

and Power Corporation subsequently used its compensation payment from the nationalization to buy control of Pargesa Holding in alliance with several partners, not the least of whom was the Belgian entrepreneur Albert Frère. It was the start of an extraordinary partnership and a fortunate development for Power Corporation.

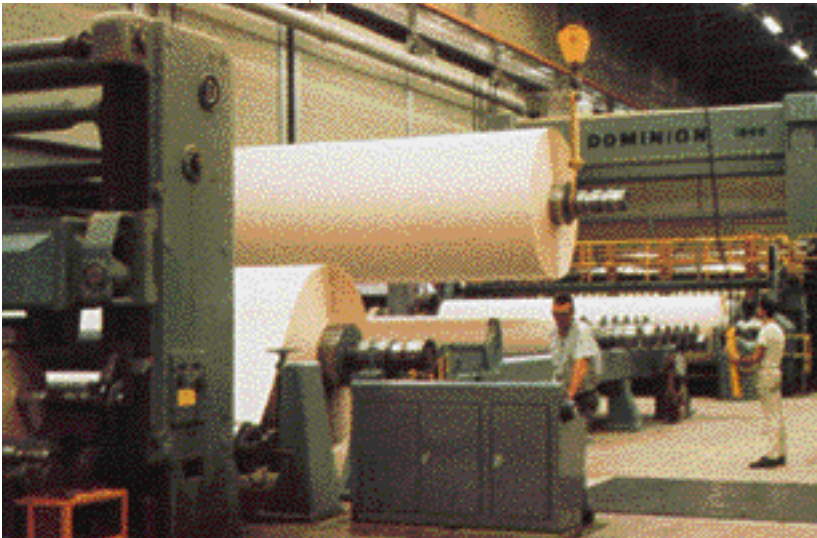
Meanwhile, the early 1980s proved a difficult time for Canadian business. Inflation returned, interest rates soared towards 20 per cent, and the prospects for economic recovery

were far from certain. Consolidated-Bathurst's forest products were particularly affected, while its involvement in oil and gas resources met with mixed results. With solid assets, earnings, and profits, Power decided it would be prudent to restructure its capital base and lower its long-term debt.

With those goals in mind, and to pursue its ambition of creating an integrated financial services group, Power's major financial holdings in Investors Group, Great-West Life, Montreal Trust, and Pargesa were transferred in April

1984 to a new subsidiary, Power Financial Corporation (PFC), which went public with a new issue and a secondary offering a year later. Power Financial then restructured its holdings, converting its indirect interests in Great-West Life and Montreal Trust into direct ownership by PFC and acquiring the business of Investors Group's operating subsidiaries through a new subsidiary. Subsequently both Great-West Lifeco and Investors Group made public offerings, partly in order to create benchmark prices that would ensure a more realistic reflection of the value of Power and Power Financial's holdings.

Twenty per cent of Power Financial was sold privately to the Royal Bank of Canada, the Bank of Nova Scotia, and La Caisse de dépôt et placement, the Quebec government's pension fund, for a total of \$138 million. Power then sold another 3 million Power Financial shares through a secondary offering in conjunction with Power Financial's initial public offering, reducing its position to 70 per cent. Most of the proceeds that accrued to Power were applied against its debt. Power raised another \$130 million by issuing treasury shares. As well, in 1985, it sold its holding in Banque Nationale du Canada and received more than \$187 million for its



One of several Canadian paper mills of Consolidated-Bathurst photographed in the 1980s prior to its sale by Power Corporation in 1989.