

**IMASCO LIMITED
MARKET ACTIVITY
JANUARY - JULY, 1994**

Stock markets in Canada and the U.S. have experienced some significant declines in 1994, as shown on the attached schedule. Imasco stock has suffered even more than the general markets. This schedule was prepared to relate changes in Imasco stock values to other stocks and industries. When reviewed in this context, the decline is no less painful, but a bit more understandable.

Imasco stock reached a high of \$43.875 on January 20th and 24th, 1994. The markets reached 1994 highs in the week of February 4, 1994 with the TSE repeating that high on March 23, 1994. Since those dates, the markets have declined sharply, as illustrated in the attached charts.

On February 8, 1994, the federal government announced the reduction of excise taxes on tobacco in an effort to stop the sale of smuggled cigarettes. At the same time, a surtax on tobacco profits was instituted that the market estimated would reduce Imasco's earnings by about 30 cents per share. The stock dropped to \$39.75, roughly \$4.00 from the high. In spite of our open communication on the matter, the market has not valued the benefits to Imasco from the return to domestic distribution where Imperial Tobacco's market share is substantially higher than in the export market. Once this is recognized, some of that loss is expected to be recovered.

Other factors that have had a negative impact on the stock in 1994:

1. Federal government committee hearings on plain packaging.
2. U.S. hearings addressing health issues and nicotine levels.
3. Threat of increased taxation on tobacco in the U.S.
4. Two states threatened lawsuits against U.S. tobacco companies to recover health costs arising from smoking-related diseases.

After adjusting for the \$4.00 decline in Imasco's stock price associated with the surtax, Imasco is down 14.8% from its "high" versus a market decline of 12.3%.

We are optimistic that the market will recognize the earnings and cash flow generation and value the shares appropriately in the medium term.

July, 1994
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MARKET COMPARISON

		Dec. 31/93	Date	High 1994	July 6/94	Change % Dec. 31/93	Change % From High
Imasco	IMS	40.13	Jan. 20 & 24	43.88	33.38	-16.81%	-23.93%
INDICES							
S&P 500	SPX	466.45	Feb. 4 Wk	482.00	448.00	-4.38%	-7.47%
Dow Jones Ind.	INDU	3,754.09	Feb. 4 Wk	3,978.36	3,670.29	-2.23%	-7.74%
TSE 300	ITSEC	4,321.43	Feb. 2 & Mar. 23	4,600.00	4,034.20	-6.65%	-12.30%
TOBACCO							
B.A.T.	BTI	16.25	Jan. 7	16.75	12.25	-24.62%	-26.87%
Phillip Morris	MO	55.75	Jan. 31	60.25	52.38	-8.04%	-13.08%
RJR Nabisco	RN	6.38		7.88	5.88	-7.76%	-25.38%
S&P Tobacco	SPTOBC			1,094.33	964.68		-11.85%
Rothmans Inc.	ROC	102.75		90.75	76.00	-26.03%	-16.25%
FINANCIAL SERVICES							
CT Financial	CFS	19.75		20.50	18.00	-8.86%	-12.20%
Bank of Montreal	BMO	27.68		30.63	24.00	-13.28%	-21.65%
Bank of N.S.	BNS	30.68		32.75	25.38	-17.26%	-22.50%
Toronto Dom.	TD	21.38		23.38	20.88	-2.32%	-10.69%
CIBC	CM	33.00		36.00	29.75	-9.85%	-17.36%
Royal	RY	28.88		31.50	27.38	-5.18%	-13.08%
National Trust	NT	22.50		22.75	20.63	-8.31%	-9.32%
TSE Fin. Serv.	ITSEFS	3,322.94		3,587.86	2,972.62	-10.54%	-17.15%
RETAIL DRUG							
Arbor	ARBR	20.50		21.50	18.75	-8.54%	-12.79%
Eckard	ECK	18.50		22.88	21.25	14.86%	-7.12%
Walgreen	WAG	40.88		39.75	35.88	-12.22%	-9.74%
S&P Ret. Drug	SPRETR			158.50	152.82		
Jean Coutu	PJCA	11.00		11.75	7.50	-31.82%	-36.17%
RESTAURANTS							
Boston Chicken	BOST	36.00		47.50	34.88	-3.11%	-26.57%
Luby's	LUB	22.50		22.50	22.75	1.11%	1.11%
McDonald	MCD	28.50		29.50	29.38	3.09%	-0.41%
Shoney's	SHN	23.13		25.25	15.25	-34.05%	-39.60%
Wendy's	WEN	17.38		17.75	15.88	-8.60%	-10.54%
S&P Restaurant	SPREST			339.00	328.93		
Cara	CAO	5.00		5.63	3.70	-26.00%	-34.28%

Prices as of mid-day, July 6, 1994

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IMASCO LTD

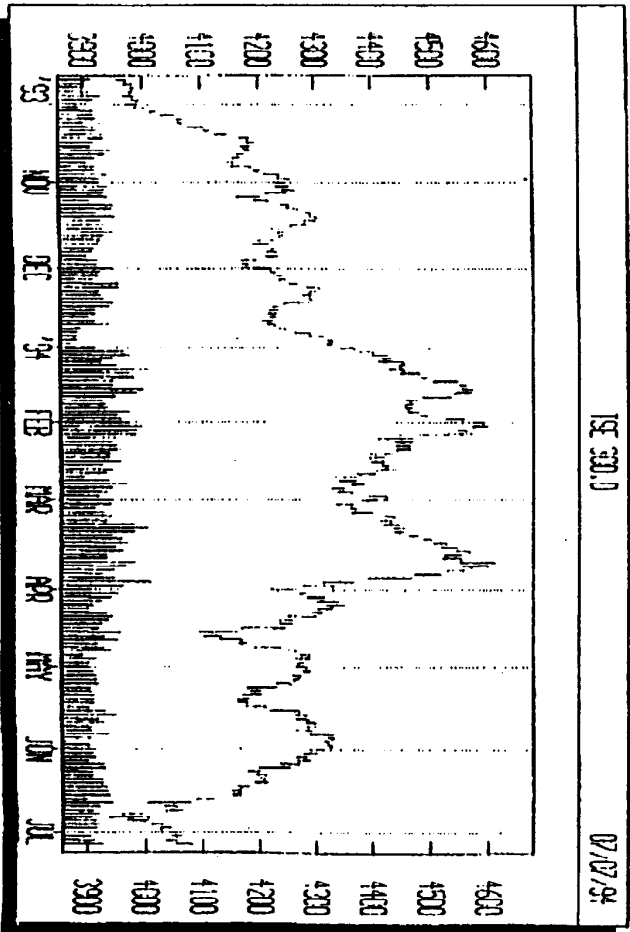
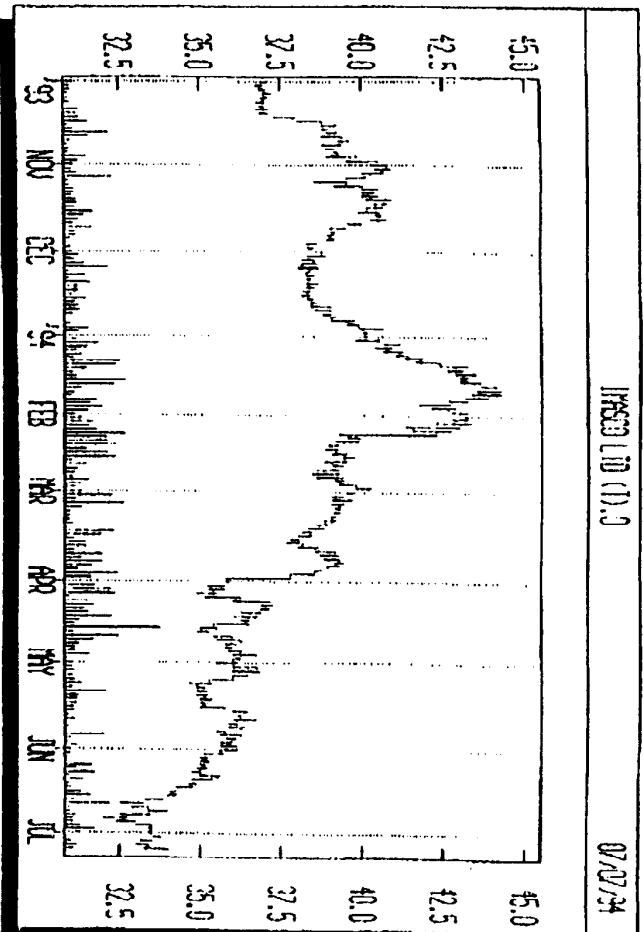
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MARKET COMPARISON

		Dec. 31/93	High Date 1994	July 6/94	Change % Dec. 31/93	Change % From High
BAT INDUSTRIES						
Bat Industries	BATS		565.00	403.00		-28.67%
FT-SE 100	UKX		3,520.30	2,946.70		-16.29%
FT-SE Insurance	FTNINSR		1,600.90	1,208.50		-24.51%
FT-SE Life Ins.	FTLIFE		2,901.70	2,288.80		-21.12%
S&P Life Ins.	SPLIFE		1,390.00	1,234.33		-11.20%
S&P Pro. & Cas.	SPPROP		488.00	449.78		-7.83%
S&P Mult. Line Ins.	SPLINS		75.00	70.82		-5.57%
Roithmans Intl.	RINU		494.00	351.00		-28.95%

Prices as of mid-day, July 6, 1994

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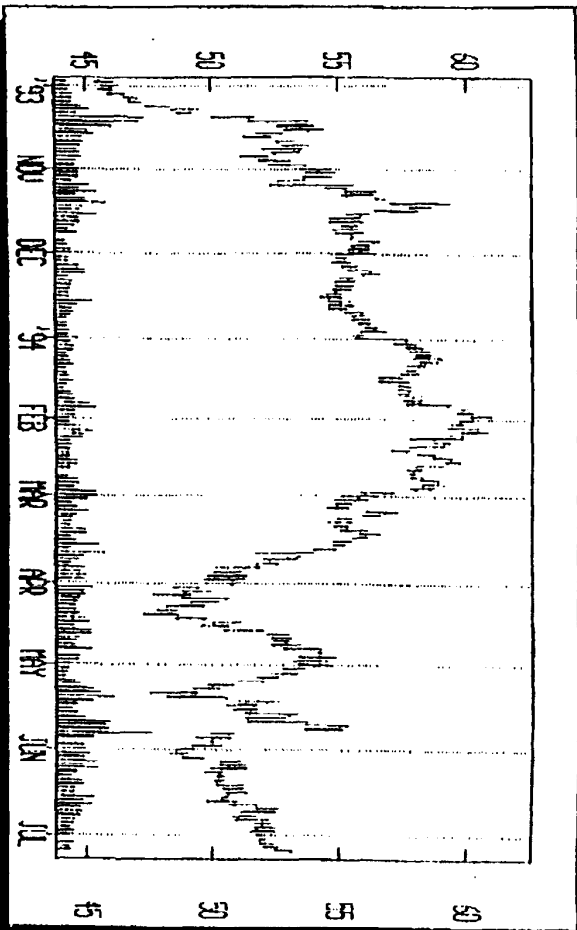
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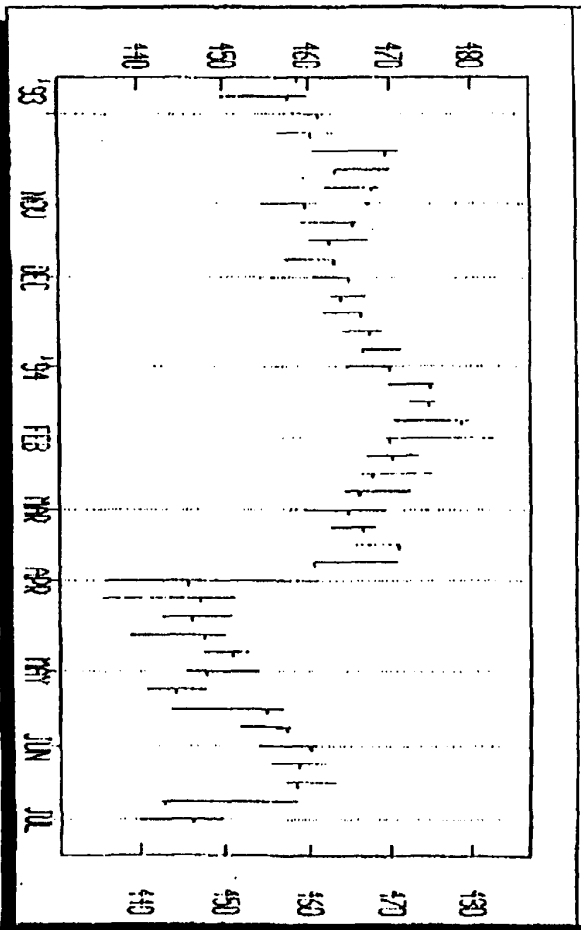
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