

the Corporation back towards record prosperity. Its investments were concentrated into a very few, large, diversified, long-term holdings, whose growth was nurtured through the 1970s and 1980s by highly effective managers with the strategic assistance of the major shareholder. From that financially strong and rationally restructured base, coincident with the advent of liberalized trade

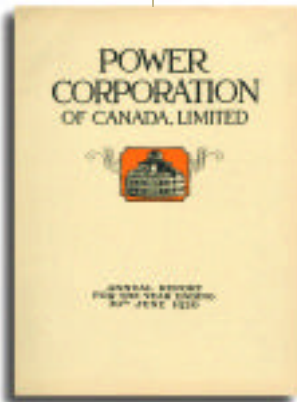


The Hemmings Falls power development at Drummondville, Que., of Southern Canada Power Company, Limited, in which Power Corporation was invested at its founding.

and the global economy in the 1990s, Power Corporation set out to take on the world.

It has certainly grown in size and range far beyond what A.J. Nesbitt and P. A. Thomson, principal partners in the Montreal investment firm Nesbitt, Thomson and Company, conceived in 1925. Their company had begun underwriting and investing in the construction and promotion of Canadian hydro-electric utilities almost immediately after its own founding in 1912. Rejecting the offers of a reckless Chicago speculator who was buying up

utility companies across the United States, Nesbitt, Thomson instead chose to defend and strengthen Canada's power sector through consolidation. To that end, it established a public holding company – simply, but appropriately, named "Power Corporation of Canada" – that would profit from the growing demand for industrial and domestic electricity across the country, offer expert management advice to its operating affiliates, and provide technical services through a construction and engineering department that would eventually design and build many of Canada's most innovative power developments.



Cover of Power Corporation's first annual report.

Not only did Power Corporation bring the advantages of consolidation at the executive level, it further ensured that the destiny of these vital power companies would rest in Canadian hands. While common shares carried one vote each, ten votes were assigned to each participating preferred share, the majority of which were held by the two founders, giving them control of the company. A.J. Nesbitt became the first President, but he left much of the day-to-day management to his Vice-President, James B. Woodyatt, an electrical engineer and power company executive who ultimately was to serve as Chairman of the Board from 1956 until his retirement in 1962.

With an initial common-share capitalization of \$5,500,000 (equivalent to \$56 million in today's Canadian dollars), Power Corporation of Canada assumed control of Canada Northern Power, Ottawa and Hull Power, and Ottawa-Montreal Power, and took substantial positions in East Kootenay Power, Winnipeg Electric, Dominion Power and Transmission in Ontario, and