and paid into the Treasury of the Company. These figures are estimated to be approximately correct, but may be changed in case the issue of Preferred Shares is over-subscribed.

In order to carry out the proposed changes, it is necessary that each Shareholder, who cannot be present in person, at the Annual Meeting of Shareholders, on Saturday, July 15th, 1916, should send in his proxy at once, authorizing all By-laws to be enacted, and all resolutions to be passed, which may be deemed convenient for carrying through the proposed reconstruction.

And each Shareholder, for each Five shares now held by him, should immediately subscribe for at least Two new Preferred Shares on the terms of the subscription agreement of which the Noteholders' Protective Committee has approved. Subscriptions will be received for not less than One Preferred Share.

If a sufficient number of Preferred Shares are not subscribed for by the Shareholders, viz:—\$467,800 in par value of Preferred Shares at \$80 per share, it will probably be necessary for the Company to transfer its properties to the representatives of the two classes of Bondholders, or else to allow the Trustees for the Bondholders to foreclose their mortgages and sell the properties of this Company for the benefit of its Bondholders; but, even in such case, the Noteholders' Protective Committee agree to permit the subscriptions for Preferred Shares of present Shareholders of this Company to be accepted, in like manner, as subscriptions for the Preferred and Ordinary Shares of the Capital Stock of the new Company which they propose to organize for the purpose of acquiring the properties and assets of this Company.

The Directors urgently recommend the Shareholders to subscribe for the New Preferred Shares to the extent of their financial means; it being understood that, in case of the proportion of Preferred Shares now offered to the present Shareholders, being over-subscribed, the Noteholders' Protective Committee may cut down the subscription of any Shareholder, to his due proportion; but, as some Shareholders may not be able to subscribe, all Shareholders are invited to subscribe for new Preferred Shares in excess of their due proportion.

If this plan of reconstruction is successfully carried out, the Second Refunding Bonds of the Company will be cancelled; the current liabilities of the Company will be paid off; interest on the First Mortgage Bonds will be paid until January 1st, 1918; and the Company will have funds sufficient to

complete the installation of a third Generating Unit, and to carry on its business for two years.

On behalf of the Board of Directors,  
C. H. CAHAN,  
President.

### BALANCE SHEET.

AS AT 31ST DECEMBER, 1915.

ASSETS.	
Properties—Cost of Properties, Franchises and Works, including Discount on Bonds and Interest charged to Construction Account	\$11,063,483.45
Shares and Securities of other Companies	3,291,560.00
Materials and Supplies—	
Inventory of Stores on Hand	\$ 88,486.47
Sales Department	3,329.77
Prepaid on Contracts for Machinery	249,474.70
Accounts Receivable—	
General Accounts	58,589.42
Less: Reserve for Doubtful Accounts	11,844.60
Rentals Paid in Advance	46,744.82
Interest Paid in Advance	550.00
Cash on Hand and in Bank	145.83
Profit and Loss Account	28,788.22
	59,420.82
LIABILITIES.	
Capital Stock—	
Authorized 100,000 shares of \$100 each	\$10,000,000.00
Issued 50,000 shares of \$100 each	\$5,000,000.00
First Mortgage 5 per cent Bonds—	
Currency	\$4,428,500.00
Sterling, £295,400	1,437,613.32
	\$5,866,113.32
Less: Bonds pledged as security for loans	866,500.00
Refunding 5 per cent. Bonds	4,999,613.32
Loans (\$866,500.00 Bonds as above pledged as security)	4,000,000.00
Accounts Payable—	
Sundry Accounts	\$ 262,583.16
Customers' Deposits	1,660.94
Interest Accrued on First Mortgage Bonds	264,244.10
Net Interest Due and Accrued on Refunding Bonds	125,000.00
Contingent Account	37,968.66
	30,660.00
	\$14,831,984.08

### PROFIT AND LOSS ACCOUNT.

FOR YEAR ENDING 31ST DECEMBER, 1915.

Balance—Brought forward from 1914	\$ 23,848.29
Operating Expenses, including Production and Distribution of Power and Light, General Expenses, Taxes, etc.	89,626.69
Interest on First Mortgage Bonds	250,000.00
Additional Reserve for Bad and Doubtful Debts	2,500.00
Additional Provision for Accident Claims, etc.	10,000.00
	\$375,974.98
Earnings—Sales of Power, Light and Rentals	\$316,554.16
Balance	59,420.82
	\$375,974.98

Montreal, February 18th, 1916.

We have examined and audited the Books and Accounts of the Western Canada Power Company, Limited, for the year ending 31st December, 1915.

As the further development, to provide for which the Refunding Bonds were issued, is not yet completed, the interest on these Bonds has been charged to cost of construction of Properties. No provision has yet been made for depreciation of Plant and Machinery.

Inventories of Materials and Supplies on hand have been certified by the Management, and accepted by us as correct.

We have obtained all the information and explanations we have required, and we certify that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the Company's affairs as shown by the Books on the date hereof.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants.

## Western Canada Power Company, Limited

### Notice to Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Western Canada Power Company, Limited, will be held at the office of the Company, No. 1002 Transportation Building, in the City of Montreal, Canada, on Saturday, July 15th, 1916, at the hour of Eleven o'clock in the forenoon, for the purpose of receiving the Annual Report of the Board of Directors; the election of Directors and other Officers to hold office during the ensuing year, or until their successors are elected; and to transact such other business as may properly be brought before the Meeting.

NOTICE IS ALSO HEREBY GIVEN that a Special General Meeting of the Shareholders of Western Canada Power Company, Limited, will be held at the same place and on the same day, at the hour of Eleven-thirty o'clock in the forenoon, or so soon thereafter as the Annual General Meeting of the Shareholders may adjourn, for the purpose of considering, and, if deemed advisable, confirming and sanctioning By-law No. 56, which was enacted by the Board of Directors on the 12th day of June, 1916, and which said By-law reads as follows:—

**BY-LAW NO. 56.**  
WHEREAS the authorized Capital Stock of Western Canada Power Company, Limited, is Ten Million Dollars (\$10,000,000), divided into One hundred thousand (100,000) shares of One hundred dollars (\$100) each;

AND WHEREAS the Company has issued and allotted Fifty thousand (50,000) of its Ordinary Shares, of One hundred dollars (\$100) each; and no more; and the amount of Five Million Dollars (\$5,000,000) has been paid up thereon;

AND WHEREAS the Company has not yet completed the construction of its hydro-electric works; and can only obtain additional capital, and thereby avoid the winding-up of its business and affairs, by reconstructing its capital on the basis herein provided;

AND WHEREAS approximately Four Million Dollars (\$4,000,000) of the paid-up capital of the Company is unrepresented by available assets;

AND WHEREAS, for the due carrying on of the undertaking of the Company, the Directors of the Company consider it advisable and sufficient to make a By-law reducing the authorized capital stock of the Company to the amount of Six Million Dollars (\$6,000,000), consisting of Sixty thousand (60,000) shares of One hundred dollars (\$100) each; and reducing the paid-up capital stock of the Company to the amount of One Million Dollars (\$1,000,000), consisting of Ten thousand (10,000) shares of One hundred dollars (\$100) each;

NOW, THEREFORE, be it enacted and it is hereby enacted as a By-law of the Company as follows, that is to say:

1. That the authorized stock of the Company be and the same is hereby reduced from the amount of Ten Million Dollars (\$10,000,000) to the amount of Six Million Dollars (\$6,000,000), consisting of Sixty thousand (60,000) Shares of One hundred dollars (\$100) each; and that the paid-up capital stock of the Company be and the same is hereby reduced from the amount of Five Million Dollars (\$5,000,000) to the amount of One Million Dollars (\$1,000,000), consisting of Ten thousand (10,000) shares of One hundred (\$100) each; and that such reduction be effected by cancelling Forty thousand (40,000) shares of the paid-up capital stock of the Company of One hundred dollars (\$100) each.

2. That Ten thousand (10,000) shares of One hundred dollars (\$100) each, of the reduced capital stock of the Company, be issued and allotted as fully paid in the amount and proportion following:—

One (1) Ordinary share of the reduced capital of One hundred dollars (\$100) to each holder of Ordinary shares of the Company now issued and outstanding in respect of and for every Five (5) Ordinary shares of the capital stock of the Company now held by such holder.

3. That the remaining Fifty thousand (50,000) shares of One hundred dollars (\$100) each of the reduced capital stock of the Company be issued and allotted in such amount and proportion as the Directors of the Company may deem proper for the benefit of the Company;

AND also to authorize the Directors of the Company, in case the Shareholders fail to confirm and sanction the foregoing By-law, or fail to subscribe for a sufficient number of the proposed new issue of Preferred Shares, to furnish the moneys required for the due carrying on of the undertaking of the Company, then, in either such case, to authorize the Directors of the Company to sell, transfer and convey all the undertaking, properties and business of the Company, subject to the existing mortgages, for an amount sufficient to pay off the current liabilities of the Company;

And for the transaction of such other business as may properly come before the Meeting.

By order of the Board of Directors, O. B. MACCALLUM,

Montreal, P.Q., June 13th, 1916.

Please sign and return the enclosed proxy in the accompanying addressed envelope.

Do not omit to have your signature witnessed.

If shareholders resident in Great Britain will mail their proxies in care of Equitable Trust of London, Limited, 3 Lombard Street, London, E.C., they will, in order to avoid possible delay in the mails, be cabled from London to the Secretary of the Company at Montreal.