1983

Accounting trends and techniques, 37th annual survey, 1983 edition

American Institute of Certified Public Accountants

1983 Accounting Trends & Techniques AICPA

Thirty-Seventh Edition **1983**

Accounting Trends & Techniques

Annual Survey of Accounting Practices Followed in 600 Stockholders' Reports

AICPA

American Institute of Certified Public Accountants

Thirty-Seventh Edition **1983**

Accounting Trends & Techniques

Thirty-seventh annual cumulative survey of the accounting aspects of the annual reports of 600 industrial and merchandising corporations to which are added excerpts from and comments upon unusual accounting treatments found in additional reports. The reports analyzed are those with fiscal years ended not later than February 3, 1983.

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Library of Congress Catalog Card Number: 48-2517

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PREFACE

Accounting Trends & Techniques—1983, Thirty-seventh Edition, is a compilation of data obtained by a survey of 600 annual reports to stockholders undertaken for the purpose of analyzing the accounting information disclosed in such reports. The annual reports surveyed were those of selected industrial and merchandising companies for fiscal periods ending between February 26, 1982 and February 3, 1983.

Significant accounting trends, as revealed by a comparison of current survey findings with those of prior years, are highlighted in numerous comparative tabulations throughout this publication. These tables show trends in such diverse accounting matters as financial statement format and terminology and the accounting treatment of transactions and events reflected in the financial statements.

Accounting techniques are illustrated by excerpts from the annual reports of the survey companies and the annual reports of companies not included in the survey which presented items of particular interest or of an unusual nature. References (in the form of a listing of company identification numbers—see the following paragraph) to additional illustrations of an accounting technique may be requested from the American Institute of Certified Public Accountants either by writing or by calling Richard Rikert—(212) 575-6394.

Each of the 600 survey companies included in this edition has been assigned an identification number which is used for reference throughout the text in the discussion of pertinent information. 322 of the companies were listed in the twenty-first (1967) edition and each retained the number assigned in that edition. The other 278 companies in the 1967 edition have been eliminated, principally because of mergers and other acquisitions. Their numbers have not been reused; instead numbers 601 through 959 have been assigned to their replacements. The 600 companies in the current edition are listed in the Company Appendix Section both alphabetically and by their identification number.

The American Institute of Certified Public Accountants has established the National Automated Accounting Research System (NAARS) as an additional means of information retrieval. NAARS includes a computerized data bank consisting of the full text of several thousand company annual reports to stockholders supplemented by a literature file of authoritative pronouncements, Information may be retrieved through individual computer terminal subscription or by requesting Institute personnel to perform searches on an AICPA terminal. For further information concerning NAARS, contact Hortense Goodman, American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Telephone (212) 575-6393.

Special acknowledgement is due to J. Richard Chaplin, CPA; Gregory Frydman, CPA; William A. Godla, CPA; Phyllis C. Johnson, CPA; Joseph M. Nestor, CPA; and John G. Pate, Jr., CPA for their assistance in the analysis of the financial reports and preparation of the manuscript.

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Section 1: General

TABLE 1-1: INDUSTRY CLASSIFICATIONS

	1982	1981	1980	1979
Foods:				
Meat products	8	5	9	10
Dairy products	4	4	4	4
Canning, etc.	6	6	6	6
Packaged and bulk	18	18	18	19
Baking	3	4	4	5
Sugar, confections, etc.	5	6	6	6
Beverages	6	6	7	7
Tobacco products	5	6	6	6
Textiles	26	29	29	31
Paper products	17	17	18	17
Printing, publishing	14	11	9	9
Chemicals	26	25	25	25
Drugs, cosmetics, etc.	27	28	29	29
Petroleum	29	29	26	26
Rubber products, etc.	9	9	9	8
Shoes - manufacturing, merchandising, etc.	7	7	7	7
Building:				
Cement	3	2	3	2
Roofing, wallboard	11	11	11	10
Heating, plumbing	4	4	5	5
Other	18	17	17	16
Steel and Iron	18	18	19	19
Metal - nonferrous	16	15	18	18
Metal fabricating	20	21	21	20
Machinery, equipment and supplies	36	38	36	36
Electrical equipment, appliances	18	19	19	20
Electrical, electronic equipment	30	28	27	25
Business equipment and supplies	16	15	16	16
Containers - metal, glass, etc.	9	9	10	11
Autos and trucks (including parts, accessories)	23	23	22	22
Aircraft and equipment, aerospace	14	13	13	13
Railway equipment, shipbuilding, etc.	5	5	5	6
Controls, instruments, medical equipment, watches and clocks, etc.	16	16	14	13
Merchandising:				
Department stores	8	9	9	8
Mail order stores, variety stores	2	2	2	2
Grocery stores	19	18	18	17
Other	6	6	4	6
Motion pictures, broadcasting	5	6	7	7
Widely diversified, or not otherwise classified	93	95	92	93
Total Companies	**600**	**600**	**600**	**600**

THIS SECTION OF THE SURVEY is concerned with general information about the 600 companies selected for the survey and with certain accounting information usually disclosed in notes accompanying the basic financial statements.

COMPANIES SELECTED FOR SURVEY

All 600 companies included in the survey are registered with the Securities and Exchange Commission and are reported in either *Moody's Industrial Manual* or *Moody's OTC Industrial Manual.* Ninety percent of the survey companies have securities traded on one of the major stock exchanges—80% on the New York and 10% on the American. Table 1-1 represents an industry classification of the 600 survey companies; Table 1-2 indicates the relative size of the survey companies as measured by dollar value of revenue.

TABLE 1-2: REVENUE OF SURVEY COMPANIES

	1982	1981	1980	1979
Less than $100,000,000	68	66	71	71
Between $100,000,000 and $500,000,000	118	124	124	129
Between $500,000,000 and $1,000,000,000	89	77	91	98
Between $1,000,000,000 and $2,000,000,000	105	114	113	115
More than $2,000,000,000	220	219	201	187
Total Companies	**600**	**600**	**600**	**600**

INFORMATION REQUIRED BY RULE 14c-3 TO BE INCLUDED IN ANNUAL REPORTS TO STOCKHOLDERS

Rule 14c-3 of the Securities Exchange Act of 1934 states that annual reports furnished to stockholders in connection with the annual meeting of stockholders should include audited financial statements—balance sheets as of the 2 most recent fiscal years, and statements of income and changes in financial position for each of the 3 most recent fiscal years. Rule 14c-3 also states the following information, as specified in *Regulation S-K*, should be included in the annual report to stockholders:

1. Selected quarterly financial data.
2. Disagreements with accountants on accounting and financial disclosure.
3. Effects of inflation for those companies not required by FASB *Statement of Financial Accounting Standards No. 33* to disclose such information.
4. Summary of selected financial data for last 5 years.
5. Description of business activities.
6. Segment information.
7. Listing of company directors and executive officers.
8. Market price of Company's common stock for each quarterly period within the two most recent fiscal years.
9. Management's discussion and analysis of financial condition and results of operations.

Examples of items 1, 4,and 9 follow. Examples of segment and inflation information disclosures are presented on pages 17-32 and pages 86-105, respectively.

Quarterly Financial Data

AMERADA HESS CORPORATION

FINANCIAL REVIEW

Quarterly Financial Data

Quarterly results of operations for the years ended December 31, 1982 and 1981 follow (in millions of dollars, except per share data):

	Sales and other operating revenues	Gross profit (a)	Net income (loss) (b)	Net income (loss) per share
1982				
First	$2,365.0	$ 189.4	$(16.2)	$(.19)
Second	1,771.0	341.0	61.1	.72
Third	2,112.8	297.2	80.2	.95
Fourth	2,093.8	377.9	43.6	.52
Total	$8,342.6	$1,205.5	$168.7	$2.00
1981				
First	$2,958.5	$ 582.9	$174.5	$2.08
Second	2,220.7	53.9	(53.7)	(.64)
Third	1,890.9	295.1	43.5	.51
Fourth	2,326.1	321.5	48.3	.58
Total	$9,396.2	$1,253.4	$212.6	$2.53

(a) Gross profit represents sales and other operating revenues less cost of products sold and operating expenses, crude oil windfall profits tax, depreciation, depletion and amortization.

(b) The second quarter of 1981 reflects a net charge of $58.9 million ($.70 per share) representing a provision for anticipated losses on certain crude oil supply contracts over the balance of the year. Net income for the fourth quarter of 1982 includes a net gain of approximately $28.7 million resulting from adjustment of an estimate of potential pipeline tariff refunds. Approximately $21.6 million of the net gain relates to prior years.

The results of operations for the periods reported herein should not be considered as indicative of future operating results due to political and economic uncertainties and conditions affecting the petroleum industry.

ARMSTRONG WORLD INDUSTRIES, INC. (DEC)

Quarterly Financial Information

amounts (millions) except earnings per share, dividends, and stock prices

	First	Second	Third	Fourth	Total year
			1982		
Net sales	$317.6	$328.9	$327.4	$311.7	$1,285.6
Gross profit	72.4	83.4	83.4	69.4	308.6
Earnings (loss) before income taxes	(6.0)	14.9	17.5	1.0	27.4
Net earnings (loss)	(2.5)	9.6	9.3	3.4	19.8
Per share of common stock	$(.11)	$.39	$.37	$.14	$.79
Dividend payments per share of common stock	.275	.275	.275	.275	1.10
Price range of common stock—low	13¼	14⅝	14⅛	17½	13¼
—high	17	16⅞	18⅜	26½	26½
			1981		
Net sales	$344.9	$371.0	$342.1	$318.3	$1,376.3
Gross profit	85.9	95.3	84.3	79.4	344.9
Earnings before income taxes	23.4	33.4	16.5	4.8	78.1
Net earnings	13.4	21.4	9.4	2.9	47.1
Per share of common stock	$.54	$.85	$.38	$.11	$1.88
Dividend payments per share of common stock	.275	.275	.275	.275	1.10
Price range of common stock—low	14¼	15¾	14	14	14
—high	18⅛	18¾	18⅛	17⅜	18¾

Fourth quarter 1982 compared with fourth quarter 1981

Fourth-quarter 1982 sales of $311.7 million were down 2% from the $318.3 million in 1981.

Fourth-quarter after-tax earnings of $3.4 million in 1982 were higher than the $2.9 million earned in the like period of 1981. However, before-tax earnings of $1.0 million in the fourth quarter 1982 reflected a decline from the $4.8 million reported in 1981. The fourth quarter of 1982 reflects a tax benefit resulting from a reduction of previous estimates of total-year 1982 tax provisions.

Also included in fourth-quarter 1982 net earnings is a gain of $.8 million due to unrealized exchange and translation adjustments, compared with a $.6 million loss in 1981.

The year-to-year decline in before-tax earnings is attributable largely to lower sales volume, coupled with a continuing shift in sales mix to lower-priced products, and generally higher costs—particularly for promotions needed to generate sales volume. These adverse factors could not be fully recovered through selling price increases, cost containment, and productivity programs. All of the 1981 gain of $1.3 million from the purchase of tax benefits was included in the fourth quarter, while the gain in 1982 was recorded throughout the year.

The provision for the carpet plant closing costs, as described on page 20, was originally estimated during the first quarter of 1982 to be $6.5 million. A gain of $.8 million representing a reduction in this provision was recorded in the fourth quarter.

ADAMS-MILLIS CORPORATION

Summary of Quarterly Earnings

(Unaudited)

	For the year ended January 2, 1983 (52 Weeks)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$12,837,000	$16,394,000	$17,888,000	$14,970,000
Gross profit	1,054,000	2,716,000	3,076,000	2,053,000
Earnings (loss) from continuing operations	(125,000)	579,000	896,000	458,000
Earnings (loss) from discontinued operations	(26,000)	(33,000)	(33,000)	13,000
Net earnings (loss)	(151,000)	546,000	863,000	471,000
Earnings (loss) per share:				
Earnings (loss) from continuing operations	$(.05)	$.24	$.38	$.20
Earnings (loss) from discontinued operations	(.01)	(.01)	(.01)	—
Net earnings (loss)	(.06)	.23	.37	.20

	For the year ended January 3, 1982 (53 Weeks)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$13,585,000	$16,713,000	$17,771,000	$15,076,000
Gross profit	1,467,000	2,227,000	1,774,000	1,772,000
Earnings from continuing operations	228,000	654,000	570,000	—
Earnings (loss) from discontinued operations	281,000	(11,000)	15,000	31,000
Earnings before extraordinary gain	509,000	643,000	585,000	31,000
Extraordinary gain	—	—	1,834,000	1,655,000
Net earnings	509,000	643,000	2,419,000	1,686,000
Earnings per share:				
Earnings from continuing operations	$.10	$.29	$.24	$—
Earnings (loss) from discontinued operations	.12	(.01)	—	.02
Earnings before extraordinary gain	.22	.28	.24	.02
Extraordinary gain	—	—	.79	.71
Net earnings	.22	.28	1.03	.73

Note—During 1982 the Company reduced inventory quantities resulting in a partial liquidation of LIFO inventory with a carrying value lower than the cost of current purchases. This change in LIFO inventory decreased cost of goods sold by $216,000 and increased earnings from continuing operations by $112,000 ($.05 per share) and was recorded in the fourth quarter.

Due to the disposal of the discontinued TexElastic Division, the 1982 and 1981 quarterly financial statements have been restated to conform to the 1982 year-end presentation.

The estimated insurance recovery for extra costs and expenses incurred as a result of the fire was accrued throughout 1981. In February 1982, the Company submitted its claim for such costs and expenses in an amount in excess of that previously accrued. The adjustment in 1981 ($493,000) to increase the amount of the insurance claim was recorded in the fourth quarter.

BELL & HOWELL COMPANY (DEC)

Quarterly Financial Information

(Unaudited)

Summarized restated quarterly financial information for 1982 and 1981 is as follows (except for per share data, amounts are in thousands):

1982 Quarter	First	Second	Third	Fourth	Total Year
Sales	$141,514	$151,043	$156,300	$162,948	$611,805
Gross profit	50,417	54,075	55,958	60,014	220,464
Earnings from continuing operations	3,716	4,309	4,095	6,427	18,547
Discontinued operations	(1,969)	(812)	83	(18,779)	(21,477)
Extraordinary credit	675	—	—	(675)	—
Net earnings	2,422	3,497	4,178	(13,027)	(2,930)
Earnings per common share:					
Continuing operations	.66	.76	.73	1.13	3.28
Discontinued operations	(.35)	(.14)	.01	(3.32)	(3.80)
Extraordinary credit	.12	—	—	(.12)	—
Total	.43	.62	.74	(2.31)	(.52)
Dividend paid per common share	.24	.24	.24	.24	.96
Common stock price (NYSE):					
High	21⅜	23⅝	25	33½	33½
Low	17⅞	19⅛	19½	23½	17⅞

1981 Quarter	First	Second	Third	Fourth	Total Year
Sales	$130,654	$143,469	$144,957	$159,296	$578,376
Gross profit	45,980	49,965	49,779	58,011	203,735
Earnings from continuing operations	2,448	3,510	3,912	7,003	16,873
Cumulative effect of accounting change for investment credit	2,129	—	—	—	2,129
Loss from discontinued operations	(370)	(300)	353	(793)	(1,110)
Extraordinary credit	350	1,070	1,425	890	3,375
Net earnings	4,557	4,280	5,690	7,100	21,627
Earnings (loss) per common share:					
Continuing operations	.43	.62	.70	1.24	2.99
Accounting change	.38	—	—	—	.38
Discontinued operations	(.06)	(.06)	.06	(.14)	(.20)
Extraordinary credit	.06	.19	.25	.16	.66
Total	.81	.75	1.01	1.26	3.83
Dividend paid per common share	.24	.24	.24	.24	.96
Common stock price (NYSE):					
High	30⅝	29¾	24	21¾	30⅝
Low	24	23⅜	16½	16¾	16½

BURROUGHS CORPORATION (DEC)

SUPPLEMENTAL FINANCIAL DATA

Quarterly Financial Information

(thousands, except per share data)

	First quarter	Second quarter	Third quarter	Fourth quarter	Total for year
1982					
Revenue	$990,088	$1,060,290	$1,015,290	$1,120,583	$4,186,251
Gross profit	377,434	407,703	383,681	256,783	1,425,601
Income (loss) before cumulative effect of accounting change for inventories	30,026	40,038	36,764	(15,600)	91,228
—Per common share	.72	.95	.87	(.37)	2.17
Net income (loss)	56,426	40,038	36,764	(15,600)	117,628
—Per common share	1.35	.95	.87	(.37)	2.80
1981					
Revenue	$756,485	$834,159	$797,271	$1,017,513	$3,405,428
Gross profit	310,684	338,059	324,734	405,216	1,378,693
Net income	22,250	31,325	32,408	62,943	148,926
—Per common share	.54	.75	.78	1.51	3.58
Pro forma income with accounting change for inventories applied retroactively.	23,196	32,167	33,143	63,613	152,119
—Per common share	.56	.77	.80	1.52	3.65

In the fourth quarter of 1982, the Company changed its method of accounting for inventories as described in note 2 of Notes to consolidated financial statements. Accordingly, the results for prior 1982 quarters have been restated to reflect the accounting change as of January 1, 1982. The effect of the accounting change was to increase 1982 first, second and third quarter income before cumulative effect of accounting change by $2.9 million (or $.07 per share), $3.6 million (or $.09 per share) and $.6 million (or $.01 per share), respectively. In addition, 1982 first quarter net income was increased by $26.4 million (or $.63 per share) for the cumulative effect of the accounting change.

Reference should be made to note 3 of Notes to consolidated financial statements on page 29 for information on 1982 fourth quarter adjustments.

During the fourth quarter of 1982 the estimated annual effective tax rate was reduced. As a result, the net loss for the fourth quarter of 1982 was reduced by $53.7 million (or $1.28 per share).

During the third quarter 1982 and 1981 the estimated annual effective tax rate was reduced. As a result, net income for the third quarter of 1982 and 1981 was favorably affected by $4.9 million (or $.12 per share) and $1.7 million (or $.04 per share), respectively.

Gross profit for 1981 has been restated to conform to the presentation methods adopted in 1982.

TECUMSEH PRODUCTS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9: Quarterly Financial Data (Unaudited)

(Dollars in thousands except for per share data)

Quarter	Net Sales	Gross Profit	Net Income	Net Income Per Share
1982				
March 31	$203,925	$ 22,884	$11,277	$ 2.06
June 30	200,219	25,095	13,107	2.40
September 30	130,133	12,045	7,772	1.42
December 31	145,609	18,646	8,804	1.61
	$679,886	$ 78,670	$40,960	$ 7.49
1981				
March 31	$226,137	$ 28,016	$14,502	$ 2.65
June 30	242,963	37,148	19,704	3.60
September 30	180,726	21,444	12,150	2.22
December 31	165,917	26,156	12,794	2.34
	$815,743	$112,764	$59,150	$10.81

Year-end adjustments increased net income in the fourth quarter of 1981 by approximately $2.0 million.

Selected Information For Five Years

ADAMS-RUSSELL CO., INC. (SEP)

Selected Financial Data*

(Amounts in Thousands Except Per Share Data)	Years Ended September 30,				
Summary of Operations	1982	1981	1980	1979	1978
Net Sales					
Electronic Products	$57,110	$45,869	$35,172	$26,402	$23,158
Telecommunications	14,749	9,831	7,433	5,535	3,481
Total Net Sales	$71,859	$55,700	$42,605	$31,937	$26,639
Operating Income					
Electronic Products	$ 8,944	$ 7,944	$ 5,856	$ 3,973	$ 2,778
Telecommunications	57	948	1,290	841	390
Total Operating Income	$ 9,001	$ 8,892	$ 7,146	$ 4,814	$ 3,168
Other Income (Expenses)					
Interest Expense	$(1,776)	$(1,109)	$(1,247)	$(1,025)	$ (724)
Interest and Other Income, Net	319	945	291	77	175
Income Before Income Taxes	$ 7,544	$ 8,728	$ 6,190	$ 3,866	$ 2,619
Income Taxes	1,702	3,723	2,757	1,650	1,104
Income from Continuing Operations	$ 5,842	$ 5,005	$ 3,433	$ 2,216	$ 1,515
Income from Discontinued Operation	162	103	135	219	169
Net Income	$ 6,004	$ 5,108	$ 3,568	$ 2,435	$ 1,684
Income per Share from Continuing Operations	$ .98	$ .84	$ .65	$ .45	$ .31
Income per Share from Discontinued Operation	$ .02	$ .02	$ .03	$ .04	$ .04
Net Income per Share†	$ 1.00	$ .86	$ .68	$ .49	$ .35
Cash Flow per Share‡	$ 2.17	$ 1.48	$ 1.25	$ 1.01	$ .73
Dividends Paid per Share	$ .094	$ .067	$ .053	$ .038	$ .031
Average Shares Outstanding	5,978	5,932	5,269	4,934	4,860
Financial Data					
Total Assets	$86,187	$56,956	$43,555	$30,385	$25,885
Working Capital	$21,632	$12,302	$15,008	$ 7,070	$ 4,710
Long-Term Debt	$35,455	$13,563	$10,399	$ 9,727	$ 8,382
Shareholders' Equity	$34,862	$28,883	$23,740	$13,779	$11,338
Equity per Share	$ 5.83	$ 4.87	$ 4.51	$ 2.79	$ 2.33
Return on Average Equity	18.8%	19.4%	20.2%	19.4%	15.9%

*Amounts and per-share data prior to 1981 include the results of companies acquired in poolings of interest during 1981. All per-share data has been restated to give effect to a 50% stock distribution in November, 1982.

†Net income per share as reported in the 1980 Annual Report before poolings of interests was $.63 in 1980, $.47 in 1979, and $.37 in 1978 (as restated for November, 1982 50% stock distribution).

‡Represents net income adjusted for items not affecting funds (depreciation, amortization, etc).

ARMADA CORPORATION (DEC)

FINANCIAL REVIEW

Selected Financial Data ($000)

	Year Ended December 31,				
	1982	1981	1980	1979	1978
Sales	$52,596	$64,980	$64,247	$53,240	$37,732
Income (loss) from operations	$(52)	$(686)	$467	$876	$91
Income (loss) per share from operations	$(.03)	$(.42)	$.29	$.54	$.06
Working capital	$18,443	$18,278	$17,429	$16,068	$10,355
Current ratio	3.0:1	2.8:1	2.8:1	2.3:1	2.0:1
Total assets	$51,013	$47,063	$46,310	$53,367	$46,822
Long-term debt	$9,812	$4,118	$2,182	$8,689	$7,166
Cash dividends per share	—	—	—	—	—

COPPERWELD CORPORATION (DEC)

FINANCIAL REVIEW

Selected Financial Data:

Selected Income Statement Data

	Years Ended December 31, (Dollars in thousands except per share amounts)				
	1982	1981	1980	1979	1978
Net sales	$372,186	$616,691	$460,702	$493,362	$419,647
Cost of products sold	313,150	477,563	374,769	398,383	341,591
Interest expense	6,398	5,650	3,765	4,396	4,980
Income taxes	(6,533)	31,239	11,736	18,975	7,769
Net income (loss)	(4,440)	37,221	18,981	23,078	19,197
Earnings (loss) per common share	$ (.52)	$ 4.34	$ 2.22	$ 2.69	$ 2.27
Cash dividends per common share	$ 1.16	$ 1.07	$ .99	$ .89	$ .83

(1) LIFO inventory liquidations reduced the 1982 net loss by approximately $7,038 ($.82 per share), and increased net income by $2,413 ($.28 per share), and $1,200 ($.14 per share) in 1980 and 1979, respectively.

(2) Excludes the after-tax net income effect of an extraordinary charge of $5,688 ($.66 per share) in 1982 and plant phase-down costs of $7,921 ($.94 per share) in 1978.

Selected Balance Sheet Data

	Years Ended December 31, (Dollars in thousands)				
	1982	1981	1980	1979	1978
Current assets	$129,945	$185,878	$152,572	$153,773	$158,938
Current liabilities	64,797	125,704	99,010	78,009	78,087
Working capital	$ 65,148	$ 60,174	$ 53,562	$ 75,764	$ 80,851
Total assets	$386,531	$416,371	$351,420	$312,816	$296,487
Long-term debt	$ 94,544	$ 58,146	$ 57,510	$ 55,012	$ 56,351
Shareholders' equity	$171,185	$191,050	$162,503	$151,883	$136,539

BORDEN, INC. (DEC)

Five-Year Selected Financial Data

(All dollar and share figures in thousands—except market price, number of common shareholders, average number of employees, and per share statistics)

Summary of Earnings	1982	1981	1980	1979	1978
Net sales	$4,111,277	$4,415,174	$4,595,795	$4,312,533	$3,802,559
Income taxes	89,000	79,500	95,300	85,600	83,800
Net income	165,855	159,939	147,485	133,706	135,298
Percent of income to sales	4.0%	3.6%	3.2%	3.1%	3.6%
Net income per common share and equivalents:					
Primary	$ 5.81	$ 5.45	$ 4.77	$ 4.30	$ 4.36
Fully diluted	5.62	5.20	4.56	4.11	4.17
Dividends:					
Common share	$ 2.17¾	$ 2.01¼	$ 1.88	$ 1.79½	$ 1.68
Preferred series B share	1.32	1.32	1.32	1.32	1.32
Average number of common shares and equivalents assumed outstanding during the year for calculation of:					
Primary earnings per share	28,530	29,367	30,889	31,123	31,018
Fully diluted earnings per share	29,717	31,066	32,708	32,971	32,873
Financial statistics					
Capital expenditures	$ 240,104	$ 247,500	$ 196,951	$ 177,723	$ 167,003
Inventories	399,272	400,917	506,017	542,073	507,461
Property, plant and equipment, net	1,214,632	1,093,340	990,321	990,146	882,234
Depreciation, depletion and amortization	99,797	99,423	100,322	100,777	87,486
Total assets	2,589,702	2,508,816	2,649,644	2,468,860	2,171,538
Current assets	1,082,315	1,107,653	1,362,782	1,185,926	1,072,290
Current liabilities	604,360	588,559	788,780	615,069	551,942
Working capital	477,955	519,094	574,002	570,857	520,348
Current ratio	1.8:1	1.9:1	1.7:1	1.9:1	1.9:1
Long-term debt	$ 434,876	$ 435,549	$ 490,201	$ 538,613	$ 439,543
Long-term debt-to-equity percent	32%	33%	40%	46%	41%
Shareholders' equity	$1,341,333	$1,318,755	$1,227,422	$1,177,940	$1,065,368
Liquidating value of preferred stock	(710)	(1,065)	(1,138)	(1,575)	(1,695)
Common shareholders' equity	1,340,623	1,317,690	1,226,284	1,176,365	1,063,673
Equity per common share at year-end	46.99	44.98	41.32	37.75	35.58
Return on average shareholders' equity	12.6%	12.6%	12.3%	11.9%	13.0%
Shareholders' Data					
Outstanding shares at year-end:					
Common	28,531	29,298	29,681	31,160	29,895
Preferred series B	25	37	39	55	59
Market price of common stock:					
At year-end	$ 47⅝	$ 28	$ 25¾	$ 23⅞	$ 25½
Range during year	52½-26⅞	30-25	27⅞-19⅝	27⅞-23⅞	31⅜-25¼
Number of common shareholders	50,202	55,884	59,562	61,632	62,743
Employees' Data					
Payroll	$ 571,600	$ 573,000	$ 584,500	$ 552,000	$ 518,000
Average number of employees	33,200	35,200	38,400	39,300	39,600

MARTIN MARIETTA CORPORATION (DEC)

Five Year Summary

	1982	1981	1980	1979	1978
		(add 000, except per share)			
Operating Results					
Net sales	$3,526,506	$3,294,087	$2,619,327	$2,060,843	$1,758,297
Cost of sales, other costs, and expenses	3,452,970	3,072,510	2,389,102	1,794,405	1,533,293
Earnings from Operations	73,536	221,577	230,225	266,438	225,004
Other income	86,640	71,480	54,974	44,981	30,885
	160,176	293,057	285,199	311,419	255,889
Interest expense on debt	68,334	9,685	6,666	11,919	13,886
Earnings before Taxes on Income	91,842	283,372	278,533	299,500	242,003
Taxes on income	200	83,300	90,400	121,500	106,000
Net Earnings	$ 91,642	$ 200,072	$ 188,133	$ 178,000	$ 136,003
Per Common Share					
Net earnings, assuming no dilution	$2.92	$5.39	$5.03	$4.73	$3.69
Net earnings, assuming full dilution	$2.92	$5.39	$5.03	$4.73	$3.54
Cash dividends	$1.92	$1.80	$1.55	$1.32	$1.13
Condensed Balance Sheet Data					
Current assets	$ 937,772	$ 883,642	$ 799,286	$ 775,181	$ 680,450
Net property, plant, and equipment	1,659,354	1,439,445	1,077,847	841,465	701,096
Investments, other assets, and intangibles	240,700	222,783	192,285	156,931	183,688
Total	$2,837,826	$2,545,870	$2,069,418	$1,773,577	$1,565,234
Current liabilities	$ 695,843	$ 464,691	$ 452,294	$ 355,780	$ 271,998
Long-term debt	1,234,587	359,792	162,968	136,056	150,632
Other noncurrent liabilities	25,346	26,762	21,176	8,308	7,882
Noncurrent deferred income taxes	445,490	494,648	329,834	303,977	270,805
Shareowners' equity	436,560	1,199,977	1,103,146	969,456	863,917
Total	$2,837,826	$2,545,870	$2,069,418	$1,773,577	$1,565,234

NL INDUSTRIES, INC. (DEC)

Selected Financial Data

In thousands (except per share amounts)

	1982	1981	1980	1979	1978
Net sales	$2,213,520	$2,463,828	$1,811,497	$1,465,404	$1,232,210
Income from continuing operations (Pro-forma) (Note A)	202,896	310,226	158,394	93,638	73,720
Per share of common stock	3.12	4.61	2.33	1.36	1.07
Dividends paid on common shares	63,553	54,802	42,993	39,407	39,013
Per common share	1.00	.825	.65	.60	.60
Working capital	459,501	424,906	349,556	341,424	267,154
Property, plant and equipment, net	1,044,348	895,851	655,143	544,248	480,929
Capital expenditures	306,148	293,924	180,447	140,832	122,903
Depreciation	121,035	87,423	65,027	61,780	39,087
Total assets	2,283,629	2,298,470	1,749,347	1,559,964	1,661,820
Common shareholders' equity	1,150,837	1,163,804	903,040	777,422	697,896
Preferred stock	45,000	50,000	50,000	50,000	50,000
Long-term debt	554,953	498,979	303,419	362,954	436,214

Note A: In 1979, the Company changed its method of accounting for the investment tax credit from the deferral method to the flow-through method and, accordingly, income amounts for each year reflect the accounting for the investment tax credit on the flow-through method.

Management's Discussion and Analysis of Financial Condition and Results of Operations

ACME-CLEVELAND CORPORATION (SEP)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenues and Incoming Orders

Consolidated net sales declined by 18%, from $400 million in fiscal 1981 to $327 million in fiscal 1982. This decline occurred in both segments of the Company's business and reflected generally weak business activity in the capital goods sector of the economy. Incoming order rates were depressed throughout the fiscal year and, at $207 million, were 32% below 1981 levels. At year end, the customer order backlog, consisting principally of capital equipment orders, was $59 million, down $138 million or 70% from the end of fiscal 1981.

Sales of capital equipment were $210 million, a $43 million decline from the previous fiscal year. Sales of expendable products were $118 million, down $31 million from fiscal 1981. The decline in capital equipment sales reflected the depressed level of incoming orders that began in fiscal 1981 and continued throughout fiscal 1982. This was most evident at LaSalle Machine Tool where sales were adversely impacted by a marked reduction in equipment replacement activity by the domestic automotive industry. Sales also declined at the National Acme Division, where net bookings in fiscal 1982 represented about six weeks of new machine shipments under more normal operating conditions. Expendable product sales, principally cutting tools, depended on activity in broad segments of the capital goods sector of the economy which, as noted earlier, remained weak throughout the fiscal year.

Expenses

The cost of products sold was lower than in fiscal 1981 both in absolute terms because of lower volume and in relative terms, principally from the effect of liquidating LIFO (last-in, first-out) inventory quantities and, secondarily, from improved unit margins. Selling, administrative, and general expense decreased approximately $4.1 million in fiscal 1982, but increased as a percentage of sales because of substantially lower volume and abnormal charges.

Depreciation increased nominally by $225,000. Reduced long-term debt, coupled with a lower effective borrowing rate, resulted in a decrease in interest expense of approximately $2.4 million in fiscal 1982. An increase in marketable securities was the principal contributor to a $2.4 million improvement in interest income.

In fiscal 1982 the Company identified and took additional restructuring actions designed to improve future profitability. These actions resulted in charges to earnings of $9.6 million before taxes and $5.2 million or $1.15 a share, after taxes. Because of the depressed level of incoming orders, severance and other abnormal costs amounting to $4.6 million before taxes ($2.5 million, or $.55 a share, after taxes) were charged against earnings and included in cost of products sold and in selling administrative, and general expense.

Operating Earnings

Operating earnings for the capital equipment segment, buoyed by a significant improvement in gross profit at LaSalle Machine Tool and by the liquidation of LIFO inventories at National Acme, improved in both relative and absolute terms over fiscal 1981 results. Operating earnings for the expendable products segment improved from fiscal 1981 levels in relative terms due to the liquidation of LIFO inventories and reductions in structured costs. These earnings declined in absolute terms, however, because of the substantial reduction in sales volume and the effect of $1.4 million of severance payments associated with employee terminations resulting from depressed economic conditions.

The effective income tax rate increased from 39.8% in fiscal 1981 to 41.7% in fiscal 1982. The 1981 rate was lower due to a higher level of investment tax credits available from capital expenditures and the effect of liquidating a foreign subsidiairy.

Net Earnings

Net earnings increased to $11.6 million, or $2.56 per share, in fiscal 1982 from $10.9 million, or $2.41 per share the previous year. The strong earnings performance by LaSalle Machine Tool, liquidation of LIFO inventory quantities, and a change in the interest rate assumption used in computing pension expense all helped to minimize the adverse impact of generally lower sales volume, restructuring and abnormal charges, and provisions for excessive and potentially obsolete inventories. To a lesser extent, net income was also favorably impacted by the adoption of Financial Accounting Standard No. 52 (Foreign Currency Translation) and savings associated with the repurchase of the Company's 11% Senior Notes.

Net earnings in fiscal 1982 would have been $6.3 million, or $1.40 per Common Share, had the Corporation used the first-in, first-out (FIFO) method of inventory valuation adjusted for income taxes at the U.S. statutory rate and assuming no other adjustments. Inventories would have been $106 million on the same basis at the end of fiscal 1982. This information is presented to enable the reader to make comparisons with companies using the FIFO method of inventory valuation.

The accompanying chart shows the return on average shareholders' equity and average capitalization for fiscal 1982 compared to the previous five years. The return on average capitalization was 7.4% in fiscal 1982, down from 8.0% in fiscal 1981. This return is determined by dividing net earnings before interest expense by the average capital employed for the period, defined as the sum of shareholders' equity and all interest-bearing debt. The return on shareholders' equity, the ratio of net earnings to average shareholders' equity, was 9.4% in fiscal 1982.

Prior Year Revenues and Earnings

Consolidated net sales for fiscal 1981 decreased minimally to $400 million from $405 million in fiscal 1980. This decrease resulted from a decline in new orders for capital equipment that was only partially offset by price increases. Shipments exceeded orders booked in fiscal 1981, and at year end the customer order backlog was $197 million, down $100 million or 34% from the end of 1980.

Sales of capital equipment were $252 million, $5 million less than the previous year; sales of expendable products were $148 million in 1981, slightly higher than 1980 levels. The cost of products sold was lower than in 1980 both in absolute terms due to the lower sales volume and as a percentage of sales because of improved unit margins from manufacturing efficiencies and higher selling prices, as well as from the effect of certain LIFO inventory reductions.

Selling, administrative, and general expense was greater than in fiscal 1980 because of higher employee compensation costs, increased employee coverage for certain fringe benefit programs, and larger pension contributions that were only partially offset by reductions in the number of employees. Depreciation and interest expense were higher, reflecting larger capital expenditures in recent years and higher interest rates. Interest-bearing debt was reduced $22 million during the year.

In 1981, the Corporation charged operations with $9.8 million of costs associated with a series of restructuring actions taken to improve future profitability. In addition, a $1.9 million charge against earnings was made for a series of actions to strengthen the Corporation's balance sheet.

Operating earnings for the capital equipment segment were lower in 1981 than in 1980 primarily because of the lower unit volume. Operating earnings for the expendable products segment improved over fiscal 1980 in absolute and relative terms. Unit margins were aided both by cost-cutting actions taken early in 1981 to respond to lower volume forecasts and by price increases designed to recoup higher raw material costs following a series of rapid increases in 1980.

The effective tax rate increased from 39.2% in 1980 to 39.8% in 1981 due largely to lower investment tax credits available in 1981 and the effect of foreign income taxes. Net earnings for 1981 would have been $14.5 million, or $3.19 per Common Share, had the Corporation used the FIFO method of inventory valuation adjusted for income taxes at the U.S. statutory rate and assuming no other adjustments. Inventories would have been $146 million on the same basis at the end of fiscal 1981.

Investments

During fiscal 1982, the Corporation invested $7.4 million in minority equity positions ranging from 10% to 40% in five privately owned companies on the leading edge of their respective technologies. These investments provide entry for the Corporation into several emerging growth industries and are described in further detail on page 9 of this Report.

Capital Expenditures and Depreciation

The Company spent $13.3 million for capital assets in fiscal 1982, down 19% from fiscal 1981 and 49% lower than the record $26.1 million expended in fiscal 1980. Included was $2.2 million for the acquisition of M & M Precision Systems in October, 1981. M & M Precision Systems manufactures computerized quality control centers and rotary tables for numerically controlled machines.

Depreciation of $8.3 million in 1982 was 62% of capital expenditures. Reported depreciation is determined generally by the straight-line method using estimated useful lives of plant and equipment. The most advantageous accelerated rates of depreciation available are used for federal income tax purposes, which increases cash flow. In periods of rapidly rising prices, such as those experienced in recent years, the dollar amount of depreciation is even less adequate than in more normal years for the restoration, at current prices, of the real assets consumed in production. For the past three years, the Corporation has estimated the current replacement costs of plant and equipment and the related effects of such costs on the depreciation expense for the year. Specific information with respect to the effects of inflation on the last two years' operations is stated in a supplemental statement on page 24.

Capital Structure

Changes which have occurred in Acme-Cleveland's capital structure over the past six years are shown in the accompanying chart. Capital for this purpose is the sum of shareholder's equity and interest-bearing debt. Reductions in receivables and inventories totalling $73 million during fiscal 1982 enabled the Company to reduce long-term debt and current maturities on long-term debt by $18 million during the year.

Consequently, interest-bearing debt at year end accounted for 25.1% of capital as compared to 33.1% at the end of fiscal 1981.

Industrial revenue bonds and long-term notes held by insurance companies are the principal components of the Company's debt structure. The effective interest rate for borrowings in the U.S. averaged 10.6% in 1982. Under terms of a revolving credit agreement negotiated in 1982, unused lines of credit totalling $15 million were available in the United States. Further details of the agreements covering these long-term obligations are set forth in Note F to the Financial Statements.

The Company's foreign subsidiaries continue to borrow working capital needs, if possible, in their home countries. By doing so, they minimize Acme-Cleveland's exposure to currency exchange gains and losses which would otherwise result from the transfer of funds from the United States.

Working Capital

Working capital was $74.4 million at the end of fiscal 1982, down $23.4 million from the end of fiscal 1981. Because of good collection experience and lower sales, accounts receivable decreased by $43 million during the fiscal year. Inventories were reduced $30 million in fiscal 1982 as a result of the lower level of incoming customer orders as well as a concerted effort throughout the Corporation to make more efficient use of working capital. The combined reductions of receivables and inventories generated a $28 million increase in cash and short-term investments, in addition to making possible the reduction of long-term borrowings referred to earlier.

Current liabilities declined because of reduced trade payables, principally for inventory purchases, substantial reductions in employment levels, and reduced income tax liabilities. The Company has been able to maintain its top credit rating by prompt payment of accounts payable throughout fiscal 1982. The ratio of current assets to current liabilities was 2.29 at the end of fiscal 1982 compared to 2.39 at the end of the previous year.

Liquidity

The Company initiated a series of actions over the past year to improve its liquidity position and strengthen its balance sheet. In spite of the decreased customer order backlog and the outlook for lower sales volume in fiscal 1983, management believes the combination of working capital on hand and cash flow from operations will be adequate to fund internally its present and anticipated levels of operations. Barring further acquisitions and investments, the Company also believes it has sufficient capital resources available to finance an expected higher level of capital expenditures in fiscal 1983.

CLEVELAND CALENDERING & COATING CORP. (APR)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Sales in the subject fiscal year ended April 30, 1982 aggregated $8,091,809 and interest and other income totaled $64,368 for total revenues of $8,156,177, resulting in net earnings of $12,414, equal to $.01 per share.

Results of Operations compared to those of the prior fiscal years

Sales of $8,091,809 in the subject fiscal year, the highest in the past eight years, represented an 8.4% increase over sales of $7,465,021 in fiscal 1981; sales aggregated $7,252,762 in the year ended April 30, 1980. Sales to related parties, which has represented a substantial part of the Company's sales since 1977, continued to decrease—both in proportion to sales to non-related third party customers and, in 1982, in dollar amount. Included in the 1982 sales results are sales to related parties aggregating $2,594,876, equal to 32% of total sales for the year. Of such amount, $2,485,347 represents sales to Interplast Universal Industries, Inc. ("IUI"). In the prior year, sales to the related parties were $2,635,588, equal to 35.3% of total sales and, in 1980, sales to related parties totalled $3,392,052, equal to 46.7% of the total sales in that year.

The increasing sales to unrelated customers, particularly in the current weakened economy, and the concomitant lessening of reliance on related parties, appear to emphasize the continuing acceptance of a greater product-mix. Registrant's customers are primarily end-use manufacturers or jobbers, who in turn sell to end-use manufacturers. During the subject fiscal year, the Company realized substantial increases in sales to manufacturers in the handbag and in the novelty and place mat industries, as well as to jobbers who resell to manufacturers of various types of leather goods. Sales to the footwear industry fell slightly, as compared to the previous year, but still represented a large part of registrant's sales.

The operations, as reflected in total sales as well as in operating results, as compared to prior years, represent a continuation of management's continuing economies in its production, where it can control them, and in the introduction of new materials, patterns and designs for the industries it serves, in the face of even greater competition in the industry.

This is evidenced, primarily in the manufacturing results. Cost of sales for the year ended April 30, 1982 aggregated $6,632,763, equal to 81.9% of sales. In 1981 cost of sales aggregated $6,397,171, equal to 85.7% of sales and, in 1980, it was $6,375,802, equal to 87.9% of sales.

Selling and administrative expenses for the subject year were $946,020, equal to 11.7% of sales, as compared to similar expenses of $915,344, equal to 12.3% of sales, in 1981 and $944,042, equal to 13%, in the year ended April 30, 1980.

Registrant is reporting earnings of $12,414 for the subject fiscal year ended April 30, 1982. Although moderate, the results represent the first year since 1974 that the Company did not report a loss. In fiscal 1981 it reported a loss of $271,956 before extraordinary income of $16,625 resulting from purchase at a discount of $35,000 face value of its IDB bonds, for a net loss of $255,331. In the year preceding it, registrant reported a loss of $317,340 after extraordinary gain of $102,507, forgiveness in that year by related parties of certain commissions and salaries.

Liquidity and Sources of Capital

Registrant's major operations problem continues to be cash-flow. The situation results from a number of contributing factors, primary of which is the substantial increases in sales over the past six years, which ordinarily would require additional working capital, coupled with operating losses. Short-term borrowing, against increased receivables, and purchases from, and through, a related party, IUI, enable the Company to operate. The ratio of current assets to current liabilities at April 30, 1982 was .83:1, as compared to .92:1 at at the end of fiscal 1981 and 1.19:1 at April 30, 1980. The change, in the subject year, in the current ratios resulted from increases in accounts payable to related parties, in current maturities of long-term debt, and in capital expenditures for machinery and equipment.

In the fiscal year ended April 30, 1980, registrant borrowed $950,000 on a secured basis, repayable over ten years at increasing amounts of amortization annually; the loan is 80% guaranteed by the Farm Home Administration (FmHA). After repayment of a $400,000 loan to its former factor and payment of closing and associated costs, the net proceeds were used for working capital. In fiscal 1980 registrant also sold $226,000 of convertible subordinated debentures, which are also due in ten years, which sum was also infused into the Company for working capital. In the subject fiscal year, registrant borrowed $17,000, repayable over eighteen months, to purchase certain capital equipment.

In addition to its purchase of materials from trade suppliers, the Company also purchases raw materials from the related parties, and particularly IUI. The materials are purchased at the parties' actual costs, which in some cases are less than the Company would have to pay if purchased directly. Such purchases from related parties aggregated $1,409,788 in fiscal 1982, $1,100,449 in fiscal 1981, and $473,511 in fiscal 1980.

Management, at this time, does not anticipate any additional long-term borrowing. It is of the opinion that other than an infusion of additional working capital, which is not anticipated at present, with a profitable operation resulting from greater receivables from increased sales, anticipated lower interest rates and even more efficient manufacturing operations, registrant should be able to alleviate, to some extent, its cash-flow problems.

Impact of Inflation

The inflationary spiral, particularly during the past three years, has had a dramatic and devastating impact upon the Company's operations and its profitability

Except for the obligations set forth in the twenty-five year leases with the Industrial Development Board, all operating costs have risen substantially during the past three years, although they have levelled off or, in some instances, decreased during the last quarter of the subject fiscal year. The most significant increases have been in costs of raw materials, labor, energy and interest. Primary among these is raw materials: the major materials used by registrant in its production are textiles or are petroleum-based, i.e. resins and plasticizers as well as many color dispersions.

Costs of raw materials and energy rose rapidly and frequently in fiscal 1980, resulting in the Company not being able to pass through, timely, to its customers its increases through increased selling prices. In the 1981 fiscal year, raw material and energy costs increased less and in a more orderly fashion. However, selling prices were subjected to greater competition, particularly from large, vertical, corporations who entered certain markets served by registrant and offered materials at less than usual competitive prices. In the latter part of the subject year, as indicated, most manufacturing costs stabilized or decreased. As a result, and also because of competititve pressures, and the weak economy, registrant has, in most instances, reduced its selling prices.

The two other significant areas materially affected by inflation were labor and interest costs. Wages have increased an average of approximately 10% in each year. Of greater significance are the increased, and high, interest rates that have been prevalent in the country. As a result of the interest rates being tied to designated rates above the fluctuating prime rate for registrant's long-term bank loans and its short-term borrowing against its receivables, and of the interest payable on other obligations, interest costs have become a significant cost item in pricing in a competitive market. Interest expense, in proportion to sales, has risen from 6.5% at the end of both fiscal 1980 and 1981 to 7% for the year ended April 30, 1982.

On the other hand, to partially offset the increased costs resulting from inflation, registrant has reduced those operating expenses within its control. As a result, and notwithstanding the substantially higher overall operating costs, and as indicated above, costs of sales, in proportion to sales, has dropped from 87.9% in 1980, to 85.7% in fiscal 1981, to 81.9% in 1982. Likewise, selling and administrative expenses have dropped from 13% in 1980, to 12.3% in 1981 and to 11.7% in the subject year ended April 30, 1982.

Management is of the opinion that, except for increased interest rates and absent erratic changes in raw material costs, the adverse impact of any future inflationary trends should be minimal.

FLUOR CORPORATION (OCT)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Revenues increased 21% to a record $7.3 billion in 1982 compared to $6.1 billion in 1981, which was a 26% increase over 1980. Net earnings decreased slightly in 1982 to $153 million compared to $159 million and $134 million in 1981 and 1980, respectively.

Earnings per share declined to $1.94, compared to $2.82 in 1981 and $2.76 in 1980. The decline resulted from the full-year dilutive impact of the 30 million additional shares issued in August 1981 for the acquisition of St. Joe Minerals Corporation, as well as increased interest expense on higher levels of debt issued and assumed in the acquisition.

Fiscal 1982 includes St. Joe's operating results for a full year. St. Joe had been included on a 45% equity basis for the third quarter of 1981 and 100% from August 3, 1981.

Engineering and Construction

Revenues in the Engineering and Construction Group increased 12%, compared to an increase of 17% in 1981. Operating profit increased slightly, compared to an increase of 24% in 1981. These results reflect a continued high level of activity on projects underway, despite a general industry slowdown and its negative impact on new orders and backlog.

St. Joe Minerals Corporation

In St. Joe's first full year as a Fluor subsidiary, revenues and operating profit from coal and metals operations totalled $886.9 million and $48.8 million, respectively. Coal operations produced $446.9 million in revenues and $2.6 million in operating profit. Metal operations produced $440 million in revenues and $46.2 million in operating profit.

While sales volumes were strong, St. Joe's performance was adversely affected by depressed prices for lead, zinc and gold.

The El Indio project in Chile achieved start-up in 1982 and contributed significantly to St. Joe's sales and earnings.

An important activity within the metals segment is the continual search for and delineation of new mineral orebodies. The cost of these activities in 1982 was $32 million, the highest level in St. Joe's history.

Oil and Gas

Fluor's Oil and Gas Group has increased revenues of 127% and 47% in 1982 and 1981, respectively. Operating profit increased 103% in 1982 after remaining relatively unchanged in 1981.

Included in 1982 results are the operations of Fluor Oil and Gas Corporation, as well as a full year's operations of Coquina Oil Corporation and St. Joe Petroleum. Comparatively, Coquina and St. Joe Petroleum are included in 1981 results only from August 3, 1981. Coquina's results for 1982 include revenues and operating profit from producing oil and gas properties which were sold during November 1982. The change during fiscal 1982 to the full cost method of accounting for oil and gas operations has been applied retroactively and had an immaterial effect on financial position and results of operations.

Improved Oil and Gas Group results during 1982 reflect ten months' operations from the Prinos Oil Field offshore Greece, as well as higher selling prices for gas. 1982 results were affected by several devaluations of the peso in Argentina, periodic shutdowns of the Buchan Field caused by poor weather conditions, and lower selling prices for oil. The Oil and Gas Group is currently participating in price negotiations in Argentina, where changes in government have delayed efforts to reach an adequate price structure.

Drilling Services

Although drilling rig utilization rates were lower than in 1981, higher day rates for contract drilling services resulted in revenue and operating profit increases of 17% and 52%, respectively. These results are at record levels for the sixth straight year.

At year-end, four of the six floating vessels, five of the six jackups and both platform rigs were under contract in various locations throughout the world. However, new orders and backlong for drilling services were substantially lower during 1982 due to a weakening in the offshore drilling market. This condition is expected to depress 1983 earnings.

Distribution Services

The Distribution Services Group experienced sharp declines in revenues and a small loss from operations during 1982. Distribution activities were negatively impacted by intense price competition arising from industry-wide oversupply of oil country tubular inventory and a reduced active drilling rig count.

Other

Interest expense increased by $59 million in 1982, resulting from the debt issued and assumed in the acquisition of St. Joe. This increase was partially offset by lower interest rates and is net of increased capitalized interest on higher levels of qualifying expenditures.

Interest income increased 18% to $52.7 million in 1982. The increase was due primarily to a full year's interest earned on notes receivable from Scallop Coal Corporation, St. Joe's partner in the Massey Coal Company joint venture, offset by lower levels of funds available for investing and lower interest rates.

Corporate administrative and general expenses increased 27% in 1982, compared to a 6% decrease the prior year. The increase is due primarily to higher overhead costs and stock appreciation rights accrual.

Included in other cost of revenues is the company's equity in the earnings of Peabody Holding Company, which increased to $12.4 million in 1982 from $7.8 million in 1981. The company owns 10% of Peabody, a major coal producer.

Financial Position and Liquidity

In 1982 the current ratio was 1.0 to 1, compared to 1.1 to 1 in 1981. Return on shareholder's equity decreased from 18.3% in 1981 to 8.8%, due to the effects of an increase in equity because of the acquisition of St. Joe in 1981.

The level of dividends per share was maintained despite an increase in the number of shares outstanding. Cash payments to shareholders for dividends increased from $44.3 million in 1981 to $62.6 million in 1982.

The decrease in working capital resulted from net reductions in long-term debt of $94.9 million and capital expenditures of $525.9 million, partially offset by working capital provided from operations of $377.1 million and proceeds from the sale of Coquina's producing oil and gas properties of $167.9 million.

Lines of Credit and Long-Term Debt

Retirements of long-term debt relate primarily to repayment of amounts outstanding under an unsecured revolving bank credit agreement, and the company's private placement promissory notes program. The remaining reduction in long-term debt relates primarily to the classification as current of $161.5 million of commercial paper retired in November with proceeds from the sale of producing oil and gas properties.

The company has retained the long-term line of credit provided in the bank credit agreement referred to above under which it could borrow up to $170 million.

Additions to long-term debt result primarily from issuance of commercial paper and intermediate term notes and proceeds under credit agreements. The aggregate proceeds from new borrowings when not used for specific project financing, were used to reduce outstanding commercial paper.

Subsequent to year-end, the three major credit rating agencies, Moody's, Standard & Poor's and Duff & Phelps, continued the company's high ratings for long-term debt and commercial paper.

Capital Expenditures

Capital expenditures increased to $525.9 million, including $45.9 million for capitalized interest in 1982, from $448.1 million in 1981. The increase resulted primarily from inclusion of St. Joe expenditures for the full year, including the El Indio mining complex in Chile which was completed in January 1982.

Other projects include the Prinos Oil Field offshore Greece, which was completed in December 1981; new facilities in Houston, Texas, and Greenville, South Carolina; oil and gas lease acquisitions, exploration and development activities in the Gulf of Mexico, Greece, Argentina and Indonesia; and in offshore drilling rigs.

Expenditures were also made for the acquisition and development of coal mining properties including certain land and mineral rights held for future development, and development of two coal export facilities.

Sources of funding for capital expenditures in 1982 included internal cash resources; short-term borrowings; $70.7 million of long-term specific project financing; and payments received on the note receivable from Scallop Coal Corporation.

Effects of Inflation

For a discussion of the effects of inflation see pages 42 and 43.

THE MAYTAG COMPANY (DEC)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The company continues to maintain its strong financial position. Current assets as of December 31, 1982 were 4.2 times current liabilities compared to 5.1 times as of December 31, 1981. Cash, short-term investments and accounts receivable were 2.3 times current liabilities as of December 31, 1982 compared to 2.8 at the end of 1981. Cash generated from operations was $51,137,000 in 1982 compared to $48,564,000 in 1981.

Growth and acquisitions have been financed through combinations of funds from operations, long-term debt (Jenn-Air acquisition) and the issuance of additional common stock (Hardwick acquisition). Funds from operations continue to be the primary source of liquidity. Capital expenditures were $8,618,000 in 1982 compared to $8,523,000 in 1981. Depreciation exceeded capital expenditures in both years. Capital expenditures for 1983 are planned to be significantly higher than 1982 and are to be financed from funds generated internally. During 1982, $21,000,000 of cash was used in the acquisition of Jenn-Air.

The 1982 dividend was $2.15 per share, identical to 1981, and amounted to $28,752,000 in 1982 compared to $30,253,000 in 1981. Treasury stock acquired during 1981 resulted in fewer shares being outstanding in 1982.

Comparison of 1982 with 1981

Jenn-Air Corporation was acquired as of June 25, 1982 and accounted for as a purchase. The acquisition is included in the 1982 statement of financial condition and six months of operations are included in the 1982 statement of consolidated income and retained earnings. The sales increase of 7.9 percent in 1982 compared to 1981 was the result of the inclusion of Jenn-Air and higher selling prices. The decline in interest income was the result of lower interest rates and a decrease in funds available for investment. The decline in funds available for investment in short-term interest bearing securities is due to cash used in the acquisition of Jenn-Air.

Gross margins as a percent to sales improved to 32.8 percent in 1982 compared to 31.1 percent in 1981. This improvement was the result of cost reduction programs and a decline in the rate of inflation on material costs during 1982. The inclusion of Jenn-Air for the last half of 1982 resulted in increases in all classifications of costs and expenses, including depreciation. In addition to cost increases associated with Jenn-Air, merchandising expenses and research and development costs were increased in 1982 compared to 1981.

The effective tax rate increased to 46.3 percent in 1982 from 45.1 percent in 1981. The increase was principally related to a reduction in investment tax credit resulting from lower capital additions put into service during 1982 than in 1981.

Net income for 1982 was $37,103,000 compared to $37,436,000 in 1981. The increase in net income per share of common stock to $2.68 from $2.65 in the previous year is the result of fewer shares outstanding, which relates to 1981 treasury stock acquisition.

Comparison of 1981 with 1980

Operations of Hardwick Stove Company, which was accounted for as a purchase as of December 31, 1980, were included in the 1981 statements of consolidated income and retained earnings. The sales increase of 17 percent in 1981 compared to 1980 was principally related to the inclusion of Hardwick and higher selling prices. Higher interest rates and an increase in funds available for investment caused the increase in other income during 1981 compared to 1980. The Company's business is highly competitive and margins were under increased pressure during 1981. Increases in selling prices were not sufficient to offset the inflationary cost increases and the reduced utilization of manufacturing facilities. In addition to sales, the inclusion of Hardwick in the 1981 results caused an increase in all classifications of income, costs and expenses.

Greater capital additions during 1980 and the inclusion of Hardwick resulted in increased depreciation expense in 1981. The effective tax rate declined to 45.1 percent in 1981 from 45.3 percent in 1980, which was partially caused by an increase in tax exempt interest. Net income for 1981 increased 5.4 percent over 1980.

THE MOHAWK RUBBER COMPANY (DEC)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Results of Operations

The Company's net sales were up $3,524,000 or 1.7% over 1981. The tire segment of the business in 1982 experienced a 1.4% decrease in unit volume due entirely to production lost in a four-week strike at our only tire plant. This loss of volume was partially offset by price increases of .8% which resulted in a combined reduction in tire segment sales of only .6%. Tire demand remained strong within the replacement market throughout 1982 and is expected to maintain this trend in 1983.

Sales in the industrial products segment continued to improve, showing a 9.6% overall increase when compared to 1981. This increase was achieved by a 1.1% increase in volume, coupled with an 8.5% increase in selling prices. The additional volume was due to a more diversified line of products sold to the auto industry and greater penetration into non-auto related product lines. This segment, however, will remain heavily dependent on the auto industry.

Gross margins in both segments have shown a continued improvement over the past two years. Cost containment programs and efficiency improvements at our manufacturing facilities, coupled with improved pricing in the marketplace, account for the improvement. The tire segment has been operating at 100% capacity; the industrial products segment has capacity available to be used when the general economy and the auto industry improve. The Company expects to maintain its present gross margins in the future.

Selling, administrative and general expenses in 1982 increased due to the full year inclusion of two new operating divisions within the industrial products segment, improved pension and other benefits and general economic changes resulting from contract settlements at several of our plants.

Cash flow from operations and the issuance of additional common stock in 1981 resulted in the reduction of long-term debt and a concomitant decline in interest expense of 45% in 1982 when compared to 1981 and a 75% decline over the past three years. Interest income from temporary investments increased $970,000 over the preceding year.

Because the Company accounts for its inventory using the LIFO method, results of operations for the year ended December 31, 1982 generally reflect current costs except for depreciation expense of $4,052,000 which is accounted for using historical costs. If the cost of fixed assets were converted to a current cost basis, the increased depreciation expense resulting would reduce reported earnings.

Liquidity and Capital Resources

Over the three-year period, long-term debt has been reduced by 49%. Funds to accomplish this were derived from operations and the sale of an additional 350,000 shares of common stock in 1981. The Company's working capital has increased $5,757,000 and the current ratio of 2.4 to 1 is considered more than adequate for present operations. Cash and temporary investments increased $4,209,000 or 34% in 1982 and $7,369,000 or 81% over the three-year period. This increase was the result of improved operations and a faster turnover of both inventory and accounts receivable.

The reduction of long-term debt changed the Company's ratio of debt to equity from 97% at December 31, 1979 to 31% at December 31, 1982 and thereby improving the Company's credit rating. Current income levels should generate sufficient cash flow to meet both operational and capital needs and to retire outstanding debt on schedule. Only normal commitments for capital expenditures are foreseen. No short-term bank borrowings were used in 1982 and present projections show this trend to continue in 1983. A $12,000,000 short-term line of credit is available, if needed, and should be more than adequate to meet any seasonal requirements.

The Company has no present plans for additional long-term financing either through debt or the sale of equity securities.

UNITED STATES GYPSUM COMPANY (DEC)

MANAGEMENT'S DISCUSSION AND ANALYSIS RESULTS OF OPERATIONS

Net Sales

Net sales declined 11.2% in 1982 following a 1.1% increase in 1981. Overall sales volume declined 11% and 3% for 1982 and 1981, respectively, compared with each prior year. Realized selling prices, on a consolidated basis, remained unchanged for 1982, due to highly competitive market conditions, while 1981 was up 4% from 1980. Net sales in 1982 reflected limited market opportunities for many product lines due to the extremely low level of residential construction and general weakness in other construction and industrial markets the Company serves. Sales of products to the residential market in 1982 and 1981 were adversely affected by declines in housing starts of 2% and 16%, respectively, from the prior year levels. In recent years, a higher percentage of sales to the non-residential, and repair and remodel markets has lessened the Company's dependence on residential construction. Despite the reduced market opportunities, sales per employee, as illustrated by the graph, has shown a steady increase over the past five years.

Costs of Products Sold

Costs of products sold in 1982 decreased from 1981, reflecting the net effect of the above-mentioned sales volume decline and a 2% increase in unit costs. Cost of products sold in 1981 advanced over 1980 due to a 9% overall increase in unit costs. In 1982 and 1981, reduced market opportunities and strong competitive pressures prevented the Company from increasing prices sufficiently to recover the higher unit costs. As a result, gross margins declined from the comparable prior year levels. The gross margin for 1982 declined to 16.1% from 17.9% in 1981, while 1981 was down from 21.1% in 1980. The Company's Metal, Wood and Mineral Fiber industry segments realized higher gross margins in 1982 versus 1981; however, lower gross margins experienced by the other industry segments more than offset these favorable results.

Other Income

Interest income for 1982 and 1981 declined from each preceding year, due to a lower level of investments in interest-bearing securities. A gain on the sale of Peace Wood Products Ltd. contributed to 1981 income. In 1982 and 1981, other income was up over each prior year reflecting increased gains on the sale of various properties. In 1981, other income also included a gain on the exchange of common stock for a portion of the Company's 7.875% sinking fund debentures.

Selling and Administrative Expenses

Selling and administrative expenses for 1982 rose slightly over 1981, due in part to an increase in accruals related to Stock Option Plan cash appreciation rights. However, as a result of the Company's continuing expense reduction program, certain discretionary expenses, including travel, compensation and related fringe benefits, were reduced 4.2% from 1981, In 1981 and 1980, selling and administrative expenses increased over each preceding year, attributable for the most part to higher levels of compensation and fringe benefits. In 1982, total selling and administrative expenses, as a percent of net sales, increased to 12.6% from 11.1% in 1981.

Interest Expense

Interest expense declined in 1982 and 1981, due largely to a lower level of external short-term borrowings by a Canadian subsidiary.

Taxes on Income

Taxes on income for 1982 and 1981 declined from the comparable prior year periods due principally to the lower level of earnings before taxes. The effective tax rate declined to 21.9% in 1982 from 35.5% in 1981 due mainly to a proportionately higher level of investment tax credits.

Net Earnings

Net earnings for 1982 and 1981 declined 40.8% and 21.4%, respectively, compared with each preceding year.

MANAGEMENT'S DISCUSSION AND ANALYSIS LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The working capital balance at December 31, 1982 was $197,366,000, up $3,681,000 from December 31, 1981. The ratio of current assets to current liabilities was 2.17 to 1. Long-term debt maturing within one year declined $35,000,000 in 1982 reflecting a note payment in July 1982. Partially offsetting the increase in working capital, resulting from the payment of the aforementioned note, was a decline in cash and marketable securities. Inventories as of December 31, 1982 were reduced by $9,235,000, or 8.0%, as continued attention was given to inventory levels due to lower sales opportunities during most of 1982. Receivables rose 5.3% due to the effects of an income tax receivable discussed under "Taxes on Income and Deferred Income Taxes" and a higher level of sales in the latter part of 1982.

The balance of commercial paper and notes payable at December 31, 1982 increased due to the net effect of issuing a $25,000,000 note and a lower level of borrowing by a Canadian subsidiary. Taxes on income declined in 1982 as payment was made on taxes that were previously under review.

Working capital and capital investment requirements have been funded by liquidation of short-term investments, seasonal short term borrowings in U.S.A. and Canada, and issuance of a small amount of industrial revenue bonds.

Long-Term Debt

The ratio of long-term debt to stockholders' equity increased slightly to 16.8% from 16.3% in 1981 reflecting a decrease in stockholders' equity primarily resulting from the unfavorable effect of deferred currency translation adjustments. Except for a modest amount of industrial revenue bond financing, the Company does not now contemplate increasing its long-term debt in 1983. Debt issues of the Company continue to receive high ratings and management anticipates that any needed additional funds could be obtained without any significant change in these ratings. In addition, the Company maintains lines of credit agreements with several banks.

Capital Expenditures

Capital expenditures during 1982 totaled $81,639,000, down 40.8% from the record level established in 1981, as expenditures were limited to those projects essential to the ongoing viability of the Company as well as to existing outstanding opportunities. It is projected that capital spending in 1983 will be below the 1982 level, and in subsequent periods, return to a higher level following the expected recovery of housing activity. Capital expenditure commitments for the replacement, modernization and expansion of existing facilities totaled $26,890,000 at December 31, 1982, down from $75,623,000 at December 31, 1981.

Management feels that growth prospects for the Company's product lines are strong. Forecasts point to a higher demand of products and services for the construction and industrial processes markets. To meet this market demand, the Company's capital spending program will not only increase the Company's capacity to meet future market demand and increase market penetration, but will also improve productivity and reduce costs, helping the Company maintain its goal of being the most efficient producer in the various industries served. The Company is confident that it has the resources and the people to meet this challenge.

Cash Flow

In order to present cash flow information more clearly, the Company's financial statements now include a Statement of Cash Flows, in place of the Statement of Changes in Financial Position. Data for the years 1981 and 1980 have been restated. The Statement of Cash Flows reports the cash resources derived from operations, disposition of net working capital and fixed assets, and financing activities, together with how they were used.

Inflation Information

Financial information on the effects of inflation using measurement techniques prescribed by the Financial Accounting Standards Board appears on pages 33-35. Those disclosures include explanatory comments on the effect of changing prices on the Company's operations.

SEGMENT INFORMATION

Effective for fiscal years beginning after December 15, 1976, FASB *Statement of Financial Accounting Standards No. 14* requires that financial statements presented in conformity with generally accepted accounting principles include specified information relating to a reporting entity's: operations in different industries, foreign operations and export sales, and major customers. *SFAS No. 14* describes the information to be presented and the formats for presenting such information. FASB *Statement of Financial Accounting Standards No. 21,* issued in April 1978, amends *SFAS No. 14* by stating that the requirements of *SFAS No. 14* do not apply to nonpublic enterprises.

Table 1-3 shows the type of segment information most frequently presented as an integral part of the 1982 financial statements of the survey companies.

TABLE 1-3: SEGMENT INFORMATION

	Number of Companies			
	1982	1981	1980	1979
Industry segments				
Revenue	456	457	458	457
Operating income or loss	406	400	405	410
Identifiable assets	452	450	454	452
Depreciation expense	451	448	449	450
Capital expenditures	444	441	442	443
Geographic areas				
Revenue	219	211	206	210
Operating income or loss	167	162	172	174
Identifiable assets	212	202	215	214
Depreciation expense	15	15	21	20
Capital expenditures	18	19	21	22
Export sales	126	123	109	88
Sales to major customers	119	113	102	85

Industry Segments

CHESEBROUGH-POND'S INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17: Segments of Business

The company operates in eight industry segments. The Packaged Foods segment manufactures, markets and distributes, through food brokers, specialty foods, including spaghetti and other sauces, meat tenderizers and seasonings. The Health and Beauty Products segment manufactures, markets and distributes, through various retail stores, cosmetic, toiletry and medicinal products, including petroleum jellies, cotton swabs, skin creams and lotions, lipsticks and nail and hair care products, among others. The Health-tex segment manufactures, markets and distributes, through retail stores, permanent press knit and woven apparel for infants, toddlers and young boys and girls. The Bass segment manufactures, markets and distributes casual footwear through retail stores. The Prince Matchabelli segment manufactures, markets and distributes, through retail stores, fragrances and cosmetics, including perfumes, colognes, bath oils, make-up products and other skin-care preparations. The Hospital Products segment manufactures, markets and distributes supplies to hospitals, including sterile gauze dressings, cotton swabs, bandages, thermometers, blood pressure measurement instruments, respiratory therapy aids, enteral feeding systems and urological devices. The Prince segment manufactures, markets and distributes tennis racquets and tennis equipment, principally through retail stores or professional and specialty tennis shops. The International segment manufactures, markets and distributes, primarily through retail stores abroad, toiletries, cosmetics, medicinal products, specialty foods, fragrances and hospital supplies. Intersegment sales, or transfers, are not material to the operations of any segment.

The company's industry segments are substantially consistent with its operating divisional structure. However, as required by Statement of Financial Accounting Standards No. 14, certain corporate expenses and assets have been allocated to industry segments, and export sales and related profits, as well as assets, have been identified with the appropriate industry segments. Divisional information presented in the President's Letter, Management's Discussion and Analysis and elsewhere in this report is before the corporate allocations and reflects export operations within the International Division, which is responsible for the selling, marketing and distribution of exported products.

Industry segment information was:

(in thousands)	1982	1981	1980
Net Sales			
Packaged Foods	$ 319,657	$ 268,553	$ 247,267
Health and Beauty Products	291,248	297,388	251,518
Health-tex	280,769	253,917	207,859
Bass	140,241	122,454	111,721
Prince Matchabelli	117,333	144,529	140,001
Hospital Products	57,649	45,984	40,476
Prince	56,888	35,376	18,039
International	359,405	389,447	376,440
Total net sales	$ 1,623,190	$1,557,648	$1,393,321
Income from Operations			
Packaged Foods	$ 54,505	$ 41,717	$ 35,513
Health and Beauty Products	49,546	55,048	41,542
Health-tex	31,235	28,128	19,108
Bass	17,778	12,473	16,198
Prince Matchabelli	12,590	17,623	20,671
Hospital Products	6,402	4,748	4,840
Prince	11,474	7,548	3,259
International	40,051	48,309	51,859
Total income from operations	223,581	215,594	192,990
Other expense—net	(14,832)	(20,012)	(17,750)
Income before provision for income taxes	$208,749	$195,582	$175,240
Identifiable Assets			
Packaged Foods	$ 114,774	$ 107,629	$109,711
Health and Beauty Products	138,993	142,459	120,239
Health-tex	188,466	185,204	138,000
Bass	115,284	105,573	66,811
Prince Matchabelli	91,234	103,960	96,178
Hospital Products	49,769	43,199	36,305
Prince	23,222	11,523	6,211
International	274,055	333,203	306,018
Total identifiable assets	995,797	1,032,750	879,473
Corporate assets (principally domestic cash, security investments and deferred income taxes)	47,623	35,223	51,775
Total assets	$1,043,420	$1,067,973	$931,248
Capital Expenditures			
Packaged Foods	$ 4,638	$ 6,866	$ 6,187
Health and Beauty Products	5,485	8,610	8,449
Health-tex	8,963	15,541	7,160
Bass	4,113	8,015	4,720
Prince Matchabelli	1,991	2,072	1,112
Hospital Products	4,731	5,539	6,957
Prince	1,698	630	143
International	10,354	10,177	10,411
Total capital expenditures	$41,973	$57,450	45,139
Depreciation			
Packaged Foods	$ 3,979	$ 3,459	$ 3,010
Health and Beauty Products	4,526	3,990	3,686
Health-tex	5,104	4,312	3,597
Bass	2,101	1,626	1,082
Prince Matchabelli	1,331	1,420	1,289
Hospital Products	2,240	2,188	1,365
Prince	349	155	89
International	4,680	4,807	4,132
Total depreciation	$24,310	$21,957	$18,250

CROWN ZELLERBACH CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Business Segment Information

The Corporation's business segments are: Timber and Wood Products, Pulp and Paper, Containers and Packaging, Distribution, and Energy. A summary by business segments of sales, operating earnings, identifiable assets, depreciation, amortization, depletion and cost of timber harvested, and capital expenditures for 1982, 1981 and 1980 follows.

Sales and transfers to other segments of the business are made both at cost and at an approximate market price. Operating earnings not allocated to segments include the Corporation's share in the earnings and losses of affiliates, certain general and administrative expenses, interest income and expense and other non-operating revenue and expense items which cannot be associated with specific business segments. Identifiable assets for 1982 include the gross assets of the subsidiaries being sold in the appropriate business segments, while their liabilities are included in "Eliminations and other". Assets not allocated consist principally of cash and short-term investments and investments in affiliates.

(In millions of dollars)	Timber and Wood Products	Pulp and Paper	Containers and Packaging	Distribution	Energy	Eliminations and Other	Total
1982							
Sales and transfers							
To unaffiliated customers	$353.8	$1,025.4	$556.8	$ 987.0	$24.4	$ —	$2,947.4
To other segments	83.2	204.9	44.3	3.5	—	(335.9)	—
	$437.0	$1,230.3	$601.1	$ 990.5	$ 24.4	$(335.9)	$2,947.4
Operating earnings	$(47.2)	$ 77.0	$ 27.6	$ 10.6	$24.7	$(102.2)	$ (9.5)
Assets	$531.1	$1,119.6	$537.5	$ 256.0	$18.5	$ (77.1)	$2,385.6
Depreciation, amortization, depletion and cost of timber harvested	$ 37.4	$ 51.4	$ 26.2	$ 4.0	$ 1.7	$ 3.7	$ 124.4
Capital expenditures	$ 47.1	$ 180.0	$ 63.5	$ 8.9	$ 3.4	$ 2.5	$ 305.4
1981							
Sales and transfers							
To unaffiliated customers	$429.5	$1,100.2	$564.8	$1,029.7	$24.1	$ —	$3,148.3
To other segments	115.8	195.5	42.2	4.0	—	(357.5)	—
	$545.3	$1,295.7	$607.0	$1,033.7	$24.1	$(357.5)	$3,148.3
Operating earnings	$(14.2)	$ 106.8	$ 22.0	$ 29.3	$36.3	$ (87.4)	$ 92.8
Assets	$565.6	$1,080.2	$529.9	$ 260.2	$16.4	$ 161.8	$2,614.1
Depreciation, amortization, depletion and cost of timber harvested	$ 40.8	$ 45.4	$ 24.1	$ 3.3	$ 1.5	$ 3.8	$ 118.9
Capital expenditures	$ 53.0	$ 215.6	$ 59.0	$ 8.0	$ 2.8	$ 7.3	$ 345.7
1980							
Sales and transfers							
To unaffiliated customers	$522.7	$1,047.8	$522.8	$ 950.0	$23.3	$ —	$3,066.6
To other segments	77.1	191.1	38.7	3.9	—	(310.8)	—
	$599.8	$1,238.9	$561.5	$ 953.9	$23.3	$(310.8)	$3,066.6
Operating earnings	$ 39.4	$ 104.8	$ (6.3)	$ 30.6	$17.8	$ (84.6)	$ 101.7
Assets	$557.2	$ 927.0	$461.0	$ 235.4	$15.0	$ 177.1	$2,372.7
Depreciation, amortization, depletion and cost of timber harvested	$ 45.8	$ 42.0	$ 20.8	$ 3.0	$ 1.2	$ 3.3	$ 116.1
Capital expenditures	$ 57.3	$ 127.0	$ 78.1	$ 8.8	$ 3.2	$ 7.2	$ 281.6

GULF RESOURCES & CHEMICAL CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 10: Segment Reporting:

Information by industry and geographic area as of December 31, 1982, 1981 and 1980 and for the years then ended is as follows for continuing operations:

(In thousands)	Total Revenue	Operating Profit	Identifiable Assets	Depreciation, Depletion and Amortization	Capital Expenditures	Equity in Net Income (Loss) of Unconsolidated Investees	Investment in Net Assets of Unconsolidated Investees
1982							
Oil and gas	$ 35,177	$ 17,025	$ 82,268	$ 9,437	$ 17,398	$ —	$ —
Coal—	126,062	16,147	114,705	7,375	14,374	—	—
—Intersegment items	—	(229)	—	—	—	—	—
Lithium	58,973	8,520	63,821	3,829	3,244	40	134
Industrial explosives—	58,504	4,076	46,589	4,102	3,023	—	—
—Intersegment items	3,543	229	—	—	—	—	—
Fertilizer and salt	39,791	6,361	37,645	2,218	2,677	—	—
Engineering services	45,954	(858)	29,865	76	38	32	350
Specialty clays	4,430	155	1,900	30	8	—	—
Adjustments and eliminations:							
Equity in unconsolidated investees	72	72	484				
Interest expense	—	(28,343)	—				
Intersegment sales	(3,543)	—	—				
General corporate items	3,448	(10,645)	33,401				
Net assets of discontinued operations	—	—	12,868				
Consolidated totals	$372,411	$ 12,510	$423,546				
1981							
Oil and gas	$ 20,865	$ 9,007	$ 63,919	$ 5,675	$ 22,701	$ —	$ —
Coal—	137,486	16,364	103,059	7,116	11,776	—	—
—Intersegment items	—	(293)	—	—	—	—	—
Lithium	59,820	11,572	59,777	3,338	7,537	43	134
Industrial explosives—	69,069	7,154	48,587	3,163	6,600	—	—
—Intersegment items	4,112	293	—	—	—	—	—
Fertilizer and salt	38,726	4,297	36,903	2,121	1,547	—	—
Engineering services	37,726	(4,862)	22,703	81	74	(36)	317
Specialty clays	2,995	(923)	1,860	—	172	—	—
Adjustments and eliminations:							
Equity in unconsolidated investees	7	7	451				
Interest expense	—	(24,513)	—				
Intersegment sales	(4,112)	—	—				
General corporate items	8,711	(2,875)	55,318				
Net assets of discontinued operations	—	—	44,211				
Consolidated totals	$375,405	$ 15,228	$436,788				
1980							
Oil and gas	$ 10,581	$ 2,936	$ 38,522	$ 4,103	$ 12,284	$ —	$ —
Coal—	114,413	16,378	99,567	7,580	7,018	—	10
—Intersegment items	—	(263)	—	—	—	—	—
Lithium	58,082	11,169	51,698	2,272	12,689	(2)	134
Industrial explosives—	52,458	2,536	39,832	2,414	4,750	—	285
—Intersegment items	3,703	263	—	—	—	—	—
Fertilizer and salt	31,784	2,717	34,959	2,039	2,536	—	—
Engineering services	48,283	(9,888)	25,862	99	(179)	(12)	357
Specialty clays	2,136	(9,760)	1,615	472	(7,654)	—	—
Adjustments and eliminations:							
Equity in unconsolidated investees	1,381	1,381	786				
Interest expense	—	(21,814)	—				
Intersegment sales	(3,703)	—	—				
General corporate items	25,178	12,277	99,326				
Net assets of discontinued operations	—	—	131,473				
Consolidated totals	$344,296	$ 7,932	$523,640				

Total revenue by industry includes the total revenues as reported by each segment less all equity in income from unconsolidated investees.

Operating profit is basically income before taxes on income except that equity in income from unconsolidated investees, interest expense and general corporate income and expenses have not been added or deducted.

Identifiable assets by industry are those assets that are used in GRE's operations in each industry. Corporate assets are principally cash, temporary cash investments and income tax refund receivable.

Intersegment sales reflect sale of industrial explosives to the coal operations on an arms-length basis.

Of total revenues in 1982, $228,190,000 were generated domestically. Export sales were generated as follows: $31,612,000 from Canada; $19,545,000 from Europe; $18,426,000 from Asia and $10,213,000 from other foreign sources. Of total revenues in 1981, $236,027,000 were generated domestically. Export sales were generated as follows: $29,938,000 from Canada; $11,747,000 from Europe; $17,094,000 from Asia and $19,140,000 from other foreign sources. Of total revenues in 1980, $206,078,000 were generated domestically. Export sales were generated as follows: $30,466,000 from Canada; $11,633,000 from Europe; $12,832,000 from Asia and $21,768,000 from other foreign sources.

In 1982, foreign operations accounted for $64,448,000 of revenues, $6,367,000 of operating profit, and $31,603,000 of identifiable assets of the consolidated operations. In 1981, foreign operations accounted for $56,853,000 of revenues, $3,080,000 of operating profit, and $27,453,000 of identifiable assets of the consolidated operations. In 1980, foreign operations accounted for $38,663,000 of revenues, $2,754,000 of operating loss, and $20,458,000 of identifiable assets of the consolidated operations.

WALT DISNEY PRODUCTIONS (SEP)

Consolidated Statement of Income

(Dollar amounts in thousands, except per share data)

	1982	1981	1980
Revenues			
Entertainment and recreation	$ 725,610	$ 691,811	$ 643,380
Motion pictures	202,102	196,806	171,965
Consumer products and other	102,538	116,423	99,160
Total revenues	1,030,250	1,005,040	914,505
Costs and Expenses of Operations			
Entertainment and recreation	592,965	562,337	515,848
Motion pictures	182,463	162,180	120,231
Consumer products and other	54,706	65,859	47,126
Total costs and expenses of operations	830,134	790,376	683,205
Operating Income Before Corporate Expenses			
Entertainment and recreation	132,645	129,474	127,532
Motion pictures	19,639	34,626	51,734
Consumer products and other	47,832	50,564	52,034
Total operating income before corporate expenses	200,116	214,664	231,300
Corporate Expenses (Income)			
General and administrative	30,957	26,216	21,130
Design projects abandoned	5,147	4,598	4,294
Interest income—net	(14,781)	(33,130)	(42,110)
Total corporate expenses (income)	21,323	(2,316)	(16,686)
Income Before Taxes on Income	178,793	216,980	247,986
Taxes on income	78,700	95,500	112,800
Net Income	$ 100,093	$ 121,480	$ 135,186
Earnings per Share	$ 3.01	$ 3.72	$ 4.16

Foreign Operations

AVON PRODUCTS, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Industry Segment Data (in part)

The Company's business is primarily composed of six industry segments: the manufacture and sale of cosmetics, fragrances and toiletries; fashion jewelry and accessories; healthcare products; specialty chemicals; fine jewelry and tableware; and apparel sold by direct mail. Operations are conducted in the United States, Europe, Latin America and other parts of the world.

Operating profit consists of total revenues less cost of goods sold and marketing, distribution and administrative expenses. Interest income, interest expense, and other income (deductions)—net, including amortization of the excess of cost over the fair market value of net assets of purchased subsidiaries, which are included in earnings before taxes, are excluded from operating profit.

The identifiable assets of industry segments and geographic areas are those assets used in the Company's operations in each segment and area. General corporate assets are short-term investments.

	Year Ended December 31 (in millions)				
	Net Sales	Operating Profit	Identifiable Assets	Depreciation Expense	Addition To Property
Geographic Areas					
1982					
United States	$1,862.7	$276.5	$1,406.4	$29.1	$ 79.5
Europe	431.8	45.2	266.0	8.2	8.6
Latin America	428.9	59.4	240.9	5.7	27.4
All other foreign	358.5	53.0	185.8	3.6	13.4
Total international	1,219.2	157.6	692.7	17.5	49.4
General corporate	.0	(9.6)	134.1	.0	.0
Eliminations	(81.1)	(9.2)	.0	.0	.0
Consolidated	$3,000.8	$415.3	$2,233.2	$46.6	$128.9
1981					
United States	$1,440.5	$246.3	$ 702.6	$14.9	$ 63.5
Europe	441.1	45.7	227.7	7.9	12.6
Latin America	482.2	71.0	259.9	5.6	27.6
All other foreign	327.5	48.1	138.8	3.1	10.5
Total international	1,250.8	164.8	626.4	16.6	50.7
General corporate	.0	(6.5)	238.8	.0	.0
Eliminations	(77.5)	(8.1)	.0	.0	.0
Consolidated	$2,613.8	$396.5	$1,567.8	$31.5	$114.2
1980					
United States	$1,360.8	$245.5	$ 592.3	$12.8	$ 56.4
Europe	528.1	64.1	294.0	7.5	33.0
Latin America	456.1	102.0	272.8	4.7	24.1
All other foreign	274.1	36.0	141.3	2.8	4.2
Total international	1,258.3	202.1	708.1	15.0	61.3
General corporate	.0	(5.1)	282.7	.0	.0
Eliminations	(50.0)	(5.1)	.0	.0	.0
Consolidated	$2,569.1	$437.4	$1,583.1	$27.8	$117.7

BEATRICE FOODS CO (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9: Information by Business Segments and Geographic Locations

During the year, Beatrice organized its businesses into five reporting segments which more closely follow the internal management structure.

Sales and earnings by business segment are shown on page 5 of this annual report and information with respect to the years ended the last day of February, 1982, 1981 and 1980 contained therein is considered an integral part of this note.

Intersegment and intergeographic sales to affiliates are not significant to the total sales of any industry segment or geographic location.

There were no material sales to any single customer. Export sales to unaffiliated customers are an immaterial percentage of net sales.

Earnings by business segment and geographical locations exclude interest expense, interest income, net unallocated corporate expenses, minority interests, equity in net earnings of affiliated companies and gains/losses and provision for losses on divestitures. In previous years, these last two items were included in segment earnings.

Identifiable Assets are those assets used in the operations of the segment. Corporate Assets are cash, short-term investments, investments in affiliated companies, certain corporate receivables and other assets.

Additional segment information for the years ended the last day of February, 1982, 1981 and 1980 is as follows:

Business Segments

	Identifiable Assets			Net Plant and Equipment Additions			Depreciation Expense		
(In Millions)	1982	1981	1980	1982	1981	1980	1982	1981	1980
Dairy & Agri-Products	$ 491	$ 535	$ 494	$ 17	$ 47	$ 62	$ 32	$ 27	$ 25
Beverages	1,223	610	608	193	23	28	22	18	14
Grocery	603	601	596	24	33	34	29	33	31
International Food	798	732	629	73	82	42	37	30	26
Consumer, Industrial & Chemical	1,187	1,170	1,304	55	25	77	41	41	38
Corporate Assets	442	589	349	5	(10)	15	2	6	8
Total	$4,744	$4,237	$3,980	$367	$200	$258	$163	$155	$142

Geographic Locations

(In Millions)	Net Sales	Earnings	Identifiable Assets	Corporate Assets	Total Assets
United States					
1982	$6,939	$560*	$3,330	$250	$3,580
1981	6,705	583	2,731	412	3,143
1980	6,494	549	2,773	198	2,971
Europe					
1982	1,213	73	561	96	657
1981	1,313	69	566	105	671
1980	1,138	64	537	99	636
Canada					
1982	359	25	127	12	139
1981	325	20	115	18	133
1980	291	18	114	14	128
Latin America					
1982	291	49	159	78	237
1981	236	37	123	47	170
1980	203	34	111	32	143
Australia/Far East					
1982	222	17	125	6	131
1981	194	14	113	7	120
1980	165	13	96	6	102
Consolidated					
1982	$9,024	$724*	$4,302	442	$4,744
1981	8,773	723	3,648	589	4,237
1980	8,291	678	3,631	349	3,980

*Includes pre-tax LIFO charge of $36 million.

UNITED STATES STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 22 (in part): Industry Segment & Geographic Area Information

Intersegment sales and transfers, for the most part, are accounted for at commercial prices. Steel segment transfers of coal chemical by-products to the Chemicals segment generally reflect the current value of the raw by-product material as a replacement for purchased fuels plus the costs incurred to convert the raw material to the transferred product.

Corporate assets consist largely of cash, notes receivable, marketable securities and other investments.

Export sales from domestic operations were not material. The Corporation has no single customer from which it derives 10% or more of its revenue.

The composition of industry segments has been revised in 1982 to reflect the acquisition of Marathon Oil Company. In addition, Coal and Limestone Operations were changed from Steel to the Resource Development segment in 1982 and Fabricating and Engineering was reflected as a reportable segment in 1981. Data for 1981 and 1980 have been appropriately restated. A description of these segments and types of products and services from which they derived their income is contained on pages 4, 8, 12, 14, 16, 18 and 20.

Information by geographic area has been revised to display data for Europe and Middle East and Africa, formerly included in Other Foreign.

By Geographic Area:

		Sales				
(In millions)	Year	To Unaffiliated Customers	Transfers Between Geographic Areas	Total	Operating Income (Loss)	Identifiable Assets
United States (Domestic)	1982	$17,053	$ 54	$17,107	$(120)	$15,120
	1981	$13,210	$ 26	$13,236	$ 636	$ 8,727
	1980	$11,790	$ 31	$11,821	$ 380	$ 8,627
North America (Excluding U.S.):	1982	365	65	430	(6)	735
	1981	582	157	739	91	984
	1980	531	118	649	94	1,003
Europe:(b)	1982	925	23	948	10	1,412
	1981	76	—	76	(7)	58
	1980	88	1	89	(7)	66
Middle East and Africa:(b)	1982	490	2,600	3,090	570(a)	329
	1981	—	—	—	—	—
	1980	—	—	—	—	—
Other Foreign:	1982	74	—	74	(63)	358
	1981	73	—	73	4	80
	1980	83	—	83	9	78
Corporate Assets, Adjustments & Eliminations	1982	—	(2,742)	(2,742)	12	1,478
	1981	—	(183)	(183)	(20)	3,467
	1980	—	(150)	(150)	2	1,974
Total Consolidated	1982	$18,907	$ —	$18,907	$ 403	$19,432
	1981	$13,941	$ —	$13,941	$ 704	$13,316
	1980	$12,492	$ —	$12,492	$ 478	$11,748

(a) Operating income, after deducting Libyan income taxes of $565 million, is $5 million for 1982.
(b) New areas due to Marathon acquisition.

WHITTAKER CORPORATION (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11: Business Segments

A summary of information about Whittaker's operations by business segment and geographic area at October 31, 1982, 1981 and 1980 for the fiscal years then ended follows:

Financial Data by Business Segment (in millions of dollars)—

	Sales	Operating Profit	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
1982					
Life Sciences	$ 917.0	$ 87.4	$237.8	$ 5.5	$14.4
Metals	267.3	9.0	228.9	6.3	29.1
Technology	268.1	22.3	172.4	3.9	7.9
Marine	131.5	6.3	83.9	2.8	3.7
Chemicals	89.7	5.6	52.8	2.6	3.1
Corporate	—	—	143.9	.7	1.3
Consolidated	$1,673.6	$130.6	$919.7	$21.8	$59.5
1981					
Life Sciences	$ 744.0	$ 65.5	$211.3	$ 4.4	$ 8.8
Metals	394.7	51.5	221.3	5.1	13.5
Technology	270.2	19.6	182.7	4.4	5.4
Marine	147.1	16.3	94.0	2.7	5.2
Chemicals	115.8	11.2	65.5	2.7	5.4
Corporate	—	—	92.3	.6	.9
Consolidated	$1,671.8	$164.1	$867.1	$19.9	$39.2
1980					
Life Sciences	$ 478.0	$ 46.7	$165.4	$ 3.1	$ 9.4
Metals	376.0	35.6	177.5	4.5	12.2
Technology	284.7	34.9	202.0	4.1	5.6
Marine	136.7	12.6	74.6	2.1	4.7
Chemicals	120.8	2.3	75.4	2.8	5.1
Corporate	—	—	89.6	.6	.1
Consolidated	$1,396.2	$132.1	$784.5	$17.2	$37.1

Sales of medical, surgical and laboratory products to the healthcare industry, included in the Life Science segment, were $410.9 million in 1982, $372.8 million in 1981 and $189.0 in 1980. Sales of hydraulic devices, included in the Technology segment were $162.2 million in 1982, $172.7 million in 1981 and $191.1 million in 1980.

Sales to agencies of the Government of Saudi Arabia, made under various contracts and included in the Life Sciences segment, amounted to $378.8 million in 1982, $278.1 million in 1981 and $213.0 million in 1980. The Saudi Arabian health care program, which presently extends through August 1983, represents a significant element of Whittaker's life sciences business, and its loss would have a material adverse effect on the Company.

Financial Data by Geographic Area (in millions of dollars)—

	Sales	Operating Profit	Identifiable Assets
1982			
United States	$1,055.4	$ 10.5	$605.9
Western Europe	171.6	14.4	117.2
Middle East	446.6	105.7	52.7
Corporate	—	—	143.9
Consolidated	$1,673.6	$130.6	$919.7
1981			
United States	$1,154.2	$ 70.6	$607.8
Western Europe	183.9	13.0	131.1
Middle East	333.7	80.5	35.9
Corporate	—	—	92.3
Consolidated	$1,671.8	$164.1	$867.1
1980			
United States	$ 941.9	$ 56.9	$520.0
Western Europe	198.1	26.1	152.0
Middle East	256.2	49.1	22.9
Corporate	—	—	89.6
Consolidated	$1,396.2	$132.1	$784.5

Approximately 40% of Whittaker's 1982 sales are to customers outside of the United States. Approximately 90% of those sales are accounted for by foreign operations. Such operations are subject to certain influences not normally experienced in domestic operations, such as currency fluctuations, currency control regulations and the effect of international relations.

Following is a reconciliation of operating profit to income before provision for taxes (in millions of dollars):

	1982	1981	1980
Operating profit	$130.6	$164.1	$132.1
Unallocated corporate items	(13.9)	(14.2)	(12.7)
Interest expense, net	(10.7)	(12.9)	(13.8)
Income before provision for taxes	$106.0	$137.0	$105.6

Operating profit of an industry segment represents its revenues minus all operating expenses. None of the following, if present, is taken into account in computing the operating profit or loss of an industry segment: revenue earned at the corporate level; general corporate expenses; interest expense; domestic and foreign income taxes; equity in income or loss from unconsolidated subsidiaries and other unconsolidated investees; gain or loss on discontinued operations; extraordinary items; and the cumulative effect of a change in accounting principles. In 1982, operating profits have been reduced by minority interests relating to segments and geographic areas. Prior year operating profits have been restated to conform to the current year presentation.

Foreign currency exchange rate fluctuations reduced the Technology and Marine segments operating profits during 1981 by $6.6 million and $1.6 million, respectively, and increased the Technology segment operating profits during 1980 by $1.9 million. Operating profits of the Western Europe geographic area were reduced by $8.2 million in 1981 and increased by $1.9 million in 1980. As a result of Whittaker's 1982 adoption of Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation," adjustments relating to foreign currency exchange rate fluctuations did not impact operating profit in 1982. See Note 5.

ABBOTT LABORATORIES (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12: Industry Segment and Geographic Area Information

Financial information concerning the Company's industry segments and geographic areas is summarized on pages 26 and 27 of this annual report.

INDUSTRY SEGMENT AND GEOGRAPHIC AREA INFORMATION

The Company's principal business is the development, manufacture, and sale of a broad and diversified line of human health care products. In accordance with Statement No. 14 of the Financial Accounting Standards Board, these products have been classified into the following industry segments:

Professional pharmaceutical and nutritional products—Included are a broad line of adult and pediatric pharmaceuticals, nutritionals, vitamins, and hematinics, all of which are sold primarily on prescription or recommendation of physicians or other health care professionals.

Hospital and laboratory products—Included are intravenous and irrigating fluids, and related administration equipment, venipuncture products, anesthetics, critical care and suctioning equipment, diagnostic instruments and tests, and other specialty products for hospitals and clinical laboratories.

The Company also develops, manufactures, and sells other lines of consumer, agricultural, and chemical products, classified as the *All other products* segment. Included in this segment are personal-care products, bulk products for use in the care of animals and poultry, agricultural pesticides, plant growth regulators, industrial chemicals, bulk pharmaceuticals, medical plastics, and rubber pharmaceutical products.

In the following tables, total sales by industry segment and geographic area include both sales to customers, as reported in the Company's Consolidated Statement of Earnings, and inter-area sales (for geographic areas), which are accounted for at sales prices which approximate market. Corporate assets are principally Cash and cash items and Investment Securities Maturing after One Year.

Geographic Areas (1), (2), and (4) (dollars in millions)	1982	1981	1980
Net Sales:			
United States:			
Domestic customers	$1,775.8	$1,533.9	$1,290.4
International customers	53.4	48.9	47.9
Inter-area	124.8	113.4	98.2
Total United States	1,954.0	1,696.2	1,436.5
Latin America	178.5	200.1	168.5
Europe, Mideast & Africa	384.0	364.8	345.7
Pacific, Far East & Canada	210.7	194.8	185.7
Eliminations	(124.8)	(113.4)	(98.2)
Total	$2,602.4	$2,342.5	$2,038.2
Operating Earnings excluding Corporate Expenses			
United States	$ 422.0	$ 331.7	$ 253.0
Latin America	20.7	33.9	26.3
Europe, Mideast & Africa (3)	59.0	56.7	61.3
Pacific, Far East & Canada (3)	7.6	12.7	18.2
Eliminations	2.5	(2.3)	(2.5)
Total	$ 511.8	$ 432.7	$ 356.3
Identifiable Assets, at Cost, excluding Corporate Assets			
United States	$1,255.4	$1,082.2	$ 916.3
Latin America	137.8	132.0	125.3
Europe, Mideast & Africa	289.3	273.3	257.8
Pacific, Far East & Canada	153.8	158.5	124.3
Eliminations	(11.9)	(14.4)	(12.1)
Total	$1,824.4	$1,631.6	$1,411.6

(1) The Company has a domestic manufacturing facility which produces semi-processed pharmaceutical chemicals primarily for shipment to foreign subsidiaries for finishing and sale. The sales of the finished products, manufacturing costs, and identifiable assets which are associated with this operation have been included in the appropriate foreign area.

(2) The transfer of funds by certain foreign subsidiaries may be subject to restrictive regulations of respective governments. The funds subject to these regulations are considered to be immaterial to the Company's consolidated financial position.

(3) The 1981 operating earnings in these geographic areas have been adversely impacted by the one-time effect of accruing for compensated absences in accordance with SFAS 43. The effect of these 1981 accruals on other geographic areas or segment results was not significant.

(4) Net sales and operating earnings in 1982 and 1981 have been adversely impacted by the strengthening of the U.S. dollar and currency devaluations in Argentina. Additionally, 1982 results reflect the effects of the worldwide recession and major currency devaluation in Mexico.

Industry Segments (dollars in millions)	1982	1981	1980
Net Sales (1)			
Professional pharmaceutical and nutritional products	$1,299.8	$1,181.9	$1,013.4
Hospital and laboratory products	1,124.6	973.9	848.0
All other products	178.0	186.7	176.8
Total	$2,602.4	$2,342.5	$2,038.2
Operating Earnings (1)			
Professional pharmaceutical and nutritional products	$ 323.2	$ 266.9	$ 217.3
Hospital and laboratory products	183.9	149.0	117.4
All other products	4.7	16.8	21.6
Total Operating Earnings excluding Corporate Expenses	511.8	432.7	356.3
Corporate expenses and other (2)	(36.4)	(30.2)	(16.2)
Interest income (expense) and dividend income, net	(2.0)	(10.0)	(2.4)
Earnings before taxes	$ 473.4	$ 392.5	$ 337.7
Identifiable Assets at Cost			
Professional pharmaceutical and nutritional products	$ 798.7	$ 698.6	$ 594.1
Hospital and laboratory products	877.5	775.8	674.0
All other products	148.2	157.2	143.5
General corporate	742.5	724.0	651.2
Total	$2,566.9	$2,355.6	$2,062.8
Capital Expenditures			
Professional pharmaceutical and nutritional products	$ 98.1	$ 81.7	$ 79.5
Hospital and laboratory products	103.7	96.3	62.0
All other products	21.2	19.5	11.0
General corporate	.9	3.1	3.9
Total	$ 223.9	$ 200.6	$ 156.4
Depreciation and Amortization			
Professional pharmaceutical and nutritional products	$ 26.4	$ 20.5	$ 17.0
Hospital and laboratory products (3)	43.5	33.8	22.8
All other products	13.7	7.5	6.1
General corporate	.4	2.0	1.4
Total	$ 84.0	$ 63.8	$ 47.3

(1) Net sales and operating earnings in 1982 and 1981 have been adversely impacted by the strengthening of the U.S. dollar and currency devaluations in Argentina. Additionally, 1982 results reflect the effects of the worldwide recession and major currency devaluations in Mexico.

(2) Corporate expenses and other includes earnings from joint ventures and net foreign exchange losses. These amounts are included in Other (income) expense in the Consolidated Statement of Earnings. The year-to-year increase in 1981 over 1980 is due primarily to higher exchange losses and a provision for the disposal of certain assets. Net foreign exchange losses were $18.0, $14.1, and $5.4 million in 1982, 1981, and 1980, respectively. The higher year-over-year net losses for 1982 and 1981 are primarily due to the general strengthening of the U.S. dollar and significant currency devaluations of the Mexican peso in 1982, and the Argentine peso in 1981.

(3) Depreciation and amortization expense in 1982 and 1981 includes $13.3 million and $7.5 million, respectively, related to the reclassifications of certain assets. Prior year amounts have not been restated.

Major Customers

CONE MILLS CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 10: Segment Information and Major Customers

The Company operates predominately in the textile industry. Sales, operating income and identifiable assets attributable to this operation in a normal operating year each constitute more than 90% of the related combined totals for all operations. The primary use of the textile products and services is for apparel.

The Company has no foreign operations; however, approximately 8% of 1982 sales (8%-1981 and 25%-1980) were exported to foreign countries by unaffiliated customers of the Company's Domestic International Sales Corporation (DISC) subsidiary.

Sales to unaffiliated customers exceeding 10% of total sales were as follows: Sales to one customer were $108,590,000 or 18% (1982), $103,549,000 or 16% (1981), and $107,114,000 or 15% (1980). Sales to another customer were $152,457,000 or 21% (1980).

ICOT CORPORATION (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B: Business Segment and Major Customers

The Company operates a one-segment business in which it designs, manufactures, and markets data communications, terminal, and micrographic equipment and provides technical support and maintenance services related to their continuing use.

Sales to an airline company accounted for approximately 43%, 29%, and 15% of the Company's net sales in 1982, 1981, and 1980, respectively. Sales to subsidiaries of American Telephone and Telegraph Co. have historically been a substantial part of the Company's business, but no single telephone customer constituted 10% or more of the Company's sales in 1982, 1981, or 1980.

THE AMERICAN SHIP BUILDING COMPANY (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11: Industry Segments:

The Company has two industry segments, marine and building products. The marine segment principally includes the construction, conversion and repair of vessels designed for carriage of bulk cargoes on the Great Lakes; manufacture of oceangoing barges, river barges and marine deck hardware; and repair and conversion of oceangoing vessels, coal-carrying and deck barges and dredges. The building products segment includes the manufacture and sale of metal building products such as roofing, siding, rain-carrying systems and air distribution systems.

Operating income for each segment consists of total revenues less applicable costs and expenses related to those revenues. Excluded from the determination of operating income are net interest income and income taxes.

Identifiable assets by segment are those assets that are used in the Company's operatings in each segment. Corporate assets consist principally of cash, short-term investments and prepaid expenses.

Marine revenues include $42,000,000 in 1982 from a major shipping company, $26,900,000 in 1981 and $23,600,000 in 1980 from another major shipping company; during 1981 revenues also included $20,500,000 from a major brokerage firm.

Data with regard to the Company's segments are displayed below:

	1982	1981	1980
	(Amounts in Thousands)		
REVENUES:			
Marine	$106,767	$170,930	$157,834
Building products	20,255	26,051	26,923
	$127,022	$196,981	$184,757
OPERATING INCOME:			
Marine	$ 12,340	$ 27,532	$ 21,420
Building products	(1,514)	(312)	420
Corporate	(1,813)	(2,242)	(2,823)
	$ 9,013	$ 24,978	$ 19,017
IDENTIFIABLE ASSETS:			
Marine	$ 72,518	$ 85,630	$ 77,692
Building products	10,725	13,415	14,122
Corporate	39,552	33,172	22,382
	$122,795	$132,217	$114,196
CAPITAL EXPENDITURES:			
Marine	$ 4,256	$ 3,506	$ 3,892
Building products	556	437	417
Corporate	57	39	7
	$ 4,869	$ 3,982	$ 4,316
DEPRECIATION AND AMORTIZATION OF FIXED AND INTANGIBLE ASSETS:			
Marine	$ 2,710	$ 2,269	$ 2,039
Building products	371	406	345
Corporate	108	136	132
	$ 3,189	$ 2,811	$2,516

KEVLIN MICROWAVE CORPORATION (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Financial Information for Business Segments

The Company has two business segments: Microwave Division, manufacturer of microwave components, and X-L Machine and Tool Division, provider of high precision machining services and production.

Summarized financial information by business segment is as follows:

Year ended May 31, 1982	Microwave	X-L Machine and Tool	Eliminations	Total
Sales to unaffiliated customers	$3,750,709	$ 972,334	$ —	$4,723,043
Intersegment sales	—	97,773	$(97,773)	—
Total revenues	$3,750,709	$1,070,107	$(97,773)	$4,723,043
Operating profit	$ 606,757	$ 87,063	$(25,500)	$ 668,320
General corporate expenses				—
Income before provision for income taxes				$ 668,230
Depreciation and amortization	$ 67,947	$ 42,657		$ 110,604
Capital expenditures	$ 146,846	$ 54,796		$ 201,642
Identifiable assets	$1,267,358	$ 970,883		$2,238,241
General corporate assets				482,550
Total assets at May 31, 1982				$2,720,791

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Total sales and operating revenues by business segment include both sales and operating revenues from unaffiliated customers, as reported in the Company's Consolidated Statement of Current Earnings, and intersegment sales and operating revenues, which are generally derived from transactions made at prevailing market rates.

Total operating profit consists of sales and operating revenues less applicable business segment operating expenses. In determining operating profit, interest expense is not included. There are no other expenses not allocable to a business segment. Business segment identifiable assets, capital expenditures and depreciation and amortization relate to those assets that are utilized by the respective business segment. Corporate assets consist of cash, temporary investments and refundable income taxes. Sales to and operating revenues from customers located outside of the United States were less than 10% of the Company's sales and operating revenues in 1982, 1981 and 1980.

Sales to one customer in 1982, 1981 and 1980 exceeded 10% of net sales and are included in the Microwave segment as follows:

Year ended May 31,	Amount	Percent Net Sales
1982	$664,034	14.1%
1981	$821,951	19.8%
1980	$437,000	13.0%

EXPORT SALES

COMMERCIAL METALS COMPANY (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note N (in part): Business Segments

In the 1982 fiscal year, the Company combined certain business segments to more appropriately reflect its principal line of business. Semi-finished metal products is now included with marketing of primary and secondary metals, virgin raw materials, and fuels. Copper tube manufacturing is now combined with steel manufacturing. Certain other salvage and dismantling operations are now reclassified from "other" to secondary metals processing to give recognition to the total scope of the Company's recycling business. Prior years segment information has been reclassified to reflect these changes.

Intersegment sales generally are priced at prevailing market prices. Certain corporate administrative expenses have been allocated to segments based upon the nature of the expense.

($000s omitted)	Marketing and trading	Recycling	Manu-facturing	Corporate	Adjustments and eliminations	Consolidated
1982						
Revenues—unaffiliated customers	$759,102	$134,656	$185,853	$ 964	$ —	$1,080,575
Intersegment revenues	6,207	4,864	102	421	(11,594)	—
Total revenues	$765,309	$139,520	$185,955	$ 1,385	$(11,594)	$1,080,575
Operating Profit (loss)	$ 6,151	$ (3,189)	$ 20,197	$ (4,834)	$ —	$ 18,325
Interest expense						(3,097)
Earnings before income taxes						$ 15,228
Depreciation and amortization	$ 126	$ 2,906	$ 4,646	$ 254	$ —	$ 7,932
Capital expenditures	$ 596	$ 2,875	$ 8,951	$ 42	$ —	$ 12,464
Identifiable assets	$ 86,017	$ 33,461	$ 74,705	$ 19,429	$ —	$ 213,612

■ ■ ■ ■

Summarized data for the Company's foreign oprations (principally Europe) are as follows ($000s omitted):

	1982	1981	1980
Revenues—unaffiliated customers	$256,215	$343,208	$436,821
Intersegment revenues	223	169	725
Total revenues	$256,438	$343,377	$437,546
Operating profit (loss)	$(338)	$(1,316)	$ 10,500
Identifiable assets	$ 31,502	$ 37,819	$ 36,537

Domestic export sales were as follows ($000s omitted):

	1982	1981	1980
Far East	$106,688	$ 82,446	$106,391
Europe	111,735	145,328	58,248
Other	44,604	46,180	37,568
Total	$263,027	$273,954	$202,207

During 1982, sales to one unaffiliated customer aggregated approximately 11% of net sales. During 1980, sales to one unaffiliated customer aggregated approximately 16% of net sales and purchases from one unaffiliated vendor aggregated approximately 17% of cost of goods sold. This activity is included in the segment titled "Marketing and Trading."

CORNING GLASS WORKS (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2: International Activities—

Information by geographic area is presented below on a source basis with exports shown in their area of origin, and research and development expenses shown in the area where the activity was performed.

Operations	United States	Europe	Latin America, Asia-Pacific, and Canada	Eliminations and Unallocated Amounts	Consolidated
Sales to unaffiliated customers	$1,162.3†	$332.6	$ 83.8		$1,578.7
Transfers between areas	41.4	5.9	.2	(47.5)	
1982 Total sales	$1,203.7	$338.5	$ 84.0	$ (47.5)	$1,578.7
Sales to unaffiliated customers	$1,262.5†	356.3	95.3		$1,714.1
Transfers between areas	37.9	4.9		$ (42.8)	
1981 Total sales	$1,300.4	$361.2	$ 95.3	$(42.8)	$1,714.1
Sales to unaffiliated customers	$1,166.9†	$354.6	$101.0		$1,622.5
Transfers between areas	34.2	1.9	.1	$ (36.2)	
1980 Total sales	$1,201.1	$356.5	$101.1	$ (36.2)	$1,622.5
1982					
Operating margin before R&D expenses	$ 96.4	$ 14.6	$ 6.4		$ 117.4
Research and development	(79.2)	(8.5)	(.6)		(88.3)
1982 Income from operations	$ 17.2	$ 6.1	$ 5.8		$ 29.1
1981					
Operating margin before R&D expenses	$ 151.3	$ (7.6)	$ 15.8		$ 159.5
Research and development	(81.7)	(9.6)			(91.3)
1981 Income from operations	$ 69.6	$ (17.2)	$ 15.8		$ 68.2
1980					
Operating margin before R&D expenses	$ 153.9	$ (1.5)	$ 25.3		$ 177.7
Research and development	(68.7)	(10.0)			(78.7)
1980 Income from operations	$ 85.2	$ (11.5)	$ 25.3		$ 99.0
Identifiable net assets at year end:					
1982	$ 531.9	$ 81.8	$ 60.6	$342.1	$1,016.4
1981	$ 519.9	$108.1	$ 61.5	$338.4	$1,027.9
1980	$ 527.8	$ 83.9	$ 59.7	$285.3	$ 956.7

†1982, 1981 and 1980 United States sales to unaffiliated customers include $148.4 million, $162.2 million and $155.2 million of export sales; $50.2 million, $50.6 million and $47.6 million to Europe; and $98.2 million, $111.6 million and $107.6 million to Latin America, Asia-Pacific, and Canada.

Transfers between areas are accounted for at prices approximating prices to unaffiliated customers.

HUGHES TOOL COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 (in part): Operations in Different Industries and Geographic Areas

The Company operates principally in two industries, the manufacture and sale of drilling tools and equipment for oilfield, mining and construction industries and the manufacture and sale of oilfield production tools and the providing of cementing, stimulation, drilling fluids, and other oilfield services. The Company has manufacturing plants and service locations worldwide for these industries.

* * * *

Operations by Geographic Areas (In thousands)

	For the Year Ended December 31 1982	1981	1980
Sales to unaffiliated customers:			
United States	$1,170,964	$1,307,269	$ 849,997
Mexico, Central and South America	201,271	233,004	214,029
Europe, Middle East, and Africa	158,518	145,441	83,211
Other	65,192	73,391	58,918
Total	$1,595,945	$1,759,105	$1,206,155
Sales between geographic areas:			
United States	$ 60,284	$ 52,883	$ 59,055
Mexico, Central and South America	$ 24,909	$ 15,424	$ 6,443
Europe, Middle East, and Africa	$ 19,086	$ 14,146	$ 3,871
Other	$ 3,499	$ 945	$ 257
Export sales from United States to unaffiliated customers:			
Mexico, Central and South America	$ 39,591	$ 36,974	$ 33,729
Europe, Middle East, and Africa	137,496	96,362	70,398
Other	78,495	78,916	75,713
Total	$ 255,582	$ 212,252	$ 179,840
Operating profit:			
United States	$ 158,221	$ 341,660	$ 176,569
Mexico, Central and South America	54,925	49,124	59,038
Europe, Middle East, and Africa	52,653	48,894	16,132
Other	10,773	11,760	11,263
Total	$ 276,572	$ 451,438	$ 263,002
Identifiable assets:			
United States	$1,696,662	$1,339,401	$ 923,680
Mexico, Central and South America	325,757	295,829	231,927
Europe, Middle East, and Africa	223,798	186,331	141,393
Other	60,337	65,820	54,606
Total	$2,306,554	$1,887,381	$1,351,606

STANDUN INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Business Segment Data

The Company operates primarily in two industries, packaging equipment and products (consisting of equipment and related tooling for the manufacture of seamless metal cans, flexible packaging products and metal forming tools and equipment for general industry use) and industrial products (consisting of truck bumpers and accessories, pneumatic power tools, electronic controls, laser alignment instruments, and peripheral equipment for microcomputers and other related products).

All sales in 1982 and 1981 were to unaffiliated customers. Operating profit consists of net sales, less cost of goods sold and less selling and general administrative expenses directly attributable to the industry segments. General corporate expenses consist of administrative costs not directly attributable to a specific industry segment and interest income and expense, before provision for income taxes.

Identifiable assets are those used in the Company's operations in each industry segment. General corporate assets are principally cash, marketable securities and long-term investments.

All the Company's operations are conducted within the continental United States. Export sales in 1982 amounted to 25% of consolidated net sales (16% to Europe and Saudi Arabia, 5% to Central and South America and 4% to all others). Export sales in 1981 were 29% of consolidated net sales (16% to Europe and Saudi Arabia, 7% to Central and South America and 6% to all others). Export sales in 1980 were 15% of consolidated net sales (8% to Europe and Saudi Arabia and 7% to all others). There were no significant transactions between business segments nor between geographical areas in 1982, 1981 or 1980.

TABLE 1-4: MONTH OF FISCAL YEAR END

	1982	1981	1980	1979
January	25	26	25	21
February	15	13	14	15
March	12	14	15	12
April	7	6	8	8
May	13	11	10	10
June	38	40	39	39
July	17	12	12	13
August	22	21	21	20
September	38	41	41	45
October	24	24	25	27
November	11	9	11	11
Subtotal	**222**	**217**	**221**	**221**
December	378	383	379	379
Total Companies	**600**	**600**	**600**	**600**

NATURAL BUSINESS YEAR

For years, the accounting and legal professions, printers, the Securities and Exchange Commission, and other interested in various aspects of the year-end bottleneck have advocated that companies adopt a natural business year. A natural business year is the period of 12 consecutive months which ends when a business's activities have reached the lowest point in its annual cycle. In many instances, the natural business year of a company is December 31.

Table 1-4 summarizes, by the month in which a fiscal year ends, the fiscal year endings of the survey companies. For tabulation purposes, if a fiscal year ended in the first week of a month, the fiscal year was considered to have ended in the preceding month.

One hundred twenty-six survey companies use a 52-53 week fiscal year.

During 1982, four companies changed the date of their fiscal year end. Examples of such changes and examples of fiscal year definitions follow.

Change in Date of Fiscal Year Ending

FEDDERS CORPORATION

Consolidated Balance Sheets

(Amounts in thousands)

	December 31, 1982	October 31, 1981

Consolidated Statements of Operations and Accumulated Deficit

Years Ended December 31, 1982 and October 31, 1981 and 1980
(Amounts in thousands except per share data)

	1982	1981	1980

Consolidated Statements of Changes in Financial Position

Years ended December 31, 1982 and October 31, 1981 and 1980
(Amounts in thousands)

	1982	1981	1980

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12: Change in fiscal year

Effective November 1, 1981, the Company changed its fiscal year-end from October 31 to a calendar year-end of December 31. Charged to retained earnings was the net loss applicable to common stockholders for the two months ended December 31, 1981. The condensed results of operations for that period are shown below:

Net sales and other income	$10,961,000
Costs and expenses	16,182,000
Loss from continuing operations	(5,221,000)
Loss from discontinued operation	(6,563,000)
Net loss	$(11,784,000)
Loss per common share:	
Continued operations	$ (.50)
Discontinued operation	(.59)
Net loss per common share	$(1.09)
Reduction in working capital	$11,192,000

The operating results for the two month period were reduced by $1,633,000 in continuing operations and $1,567,000 in the discontinued operation due to the loss in gross margin on distributor inventory returns plus additional provisions for bad debts on outstanding receivables. In addition, discontinued operation included approximately $260,000 for legal fees and expenses incurred in the short period as well as legal settlements, and a $750,000 warranty provision to cover consumer reimbursements under a special warranty program.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders Fedders Corporation

We have examined the consolidated balance sheets of Fedders Corporation at December 31, 1982 and October 31, 1981 and the related consolidated statements of operations and accumulated deficit and changes in financial position for each of the three years in the periods ended December 31, 1982 and October 31, 1981 and 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In April 1983, the Company settled all of its litigation with Chrysler Corporation. In accordance with the terms of the agreement, the Company paid $9,000,000 on April 14, 1983 and consented to the entry of a judgment in favor of Chrysler in the United States District Court for the District of New Jersey. In accordance with the judgment which is in the amount of $23,141,154, the Company issued a note to Chrysler in the principal amount of $12,576,714 plus accrued interest, which represents the balance of the judgment. The note will be returned to the Company in July 1983, assuming the Company meets the conditions explained in Footnote 3. Management of the Company fully expects that these conditions will be satisfied and that the note and related accrued interest will be cancelled at that time.

In order to terminate continuing operating losses of unprofitable divisions, as discussed in Notes 1 and 2, the Company has decided to divest itself of its Central Air Conditioning businesses which include the Residential, Commercial and Applied Machinery Divisions. In connection with this decision, the Company has provided for the future costs to be incurred and has made adjustments to certain of the assets of the discontinued operation. The ultimate accuracy of the Company's provisions and estimates is dependent on the actual amounts realized upon completion of the divestiture of these operations and the sale of the related assets. In addition, it is necessary that the Company achieve an adequate level of earnings and working capital from the remaining businesses in order to realize the assets of and to finance its ongoing operations.

In our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the two preceding paragraphs been known, the financial statements mentioned above present fairly the consolidated financial position of Fedders Corporation at December 31, 1982 and October 31, 1981 and the consolidated results of operations and changes in financial position for each of the three years in the periods ended December 31, 1982 and October 31, 1981 and 1980, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

SIMPLICITY PATTERN CO. INC.

Balance Sheet

	December 31 1982	January 31 1982

Statement of Income & Earnings Retained In Business

YEAR ENDED		
December 31 1982	January 31 1982	January 31 1981

Statement of Changes in Financial Position

YEAR ENDED		
December 31 1982	January 31 1982	January 31 1981

NOTES TO THE FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Change in Fiscal Year—Effective December 31, 1982 the Company changed its fiscal year end from January 31 to December 31. The accompanying financial statements present the results for the twelve months ended December 31, 1982 (the "1982" year) with comparisons to prior years' results as originally published for the twelve months ended January 31, 1982 (the "1981" year) and January 31, 1981 (the "1980" year). Because the results for the month of January 1982 are included in two twelve-month periods, an adjustment has been made in 1982 to reduce retained earnings by the amount of the January 1982 net income of $1,845,000 ($.13 per share). Other results for the month of January 1982 include: Net sales, $6,404,000; income from operations before income taxes, $1,994,000; income from investments before income taxes, $961,000; and income taxes of $1,110,000. In addition, a dividend of $1,922,000 ($.14 per share) which was paid in March 1982 but was accrued during the month of January 1982 as a reduction of retained earnings during the 1981 year has been added back to retained earnings so as to properly reflect the ending balance in this account.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS
AND SHAREHOLDERS OF
SIMPLICITY PATTERN CO. INC.

In our opinion, the consolidated financial statements appearing on pages 10 through 17 of this report present fairly the financial position of Simplicity Pattern Co. Inc. and its subsidiaries at December 31, 1982 and January 31, 1982, and the results of their operations and the changes in the financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

UNIFI, INC.

Consolidated Balance Sheets

	June 27 1982	June 30 1981

Consolidated Statements Of Income

Fiscal Year Ended	June 27 1982	June 30 1981	June 30 1980

Consolidated Statements of Changes in Shareholders' Equity

Fiscal Years Ended June 27, 1982, June 30, 1981 and 1980

Consolidated Statements of Changes in Financial Position

Fiscal Year Ended	June 27 1982	June 30 1981	June 30 1980

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Fiscal Year. Effective July 1, 1981 the Company changed its annual accounting period to a fiscal year ending on the Sunday nearest to June 30. The fiscal year 1982 ended June 27, 1982 and comprised 52 weeks.

THE BOARD OF DIRECTORS
UNIFI, INC.
Greensboro, North Carolina

We have examined the consolidated balance sheets of Unifi, Inc. and subsidiaries as of June 27, 1982 and June 30, 1981, and the related consolidated statements of changes in shareholders' equity, income, and changes in financial position for each of the years in the three-year period ended June 27, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Unifi, Inc. and subsidiaries at June 27, 1982 and June 30, 1981, and the results of their operations and the changes in their financial position for each of the years in the three-year period ended June 27, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Definition of Fiscal Year

HUGHES SUPPLY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Fiscal Year

The Company's fiscal year ends on the last Friday in January. The latest year ended January 28, 1983; the first preceding year ended January 29, 1982; and the second preceding year ended January 30, 1981. The 1983 and 1982 fiscal years contained 52 weeks and the 1981 fiscal year contained 53 weeks.

MARRIOTT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Fiscal Year

The company's fiscal year ends on the Friday closest to December 31 for domestic operations and November 30 for foreign operations. Fiscal year 1980 includes 53 weeks. All other years presented contain 52 weeks.

THE MAY DEPARTMENT STORES COMPANY

Summary of Significant Accounting Policies

Fiscal Year

The corporation's fiscal year ends on the Saturday closest to January 31. Fiscal years 1982, 1981 and 1980 ended on January 29, 1983, January 30, 1982 and January 31, 1981, respectively. Each year included 52 weeks.

SCOTT PAPER COMPANY

FINANCIAL REVIEW NOTES

Accounting Policies (in part)

Fiscal Year End: The Company's fiscal year ends on the last Saturday in December. Fiscal years 1982, 1981 and 1980 ended on December 25, 1982, December 26, 1981 and December 27, 1980. Each of these fiscal years consisted of 364 days.

SWIFT INDEPENDENT CORPORATION

PRINCIPAL ACCOUNTING POLICIES

Fiscal Year

The Company's fiscal year ends with the last Saturday in October. Fiscal year 1982 ended on October 30, 1982 and consisted of 52 weeks. The 1981 period consisted of the 29 weeks from April 12, 1981 (acquisition of operations) through October 31, 1981.

ROUNDING OF AMOUNTS

Table 1-5 shows a continuing increase in the number of survey companies stating financial statement amounts in thousands of dollars with zeros omitted or in millions of dollars.

TABLE 1-5: ROUNDING OF AMOUNTS

	1982	1981	1980	1979
To nearest dollar	81	89	114	134
To nearest thousand dollars:				
Omitting 000	351	335	306	274
Presenting 000	66	79	107	141
To nearest million dollars	102	97	73	51
Total Companies	**600**	**600**	**600**	**600**

COMPARATIVE FINANCIAL STATEMENTS

Since 1970, practically all of the survey companies have issued annual reports which include all financial statements on a comparative basis. This practice coincides with a Securities and Exchange Commission requirement that Form 10-K's covering fiscal years ending after December 30, 1970 include comparative financial statements. Rule 14c-3 of the Securities Exchange Act of 1934, effective for fiscal years ending on or after December 20, 1974, extended the requirement for presenting comparative financial statements to include annual reports to stockholders issued in connection with proxy solicitations. Rule 14c-3 was amended to require that, effective for fiscal years ending after December 15, 1980, annual reports to stockholders should include comparative balance sheets, and statements of income and changes in financial position for each of the 3 most recent fiscal years.

NOTES TO FINANCIAL STATEMENTS

Securities and Exchange Commission *Regulations S-X* and *S-K,* Section 545 of *Statement on Auditing Standards No. 1,* and *SAS No. 32* state the need for adequate disclosure in financial statements. Normally the financial statements alone cannot present all information necessary for adequate disclosure but must make reference to appended notes which disclose information of the sort listed below:

Changes in accounting principles.

Any material retroactive adjustments.

Long-term lease agreements

Assets subject to lien.

Preferred stock data.

Pension and retirement plans.

Restrictions on the availability of retained earnings for cash dividend purposes.

Contingencies and commitments.

Depreciation and depletion policies.

Stock option or stock purchase plans.

Consolidation policies.

Business combinations.

Computation of earnings per share.

Subsequent events.

Quarterly data.

Segment information.

Table 1-6 summarizes the manner in which financial statements refer to notes. Notes on specific topics are illustrated in this publication in the sections dealing with such topics.

TABLE 1-6: NOTES TO FINANCIAL STATEMENTS

	1982	1981	1980	1979
General reference only	317	300	291	250
General and direct references	274	292	302	341
Direct reference only	5	5	4	6
No reference to notes	4	3	3	3
Total Companies	**600**	**600**	**600**	**600**

TABLE 1-7: DISCLOSURE OF ACCOUNTING POLICIES

	Number of Companies			
	1982	1981	1980	1979
Depreciation methods	585	587	594	595
Consolidation basis	578	582	590	589
Inventory pricing	557	557	562	559
Interperiod tax allocation	528	525	538	541
Property	476	477	512	506
Earnings per share calculation	367	364	351	336
Employee benefits	323	327	356	376
Amortization of intangibles	289	287	300	304
Translation of foreign currency	243	200	164	188
Research and development costs	137	147	160	173
Capitalization of interest	101	106	92	49
Leasing transactions	63	72	96	117

DISCLOSURE OF ACCOUNTING POLICIES

APB Opinion No. 22 states a conclusion of the Accounting Principles Board "that information about the accounting policies adopted by a reporting entity is essential for financial statements users . . . (and) should be included as an integral part of the financial statements." *Opinion No. 22* sets forth guidelines as to the content and format of disclosures of accounting policies.

Table 1-7 shows the nature of information frequently disclosed in summaries of accounting policies and the number of survey companies disclosing such information. Examples of summaries of accounting policies follow.

AMERICAN CAN COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

(In millions of dollars except per share amounts)

1. Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of American Can Company, its significant subsidiaries other than financial services subsidiaries, and a one-half interest in an unincorporated joint venture. Financial services subsidiaries and the investment in James River Corporation are accounted for on the equity basis.

Inventories: Inventories are stated at lower of cost (principally last-in, first-out and first-in, first-out) or market.

Property, Plant and Equipment: Property, plant and equipment is stated at cost and depreciated on a straight-line basis over the estimated economic useful lives (twenty-five to forty years for buildings and three to twenty years for machinery and equipment). The cost of timberlands is reduced for timber cut based on the relation of the quantity cut to the estimated total quantity in the respective tracts. Maintenance and repairs are expensed as incurred; expenditures that result in the enhancement of the value of facilities are capitalized. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income.

Cost of Acquired Businesses in Excess of Net Assets: Substantially all of the cost of acquired businesses in excess of net assets is being amortized on a straight-line basis principally over a forty year period.

Pension Plans: The Company has various pension plans covering substantially all of its employees. It is the general policy of the Company to accrue and fund annually the actuarially computed current costs plus unfunded prior service costs amortized over a period not to exceed thirty years.

Container and Packaging Plant Closings: In computing depreciation and pension expense, the Company recognizes the shorter useful lives of uneconomic plant facilities and the higher pension cost due to plant closing programs.

Income Taxes: The provision (benefit) for deferred income taxes represents the tax effect of differences in the timing of income and expense recognition for tax purposes and financial reporting purposes. Deferred Federal income taxes are provided on those earnings of international subsidiaries which are expected to be remitted to the parent company. If permanently invested earnings were distributed, foreign tax credits would be available to offset any resulting income tax liability. Investment tax credits are recognized in the year the related assets are placed into service.

Earnings (Loss) per Share: Earnings (loss) per share of common stock is computed after recognition of the preferred stock dividend requirements, based on the weighted average number of common shares outstanding during each year. The dilutive effect of stock incentives and convertible debentures is not significant.

EMERSON ELECTRIC CO. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All significant intercompany transactions, profits and balances are eliminated in consolidation. Common stock investments of 20 to 50 per cent are accounted for by the equity method. Investments of less than 20 per cent are carried at cost.

Inventories

Inventories are stated at the lower of cost or market. The majority of inventory values are based upon standard costs which approximate average costs, while the remainder are principally valued on a first-in, first-out basis. Standard costs are revised at the beginning of the fiscal year and variances incurred during the year are allocated between inventories and costs of sales.

Property, Plant and Equipment

The Company records investments in land, buildings and machinery and equipment at cost. Improvements are capitalized, while repair and maintenance costs are charged to operations as incurred. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts: gains or losses are included in operations.

Depreciation is computed principally using accelerated methods over estimated service lives for financial reporting purposes. Principal service lives are: buildings—30 to 40 years and machinery and equipment—8 to 12 years.

Excess of Purchase Price Over Fair Value of Net Assets Acquired

Assets and liabilities related to business combinations accounted for as purchase transactions are recorded at their respective fair values. Any excess of purchase price over such fair values (goodwill) is included in other assets and amortized in equal installments over the periods estimated to be benefited, the most extended period being 20 years.

Start-Up Costs

Costs incurred in connection with the start-up of new plants and other facilities are amortized over periods not exceeding 12 months following commencement of operations.

Income Taxes

Investment tax credits are accounted for by the "flow-through" method, under which the tax benefits are recognized as a reduction of income tax expense in the year the assets are placed in service.

No provision is made for deferred income taxes on the undistributed earnings of DISC and foreign subsidiaries, primarily because retention of these earnings is considered essential for their continuing operations. In those cases where distributions have been made, additional income taxes, if any, have been minimal due to offsets by available foreign tax credits.

Retirement Plans

Pension and profit-sharing retirement plans cover substantially all of the Company's employees. Current pension costs are funded currently and prior service costs are amortized and funded principally over 30-year periods.

Long-Term Contracts

Income on long-term contracts, principally government and defense contracts, is recognized on the percentage-of-completion or unit-of-delivery basis. On contracts where the percentage-of-completion method is used, costs and estimated earnings in excess of progress billings are presented as a current asset. Unbilled costs on unit-of-delivery contracts are included in inventory. Payments received in excess of costs incurred on long-term contracts are presented as a current liability.

Earnings Per Common Share

Earnings per common share are computed by dividing net earnings by the weighted average number of common shares outstanding during the respective periods.

Common Stock Plans

Compensation expense related to non-qualified stock option plans is charged to operations at the date of grant of the option. Estimated compensation expense related to the Performance Shares Bonus Plan is charged to operations over the term of the Plan. The tax effect of differences between the amount charged to operations and the amount deductible for income tax purposes is recorded as an adjustment to additional paid-in capital in the year the stock is issued.

Financial Presentation Change

The Consolidated Statements of Changes in Financial Position are presented on a cash and short-term investments basis. A working capital format was presented in prior years.

FMC CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Principal accounting polices

Consolidation. The consolidated financial statements include the accounts of the company and all majority-owned subsidiaries except those excluded because of the different nature of their operations. All material intercompany accounts and transactions are eliminated in consolidation.

Investments. The investments in FMC Finance Corporation, FMC Gold Corporation, Mid-Atlantic Acceptance Company, Limited, other unconsolidated subsidiaries and 50% or less owned entities, are stated at cost plus FMC's equity in undistributed earnings since acquisition. All other investments are carried at cost which approximates market.

Equity in net earnings of affiliates. Equity in net earnings of affiliates has been adjusted to eliminate the effect of any material intercompany transactions (see note 2).

Marketable securities. Marketable securities, which consist primarily of certificates of deposits, commercial paper and preferred stocks, are stated at cost which approximates market.

Inventories. Inventories are stated at the lower of historical cost or realizable value. Historical cost is determined on the last-in, first-out (LIFO) basis for all domestic inventories and for certain foreign locations, except those inventories relating to long-term contracts. Inventoried costs relating to long-term contracts are stated at the actual production cost incurred to date reduced by amounts identified with recognized revenue and progress payments received. The costs attributed to units delivered under such contracts are based on the estimated average cost of all units expected to be produced. The first-in, first-out (FIFO) method is used to determine the historical cost for all other inventories.

Inventory costs include manufacturing overhead, less indirect manufacturing overhead for most domestic inventories, which includes depreciation, factory administration, property taxes and certain other fixed expenses.

Revenue recognition for long-term contracts. Sales are recorded under most production contracts as deliveries are made. Sales under cost reimbursement contracts for research, engineering, prototypes, repair and maintenance and certain production contracts are recorded as costs are incurred and include estimated fees in the proportion that costs incurred to date bear to total estimated costs. The fees under certain government contracts may be increased or decreased in accordance with cost or performance incentive provisions. Such awards or penalties are recognized at the time the amounts can be reasonably determined.

Property, plant and equipment. Property, plant and equipment, including capitalized interest, is recorded at cost. Depreciation for financial reporting purposes is provided principally on the straight-line basis over the estimated useful lives of the assets (land improvements—20 years, buildings—20 to 50 years and machinery and equipment—3 to 18 years).

Maintenance and repairs are charged to expense in the year incurred ($152.3, $157.0 and $145.5 million in 1982, 1981 and 1980, respectively). Expenditures which extend the useful life of property, plant and equipment or increase its productivity are capitalized. Gains and losses from retirements made in the normal course of business are credited or charged to accumulated depreciation and amortized to income over the unexpired life originally assigned to the asset. Gains and losses on abnormal retirements are reflected in income when realized.

Interest expense. Interest costs associated with the construction of certain capital assets (properties and related operating facilities) have been capitalized as part of those assets and are being amortized over their estimated useful lives. Interest payments between FMC and FMC Finance Corporation, a wholly-owned subsidiary, are eliminated from interest expense and equity in net earnings of affiliated companies (see note 2).

Patents and deferred charges. Patents are capitalized and amortized over their remaining legal lives. Debt costs are amortized over the term of the related debt.

Intangibles of acquired companies. These intangibles represent the difference between the consideration paid for companies acquired in purchase transactions and the estimated fair value of the net assets of such companies. Intangibles acquired since October 31, 1970 are being amortized on a straight-line basis over periods normally not exceeding 10 years; intangibles acquired before that date ($10.2 million at December 31, 1982) are not being amortized, as management believes that there has been no diminution of value.

Retirement plan costs. Current service costs are accrued and funded on a current basis. Prior service costs are amortized and funded principally over 30 years from the dates such costs were established.

Income taxes. Income tax provisions are based on income reported for financial statement purposes, adjusted for transactions (permanent differences) that do not enter into the computation of income taxes payable. Deferred taxes result from timing differences (principally depreciation) in the recognition of revenue and expense for tax and financial reporting purposes. Deferred taxes are not provided on Domestic International Sales Corporation (DISC) income, as management intends to follow policies which are allowed under current regulation that will assure permanent deferral of this income. Additionally, taxes are not provided on undistributed earnings of affiliates or subsidiaries, as it is intended that such earnings remain invested in those companies or, if distributed, the tax effect would not be material.

Investment tax credits are recognized as a reduction of the provision for income taxes in the year in which the assets are placed in service.

Foreign currency translation. Effective January 1, 1981, FMC adopted the provisions of Statement of Financial Accounting Standards No. 52 (SFAS 52) whereby the company translates the assets and liabilities of most foreign operations at rates of exchange in effect at year-end, and the income statements are translated at the average rates of exchange for the year. Gains and losses resulting from translation are accumulated in a separate component of stockholders' equity until the foreign entity is sold or liquidated. Gains and losses resulting from foreign currency transactions are generally included in income. For operations in highly inflationary countries, the U.S. dollar is used as the functional currency for financial reporting. For operations in highly inflationary countries, inventories and property, plant and equipment are converted to U.S. dollars at historical exchange rates and all gains or losses from conversion to U.S. dollars are included in income.

Earnings per common share. Primary earnings per common share are computed by dividing net income (after dividends on preferred shares) by the weighted average number of shares of common stock and common stock equivalents (incentive plan shares) outstanding during the year: 32,641,000 in 1982, 32,677,000 in 1981 and 32,495,000 in 1980. The calculation of fully diluted earnings per common share assumes, in addition to the average shares outstanding as defined above, that convertible debentures and preferred stock were converted to common stock at the beginning of the year. The average number of shares used in the fully diluted computation was 36,376,000 in 1982, 36,551,000 in 1981, 36,732,000 in 1980. For earnings, the fully diluted computation is based on net income after adding back the after-tax interest on convertible debentures.

Segment information. Industry segment sales include both sales to unaffiliated customers and intersegment sales which are recorded at normal selling prices. Income (loss) before income taxes is defined as total revenue less operating expenses. In computing operating profit, the following items have been excluded: general corporate income and expenses, substantially all interest income and expense, income taxes, equity in net earnings of affiliates not directly associated with a segment, or minority interests. Identifiable assets by industry segment are those assets that are used in FMC's operations in each segment. Corporate assets are principally marketable securities and investments in affiliated companies.

GAF CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation

The accounts of all subsidiaries of the company are included in the consolidated financial statements. All significant intercompany transactions and balances have been eliminated. A wholly owned captive insurance subsidiary and the 50% ownership of a foreign chemical manufacturing company are accounted for by the equity method.

Short-term Investments

Short-term investments are valued at cost, which approximates market.

Inventories

Inventories are valued at the lower of cost (principally average) or market.

Property, Plant and Equipment, and Related Depreciation

Depreciation is computed principally on the straight-line method based on the estimated economic lives of the assets.

Certain interest charges are capitalized as part of the cost of property, plant and equipment additions. See Note 3.

Deferred Income Taxes

Deferred income taxes arise from reporting certain income and expense items in the financial statements in periods different from those in which such amounts are reported for income tax purposes.

Investment Tax Credits

The company accounts for investment tax credits arising since January 1, 1971, as a reduction of the provision for United States income tax (the flow-through method). Investment tax credits which arose prior to that date were deferred and amortized over the estimated service lives of the related assets.

Sale of Tax Benefits

The company accounts for the proceeds from the sale of tax benefits (i.e., investment tax credits and depreciation deductions) pursuant to the leasing provisions of the Economic Recovery Tax Act of 1981 as pre-tax income. See Note 6.

Retirement Plans

The company and its subsidiaries have retirement plans covering substantially all employees. The company's policy is to accrue as expense an amount computed by the actuary and to fund at least the minimum amount required by ERISA. See Note 7.

Earnings per Common Share

Primary earnings per common share are computed by dividing income (loss), adjusted for preferred stock dividend requirements, by the weighted average number of shares of common stock outstanding during the year. The computation assumes the exercise of outstanding stock options to the extent they are dilutive.

Fully diluted earnings per common share are computed on the assumption (where the effect thereof would be dilutive) that convertible securities outstanding had been converted into shares of common stock. Appropriate adjustments for dividends on preferred stock and interest on convertible notes (net of applicable income tax effect) are made to earnings applicable to common stock for assumed conversions. The computation also assumes the exercise of all dilutive stock options.

Cost in Excess of Net Assets Acquired

Cost in excess of net assets acquired in the amount of $5,744,000 is included in Other Assets in the accompanying Consolidated Balance Sheets.

JLG INDUSTRIES, INC. (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A: Summary of Significant Accounting Policies

Principles of Consolidation and Statement Presentation: JLG Industries, Inc. and its subsidiaries are engaged in a single line of business of manufacturing, selling and renting mobile hydraulically operated equipment.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The largest of these subsidiaries, JLG Industries (United Kingdom) Limited (hereafter referred to as foreign subsidiary), is located in Scotland. The accounts of the foreign subsidiary are included in the consolidated financial statements based on its fiscal years ended June 30. Significant intercompany accounts and transactions have been eliminated in consolidation.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined using the LIFO (last-in, first-out) method for domestic inventories and the FIFO (first-in, first-out) method for all other inventories.

Property, Plant and Equipment: Property, plant and equipment is stated at cost, and depreciation and amortization is computed by the straight-line method. The lease rights to equipment acquired under noncancellable capital leases are recorded at the present value of future lease payments as of the inception of the lease. United Kingdom regional development grants relating to plant and equipment additions are deferred and amortized over the life of the related asset as a reduction of depreciation expense. Included in deferred credits at July 31, 1982 and 1981 are grants of $898,000 and $1,073,000, respectively, to be amortized over future periods.

Income taxes: Provisions for deferred income taxes reflect the effects of timing differences in computing income for financial reporting and income tax purposes. Federal income taxes have not been provided on undistributed earnings of the foreign subsidiary or on undistributed earnings of the Domestic International Sales Corporation (DISC) because the Company intends to reinvest these earnings indefinitely in their operations. Investment tax credits are treated as direct reductions of income taxes in the year the credits arise.

Product Development: The Company incurred product development and other engineering expenses of $1,534,000 in 1982, $1,746,000 in 1981 and $1,422,000 in 1980 which were charged to expense as incurred.

Translation of Foreign Currencies: During the second quarter of fiscal 1982, the Company adopted Statement of Financial Accounting Standards No. 52 whereby adjustments resulting from the translation of the foreign subsidiary's financial statements are excluded from the determination of income and accumulated in a separate component of shareholders' equity. Previously, certain balance sheet accounts (principally inventory and property, plant and equipment) and related income statement items were translated at historical exchange rates and all translation adjustments were made directly to income. The retroactive applications of this accounting change decreased net income for 1981 by $1,423,444 or $.45 per share. The financial statements of years prior to 1981 have not been restated since the effect of the change on those years was not material.

Net Income Per Share: Net income per share has been determined by dividing net income by the average number of shares of common stock outstanding during each year. Shares issued to employees subject to vesting provisions of the Company's restricted stock option plan (See Note F—Employee Stock Benefit Plan) are included in shares outstanding at July 31, 1982 and 1981, but not in average shares used for calculating net income per share. Common share equivalents relating to such shares have not been included in the per share computation because the effect of their inclusion is not material.

Changes in Presentation: In 1982, the Company changed its presentation of the Consolidated Statements of Changes in Financial Position from a working capital format to a cash format. In the opinion of management, the new format represents a more meaningful presentation of the Company's sources and uses of funds. Amounts for 1981 and 1980 have been restated to conform with the 1982 presentation.

MILTON ROY COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1–Summary of significant accounting policies:

Principles of consolidation and foreign exchange

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries. Investments in significant unconsolidated affiliates owned 20% or more are recorded at cost plus equity in undistributed earnings since acquisition. All significant intercompany accounts and transactions have been eliminated in consolidation.

In 1981, the Company changed its method of accounting for foreign currency translations to comply with the provisions of Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation." Under the provisions of this statement, assets and liabilities of foreign subsidiaries are translated at rates of exchange in effect at the close of the period. Revenues and expenses are translated at the weighted average of exchange rates in effect during the year. Foreign currency translation gains and losses not impacting cash flows are credited to or charged against shareholders' equity. Foreign currency transaction gains and losses arising from cash transactions are credited to or charged against current earnings.

Inventories

Inventories are valued at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) basis.

Property, plant and equipment

Property, plant and equipment is stated at cost. Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income on a current basis. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Non-cancellable financing leases are capitalized at the present value of future minimum lease payments and amortized on a straight-line basis over the term of the lease.

For assets acquired prior to 1982, depreciation is provided over the estimated useful lives of the individual assets by accelerated methods in the United States and Canada and by the straight-line method in other countries. For all assets acquired subsequent to 1981, depreciation is provided over the estimated useful lives of the individual assets by the straight-line method. The estimated useful lives used in the computation of depreciation are as follows:

Land improvements	5-20 years
Buildings and improvements	10-45 years
Machinery and equipment	3-15 years
Leasehold improvements	2-20 years

Amortization of goodwill

Costs of investments in purchased companies in excess of the underlying fair value of net assets at dates of acquisition are recorded as goodwill and amortized over 40 years on a straight-line basis.

Retirement plan costs

Substantially all retirement and pension obligations, under various domestic and foreign (including prevailing social law) plans, are provided for by current funding.

Income taxes

Deferred income taxes are provided for timing differences between financial and taxable income. Investment tax credits are accounted for under the "flow-through" method which recognizes the benefit in the year in which the credit is utilized.

The Company has provided for estimated income taxes on that portion of the undistributed earnings of its Domestic International Sales Corporation (DISC) and its foreign subsidiaries reasonably expected to be paid out as dividends in future years. It does not provide for income taxes on that portion of undistributed earnings of subsidiaries and affiliates which is considered to be permanently invested in foreign or DISC operations.

Net income per common share

Net income per common share is obtained by dividing net income by the weighted average number of common shares outstanding plus common share equivalents resulting from dilutive stock options and grants. All per share amounts in the accompanying financial statements and related notes have been restated to give retroactive effect to all stock splits (Note 10). Primary and fully diluted earnings per share are essentially the same.

Statement of Changes in Financial Position

In 1982 the Company changed the format of its "Statement of Changes in Financial Position" to reflect financing and investment activities in terms of cash and cash equivalents. Prior years have been restated for consistency in presentation.

Reclassifications

The 1981 and 1980 consolidated financial statements have been reclassified to conform to the current year formats. These reclassifications were not material to the consolidated financial statements.

TOSCO CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Tosco Corporation and significant subsidiaries (Tosco), all of which are wholly-owned. All investments in affiliates in which Tosco has at least a 20% but not more than a 50% interest, as well as Tosco's investment in The Oil Shale Corporation (1981), are accounted for under the equity method (Note 6). Those in which Tosco has less than a 20% interest are carried at cost.

Certain previously reported amounts have been restated to conform to classifications adopted in 1982.

All significant intercompany items and transactions are eliminated.

Earnings Per Share: Per share computations are based upon the weighted average number of shares outstanding during the periods, adjusted for common stock equivalents when such adjustment results in dilution of reported earnings.

Income used in the computation of earnings per share was determined by adjusting net income for interest on convertible subordinated debentures and dividends on preferred stock in all periods in which such inclusion diluted earnings per share (Note 10). Shares used in the computation of primary and fully diluted earnings per share were 22,720,640 and 22,723,975 (1982), 22,171,721 and 22,205,224 (1981) and 21,606,024 and 21,704,541 (1980), respectively.

Inventories: Inventories of crude oil and products are valued at cost on the last-in, first-out basis. Inventories of materials and supplies are carried at average cost (Note 4).

Property, Plant and Equipment: Property, plant and equipment, including capitalized interest, are carried at cost less accumulated depreciation, depletion and amortization. Depreciation and amortization (including amounts related to capitalized leases) are provided, on an individual or composite basis, over the estimated useful lives of the assets or the respective classes of assets, utilizing the straight-line method for all assets except oil and gas properties. Effective January 1, 1982, Tosco commenced using revised estimated useful lives to depreciate the refineries and related assets based upon detailed engineering estimates of the projected useful lives of those assets (Note 5).

Expenditures for renewals which extend the estimated useful lives of the assets and betterments of such assets are capitalized. Expenditures for maintenance and repairs are charged to income. Upon disposal of facilities depreciated on an individual item basis, the cost and accumulated depreciation are eliminated from the accounts and a credit or charge to income with the gain or loss, if any, on disposal is recorded. Upon disposal of facilities depreciated on a composite basis, unless extraordinary in nature or amount, cost, less proceeds, is charged against accumulated depreciation.

Oil and Gas Properties: Tosco follows the full cost method of accounting for oil and gas producing activities. Under this method of accounting, all costs associated with oil and gas property acquisition, exploration and development activities are capitalized.

Depreciation and depletion of oil and gas properties are computed on the units of production method based upon the estimated reserves underlying the proved oil and gas properties (Notes 5 and 19).

Mine and Plant Development Costs: Expenditures to develop oil shale reserves and related facilities are capitalized once commercial development is initiated (Note 6).

Excise Taxes: Excise taxes collected on the sale of products are remitted to governmental agencies and are not included in sales, cost of sales or other expenses.

Income Taxes: The provision or credit for income taxes recognizes timing differences between the period in which income and expenses are recognized for financial reporting purposes and the period in which they are included in the determination of taxable income. Such provision or credit is adjusted for investment, energy and other tax credits in the period in which the credits arise (Note 12).

Pensions: Pension expense represents costs, as determined by an independent actuary, including normal costs, interest on unfunded past service costs and amortization of past service costs over various periods not to exceed 40 years. Annual pension costs are funded as accrued (Note 13).

ACCOUNTING CHANGES

As indicated in Table 1-8, the most frequently disclosed accounting changes in the survey companies 1982 annual reports include changes in pension plan actuarial assumptions, accruing for employee compensated absences as required by FASB *Statement of Financial Accounting Standards No. 43,* and early compliance with *Statement of Financial Accounting Standards No. 52* which "establishes revised standards of financial accounting and reporting for foreign currency transactions." *SFAS No. 43* was effective for fiscal years beginning after December 15, 1980; *SFAS No. 52* will be effective for fiscal years beginning on or after December 15, 1982.

APB Opinion No. 20 "defines various types of accounting changes and establishes guides for determining the manner of reporting each type."

Examples of accounting changes follow. Examples of changes in actuarial assumptions or cost methods are presented in connection with Table 3-8. Examples of accounting changes involving a restatement of prior year financial statements are presented in connection with Table 4-3

TABLE 1-8: ACCOUNTING CHANGES

	Number of Companies			
	1982	1981	1980	1979
Foreign currency translation	167	142	—	—
Actuarial assumptions or cost methods	158	129	81	42
Compensated absences	50	136	23	—
LIFO method adopted or extended	14	25	49	48
Other inventory changes	7	7	2	2
Depreciation method	9	13	4	4
Investment credit	7	8	3	5
Taxes on undistributed earnings	6	6	2	—
Depreciable lives	6	—	—	—
Reporting entity	4	8	7	8
Interest capitalization	2	28	137	33
Other - described	26	22	18	79

CHANGE IN ACCOUNTING ESTIMATES

Taxes on Unremitted Earnings

BURROUGHS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 (in part):

B. Prior to the fourth quarter of 1982, the Company provided for income taxes on the portion of undistributed earnings of a domestic international sales corporation (DISC) that was anticipated to be remitted in the future. As a result of continuing experience with this export subsidiary, it was determined that all undistributed DISC earnings will be permanently reinvested. Accordingly, such earnings will not be available for taxable distribution to the Company. The Company believes that the recognition of DISC earnings, without provision for deferred taxes, more accurately reflects the operations of its exporting activities. As a result, deferred income taxes previously recorded on the DISC have been reversed, increasing 1982 net income by $17 million or $.40 per share.

SPERRY CORPORATION (MAR)

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part):

Income Taxes

Provisions for income taxes include amounts sufficient to cover the tax which may become payable upon the distribution as dividends of retained earnings of subsidiaries. Through March 31, 1981 the Company provided income taxes on all of the undistributed earnings of its Domestic International Sales Corporation (DISC) because of uncertainties regarding reinvestment of these earnings. As a result of continuing experience with this subsidiary, management believes that sufficient deferred income taxes have been provided for undistributed earnings which may not be permanently reinvested. Accordingly, a provision for deferred taxes on DISC earnings subsequent to March 31, 1981 was not required. The effect of this change in estimate was to increase net income for the year ended March 31, 1982 by $16.7 million, or 39 cents per share (fully diluted and primary).

The U.S. investment tax credit is accounted for on the flow-through method.

Depreciable Lives

INLAND STEEL COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (In Part): Depreciation

Commencing on January 1, 1982, the Company revised the estimates of depreciable lives for major production assets, and changed the method of depreciation for certain steelmaking assets from straight-line to a production-variable method.

Management review indicates that, on average, the major production assets continue in service significantly beyond their assigned depreciable lives. As a result of the review, the estimate of the depreciable lives of the Company's major production assets placed in service after 1973 has been increased to more realistically approximate the useful lives of those assets. Equipment lives which formerly ranged from 10 to 28 years have been increased to between 12 and 34 years.

The production-variable modification of depreciation for steelmaking machinery and equipment consists of adjusting straight-line depreciation to reflect production levels at the steel plant. The adjustment is limited to not more than a 25 percent increase or decrease from straight-line depreciation. The new method, which approximates units of production depreciation, recognizes that depreciation of production assets is substantially related to physical wear as well as the passage of time. This method, therefore, more appropriately allocates the cost of these facilities to the time periods in which products are manufactured.

A summary of the effect of both actions on the year 1982 is shown in the table below:

Incremental Net Income Effect	In Millions	Per Share
Lengthened lives	$15.7	$ .74
Production variability:		
Current year	10.5	.49
Prior years	4.0	.19
Total effect	$30.2	$1.42

Warranty Costs

STEIGER TRACTOR, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2: Change in Accounting Estimate

During the year ended September 30, 1982, Steiger changed its estimate of warranty costs. This change in estimate resulted from the Company experiencing a more favorable warranty claim experience rate than previously projected. The effect of this change in accounting estimate was to increase net income for the year ended September 30, 1982 by approximately $500,000 ($.15 per share).

CHANGE IN ACCOUNTING PRINCIPLES

Foreign Currency Translation

THE BENDIX CORPORATION (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Changes (in part)

TRANSLATION OF FOREIGN CURRENCY—During the fourth quarter of 1982, the Corporation adopted, retroactive to October 1, 1981, Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation," which changes the method of accounting for the translation of foreign currency financial statements and certain foreign currency transactions. The most significant aspects of this change are that assets and liabilities of foreign operations whose local currency is the functional currency are translated at exchange rates in effect on the balance sheet date, and certain translation gains and losses are not included in consolidated results of operations, but are accumulated in a separate component of stockholders' equity. Translation gains and losses of operations in hyperinflationary countries continue to be included in consolidated results of operations.

Consolidated results of operations for 1982 increased $5.9 million, or $.26 per share, resulting from application of this Statement. Results of years prior to 1982 have not been restated. (See "Foreign Currency Translation.")

Foreign Currency Translation

Exchange rate changes affecting income are included in "Miscellaneous income—Net," except for the effects of such rate changes on the translation of inventories, which are included in "Cost of sales." The net effect of such exchange rate changes was not material in relation to the consolidated financial statements for any of the three years in the period ended September 30, 1982.

The change in the separate component of stockholders' equity—"Cumulative Translation Adjustments" (see "Accounting Changes") is set forth below:

	(in millions)
Aggregate translation adjustment as of October 1, 1981	$17.6
1982 aggregate translation adjustment (including allocated income taxes of $10.1 million related principally to forward contract gains)	12.9
Cumulative Translation Adjustments at September 30, 1982	$30.5

THE BLACK AND DECKER MANUFACTURING COMPANY (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars except per share data)

Note 5: Foreign Currency Translation

In 1982, the Company changed its method of foreign exchange accounting by adopting Statement of Financial Accounting Standards No. 52. Prior years' financial statements have been restated and net earnings for 1981 increased by $1,131 ($.03 per share) while net earnings for 1980 decreased by $771 ($.02 per share). In addition, changes in stockholders' equity amounted to a decrease of $30,905 at September 27, 1981 and increases of $8,799 and $5,334 at September 28, 1980 and September 30, 1979, respectively.

Net foreign exchange losses included in earnings from continuing operations amounted to $7,029 ($.17 per share) in 1982, $1,555 ($.04 per share) in 1981 and $2,049 ($.05 per share) in 1980.

Activity in the equity adjustment from translation was as follows:

	(Debit) Credit		
	1982	1981	1980
Balance at beginning of year	$(22,496)	$18,339	$14,103
Translation adjustments net of financial hedges	(13,952)	(28,551)	4,343
Allocated income taxes	(2,795)	(11,385)	(107)
Liquidation of subsidiaries	300	(899)	—
Balance at end of year	$(38,943)	$(22,496)	$18,339

GENERAL MILLS, INC. (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note Two: Foreign Currency Translation

The company changed its method of accounting for foreign currency translation in fiscal 1982 by adopting Statement No. 52 of the Financial Accounting Standards Board. Implementation of this new standard increased net earnings over earnings computed under the previous standard by $9.5 million (19 cents per share) for fiscal year 1982. Prior years have not been restated.

Statement No. 52 generally requires that foreign currency assets and liabilities be translated using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rates prevailing throughout the period. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are accumulated as part of the cumulative foreign currency adjustment in stockholders' equity. Gains and losses from foreign currency transactions are generally included in net earnings for the period.

A reconciliation of the cumulative foreign currency adjustment (in millions) follows:

Opening adjustment from translation of June 1, 1981 balance sheet	$11.1
Adjustments during 1982, net of applicable income taxes of $5.1 million	29.0
Balance at May 30, 1982	$40.1

Foreign currency gains and losses included in net earnings are immaterial for fiscal years 1982, 1981 and 1980.

MCCORMICK & COMPANY, INCORPORATED (NOV)

NOTES TO FINANCIAL STATEMENTS

3. Foreign Currency Translation: As of the beginning of fiscal 1982, the Company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." This change in accounting increased 1982 net income by $621,000 ($.05 per share). Prior years' financial statements have not been restated as such treatment is not required.

Under the Statement, only the effects of foreign exchange rate fluctuations on subsidiaries and affiliates operating in highly inflationary economies (Mexico and Brazil) are included in net income. The aggregate foreign exchange loss included in 1982 net income was $7,466,000. This amount includes $6,938,000 relating to devaluations of the Mexican peso in 1982. The Company translated the peso using the "free market" and "preferential" rates which resulted from the December 1982 devaluation. Effects of foreign exchange rate fluctuations for other countries in which the Company operates are included in the foreign currency translation adjustments account within stockholders' equity. Changes in that account during 1982 were as follows:

Cumulative adjustment at December 1, 1981	$ 206,000
Translation adjustments during 1982	1,938,000
Income taxes applicable to aggregate adjustments	(71,000)
Balance at November 30, 1982	$2,073,000

MCGRAW-HILL INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Accounting Changes

Foreign Currency Translation

Effective January 1, 1982 the company changed its method of accounting for foreign currency translation to comply with the requirements of Statement of Financial Accounting Standards No. 52, Foreign Currency Translation. Under this standard all balances are translated using current exchange rates and translation adjustments are accumulated as a separate component of shareholders' equity. Periods prior to January 1, 1982 have not been restated because the impact on each of the prior years presented was not material. The foreign currency translation adjustment at January 1, 1982 resulting from applying the new requirements to the December 31, 1981 balance sheet of $2.1 million is reflected as the opening balance in the separate component of shareholders' equity.

A summary of the charges to the foreign currency translation adjustment component of shareholders' equity during 1982 follows:

	(Millions of dollars)
Opening balance, January 1, 1982	$ 2.1
Translation adjustments for the year	10.3
Income taxes applicable to translation adjustments	(.2)
Balance at December 31, 1982	$12.2

SPERRY CORPORATION (MAR)

NOTES TO FINANCIAL STATEMENTS

(In millions of dollars unless otherwise indicated)

2. Changes in Accounting

As of April 1, 1981 the Company adopted Statement of Financial Accounting Standards No. 52, Foreign Currency Translation, which increased net income for the year ended March 31, 1982 by $70.0 million, or $1.66 per share (fully diluted and primary). Prior years have not been restated.

In April 1981 the Company applied Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, which reduced net income for the years ended March 31, 1981 and 1980 by $1.8 million and $2.7 million, respectively, or 4 cents per fully diluted share and 5 cents per primary share in 1981 and 7 cents per share (fully diluted and primary) in 1980. Retained earnings at March 31, 1979 was reduced by $9.0 million. Financial statements for such periods have been restated accordingly.

18. Accumulated Translation Adjustment

The following table summarizes the changes in the accumulated translation adjustment account for the year ended March 31, 1982:

Adjustment on April 1, 1981	$ (35.4)
Translation adjustments	(185.8)
Income taxes allocated to translation adjustments	85.6
Balance at March 31, 1982	$(135.6)

LIFO Adopted

BEATRICE FOODS CO (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part):

Accounting Changes—During 1982 Beatrice made two significant accounting changes which were the adoption of the last-in, first-out (LIFO) cost basis for substantially all inventories located in the United States, and a change from the deferred method to the flow-through method of accounting for investment tax credit. The reasons for and the effects of these changes were as follows:

LIFO—In the fourth quarter of 1982, Beatrice changed from the FIFO to LIFO inventory costing method for substantially all domestic inventories. The change was made because, during inflationary periods, the LIFO method results in better matching of current costs with current revenues. Pro forma effects of retroactive application of LIFO to prior years are not determinable, and thus there is no cumulative effect on retained earnings at the beginning of the year. The decreases due to this change on previously reported data for the first three quarters of 1982, for the fourth quarter of 1982 and for fiscal 1982 in total are as follows (unaudited):

	Decreases		
Fiscal	Net	Earnings Per Share	
1982	Earnings		Fully
Quarter	*(In Millions)*	Primary	Diluted
1st	$ 4.7	$.05	$.04
2nd	4.9	.05	.05
3rd	4.7	.05	.04
4th	4.5	.04	.04
Total	$18.8	$.19	$.17

The FIFO amount of inventories exceeds that of the LIFO inventories by approximately $51.8 million (which includes $15.4 million related to inventories carried on the LIFO method in prior years) at February 28, 1982.

ROHM AND HAAS COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(11) Inventories

Effective January 1, 1982, the company adopted the last-in, first-out (LIFO) method of valuing inventories of consolidated subsidiaries located outside the United States. Domestic inventories have been valued under the LIFO method since 1974. LIFO accounting better matches current costs with current revenues and reduces distortions caused by inflation and exchange rate fluctuations.

Most foreign currencies weakened against the dollar during 1982. As a result, foreign subsidiaries reported lower revenues in dollar terms because local currency revenues were translated into dollars at lower exchange rates. LIFO accounting matches the lower dollar costs with the lower dollar revenues during the same time period in which the currency movement occurs. Quarterly gross profit margin fluctuations related to currency movements are thereby reduced.

The adoption of LIFO inventory accounting outside the United States increased 1982 net earnings by $15.7 million, or $1.22 per share. Pro forma effects of retroactive application of LIFO are not determinable, and there is no cumulative effect on retained earnings at the beginning of the year.

	1982	1981
	(thousands of dollars)	
Finished products and work in process	$213,636	$275,516
Raw materials	51,667	66,746
Supplies	26,979	34,544
	$292,282	$376,806

Beginning inventories used in determining 1982 and 1981 cost of goods sold were $376.8 million and $318.9 million. The current cost of inventories valued on the last-in, first-out (LIFO) method exceeded carrying value by approximately $71.2 million and $96.3 million at December 31, 1982, and 1981 respectively. Large inventory quantity reductions in 1982 resulted in $4.4 million lower costs of goods sold due to liquidation of low-cost LIFO inventory layers.

Other Inventory Changes

BURROUGHS CORPORATION (DEC)

Consolidated Statement of Income

	1982	1981	1980
Income before cumulative effect of accounting change for inventories	91,228	148,926	81,972
Cumulative effect for years prior to 1982 of accounting change for inventories	26,400		
Net income	$117,628	$148,926	$81,972
Earnings per share			
Before cumulative effect of accounting change for inventories	$2.17	$3.58	$1.99
Cumulative effect for years prior to 1982 of accounting change for inventories	.63		
Net income per share	$2.80	$3.58	$1.99
Pro forma—With 1982 accounting change for inventories applied retroactively			
Net income	$ 91,228	$152,119	$84,359
Net income per share	$2.17	$3.65	$2.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Accounting Changes

Inventories. Effective January 1, 1982, expenditures for hardware engineering support associated with current production are included in the determination of manufacturing overhead costs. These costs were previously charged to expense as incurred. This change results in a better matching of costs to related revenue, as these costs will now be charged to product cost as the related equipment is sold. The effect of this change for the current year was to increase earnings before income taxes by $11.7 million, and income before the cumulative effect of the accounting change by $6.5 million, or $.15 per share. Net income for 1982 has been increased by the cumulative effect of this change for years prior to 1982 of $26.4 million (after a reduction for income taxes of $21.1 million), or $.63 per share. The pro forma amounts shown on the Consolidated statement of income have been estimated assuming the retroactive application of this newly adopted accounting principle.

Depreciation Method

PHOENIX STEEL CORPORATION (DEC)

Statement of Operations and Accumulated Deficit

(dollars in thousands)

	For The Year Ended December 31,		
	1982	1981	1980
Income (loss) before extraordinary item and cumulative effect of accounting change	(20,736)	922	660
Extraordinary item—tax benefit resulting from utilization of loss carryforward		1,090	605
Cumulative effect to December 31, 1981 of change to a different depreciation method	3,245		
Net income (loss)	(17,491)	2,012	1,265
Accumulated deficit—beginning of year	(57,039)	(59,040)	(60,275)
Dividends on Series A preferred stock	(11)	(11)	(30)
Accumulated deficit—end of year	($74,541)	($57,039)	($59,040)
Per common share:			
Income (loss) before extraordinary item and cumulative effect of accounting change	($2.42)	($.07)	($.10)
Extraordinary item		.12	.07
Cumulative effect of accounting change	.35		
Net income (loss)	($2.07)	$.05	($.03)
Pro forma amounts assuming the accounting change is applied retroactively:			
Income (loss) before extraordinary item	($20,736)	$1,303	$ 849
Per share	($2.42)	($.03)	($.08)
Net income (loss)	($20,736)	$2,744	$1,642
Per share	($2.42)	$.13	$.01

NOTES TO FINANCIAL STATEMENTS

Note (in part): Accounting Changes

In the fourth quarter of 1982 the Company changed its accounting method with respect to a substantial portion of its machinery and equipment from straight-line depreciation to a modified units of production method. Under the new method, depreciation as calculated on a straight-line basis is adjusted within a certain range (±25%) for differences in actual production as compared to standard production levels. The Company believes the new method is preferable in its circumstances since it recognizes that the depreciation of its steel production equipment is related to production levels as well as to a time factor. The new method, which was applied retroactively to assets acquired subsequent to 1967, had the effect of reducing net loss for 1982 by $4,192,000 ($.46 per share), including $3,245,000 ($.35 per share) for the cumulative effect on prior years through December 31, 1981.

In connection with the review of depreciation methods, the Company determined that its steel production equipment would continue in service beyond the lives over which it was being depreciated. As a result, the Company revised its estimate to extend the useful lives of the equipment, generally from 18 to 25 years. The change in estimate, which was applied effective January 1, 1982, had the effect of reducing depreciation expense and net loss for 1982 by approximately $1,900,000 ($.20 per share).

WHEELING-PITTSBURGH STEEL CORPORATION

Consolidated Statement of Income and Accumulated Earnings

(In Thousands)

Year Ended December 31	1982	1981	1980
Income (loss) before cumulative effect of changes in accounting principles	(78,935)	31,543	14,675
Cumulative effect on prior years of changes in accounting principles:			
Depreciation (to December 31, 1981)	20,166	—	—
LIFO (to December 31, 1980)	—	28,516	—
Net income (loss)	(58,769)	60,059	14,675
Per share of common stock:			
Income (loss) before cumulative effect of changes in accounting principles	$(21.05)	$ 7.03	$2.85
Cumulative effect on prior years of changes in accounting principles:			
Depreciation	5.07	—	—
LIFO	—	7.25	—
Net income (loss) per share	$(15.98)	$14.28	$2.85
Pro forma amounts assuming the changes in accounting principles are applied retroactively:			
Net income (loss) as stated	$(58,769)	$60,059	$14,675
Effect on net income (loss) of retroactive application of:			
Depreciation change	(20,166)	2,061	4,402
LIFO change	—	(28,516)	4,838
Pro forma net income (loss)	$(78,935)	$33,604	$23,915
Net income (loss) per share of common stock as stated	$(15.98)	$14.28	$2.85
Effect on net income (loss) per share of retroactive application of:			
Depreciation change	(5.07)	.52	1.14
LIFO change	—	(7.25)	1.25
Pro forma net income (loss) per share	$(21.05)	$7.55	$5.24

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Accounting Changes

In the 1981 third quarter, the Corporation changed its method of determining the carrying value of LIFO inventories for financial reporting purposes from a single, all-inclusive cost pool (which continues to be used for tax purposes) to multiple pools. See Note G.

In the 1982 second quarter, the Corporation changed its method of depreciation for substantially all machinery and equipment for financial reporting purposes from straight-line to a modified units of production method. See Note H.

Note H (in part): Property, Plant and Equipment

In the 1982 second quarter, the Corporation changed its method of depreciation for substantially all machinery and equipment from straight-line to a modified units of production method. The modified units of production method provides for depreciation charges proportionate to the level of production activity thereby recognizing that depreciation of steelmaking machinery is related to the physical wear of the equipment as well as a time factor. The Corporation believes the modified units of production method is preferable in its circumstances to the method previously used and represents a method common to that used by many major steelmakers. This change improved results for the year ended December 31, 1982 by $28,606,000 ($7.17 per share), which included the cumulative effect on prior years (to December 31, 1981) of $20,166,000 equal to $5.07 per share ($38,736,000 before applicable taxes on income) and the effect on 1982 of $8,440,000 equal to $2.10 per share ($11,095,000 before applicable taxes on income).

Costs, Previously Expensed, Now Capitalized

OWENS-ILLINOIS, INC.

Consolidated Earnings

Years ended December 31, 1982, 1981, and 1980

Millions of dollars, except per-share amounts	1982	1981	1980
Earnings before cumulative effect of changes in methods of accounting ..	39.7	154.1	149.4
Cumulative effect on prior years (to December 31, 1981) of changes in methods of accounting for furnace rebuilding costs and mold costs, net of applicable income taxes..........	51.0		
Net earnings	$ 90.7	$154.1	$149.4
Earnings per common share:			
Primary:			
Earnings before cumulative effect of changes in methods of accounting	$ 1.36	$ 5.15	$ 5.09
Cumulative effect of changes in methods of accounting	1.82		
Net earnings	$ 3.18	$ 5.15	$ 5.09
Fully diluted:			
Earnings before cumulative effect of changes in methods of accounting	$ 1.35	$ 4.84	$ 4.70
Cumulative effect of changes in methods of accounting	1.72		
Net earnings	$ 3.07	$ 4.84	$ 4.70
Pro forma amounts assuming the changes in methods of accounting for furnace rebuilding costs and mold costs had been applied retroactively:			
Net earnings	$ 39.7	$152.1	$151.7
Primary	$ 1.36	$ 5.08	$ 5.17
Fully diluted	$ 1.35	$ 4.77	$ 4.77

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Methods of Accounting. Effective January 1, 1982, the Company's domestic operations adopted the capital method of accounting for the cost of rebuilding glass melting furnaces, where such costs are capitalized and depreciated over the estimated service life of the rebuild. In the past, the Company established a reserve for the future rebuilding costs of its glass melting furnaces through a charge against earnings during each period between dates of rebuilds. The Company changed to the capital method for furnace rebuilding costs because that method is used by its major competitors in the glass container industry. The change to the capital method also achieves consistency in accounting for furnace rebuilding costs within the Owens-Illinois consolidated group.

The Company's domestic operations and certain foreign operations also adopted (effective January 1, 1982) a policy of capitalizing mold costs. Under this method, the costs of complete sets of new and replacement molds are capitalized and depreciated over the estimated service lives of the assets. Previously these units provided no depreciation on molds but, rather, carried such assets at fixed values and charged all new and replacement molds to expense. The Company changed to the capital method because that method is used extensively in all industries and because the Company's major competitors generally use it in various forms. The change to the capital method also achieves consistency in accounting for mold costs within the Owens-Illinois consolidated group.

FINANCIAL REVIEW

Effects of Changes in Methods of Accounting. The cumulative effect on prior years (to December 31, 1981) of the change in the Company's method of accounting for the cost of rebuilding domestic glass melting furnaces was to increase net earnings for 1982 by $43.3 million or $1.54 per common share ($1.46 per share fully diluted). The change also decreased earnings before the cumulative effect of changes in methods of accounting for 1982 by $3.0 million and the related primary and fully diluted earnings per common share amounts by $.11 and $.10, respectively.

In addition, net earnings for 1982 increased by $7.7 million as a result of the cumulative effect (to December 31, 1981) of the change in the Company's method of accounting for mold costs in domestic operations and certain foreign operations. The related increases in primary and fully diluted earnings per common share were $.28 and $.26, respectively. This change had the effect of decreasing earnings before the cumulative effect of changes in methods of accounting for 1982 by $1.2 million or $.04 per common share ($.04 per share, fully diluted).

Investment Credit

UNITED TECHNOLOGIES CORPORATION (DEC)

Consolidated Statement of Income

In Thousands of Dollars (except per share amounts)	Years Ended December 31, 1982	1981	1980
Income before extraordinary item and cumulative effect of change in accounting principle	$426,874	$457,686	$393,383
Extraordinary gain	40,226	—	—
Cumulative effect of change in accounting principle	66,621	—	—
Net Income	$533,721	$457,686	$393,383
Preferred Stock Dividend Requirement	$ 69,570	$76,835	$ 81,239
Earnings Applicable to Common Stock	$464,151	$380,851	$312,144
Per Share of Common Stock:			
Primary:			
Income before extraordinary item and cumulative effect of change in accounting principle	$6.73	$7.71	$7.28
Extraordinary gain	.76	—	—
Cumulative effect of change in accounting principle	1.25	—	—
Net Income	$8.74	$7.71	$7.28
Fully Diluted:			
Income before extraordinary item and cumulative effect of change in accounting principle	$6.41	$7.05	$6.51
Extraordinary gain	.60	—	—
Cumulative effect of change in accounting principle	1.00	—	—
Net Income	$8.01	$7.05	$6.51
Pro forma assuming retroactive application of change in accounting principle:			
Income before extraordinary item	$426,874	$473,580	$408,305
Per Share of Common Stock			
Primary earnings	$6.73	$8.03	$7.63
Fully diluted earnings	$6.41	$7.29	$6.76
Net Income	$467,100	$473,580	$408,305
Per Share of Common Stock			
Primary earnings	$7.49	$8.03	$7.63
Fully diluted earnings	$7.01	$7.29	$6.76

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Summary of Accounting Principles

In 1982, the method of accounting for the investment tax credit was changed from the deferral method to the flow-through method (see Note 2). Under the flow-through method, the provision for federal income taxes is reduced by investment tax credits in the year the related assets are placed in service.

Note 2: Accounting Changes: Effective January 1, 1982, the Corporation changed its method of accounting for investment tax credits from the deferral method to the flow-through method in order to achieve greater comparability with the accounting practices of most other industrial concerns and, in the opinion of the Corporation, to more accurately reflect the economic impact of investment decisions on reported earnings. Under the flow-through method, the provision for federal income taxes is reduced by investment tax credits in the year the related assets are placed in service, rather than deferring such investment tax credits and amortizing them over the estimated useful lives of the related assets.

The effect of the change in 1982 was to increase net income by $81,425,000 or $1.53 per share on a primary basis and $1.22 per share on a fully diluted basis, of which $66,621,000 ($1.25 primary earnings per share and $1.00 fully diluted earnings per share) represents the cumulative effect of investment tax credits through 1981 and $14,804,000 ($.28 primary earnings per share and $.22 fully diluted earnings per share) represents the net effect of 1982 investment tax credits. Pro forma earnings and related per share amounts as if the flow-through method had been adopted retroactively are included in the Consolidated Statement of Income.

Effective January 1, 1981, the Corporation adopted the provisions of Statement of Financial Accounting Standard No. 52, "Foreign Currency Translation," which was issued in December 1981, as explained more fully in Note 5. The portion of the net exchange losses deferred as a component of Shareowners' Equity in 1981, which would have been charged against income under the previously effective Financial Accounting Standard, amounted to $42,706,000, net of income tax effects, equivalent to $.86 primary earnings per common share, or $.66 per share on a fully diluted basis. After reflecting the adoption of FAS No. 52, earnings were charged or credited with foreign exchange (losses) and gains of $(7,004,000), $(12,145,000) and $1,480,000 in 1982, 1981 and 1980, respectively.

REPORTING ENTITY

AMERICAN PETROFINA INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Investments in Joint Ventures

On February 1, 1982, the co-venturer in Cos-Mar, Incorporated, a joint venture petrochemical operation, increased its interest in the joint venture from 31% to 50% by making a disproportionate capital contribution of approximately $32,000,000 and assuming an equal share of the joint venture's obligations. As a result of its reduced interest in the joint venture, the Company changed, as of February 1, 1982, its method of reporting the investment from the pro rata consolidation method to the equity method. The transaction and change in presentation reduced investments in affiliates, net property, plant and equipment, and lease obligations by approximately $26,000,000, $38,000,000 and $32,000,000, respectively. The $26,000,000 reduction in investments in affiliates substantially offset approximately $29,000,000 included in the investment account at December 31, 1981 which related to the expansion of the joint venture's facilities.

The transaction did not affect the Company's results of operations. Investments in and advances to the joint venture were $12,224,000 at December 31, 1982 and the Company's share of the joint venture's debt was $20,956,000 at that date.

CONSOLIDATION POLICIES

Accounting Research Bulletin No. 51 states in part:

1. The purpose of consolidated statements is to present, primarily for the benefit of the shareholders and creditors of the parent company, the results of operations and the financial position of a parent company and its subsidiaries essentially as if the group were a single company with one or more branches or divisions. There is a presumption that consolidated statements are more meaningful than separate statements and that they are usually necessary for a fair presentation when one of the companies in the group directly or indirectly has a controlling financial interest in the other companies.

5. Consolidated statements should disclose the consolidation policy which is being followed. In most cases this can be made apparent by the headings or other information in the statements, but in other cases a footnote is required.

Paragraphs 2 and 3 of *ARB No. 51* and paragraph 8, Chapter 12 of *ARB No. 43* describe the conditions under which a subsidiary should or might not be consolidated.

Table 1-9 summarizes the consolidation policies of the survey companies for significant subsidiaries and shows the type of subsidiary commonly excluded from consolidation. For the purpose of the aforementioned tabulation a subsidiary is a company described in an annual report as a subsidiary or as more than 50 percent owned by its parent company. Notes to financial statements discussing consolidation policies follow.

TABLE 1-9: CONSOLIDATION POLICIES

	1982	1981	1980	1979
Nature of Subsidiaries Not Consolidated				
Finance related				
Credit	102	94	97	93
Insurance	60	53	49	42
Leasing	21	24	22	22
Banks	4	6	5	7
Real Estate	33	29	27	27
Foreign	20	19	28	27
Number of Companies				
Consolidating all significant subsidiaries	414	423	422	434
Consolidating certain significant subsidiaries	180	168	170	156
Not presenting consolidated financial statements	6	9	8	10
Total Companies	**600**	**600**	**600**	**600**

All Subsidiaries Consolidated

ALLIED STORES CORPORATION (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (in part)

Principles of Consolidation: The consolidated financial statements of Allied Stores Corporation include the accounts of all the Corporation's subsidiaries, which are the merchandising subsidiaries, Allied Stores Credit Corporation and Alstores Realty Corporation. Condensed financial statements of the credit and real estate subsidiaries are presented on page 25.

AMERICAN STANDARD INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Consolidation The financial statements include on a consolidated basis the results of all majority-owned operating subsidiaries. All material intercompany transactions are eliminated. Investments in associated companies are included at cost plus the Company's equity in their net income.

JAMES RIVER CORPORATION OF VIRGINIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies:

A) Consolidation and Segment Reporting:

The accompanying financial statements include the accounts of James River Corporation of Virginia ("James River") and its subsidiaries (collectively, the "Company"), all of which are wholly-owned except James River-Pepperell, Inc. which is 80% owned. All material intercompany accounts and transactions are eliminated in consolidation.

The Company is predominantly engaged in one business segment: the development, manufacture and marketing of specialty and other papers.

NL INDUSTRIES, INC. (DEC)

SUMMARY OF ACCOUNTING POLICIES

Basis of Consolidation. The consolidated financial statements include the accounts of the Company and all majority-owned domestic and foreign subsidiaries. The effect of changes in companies included in the consolidation during the three years ended December 31, 1982 did not have a material effect on net income during such years.

The Company's investments in unconsolidated partially-owned domestic and foreign companies are stated at cost, adjusted for subsequent changes in equity. The Company includes in income its equity in the net income of such companies.

OUTBOARD MARINE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Basis of Consolidation

The accounts of all subsidiaries are included in the Consolidated Financial Statements. Intercompany accounts, transactions and earnings have been eliminated in consolidation. All subsidiary companies are wholly owned except Outboard Marine Australia Pty. Limited which is 75% owned; the minority interest in this subsidiary's earnings of $160,000, $451,000 and $669,000 in 1982, 1981 and 1980, respectively, is included in other expense in the Statement of Consolidated Earnings.

J.P. STEVENS & CO., INC.

NOTES TO FINANCIAL STATEMENTS

Note A—Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries, including the accounts of Children's Publishers Corporation from April 16, 1981, Stevens Color Concepts Inc. from April 28, 1981 and Oxmoor Press Inc. from February 29, 1980, the dates of acquisition. The three aforementioned companies are printing companies, the assets (net of certain liabilities) of which were acquired by purchase. In 1980, the Company sold substantially all the assets of one foreign subsidiary and a 50% interest in another foreign subsidiary. These transactions did not have a material effect on the consolidated financial statements.

Intercompany items and transactions have been eliminated in consolidation.

All Significant Subsidiaries Consolidated

AMERADA HESS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of Amerada Hess Corporation and all significant subsidiaries (the "Corporation").

Investments in affiliated companies owned 20% to 50% inclusive, are stated at cost of acquisition plus the Corporation's equity in undistributed net income since acquisition. The change in the equity in net income of these affiliated companies is included in other revenues in the Statement of Consolidated Income.

Inter-company items are eliminated in consolidation.

BEATRICE FOODS CO. (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1: Summary of Significant Accounting Policies

Principles of Consolidation—The consolidated financial statements include all significant majority owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. Investments in 20% to 50% owned companies and joint ventures (affiliated companies) are carried on the equity method. Subsidiaries operating outside the United States are included on the basis of fiscal years generally ending on December 31.

COLLINS & AIKMAN CORPORATION (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, except per share data)

1 (in part): Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of all domestic and Canadian subsidiaries. The Company's European subsidiaries, which are not material, are accounted for on an equity basis. All intercompany transactions and profits have been eliminated.

MINNESOTA MINING AND MANUFACTURING COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Accounting Policies (in part)

Consolidation: All significant subsidiaries are consolidated. Subsidiaries outside the United States are included in consolidation on the basis of their fiscal years ended October 31. Unconsolidated affiliates are included on the equity basis.

PIONEER HI-BRED INTERNATIONAL, INC. (AUG)

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Principles of consolidation:

The consolidated financial statements include the accounts of the Company, its wholly-owned domestic subsidiaries and its Canadian subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company carries its investment in thirteen foreign subsidiaries, which in the aggregate do not constitute a significant subsidiary, at cost plus (less) equity in undistributed net income (loss).

Finance-Related Subsidiaries Not Consolidated

AMERICAN BRANDS, INC. (DEC)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and all subsidiaries other than The Franklin Life Insurance Company, a wholly owned subsidiary, which is accounted for by the equity method. Fiscal year-ends of certain subsidiaries of Gallaher Limited range from September 30 to November 30 to facilitate Gallaher's year-end closing.

The 1981 and 1980 consolidated statements of changes in financial position have been restated to conform to the 1982 presentation.

ARCHER DANIELS MIDLAND COMPANY (JUN)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries except ADM Leasco, Inc. (see Note 11). Investments in ADM Leasco, Inc. and 50%-owned companies are carried at cost plus equity in undistributed earnings since acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11—ADM Leasco, Inc.

The Company's wholly-owned leasing subsidiary, ADM Leasco, Inc., is engaged primarily in leasing transportation equipment within the United States. At June 30, 1982, ADM Leasco, Inc. had equipment with a net book value of approximately $53,000,000 and long-term debt of approximately $50,000,000. Annual operating income during each of the three years ended June 30, 1982 approximated $8,000,000 and earnings, which were not material, are included in other income.

THE BENDIX CORPORATION (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

CONSOLIDATED FINANCIAL STATEMENTS AND RELATED MATTERS—The consolidated financial statements comprise those of the Corporation and all of its subsidiaries, except for a finance subsidiary. The equity method of accounting is used for the finance subsidiary and for other investments in nonconsolidated companies where the Corporation is able to exercise significant influence over operating and financial policies.

The financial statements of subsidiaries outside the U.S. and Canada generally are included in the consolidated financial statements on the basis of fiscal years ending August 31. Certain amounts for years prior to 1982 have been reclassified for comparative purposes.

THE DOW CHEMICAL COMPANY (DEC)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION—The accompanying consolidated financial statements include the assets, liabilities, revenues and expenses of all significant subsidiaries except for banks and insurance companies. Because of the nature of their operations, the accounts of these companies are not consolidated. However, their earnings are included in consolidated net income under the equity method of accounting.

THE FIRESTONE TIRE & RUBBER COMPANY (OCT)

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies (in part)

Principles of consolidation—The financial statements include the accounts of all significant subsidiaries in which the Company owns 50 percent or more of the voting stock, except Firestone Credit Corporation (FCC), a wholly-owned subsidiary which is accounted for based on the equity method. Pre-tax income of FCC is included in the Statements of Income as a reduction of interest and debt expense and the income taxes thereon are included in income taxes.

Intercompany accounts and transactions of consolidated subsidiaries have been eliminated in consolidation.

Investments in companies in which ownership interests range from 20% to 50% and the Company exercises significant influence over operating and financial policies are accounted for on the equity method. Other investments are accounted for on the cost method.

PORTEC, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Consolidation—The consolidated financial statements include the accounts of all subsidiaries except Portec Lease Corp., which is accounted for under the equity method of accounting. Portec Lease Corp. is a lease financing subsidiary which is 100% owned by the Company. Condensed financial information for Portec Lease Corp. is shown in Note 4. The United Kingdom subsidiary is consolidated on the basis of a November 30 fiscal year.

Note 4. Investments in and Advances to Portec Lease Corp.

Investment in and advances to Portec Lease Corp. at December 31, 1982 and 1981, were $13,588,000 and $5,432,000, respectively. The Company's equity in net income from Portec Lease Corp. for 1982, 1981 and 1980, was $1,000,0000, $537,000 and $628,000, respectively.

Condensed financial information for Portec Lease Corp. as of December 31, is as follows:

Condensed Balance Sheet

	1982	1981
	(In thousands of dollars)	
Assets		
Cash and marketable securities	$ 8,331	$ 154
Receivables under lease contract—net	3,825	2,331
Notes receivable	541	1,083
Investment in leveraged leases	2,398	531
Equipment under operating leases—net	9,886	6,436
Other assets	131	92
	$25,112	$10,627
Liabilities and Stockholders' Equity		
Amounts payable to Parent	$ 3,001	$ 1,284
Other liabilities	56	58
Deferred income taxes	2,054	853
Advances from Parent	7,156	—
Revolving credit agreement	3,300	3,000
Long-term debt	3,113	—
Total Liabilities	18,680	5,195
Stockholders' equity		
Common stock, $100 par value authorized 60,000 shares 40,000 shares issued and outstanding	4,000	4,000
Retained earnings	2,432	1,432
	6,432	5,432
	$25,112	$10,627

Condensed Statements of Income year ended December 31,

	1982	1981	1980
	(In thousands of dollars)		
Revenues	$1,794	$845	$597
Expenses			
Interest	956	324	31
Depreciation	588	321	151
General and administrative	233	193	78
	1,777	838	260
Income before income taxes	17	7	337
Income taxes and investment tax credits—net	(983)	(530)	(291)
Net income	$1,000	$537	$628

Business: Portec Lease Corp. is a wholly owned subsidiary of Portec, Inc. which leases and finances to third parties, equipment manufactured by divisions of the Parent and outside suppliers.

Portec Lease Corp.'s balance sheet, in accordance with industry practice, does not classify the assets and liabilities as current or noncurrent.

Foreign Subsidiaries Not Consolidated

HARNISCHFEGER CORPORATION (OCT)

FINANCIAL NOTES

Note 1 (in part): Summary of Significant Accounting Policies

Consolidation—The consolidated financial statements include the accounts of all majority-owned subsidiaries except a wholly-owned domestic finance subsidiary, a subsidiary organized in 1982 as a temporary successor to a distributor, both of which are accounted for under the equity method, and a wholly-owned Brazilian subsidiary, which is carried at estimated net realizable value due to economic uncertainty. A 49% investment in an associated company is accounted for under the equity method. Intercompany transactions have been eliminated in the consolidated financial statements.

Financial statements of certain consolidated subsidiaries, principally foreign, are included on the basis of their fiscal years ending July 31 through September 30. Such fiscal periods have been adopted by the subsidiaries in order to provide for a timely consolidation with the Corporation.

Other Nonconsolidated Subsidiaries

COLT INDUSTRIES INC (DEC)

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Principles of Consolidation—Investments in which the company's ownership of common voting stock is over 50 percent are consolidated in the financial statements except for its finance business and Colt Canada Inc which are accounted for on the equity basis. The finance business is not consolidated since its operations are not similar to the operations of the consolidated group. Colt Canada Inc is not consolidated due to its pending sale early in 1983. Investments in which the company has stock ownership of at least 20 percent but not over 50 percent are accounted for on the equity basis. Intercompany accounts and transactions are eliminated.

A.E. STALEY MANUFACTURING COMPANY (SEP)

SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries which are more than 50% owned, except for the Company's wholly owned commodity futures trading subsidiary. All material intercompany transactions have been eliminated.

Investments in the commodity futures trading subsidiary and in affiliates 50% or less owned are accounted for by the equity method and are referred to as equity companies. The consolidated financial statements include in net earnings the Company's share of the net earnings of equity companies, and the Company's investments in such companies are stated at cost plus equity in undistributed net earnings.

Effective with 1982, the Company adopted Financial Accounting Standards Board Statement No. 52 for translating foreign currency in accounting for its foreign subsidiaries and equity companies.

BUSINESS COMBINATIONS

Paragraph 8 of *APB Opinion No. 16* states:

The Board concludes that the purchase method and the pooling of interests method are both acceptable in accounting for business combinations, although not as alternatives in accounting for the same business combination. A business combination which meets specified conditions requires accounting by the pooling of interests method. A new basis of accounting is not permitted for a combination that meets the specified conditions, and the assets and liabilities of the combining companies are combined at their recorded amounts. All other business combinations should be accounted for as an acquisition of one or more companies by a corporation. The cost to an acquiring corporation of an entire acquired company should be determined by the principles of accounting for the acquisition of an asset. That cost should then be allocated to the identifiable individual assets acquired and liabilities assumed based on their fair values; the unallocated cost should be recorded as goodwill.

Paragraphs 50 to 65 and 66 to 96 of *Opinion No. 16* describe the manner of reporting and disclosures required for a pooling of interests and a purchase, respectively.

Table 1-10 shows that in 1982 the survey companies reported 24 business combinations accounted for as a pooling of interests of which 13 such business combinations did not result in a restatement of prior year financial statements. Those companies not restating prior year financial statements for a pooling of interests usually commented that the reason for not doing so was immateriality. Examples of poolings of interests and purchases follow.

TABLE 1-10: BUSINESS COMBINATIONS

	1982	1981	1980	1979
Poolings of Interests				
Prior year financial statements restated	11	17	17	22
Prior year financial statements not restated..	13	13	17	17
Total	**24**	**30**	**34**	**39**
Purchase Method.................	**145**	**156**	**159**	**185**

POOLINGS OF INTERESTS

CHESEBROUGH-POND'S INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Acquisition

On June 30, 1982 the company acquired Prince Manufacturing, Inc. and certain royalty rights ("Prince") for 1,903,497 shares of stock valued at $62.4 million. Prince manufactures and markets tennis racquets and tennis equipment. This acquisition has been accounted for on a pooling-of-interests basis and, accordingly, the accompanying consolidated financial statements for years prior to 1982 have been restated to include the accounts and operations of Prince. Combined and separate results of Chesebrough-Pond's Inc. and Prince for the periods prior to the acquisition were as follows:

(in thousands)	Six Months Ended June 30, 1982 (unaudited)	Year Ended December 31, 1981	Year Ended December 31, 1980
Net Sales:			
Chesebrough-Pond's Inc..	$759,875	$1,522,272	$1,375,282
Prince......................	28,597	35,376	18,039
Combined..............	$788,472	$1,557,648	$1,393,321
Net Income:			
Chesebrough-Pond's Inc..	$56,563	$112,418	$97,788
Prince......................	3,207	5,003	$1,950
Combined..............	$59,770	$117,421	$99,738

CORNING GLASS WORKS (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 (in part): Stockholders' Equity

Poolings of Interests

On February 26, 1982 the businesses of the company and MetPath Inc., a New Jersey based clinical laboratory services company, were combined in a transaction accounted for as a pooling of interests. This transaction involved the combining of the account balances of the two companies and the exchange, at .4488 share of Corning common stock for each outstanding share of MetPath, of 2,915,955 shares of Corning common stock for all outstanding shares of MetPath not previously owned by Corning. Financial statements for all years presented have been restated to include the accounts and operations of MetPath Inc. MetPath's previously reported financial results have been changed to conform to Corning's fiscal year end. Separate results of operations of the combined entities for the years ended January 3, 1982 and December 28, 1980 are as follows:

	1981	1980
Net Sales		
Corning (as previously reported)........	$1,598.5	$1,529.7
MetPath Inc.	115.6	92.8
Combined..............................	$1,714.1	$1,622.5
Net Income		
Corning (as previously reported)........	$ 97.4	$ 114.7
MetPath Inc.	6.3	5.8
Combined..............................	$ 103.7	$ 120.5

DOYLE DANE BERNBACH INTERNATIONAL INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note C (in part):

On March 16, 1982, the Registrant consummated its merger of Fletcher/Mayo/Associates, Inc. ("FMA"), an advertising agency in St. Joseph, Missouri, specializing in agricultural and industrial advertising, into a wholly-owned subsidiary of the Registrant. Under the terms of the Merger Agreement, the shareholders of FMA received an aggregate of 199,962 shares of the Registrant's common stock. The merger has been accounted for as a pooling of interests and, accordingly, the consolidated financial statements for prior years have been restated to reflect the accounts of FMA. The Registrant's results of operations for the calendar years 1980 and 1981 have been restated to include FMA's results for its fiscal years ended September 30, 1980 and 1981, respectively. FMA's net income of $196,000 ($.03 per share) (generated from commissions and fees of $1,457,000) for the three months ended December 31, 1981 was credited to consolidated retained earnings in 1982.

A reconciliation of commissions and fees, net income and net income per share as originally reported and as restated follows (in thousands of dollars):

	1980	1981
Commissions and fees:		
Doyle Dane Bernbach International Inc.	$145,070	$161,793
Fletcher/Mayo/Associates, Inc.	3,486	4,448
As Restated	$148,556	$166,241
Net income:		
Doyle Dane Bernbach International Inc.	$ 10,728	$ 10,735
Fletcher/Mayo/Associates, Inc.	185	267
As Restated	$ 10,913	$ 11,002
Net income per share:		
As previously reported	$2.02	$1.94
As restated	$1.98	$1.92

Purchases

ANHEUSER-BUSCH COMPANIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Acquisitions and Disposition

On November 2, 1982 the company acquired all of the outstanding common stock of Campbell Taggart, Inc. (Campbell Taggart). Campbell Taggart, through its operating subsidiaries, is engaged in the production and sale of food and food-related products. The cost of the acquisition was $560.0 million, consisting of $275.0 million paid in cash for approximately 50% of Campbell Taggart's outstanding common stock and 7.5 million shares of Anheuser-Busch Convertible Redeemable Preferred Stock with an estimated fair value of $285.0 million issued in exchange for the remaining Campbell Taggart common stock. The estimated fair value of the convertible redeemable preferred stock was determined on August 19, 1982.

The acquisition has been accounted for using the purchase method of accounting. Campbell Taggart's assets and liabilities have been recorded in the company's financial statements at their estimated fair values at the acquisition date. The excess cost of the acquisition over the estimated fair value of the net assets is amortized on a straight-line basis over 40 years. The Consolidated Statement of Income includes the operations of Campbell Taggart from November 2, 1982 through December 28, 1982.

Following are pro forma combined results of operations for the years ended December 31, 1982 and 1981, assuming the acquisition of Campbell Taggart had occurred on January 1, 1981. The results are not necessarily indicative of what would have occurred had the acquisition been consummated as of January 1, 1981, or of future operations of the combined companies. The results are based on purchase accounting adjustments recognized on consolidating Campbell Taggart, and include additional interest expense as if funds borrowed in connection with the acquisition had been outstanding from the beginning of each year.

	Pro Forma (unaudited) Year ended December 31,	
	1982	1981
	(In millions, except per share data)	
Net sales	$5,623.0	$5,097.2
Net income	299.0	233.4
Net income per share (fully diluted)	5.65	4.49

AMERICAN HOME PRODUCTS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. In March, 1982, the Company acquired for $425,000,000 and expenses the Sherwood Medical Group of companies (Sherwood). The acquisition has been accounted for as a purchase; the excess of cost over the fair value of the net assets acquired was approximately $71,115,000 and is being amortized over 40 years on the straight-line method. Sherwood's results of operations since the acquisition date are included in the consolidated financial statements. The following table summarizes, on an unaudited pro-forma basis, the combined results of operations as though Sherwood had been acquired on January 1, 1982 and 1981 (in thousands of dollars except per share amounts):

	1982	1981
Net sales	$4,627,574	$4,390,994
Net income	$ 555,568	$ 484,101
Net income per share	$ 3.56	$ 3.10

BAKER INTERNATIONAL CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Acquisitions:

Effective March 2, 1982, the Company acquired Envirotech Corporation, a manufacturer of mining and industrial processing machinery and equipment. The purchase price of $64,789,000 consisted of $13,688,000 in cash and 1,825,000 shares of Baker common stock with a market value of $51,101,000.

This acquisition has been accounted for as a purchase, and the results of operations of Envirotech have been included with those of the Company since the date of acquisition. The excess of the total acquisition cost over the fair value of net assets acquired was $75,404,000 and is being amortized on the straight-line basis over forty years.

The unaudited pro forma consolidated results of operations which follow assume that the merger had occurred as of October 1, 1980. The pro forma data do not include the results of operations discontinued by Envirotech prior to the March 2, 1982 acquisition date.

(In thousands of dollars except per share amounts)	Year Ended September 30,	
	1982	1981
Revenues	$2,679,530	$2,520,872
Net income	242,545	220,202
Net income per share	3.48	3.20

Prior to March 2, 1982, Envirotech discontinued operations in certain of its business segments. At the acquisition date, the Company provided for estimated future costs to be incurred in closing down these businesses and resolving customer claims. At September 30, 1982, these discontinued segments are included in the consolidated balance sheet as follows: other current assets, $22,500,000; other long-term assets, $5,100,000; other current liabilities, $30,400,000; and other long-term liabilities, $43,873,000.

BUCKBEE-MEARS COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share amounts)

2. Acquisitions

In June 1982, the Company acquired Camelot Industries Corporation ("Camelot"), a producer of optical products, for $13,500 in cash. The transaction has been accounted for as a purchase and the financial statements include the results of operation of Camelot from the date of purchase. The acquisition cost has been allocated to the acquired net assets based on their relative values. The excess of aggregate value of the acquired net assets over the acquisition cost was applied to noncurrent assets reducing them to zero. The remaining excess of $8,864 has been recorded as a deferred credit to be amortized into income on an accelerated basis over a period of five years. Included as a reduction of cost of products sold in the operating results for the year ended December 31, 1982 is $1,933 of amortization.

The following unaudited pro forma information shows the results of operations for the years ended December 31, 1982 and 1981 as though the purchase of Camelot were made at the beginning of each period presented. In addition to combining the historic results of Camelot with the Company, the pro forma calculations include adjustments for the estimated effect on Camelot's historical results of operations of certain changes in asset and liability values and additional interest expense as if debt incurred in connection with the purchase had been outstanding from the beginning of each period.

	1982	1981
Revenues	$142,022	$141,378
Net Earnings	$ 5,889	$ 8,170
Earnings per Share	$1.73	$2.58

The pro forma financial information is not necessarily indicative either of results of operations that would have occurred had the purchase been made at the beginning of the period, or of future results of operations of the combined companies.

During the second quarter of 1982, the Company acquired three contact lens manufacturers for cash and notes payable and formed a subsidiary, the Vision-Ease Contact Lens Company. On September 1, 1981, a subsidiary of the Company acquired substantially all of the assets of Electronics Stamping Corporation, a California manufacturer of precision metal stampings and proprietary connector components, for cash and notes payable. These acquisitions, accounted for as purchases, did not have a material effect on operating results and financial position of the Company.

MARRIOTT CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions and Dispositions

In 1982, subsidiaries of the company acquired the outstanding common stock of Host International, Inc. (Host) and Gino's Inc. (Gino's) for cash. Both acquisitions were financed through the company's available revolving bank loan commitments and were accounted for as purchases. The aggregate purchase price and long-term liabilities assumed were $151,300,000 and $53,425,000 for Host and $48,119,000 and $64,606,000 for Gino's, respectively. Excess of cost over values assigned (goodwill) of $8,576,000 for Host is being amortized on a straight line basis over 40 years.

Host is a diversified company operating a number of airline terminals, specialty restaurants and retail merchandising facilities. In connection with the acquisition, the company honored option agreements granted by Host to DFS Group Limited and sold certain of Host's duty-free operations for $20,000,000 plus $11,857,000 for inventories. The results of operations for Host are included in the consolidated financial statements from the date of acquisition, March 3, 1982. Operating results of Host have been identified with the company's existing businesses and are included within the Contract Food Services and Restaurant segments. Summarized below are the unaudited pro forma consolidated results from continuing operations as if Host had been acquired at the beginning of 1981 (in thousands except per share amounts):

	1982	1981
Sales	$2,590,555	$2,294,448
Net Income	93,175	79,988
Earnings per share (fully diluted)	3.39	2.97

The above unaudited pro forma results of operations pertaining to the periods prior to the acquisition include adjustments to reflect the interest expense on borrowed funds used to finance the acquisition, additional depreciation on revalued purchased assets and the elimination of results from discontinued operations.

Gino's was a fast food and restaurant company acquired primarily to obtain prime real estate sites and to convert them into Roy Rogers Restaurants. Operating profits for Gino's are recorded as a reduction in the cost of units being converted to Roy Rogers. Gino's assets that will be sold have been recorded at their estimated net realizable value as of the acquisition date, February 5, 1982. By the end of 1983, the company plans to convert 175 of Gino's 540 restaurants into Roy Rogers and to sell a significant portion of the remaining Gino's restaurants and operations. On August 6, 1982, the company sold 69 Gino's units to KFC Corporation for $15,077,000. Additionally, an agreement in principle was signed on December 10, 1982 for the sale of 108 of Gino's Rustler Restaurants. Closing on the sale is anticipated in 1983.

"Assets from acquisitions held for sale" at fiscal year-end includes primarily Gino's restaurants to be disposed of, at net realizable value, net of related capital lease obligations of $27,357,000.

On March 9, 1982, the company sold its Farrell's Ice Cream Parlour Restaurant Division for $15,000,000 plus $1,886,000 for inventories. Farrell's sales and operating income for 1982 through the disposition date were $8,376,000 and $970,000 (including gain on sale) and were $50,531,000 and $3,646,000 for 1981, and $51,646,000 and $2,770,000 for 1980.

CONTINGENCIES AND COMMITMENTS

FASB Statement of Financial Accounting Standards No. 5 defines a contingency as "an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an enterprise that will ultimately be resolved when one or more future events occur or fail to occur." *SFAS No. 5,* supersedes *Accounting Research Bulletin No. 50* as the authoritative pronouncement on accounting for and reporting loss contingencies but reaffirms the provisions of *ARB No. 50* that apply to gain contingencies and to commitments.

FASB Interpretation No. 34, effective for fiscal years ending after June 15, 1981, requires that indirect guarantees of indebtedness of others be disclosed.

FASB Statement of Financial Accounting Standards No. 47 discusses "unconditional purchase obligations typically associated with project financing arrangements." Paragraph 7 of *SFAS No. 47* states the disclosure requirements for unconditional purchase obligations, as defined in paragraph 6, which have not been recognized in the balance sheet. *SFAS No. 47* is effective for fiscal year ending after June 15, 1981.

Table 1-11 summarizes the various contingencies and commitments (except leases which are summarized in Table 2-27) disclosed in the 1982 annual reports of the survey companies. The balance sheets of 195 survey companies showed a caption, without an amount, for contingencies and/or commitments. Examples of contingency and commitment disclosures follow. Additional examples of disclosures concerning sale of receivables with recourse and obligations to maintain working capital or restrict dividends are presented in connection with Tables 2-6 and 2-25, respectively.

LOSS CONTINGENCIES

Litigation

CBS INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Litigation

Various legal actions, governmental proceedings and other claims are pending against the Company. The types of relief requested include injunctions, damages (including, in some instances, treble damages) and revocation of the Company's broadcast licenses. While the Company cannot predict the results of any litigation, it believes that it has meritorious defenses to those actions, proceedings and claims. The Company believes that the liability, if any, resulting from such litigation will not have a materially adverse effect on its consolidated operations or consolidated financial position.

The Company is named as a defendant in numerous defamation actions in the United States, including an action (discussed below) commenced by William C. Westmoreland on September 13, 1982, in the United States District Court for the District of South Carolina. While the Company cannot predict the results of these actions, it believes that it has meritorious defenses and that the liability, if any, resulting from such suits will be substantially covered by insurance and that any uninsured liability from such actions will not have a materially adverse effect on its consolidated operations or consolidated financial position.

TABLE 1-11: CONTINGENCIES AND COMMITMENTS

	Number of Companies			
	1982	1981	1980	1979
Loss Contingencies				
Litigation	341	342	354	353
Guarantee of indebtedness	125	127	132	122
Other guarantees	54	62	N/C	N/C
Sale of receivables with recourse	83	70	71	70
Possible tax assessment	69	73	89	88
Government regulations	43	35	19	20
Renegotiation of government contracts	7	13	23	30
Other—described	22	32	59	48
Gain Contingencies				
Operating loss carryforward	127	86	77	77
Investment credit carryforward	115	84	84	79
Plaintiff litigation	24	22	21	22
Commitments				
Dividend restrictions	434	430	425	427
Plant expansion	103	103	115	106
Purchase agreements	61	67	28	29
Employment contracts	19	13	16	14
Sale agreements	16	11	N/C	N/C
Additional payments in connection with an acquisition	10	10	4	9
Other—described	12	19	21	24

N/C—Not Compiled.

In the action referred to above, William C. Westmoreland claims a total of $120 million in compensatory and punitive damages as a result of alleged defamations by a CBS News Special Report entitled "The Uncounted Enemy: A Vietnam Deception," broadcast by CBS on January 23, 1982 and by related broadcasts and publications. CBS has denied the material allegiations of the complaint and successfully sought transfer of the action to the United States District Court for the Southern District of New York, where the matter is now pending and in discovery.

CONSOLIDATED PACKAGING CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

9. Litigation

A 1980 lawsuit by the City of Monroe, Michigan, against the Company claims damages of $1,497,740 for an alleged breach of contract to pay certain water treatment charges. The Company's counterclaim for $1,500,000 alleges that the water treatment charges were not in accordance with the contract and the Company was overcharged on payments which were made. Neither management nor counsel is able to predict the outcome of this matter.

A 1981 lawsuit for $750,000 arose from a wrecking company's failure to obtain the demolition work at the Company's idle facilities in Monroe, Michigan. The Company denies that a contract for the demolition existed. The case is currently in the pretrial stages and neither management nor counsel is able to predict the outcome of this case.

A 1982 lawsuit was filed to restrain a demolition company from conveying its interest to unrelated third parties. The demolition company contracted with the Company to demolish the buildings located in Monroe, Michigan and has not fulfilled its contract and financial obligations to the Company. The demolition company has since filed actions claiming $14,000,000 alleging that the Company interfered with its business activity. The Company has won a partial judgment forcing the third parties off the property. Both management and counsel believe the disposition of this lawsuit will not have a material adverse effect on the Company's financial position.

The Company is also a defendant in several other lawsuits arising in the normal course of business and does not believe that the outcome of these lawsuits will have a material adverse effect on the Company's financial position.

GENERAL REFRACTORIES COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Litigation and Contingencies

In November 1982, a lawsuit was filed against the Company in federal court in Ohio. This lawsuit arises out of the 1979 sale of certain of the assets of the Company's subsidiaries to a Company owned by the plaintiffs. The suit alleges that the Company breached a covenant not to compete, interfered with a contractual relationship and violated antitrust laws. The plaintiffs are seeking $200,000 in damages and treble damages in the amount of $30,600,000 for the antitrust claim. The Company's motion to dismiss the suit currently is pending before the court.

On the basis of information presently available, and the advice of counsel, the Company is of the opinion that the plaintiff's claim is wholly without merit and the likelihood of an unfavorable outcome is remote.

The Company (including its subsidiaries) is also a party to various other claims, legal actions, and complaints arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts that unfavorable disposition would not have a material effect on the financial position of the Company.

MERCK & CO., INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

9. Contingent Liabilities

There are various legal proceedings against the Company, including one group of product liability cases brought against the Company and varying numbers of other pharmaceutical companies seeking in excess of $3.5 billion in damages, alleging injury from the use of certain synthetic estrogen drugs, including diethylstilbestrol (DES), manufactured by the defendant companies. While it is not feasible to predict or determine the outcome of any of these cases, it is the opinion of the Company that their outcome will have no material adverse effect on the financial position of the Company.

MOTOROLA, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Contingencies: The Company is one of 22 defendants in a 1974 lawsuit brought by Zenith Corporation ("Zenith") in which Zenith alleges conspiracies and violations of antitrust and antidumping laws and also challenges the purchase by Matsushita Electric Industrial Co., Ltd. of Japan ("MEI") of certain of the assets and business of Motorola's former home television business.

The suit claims damages in excess of $300 million (and the trebling of that amount) against the defendants jointly and individually plus costs and attorneys fees. It also seeks divestiture by MEI of the assets purchased from Motorola.

If MEI is assessed with litigation damages as a result of their purchase, or if divestiture is ordered, Motorola has agreed to share to a limited extent any loss incurred by MEI up to a maximum of $20 million.

In 1981 a U.S. District Court granted the Company's motion for summary judgment and dismissed all charges against the Company and all other defendants. Zenith has appealed that decision to the U.S. Court of Appeals, Third Circuit. Management believes that the Company acted properly throughout and has denied any conspiracy or other violation of law alleged by Zenith.

The Company is a defendant in various other suits and claims which arise in the normal course of business and is obligated under repurchase and other agreements principally in connection with the financing of sales.

In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the business or financial position of the Company.

MUNSINGWEAR, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Contingent Liability

The Company is defendant in a lawsuit filed in a California Federal Court. The suit alleges breach of contract, patent infringement, and misappropriation of trade secrets and proprietary information. The suit was initially dismissed in 1975 on the Company's motion for summary judgment. In 1980, the appellate court reversed the decision of the California Federal Court by ordering that the case be tried. A jury trial of the case began February 10, 1981 and resulted in a $31,000,000 verdict adverse to the Company. On December 15, 1981 the trial court vacated the jury's verdict in its entirety, and ordered that judgment be entered in favor of the Company on the issues of breach of contract, trade secret misappropriation, unfair competition and patent validity, and further ordered that a new trial be had on the plaintiff's sole remaining fraud claim. The court granted the Company's motion for summary judgment on plaintiff's fraud claim, and a judgment dismissing that claim was entered on April 9, 1982. Plaintiffs have appealed the court's December 15, 1981 decision and April 9, 1982 judgment.

Although the final outcome of any such appeals is not presently determinable, management is of the opinion, based upon discussion with Company counsel, that the ultimate resolution of these matters as well as other litigation and contingencies will not materially affect the consolidated financial position of the Company.

PENTRON INDUSTRIES, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Litigation:

Securities and Exchange Commission (SEC) Investigation

During 1982, the Audit Committee of the Board of Directors conducted an investigation relating to certain corporate activities and practices over a period of several years. In April 1982, following an interim report by the Audit Committee, the Board of Directors voted to remove the Company's President from office and terminate the services of another employee. In addition, the Board authorized legal counsel to present certain information to the SEC. The SEC has commenced an investigation and the Company intends to cooperate fully with the staff of the SEC in this matter.

In May, 1982, the Company filed suit against the former President, another former employee and a former sales representative seeking recovery of funds, for which the suit maintains an adequate accounting had not been received, and damages.

The ultimate outcome of these matters cannot be determined at this time; however, management and legal counsel do not believe the outcome will have a materially adverse financial effect on the Company.

Labor Union Lawsuit

On July 29, 1981, the International Association of Machinists and Aerospace Workers, representing employees at the Dynalab, Inc. subsidiary (which was discontinued during the year), filed suit against the Company seeking backpay adjustments for approximately fifty employees. The suit does not indicate a specific dollar amount. Management intends to vigorously contest the lawsuit. The ultimate outcome of this matter cannot be determined at this time, however, management believes that any resulting liability will not have a materially adverse effect on the Company.

N.E. Isaacson of Michigan, Inc. Lawsuit

In December 1977, N.E. Isaacson of Michigan, Inc. filed suit naming the Company as a co-defendant for damages from improper construction of a sewer system. Ranney Water Systems, a former division of the Company, was the general contractor in the project. The suit seeks damages in excess of $10,000 and a formal demand of $500,000 has been made of all defendants. Management intends to vigorously contest this case. The ultimate outcome of this matter cannot be determined at this time, however, management does not believe the outcome will have a materially adverse financial effect on the Company.

Nucorp, Inc. Lawsuit

During 1977, Nucorp, Inc. filed suit against the Company as a co-defendant related to the sale of Capital Dredge and Dock Corporation (a former subsidiary) and sought recovery of the purchase price and $2,500,000 in damages. The suit was settled in the Company's favor in 1978, but was under appeal. On December 2, 1981, Nucorp's appeal was denied and the case is now concluded.

RALSTON PURINA COMPANY (SEP)

NOTES TO FINANCIAL STATEMENTS

Legal

Various claims and legal proceedings arising in the course of business are pending against the Company and certain of its subsidiaries seeking monetary damages and other relief. Included in such proceedings are consolidated civil proceedings seeking compensatory and punitive damages in the United States District Court for the Western District of Kentucky, related to a series of explosions in the Louisville, Kentucky sewer system in February 1981. Those proceedings involve highly complex issues of fact and law, are in early stages, and may proceed for protracted periods of time. The amount of liability from all claims and actions cannot be determined with certainty, but in the opinion of management, the ultimate liability from all pending legal proceedings, asserted legal claims, and known potential legal claims which are probable of assertion should not materially affect the consolidated financial position of the Company at September 30, 1982.

RAYMARK CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note I—Litigation

Raymark is a defendant or co-defendant in a substantial number of lawsuits alleging wrongful injury and/or death from exposure to asbestos fibers in the air. The following table summarizes the activity in these lawsuits for fiscal years 1980 to 1982:

	1982	1981	1980
Claims			
Pending at beginning of year	8,719	5,194	1,965
Received during year	4,494	4,093	3,534
Settled or otherwise disposed of	(1,445)	(568)	(305)
Pending at end of year	11,768	8,719	5,194
Average indemnification cost	$3,364	$5,267	$10,724
Average cost per case, including defense costs	$6,499	$9,394	$16,080
Trial activity			
Verdicts for the Company	23	7	2
Total trials	36	12	3

The following table presents the cost of defending asbestos litigation, together with related insurance and workers' compensation expenses for each of the three years ending January 2, 1983.

	1982	1981	1980
Included in operating profit	$1,872,000	$1,912,000	$1,800,000
Non-operating expense	9,077,000	6,416,000	4,728,000
	$10,949,000	$8,328,000	$6,528,000

The Company has maintained insurance covering such cases in varying amounts from different insurance companies from 1943 through 1982. A conflict exists within the insurance industry over when the asbestos-related injury occurs and therefore which carrier is responsible for defending and indemnifying Raymark and to what extent. Despite the conflict, the Company's insurance carriers have accepted responsibility and paid for a substantial portion of the defense and settlement costs. Three theories of coverage have been proposed. Each has been accepted as appropriate by different Federal Courts when reviewing the contracts of other asbestos defendant companies. Each theory changes the amount of available insurance coverage and, therefore, the share of total cost the Company will bear.

The Company is presently involved in a lawsuit with its current primary level insurance carrier that should determine which injury theory will apply to Raymark's insurance coverage and the applicability and limits of coverage of certain insurance contracts. It is expected this action will go to trial in 1983. It is not possible to say when the appeal process will be completed and a final decision rendered.

The Company is seeking to reasonably determine its liability. However, it is not possible to predict which theory of insurance will apply, the number of lawsuits still to be filed, the cost of settling and defending the existing and unfiled cases, or the ultimate impact of these lawsuits on the Company's consolidated financial statements.

Other legal proceedings pending against the Company include an antitrust action, several age discrimination claims by discharged employees, and litigation concerning the sale contract of one of the plant dispositions. In management's opinion, the eventual disposition of the matters referred to in this paragraph will have no material adverse effect on the Company's consolidated financial position and results of operations.

THE SIGNAL COMPANIES, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 3: Litigation

UOP Inc. and its Procon subsidiaries are involved in various lawsuits in the United States and England in connection with a refinery project in Newfoundland constructed by its Procon subsidiaries. The amount claimed against the companies (excluding duplicate claims in different jurisdictions) is approximately $290 million plus interest. Although the ultimate outcome of all the litigation is uncertain, based on information presently available, it is the opinion of UOP management and its vice president-general counsel that the suits can be successfully defended and, in any event, any ultimate liability will not have a material adverse effect on UOP's consolidated financial position. The Company is not a party to the refinery litigation. (The refinery legal proceedings are discussed more fully in Item 3, Legal Proceedings, in the Company's Form 10-K Annual Report, which is available upon request.)

Because the ultimate resolution of this refinery litigation is still uncertain at this time, no provision has been made for this matter by the Company in recording the acquisition of UOP. In the event any provision for loss is required as a result of this litigation, such provision will be treated as an adjustment to the allocation of the purchase price and will be amortized through 1990.

In addition to the above, there are various lawsuits and claims pending against the Company and its subsidiaries. However, based on the information available to Signal's management, the ultimate liability, if any, resulting therefrom will not have a material adverse effect on Signal's financial position on a consolidated basis.

UMC INDUSTRIES, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 11. Litigation

On October 7, 1982 the Hydro Electric Power Commission of Ontario, Canada ("Ontario Hydro") commenced a lawsuit in the United States District Court for the District of Delaware against Zallea Systems, Inc. ("Zallea"), a wholly-owned subsidiary of the Company, which had been acquired on May 31, 1978. The claim of Ontario Hydro relates to the sale of 40 expansion joints which were manufactured by Zallea during the years 1975 through 1977 and were installed in 1978 by Ontario Hydro in a plant designed to process "heavy water" for a nuclear power facility located in Douglas Point, Ontario. Ontario Hydro claims that defects in the expansion joints caused it to remove Zallea's expanion joints and to replace them with an alternate system.

The complaintant seeks recovery of damages, including incidental and consequential damages, of $110 million. In September 1982 Zallea rejected an offer from Ontario Hydro to settle the claim for $500,000. The managements of Zallea and the Company believe that Zallea has meritorious defenses to the claim. These defenses will be vigorously pursued.

On December 9, 1982 Zallea joined the Lummus Company of Canada Ltd. and its United States affiliates ("Lummus") as third-party defendants in this litigation. In its third-party complaint against Lummus, Zallea alleges that Lummus designed the Douglas Point facility including the specifications for the 40 expansion joints and is, therefore, liable to Zallea for damages, if any, awarded to Ontario Hydro.

Although it is difficult to predict the outcome of any litigation, the Company's counsel is of the opinion that the resolution of this litigation is not expected to have a material adverse effect upon the Company's business or consolidated financial condition.

WINN-DIXIE STORES, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7) (in part): Commitments And Contingent Liabilities.

(b) Litigation.

In addition to various claims and lawsuits arising in the normal course of business, there are actions now pending against the Company seeking substantial damages for alleged violations of the antitrust laws in the purchase and sale of meat. Of 14 antitrust suits filed against the Company and others consolidated in the U.S. District Court, Dallas, Texas, 8 were dismissed in December, 1977 by the Court on the basis of the U.S. Supreme Court's decision in the *Illinois Brick* case that only direct sellers and purchasers could recover damages under the antitrust laws. The Plaintiffs in 7 of these 8 cases appealed the dismissals to the Court of Appeals for the Fifth Circuit; the remaining case was refiled in a State Court, and its dismissal was affirmed upon appeal on August 13, 1982. Plaintiffs are expected to seek review in the State Supreme Court. The Fifth Circuit Court of Appeals reversed the Dallas Federal District Court and remanded the 7 cases on appeal for further proceedings. The 6 suits filed after the Illinois Brick decision contain some allegations not made in the previous cases. On July 14, 1982, the U.S. District Court in Dallas dismissed all suits as to their claims for damages against the retail defendants, and the Plaintiffs in all cases again appealed to the U.S. Fifth Circuit Court of Appeals. Since these cases, if ultimately tried at all, may well go to a jury, the Company cannot predict their ultimate outcome. However, in the opinion of management, the Company has good and meritorious defenses to these actions and should prevail in all.

Although the amount of liability at June 30, 1982 with respect to all claims and lawsuits cannot be ascertained, in the opinion of management, the resulting liability, if any, will not materially affect the Company's consolidated earnings or financial position.

Guarantee of Indebtedness of Others

AMAX INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

21 (in part): Contingencies and Commitments

At December 31, 1982, AMAX and its consolidated subsidiaries were contingent guarantors of notes and other liabilities aggregating $13 million, principally in connection with the 50 percent-owned aluminum smelter operated by an affiliate of Alumax Inc.

AMAX has guaranteed liabilities of $40 million applicable to Botswana RST Limited and its subsidiary mining company, BCL Limited, which could, in certain circumstances, be increased by $11 million. Additionally, AMAX has agreed to provide up to $9 million of funding to BCL Limited during 1983. The funding will either be in the form of direct cash advances from AMAX or may be provided by a lending institution supported by an AMAX guarantee. These advances or loans will be senior to all other BCL Limited debt.

ALUMINUM COMPANY OF AMERICA (DEC)

NOTES TO FINANCIAL STATEMENTS

(In millions, except share amounts)

L. Commitments and Contingent Liabilities

Guarantees on outstanding indebtedness of others totaled $76.8 at December 31, 1982, including $43.3 applicable to an affiliate which operates a bauxite mining project in the Republic of Guinea.

In November 1981, a consortium (Alumar Consortium) was formed to own and operate, on a cost-sharing and production-sharing basis, a large alumina refining and aluminum smelting complex at Sao Luis in the State of Maranhao, Brazil. The Alumar Consortium is owned 60 percent by a metals subsidiary of Shell Brasil S.A.

In early 1982 Alcoa Aluminio signed an Amended and Restated Credit Agreement (the Credit Agreement) with an international syndicate of banks providing for borrowings of up to $600 to finance its expansion program. Under the terms of the Credit Agreement Alcoa entered into a Performance

Agreement under which it agreed (1) to fully comply with the provisions of the Consortium Agreement and (2) to cause Alcoa Aluminio to obtain funds or to provide funds to Alcoa Aluminio sufficient to ensure Alcoa Aluminio's compliance with certain financial covenants set forth in that Credit Agreement. These obligations of Alcoa will continue until certain tests of completion of the Sao Luis facilities are satisfied or until Alcoa's performance is excused by the occurrence and continuance of any specified event of sovereign relief such as expropriation or insurrection and until the financial covenants referred to above are complied with.

CHRYSLER CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 10 (in part): Commitments, Guarantees and Contingent Liabilities

At December 31, 1982, Chrysler has guaranteed approximately $28.5 million of 8% notes due January 1, 1991 of an unrelated entity, ABKO Investment Company, Inc. (formerly debt of Chrysler Realty Corporation). Chrysler and consolidated subsidiaries have also guaranteed securities approximating $16.1 million at December 31, 1982 of associated companies primarily outside the United States.

COMPUGRAPHIC CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contingent Liabilities (in part)

The Company owns a 49 percent interest in Compugraphic de Mexico S.A., an unconsolidated subsidiary, which is accounted for under the equity method. The Company has guaranteed $2,465,000 of bank borrowings of the subsidiary. As of October 2, 1982, the Company, in accordance with generally accepted accounting principles, has reduced its investment by its share of operating losses to a net liability position of $349,000.

CUMMINS ENGINE COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Guarantees and Contingent Liabilities

The company has guaranteed loans and leases of independent distributors approximating $26.8 million as of December 31, 1982. The commitment under outstanding letters of credit was $6.3 million at December 31, 1982.

The company has also guaranteed debt obligations of its affiliated companies. At December 31, 1982, Cummins was guarantor of $68.5 million of the borrowings of Consolidated Diesel Company, as explained in Note 4. In addition, Cummins is senior guarantor under terms of Euro-dollar borrowings of its Brazilian subsidiary. The Brazilian company had deposits with the Central Bank of Brazil of $11.6 million at December 31, 1982, to satisfy a portion of the loan obligation when it falls due.

DEERE & COMPANY (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and Contingent Liabilities

On October 31, 1982, certain foreign subsidiaries were contingently liable for approximately $51 million of receivables discounted with banks and others. Also, at October 31, 1982, the company and subsidiaries had commitments of approximately $25 million for construction and acquisition of property and equipment.

Certain foreign subsidiaries have pledged assets with a balance sheet value of $45 million as collateral for funds advanced by banks in the aggregate amount of $8 million as of October 31, 1982.

The company guarantees the principal and interest of commercial paper issued by John Deere Finance Limited. At October 31, 1982, John Deere Finance Limited had borrowings of $182 million, of which $28 million was bank borrowings, $143 million was commercial paper guaranteed by the company, and $11 million was notes payable to the company. Interest costs incurred by John Deere Finance Limited on commercial paper borrowings in fiscal 1982 totaled $22 million.

EXXON CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

9 (in part): Other Contingencies

The corporation and certain of the consolidated subsidiaries were contingently liable at December 23, 1982, for $570 million for guarantees of notes, loans and performance under contracts. This includes $344 million representing guarantees of foreign excise taxes and customs duties of other companies, entered into as a normal business practice, under reciprocal arrangements.

INTERSTATE BAKERIES CORPORATION (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Contingent Liability

The Company is contingently liable for the payment of computer related debt (approximately $87,000,000 at May 31, 1982) assumed by the Purchaser of its discontinued operations. Present projections indicate that the rentals from the computer equipment sold to the Purchaser will be sufficient to pay the debt. Such rentals include approximately $37,000,000 of estimated rentals from remarketing the equipment at the expiration of existing leases. However, a reduction in rentals from that currently projected could result in a direct liability to the Company. It is not possible at this time to assess the likelihood or amount of such reductions.

Guarantees Other Than Guarantees of Indebtedness

BOBBIE BROOKS, INCORPORATED (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 (in part): Contingent Liability

The Company is the lessor or guarantor on certain leases of transportation equipment expiring at various dates through January, 1985 used by its former transportation subsidiary (See Note 4). The purchaser of this subsidiary has agreed to indemnify the Company for any costs incurred in the event there is any default in the performance of such lease agreements and to use its best efforts to obtain the Company's release from these obligations, which efforts continue. The Company is deemed, however, to be contingently liable under these lease agreements which have payment obligations remaining aggregating $2,060,000 as of December 31, 1982.

INTERNATIONAL HARVESTER COMPANY (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Commitments and Contingent Liabilities

At October 31, 1982, commitments on appropriations for capital expenditures in progress are approximately $35 million.

The parent Company is obligated under agreements with certain long-term lenders of its wholly-owned subsidiary, IHCC, to maintain IHCC's earnings available for interest expense at not less than 125% of its total interest expense. Amounts paid by the parent Company under these agreements have no effect on the consolidated results of International Harvester Company and subsidiaries since the payments are included in Income of Nonconsolidated Companies. The parent Company provided $56 million to IHCC in 1981 under the terms of these agreements. This amount is included in Other Income (Expense), Net, in the accompanying 1981 statement of consolidated income (loss). No payments were required in 1982 or 1980.

The Company is a guarantor of debt at October 31, 1982 of nonconsolidated companies and distributors in the amount of $59 million. In addition, the Company was contingently liable for approximately $91 million, primarily for notes receivable discounted and bills of exchange.

At October 31, 1982 approximately $29 million of the Company's marketable securities representing a deposit for insurance claims, is restricted.

LITTON INDUSTRIES, INC. (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K (in part): Litigation and Contingencies

As required under provisions of a contract between an affiliate of the Company and a customer, the Company has entered into agreements whereby bank consortiums have issued two guarantees to the customer in the presently outstanding amounts of $121,033,000, guaranteeing the return of the customer's advance payment (included under the caption "Customer deposits and contract liabilities" on the Consolidated Balance Sheets), if demanded, and $82,000,000 for guaranteeing the performance of the contract. If the banks were required to make payments under either guarantee, the Company would be obligated to such banks for the aggregate amount paid. As of July 31, 1982, time deposits and certificates of deposit (included under the caption "Cash—temporarily invested and restricted" on the Consolidated Balance Sheets) totaling $121,0330,00 were pledged to the banks as collateral only for the advance payment guarantee agreement.

The Company has indirect guarantees related to the financial activities of certain unconsolidated finance subsidiaries. See Note D: Equity in Unconsolidated Finance Subsidiaries.

Note D (in part): Equity in Unconsolidated Finance Subsidiaries

In connection with long-term debt of one of these subsidiaries in the amount of $85,000,000 at July 31, 1982, the Company has entered into agreements to supply funds, if necessary, for the subsidiary to meet certain minimum net worth requirements and ratios of earnings to fixed charges. An agreement also exists whereby the Company will provide funds to that subsidiary, if necessary, to pay the amount of any commercial paper obligations. Outstanding commercial paper of that subsidiary at July 31, 1982 was $197,329,000. This subsidiary is in compliance with the terms of the related debt agreements. Under the most restrictive of the debt agreements, amounts available for dividends to the Company were $23,909,000 at July 31, 1982.

RAYMARK CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(000's omitted, except share data)

Note L (in part): Commitments and Contingencies

During 1982, the Company sold a note receivable for face value of $11,400. The Company has guaranteed the difference between the prime rate and the stated interest rate and will charge or credit future operations for such differences as they occur. In 1982, operations were charged with $232 relating to this guarantee.

The Company remains contingently liable as guarantor with respect to industrial revenue bond financing on one of the 1982 plant dispositions in the amount of $1,700.

THE UNITED STATES SHOE CORPORATION (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(11) (in part): Commitments and Contingencies

Contingencies—The company has guaranteed and is, therefore, contingently liable under leases of facilities expiring between 1983 and 1996 that are operated by certain customers. Minimum rentals guaranteed under such leases range from $5.5 million in fiscal 1983 to $3.8 million in 1987 and aggregate $34.9 million for fourteen years.

WINNEBAGO INDUSTRIES, INC. (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Contingent Liabilities and Commitments

The Company on May 20, 1982, entered into an agreement with a financial institution which has agreed to provide dealer floor planning directly to certain Company approved dealers, thereby lessening cash requirements of Winnebago Acceptance Corporation and the Company to support dealer floor plan receivables. The Company has guaranteed the financial institution against any credit losses which it incurs from these arrangements. At August 28, 1982, the Company was contingently liable for approximately $8,800,000 under the terms of the agreement.

Receivables Sold With Recourse

THE AMERICAN SHIP BUILDING COMPANY (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Commitments and Contingencies

Nashville Bridge Company, a wholly owned subsidiary, is contingently liable to two financial institutions for debt incurred by its customers. During fiscal 1982, one of these customers defaulted on its payments to the financial institution, and the Company recorded a loss under this agreement of approximately $400,000. In addition, at September 30, 1982, the Company was contingently liable for approximately $640,000 under these agreements. No losses were sustained under these agreements during fiscal years 1981 and 1980; and the Company anticipates no future material losses will result from these agreements.

THE BFGOODRICH COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Commitments and Contingencies (in part)

In December 1982, Goodrich sold $47.0 of accounts receivable. Under the terms of the sales agreement, the purchaser has the option to require Goodrich to repurchase defaulted accounts receivable, if any.

HARNISCHFEGER CORPORATION (OCT)

FINANCIAL NOTES

Note 16: Contingent Liabilities

At October 31, 1982, contingent liabilities were approximately $18,600,000 representing primarily the recourse portion of receivables discounted with banks, and to a lesser extent, letters of credit in lieu of performance bonds, guarantee of bank loans of an unconsolidated subsidiary and other items. In addition, the Corporation has given to the seller a guarantee of the liabilities and obligations assumed by Cranetex, Inc. from a former distributor of the Corporation (See Note 5).

Certain of the agreements relating to the discounting of receivables provide for the mandatory repurchase of such receivables upon the occurrence of certain events. If a demand for the prepayment of the Corporation's long-term debt were made (See Note 4), then the Corporation would be required to repurchase the receivables. At October 31, 1982, discounted receivables of $13,757,000, with a related contingent liability of $3,866,000, were subject to the repurchase conditions.

JLG INDUSTRIES, INC. (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note J (in part): Litigation and Other Contingencies

As is customary for companies in the heavy equipment industry, the Company has entered into limited recourse arrangements with various commercial finance companies and banks which have provided equipment financing to dealers. Under such arrangements, the Company is required, in the event of a dealer's default, to reimburse such institutions for certain deficiencies resulting from the repossession and resale of the equipment. Although the Company was contingently liable at July 31, 1982 for $4,140,000 under such arrangements, the Company does not anticipate any significant losses thereunder.

In August, 1982, the Company received a claim by a former distributor alleging wrongful termination of its Distributor Agreement and discriminatory practices in violation of the antitrust laws. The former distributor claims $9,000,000 in damages ($4,500,000 of which is claimed as punitive damages). The Company believes it has meritorious defenses to the claim and intends to resist it vigorously.

UNITED STATES STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19 (in part): Commitments and Other Contingencies

Marathon Oil Company sells certain of its accounts receivable to financial institutions. Those accounts receivable sold are transferred subject to defined recourse provisions. Marathon collects the proceeds from the accounts receivable and collection transfers are made within agreement defined provisions. As defined by the agreements, Marathon is required to calculate on a monthly basis the value of accounts receivable to be conveyed to the institutions. Accounts receivable sold as of December 31, 1982 amounted to $417 million, of which $304 million is subject to recourse.

Possible Tax Assessments

FEDDERS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part): Income Taxes

During 1975, the Company received a deficiency notice relating to the disallowance, as deductible interest expense, of the payments on the Series A preferred securities issued in connection with the 1970 purchase of the Climatrol product line. In the opinion of the Company's legal counsel, the issue, which affects all subsequent taxable years through 1978, is without substantial merit. Therefore, no provision has been made by the Company. During 1979, the Company paid the tax deficiency and interest totaling $765,000 related to this issue for 1971 and such amount is included in other assets. Suit for recovery of tax and interest was filed in the United States Court of Claims in July 1982. If the Internal Revenue Service prevails on this issue and the amount not recovered, the Company's tax loss carryforward would be reduced by approximately $6,000,000.

During 1979, the Internal Revenue Service completed its examination of the Company's 1975 and 1976 consolidated Federal income tax returns. The two most significant adjustments proposed by the examining agents relate to the disallowance of the deductibility of Series A interest expense, as discussed above, and the purchase cost and valuation of assets acquired in the 1976 purchase of Airtemp. If the Internal Revenue Service prevails on the latter issue, the Company's tax loss carryforward would be reduced by approximately $16,000,000. In the event the Internal Revenue Service prevails on both the Series A preferred issue and the other issues raised in connection with the 1975 and 1976 Federal income tax returns the Company may be subject to a tax liability in addition to the reductions in the tax loss carryforwards discussed above.

A reconciliation of the expected income tax expense (benefit) related to loss from continuing operations before income taxes and the extraordinary loss to the actual amounts for 1982, 1981 and 1980 follows:

	1982	1981	1980
	(000's omitted)		
Expected income tax (benefit) provision	$ 166	$ 2,995	$(1,668)
Reduction in deferred tax	(700)	(3,000)	—
Net operating loss benefits (not recognizable)	(166)	(2,995)	1,668
State taxes and interest	1,689	200	—
Foreign taxes	173	284	256
	$1,162	$(2,516)	$ 256

NORTHWEST INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

In 1981, the Internal Revenue Service completed its examination of the consolidated federal income tax returns of the company and its subsidiaries for the years 1970 through 1975 and issued a statutory notice of deficiency for approximately $60,000,000. The asserted deficiency results primarily from differences between the Internal Revenue Service's and the company's positions as to the proper method of determining the tax basis of railroad assets sold in 1972. The company has filed a petition in the United States Tax Court contesting the Internal Revenue Service's proposed adjustments and believes that it has adequately provided for any additional taxes and interest which might ultimately become payable.

STERLING DRUG INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

The Internal Revenue Service's examination of Sterling's U.S. federal income tax returns for the years 1970 through 1974 resulted in proposed adjustments under Internal Revenue Code Section 482, which covers pricing of intercompany sales and allocation of corporate expenses to foreign operations. The proposed tax deficiency is $5,600,000. The company's tax returns for the years 1975 and 1976 were prepared on the same basis. It is probable that similar Section 482 deficiencies will be proposed for those years. It is also possible that other issues may be asserted by the Internal Revenue Service for those years and subsequent years. Sterling does not agree with the deficiencies proposed by the Internal Revenue Service and has taken appropriate steps to contest the adjustments. The Internal Revenue Service is currently examining Sterling's tax returns for the years 1975 and 1976.

Government Regulations

ASARCO INCORPORATED (DEC)

NOTES TO FINANCIAL STATEMENTS

10. Contingencies

If the Occupational Safety and Health Administration (OSHA) lead standards relative to permitted lead levels in workplace air and in the blood of employees are not revised, or if OSHA regulations as to the application of the lead standards do not take into account limitations of feasibility, serious questions will be raised as to the ability of the lead industry, including Asarco and Federated Metals Corporation, a wholly owned subsidiary, to comply. The Company is operating under an OSHA variance of employee blood level standards which expires on February 28, 1983. The Company has applied for a variance for an additional period.

On January 4, 1983, EPA Region X issued a Notice of Violation to Asarco's Tacoma Plant alleging violation of the visible emissions requirements of Washington State's Implementation Plan occurring at the plant's slag dumping operation. It is Asarco's position that the visible emissions are, to a large extent, caused by unassociated water and, therefore, do not constitute a violation of the State's regulations. If Asarco's position is rejected, it is unclear at this time whether the smelter could comply with the State's standard in a technologically and economically feasible manner. Asarco has supplied additional information requested by EPA concerning the slag operation and has agreed to investigate alternative means of conducting that operation. At the present time, EPA is considering Asarco's submittals. Asarco has advised the EPA that it would suspend, at least temporarily, operations at the plant pending resolution of the issues should EPA indicate an intention to impose fines and penalties under the Clean Air Act.

Asarco's United States operations are affected by a number of federal, state and local environmental regulations, including air quality control standards limiting lead, sulfur dioxide and other emissions, and related regulatory proceedings. While Asarco is unable to estimate the ultimate impact of these regulations on the Company, it is the opinion of Asarco's management that the ultimate impact of these regulations on the Company will not materially adversely affect the operations or the financial position of Asarco and its consolidated subsidiaries.

GEORGIA-PACIFIC CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Dollar amounts and shares are in thousands

Note 10 (in part): Litigation

During 1982, the corporation was involved in a number of proceedings with various governmental agencies relating to environmental matters, including 14 proceedings concerning discharges of materials into the air and 22 proceedings concerning discharges into the waterways. The corporation paid an aggregate of approximately $150 in fines and entered into various agreements and consent decrees pertaining to procedures to be followed in the future in certain of these proceedings and is working with the agencies concerned to resolve pending proceedings. Management does not consider these proceedings material in the aggregate.

The corporation is party to various other legal proceedings generally incidental to its business. Although the ultimate disposition of these proceedings is not presently determinable, management does not believe that adverse determinations in any or all such proceedings will have a material adverse effect upon the financial condition of the corporation.

JAMES RIVER CORPORATION OF VIRGINIA (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 (in part): Commitments and Contingent Liabilities

C) Environmental Matters:

Capital expenditures for pollution control to date have not been material, in large part because the relatively small size of many of the Company's mills makes it possible to utilize municipal treatment systems and because, in the case of several facilities, the necessary capital expenditures were made before James River acquired the operations. However, the cost of compliance with pollution abatement requirements in the future could be material and cannot be practically anticipated or determined. Regulations under the Clean Air Act covering emissions of volatile organic compounds (VOC's) are under development for complying with the Federal statute. All of James River's plants affected by VOC emission limits filed the required compliance schedules prior to December 31, 1981. Pursuant to these schedules, it is expected that James River will attain compliance by the required date of December 31, 1987.

NATIONAL DISTILLERS AND CHEMICAL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20—Contingencies

The Company has claims against others, and there are claims by others against it, in a variety of matters arising out of the conduct of the Company's business. The ultimate liability, if any, which might arise from a resolution of such claims (including the Department of Energy matter discussed below) would not, in the opinion of management, have a material adverse effect on the Company's financial position.

In May, 1979 the Company received a Notice of Probable Violation from the Department of Energy ("DOE") claiming that the prices at which the Company sold natural gas liquids products (propane and butanes) to a major oil company during the five-year period ended August 31, 1978, exceeded allowable DOE selling prices by $66 million. In January, 1981 the DOE issued a Proposed Remedial Order which made claim for the $66 million of alleged overcharges plus interest of $37 million. The Company continued to sell the natural gas liquids products after August 31, 1978 in accordance with its prior practice, which would add to the alleged overcharges and interest and could subject the Company to penalties. There can be no overcharge or penalty claims made with respect to sales made after the dates price controls were eliminated (January 1, 1980 for butanes and January 28, 1981 for propane).

The Company is contesting the Proposed Remedial Order in proceedings now before the DOE. The Company, based upon consultations with outside counsel, believes that the pricing of natural gas liquids products to such oil company was in accordance with the applicable regulations and that its position will prevail. Accordingly, the Company has made no provision for liability with respect to this matter.

Letter of Credit

MCDERMOTT INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Contingencies and Commitments

The Company and certain subsidiaries are contingently liable under standby letters of credit totalling $230,982,000 primarily issued in the normal course of business which relate primarily to indemnity agreements for performance bonds on contracts.

Possible Translation Loss

BURLINGTON INDUSTRIES, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D (in part): Leases, Other Commitments and Contingencies

During 1982 the Mexican government established a two-tier exchange control system with a preferential exchange rate of 50 pesos to the U.S. dollar and an ordinary exchange rate of 70 pesos to the U.S. dollar. The company applied the preferential rate to the U.S. dollar short-term debt of one of its Mexican subsidiaries in accordance with Mexican government rules. The application of the 50 peso rate reduced the short-term debt and translation losses by approximately $5,000,000 in the accompanying financial statements below the amounts that would have been recorded had the 70 peso rate been applied to this debt. If, in the future, the Mexican government eliminates the preferential rate, the use of a 70 peso rate would result in a translation loss of approximately $5,000,000.

Unasserted Claims

ROCKWELL INTERNATIONAL CORPORATION (SEP)

NOTES TO FINANCIAL STATEMENTS

22 (in part): Contingent liabilities

In February 1981 the Company determined that a number of documents pertaining to its leases of computing equipment from O.P.M. Leasing Services, Inc. (OPM) had been forged or materially altered, after execution and delivery by the Company, and that OPM had obtained loans from various lending institutions based in part on collateral supported by those documents. The principals of OPM have pleaded guilty to criminal charges with respect to these forgeries and alterations. In March 1981 OPM filed a voluntary petition for reorganization and a trustee was appointed to administer OPM. The trustee has instituted an extensive investigation into the affairs of OPM which is intended to determine what claims, if any, OPM may have against its former officers, employees, advisors and others (including lessees, such as the Company). Certain lenders have brought suit against the Company. OPM's former investment banker, legal counsel and accountants, and certain counsel for lenders are also involved as defendants in various of these actions. While the Company is unable to predict what further claims may be asserted (by other lenders, or in the reorganization proceedings or by others) management believes that disposition of matters pertaining to the Company's transactions with OPM will not have a material adverse effect on the consolidated financial statements of the Company.

GAIN CONTINGENCIES

Operating Loss or Investment Credit Carryforwards

HECLA MINING COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

5 (in part): Income Taxes

Hecla has tax-basis net operating loss carryovers available to offset future taxable income, and investment tax credit carryovers available to offset future taxes payable. The carryovers expire as follows:

	Net Operating Losses	Investment Tax Credits
1989		$ 8,000
1990	$ 4,500,000	533,000
1991	3,700,000	243,000
1992	4,500,000	9,000
1993	5,500,000	2,000
1994	11,000,000	7,000
1995	12,700,000	223,000
1996	2,200,000	34,000
1997	6,500,000	100,000
	$50,600,000	$1,159,000

Total financial statement net operating loss carryovers are approximately $26,000,000 less than tax-basis carryovers due to earlier recognitions, for tax purposes, of mine development expenditures.

MUNSINGWEAR, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Income Taxes

As of January 1, 1983 the Company has a net operating loss carryforward for federal income tax and financial statement purposes of approximately $20,000,000. If not offset against taxable income, $2,000,000 of the net operating loss will expire in 1995, $3,000,000 will expire in 1996 and $15,000,000 will expire in 1997. For financial statement purposes net deferred tax credits have been eliminated based upon their expected amortization during the loss carryforward period. Upon realization of the tax benefits of the loss carryforwards in subsequent periods, the amounts eliminated from the deferred tax accounts, to the extent they would not have reversed, would be reinstated.

Investment and foreign tax credit carryforwards of approximately $1,350,000 are available to reduce future federal income taxes. If not used, the credits will expire as follows: 1985—$332,000, 1986—$376,000, 1987—$375,000, 1988 and thereafter—$267,000. The Company also has carried forward contribution deductions of $450,000 which expire in the years 1984 through 1987. Tax credit and contribution deduction carryforwards will result in reductions of income tax in the periods utilized.

NORTON COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Income Taxes

As of December 31, 1982 the company had net operating loss carryforwards of approximately $26 million, which expire as follows: $1 million in 1985, $3 million in 1986, $4 million in 1987 with the balance of $18 million available indefinitely.

Undistributed earnings of foreign subsidiaries, associated companies and that portion of the Domestic International Sales Corporation (DISC) income on which no U.S. income tax has been provided amounted to approximately $137 million at December 31, 1982 and $159 million at December 31, 1981 and 1980.

PHOENIX STEEL CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 13—Taxes

At December 31, 1982 loss carryforwards of approximately $63 million are available to offset future taxable income for financial reporting purposes. Such carryforwards for income tax purposes are approximately $61 million and expire $14 million in 1991, $23 million in 1992, $4 million in 1993, $1 million in 1996 and $19 million in 1997. Also available at December 31, 1982 are investment tax credits of approximately $4 million which expire at various dates through 1997. The difference between the loss carryforwards for financial reporting and income tax purposes results principally from costs and expenses associated with the abandonment of the structural operations in 1976, safe harbor leasing transactions, pension expenses which are accrued for financial reporting purposes but are not deductible for tax purposes until paid and from differences in the timing of depreciation deductions.

WEST CHEMICAL PRODUCTS, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Income Taxes

Income (loss) from continuing operations before income taxes consists of:

	1982	1981	1980
Domestic	$(388,655)	$1,634,348	$1,387,327
Canadian	(74,612)	(266,997)	(179,550)
	$(463,267)	$1,367,351	$1,207,777

Components of income taxes are:

	1982	1981	1980
Continuing operations:			
Currently payable (benefit):			
Canadian	$ 43,500	$ 74,700	$ 107,200
State and local	(130,500)	101,800	86,200
	(87,000)	176,500	193,400
Charge equivalent to tax benefit from use of loss carryforward		684,000	607,000
	$ (87,000)	$ 860,500	$ 800,400
Discontinued operations:			
Charge equivalent to tax benefit from use of loss carryforward			$ 206,000

A reconciliation of the Federal statutory income tax rate with the effective tax rate for income (loss) from continuing operations follows:

	1982	1981	1980
Federal statutory income tax rate	(46.0%)	46.0%	46.0%
Differential attributable to Canadian operations	4.6%	14.4%	15.7%
State and local income taxes	(15.2%)	4.0%	3.9%
Effect of losses producing no current tax benefit	38.6%		
Effect of capital gain tax rate		(2.2%)	
Other	(.8%)	.7%	.7%
Effective income tax rate	(18.8%)	62.9%	66.3%

At November 30, 1982, for financial reporting purposes, the Company has a net operating loss carryforward approximating $4,900,000. Due to timing differences, the carryforward for income tax purposes approximates $4,700,000 and expires $100,000 in 1993, $1,200,000 in 1994, $1,400,000 in 1995 and $2,000,000 in 1997. In addition the Company has a capital loss carryforward of approximately $900,000 which expires in 1984.

Plaintiff Litigation

ALLEGHENY INTERNATIONAL, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(18) Contingent Asset

In January 1980 a Federal District Court in Houston, Texas entered judgment for approximately $18,900,000 in favor of Chemetron Corporation, a wholly-owned subsidiary of Allegheny, against Marathon Manufacturing Corporation and two individual defendants in a suit brought for securities law violations. On August 16, 1982, the Fifth Circuit Court of Appeals reversed this District Court's judgment and remanded the action. That decision was appealed to the United States Supreme Court, which has vacated the decision and directed the Court of Appeals to reconsider its decision. Since the outcome cannot be predicted at this time, no income related to this matter has been reflected in the accompanying financial statements.

MCA INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 (in part): Commitments and Contingencies

The Company is a plaintiff in lawsuits, against a major manufacturer of video tape recorders and others, seeking protection against the sale and use without compensation of certain video tape recorders which can copy off the air the Company's televised films. The suits seek monetary damages and other appropriate relief. A judgment in favor of the defendants was reversed by the U.S. Court of Appeals for the Ninth Circuit which ordered that the case be sent back to the trial court for consideration of appropriate relief if the Company prevails on certain remaining defenses raised by the defendants. In June 1982, the United States Supreme Court agreed to review the opinion of the Court of Appeals. A decision is expected not later than the end of June 1983. Management believes that in the absence of a satisfactory resolution of this controversy, the Company's revenues from its televised films could continue to be adversely affected. The Company has also filed suit against substantially all other manufacturers and domestic distributors of such video tape recorders. While the final outcome of the litigation is still uncertain, management believes that a favorable resolution of these lawsuits could have a significant positive effect on the financial position of the Company.

Government Grants

BROWN & SHARPE MANUFACTURING COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Grants

In connection with the consolidation of various United Kingdom production facilities at Plymouth, England, the Company will receive total government grants of approximately $5.8 million, subject to the terms and conditions of the grants. Approximately $2.1 million of grants received in 1982 were used to offset expenses and capital expenditures relating to this project in 1982.

COMMITMENTS

Obligations to Maintain Working Capital or Restrict Dividends

BRUNSWICK CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Debt

Short-term debt at December 31 consisted of the following:

(dollars in thousands)	1982	1981
Notes payable to banks	$ 148	$ 6,221
Current maturities of long-term debt	12,315	8,143
Short-term debt	$12,463	$14,364

Long-term debt at December 31 consisted of the following:

(dollars in thousands)	1982	1981
Notes		
The Prudential Insurance Company of America		
12⅛%, due through 1995	$ 24,090	$ 43,750
10¼%, due through 1996	26,810	46,875
8 8/10%, due through 1998	33,475	50,000
	84,375	140,625
Domestic banks		
Term, 12½%, due 1986	30,000	30,000
Mortgage notes and other, 6⅜% to 10½%, payable through 2004	30,637	32,371
Debentures, convertible subordinated		
4½%, due 1987	3,284	3,481
10%, due 2006	1,533	60,000
	149,829	266,477
Current maturities	(12,315)	(8,143)
Long-term debt	$137,514	$258,334
Scheduled maturities		
1984	$12,482	
1985	12,258	
1986	42,287	
1987	12,803	
Thereafter	57,684	
	$137,514	

There were significant changes in the Company's capitalization structure as a result of the disposition of its medical segment in March, 1982. For a discussion of the 1982 changes in the Company's debt and equity structure, refer to Note 3—Discontinued Operations.

Due to the unusual charge announced in the fourth quarter of 1982, as discussed in Note 2—Unusual Charge, the various loan agreements with Prudential and the banks have been amended through May 31, 1983 regarding certain restrictions pertaining to working capital, current ratio and dividends. At December 31, 1982, working capital was $230.0

million ($200.0 million required), tangible net worth, as defined, was $320.0 million ($300.0 million required), the working capital ratio was 206% (185% required) and the ratio of net worth to liabilities, as defined, was 106% (85% required). After May 31, 1983, the minimum amount of working capital required will increase to $230.0 million, and the minimum working capital ratio will increase to 200%.

Under the most restrictive loan covenants, dividends are limited to 50% of earnings from operations, as defined, since December 31, 1981, less 100% of losses, as defined, since that date. Primarily as a result of the fourth quarter unusual charge, the Company is precluded from paying dividends after December 31, 1982. However, the Company's lenders have consented to dividends of $.25 and $.60 per share on common stock and preferred stock, respectively, which were declared in the fourth quarter of 1982 and the first quarter of 1983 for payment in the first and second quarters of 1983. Further dividends may only be declared and paid after the Company receives the consent of its lenders. The Company is currently negotiating with its lenders and expects to obtain permission for future dividends.

THE CONTINENTAL GROUP, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Dividend and Loan Restrictions

At December 31, 1982, the most restrictive terms of certain notes and indentures limit the amount the Company may pay as cash dividends and for purchase, redemption or retirement of the Company's capital stock to approximately $575 million.

None of the Company's net assets held by consolidated subsidiaries are subject to significant legal restrictions that would prevent those subsidiaries from paying cash dividends or lending funds to be used in other Company operations, except for $300 million of tangible net assets invested in the Energy business which are restricted by a loan agreement.

The insurance subsidiaries of the Insurance business are regulated by the laws and insurance departments of the various states in which they are domiciled and are required to utilize statutory accounting practices for the determination of the amounts of dividends, loans and advances they may pay. At December 31, 1982, the Company's equity in these insurance subsidiaries exceeded their combined statutory unassigned surplus by $419 million. During 1983, the insurance subsidiaries can pay dividends of approximately $53 million without prior regulatory approval.

EASCO CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 (in part): Debt and Lines of Credit

Restrictive covenants. Certain of the company's loan agreements require the company to maintain minimum working capital levels and ratios, and contain other provisions the more important of which restrict expenditures for the purchase of the company stock and payment of cash dividends, the creation of liens on certain property, the creation, incurrence or assumption of current or funded debt, and the acquisition or sales of investments. At December 31, 1982, the company's working capital exceeded the amount required by approximately $15,200,000 and retained earnings of approximately $7,245,000 were unrestricted as to the payment of dividends and purchase of capital stock.

The maximum amount of short-term indebtedness permitted to be outstanding at any one time under certain of the senior loan agreements is $17,500,000, and the company is periodically required to reduce its outstanding short-term indebtedness to $11,500,000 for a period of at least 60 consecutive days.

INTERSTATE BAKERIES CORPORATION (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Restrictions on Subsidiary Funds

The Company owns all of the outstanding common stock of Interstate Brands Corporation (IBC), which investment represents the Company's principal continuing assets and operations. The minority stockholders' interests consists of a $4.80 cumulative preferred stock issue of IBC and a minority interest in a partially owned subsidiary of IBC.

Under the provisions of certain loan agreements, IBC is limited as to the amount of dividends, loans and advances that it may make to the Company. At May 31, 1982, approximately $18,300,000 of IBC retained earnings is available for dividend payments to the Company; however, working capital of $10,000,000 must be maintained. At May 31, 1982, IBC working capital was approximately $16,300,000. IBC must also maintain a tangible net worth of at least $75,000,000. At May 31, 1982, IBC had approximately $90,500,000 of tangible net worth. In addition IBC may make loans to the Company of $2,000,000 of which approximately $900,000 was outstanding to the Company at May 31, 1982. IBC's operating results are included in the consolidated federal income tax return of the Company; however, IBC computes and pays to the Company its federal income tax on a separate return basis. For fiscal 1982 IBC paid the Company approximately $2,100,000 for federal tax which will not be payable by the Company on its consolidated tax return because of tax loss carryforwards.

NATIONAL STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D (in part): Long-Term Obligations and Credit Arrangements

Under the restrictive covenants of certain loan agreements, the Corporation (i) is required to maintain consolidated working capital of not less than $175,000,000 until March 31, 1984, increasing in stages to $250,000,000 at October 1, 1984 and thereafter, (ii) is required to maintain consolidated net tangible assets (as defined) of not less than $900,000,000 and (iii) is permitted to pay cash dividends and purchase outstanding capital stock in an aggregate amount which does not exceed the sum of 70% of the cumulative consolidated net income (or loss) arising after December 31, 1981 plus $125,000,000, provided that, without regard to such restriction, the Corporation may pay up to $6,000,000 per annum on preferred stock and up to an aggregate

$10,000,000 of dividends on common stock. Income retained for use in the business with respect to common stock was unrestricted to the extent of approximately $8,835,000 at December 31, 1982.

SQUIBB CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Long-Term Debt (in part)

	1982	1981	1980
	(Amounts in thousands)		
8.14% notes—$10,000 due annually 1983 to 1992 and $15,000 due annually 1993 to 1997	$175,000	$175,000	$175,000
8% notes due 1985	100,000	100,000	100,000
9.40% notes due 1982	—	50,000	50,000
6⅜% and 6½% notes payable in installments of $2,000 to $4,000 from 1995 to 2004	30,000	30,000	30,000
4¼% Subordinated Guaranteed Convertible Debentures due 1987	21,251	23,581	25,531
Other, primarily 3% to 14¼% due to banks from 1983 to 2008	21,649	23,554	15,461
	347,900	402,135	393,992
Less current installments	11,586	3,364	3,573
	$336,314	$398,771	$392,419

The annual maturities of long-term debt are $11,586,000 in 1983, $16,764,000 in 1984, $111,520,000 in 1985, $12,010,000 in 1986 and $33,275,000 in 1987. Changing economic conditions permitted the Corporation to pay in September, 1982, the then outstanding $50,000,000 principal balance of its 9.40% notes, which had been classified as long-term debt at December 31, 1981.

The Corporation's note agreements impose certain restrictions on the payment of dividends, redemption or acquisition of capital stock and incurrence of debt and lease obligations. At December 31, 1982, approximately $405,000,000 of consolidated retained earnings was not subject to restriction. The Corporation is also required to maintain consolidated working capital of at least $275,000,000, less amounts invested as long-term deposits and certificates of deposit.

TENNECO INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

(8) Restrictions on Payment of Dividends

At December 31, 1982, under its most restrictive dividend provision contained in indentures under which certain series of debentures have been issued, Tenneco Inc. had approximately $1.6 billion of retained earnings available for the payment of dividends on common stock. The liquidating value of Tenneco Inc.'s preference stock does not impose a restriction on retained earnings.

Certain of Tenneco Inc.'s consolidated subsidiaries and unconsolidated subsidiaries which are accounted for on an equity basis have provisions under financing arrangements and statutory requirements which limit the amount of their retained earnings available for dividends. The payment of unrestricted amounts by such subsidiaries would not affect the amount of retained earnings of Tenneco Inc. available for dividends on common stock.

Capital Expenditures

ALLIS-CHALMERS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and Contingent Liabilities

There are various lawsuits pending against the Company and its subsidiaries arising in the normal course of business. Management believes, based on the opinion of counsel, that final disposition of these actions will not have a materially adverse effect on financial position or results of operations.

The Company has committed up to $88 million for construction and operation of the *KILnGAS* coal gasification facility in Illinois, with additional financing of $58 million currently committed by 12 electric utilities, the State of Illinois and the Electric Power Research Institute. The Company has provided $54 million through 1982, and estimates that most of the remaining cost of $38 million will be provided by the Company in 1983.

ATLANTIC RICHFIELD COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 (in part): Other Commitments and Contingencies

At December 31, 1982, the Company had entered into projects and commitments relating to the construction of facilities and other items amounting to approximately $3.8 billion, including approximately $1.8 billion for domestic oil and gas related projects of which $806 million is for the development of the North Slope of Alaska; $421 million for refining and marketing activities; $410 million for manufacturing facilities, principally metal fabricating and chemicals; and $326 million for minerals operations, of which $241 milion is for development of coal resources. The uncertainties inherent in such projects may result in their curtailment, postponement or cost escalation.

DAN RIVER INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Commitments and Contingencies

Commitments for additions to property, plant and equipment amounted to approximately $5,273,000 at January 1, 1983 and $20,960,000 at January 2, 1982.

The Company has claims and actions pending against it and certain guarantees made in the ordinary course of business. The pending claims and actions include litigation by stockholders arising out of large stock purchases by a stockholder group and concurrent Company activities. Management expects to conclude these matters on terms which it believes will not have a material adverse effect on the financial position of the Company.

DUPLEX PRODUCTS INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Purchase Commitments

Commitments for the construction or purchase of major capital additions amounted to $1,933,000 at October 30, 1982, for which deposits of $664,000 have been made.

MEREDITH CORPORATION (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Commitments and Contingencies

The Company is committed to spend approximately $4,000,000 on current projects. Of this amount, approximately $450,000 will be spent on computerized typesetting equipment and approximately $350,000 will be spent upgrading areas of the Company's headquarters building located in Des Moines, Iowa. The balance will be spent for normal equipment replacements and equipment improvements at three television stations.

The Company has guaranteed $6,000,000 under Meredith/Burda Corporation lease and mortgage agreements.

On July 7, 1982, the Company signed an agreement with San Joaquin Communications Corporation to purchase KSEE, an NBC affiliated UHF television station in Fresno, California. The purchase (which is pending FCC consent) calls for the cash acquisition of all outstanding stock for approximately $8,600,000. In addition, a $9,000,000 long-term note, held by a private lender, will be incurred by the Company.

UNITED STATES TOBACCO COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Other Matters

The Company estimates that capital expenditures aggregating approximately $10 million will be required after December 31, 1982, to complete facilities and equipment purchases authorized.

Commencing January 1, 1980, the Company leased from certain officers of a subsidiary, one of whom is an officer and director of the Company, approximately 15,500 acres of farmland situated in Washington State adjacent to its vineyard operations. The lease was for three years, ending December 31, 1982, at an annual rental of $1.175 million. Effective January 1, 1982, the Company purchased this farmland and related farming equipment pursuant to an option agreement. The payment terms include cash of $7.7 million (financed by mortgage notes with principal balances totaling $6.4 million (see Long-Term Debt note).

During January 1983, the Board of Directors approved, subject to shareholders' approval, an increase in the capital stock authorized to 130 million shares (120 million Common and 10 million Preference).

Unconditional Purchase Contracts

ESMARK, INC. (OCT)

FINANCIAL COMMENTS

Other

Estech, Inc. ("Estech") has two take-or-pay contracts with a major chemical company whereby Estech is obligated to purchase a minimum of 135,000 tons per year of phosphate chemical products. Estech has the option to make reduced alternate payments instead of accepting delivery on these products. In 1981 and 1980, Estech purchased amounts of phosphate chemical products that approximated the minimum required by the contracts. During 1982 alternate payments of $.2 million were made under these contracts.

The take-or-pay contracts began in 1975 and extend until 1987. Alternate payments are set using a base price which is escalated for certain supplier costs. Future alternate payments under the take-or-pay contracts, which are not recorded as liabilities, are estimated to be (in millions):

1983	$ 7.1
1984	7.5
1985	8.0
1986	8.5
1987	9.0
	$40.1

KAISER ALUMINUM & CHEMICAL CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

(millions of dollars, except share amounts)

12 (in part): Commitments and Contingencies

The corporation has financial commitments, including purchase agreements, tolling arrangements, forward exchange and sales contracts, guarantees, and commitments to construct pollution control facilities.

Long-term contracts include agreements for the tolling of alumina into aluminum by Volta Aluminum Company Limited (Ghana) (90% owned); and for the supplying of alumina to Anglesey Aluminum Limited (Wales) (67% owned). The corporation has commitments to make additional investments in and advances to affiliates.

The corporation also has long-term agreements negotiated as part of arranging financing for certain joint ventures of which it is a member. These contracts include agreements for the tolling of bauxite into alumina by Queensland Alumina Limited (Australia) (28.3% owned); for the acquisition of alumina from Alumina Partners of Jamaica (36.5% owned); and for the tolling of alumina into aluminum by Boyne Smelters Limited (Australia) (20.0% owned). These obligations expire in 2008, 2021, and 2007, respectively. Under the agreements, the corporation is unconditionally obligated to make payments sufficient to pay its proportional share of debt, operating, and certain other costs of these joint ventures. The aggregate amount of required (i.e., minimum) payments at December 31, 1982, $297.9 ($23.0, 1983; $15.1, 1984; $25.4, 1985; $21.7, 1986; $109.4, 1987; $103.3, thereafter). The corporation's share of payments including operating costs and certain other expenses under the agreements, was $142.0, $202.1, and $156.5, in 1982, 1981, and 1980, respectively.

THE MEAD CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

P (in part): Commitments and Contingent Liabilities

Timberlands and timber cutting contract. In mid-1982, Mead acquired a 50% interest in a partnership which owns all timber presently growing on 335,000 acres in the Upper Peninsula of Michigan. Under a long-term timber cutting contract with the partnership, it is anticipated that Mead will purchase 13.3 million cords over a 60-year period. Mead will pay an initial price per cord in the first year, and thereafter the price will be adjusted annually for inflation and for increases or decreases in certain partnership costs. Thus, the projected minimum amount Mead will pay will be $7.4 million each year for the first 10 years, $9.9 million each year for the next 15 years and $9.3 million per year thereafter. In 1982, Mead purchased 120,000 cords for $5.0 million.

THE UPJOHN COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollar amounts in thousands, except per-share data

J (in part): Commitments and Other Contingent Liabilities

The company has an exclusive long-term agreement with a 50 percent-owned joint venture in Portugal for purchase of polyisocyanates. The purchase price must be sufficient to reimburse the joint venture for all manufacturing costs, operating expenses, financial charges and a guaranteed annual dividend through 1993. Future minimum noncancellable project financing commitments of the company and the joint venture (at current exchange and interest rates) for debt principal were $47,400 and for interest and annual dividends were $27,300. Annual aggregate commitments for future years are: 1983—$12,400; 1984—$12,400; 1985—$17,400; 1986—$9,300; 1987—$8,400; later years—$14,800. The company's 1982 purchases from the joint venture, during the first nine months of its operation, were $38,400.

Other Purchase Contracts

AMERICAN BROADCASTING COMPANIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note M: Commitments and Contingent Liabilities

In 1982 the Company adopted Financial Accounting Standards Board Statement No. 63, "Financial Reporting by Broadcasters" (see note L) and recorded obligations for the purchase of broadcast programs in the amount of $243.8 million. In addition to these obligations recorded in 1982, the Company is committed for payments of approximately $1.58 billion for the purchase of broadcast rights to various other feature films, sports events and other programming, which at January 1, 1983 do not meet the criteria set forth in the statement for recording such commitments. Approximate payments related to the unrecorded commitments during the next five years are as follows:

	1983	1984	1985	1986	1987
Amount (Dollars in thousands)..	$557,420	$440,744	$280,345	$212,966	$42,459

There are contingent liabilities under pending litigation; however, in the opinion of counsel for the Company in these cases, the Company is not expected to incur any material liability.

ASTROSYSTEMS, INC. (AUG)

NOTES TO FINANCIAL STATEMENTS

Note C (in part): Contingencies and Commitments

4. The Company and its three principal officers are parties to a stock retirement agreement which requires the Company upon the death of the officers, to purchase thirty percent of their holdings of the Company's common stock at a price equal to the greater of the average market price over the last six months or the book value. At August 31, 1982 officers who own 892,000, 405,600 and 525,600 shares, respectively, are covered under term life insurance policies in the amounts of $1,500,000, $500,000, and $500,000, respectively.

CENTRONICS DATA COMPUTER CORP. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 (in part): Commitments and Contingency

Purchases

The Company's requirements of mechanical assemblies for certain line printers are supplied to it by a foreign vendor under an agreement which expires in April 1985. Subject to quality, delivery and certain other conditions, the Company has agreed to purchase a minimum number of mechanical assemblies by April 1985. At June 27, 1982, based on the then current exchange value of the yen, the commitment amounted to approximately $24.2 million. The Company does not believe that its historical and anticipated purchases of these mechanical assemblies will equal the minimum number of units to be purchased by April 1985. The Company believes that certain of the conditions precedent to its obligation to purchase a minimum quantity of assemblies may not have been met by the vendor, and it is pursuing revisions to the relevant provisions of this agreement as they may relate to future purchases by the Company and the satisfaction of the obligations for minimum purchases.

CORNING GLASS WORKS (DEC)

NOTES TO FINANCIAL STATEMENTS

11 (in part): Commitments and Guarantees

During 1982, Corning agreed to purchase 571,429 common shares of Genentech, Inc. in four installments through 1984 aggregating $20 million. At January 2, 1983, Corning's investment of 142,858 Genentech shares was stated at cost.

GENERAL REFRACTORIES COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

17. Raw Material Purchase Commitments

The Company has a purchase agreement with a domestic raw material supplier which extends through 1984. Under the agreement, the Company is obligated to purchase annually certain raw materials at an aggregate cost of approximately $12,000,000. The Company did not satisfy its purchase commitment for 1982, having purchased approximately $7,000,000 less than required. If the Company fulfills this obligation, it will have domestic inventories of these materials in excess of its projected 1983 needs. This, together with the commitment to purchase additional material in 1983 and 1984, will create a significant oversupply situation in 1983, 1984 and into 1985. Although the Company currently is negotiating with the supplier in an effort to reduce its obligation under this agreement, the outcome of these negotiations is uncertain.

Employment Contracts

BRUNSWICK CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Employment Contracts

The Company has employment agreements with certain executive officers that become operative only upon a change in control of the Company. For a definition of "change in control of the Company" refer to Note 11—Common Stock Plans. Compensation which might be payable under these agreements has not been accrued in the consolidated financial statements as a change in control, as defined, has not occurred.

CAESARS WORLD, INC. (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16 (in part): Commitments and Contingencies

(c) The Company has employment agreements with twenty-five officers and other key employees of the Company or its subsidiaries for up to six years for a minimum aggregate compensation of approximately $2,998,000 per year. Additionally, the Company has entered into Change in Control Agreements with eleven officers of the Company providing that if there is a change in control in the Company, they would be entitled to receive up to two times their annual salary, plus continuation of certain benefits. The maximum salary continuation liability under these agreements is approximately $3,260,000. In the normal course of business, subsidiaries of the Company entered into entertainment and special events contracts which at July 31, 1982, approximate $13,242,000 over the next two years.

PALL CORPORATION (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10—Contingencies and Commitments

The consolidated Federal income tax return of the Company for the year ended August 2, 1980 is currently under examination by the Internal Revenue Service. In the opinion of management, any assessments which may result will not have a material effect on the financial condition or results of operations of the Company.

Minimum rental commitments under all noncancelable leases for periods subsequent to July 31, 1982 are not material.

Since fiscal 1972, the Company has had employment agreements with its principal officers. Such agreements have been revised from time to time. The agreements provide for minimum salary levels, adjusted annually for cost-of-living changes, as well as for incentive bonuses which are payable if specified management goals are attained. The aggregate commitment for future salaries at July 31, 1982, excluding bonuses, was approximately $9,500,000.

Sales Agreements

PHELPS DODGE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 (in part): Commitments

As of December 31, 1982, the Corporation's subsidiary, Western Nuclear, Inc. had two long-term commitments to deliver approximately 9.7 million pounds of uranium oxide through 1995. One contract is at prices subject to escalation and at prices not less than cost plus a specified amount subject to escalation; the other contract is backed with purchase commitments at lower prices or terminable by Western Nuclear in the event its production costs exceed the contract prices. The Corporation has contracted to sell throughout 1983 1.4 million ounces of silver and 12,600 ounces of gold to be recovered in 1983 as by-products of its domestic copper operations, at prices prevailing when the contracts were entered into in the third quarter of 1982 and first quarter of 1983.

THE SINGER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

13 (in part) Long-Term Leases and Other Commitments

In 1981, the Company completed arrangements to expand its business into the flight training market through a new majority-owned consolidated subsidiary, SimuFlite Training International, Inc., a Delaware corporation formed for that purpose. The Company will purchase, subject to certain conditions, an aggregate of approximately $35 million of Convertible Preferred Stock—Series A of SimuFlite. As of December 31, 1982, such purchases totaled approximately $6 million with the remaining purchases currently scheduled to be made periodically through 1985. As of December 31, 1982, SimuFlite incurred start-up costs of approximately $6 million which are included in deferred charges and will begin to be amortized once operations commence.

The arrangements include the sale by the Company, through its Link Flight Simulation Division, to SimuFlite of a specified number of simulators for use in the venture. Delivery of the simulators is presently scheduled to commence in late 1983 and continue through the end of 1985. The Company will assist SimuFlite in obtaining third-party lease financing for 100 percent of the cost of such simulators and for a related computer-based ground school training system. The aggregate cost of the simulators and training system could approximate up to $120 million depending on the number of simulators purchased. Under certain specified conditions, the Company will be required to act as guarantor for the lease payments or at its option act as lessor. In addition, in 1983 the Company expects to finance a building for SimuFlite's operations at a cost of approximately $17 million.

Additional Payments Related to Acquisitions

HAMMERMILL PAPER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Acquisitions (in part)

Certain purchase agreements concluded over the last three years require the company to issue a maximum of 251,571 additional shares of common stock if the market price of Hammermill stock fails to reach specified levels at various dates through 1986. The acquisitions were recorded at the prices guaranteed. If additional shares are required to be issued, the par value will be credited to the capital stock account and charged against capital in excess of par value.

Non-Competition Agreements

SERVICE CORPORATION INTERNATIONAL (APR)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Commitments and Contingencies

Non-Competition Agreements

In connection with various acquisitions, SCI has entered into management, consultative and/or non-competition agreements (generally for five to ten years) with former owners and key employees of firms acquired. Aggregate annual payments during the years ended April 30, 1982, 1981 and 1980 approximated $2,625,000; $2,845,000 and $3,081,000, respectively. The total outstanding balance of such commitments was approximately $14,914,000 at April 30, 1982.

SUBSEQUENT EVENTS

Events or transactions which occur subsequent to the balance sheet date but prior to the issuance of the financial statements and which have a material effect on the financial statements should be either reflected or disclosed in the statements. Section 560 of *Statement of Auditing Standards No. 1* sets forth criteria for the proper treatment of subsequent events.

Table 1-12 classifies disclosures of subsequent events included in the 1982 annual reports on the survey companies.

Examples of subsequent event disclosures follow.

Debt Incurred, Reduced or Refinanced

AMPCO-PITTSBURGH CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Borrowing Arrangements

The Corporation's long-term debt agreement requires, among other things, the maintenance of certain financial ratios, including ratios of debt to equity and earnings before taxes to interest expense, and ratios relating to working capital. Other covenants prohibit, in excess of specified limits, capital expenditures and dividend payments. An amendment of the agreement was signed on March 18, 1983, effective December 31, 1982, which relaxes certain covenants through March 31, 1984 and provides for increases, of up to ¼%, in the rate of interest if the debt to equity ratio rises to designated levels. At December 31, 1982 the Corporation was in compliance with the terms of the agreement, as amended, and approximately $5,000,000 of retained earnings remained available for the payment of cash dividends.

CHROMALLOY AMERICAN CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 (in part): Long-Term Debt

In January, 1983 the Company issued $40 million of long-term United States Government Insured Merchant Marine Bonds, at average interest rates of 11.4%, payable in varying amounts through 2005. The proceeds from this issue were used to retire various bank notes which would have become due during 1983. Additionally, the Company intends to refinance $23.8 million of bank loans coming due in 1983 with proceeds from the issuance of additional long-term Government Insured Merchant Marine Bonds or from the revolving credit agreement. Accordingly, at December 31, 1982 both amounts, net of current maturities, have been classified as long-term debt.

TABLE 1-12: SUBSEQUENT EVENTS

	Number of Companies 1982	1981	1980	1979
Debt incurred, reduced or refinanced	42	47	22	29
Business combinations pending or effected	42	46	36	51
Capital stock issued or retired	22	20	14	4
Stock splits or dividends	17	5	20	12
Sale of assets	32	28	19	19
Litigation	29	18	10	11
Other—described	41	57	24	29

MAPCO INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19: Subsequent Event—Debt Issuance

On February 10, 1983, MAPCO sold Adjustable Rate Convertible Subordinated Notes Due 2003 at an aggregate offering price of $50,000,000 ($1,000 per Note). The Notes are convertible at $22.75 per share into MAPCO common stock. The Notes mature on March 10, 2003 and are redeemable at the option of MAPCO as a whole or in part at any time on or after March 10, 1984 at a maturity or redemption price of $27,500,000 ($550 per Note). Interest on the Notes will be adjusted quarterly and for each quarterly interest period will be the higher of $22.52 per Note (9.008% annual rate) or approximately $2.75 per Note above the cash dividends declared for such interest period on the number of shares of common stock into which the Note is convertible. The excess of the $50,000,000 received upon issuance of the Notes over the $27,500,000 payable at maturity or upon redemption will be recorded as "Capital in excess of par value." The proceeds from the Notes were used to retire a portion of the outstanding commercial paper (Note 8). The Notes are subordinated in right of payment to all senior indebtedness of MAPCO as provided in the Indenture.

The Notes are common share equivalents for purposes of computing primary earnings per common share, which assumes that the Notes were converted into 2,197,500 shares of common stock at the date of issuance and that the related interest expense on the Notes, net of statutory income taxes, was restored to net income. Assuming the Notes had been issued on January 1, 1982 with the proceeds reducing outstanding commercial paper, primary and fully diluted earnings per common share for 1982 would have been $2.59 and $2.58, respectively.

PEOPLES DRUG STORES, INCORPORATED (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Long-Term Debt

Effective November 1, 1982, the Company entered into an amended loan agreement with the banks at rates and terms more favorable than the prior agreement. Under the amended loan agreement, the interest rate is fixed periodically, at the option of the Company, at the prime rate or a rate based on Euro-dollar loans or interest paid on certificates of deposit. Repayments are $1,000,000 in September 1984, $3,000,000 in 1985 and $6,000,000 annually thereafter to 1989.

The other terms of the amended agreement, which are less restrictive than the prior agreement, require the Company to achieve current and increasing future levels of tangible net worth and to maintain certain quarterly financial ratios. In addition, among other things, the agreement limits the annual amounts of capital expenditures, lease commitments and borrowings, and restricts the payment of dividends (as of September 25, 1982, $5,272,000 of retained earnings was available for payment of cash dividends).

American Security Bank, N.A. is one of the Company's principal lending banks and one of its officers is a director of the Company.

TIME INCORPORATED (DEC)

NOTES TO FINANCIAL STATEMENTS

Long-Term Debt (in part)

In January 1983, $100 million of 10¾ percent Guaranteed Notes due January 26, 1990, payable in two installments, were sold in the Eurodollar market. The net proceeds of the first installment of $25 million were received on January 26, 1983 and the final installment of $75 million is due on July 26, 1983.

UNC RESOURCES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Subsequent Events

In January 1983, the Company and the former owners of Swift Group, Inc. (SGI) agreed to convert and retire certain debt issued in connection with the acquisition of SGI by the Company in January 1982. Pursuant to this agreement, $13,000,000 principal amount of 8% Convertible Subordinated Guaranteed Debentures due January 1989 and $2,200,000 principal amount of a 12% Convertible Guaranteed Promissory Note due January 1984 were converted into 1,440,753 shares of UNC Resources common stock, the number of shares corresponding to the specified conversion price of $10.55 per share. The Company paid the former owners cash, marketable securities and other assets with a carrying value of approximately $9,000,000. In addition, $4,700,000 principal amount of 12% promissory notes were retired, and the former owners agreed to waive approximately $1,000,000 in accrued interest on the debentures and notes. Two of the former owners also agreed to reduce the maximum payments that may be made to them contingent upon SGI's earnings during the four-year period ending December 31, 1985, from $17,600,000 to $8,800,000.

Assuming the conversion had taken place January 1, 1982, the Company's net loss per share for the year ended December 31, 1982, would have been $1.01 (unaudited).

The pro forma effects assuming the transaction had occurred on December 31, 1982, are summarized below:

Condensed Consolidated Balance Sheet As of December 31, 1982 (Unaudited):

	Historical	Pro Forma	Net Change
	(Dollars in thousands)		
Current assets	$146,316	$140,066	$ (6,250)
Noncurrent assets	314,233	311,355	(2,878)
Total assets	$460,549	$451,421	$ (9,128)
Short-term debt	$ 28,108	$ 23,408	$ (4,700)
Other current liabilities	69,099	68,152	(947)
Long-term debt	116,929	104,635	(12,294)
Other noncurrent liabilities	88,405	89,033	628
Shareholders' equity	158,008	166,193	8,185
Total liabilities and shareholders' equity	$460,549	$451,421	$ (9,128)

Also in January 1983, the Company exercised its option to acquire the Cornucopia Gold Mine near Baker, Oregon. The transaction, which will involve issuance of approximately 906,000 shares of the Company's common stock, is subject to a number of requirements, including registration of the UNC shares to be issued and approval by the shareholders of the company that presently owns Cornucopia.

UNIVERSAL VOLTRONICS CORP. (JUN)

NOTES TO FINANCIAL STATEMENTS

3 (in part): Debt

Long-term debt consists of the following:

	1982	1981
Term note (a)	$1,500,000	$1,244,635
Real property mortgage note (b)	1,250,000	671,380
Revolving credit (c)	185,027	
Capitalizing lease obligations and other	55,122	33,664
	2,990,149	1,949,679
Less: Current maturities	241,570	308,004
	$2,748,579	$1,641,675

During fiscal year 1982 and subsequently, the Company and Lincoln First Bank, N. A. (Bank) entered into various debt refinancing agreements as follows:

(c) As of August 24, 1982, the Company and the Bank entered into a revolving credit agreement whereby the Bank agreed to lend the Company sums not to exceed the lesser of $450,000 or the market value of collateral pledged by certain shareholders through October 31, 1984, at which time the unpaid balance shall be due. Interest is payable monthly at 1% above the Bank's prime rate. The collateral, pledged by four shareholders (two of whom are directors) who together own approximately 25% of the outstanding shares of the Company, also secures all other Bank debt. However, the collateral will be released if debt pursuant to the revolving credit agreement is paid on October 31, 1984 and there is no event of default under the term loan or mortgage loan. On August 31, 1982 the Company borrowed $200,000 under this agreement and repaid a demand loan to the Bank. Accordingly, the demand loan of $185,027 at June 30, 1982 has been reclassified as long-term debt.

Business Combinations

THE GOODYEAR TIRE & RUBBER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Subsequent Event—On February 8, 1983, the Company announced an agreement in principle to acquire Celeron Corporation by exchanging approximately 25,000,000 shares of its common stock for Celeron common stock. Celeron, a public company, operates natural gas transmission systems, principally in Louisiana, and is involved in a wide range of oil and natural gas related activities. The agreement in principle is conditional and subject to execution of a definitive merger agreement, obtaining regulatory approval, and approval by the shareholders of both companies.

It is the intention that the acquisition will be accounted for as a pooling of interests. Accordingly, the consolidated financial statements for prior years will be restated to include the accounts of Celeron.

LEGGETT & PLATT, INCORPORATED (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

K—Subsequent Event

On January 4, 1983, the Company acquired 810,736 shares or 84% of the outstanding common stock of Nachman Corporation, a manufacturer of wire and wire-related products for the bedding and furniture industry, for $2,032,000. This amount was escrowed at December 31, 1982 and is included on the balance sheet in sundry assets.

On January 6, 1983, the Company initiated a $2.50 per share cash tender offer for all remaining Nachman common stock. As of February 25, 1983, the Company had acquired approximately 98% ownership in Nachman.

The Company will account for the acquisition as a purchase and, accordingly, will include Nachman's results of operations in its consolidated statement of earnings for 1983. On an unaudited pro forma basis, assuming the acquisition of Nachman had occurred on January 1, 1982, consolidated net sales, net earnings and net earnings per common and common equivalent share for 1982 would have been $299,242,000, $8,863,000 and $2.46, respectively. These pro forma amounts reflect adjustments for duplicate administrative expenses, nonrecurring items, interest on borrowed funds, the results of discontinued Nachman operations and more competitive raw material costs which should accrue to Nachman operations. Adjustments have not been made for increased operating efficiencies which are expected to develop once certain Leggett operating facilities are merged with Nachman locations.

An unaudited pro forma condensed consolidated balance sheet as of December 31, 1982 would be as follows:

Assets	
Current Assets	$ 72,416,000
Property, Plant and Equipment	60,061,000
Other Assets	13,079,000
	$145,556,000
Liabilities and Shareholders' Equity	
Current Liabilities	$ 36,148,000
Long-Term Debt	39,690,000
Other Liabilities	5,135,000
Shareholders' Equity	64,583,000
	$145,556,000

LENOX, INCORPORATED (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent Event:

Subsequent to December 31, 1982, the Company acquired all of the common stock of Hartmann Luggage Company, a manufacturer of high quality luggage, for $30,000,000, in a transaction to be accounted for as a purchase. The following tabulation presents the unaudited pro forma results of the combined operations of the Company and Hartmann as though the combination had occurred on January 1, 1982, giving effect to depreciation and amortization of assets on the accounting basis recognized in recording the purchase, and interest on the $30 million of debt assumed to be incurred to effect the purchase:

(thousands of dollars except per share data)	
Net sales	$280,700
Net income	18,650
Net income per share of common stock	4.15

An unaudited pro forma combined balance sheet as of December 31, 1982 follows:

(thousands of dollars)	
Assets	
Current assets	$156,000
Property, plant and equipment—net	29,000
Excess of cost over net assets of business acquired	23,000
Other assets	21,000
	$229,000
Liabilities and Shareholders' Equity	
Current liabilities	$ 43,000
Long-term debt	49,000
Deferred income taxes	2,000
Shareholders' equity	135,000
	$229,000

MEI CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

(2) (in part): Acquisitions

In February 1983, the Company entered into an agreement to purchase the outstanding stock of Gamble, Inc. and Subsidiaries, a Pepsi-Cola/Dr. Pepper soft drink bottler in Portland and a Pepsi-Cola bottler in Salem, Oregon. At December 31, 1982, Gamble, Inc. had assets and liabilities of $10,300,000 and $5,700,000, respectively, and 1982 sales approximating $35,000,000. The acquisition, which is subject to Federal Trade Commission filing requirements, is expected to be completed during the second quarter of 1983.

TOSCO CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

16. Subsequent Event—Acquisition of AZL Resources, Inc.

Effective January 3, 1983, Tosco acquired the remaining 5.5 million outstanding common shares of AZL Resources, Inc. (AZL) for $10.00 per share in cash. Prior to completion of the acquisition, Tosco owned approximately 29% of AZL common stock as a result of its acquisition of Credit Immobilier, S.A. (CI) on December 3, 1982 (Note 2). AZL is in a process of transition from an agricultural land-based company into an energy resources company with both domestic and international holdings in oil and gas.

The acquisition of AZL will be accounted for as a purchase and, accordingly, Tosco's financial statements will reflect the assets, liabilities and operating results of AZL from January 1983 forward. The excess of the purchase price over the fair market value of the net assets acquired of approximately $25 million will be amortized on a straight-line basis over a forty year period. The following unaudited pro forma consolidated balance sheet gives effect to the above transaction as if it had been consummated on December 31, 1982. Valuations assigned are preliminary and subject to change.

Thousands of dollars	Tosco, as Reported	Net Assets Acquired	Pro Forma
Assets			
Current assets	$ 568,000	$	$ 568,000
Property, plant and equipment	627,000	30,000	657,000
Other assets	103,000	66,000	169,000
	$1,298,000	$96,000	$1,394,000
Liabilities and Shareholders Equity			
Current liabilities	$ 510,000	$19,000	$ 529,000
Long-term debt	433,000	77,000	510,000
Deferred credits	53,000		53,000
Shareholders' equity	302,000		302,000
	$1,298,000	$96,000	$1,394,000

The net assets acquired, in addition to goodwill, principally represent: (1) oil and gas properties classified as property, plant and equipment; (2) an additional investment in International Energy Development Corporation IEDC, S.A., bringing Tosco's total equity investment in EIDC to 24%, of which approximately 21.3% of IEDC was acquired as a result of the AZL acquisition. IEDC is a company whose principal objective is energy resource development in third world nations through direct participation in exploration for and production of oil and gas and the provision of broad-based consulting services in planning for energy use and development; and (3) assets in AZL's nonenergy related activities, valued at their estimated net realizable value, all of which Tosco Management currently intends to sell. In addition, total additional debt, including current portion thereof, of $85 million was incurred, of which $55 million is related to the cost of Tosco's acquisition of AZL and $30 million is debt of AZL as of January 3, 1983 which has been assumed by Tosco.

The following summarizes, on a pro forma basis, the unaudited combined results of operations as though the acquisitions of AZL and CI had occurred on January 1, 1982:

Thousands of dollars except per share amounts	1982
Sales	$3,473,111
Income before extraordinary credits	$ 115,431
Net income	$ 126,927
Earnings per common and common equivalent share:	
Primary	$ 5.34
Fully diluted	$ 5.26
Common and common equivalent shares used in the computation of earnings per share:	
Primary	24,487,823
Fully diluted	25,088,996

PFIZER INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent Events

In January 1983, the Company acquired Valleylab, Inc., a designer, developer and manufacturer of electronic medical devices and accessories for approximately 1.7 million shares of its common stock in a transaction accounted for as a pooling of interests. Accordingly, historical financial data presented in future reports will be restated to include the accounts and transactions of Valleylab, Inc.

The following table summarizes, on a proforma basis, the combined results of operations as though Valleylab had been acquired on January 1, 1980:

(millions of dollars, except per share data)	Year ended December 31, 1982	1981	1980
Net sales	$3,496.0	$3,249.7	$3,054.2
Net income	$336.3	$ 276.5	$ 254.9
Earnings per common share*	$ 4.21	$ 3.58	$ 3.40

*Per share computations give effect to the 1.7 million shares issued upon consummation of the acquisition.

Capital Stock Transactions Other Than Business Combinations

ASARCO INCORPORATED (DEC)

NOTES TO FINANCIAL STATEMENTS

18. Subsequent Event

In a public offering on February 18, 1983, the Company sold, for $35⅛ per share, 750,000 common shares, held in treasury. The cost of the treasury shares sold was $31 million, or approximately $41 per share. The proceeds from the offering, $25 million, will be used to reduce Asarco's outstanding borrowings under its existing revolving credit agreements.

ACTION INDUSTRIES, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Subsequent Event:

On July 16, 1982, the Company made a tender offer to its shareholders for the purchase of 250,000 common shares at an offer price of $4.00. Approximately 237,000 shares were tendered and have been purchased by the Company.

The proforma (unaudited) information provided below gives effect to the purchase of 237,000 common shares at a price of $4.00 per share assuming it had occurred as of the beginning of the accounting period.

	Year Ended June 26, 1982
Earnings:	
Historical:	
Earnings from continuing operations	$2,705,926
Total loss from discontinued business	(4,453,677)
Extraordinary gain, net	870,257
Net earnings (loss)	$ (877,494)
Proforma (unaudited) (A):	
Earnings from continuing operations	$2,623,586
Total loss from discontinued business	(4,453,677)
Extraordinary gain, net	870,257
Net earnings (loss)	$ (959,834)
Average Number of Shares Outstanding:	
Historical	1,694,005
Proforma (unaudited)	1,457,005
Earnings (Loss) Per Share:	
Historical	
Continuing operations	$ 1.60
Discontinued business	(2.63)
Extraordinary gain	0.51
	(0.52)
Proforma (unaudited):	
Continuing operations	$ 1.80
Discontinued business	(3.06)
Extraordinary gain	0.60
	$ (0.66)

(A) Proforma (unaudited) earnings reflect the effect of additional interest expense on $948,000 of borrowings to finance the repurchase.

BOISE CASCADE CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

6 (in part): Shareholders' Equity

Preferred Stock. At December 31, 1982, there were 82,199 Series A shares outstanding. Each share is entitled to one vote, bears an annual dividend of $3 (cumulative), is convertible at any time to .8490 share of common stock, is entitled to a preference of $65 in liquidation and is callable at $65. During 1982, 45 preferred shares were converted to 37 shares of common stock, compared with 2,490 preferred shares converted to 2,114 shares of common stock during 1981, and 390 preferred shares converted to 330 shares of common stock during 1980.

In January 1983, the Company issued 2,000,000 shares of Series B preferred stock and received net proceeds of approximately $96,700,000. Each preferred share is entitled to one vote, bears an annual dividend of $5 (cumulative), is entitled to a preference of $50 in liquidation and is convertible by the holder at any time to 1.0959 shares of common stock. The Company may, if certain conditions are met, redeem the outstanding Series B preferred stock prior to February 1, 1986, at a price of $50 per share plus a specified declining premium. At February 1, 1986, and thereafter, the Series B preferred stock is redeemable at specified prices declining to $50 per share on February 1, 1993. Beginning February 1, 1985, the Company may, at its option, exchange Series B preferred shares for 10% convertible subordinated debentures at a rate of $50 principal amount per debenture for each preferred share exchanged.

Unissued preferred shares may be issued with such voting rights, dividend rates, conversion privileges, sinking fund requirements and redemption prices as the board of directors may determine, without action by the shareholders.

CHRYSLER CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 5: Subsequent Event—Reclassification of Preferred Stock

In February 1983 Chrysler's Board of Directors approved a plan to reclassify the 342,951 shares of outstanding 1981 Series Preferred Stock, which has a liquidation preference and redemption value of $1,097.4 million, into 29,150,792 newly issued shares of Common Stock. The plan also calls for Chrysler to offer newly issued Common Stock in exchange for all (but not less than 80%) of 13,286,000 outstanding warrants held by the banks and other financial institutions that hold the 1981 Series Preferred Stock, at a rate of 1.7 warrants for each share of Common Stock. The warrant holders have tendered approximately 10,630,000 warrants, or 80%, in the exchange offer.

The reclassification has been approved by the holders of the 1981 Series Preferred Stock, as well as the Loan Guarantee Board, and will be presented to the holders of Common Stock for their approval at Chrysler's annual meeting scheduled to be held on May 5, 1983.

The reclassification is also subject to the successful completion by July 15, 1983 of an underwritten public offering of at least 8,745,000 of the shares of Common Stock to be issued upon the reclassification of the 1981 Series Preferred Stock for an offering price of not less than $12.00 per share and an aggregate offering price to the public of at least $125.0 million.

Although the reclassification of the 1981 Series Preferred Stock will have no effect on 1983 net earnings, there will be a dilutive effect on net earnings per share of Common Stock due to the increase in the number of such shares outstanding.

THE FIRESTONE TIRE & RUBBER COMPANY (OCT)

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Subsequent Event—In October, 1982, the Company announced that it intends to purchase up to 5 million shares of its common stock in the open market.

Through December 13, 1982, 1.1 million shares of common stock had been purchased at an aggregate cost to the Company of $16.

HECLA MINING COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

13. Subsequent Events

On January 19, 1983, the Company sold 1,000,000 shares of newly-issued common stock to the public through an underwriting syndicate. Net proceeds from the stock offering were approximately $22,425,000. The Company used $9,500,000 of the cash proceeds to retire the remaining balance of its notes payable to banks (see Note 6).

NATIONAL STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note N—Subsequent Events

In January 1983 the Corporation issued 1,100,000 shares of Cumulative Convertible Preferred Stock at a price of $50.00 per share which resulted in net proceeds to the Corporation of approximately $53,203,000. Each share of preferred stock is entitled to a cumulative annual dividend of $5.00 and is convertible into common stock of the Corporation initially at a conversion price of $26.75 per share. The Corporation has reserved 2,056,075 shares of its common stock for issuance upon the conversion of the preferred stock. The shares are redeemable from 1986 through 1992 at prices ranging from $53.50 to $50.50 and thereafter at $50.00 per share. The Corporation is required to make sinking fund payments in each of the years 1993 to 2003 in an amount sufficient to redeem 88,000 shares annually through 2002 and 220,000 shares in 2003.

In February 1983 the Corporation exchanged 650,604 shares of its common stock held in treasury for $21,875,000 (face amount) of its outstanding 8⅜% First Mortgage Bonds.

Stock Splits

GRANGER ASSOCIATES (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Subsequent Event

On September 27, 1982, the Board of Directors authorized the number of shares of common stock to be increased from five million to ten million shares. In addition, the Board approved a two-for-one stock split to be distributed November 8, 1982 to shareholders of record on October 18, 1982. All share data included in the consolidated financial statements and notes thereto have been adjusted for the split.

THE SHERWIN-WILLIAMS COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Stock Splits

On February 16, 1983, the company's board of directors authorized a two-for-one split of the common stock effected in the form of a 100% stock dividend to be distributed on March 30, 1983, to holders of record on March 4, 1983. Accordingly, all numbers of common shares and per share data have been restated to reflect the stock split. The par value of the additional shares of common stock issued in connection with the stock split will be credited to common stock and a like amount charged to other capital and retained earnings in 1983.

On February 18, 1981, the company's board of directors authorized a two-for-one split of the common stock effected in the form of a 100% stock dividend which was distributed on March 30, 1981, to holders of record on March 9, 1981. The par value of the additional shares of common stock issued in connection with the stock split was credited to common stock and a like amount charged to other capital and retained earnings in 1981.

Sale of Assets

ANCHOR HOCKING CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 14 (in part): Subsequent Events

In February 1983, the company was in the process of finalizing the agreement for the sale of the net assets of Lindner Industrie B.V., a wholly-owned subsidiary located in the Netherlands, to Numan-Blikemba N.V., a Netherlands based company, for an amount which approximated the company's net investment in the subsidiary.

ERB LUMBER CO. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 23—Subsequent Event—On January 31, 1983, the Company sold its 50 percent interest in Amurcon Corporation ("Amurcon") to Mr. Fred A. Erb, Chairman, President and principal stockholder of the Company and Chairman of Amurcon.

The selling price aggregated $1,375,400. Payment consisted of cash of $200,000 and a note for the balance ($1,175,400), payable in three equal annual installments of principal plus interest at 7 percent. The selling price was computed as the Company's portion of 100% of Amurcon's book value at November 30, 1982, Amurcon's fiscal year end, less subsequent dividends paid through January 31, 1983.

Amurcon has been accounted for in the Company's financial statements by the equity method. Amurcon's contribution to the Company's net income for 1982, 1981 and 1980 was $290,000. $328,000 and $294,000, respectively. As a result of the transaction, the Company realized a gain (net of tax) in January, 1983 of approximately $138,000, which represents the excess of 50 percent of the book value of Amurcon over the net carrying amount of the Company's investment.

GENERAL ELECTRIC COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

1. Planned sale of certain mineral resource assets

On January 27, 1983, General Electric Company and The Broken Hill Proprietary Company Limited (BHP) signed a memorandum of intention whereby BHP, an Australian-owned and -based industrial and natural resources company, would acquire Utah International Inc. and Utah-Marcona Corporation from GE for approximately $2.4 billion in cash. BHP expects to form a consortium to participate in ownership of the Australian coal properties included in the acquisition.

Under the terms of the proposed sale, GE would retain Ladd Petroleum Corp., a wholly owned subsidiary of Utah, as well as Utah's financial interests in the Pathfinder uranium mines in Wyoming, the Trapper steam coal mine in Colorado, and certain land-development properties in the U.S.

Completion of the transaction is subject to a number of conditions, including negotiation of a definitive agreement, approvals by the GE and BHP Boards of Directors, completion of consortium and financing arrangements by BHP, and requisite government approvals. GE and BHP expect to complete the transaction in the latter half of 1983.

Sales, net earnings and total assets for the businesses to be sold are shown below.

(In millions)	1982	1981	1980
For the year:			
Sales	$1,311	$1,466	$1,190
Net earnings	247	207	208
At December 31:			
Total assets	1,838	1,823	1,656

MASONITE CORPORATION (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. Subsequent Events

a. Discontinued Asphalt Roofing Segment:

On May 1, 1982, the company sold its asphalt roofing business and entered into a lease, containing a lease purchase option agreement, of its asphalt roofing plant in Mississippi. The purchase option was exercised on September 15, 1982, and the plant sold to the buyer of the asphalt roofing business at a pretax gain to the company of $845,000 over the net book value of $5,022,000. The buyer was Atlas Roofing Corporation, a corporation controlled by two sons of Warren A. Hood, a director of the company. In the opinion of management, the transaction was negotiated at arm's length between the company and Atlas. Atlas had paid $250,000 for the lease purchase option and in addition, paid the company $1,000,000 for inventory and certain vehicles.

b. Eastern Hardboard Division Timberland Sale:

On September 15, 1982, almost all of the company's remaining owned domestic timberland (located near Towanda, PA) was sold at a pretax gain to the company of $5,215,000 over the net book value of $978,000.

THE STANDARD OIL COMPANY (AN OHIO CORPORATION)

NOTES TO FINANCIAL STATEMENTS

Note T: Subsequent Event—1983 Divestiture

On February 24, 1983, the Board of Directors approved a plan to discontinue or sell the Company's abrasives manufacturing operations which were acquired as part of the June 4, 1981, Kennecott acquisition. The Company intends to permanently close its United States bonded abrasives operations by mid-1983. An active search for buyers of other major domestic and foreign abrasives operations has commenced.

During 1982, the abrasives operations had sales and operating revenues of $242 million, and generated an operating loss (before interest and income taxes) of $27 million.

A preliminary estimate of the loss to be incurred is $75 million after related income tax effects. Such estimated loss includes provisions for severance and other employee termination-related costs, asset disposals and operating losses prior to disposal or sale. It is expected that the Company will record the estimated loss as a charge to income during the first quarter of 1983.

WEST CHEMICAL PRODUCTS, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Subsequent Events

On December 2, 1982 the Board of Directors approved a plan to dispose of the Company's Chemical Industries, Inc., Durable Products, Inc., and Chem-Pride, Inc., subsidiaries. Disposition alternatives have been developed and discussions were held with prospective purchasers. On December 14, 1982 the Company reached an agreement in principle to sell these subsidiaries for $100,000 cash and $2,000,000 of 7 year, 10% notes. The sale is presently expected to result in a gain and to be completed by mid-year 1983, subject to the parties entering into a definitive agreement.

The following is a summary of the results of operations (after allocable costs) of the subsidiaries to be disposed of which are included in the accompanying Consolidated Statement of Operations:

	1982	1981	1980
Net Sales	$3,514,575	$4,316,888	$5,762,552
Income (Loss) from Continuing Operations	$ (202,002)	$ (11,732)	$ (11,473)

Assets and Liabilities of the subsidiaries to be disposed of, exclusive of Intercompany Debt, included in the accompanying Consolidated Balance Sheets at November 30 are presented below:

	1982	1981
Current Assets	$1,506,118	$1,815,967
Property, Plant and Equipment and other assets	164,883	196,341
Total Assets	$1,671,001	$2,012,308
Current Liabilities	167,731	246,511
Long-term debt and other liabilities	22,004	43,392
Total Liabilities	$ 189,735	$ 289,903
Net Assets to be disposed of	$1,481,266	$1,722,405

Litigation

BROCKWAY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14—Subsequent Event

In January 1983, the Company was informed that a settlement order had been signed in December 1982, in connection with an antitrust action instituted on behalf of a number of purchasers, including the Company, against a number of corrugated container manufacturers. The initial settlement payment of $2.8 million will be recorded in income when received in January 1983. Future settlements, if any, will also be recognized as received.

COPPERWELD CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Commitments and Contingencies

In 1982, the United States Court of Appeals for the Seventh Circuit affirmed a jury verdict rendered in 1981 against the Corporation and its subsidiary, Regal Tube Company, in favor of Independence Tube Corporation for violations of Section 1 of the Sherman Act and certain state law claims. As a result of this decision, the Corporation provided for the assessed damages of $7,512,000; legal costs awarded to Independence Tube Corporation of $1,815,000; and related interest at 9% per annum to December 31, 1982 by an extraordinary charge of $5,688,000 ($.66 per share) net of income tax benefits of $5,025,000.

In January 1983, the Corporation filed a Petition for Certiorari to the United States Supreme Court seeking a review of certain antitrust aspects of the litigation. This petition seeks to overturn approximately two-thirds of the assessed damages and the award to Independence Tube of its legal costs. Also, the Corporation has pending a lawsuit against an insurance carrier which seeks reimbursement for all costs incurred in defense of the Independence Tube case and indemnification of the damage award should it become final. This insurance lawsuit is in the early stages of discovery. In the event the petition for Certiorari is denied the litigation judgment, net of related taxes, would require funds in 1983.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. (FEB)

FINANCIAL REVIEW

Subsequent Event—On April 5, 1982, the Company announced that it had agreed, in principle, subject to the approval of the court and to other necessary legal proceedings, to a settlement of the October 30, 1981 litigation whereby a former executive of the Company filed a class action suit to prevent distribution to the Company of the surplus that has developed in the Company's employee retirement plan as a result of overfunding. Under the terms of the settlement, the Company will increase benefits to the plan participants, including both retirees and present employees, at a cost of $50 million, thereby allowing the termination of the plan resulting in approximately $200 million reverting to the Company, of which $130 million was recorded as an extraordinary credit in fiscal 1981. Through utilization of the Company's tax-loss carryforwards, the reversion to the Company will be effectively tax-free in accordance with current tax regulations. (See Retirement Plan and Litigation footnotes).

OAK INDUSTRIES INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(14) Subsequent Events

In March 1983 the Company and eight defendants who are members of the Company's Board of Directors and/or the Company's senior management were served with Complaints filed in Federal District Court for the Southern District of California. The Complaints are shareholder class actions brought on behalf of all purchasers of the Company's debt and equity issues from January 12, 1982 through October 6, 1982 which allege violations of the Securities Exchange Act of 1934 and California state law violations of fraud, deceit and negligent misrepresentation and seek monetary damages in an unspecified amount. The Company and the other defendants intend to deny the allegations and vigorously pursue the litigation. However, it is not possible at present for the Company and its counsel to predict the outcome or the range of potential loss, if any, which might result from these actions. Accordingly, no provision for any liability that might result therefrom has been recorded in the accompanying consolidated financial statements.

Currently, the Company is involved in litigation with Channel 21 Inc. which broadcasts the Dallas STV service. The litigation concerns ON TV Dallas' right to expand broadcast hours and to show "Adults Only" programming. Since July, 1981, ON TV Dallas has offered "Adults Only" programming on an optional, extra fee basis. On February 1, 1983, Channel 21 Inc. instituted a policy of refusing to broadcast "Adults Only" programming. At the time Channel 21 Inc. instituted this policy, approximately 89% of ON TV Dallas' subscribers received the "Adult Only" service. Since Channel 21 Inc. has implemented this policy, many subscribers have discontinued the ON TV service. The Dallas operation had more than 21,000 subscribers at March 1, 1983. If the matters described above are not resolved favorably, and if other alternatives currently being evaluated are unsuccessful, the Dallas operation may not be able to achieve profitability.

WASTE MANAGEMENT, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Subsequent Events

In March, 1983, several allegations and lawsuits relating to the Company's compliance with environmental laws and regulations were publicized and led to the Company's commencing a thorough investigation of the matters alleged. The investigation is in the preliminary stage, and is continuing, but, based on its current knowledge, management does not believe that the effects of any corrective action will be material to the Company. In addition, on March 28, 1983, two purported class action lawsuits were filed in federal district court in Chicago, alleging that the Company's purported failure to disclose noncompliance with environmental laws and regulations constituted violations of the federal securities laws. Management has not had the opportunity to evaluate these lawsuits, but does not believe the Company has violated the federal securities laws.

WILLAMETTE INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 (in part): Litigation

In January, 1983, the Company signed a settlement agreement with attorneys representing class action plaintiffs in a civil antitrust suit involving the sale and distribution of softwood plywood. The Company had been awaiting review by the United States Supreme Court of an unfavorable opinion of the United States Court of Appeals for the Fifth Circuit, which affirmed a judgment of the United States District Court for the Eastern District of Louisiana against the Company and two other plywood manufacturers. The District Court judgment had followed a jury verdict in favor of the plaintiff classes of plywood purchasers on the issue of liability based upon an alleged conspiracy to fix prices in connection with the calculation of freight charges on plywood shipments.

Under the settlement agreement, the Company and the two co-defendants will be obligated to make payments totaling $165 million through 1985. The Company's agreed share of these payments is as follows: $5,250,000 in January, 1983; $10,500,000 in January 1984; $13,125,000 in January, 1985. In executing the settlement agreement, the Company denied any wrongdoing. Management believes that the settlement will allow the Company to avoid the uncertainties and expense inherent in continued litigation.

In January, 1983, the United States District Court for the Eastern District of Louisiana gave preliminary approval to the proposed settlement. The settlement is subject to final approval by the court, following notice to class members, and by any reviewing court. The settlement provides that the parties will seek a stay of the proceedings in the United States Supreme Court pending such final approval. If the settlement does not become final, which management considers unlikely, the litigation will resume.

In October, 1981, the United States Court of Appeals for the Fifth Circuit approved the Company's December, 1978, settlement of a class action brought against the Company and many other producers of corrugated containers seeking treble damages for alleged violations of the federal antitrust laws relating to the pricing of corrugated containers. A number of claimants, including several substantial customers of the Company, who did not participate in the class action settlement have filed individual lawsuits against the Company and other defendants seeking treble damages in unspecified amounts based on the same alleged violations of the antitrust laws. Several of these claimants have settled their claims. Trial in the cases of the remaining plaintiffs commenced October, 1982, and in February, 1983 the jury returned a verdict of no liability.

Leases

ANALOGIC CORPORATION (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Subsequent Events:

In August 1982, the Company entered into an amendment of an existing capital lease. This amendment provides for an additional 39,200 square feet of office and manufacturing space. The Company commenced making rental payments on September 1, 1982. The minimum annual rentals due under the lease amendment will be approximately $186,000 or $3,522,000 in total through July 31, 2001. This lease amendment will be accounted for as a capital lease in fiscal 1983.

In August 1982, the Company acquired an equity interest of approximately 40% in the form of preferred stock in Telmos, Inc. (Telmos), a manufacturer of semiconductor devices, for $2,500,000. In connection therewith, the Company and Telmos entered into an agreement providing for the exchange of technology, product ideas and market information as the parties may agree upon. The total investment by the Company exceeds its portion of the net assets of Telmos by approximately $1,500,000 (unaudited). It is anticipated that this excess will be amortized over a ten-year period.

MOTT'S SUPER MARKETS, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Subsequent Events

The company has decided to combine its drug store operations within their larger super markets and a subsidiary sold its separate drug stores in February, 1983.

The company has signed leases for an existing store and for a store in a shopping center to be built. Both leases will begin in the fall of 1983 at minimum annual rentals of $546,000 and provide for payment of taxes, insurance and maintenance. The company has a commitment to provide the mortgage financing for the above shopping center in an amount not to exceed $6,500,000. The company will own a 50% interest in the center.

Purchase of Assets

HAMPTON INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Subsequent Event

On December 31, 1982, the Company purchased a building in New York City and the right to occupy it under a ground lease. Certain sales activities of the Company will be consolidated and occupy a portion of the building with the balance of the space rented to tenants. The cost of the purchase and improvements is estimated at $7,000,000, of which $6,520,000 was financed through Industrial Development Revenue Bonds issued by the New York City Industrial Development Agency.

JAMES RIVER CORPORATION OF VIRGINIA (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Subsequent Event (Unaudited):

On July 2, 1982 James River and American Can Company announced that they had consummated transactions in which James River, through a subsidiary, purchased certain assets of American Can's paper and forest based businesses.

James River acquired approximately $212,930,000 in working capital and $267,400,000 of property, plant and equipment and other operating assets. The total consideration of approximately $480,330,000 was financed by the issuance of $372,489,000 of debt ($100,000,000 of which is subordinated debt issued to the seller and exchangeable into 5,000,000 shares of James River common stock), the assumption of $18,841,000 of long-term debt and other long-term liabilities, cash of approximately $50,000,000 from the sale by James River of 2,880,000 shares of its common stock to American Can, and the issuance to the seller of a subsidiary's preferred stock having a liquidation value of $39,000,000 (exchangeable for 866,667 shares of James River common stock). The aggregate purchase price is subject to adjustment based principally upon the actual amount of working capital transferred.

Included in the purchase were the domestic operations of American Can's Dixie consumer and institutional food service operations as well as the company's towel and tissue and folding carton operations. James River also received long-term contractual rights to pulpwood from American Can's timberlands in the southern and Great Lakes regions of the United States. Under the agreement James River entered into a long-term lease of American Can's towel and tissue operations in Halsey, Oregon and expects to acquire its interest in a pulp mill operated as a joint venture at the same location. Sales from the operations of the assets purchased were approximately $1.1 billion for the twelve months ended March 31, 1982.

Stock Option Plan Adopted

WILSON FOODS CORPORATION (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Stockholders' Equity

In 1981, Wilson Foods' Board of Directors adopted the Wilson Foods Corporation Restricted Stock Option Plan for officers and certain key employees. This plan provides that the principal executive officers may be granted options to purchase shares of Common Stock at a price of $0.50 per share. Options granted under this plan may not be exercised more than 180 days from date of grant. Shares purchased may not be sold until three years after the grant date, at which time one-third of the shares may be sold; and remaining shares may be sold equally in the fourth and fifth years. On September 23, 1982, the Board of Directors terminated the plan.

The Wilson Foods Corporation Non-Qualified Stock Option Plan adopted in 1981 provides that principal executive officers and key employees may be granted options to purchase shares of Common Stock at the market price on such dates specified by the Board of Directors. Options granted under this plan are exercisable in installments over the option period, but no options may be exercised before one year or after ten years from the grant date.

On September 23, 1982, the Board of Directors adopted the Wilson Foods Corporation Incentive/Non-Qualified Stock Option Plan, subject to approval by the stockholders. Under this plan officers and certain key employees may be granted options to purchase shares of Common Stock at an option price equal to fair market value on the date of grant. A total of 582,500 shares of Common Stock have been reserved for issuance under the plan. All holders of options granted under the Non-Qualified Stock Option Plan will be given an election to exchange their options under that plan for an equal number of incentive stock options under the Incentive/Non-Qualified Stock Option Plan. If the new plan is approved by the stockholders, no further options will be granted under the Non-Qualified Stock Option Plan.

Pension Plan Terminated and LIFO Discontinued

BOBBIE BROOKS, INCORPORATED (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 (in part): Subsequent Events

Pension Plan Termination

During fiscal 1983, Management of the Company decided to terminate the Bobbie Brooks Retirement Plan which covers certain salaried and commission basis employees. Termination of the Plan is subject to the approval of the Pension Benefit Guaranty Corporation.

Upon termination of the Plan, the accumulated benefits of all participants will become fully vested. The Plan intends to purchase annuity contracts which will provide for the payment of the accumulated benefits to the participants. Based upon calculations provided by the Plan's actuary, estimated realizable value of the assets of the Plan as of December 1, 1982 exceeds the estimated cost of the aforementioned annuity contracts by approximately $4,000,000, which amount will be refunded to the Company upon termination of the Plan. The Company has agreed to assign its right to these proceeds to a commercial finance company (See Note 3) as additional collateral for amounts to be advanced under its current borrowing arrangement.

Accounting Change

Effective with the first quarter of fiscal 1983, the Company changed its method of determining the cost of its inventories to the first-in, first-out (FIFO) method. The Company had used the last-in, first-out (LIFO) method since fiscal 1978.

The Company believes the change in valuation method will more fairly present its results of operations and financial condition. The use of the LIFO method has resulted in the reporting of inventories at amounts substantially less than the current replacement cost of such inventories thereby affecting significant financial statement amounts and ratios and understating the shareholders' investment in the business. In addition, the use of the LIFO method has reduced comparability with most other companies in the apparel industry, the majority of which do not use the LIFO method of inventory valuation.

The change in method of valuing inventories will be applied retroactively beginning in fiscal 1983, the year of the change. Upon making such retroactive application, the Company's reported net loss will be increased or decreased as follows:

Fiscal Year Ended	(In thousands) (Increase) /Decrease Amount	Per Share
1982	$(3,110)	$(.68)
1981	2,370	.52
1980	813	.18

Because of markdowns at the end of fiscal 1982 which were necessary to state the inventory at market which was below FIFO cost, this change will increase inventories and shareholders' equity only $73,000 at May 1, 1982.

RELATED PARTY TRANSACTIONS

Effective for financial statements for fiscal years ending after June 15, 1982, FASB *Statement of Financial Accounting Standards No. 57* specifies the nature of information which should be disclosed in financial statements about related party transactions. *SFAS No. 57* restates "without significant change" the disclosure requirements previously stated in *Statement on Auditing Standards No. 6.* In 1982, 158 survey companies disclosed related party transactions. Examples of related party disclosures follow.

Transactions Between Affiliated Companies

AMERICAN MOTORS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B (in part): Relationship with Renault

Regie Nationale des Usines Renault ("Renault") owns 26,434,210 shares (46.4%) of the Company's outstanding Common Stock, and could, after exercising all its rights, own more than 50% of outstanding shares.

The Company has the exclusive right to manufacture and sell Renault-designed passenger cars in the U.S. and Canada and is the exclusive importer and distributor of Renault passenger cars in the U.S. and Canada. The Company began manufacture of Renault-designed Alliance passenger cars in 1982 at its facilities in the U.S. Certain component parts for the cars are purchased from Renault. Under a licensing agreement associated with this right to manufacture, royalties are paid to Renault based on the domestically manufactured Renault vehicles and certain service parts sold to the Company's dealers. Wholesale sales of the Alliance were 54,638 in 1982. The Company's wholesale sales of imported Renault passenger cars were 51,481 in 1982, 37,239 in 1981 and 37,792 in 1980. Renault has been designated the exclusive distributor of the Company's Jeep four-wheel-drive vehicles in France and certain other countries. Wholesale sales of Jeep vehicles to Renault were 2,156 in 1982.

To provide financing for the manufacturing of Renault vehicles and permit acceleration of the introduction of a broader range of the Company's products in North America, Renault has provided the Company $370,000,000; $182,500,000 through the purchase of Common Stock, $97,500,000 in Cumulative Preferred Stock and Warrants (Note F) and $90,000,000 in Debentures (Note E). In addition, $118,000,000 in the form of tooling and equipment financing agreements and other borrowings (Note E) has been provided by Renault. Renault has a right of first refusal to a pro rata share of future issuances of Common Stock or Cumulative Preferred Stock, and a right to place certain limitations on the future incurrence by the Company of secured indebtedness for borrowed money and to limit the use of the proceeds of the sales of Common Stock and Preferred Stock. Both parties are subject to certain restrictions and covenants, including a covenant by the Company to limit funded debt.

During the three years ended December 31, 1982, the following transactions between the Company and Renault have been reflected in the statements of operations:

	(Dollars in Thousands)		
	1982	1981	1980
Purchases from Renault of passenger cars, components and service parts	$424,000	$171,000	$230,000
Sales to Renault of Jeep four-wheel-drive vehicles and service parts	17,702	—	—
Reimbursements by Renault for Alliance launch costs, marketing and other programs	91,963	22,600	6,100
Royalties to Renault	6,396	—	—
Interest to Renault	16,277	1,058	7,598

COMPUGRAPHIC CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Transactions With Agfa-Gevaert

On February 1, 1982, Agfa-Gevaert Graphics, Inc., a wholly owned subsidiary of Agfa-Gevaert N.V., acquired approximately a 69 percent interest in the Company by purchasing 3,082,000 shares of newly issued common stock and by purchasing approximately 2,500,000 shares of common stock pursuant to a cash tender offer.

In 1982 the Company purchased $13,412,000 of products for resale from, and recorded sales of $2,213,000 to, subsidiaries of Agfa-Gevaert N.V. The accompanying Consolidated Balance Sheet at October 2, 1982 includes $1,277,000 payable to, and $965,000 receivable from subsidiaries of Agfa-Gevaert N.V.

FOTOMAT CORPORATION (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6: Related Party Transactions

On September 28, 1982, the previously announced sale of a 6¾% convertible subordinated debenture in the principal amount of $13,500,000 to Konishiroku Photo Industry Co. Ltd. (KR), was consummated. The principal amount is due January 31, 1988, with interest payable quarterly. The debenture may be converted at any time, in $1,000 increments, into common stock at $10.00 per share. At January 31, 1983, 1,350,000 shares of unissued common stock were reserved for this conversion privilege. Prior to conversion, the debenture confers voting and certain other stockholder rights equivalent to 1,350,000 shares (1 vote for each $10 principal amount) of the Company's common stock to KR. Including 700,100 shares previously owned, KR now has voting rights equivalent to 2,050,100 shares of the Company's stock, or approximately 20 percent of the voting power.

Commencing in 1979 and continuing through this year, the Company has purchased substantially all its photographic paper as well as the film it sells under the Fotomat brand name, from KR or its wholly owned U.S. subsidiary Konishiroku Photo Industry U.S.A., Inc. The cost of photographic paper and film purchased from KR (net of payments received under the trademark licensing agreement) in the 1982, 1981 and 1980 years was $39,700,000, $44,400,000 and $35,200,000, respectively. Management believes all such purchases were made at prices at least as favorable as those available from other sources. The Supply Purchase Agreement and Trademark License Agreement under which the Company executes these transactions have been extended to January 31, 1988, to correspond with the due date of the above mentioned debenture.

Accounts receivable and payable from these transactions are summarized as follows:

	January 31,	
	1983	1982
Accounts receivable	$ 730,000	$1,667,000
Accounts payable	2,214,000	2,559,000

Transactions Between Company and Management or Stockholders

HOLLY SUGAR CORPORATION (MAR)

NOTES TO FINANCIAL STATEMENTS

9. Related Party Transactions:

During fiscal 1982, transactions were incurred with certain related parties in conjunction with the proxy contest for control of the Company. Legal fees and expenses of approximately $1,029,000 were paid to the firm of White & Case (a former Director is a partner in this firm). Reimbursement of proxy expense, authorized at the March 26, 1982 Special Stockholders' meeting, in the amount of approximately $915,000 was made to the Arcanum Committee (the Arcanum Committee is composed of certain stockholders and Directors of the Company). These expenses are included in general and administrative expenses.

HOMASOTE COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11—Operations

An officer of the Company is also a director of a major raw material supplier of Homasote. The amount of raw material purchases from this supplier approximated $365,000 in 1982,

$508,000 in 1981 and $660,000 in 1980. The amount due to the supplier at December 31, 1982 and 1981 amounted to $16,000 and $17,000, respectively.

TYSON FOODS, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Transactions with Related Parties

Loans and Advances

The Company makes loans and advances to certain of its stockholders, officers, directors, and other related parties on an interest-free basis. Loans and advances other than those which are construction related are immaterial.

Construction related advances originate with a division of the Company which builds specialized pork-rearing facilities and other buildings at its cost for investors, some of whom are related parties. Periodic payments are made by the investor against these advances. Generally, the facilities are leased back to the Company.

The maximum amount of all loans and advances to related parties during 1982 was $3,290,800 ($4,811,643 in 1981). The outstanding balances of $1,470,905 and $3,400,371 at October 2, 1982 and October 3, 1981, respectively, are included in accounts receivable-trade on the Consolidated Balance Sheet.

INFLATION ACCOUNTING

Effective for fiscal years ended on or after December 25, 1979, FASB *Statement of Financial Accounting Standards No. 33* requires the disclosure of constant dollar and current cost information. This requirement applies to financial statements for companies with inventories and gross property aggregating more than $125 million or with total assets amounting to more than $1 billion. FASB *Statement of Financial Accounting Standards No. 70,* effective for fiscal years ending after December 15, 1982, amends *SFAS No. 33* by exempting Companies which measure a significant part of their operations in functional currencies other than the U.S. dollar from presenting constant dollar information. In 1982, 462 survey companies presented inflation information of which 110 did not present constant dollar information.

FASB *Statement of Financial Accounting Standards No. 39,* a supplement to *SFAS No. 33,* requires that mining companies, effective for fiscal years ended on or after December 25, 1980, disclose certain quantity and price information for mineral reserves as specified in paragraphs 13 and 14 of *SFAS No. 39.*

Examples of disclosures of constant dollar, current cost, and mineral reserve information follow.

Constant Dollar and Current Cost Information

AMAX INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

(in millions of dollars unless otherwise indicated and except per share amounts)

24. Inflation-Adjusted Data (unaudited)

The following consolidated statements of current earnings (loss) adjusted for changing prices have been prepared using procedures specified by the Financial Accounting Standards Board. The statements adjust the historical operating expenses and depreciation and depletion of the primary earnings statement related to inventories and property, plant and equipment to reflect the impact of inflation. The constant dollars statement adjusts for general inflation as measured by the Consumer Price Index; the current cost statement adjusts the specific items mentioned above to their present-day cost or to the cost of providing equivalent productive capacity. Income taxes and other income and expense items have not been restated.

In applying the current cost method, no attempt has been made to assess the current cost of providing new capacity equivalent to AMAX's existing mineral properties. The nature of exploration and the differing characteristics of ore bodies preclude making such an assessment accurately. Instead, historical costs have been restated to estimated current costs by applying specific price indices or to recoverable amounts. It should be noted that AMAX's mineral interests may prove, in time, to have values in excess of historical costs adjusted in this manner.

Net assets presented on an inflation-adjusted basis exceed those set forth in the historical financial statements. At December 31, 1982 constant dollar net assets and current cost net assets were $1.4 billion and $2.1 billion, respectively, more than comparable historical amounts. Inflation adjusted losses exceed those reported on an historical basis mainly due to reversal of previous increases in the inflation-adjusted carrying amount of the investment in Anamax (partly reported as a decrease in current cost valuations under the current cost method) and an adjustment of certain other nonoperating assets to historical costs which do not exceed the net recoverable amounts.

In AMAX's view, the purchasing power gain on net monetary liabilities, including debt and sinking fund preferred stocks, should also be taken into account in assessing financial results. The purchasing power gain offsets other results of inflation, including high interest rates. This gain arises because the net monetary liabilities held at the beginning of the year and increases during the year are now payable with dollars having less purchasing power due to inflation.

Consolidated Statements of Current Earnings (Loss) Adjusted for Changing Prices for the Year Ended December 31, 1982

	Historical dollars	Constant dollars	Current cost
Sales	$2,415	$2,415	$2,415
Costs and operating expenses	(1,924)	(1,934)	(1,912)
Depreciation and depletion	(211)	(316)	(350)
Other operating expenses	(362)	(362)	(362)
Equity earnings, gross	39	30	28
Earnings (loss) from operations	(43)	(167)	(181)
Other income, net	35	35	35
Interest expense, net	(265)	(265)	(265)
Provision for loss on investments	(100)	(244)	(152)
Adjustment of certain investments to lower recoverable amount		(65)	
Income taxes	(17)	(17)	(17)
Net earnings (loss)	(390)	(723)	(580)
Purchasing power gain on net monetary liabilities		90	90
Net earnings (loss) and purchasing power gain	$ (390)	$ (633)	$ (490)
Per primary common share—			
Net earnings (loss)	$ (6.53)	$(11.77)	$ (9.52)
Purchasing power gain		1.42	1.42
	$ (6.53)	$(10.35)	$ (8.10)
Decrease in current cost valuations of inventories and net property, plant and equipment during the year*			$ (140)
Effect of increase in general inflation			248
Excess of decrease in current cost valuations over general inflation			$ (388)

*At December 31, 1982, current cost of inventories was approximately $800 million and current cost of net property, plant and equipment was $5.3 billion.

Five-Year Summary of Selected Financial Data Adjusted for Changing Prices—In Average 1982 Dollars

	1982	1981	1980	1979
Historical Cost Information Adjusted for General Inflation—				
Sales	$2,415	$2,971	$3,454	$3,810
Net earnings (loss)	(723)	50	420	342
Purchasing power gain on net monetary liabilities	90	192	226	223
Net earnings (loss) and purchasing power gain	(633)	242	646	565
Net earnings (loss) per primary common share	(11.77)	.39	6.57	5.90
Purchasing power gain per primary common share	1.42	3.06	3.77	4.27
	(10.35)	3.45	10.34	10.17
Preferred and common shareholders' equity (net assets) at year-end	3,830	4,621	4,568	3,963
Dividends per common share	.85	2.55	2.81	2.29
Year-end market price per share	21.50	48.52	46.08	57.38
Current Cost Information—				
Net earnings (loss)	(580)	60	363	238
Purchasing power gain on net monetary liabilities	90	192	226	223
Net earnings (loss) and purchasing power gain	(490)	252	589	461
Net earnings (loss) per primary common share	(9.52)	.56	5.63	3.90
Purchasing power gain per primary common share	1.42	3.06	3.77	4.27
	(8.10)	3.62	9.40	8.17
Excess (deficiency) of changes in current cost valuations over general inflation	(388)	66	(77)	
Preferred and common shareholders' equity (net assets) at year-end	4,478	5,552	5,572	4,984
Average Consumer Price Index				
(1967 equals 100)	289.1	272.4	246.8	217.4

Comparable 1978 constant dollar amounts are: sales—$2,555; dividends per common share—$1.83; and year-end market price per share—$46.31. The Consumer Price Index for 1978 was 195.4.

ABBOTT LABORATORIES (DEC)

INFLATION ACCOUNTING (UNAUDITED)

Background

The consolidated financial statements are presented in accordance with generally accepted accounting principles and thus reflect transactions in the dollar amounts in which they were incurred. The rates of inflation in recent years have caused concern that financial statements which include dollars of varying purchasing power do not adequately disclose the effect of inflation on the results of operations and financial position.

In response to this concern, the Financial Accounting Standards Board issued Statement No. 33, *Financial Reporting and Changing Prices.* This Statement requires two supplementary computations of operating results and net asset amounts—one based on the effect of changes in prices for specific resources used *(current costs)* and the other based on the effect of general inflation, as measured by the Consumer Price Index—Urban *(constant dollar).* Also required is a five year summary of selected financial data on a *constant dollar* basis.

The *current cost* method restates the actual (historical) amounts for inventories, property and equipment, cost of products sold, and depreciation to reflect changes in specific prices that have occurred since the assets were acquired/manufactured. Cost of products sold reflects the *current cost* of inventory (excluding the depreciation component) at the time of sale, rather than at the time of manufacture. Depreciation is based on the restated property and equipment amounts.

The *constant dollar* method restates actual (historical) inventory and property and equipment amounts based on increases in the general price level since the dates acquired/manufactured, as measured by the CPI-U.

This information includes various assumptions and estimates, and therefore may not be a reliable indicator of the effect of inflation on the Company's operating results or its financial position.

Operating Results Adjusted for Changing Prices

Year ended December 31, 1982 (dollars in millions)	As Reported in Historical Dollars	Adjusted for Specific Prices (Current Costs)	Adjusted for General Inflation (Constant Dollar)
Net Sales	$2,602.4	$2,602.4	$2,602.4
Cost of Products Sold	1,358.1	1,377.1	1,385.6
Selling, Research and Administrative	670.4	670.4	670.4
Depreciation	84.0	109.9	116.5
Interest, net	2.0	2.0	2.0
Other expense	14.5	14.5	14.5
Earnings before Taxes	473.4	428.5	413.5
Taxes on Earnings	184.3	184.3	184.3
Net Earnings	$ 289.1	$ 244.2	$ 229.1

Comments

The *current cost* method may not be indicative of costs which will be incurred in future periods because existing assets may be replaced with assets of improved technology and operating efficiency. Also, the *constant dollar* method may not reflect the actual cost increases experienced by the Company.

Taxes on earnings are the same under each method because inflationary cost adjustments are not deductible under current tax regulations. The effective tax rate therefore increases from 38.9 percent as reported in historical dollars to 43.0 percent under the *current cost* method and 44.6 percent under the *constant dollar* method.

Net Assets (Shareholders' Investment) Based on Current Costs and Constant Dollars

December 31, 1982 (dollars in millions)	in Historical Dollars	Average 1982 Dollars: Current Costs	Average 1982 Dollars: Constant Dollar
Monetary:			
Cash & Investment Securities	$ 584.0	$ 577.6	$ 577.6
Trade Receivables	427.7	423.0	423.0
Current Liabilities & Long-Term Debt	(1,084.3)	(1,072.4)	(1,072.4)
Other	4.1	4.0	4.0
Net Monetary Liabilities	(68.5)	(67.8)	(67.8)
Non-Monetary:			
Inventories	431.1	432.7*	431.3
Net Property & Equipment	901.1	1,214.5*	1,200.1
Other	47.2	57.8	57.8
Net Non-Monetary Assets	1,379.4	1,705.0	1,689.2
Net Assets (Shareholders' Investment)	$1,310.9	$1,637.2	$1,621.4

*If stated in year-end (rather than average) 1982 dollars, *current costs* (direct pricing for Inventories and external cost indices and appraisals for Net Property & Equipment) for these assets would be $437.6 million and $1,228.4 million, respectively.

Comments

Net assets (shareholders' investment) stated on a *current cost* and *constant dollar* basis is higher than the historical dollar amount due primarily to the impact of inflation on property and equipment amounts.

The net property and equipment *current cost* amount is higher than the *constant dollar* amount because, since the time these assets were purchased, specific prices have, on average, increased faster than the general rate of inflation as measured by the CPI-U. However, in recent years the general rate of inflation has increased faster than specific prices for these assets. For the years 1982, 1981, 1980 and 1979, the increase in specific prices over the prior year was less than the comparable amounts based on general inflation by $42.2, $13.1, $25.6, and $35.0 million, respectively.

For inventories, the increase due to general inflation exceeded the increase in specific prices in 1982, 1981, 1980, and 1979 by $13.5, $12.8, $12.0, and $15.1 million, respectively.

Five Year Comparison of Selected Financial Data Adjusted for the Effects of Changing Prices*

(dollars in millions except per share data)	1982	1981	1980	1979	1978
	Year ended December 31				
Net Sales					
As reported	$2,602.4	2,342.5	2,038.2	1,718.0	1,467.6
In *constant* 1982 dollars	$2,602.4	2,486.1	2,387.5	2,284.6	2,171.3
Net Earnings					
As reported	$ 289.1	247.3	214.4	182.2	149.8
At *current cost*	$ 244.2	204.0	184.8	182.1	—
In *constant* 1982 dollars	$ 229.1	186.3	178.2	173.4	—
Earnings per Common Share					
As reported	$ 2.37	2.01	1.73	1.47	1.22
At *current cost*	$ 2.00	1.66	1.50	1.46	—
In *constant* 1982 dollars	$ 1.88	1.52	1.43	1.40	—
Net Assets (Shareholders' Investment)					
As reported	$1,310.9	1,152.1	1,027.2	902.9	777.2
At *current cost*	$1,637.2	1,575.4	1,524.9	1,486.0	—
In *constant* 1982 dollars	$1,621.4	1,512.1	1,452.9	1,385.0	—
Dividends Declared per Common Share					
As reported	$ .840	.720	.600	.500	.390
In *constant* 1982 dollars	$ .840	.764	.703	.665	.577
Market Price per Share at Year End					
In historical dollars	$ 38.75	27.00	28.25	20.56	16.88
In *constant* 1982 dollars	$ 38.32	27.73	31.61	25.85	24.05
Average Consumer Price Index-Urban	289.1	272.4	246.8	217.4	195.4

**Current cost* and *constant dollar* data in this table are stated in average 1982 dollars. This data for 1978 is not readily determinable and is not required by Statement No. 33.

During periods of inflation, the holding of monetary assets (those readily convertible to cash) results in an imputed loss due to a decline in purchasing power. Conversely, the holding of monetary liabilities (those payable in cash) results in an imputed gain because the amounts owed will be settled in dollars that have diminished in purchasing power. During 1982, average monetary liabilities exceeded average monetary assets. The Company, therefore, realized an imputed gain in purchasing power for the year, as measured by the CPI-U, of $2.6 million. In 1981, 1980, and 1979, the Company incurred imputed purchasing power gains (losses), in average 1982 dollars, of $2.5, ($4.8), and ($9.3) million, respectively.

The selected financial data included in the table above are shown in both historical dollars and in average 1982 dollars of equal purchasing power. *Constant dollar* amounts for the years prior to 1982 are larger than the amounts reported last year in average 1981 dollars because of the continued decline (6.1 percent) in the purchasing power of the dollar during 1982.

Comments

Over the past five years the Company's sales, as reported in historical dollars, increased at a compound growth rate of 16 percent per year. Excluding the Company's net price increases during this period, which averaged approximately 4 percent per year (vs. 10 percent for the CPI-U), the compound sales growth rate was approximately 12 percent per year. The 1982 sales growth, excluding net price increases, was 9 percent.

Also, during this period, dividends declared, in constant dollars, have increased 83 percent. Simply stated, this means that the per share dividends in 1982 would purchase 83 percent more in goods and services than the per share dividends in 1977 ($.84 vs. $.46).

The Company has been able to maintain and increase its productive capacity and steadily increase its dividend rate, despite inflation, by increasing its productivity. Capital expenditures during this period have exceeded inflation adjusted depreciation by approximately 110 percent. Net sales per employee (excluding the Company's net price increases) increased approximately 6 percent in 1982, 9 percent in 1981, 8 percent in 1980, and 10 percent in 1979.

ARVIN INDUSTRIES, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 16—Supplementary Information Adjusted for the Effects of Inflation (Unaudited):

The Company's financial statements are prepared on the historical cost basis of accounting, in keeping with generally accepted accounting principles. Because such statements do not recognize the full impact of inflation, FASB Statement No. 33 requires supplemental disclosure using two methods: (1) constant dollar accounting; and (2) current cost accounting. The accompanying schedules summarize the significant historical financial data adjusted under both methods.

Historical cost of sales (exclusive of depreciation) approximates cost of sales on both the current cost and constant dollar methods for those inventories valued at LIFO. Accordingly, the adjustments to cost of sales resulting from both methods primarily reflect the impact of inflation on those inventories valued at the lower of FIFO cost or market and permanent decrements in the LIFO inventory layers.

Depreciation and amortization expense has been calculated on the restated asset values under each of the two required methods using the same estimated useful lives and straight-line method utilized in preparing the historical cost financial statements.

FASB Statement No. 33 specifically prohibits the restatement of income tax expense. While the application of both the Consumer Price Index for all Urban Consumers (CPI-U) and current cost adjustments to financial data results in lower income figures, no reduction of tax expense has been made because present tax laws do not allow deductions for the adjustments to the historical cost figures. As a result, the effective tax rate is increased significantly under both methods.

The purchasing power gain on net monetary items was determined by restating, in average 1982 dollars, the monetary assets held and liabilities owed during the year. Since this gain is not realized and does not represent a receipt of cash, it should not be considered as providing funds for reinvestment or dividend distribution.

The Company's net assets at year-end reflect adjustments made to revalue the inventory and net property, plant and equipment components for both general inflation and specific prices. The current cost of inventories, which was $81.4 million at year-end 1982, has been determined by applying the FIFO cost valuation method to year-end inventory quantities. Current costs of net property, plant and equipment, which totaled $204.3 million at year-end, have been estimated by application of nationally used indices published by private and government organizations.

Inasmuch as both the constant dollar and current cost measurement methods require the use of numerous assumptions, approximations and estimates, caution must be exercised in interpreting the adjusted data resulting from their use. Such data may not accurately reflect the true impact of inflation on the Company's operations, and may not be comparable with that of other businesses.

Consolidated Statement of Operations Adjusted for Effects of Changing Prices Year Ended January 2, 1983

(In thousands of average 1982 dollars)

	Adjusted For General Inflation	Adjusted For Specific Prices
Net earnings as reported in the consolidated statement of operations	$10,866	$10,866
Adjustment to restate costs for effects of general inflation:		
Cost of sales, exclusive of depreciation	(1,145)	(1,145)
Depreciation and amortization	(7,275)	(7,275)
Net earnings adjusted for general inflation	$ 2,446	2,446
Adjustment to reflect the difference between general inflation and change in specific prices:		
Depreciation and amortization		(373)
Net Earnings adjusted for changes in specific prices		$ 2,073
Increase in value of inventory and property, plant and equipment held during the year:		
At current cost		$14,860
At general price level		10,329
Excess of the increase in specific prices over the increase in the general price level		$ 4,531

The amounts in the five-year summary of selected supplementary financial data adjusted for inflation are stated in average-for-the-year constant dollars as measured by the CPI-U for 1982. Certain data for 1978 has been omitted since it was not practical to collect the data.

Five-Year Summary of Selected Supplementary Financial Data Adjusted for Inflation

(In thousands of average 1982 dollars, per share amounts in average 1982 dollars)

	1982	1981	1980	1979	1978
Net sales	$513,905	$525,488	$502,354	$655,872	$723,592
Historical cost/constant dollar information:					
Net earnings (loss)	2,446	2,792	(1,416)	15,912	
Primary earnings (loss) per common share	.19	.20	(.49)	2.11	
Net assets at year end	272,594	279,384	288,555	292,865	
Current cost information:					
Net earnings (loss)	2,073	2,551	(2,396)	13,805	
Primary earnings (loss) per common share	.13	.17	(.65)	1.79	
Excess of increase (decrease) in general price level over increase in specific prices	(4,531)	6,797	6,407	20,503	
Net assets at year end	265,973	268,275	280,041	295,953	
Purchasing power gain on net monetary items	527	1,864	3,327	5,002	
Cash dividends declared per common share	1.12	1.19	1.31	1.37	1.48
Market price per common share at year end	18.78	15.28	15.66	14.93	18.88
Average Consumer Price Index for All Urban Consumers	289.1	272.4	246.8	217.4	195.4

CYCLOPS CORPORATION (DEC)

SUPPLEMENTAL INFORMATION TO DISCLOSE THE EFFECTS OF CHANGING PRICES (UNAUDITED)

Introduction

The Consolidated Financial Statements of the Company included in this report reflect transactions in the dollar values in which they were actually incurred (i.e., historical costs). In recent years, however, the high rates of inflation have had a pervasive effect on our economy causing continued deterioration of the dollar's purchasing power. Consequently, the effect of transactions on a historical basis which affect subsequent periods (e.g., depreciation of property, plant and equipment) do not adequately present economic results.

The following supplemental financial statements and narrative are presented in accordance with statements of the Financial Accounting Standards Board (FASB) in an attempt to provide meaningful disclosure of the impact of inflation on the reported costs and profits of the Company. The disclosures address two different aspects of inflation: (1) the effect of increases in general inflation on the purchasing power of the dollar (constant dollar), and (2) the specific price changes in the individual resources of the Company (current costs).

It is important to be aware that the accompanying supplemental information on the impact of inflation does not reflect a comprehensive application of either type of inflation accounting, but is limited to estimated adjustments of certain financial data. Thus, the reader is cautioned that although the following financial information is prepared in accordance with the prescribed experimental techniques of the FASB, it may not reflect results of actual inflated dollar transactions. Furthermore, because of the lack of comparability inherent in reports of this type, management believes that the primary focus should continue to be on the historical cost financial statements.

Current Year Statement Discussion

Constant Dollar. This statement shows cost of products sold and depreciation expense restated to dollars of the same general purchasing power. All restated amounts are in average 1982 dollars as measured by the Consumer Price Index For All Urban Consumers (CPI-U).

Cost of products sold varies little from historical cost, as the Company uses the LIFO method of inventory costing which recognizes currently the higher costs incurred in an inflationary period. The difference which does exist reflects the impact of liquidations of certain LIFO inventories whose historical costs were less than the current cost of the liquidated inventories.

Depreciation expense was computed by restating the related assets in average 1982 dollars (as measured by the CPI-U) then recomputing depreciation on the enlarged base using historic methods and rates. Adjusted depreciation expense is significantly increased which will always be the case when assets are held for a long period of time during periods of high inflation.

Current Costs. Current Costs are those costs that are directly related to the specific assets of the Company as opposed to Constant Dollars which attempts to measure general inflation on the economy as a whole.

Statement of Income Adjusted For Changing Prices

For the Year Ended December 31, 1982
Dollars in Thousands

Net loss as reported in the Consolidated Statement of Income	$(11,921)
Adjustments to restate costs for the effect of general inflation:	
Cost of goods sold	(8,487)
Depreciation	(20,930)
Loss from operations adjusted for general inflation	(41,338)
Adjustments to reflect the difference between general inflation and changes in specific prices (currnt costs):	
Cost of goods sold	43
Depreciation	(5,602)
Loss from operations adjusted for changes in specific prices	$(46,897)
Unrealized gain from net monetary items held during the year	$ 3,617
Effect of increase in general price level on inventories and property, plant and equipment held during the year	$ 47,958
Less: Total increase in specific prices (current cost)*	6,954
Excess of increase in the general price level over the increase in specific prices of inventories and property, plant and equipment held during the year	$ 41,004

*At December 31, 1982, the current cost of inventory was $225,000 and the current cost of property, plant and equipment, net of accumulated depreciation, was $455,014.

Cost of products sold has been adjusted in the same manner as for Constant Dollar presentation.

Depreciation was computed by restating the related assets to the cost of replacing the same service potential embodied in the Company's particular property, plant and equipment on the basis of appropriate published indices. Depreciation is then recomputed on the enlarged base using historic methods and rates. The resulting depreciation expense exceeds historic depreciation and depreciation as adjusted for general inflation, thus emphasizing the long term impact of specific inflation on the Company in excess of the impact of inflation on the overall economy.

General. The standard rules for this inflation supplement prohibit adjusting income tax expense for the impact of inflation.

The unrealized gain from net monetary items held is defined as the increase in purchasing power resulting from holding assets or liabilities that represent claims or obligations to receive or to pay fixed amounts of cash. Since a monetary gain is reflected, the Company's net monetary liabilities exceeded net monetary assets in 1982.

The remaining figures on the schedule show that restating inventory and property, plant and equipment to constant dollars exceeds restatement of the same assets to current costs. This indicates, in 1982, inflation's impact on the Company was less than inflation's impact on the economy as a whole particularly in the area of raw materials.

Five-Year Comparison—Discussion

This statement which appears on page 34 reflects five-year data in average 1982 dollars, as determined by the CPI-U, for net sales, cash dividends declared per common share, and market price per share at year end. Restatement by this method attempts to reflect the year-by-year changes in dollars of the same general purchasing power.

Net income (loss), earnings per common share, net assets at year end, unrealized gain from net monetary items held during the year, and excess of increase in general inflation over increase in current costs are all presented utilizing data that was derived by methods set forth in the current year statement discussion.

Five-year Comparison of Selected Financial Data Adjusted for the Effects of Changing Prices

Dollars in Thousands, except Per Share Data Year Ended December 31,	1982	1981	1980	1979	1978
Net sales—at historical cost	$873,165	$1,031,414	$ 978,976	$ 915,361	$ 779,345
in average 1982 dollars	873,165	1,093,299	1,145,402	1,217,430	1,153,431
Net income (loss)—at historical cost	$(11,921)	$ 21,384	$ 20,407	$ 5,263	*
adjusted for general inflation	(41,338)	(2,122)	1,179	(8,825)	*
adjusted to current cost	(46,897)	(7,278)	(4,086)	*	*
Earnings (loss) per Common share—at historical cost	$ (3.60)	$ 6.21	$ 6.14	$ 1.35	*
adjusted for general inflation	(12.14)	(.64)	.11	(2.71)	*
adjusted to current cost	(13.76)	(2.17)	(1.53)	*	*
Net assets at year end—at historical cost	$178,343	$ 194,492	$ 176,807	$ 160,754	*
adjusted for general inflation	505,614	525,685	498,402	454,988	*
adjusted to current cost	578,653	645,930	649,939	*	*
Unrealized gain from net monetary items held during the year	$ 3,617	$ 9,628	$ 14,364	$ 17,262	*
Excess of increase in general inflation over increase in current costs (see table page 32)	$ 41,004	$ 23,225	$ 23,632	*	*
Cash dividends per Common share—at historical cost	$ 1.10	$ 1.30	$ 1.26	$ 1.23	$ 1.15
in average 1982 dollars	1.10	1.36	1.44	1.60	1.68
Market price per Common share at year end—at historic cost	$ 18.88	$ 25.50	$ 24.50	$ 22.25	$ 17.58
in average 1982 dollars	18.66	26.14	27.36	27.93	25.00
Average Consumer Price Index for All Urban Consumers (1967 equals 100)	288.6	272.4	246.9	217.4	195.4

*Not required prior to 1980.

Comments

As stated earlier, this supplemental information is based upon prescribed techniques in an attempt to measure the economic impact of inflation. It may not reflect results of actual inflated dollar transactions. However, it is clear that the high rates of inflation have significantly eroded the purchasing power of corporate earnings. It is also apparent in periods of high inflation, that income taxes have significant hidden impact restricting a company's ability to retain earnings to meet the escalating cost of replacing and expanding its productive capacity.

The change to the Accelerated Cost Recovery System (ACRS) portion of the Economic Recovery Tax Act of 1981 should aid in lessening capital formation problems through quicker recovery of capital costs when the industry returns to profitability.

NORTH AMERICAN PHILIPS CORPORATION (DEC)

SUPPLEMENTARY DATA ON CHANGING PRICES

In an effort to produce financial information that discloses the effect of inflation, the Financial Accounting Standards Board (FASB) issued Statement No. 33, "Financial Reporting and Changing Prices" (FAS-33), requiring companies to explain the effect of inflationary factors on their operations, using two different methods to adjust historical financial statements for the effects of changing prices.

The information which follows complies with the requirements of FAS-33, which calls for supplementary computations dealing with the effects of general inflation (constant dollars) and the effects of changes in specific prices (current costs) on the resources used in our business and the cost of our products.

FAS-33 requires that the constant dollar effect on the operations be measured by the Consumer Price Index for All Urban Consumers (CPI-U). In view of the nature of our operations, this index is not representative of changes in our manufacturing costs. We have, nevertheless, shown the 1982 results of continuing operations assuming the CPI-U index effect on the depreciation expense and cost of sales. Because of the indexing of opening and closing inventories, the cost of sales adjustment is significantly greater than the current cost adjustment.

The financial statements prepared in accordance with the current cost concept assume the valuing of all fixed assets and inventory at December 31, 1981, and December 31, 1982, at the then current cost of replacing such resources, rather than the historical cost amounts actually expended to acquire them. Adjustments for changes in specific prices of property, plant and equipment were principally based on external price indices specifically or closely related to the resources being measured and, with respect to inventories and cost of sales, on the most recent production costs. As in the case of the constant dollar reporting, such revaluation affects depreciation expense and costs of sales. Since the curent cost concept adjusts cost of sales to the latest actual cost of production, which necessarily includes the productivity improvements which have occurred, NAPC believes that the income statement presented under such concept more closely approximates the effect of inflation on NAPC's operations. However, since the indexing of property, plant and equipment pursuant to the current cost concept of FAS-33 does not reflect any technological changes, NAPC believes that a portion of the increase in the depreciation expense would be offset by additional productivity increases.

Management's Overview

Management believes that the inflationary factors in the current economy affect the profitability of NAPC through increases in prices of raw materials and services; increases in labor costs; increases in costs related to governmental regulation and the higher costs of borrowing funds required to finance the growth of NAPC's business. Certain of these increased costs are reflected in the primary financial statements and are partially offset by minimal price increases and productivity and technological improvement gains. In addition, a significant portion of consumer electronics inventories are accounted for in the primary financial statements on the LIFO inventory method and accordingly reflects cost of sales on the current cost concept. In 1982, because of the reduced inflation rate, the LIFO inventory method did not have a material effect on cost of sales.

The statements of income, restated for the effect of inflation, pursuant to FAS-33, also reveal that the effective tax rate increases as inflation erodes earnings. Income tax expense is not restated in these statements, since in reality income tax expense is not adjusted for inflation. Because income taxation does not take inflation into account, the effective tax rate on business enterprises is greater than that indicated by the statutory rates. In the following income statements the effective income tax rates of continuing operations are: primary statements equals 31.6%, constant dollar statements equals 61.2%, current cost statements equals 40.4%.

In addition, FAS-33 requires certain supplementary financial data for the years 1978–1982 to be reported in average 1982 dollars, namely: net sales, dividends per share and market price per common share at each respective year-end. Since such items do not necessarily track the CPI-U, NAPC does not believe that the statistics are meaningful.

In conclusion, management cautions against the simplistic use of this information for estimating the effects of inflation on current and future operations. This data may not be comparable with that of other companies, including those within similar industries, due to varying methods of estimation.

The following financial data are submitted in accordance with FAS-33.

Statements of Income and Other Financial Data Adjusted for Changing Prices

	Primary Statements	Adjusted for General Inflation (Constant Dollars)	Adjusted for Changes in Specific Prices (Current Costs)
	(Thousands, except per share data)		
Statements of Income			
Net sales	$3,168,052	$3,168,052	$3,168,052
Cost of sales, excluding depreciation expense	2,360,877	2,393,464	2,367,392
Selling, general and administrative expenses, excluding depreciation expense	594,324	594,324	594,324
Depreciation expense	61,279	80,661	78,090
	3,016,480	3,068,449	3,039,806
	151,572	99,603	128,246
Other expense (income)			
Interest expense	51,077	51,077	51,077
Interest and other income	(7,110)	(7,110)	(7,110)
	43,967	43,967	43,967
	107,605	55,636	84,279
Federal, state and foreign income taxes	34,041	34,041	34,041
Income from continuing operations	$ 73,564	$ 21,595	$ 50,238
Per share	$ 5.33	$ 1.56	$ 3.64
Other Financial Data			
Gain related to purchasing power of net monetary items		$ 11,853	$ 11,853
Stockholders' Equity at December 31, 1982		$ 974,912	$ 983,105
Increase in specific prices of inventories, property, plant and equipment held during the year			$ 101,681
Less portion related to increase in general price level			52,457
Excess of increase in specific prices over increase in general price level			$ 49,224

At December 31, 1982 the current cost of inventory was $673,351,000 and the current cost of property, plant and equipment, net of accumulated depreciation was $571,401,000.

Supplementary Financial Data Adjusted for Changing Prices

1978–1982 (Thousands, except per share data)	1982	1981	1980	1979	1978
Reported in financial statements based on historical costs					
Net sales of continuing operations	$3,168,052	$3,030,044	$2,171,379	$1,918,551	$1,700,035
Income of continuing operations	73,564	78,518	74,383	78,331	
Per share	5.33	5.79	5.69	6.02	
Stockholders' equity	783,512	732,194	630,672	571,393	
Cash dividends per share	1.70	1.70	1.70	1.65	1.50
Market price of common stock at year-end	47.25	39.00	38.13	26.75	25.38
Historical cost information adjusted for general inflation (constant dollars), stated in average 1982 dollars					
Net sales of continuing operations	$3,168,052	$3,208,817	$2,538,342	$2,545,917	$2,509,251
Income of continuing operations	21,595	11,803	9,124	37,356	
Per share	1.56	.87	.70	2.87	
Stockholders' equity	974,912	954,086	939,435	972,195	
Cash dividends per share	1.70	1.80	1.99	2.19	2.21
Market price of common share at year-end	47.25	41.30	44.57	35.50	37.46
Gain related to purchasing power of net monetary items	11,853	23,409	18,270	10,369	
Historical cost information adjusted for changes in specific prices (current costs) (Note)					
Income of continuing operations	$ 50,238	$ 62,336	$ 66,704	$ 82,850	
Per share	3.64	4.60	5.10	6.36	
Stockholders' equity	983,105	963,873	956,564	973,817	
Excess of increase in general price level over increase in specific prices		23,606	111,041	86,341	
Excess of increase in specific prices over increase in general price level	49,224				
Average consumer price index used to adjust for general inflation	288.5	272.4	246.8	217.4	195.4

Note: Information related to changes in specific prices (current costs) for 1979, 1980, and 1981 have been restated from that previously reported to average 1982 dollars. Such information is not comparable to the 1982 information which represents historical cost information adjusted for changes in specific prices and not for general inflation.

Current Cost Information Only

AIR PRODUCTS AND CHEMICALS, INC. (SEP)

FINANCIAL REPORTING AND CHANGING PRICES (unaudited)

Statement of Income Adjusted for Changing Prices

For the year ended 30 September 1982

(dollars in millions except per share data)	As Reported in the Primary Statements	Adjusted for Changes in Specific Prices (Current Cost)
Sales	$1,568.9	$1,568.9
Cost of sales, excluding depreciation	887.9	889.5
Depreciation	153.2	205.1
Other expenses	387.5	387.5
Income taxes	34.6	34.6
Income before extraordinary gain and cumulative effect of change in accounting principle	$ 105.7	$ 52.2
Earnings per common share before extraordinary gain and cumulative effect of change in accounting principle	$ 3.68	$ 1.82
Net translation adjustment		$ (15.3)
Unrealized gain on net monetary liabilities due to decline in purchasing power of dollar		$ 11.7
Increase in the general price level of inventories and net plant and equipment held during 1982 (1)		$ 79.6
Effect of increase in specific prices		64.6
Excess of increase in general price level over increase in specific prices		$ 15.0

(1) At 30 September 1982, the current costs of inventory and net plant and equipment were $161 million and $1,844 million, respectively.

The accompanying supplemental statement of income and other financial data is presented in accordance with Financial Accounting Standard No. 33. This Standard requires the disclosure of the impact of inflation on operations by adjusting certain items in the primary financial statements for the effect of changing prices.

Management has long recognized the importance of inflation's impact on pricing and investment decisions. A modified current cost approach is used in internal management reporting to calculate inflation adjusted results of key product lines.

In the inflation model, the cost of inventories, plant and equipment, cost of sales and depreciation as reported in the primary financial statements are adjusted for changes in specific prices. For most of the company's foreign operations, the costs are first restated for the effects of inflation and are then translated into U.S. dollars using the year-end foreign currency exchange rates. The estimated current cost of plant and equipment has been developed by using engineering estimates, independent appraisals and indexing. The current cost estimates reflect the amount that would be paid to acquire like assets. These estimates are not necessarily indicative of costs that would be incurred if assets were replaced, since the company may not replace with like assets. The estimated current cost of inventories has been determined based on year-end raw material and production costs.

The principal inventory accounting method for the company's domestic inventories is the LIFO method which results in current or near-current costs in cost of sales. Inventories of foreign subsidiaries, which are primarily in the industrial gas business and have a high turnover, are valued on the FIFO method.

Depreciation expense has been calculated using identical depreciation techniques and asset lives as used in the primary financial statements. The increase in depreciation expense results from the adjustment of plant and equipment.

On-site facilities dedicated to customers' requirements and for which the company receives fixed revenues have been included in the inflation model at the same cost as included in the primary financial statements. The cost of these assets and their related expenses are not adjusted because of the direct relationship between historical costs and contractual revenues. Accordingly, these facilities are treated as monetary assets. This reduces the unrealized gain on the net monetary liabilities. As of 30 September 1982, the net book value of the on-site facilities amounted to $472 million.

In the inflation model, the income tax provision is unchanged from the primary income statement.

The effects of general inflation were computed using the U.S. Consumer Price Index for All Urban Consumers except for most of the company's foreign operations which used local general price level indices.

The restate-translate method used for the foreign operations requires the calculation of a net translation adjustment. This net adjustment is the aggregate foreign currency translation adjustment net of both a parity adjustment and any income taxes allocated to the Cumulative Translation Adjustments account on the balance sheet in the primary financial statements. The aggregate foreign currency adjustment is the effect of changes in exchange rates during the period on the local inflation-adjusted net assets of the company's foreign operations. The parity adjustment reflects the difference between the U.S. rate of inflation and rates of inflation of foreign countries where the company's operations are located.

During periods of inflation, holders of monetary assets, such as cash and fixed claims to cash, lose general purchasing power because cash will buy less at the end of the period than at the beginning. On the other hand, holders of monetary liabilities will benefit since the obligations will be settled with dollars of lower purchasing power. In 1982 the company had an excess of monetary liabilities over monetary assets resulting in an unrealized gain.

The current cost method requires the use of assumptions, judgments and estimates. The inflation model provides an indication of the effect of inflation upon the financial reports of the company but is not a precise measure of inflation's impact.

Certain additional information stated in average dollars for the current year is presented below for fiscal years 1978 through 1982.

Five-Year Comparison of Selected Supplementary Data Adjusted for Changing Prices

(all constant dollar and current cost data in average fiscal 1982 dollars)

	1982	1981	1980	1979	1978
(dollars in millions except per share data)					
Sales					
As reported	$1,568.9	$1,570.1	$1,420.8	$1,229.9	$1,039.1
Constant dollar	1,568.9	1,690.1	1,695.2	1,667.1	1,553.5
Net income (a)					
As reported	$ 105.7	$ 126.0	$ 115.5	$ 97.5	$ 76.2
Current cost	52.2	78.1	81.6		
Earnings per common share (a)					
As reported	$ 3.68	$ 4.42	$ 4.07	$ 3.45	$ 2.70
Current cost	1.82	2.74	2.88		
Shareholders' equity					
As reported	$ 918.2	$ 774.1	$ 664.8	$ 568.4	$ 485.3
Current cost	1,277.9	1,196.2	1,163.9		
Net translation adjustment	$ (15.3)				
Excess of increase in general price level over increase in specific prices	$ 15.0	$ 41.2	$ 24.7		
Unrealized gain on net monetary liabilities	$ 11.7	$ 16.3	$ 23.5		
Cash dividends declared per common share					
Historical cost	$.80	$.80	$.80	$.65	$.50
Constant dollar	.80	.86	.95	.75	
Market price per common share at year end					
Historical cost	$26.88	$35.13	$49.13	$33.00	$28.50
Constant dollar	26.15	35.97	55.83	42.25	40.90
Average Urban Consumer Price Index	286.0	265.7	239.7	211.0	191.3

(a) Data for 1982 excludes the $2.8 million ($.10 a share) extraordinary gain and the $61.9 million ($2.16 a share) cumulative effect of an accounting change.

THE COCA-COLA COMPANY (DEC)

SUPPLEMENTAL INFORMATION ON THE EFFECTS OF CHANGING PRICES (UNAUDITED)

General. The following unaudited disclosures were prepared in accordance with Statement Nos. 33 and 70 issued by the Financial Accounting Standards Board and are intended to quantify the impact of inflation on earnings and production facilities. The inflation-adjusted data is presented under the specific price changes method (current cost). Only those items most affected by inflation have been adjusted; i.e., inventories, property, plant and equipment, the related costs of goods and services sold and depreciation and amortization expense. Although the resulting measurements cannot be used as precise indicators of the effects of inflation, they do provide an indication of the effect of increases in specific prices of the Company's inventories and properties.

The adjustments for specific price changes involve a substantial number of judgments as well as the use of various estimating techniques employed to control the cost of accumulating the data. The data reported should not be thought of as precise measurements of the assets and expenses involved, or of the amount at which the assets could be sold. Rather, they represent reasonable approximations of the price changes that have occurred in the business environment in which the Company operates.

Inflation-adjusted data based on the constant dollar method is not presented because a significant part of the Company's operations is in foreign locations whose functional currency is not the U.S. dollar.

A brief explanation of the current cost method is presented below.

Current Cost. The current cost method attempts to measure the effect of increases in the specific prices of the Company's inventories and properties. It is intended to estimate what it would cost in 1982 dollars to replace the Company's inventories and existing properties.

Under this method, cost of goods sold valued on the average method is adjusted to reflect the current cost of inventories at the date of sale. That portion of cost of goods sold valued on the LIFO method approximates the current cost of inventory at the date of sale and generally remains unchanged from the amounts presented in the primary financial statements.

Current cost depreciation expense is based on the average current cost of properties in the year. The depreciation methods, salvage values and useful lives are the same as those used in the primary statements.

Statement of Income Adjusted for Changing Prices

(In millions except per share data)

Year Ended December 31, 1982	As Reported in the Primary Statements	Adjusted for Changes in Specific Prices (Current Costs)
Net operating revenues	$6,249.7	$6,249.7
Cost of goods and services (excluding depreciation)	3,386.8	3,412.0
Depreciation and amortization	156.9	235.4
Other operating expenses	1,817.6	1,817.6
Net of other (income) and deductions	(43.6)	(41.3)
Income from continuing operations before income taxes	932.0	826.0
Income taxes	419.8	419.8
Income from continuing operations	$ 512.2	$ 406.2
Income per share from continuing operations	$ 3.95	$ 3.13
Effective income tax rate	45.0%	50.8%
Purchasing power gain from holding net monetary liabilities in the year		$ 17.7
Increase in specific prices of inventories and property, plant and equipment held in the year		$ 261.8
Less effect of increase in general price level		147.2
Increase in specific prices over increase in the general price level		$ 114.6
Estimated translation adjustment		$ (300.0)
Inventory and film costs	$1,020.3	$1,109.7
Property, plant and equipment—net	$1,538.5	$2,342.8

A significant part of the Company's operations are measured in functional currencies other than the U.S. dollar. Adjustments to reflect the effects of general inflation were determined on the translate-restate method using the U.S. CPI(U).

The current cost of finished products inventory was approximated by adjusting historical amounts to reflect current costs for material, labor and overhead expenses as well as current cost depreciation, where applicable. The current cost for inventories other than finished products was determined on the basis of price lists or appropriate supplier quotations and by other managerial estimates consistent with established purchasing and production procedures.

Since motion picture films are the result of a unique blending of the artistic talents of many individuals and are produced under widely varying circumstances, it is not feasible to develop the current cost of film inventories, particularly since the Company would rarely, if ever, attempt to duplicate an existing film property. As a result, film inventories have been valued based on studies conducted to determine their fair value in connection with the purchase price allocation process.

Direct supplier quotations, published price lists, engineering estimates, construction quotations, appraisals, published and internally developed indexes were the methods used to determine the current cost of property, plant and equipment.

Under current cost accounting, increases in specific prices (current cost) of inventories and properties held during the year are not included in income from continuing operations.

Income Taxes. Taxes on income included in the supplementary statement of income are the same as reported in the primary financial statements. In most countries, present tax laws do not allow deductions for the effects of inflation. Thus, taxes are levied on the Company at rates which, in real terms, exceed established statutory rates.

Purchasing Power Gain. During periods of inflation, monetary assets, such as cash, marketable securities and accounts receivable, lose purchasing power since they will buy fewer goods when the general price level increases. The holding of monetary liabilities, such as accounts payable, accruals and debt, results in a gain of purchasing power because cheaper dollars will be used to repay the obligations. The Company has benefited from a net monetary liability position in recent years, resulting in a net gain in purchasing power. This gain does not represent an increase in funds available for distribution to shareholders and does not necessarily imply that incurring more debt would be beneficial to the Company.

Increase in Specific Prices. Shown separately are the total changes in current costs for inventories and properties, that component of the total change due to general inflation and that component of the change attributable to fluctuations in exchange rates.

Five-Year Comparison of Selected Supplemental Financial Data Adjusted for Effects of Changing Prices (In Average 1982 Dollars)

(In millions except per share data)

Year Ended December 31,	1982	1981	1980	1979	1978
Net operating revenues	$6,249.7	$6,258.6	$6,595.5	$6,245.9	$6,069.6
Current cost information:					
Income from continuing operations	406.2	372.7	310.7	369.0	
Income per share from continuing operations	3.13	3.02	2.51	2.99	
Increase in specific prices over (under) translation adjustments	(185.4)	(220.0)	25.9	213.8	
Net assets at year-end	3,622.8	3,334.2	3,733.3	3,768.4	
Purchasing power gain on net monetary items	17.7	26.0	50.6	27.6	
Cash dividends declared per share:					
As reported	2.48	2.32	2.16	1.96	1.74
Adjusted for general inflation	2.48	2.47	2.53	2.61	2.58
Market price per common share at year-end:					
Historical amount	52.00	34.75	33.375	34.50	43.875
Adjusted for general inflation	52.00	36.93	39.16	45.96	65.03
Average Consumer Price Index—Urban	289.6	272.5	246.8	217.4	195.4

SQUARE D COMPANY (DEC)

SUPPLEMENTARY INFORMATION ON CHANGING PRICES (UNAUDITED)

(Dollars in thousands)

General Background

Financial statements have traditionally reported amounts reflecting historical costs which do not specifically measure the effect of inflation upon the business. The Financial Accounting Standards Board, in its Statement No. 33, Financial Reporting and Changing Prices, required the disclosure of financial information measuring the effect of changing prices using two methods, constant dollar and current cost. In 1982, SFAS No. 70 was issued, amending SFAS No. 33 for those companies that measure a significant part of their operations in currencies other than the U.S. dollar. Due to adoption by the Company of SFAS No. 52 (Note C) in 1982, the provisions of SFAS No. 33, as amended, apply and financial information under the constant dollar method is no longer required. The effects of general inflation on the current cost information is measured based on the U.S. Consumer Price Index for all Urban Consumers.

The current cost method prescribed by the statement is experimental, does not reflect fully all factors of inflation, and involves the use of assumptions and estimates. Therefore, the results shown are at best imprecise measurements of the effects of inflation and should be viewed in this context and not as precise indicators of the effects of inflation, nor indicative of any future economic impact to the Company.

Current Cost

The objective of the current cost method is to reflect the current cost of the resources actually used in the Company's operations rather than the historical cost amounts expended to acquire the resources.

The current cost of property, plant and equipment was determined based on external price indexes closely related to the resources being measured. The same depreciation methods were used as included in the calculation of depreciation expense in the historical financial statements. The additional depreciation expense reduced earnings by $10,127.

Current prices for inventories and cost of sales are based on internally generated measurements of price changes and production costs. Substantially all of the Company's domestic operations account for inventories using the LIFO method of inventory accounting, under which current costs are charged to the results of operations for financial reporting. In 1982, LIFO inventories were reduced, charging cost of sales in the primary statements with lower historical costs, which resulted in improved net earnings. Under the current cost method, these historical cost inventory values are restated to 1982 average costs, which decreased current cost calculated pretax earnings $6,960.

International operations use the FIFO method of inventory accounting which values inventory at most recent costs and charges actual acquisition costs to the results of operations. The increase in cost of products sold, when measured by the changes in specific prices in the local currencies of the Company's international operations, is more than offset when translated into U.S. dollars at the current exchange rate. This reflects the general strengthening of the U.S. dollar against the local currencies of the Company's international operations. The net effect is an increase to earnings of $674.

Review of Information Presented

In accordance with SFAS No. 33, the provision for income taxes has not been adjusted for inflation. The result is an increase in the effective tax rate from 39.6 percent, as reported in the primary financial statements, to 46.0 percent in the current cost calculation.

Three additional measurements affect the change in net assets during the year, but are excluded from the adjusted net earnings figures. The first measures the gain from decline in the purchasing power of monetary liabilities in excess of monetary assets. Monetary assets and liabilities are those which are fixed in amount without reference to future prices. Since the purchasing power of the dollar experienced a moderate decline in 1982, a gain resulted from holding net monetary liabilities.

The second measurement is the excess of the increase in the general price level over the increase in specific prices. The increase in the inventory and property, plant and equipment costs indexed for general inflation was significantly greater than the increase in specific prices for these costs. This is indicative of the emphasis placed on inventory control, cost reduction programs and improvements in productivity of the Company. Net earnings were not adjusted to reflect cost savings which would be associated with technological advancements and productivity improvements.

The third measurement, which was added in SFAS No. 70, is the aggregate foreign currency translation adjustment on the current cost basis. In 1982, this adjustment is $(7,974), net of $(413) taxes allocated in the primary financial statements.

Financial data in the five year comparison table shows the effect of adjusting historical amounts stated in terms of average 1982 dollars measured by the Consumer Price Index. Amounts for prior years have not been restated under the amendment to SFAS No. 33 because the primary financial statements have not been restated for the change in foreign currency translation from SFAS No. 8 to No. 52.

Consolidated Statements of Net Earnings Adjusted For Changing Prices For the Year Ended December 31, 1982

(Dollars in thousands, except per share)

	As Reported in the Primary Statements	Current Cost
Net Sales	$1,056,981	$1,056,981
Cost and Expenses:		
Cost of products sold (excluding depreciation)	718,823	725,109
Selling, administrative and general (excluding depreciation)	179,108	179,108
Depreciation expense	29,130	39,257
Operating earnings	129,920	113,507
Non-operating income	8,192	8,192
Interest expense	(19,315)	(19,315)
Earnings before Income Taxes	118,797	102,384
Provision for Income Taxes	47,097	47,097
Net Earnings	$ 71,700	$ 55,287
Net earnings per share	$ 2.61	$ 2.01
Effective tax rate	39.6%	46.0%
Gain from decline in purchasing power of net amounts owed		$ 4,546
Effect of increase in general price level of inventories and property, plant and equipment held during the year		$ 33,002
Effect of increase in specific prices (current costs)*		30,404
Excess of increase in general price level over increase in specific prices		$ 2,598
Foreign currency translation adjustment		$ (7,974)
Net assets at year end	$ 478,697	$ 822,134

*At December 31, 1982, current cost of inventory was $322,948 and current cost of property, plant and equipment net of accumulated depreciation was $539,881.

Five year Comparison of Selected Supplementary Financial Data Adjusted For Effects of Changing Prices in Average 1982 Dollars

(Dollars in thousands, except per share)

	1982	1981	1980	1979	1978
Net Sales	$1,056,981	$1,222,666	$1,197,200	$1,122,578	$1,094,889
Current Cost Information					
Net earnings	55,287	96,950	74,779	80,577	
Net earnings per share	2.01	3.53	2.85	3.12	
Net assets at year end	822,134	821,430	769,725	707,865	
Excess of increase in general inflation over increase in current cost	2,598	25,540	12,243	(238)	
Foreign currency translation adjustment	(7,974)				
Other information					
Gain in purchasing power of net amounts owed	4,546	10,448	10,782	7,803	
Cash dividends per common share	1.840	1.842	1.904	2.028	2.108
Market price per common share at year end	33.863	29.655	32.408	29.237	28.675
Average Consumer Price Index	289.1	272.3	246.8	217.4	195.4

WHITTAKER CORPORATION (OCT)

NOTES TO FINANCIAL STATEMENTS

Note 13. Supplemental Information on the Effects of Changing Prices (Unaudited)

Introduction

The following supplementary information is presented in accordance with the requirements of the Financial Accounting Standards Board Statement No. 33 "Financial Reporting and Changing Prices" and its amendment Statement No. 70 "Financial Reporting and Changing Prices: Foreign Currency Translation." The disclosures are intended to provide information concerning the effects of inflation on certain elements of financial statements utilizing the current cost method of measurement. Information concerning the effects of inflation utilizing the constant dollar method of measurement is not required (pursuant to Statement No. 70) since a significant portion of Whittaker's operations are measured in foreign currencies.

Current cost data addresses the effect of specific price changes related to the individual assets used by the Company. This method involves assumptions, approximations and estimates, and therefore the results obtained by applying this method should not be taken as any precise measure of the effect of inflation.

The information presented does not reflect a comprehensive application of inflation accounting. Statement No. 33 focuses on those items most affected by changing prices, namely: (1) the effect of specific price changes on inventories and properties and related cost of sales and depreciation expense, and (2) the effect of general inflation on monetary assets and liabilities.

Income Statement

The accompanying supplemental information presents income and expense data under the following two measurement methods:

a) As Reported in the Primary Financial Statements—These amounts are those reported in the primary financial statements on the historical cost basis of accounting in accordance with generally accepted accounting principles.

b) Adjusted for Changes in Specific Prices (Current Costs)—The current cost method adjusts historical financial data to reflect the changes in specific prices of resources used in the Company's operations. Current costs of Property, Plant and Equipment were determined by applying appropriate published indices to historical costs. Current cost of depreciation was calculated on a straight-line basis using the same estimated useful lives as utilized in the primary financial statements.

The current costs of inventory and cost of sales (exclusive of depreciation) were calculating utilizing various methods, including the updating of standard costs to reflect current costs and the application to historical costs of internally constructed indices based upon price movements of representative elements of inventory and cost of sales.

All amounts related to inventories and property, plant and equipment of foreign subsidiaries were translated into dollars at exchange rates in effect at year-end; amounts related to cost of sales and depreciation expense were translated into dollars using annual average exchange rates.

The current cost amounts reported are the results of the estimating procedures described above, are by their nature imprecise and are not necessarily indicative of either the amounts for which the assets could be sold or management's intention to replace such assets. Current costs are not necessarily indicative of costs which would actually be incurred if existing assets were in fact replaced, since total replacement in kind would be unlikely. Moreover, the calculations do not reflect the economic benefit which would be realized by replacing existing assets with technologically superior assets.

Adjustments to the current cost information to reflect the effects of general inflation for both domestic and foreign operations are based upon the United States Consumer Price Index—Urban (CPI-U).

In compliance with Statement No. 33, net income, as restated for the effect of inflation, does not reflect any adjustment for reduced income taxes resulting from the increase in cost of sales and depreciation expense.

Purchasing Power Gain From Holding Net Monetary Liabilities

During periods of inflation, the holding of monetary assets such as cash and receivables results in a loss of general purchasing power. Likewise, monetary liabilities such as payables and debt generate a gain in general purchasing power because the settlement of such liabilities will be with dollars of diminished purchasing power. During the current year Whittaker was in a net monetary liability position and, as a result, experienced a purchasing power holding gain.

Statement of Income Adjusted For Changing Prices Year Ended October 31, 1982

(In millions of dollars, except per share data)

Net income, as reported in primary financial statements		$ 58.7
Adjustments to restate costs for the effect of changes in specific prices (current costs)—		
Cost of sales	$8.1	
Depreciation	7.5	15.6
Net income adjusted for changes in specific prices		$ 43.1
Net income per share—primary		
As reported in primary financial statements		$ 3.77
Adjusted for changes in specific prices		$ 2.76
OTHER INFORMATION		
Purchasing power gain from holding net monetary liabilities during the year		$ 3.3
Increase in specific prices (current cost) of inventory and property, plant and equipment held during the year*		$ 20.8
Effect of increase in general price level		$ 28.0
Excess of increase in general price level over increase in specific prices		$ 7.2
Net assets at year-end		
As reported in primary financial statements		$335.1
Adjusted for changes in specific prices		$416.9
Aggregate translation adjustment		$ 17.5
Depreciation expense		
As included in primary financial statements		$ 19.9
Adjusted for changes in specific prices		$ 27.4

*At October 31, 1982 current cost of inventory was $282.8 million and current cost of property, plant and equipment, net of accumulated depreciation was $268.3 million.

Five Year Comparison of Selected Supplementary Financial Data Adjusted For the Effects of Changing Prices

All amounts in the five year comparison are stated in terms of average (constant) 1982 dollars as measured by the CPI-U. Accordingly, the data reported for prior years have been adjusted upward by a factor representing subsequent general inflation. Certain data relating to years prior to 1980 have been omitted pursuant to the provisions of Statement No. 33. The aggregate translation adjustment is not reported for years prior to 1982 pursuant to the provisions of Statement No. 70.

	(In millions of dollars, except per share data)				
Years Ended October 31,	1982	1981	1980	1979	1978
Sales	$1,673.6	$1,788.3	$1,656.3	$1,447.1	$1,317.9
Current Cost Data					
Net income	43.1	64.7	42.1	—	—
Net income per share	2.76	4.11	2.83	—	—
Excess of increase in general price level over increase in specific prices of inventory and property, plant and equipment	7.2	48.9	28.8	—	—
Net assets at year-end	416.9	468.2	452.3	—	—
Aggregate translation adjustment	17.5	—	—	—	—
Purchasing power gain from holding net monetary liabilities during the year	3.3	7.5	11.1	—	—
Dividends per common share	1.60	1.50	1.19	.58	.30
Market price per common share at fiscal year-end	24.38	41.04	34.09	19.41	15.55
Average consumer price index	287.1	268.4	242.0	213.1	192.6

Mineral Reserve Information

FREEPORT-MCMORAN INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

11 (in part): Supplementary Inflation Information (Unaudited)

Supplementary Information—Mineral Reserves, Production and Average Market Prices. In addition to the prescribed requirements to provide supplementary financial information to give some measure to certain effects of changing prices and increasing costs, the FASB also requires major mineral resource companies to provide certain supplementary information relating to mineral reserves, production and average market prices.

Mineral Reserves. The Company's estimated proved (measured) and probable (indicated) mineral reserves, including proved oil and gas reserves, determined by the use of mapping, drilling, sampling, assaying and other standard evaluation methods generally practiced by the minerals industry, were as follows (unless otherwise indicated, a ton refers to a short ton of 2,000 pounds):

December 31,	1982	1981	1980
	(thousands of tons)		
Proved and probable mineral reserves:			
Sulphur—long tons[a]	21,050	22,500	24,700
Phosphate rock—tons[b]	16,282	16,234	17,169
Kaolin—tons[c]	43,531	43,750	41,111
Gold ore—tons[d]	11,614	12,526	11,823
Proved oil and gas reserves[e]:			
Oil—thousands of barrels	15,184	10,122	8,776
Gas—millions of cubic feet	239,562	242,319	240,804

[a] Includes 5.7 million long tons at an inactive mine. The Company has exclusive production rights to sulphur reserves in exchange for production royalties and royalties on sulphur sales, which average about 50 percent of profits before income taxes.

[b] Contains an average of 68.2 percent bone phosphate of lime. Phosphoric acid and uranium oxide are produced from phosphate rock; approximately 3.5 tons of phosphate rock are used to produce one ton of phosphoric acid and one pound of uranium oxide.

[c] Approximately 45 percent of crude kaolin is recovered as saleable product.

[d] Represents total reserves of the joint venture in which the Company holds a 70-percent interest, and which average about .233 troy ounces of gold per ton. Such reserves are comprised of approximately 65 percent carbonaceous ore and 35 percent oxide ore. The estimated recovery rate for carbonaceous ore is approximately 85 percent and for oxide ore is approximately 90 percent.

[e] Reference is made to Note 10 for information on proved oil and gas reserves.

Production and Average Market Prices. The Company's production of principal mineral products, including oil and gas, and average market prices were as follows:

Years Ended December 31,	1982	1981	1980
Production:			
Mineral products:			
Sulphur—thousands of long tons[a]	1,291	2,402	2,273
Gold—thousands of troy ounces[b]	137	23	—
Oil and gas:			
Oil—thousands of barrels[c]	1,193	902	520
Gas—millions of cubic feet	45,305	56,054	36,423
Average market prices:			
Mineral products:			
Sulphur—per ton	$132.00	$130.00	$110.00
Gold—per ounce[b]	390.00	411.00	—
Oil and gas:			
Oil—per bbl.	29.82	31.59	23.55
Gas—per mcf	3.53	3.27	2.69

[a] In addition, purchases by the Company of sulphur recovered from sour natural gas and crude oil amounted to 447,000 tons in 1982, 530,000 tons in 1981 and 528,000 tons in 1980. Sulphur (produced or purchased) used by the Company's phosphoric acid plant at Uncle Sam, Louisiana, amounted to 276,000 tons in 1982, 535,000 tons in 1981 and 645,000 tons in 1980.

[b] Gold production for 1981 includes the Company's share of production during start-up period prior to commencement of operations for financial accounting purposes in October 1981. The average market price per ounce of gold is after giving effect to the results of futures contracts.

[c] Oil includes oil, condensate and natural gas liquids.

Reference is made to the Notes to Financial Statements of Freeport Indonesia, Incorporated, for information on FI's copper, gold and silver reserves, production and average market prices (see page 45).

Certain supplemental information contained in this note is based on estimates which have been prepared with reasonable care on an experimental basis in accordance with requirements prescribed by the FASB. However, because of the experimental aspects of developing such information, it is emphasized that the information is imprecise and represents approximate amounts, and extreme caution should accompany its use and interpretation.

THE NORTH AMERICAN COAL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note N—Supplemental Operating Statistics (Unaudited)

	Year Ended December 31				
	1982	1981	1980	1979	1978
	(In thousands of tons, except average selling price)				
Proven and probable tons of coal reserves at year end	5,648,000	5,514,000	5,534,000	5,707,000	5,424,000
Tons of coal produced	14,130	11,679	12,901	11,504	7,883
Tons of coal reserves purchased in place	3,000	90,000	274,000	334,000	128,000
Tons of coal reserves sold in place	-0-	-0-	-0-	1,000	-0-
Average selling price per ton	$31.91	$35.31	$31.00	$27.32	$29.42

THE STANDARD OIL COMPANY (AN OHIO CORPORATION)

SUPPLEMENTARY INFORMATION ON MINERAL RESOURCE QUANTITIES AND PRICES

The following sets forth certain information relating to Sohio's mineral reserves, production and average market prices:

Quantities in thousands	Estimated Reserves		Production During the Year		Average Market Prices	
	1982	1981	1982	1981	1982	1981
Copper properties						
—Ore reserves (tons)	3,100,000	3,100,000	45,201	34,500	—	—
—Copper (tons)	17,500	17,500	286	209	$ .66 lb.	$ .76lb.
—Gold (troy ounces)	10,900	11,800	192	151	$ 375.79	$426.46
—Silver (troy ounces)	124,000	120,000	3,602	2,231	$ 7.95	$ 9.12
—Molybdenum (tons)	386	377	3	2	$ 4.10 lb.	$ 5.39 lb.
Coal (tons)	1,720,000	1,600,000	11,001	9,546	$ 31.28	$ 28.79

During 1982, approximately 118 million tons of proved and probable coal reserves were acquired from Republic Steel Corporation. During 1981, approximately 700 million tons of proved and probable coal reserves were acquired primarily from U.S. Steel Corporation. Additionally, copper properties were purchased through the acquisition of Kennecott Corporation.

Section 2: Balance Sheet

BALANCE SHEET TITLE

Table 2-1 summarizes the titles used to describe the statement of assets, liabilities and stockholders' equity.

TABLE 2-1: BALANCE SHEET TITLE

	1982	1981	1980	1979
Balance Sheet	546	545	544	544
Statement of Financial Position	42	43	45	43
Statement of Financial Condition	12	12	11	13
Total Companies	**600**	**600**	**600**	**600**

BALANCE SHEET FORMAT

Balance sheet formats include the account form, the report form, and the financial position form. The account form shows total assets on the left-hand side equal to the sum of liabilities and stockholders' equity on the right-hand side. The report form shows a downward sequence of either total assets minus total liabilities equal to stockholders' equity or total assets equal to total liabilities plus stockholders' equity. The financial position form, a variation of the report form, shows noncurrent assets added to and noncurrent liabilities deducted from working capital to arrive at a balance equal to stockholders' equity. Table 2-2 summarizes the balance sheet formats used by the survey companies.

TABLE 2-2: BALANCE SHEET FORMAT

	1982	1981	1980	1979
Account form	320	333	358	363
Report form	276	263	235	228
Financial position form	4	4	7	9
Total Companies	**600**	**600**	**600**	**600**

TABLE 2-3: CASH—BALANCE SHEET CAPTIONS

	1982	1981	1980	1979
Cash	321	359	384	403
Cash and Equivalents	75	60	38	35
Cash includes certificates of deposit or time deposits	62	63	71	66
Cash combined with marketable securities	142	118	107	96
Total Companies	**600**	**600**	**600**	**600**

CASH

Table 2-3 shows that 54% of the survey companies present cash as a single item and use the caption *cash.* Of the 142 companies showing a balance sheet caption combining cash and marketable securities, 63 disclosed separate amounts either parenthetically on the balance sheet or in a note to the financial statements. Thirty-two companies, in addition to showing a caption for cash, presented a separate caption for certificates of deposit and/or time deposits. Examples of captions for cash and cash items follow.

ABBOTT LABORATORIES (DEC)

	1982	1981	1980
	(dollars in thousands)		
Current Assets:			
Cash and cash items (including marketable securities, at cost which approximates market, of $20,015 in 1982, $15,341 in 1981, and $11,011 in 1980)	$ 115,530	$ 129,675	$ 118,107
Trade receivables, less allowances of $17,926 in 1982, $16,637 in 1981, and $16,860 in 1980	427,653	376,452	342,456
Inventories—			
Finished products	226,704	225,857	200,600
Work in process	77,209	77,506	70,709
Materials	127,194	114,653	116,253
Total inventories	431,107	418,016	387,562
Prepaid expenses and other receivables	149,948	132,026	115,514
Total Current Assets	$1,124,238	$1,056,169	$ 963,639

AMERICAN STANDARD INC. (DEC)

	1982	1981	1980
	(Dollars in thousands)		
Current assets:			
Cash	$ 25,199	$ 31,835	$ 20,203
Certificates of deposit	70,015	55,730	26,788
Accounts receivable, less allowance for doubtful accounts— 1982, $11,733; 1981, $10,987; 1980, $17,230	336,243	360,321	405,885

AMERICAN STORES COMPANY (JAN)

	1983	1982
	(In thousands of dollars)	
Current Assets		
Cash and short-term cash investments	$ 83,222	$ 53,013
Receivables	44,076	38,924
Inventories	612,528	561,163
Prepaid expenses	27,567	25,793
Properties to be developed and sold within one year	—	3,312
Total current assets	$ 767,393	$ 682,205

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Short-Term Cash Investments

Short-term cash investments consist primarily of certificates of deposit, treasury bills and notes, bankers acceptances, repurchase agreements and commercial paper, which are carried at cost, which approximate market. At January 29, 1983 and January 30, 1982, certificates of deposit and other securities with maturity of over 90 days amounted to $10,774,000 and $14,170,000; short-term investments were $49,063,000 and $58,081,000, respectively. As a result of the Company's cash management program, checks issued and not presented to the bank for payment amounted to $94,377,000 and $100,420,000 and have been deducted from cash and short-term cash investments at January 29, 1983 and January 30, 1982, respectively.

CLAROSTAT MFG. CO., INC. (DEC)

	1982	1981
Current assets:		
Cash	$ 706,698	$ 562,763
Certificates of deposit	705,223	1,331,915
Trade receivables, less allowance for doubtful accounts of $33,000 in 1982 and $25,000 in 1981	2,339,917	2,701,393
Inventories	3,545,648	3,820,157
Prepaid expenses and other current assets	450,437	391,548
Total current assets	$7,747,923	$8,807,776

COLT INDUSTRIES INC (DEC)

	1982	1981
	(In thousands)	
Current Assets		
Cash, including certificates of deposit of $46,906 and $57,800	$ 49,310	$ 58,112
Marketable securities, at cost (approximates market)	95,933	123,734
Accounts and notes receivable		
Trade	167,084	212,541
Other	12,049	9,647
	179,133	222,188
Less allowance for doubtful accounts	4,990	5,006
	174,143	217,182
Income tax receivable	79,100	—
Inventories		
Finished goods	87,449	86,268
Work in process and finished parts	182,509	227,751
Raw materials and supplies	73,298	75,169
	343,256	389,188
Deferred income taxes	15,908	21,822
Other current assets	5,030	6,394
Current assets of discontinued operations, net	14,377	89,934
Total current assets	$777,057	$906,366

INSILCO CORPORATION (DEC)

	1982	1981
	(In Thousands of Dollars)	
Current Assets		
Cash, including time deposits of $27,752 (1981—$46,525)	$ 36,413	$ 53,733
Marketable securities, at cost, which approximates market	26,837	—
Trade receivables, less allowance for doubtful accounts of $1,743 (1981—$1,948)	75,532	94,864
Other receivables	11,537	16,798
Inventories		
Raw materials and supplies	44,257	51,976
Work in process	24,154	28,813
Finished goods	66,289	62,205
	134,700	142,994
Net assets of tableware operations held for sale	36,039	—
Deferred income tax benefit	8,845	—
Prepaid expenses	5,252	5,917
Total current assets	$335,155	$314,306

KELLOGG COMPANY (DEC)

	1982	1981
	(millions)	
Current assets		
Cash, including interest-bearing deposits of $139.8 and $110.7	$ 152.5	$ 116.5
Marketable securities, at cost which approximates market	7.3	47.2
Accounts receivable, less allowances of $3.6 and $3.3	140.7	158.9
Inventories:		
Raw materials and supplies	128.8	129.4
Finished goods and materials in process	98.9	101.8
Prepaid expenses	35.9	28.4
Total current assets	$ 564.1	$ 582.2

MCGRAW-HILL, INC. (DEC)

	1982	1981	1980
	(Thousands of dollars)		
Current assets			
Cash (includes certificates of deposit: 1982—$61,203; 1981—$53,275; 1980—$16,482)	$ 66,647	$ 61,434	$ 27,909
Short-term investments—at lower of cost or market	9,994	4,000	1,000
Accounts receivable (net of allowance for doubtful accounts: 1982—$29,966; 1981—$28,315; 1980—$29,081)	261,441	249,800	224,223
Inventories:			
Finished goods	98,114	95,446	88,653
Work-in-process	32,129	27,357	30,462
Paper and other materials	17,660	15,739	19,518
Total inventories	147,903	138,542	138,633
Prepaid and other current assets	20,133	16,428	11,979
Total current assets	$ 506,118	$ 470,204	$403,744

RIVAL MANUFACTURING COMPANY (DEC)

	1982	1981
Current Assets:		
Cash and interest bearing deposits	$ 8,384,759	$ 7,788,148
Marketable securities	18,209,955	10,925,373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interest bearing deposits and marketable securities:

Cash amounts include certificates of deposit of approximately $7,000,000 and $5,200,000 at December 31, 1982 and 1981.

Marketable securities at December 31, 1982 and 1981, consist primarily of commercial paper, municipal bonds and/or bankers acceptances and are stated at cost plus accrued interest which approximates market.

OWENS-ILLINOIS, INC. (DEC)

	1982	1981
	(Millions of dollars)	
Current assets:		
Cash and short-term investments	$ 180.7	$ 316.6
Receivables, less allowances for losses and discounts ($18.9 million in 1982 and $16.1 million in 1981)	401.2	421.8
Inventories	392.1	408.8
Prepaid expenses	23.4	11.2
Total current assets	$ 997.4	$1,158.4

FINANCIAL REVIEW

Tabular data in millions of dollars

Cash and Short-Term Investments. Cash and short-term investments at December 31, 1982 and 1981, were as follows:

	1982	1981
Cash	$ 36.9	$ 34.0
Time Deposits	38.0	29.5
Short-term investments, at cost, which approximates market	105.8	253.1
	$180.7	$316.6

ROHM AND HAAS COMPANY (DEC)

	1982	1981
	(thousands of dollars)	
Current assets		
Cash and marketable securities (Note 9)	$ 113,772	$ 50,903

Note 9: Cash and Marketable Securities

	1982	1981
	(thousands of dollars)	
Cash	$ 5,557	$ 4,971
Interest-bearing time deposits	39,287	27,020
Marketable securities	68,928	18,912
	$113,772	$50,903

The marketable securities are stated at cost, which approximates market value.

SCHERING-PLOUGH CORPORATION

	1982	1981	1980
	(Dollars in millions)		
Current assets			
Cash	$ 24.4	$ 19.1	$ 17.8
Time deposits	423.1	463.7	317.3
Marketable securities, at cost which approximates market	164.7	26.2	87.9
Accounts receivable, less allowances—1982, $25.2; 1981, $25.3; 1980, $28.6	282.8	273.1	269.2

WEYERHAEUSER COMPANY (DEC)

	1982	1981
	(Dollar amounts in thousands)	
Current assets:		
Cash, including interest bearing time deposits $95,231 and $88,180	$ 62,038	$ 42,525
Short-term investments, at cost which approximates market	122,795	62,025
Receivables, less allowances $11,160 and $7,301	498,749	606,727
Inventories		
Logs and chips	63,923	73,111
Lumber, plywood and panels	88,533	99,908
Pulp and paper	55,495	36,130
Paperboard, containers and cartons	56,184	60,433
Other products	91,117	78,735
Total product inventories	355,252	348,317
Materials and supplies	150,103	134,433
Prepaid expenses	74,012	27,321
Total current assets	$1,262,949	$1,221,348

MARKETABLE SECURITIES IN CURRENT ASSETS

Chapter 3A of *ARB No. 43* states in part:

9. The amounts at which various current assets are carried do not always represent their present realizable cash values. . . . However, practice varies with respect to the carrying basis for current assets such as marketable securities and inventories. In the case of marketable securities where market value is less than cost by a substantial amount and it is evident that the decline in market value is not due to a mere temporary condition, the amount to be included as a current asset should not exceed the market value . . . It is important that the amounts at which current assets are stated be supplemented by information which reveals, for temporary investments, their market value at the balance sheet date . . .

FASB *Statement of Financial Accounting Standards No. 12* requires that marketable equity securities (as defined in the Statement) be carried at lower of aggregate cost or market value. *SFAS No. 12* also specifies information which the financial statements should disclose about marketable equity securities.

Table 2-4 shows the valuation bases at which marketable securities are included in the balance sheet. Although 418 survey companies presented marketable securities as current assets; only a few survey companies disclosed that the amounts shown for marketable securities included marketable equity securities. Examples of marketable security presentations follow.

TABLE 2-4: MARKETABLE SECURITIES—VALUATION

	Number of Companies			
	1982	1981	1980	1979
Cost				
Approximates market	254	251	251	250
No reference to market	20	23	22	15
Market value disclosed	5	4	14	8
Lower of cost or market	35	36	31	35
Market value	4	—	3	2

Lower of Cost or Market

KINDER-CARE LEARNING CENTERS, INC. (AUG)

	1982	1981
Current assets:		
Cash	$ 5,340,830	3,121,715
Certificates of deposit	2,295,224	5,250,922
Marketable investment securities	4,132,038	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

(i) Marketable Investment Securities

Marketable investment securities include equity securities (principally preferred stocks) and bond coupons. The current and non-current portfolio of marketable equity securities are each carried at their lower of cost or market value. Bond coupons are stated at accreted cost.

Note 4: Marketable Investment Securities

Current marketable equity securities are stated at market with cost being $4,682,343. The portfolio includes gross unrealized gains of $4,414 and gross unrealized losses of $554,719 at September 3, 1982. Net realized gains included in earnings were $551,236. The value of current equity securities sold is determined using the specific identification method.

Noncurrent marketable securities include:	September 3, 1982
Equity securities, at cost	$24,531,760
Bond coupons, at accreted cost	8,220,853
	$32,752,613

The market value of the bond coupons was $8,353,800 at September 3, 1982.

The portfolio of equity securities includes gross unrealized gains of $837,616 and gross unrealized losses of $539,206 at September 3, 1982. Net realized gains included in earnings were $458,847. The cost of marketable investment securities sold is determined using the specific identification method.

M. LOWENSTEIN CORPORATION (DEC)

	1982	1981
	(in thousands of dollars)	
Current assets:		
Cash and cash equivalents	$ 31,610	$ 20,589
Marketable securities (note 1)	1,826	2,072
Accounts receivable (less allowances for discounts and doubtful accounts of $1,734 in 1982; $1,976 in 1981)	86,912	100,918
Inventories	103,773	113,335
Assets held for sale	1,234	1,741
Prepaid expenses	352	442
Total current assets	$225,707	$239,097

Note 1 (in part): Summary of Significant Accounting Policies

(c) Marketable Securities

Marketable securities (foreign government bonds owned by a foreign subsidiary) are carried at the lower of cost or market.

OLLA INDUSTRIES, INC. (DEC)

	1982	1981
Current assets:		
Cash	$ 85,879	$ 464,031
United States obligations, at cost which approximates market	9,427,899	
Short-term securities, at cost which approximates market	32,830	383,702
Marketable securities, at lower of aggregate cost of market (Note 2)	2,844,990	9,491,288
Accounts receivable, less allowance for doubtful accounts of $50,000 in 1982 and $113,000 in 1981	879,315	1,341,782
Inventories	2,362,972	3,053,208
Other current assets	289,619	22,003
Total current assets	$15,923,504	$14,756,014

Note 2: Marketable Securities

Marketable securities are carried at the lower of aggregate cost or market. To reduce the carrying value to aggregate market, which was lower than aggregate cost at December 31, 1981 and 1980, valuation allowances in the amounts of $423,000 and $408,000 were established, respectively, with charges to other income of $15,000 and $292,000, respectively.

The following is a summary of marketable securities:

	December 31, 1982	1981	1980
Aggregate cost	$2,845,000	$9,914,000	$3,188,000
Aggregate market	3,281,000	9,491,000	2,780,000
Unrealized gain (loss)	$ 436,000	$ (423,000)	$ (408,000)
Valuation Allowance, beginning	$ 423,000	$ 408,000	$ 116,000
Charge (credit) to other income	(423,000)	15,000	292,000
Valuation allowance, ending	$ -0-	$ 423,000	$ 408,000

In 1982, realized gains of $839,000 on the sale of marketable securities, (which includes $423,000 of previously established valuation allowances), and unrealized gains of $43,000, were credited to other income. In 1981 and 1980, realized gains and losses were insignificant. The cost of the securities sold was based on the average cost of all the shares of each such security held at the time of the sale.

Other income, net consists principally of: income from marketable securities, United States Treasury obligations, short-term investments and certificates of deposits; and realized and unrealized gains and losses on marketable securities. Gains are not recognized when aggregate market exceeds aggregate cost.

SCOPE INDUSTRIES (JUN)

	1982	1981
Current Assets:		
Cash	$ 219,088	$ 223,265
Short term investments, at cost which approximates market	150,000	200,000
Marketable securities, at cost (Market $3,240,632 in 1982 and $4,046,200 in 1981—Note 2)	3,250,412	1,498,865
Accounts and notes receivable, less allowance for doubtful accounts of $151,509 in 1982 and $213,954 in 1981	3,235,984	2,293,495
Inventories	644,888	595,474
Prepaid expenses and other	363,390	260,149
Total current assets	$7,863,762	$5,071,248

Note 1 (in part): Summary of Significant Accounting Polices

Marketable Securities:

Marketable securities are stated at the lower of aggregate cost or market at the balance sheet date and consist of common and preferred stocks. Dividend and interest income are accrued as earned. The cost of marketable securities sold is determined on the specific identification method, and realized gains or losses are reflected in income.

Note 2: Marketable Securities

At June 30, 1982, gross unrealized gains and losses were as follows:

	Current Marketable Securities	Long-Term Marketable Securities
Gross unrealized gains	$ 455,878	$27,458,839
Gross unrealized losses	(465,658)	

Included in revenues is a net gain of $131,269 (1982), $64,510 (1981) and $282,732 (1980) realized on the sale of marketable securities.

On July 1, 1981, the Company realized an additional gain before income taxes of $2,466,336 on the sale of marketable securities with a cost basis of $728,664.

Long-term marketable securities consist of 1,100,660 shares of Avnet, Inc. Common Stock at June 30, 1982 and June 30, 1981.

Cost Which Approximates Market

AMERADA HESS CORPORATION (DEC)

	1982	1981
Current assets		
Cash	$ 56,460,000	$ 180,874,000
Time deposits and certificates of deposit	35,156,000	38,582,000
Short-term marketable securities—at cost, which approximates market value	8,029,000	—
Accounts receivable		
Trade (less allowance for doubtful accounts of $1,896,000 in 1982 and $1,866,000 in 1981)	476,254,000	675,831,000
Other	31,012,000	39,869,000
Inventories	1,418,137,000	1,549,119,000
Prepaid expenses	77,785,000	91,809,000
Total current assets	$2,102,833,000	$2,576,084,000

ANDERSON, CLAYTON & CO. (JUN)

	1982	1981
	(In thousands of dollars)	
Current assets		
Cash	$ 7,344	$ 13,317
Marketable securities at cost which approximates market (note 7)	183,340	122,775

Note 7. Marketable securities consists of:

	June 30 1982	1981
	(In thousands of dollars)	
Commercial paper	$140,544	$ 66,309
Government bills and notes	1,158	3,512
Repurchase agreements	2,983	23,678
Certificates of deposit	35,668	25,508
Bankers acceptances	2,987	3,768
	$183,340	$122,775

BELDING HEMINWAY COMPANY, INC. (DEC)

	1982	1981
	(All amounts in thousands)	
Current assets:		
Cash	$ 2,648	$ 1,560
Short term investments (at cost which approximates market)	1,300	
Accounts receivable—trade (less allowances of $1,144)	16,146	18,626
Merchandise inventories:		
Raw materials and greige goods	4,822	5,330
Work in process	2,506	4,555
Finished goods	11,889	14,834
Other current assets	690	1,013
Net assets held for sale—current		2,999
Total Current Assets	$40,001	$48,917

GENERAL FOODS CORPORATION (MAR)

	1982	1981
	(All dollar amounts are expressed in thousands)	
Current Assets		
Cash	$ 39,683	$ 37,566
Temporary Investments, including time deposits of $65,361 in 1982 and $181,589 in 1981 (at cost, which approximates market)	123,421	271,639
Receivables, less allowances of $16,808 in 1982 and $17,616 in 1981	899,752	759,001
Inventories		
Finished Product	680,974	550,407
Raw Materials and Supplies	443,175	353,795
	1,124,149	904,202
Deferred Income Tax Benefits	9,633	10,468
Prepaid Expenses	57,468	35,911
Current Assets	$2,254,106	$2,018,787

HERCULES INCORPORATED (DEC)

	1982	1981
	(Dollars in thousands)	
Current Assets		
Cash	$ 28,855	$ 26,700
Marketable securities (At cost and accrued interest which approximates market	5,307	856
Accounts and notes receivable		
Customers—trade	327,969	361,024
Affiliated companies	8,033	6,040
Other	49,440	57,311
	385,442	424,375
Less allowance for doubtful accounts	4,918	4,628
Total Accounts and Notes Receivable	380,524	419,747
Inventories		
Finished products	195,757	237,564
Materials, supplies, and work in process	172,531	169,343
Total Inventories	368,288	406,907
Total Current Assets	$782,974	$854,210

JUPITER INDUSTRIES, INC. (DEC)

	1982	1981
	(in thousands)	
Current Assets		
Cash (including certificates of deposit of $412,000 and $3,100,000, respectively, at cost which approximates market)	$ 4,081	$ 6,975
Money market instruments (at cost which approximates market)	13,531	10,472
Accounts and notes receivable, less allowance for doubtful accounts of $1,142,000 and $1,426,000, respectively	21,204	22,762

HUGHES SUPPLY INC. (JAN)

	1983	1982
Current Assets:		
Cash	$ 358,182	$ 842,150
Short-term investments, at cost which approximates market value	5,152,339	7,873,919
Accounts receivable, less allowance for doubtful accounts of $669,887 in 1983 and $558,058 in 1982	22,090,180	21,433,335
Refundable income taxes	410,264	1,450,466
Inventories	32,939,570	36,185,903
Prepaid expenses	1,100,090	1,003,299
Total current assets	$62,050,625	$68,789,072

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Supplementary Information:

At January 28, 1983, short-term investments consist of the following:

	Cost	Market Value
Bank repurchase agreement, 7.5%, maturing January 31, 1983	$1,475,000	$1,475,000
Short-term notes, 14.5%–14.75%, maturing from May 19, 1983 through June 1, 1983	3,625,569	3,676,446
Hughes Supply, Inc. common stock purchased for contribution to employee benefit plans, 4,316 shares	51,770	90,625
	$5,152,339	$5,242,071

Short-term notes include $2,000,000 par value, 14.5% notes issued by Commercial Credit Corporation with a cost of $2,049,873 and a market value of $2,079,217. No other investments equal or exceed 2% of consolidated total assets at January 28, 1983.

RAYTHEON COMPANY (DEC)

	1982	1981
	(In thousands)	
Current assets		
Cash	$ 42,839	$ 50,710
Marketable securities (notes A and B)	777,006	572,824
Accounts receivable, less allowance for doubtful accounts: 1982—$14,950,000; 1981—$12,202,000	594,599	603,356
Contracts in process	294,476	382,976
Inventories	680,250	718,960
Prepaid expenses	12,218	10,673
Total current assets	$2,401,388	$2,339,499

Note A (in part): Accounting Policies

Marketable Securities: Marketable securities, other than equity securities, are valued at cost in the absence of a permanent decline in market value plus accrued interest where appropriate.

Marketable equity securities are valued at the lower aggregate cost or market value. Dividends are recorded as income when declared.

Note B: Marketable Securities

Marketable securities consist of the following at December 31:

	1982	1981
	In thousands	
U.S. Government securities	$103,885	$114,092
State and municipal securities	3,855	9,249
Time and certificates of deposits	521,067	356,037
Industrial bonds (market value: 1982—$24,761,000; 1981—$32,648,000)	29,373	46,589
Preferred stocks with redemption provisions, at cost (market value: 1982—$19,184,000; 1981—$20,156,000)	25,885	29,893
Bank acceptances	55,668	10,649
Money market funds	37,273	—
Other	—	6,315
	$777,006	$572,824

Under the company's cash management program, checks in transit are not considered reductions of cash or accounts payable until presented to the appropriate banks for payment. At December 31, 1982 and 1981, checks in transit amounted to $52.3 million and $51.8 million, respectively.

TELEDYNE, INC. (DEC)

	1982	1981
	(In millions)	
Current Assets:		
Cash and marketable securities	$723.3	$448.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9: Supplemental Balance Sheet Information. Cash and marketable securities at December 31, 1982 and 1981 were as follows (in millions):

	1982	1981
Cash	$ 43.4	$ 45.9
United States Treasury bills, at cost plus accrued interest, which approximates market	234.7	—
Municipal securities, at amortized cost, which approximates market	189.6	132.8
Common stocks, at cost (market: 1982—$314.3; 1981—$278.2)	248.6	225.5
Other marketable securities, principally at cost plus accrued interest, which approximates market	7.0	44.2
	$723.3	$448.4

The Company's gross unrealized gains and gross unrealized losses on the above common stocks, before taxes, were $74.6 million and $8.9 million, respectively, at December 31, 1982.

NABISCO BRANDS, INC. (DEC)

	1982	1981
	(In millions)	
Current assets		
Cash	$ 36.6	$ 47.5
Short-term investments, at cost which approximates market	452.5	166.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Short-term investments consist of certificates of deposit, time deposits and, in 1981, also include corporate bonds and U.S. government securities.

Cost—Market Disclosed

BURNDY CORPORATION (DEC)

	1982	1981
	(Dollars in thousands)	
Current assets:		
Cash (including temporary interest bearing investments of $20,134 and $32,517, respectively)	$ 27,534	$ 40,155
Marketable securities	6,544	—
Receivables, less allowances of $2,476 and $2,287, respectively	40,221	51,913
Inventories	54,183	59,302
Prepaid expenses and other current assets	1,124	1,209
Total current assets	$129,606	$152,579

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except per share data)

Note 1 (in part): Summary of Significant Accounting Policies

(c) Marketable securities

Marketable securities, principally municipal bonds, are carried at cost; market value aggregate approximately $6,775 at December 31, 1982.

RECEIVABLES

Table 2-5 summarizes both the descriptive titles used in the balance sheet to describe trade receivables and the type of receivables, other than trade receivables, which the survey companies most frequently showed as current assets. Examples of receivables shown as current assets follow.

Income Tax Refund Claims

ACTION INDUSTRIES, INC. (JUN)

	1982	1981
CURRENT ASSETS:		
Cash, including time deposits of $305,000 in 1981, with interest averaging 10%	$ 337,609	$ 632,263
Trade accounts receivable, less allowance of $791,000 in 1982 and $562,000 in 1981 for doubtful accounts and customer credits	11,497,881	11,805,340
Federal income tax refund receivable (Note 6)	454,520	—
Inventory, at lower of cost or market:		
Merchandise held for resale	17,207,963	22,429,679
Work in process and raw materials	1,081,906	869,637
Prepaid expenses	817,922	462,469
Total current assets	$31,397,801	$36,199,388

Note 6 (in part): Income Taxes:

As a result of the discontinuance of the retail business, the Company incurred a tax loss for fiscal 1982. The portion of the fiscal 1982 tax benefit which can be carried back to prior years' taxable income was recorded as a receivable in the accompanying consolidated balance sheet. The remainder of the fiscal 1982 tax benefit will be carried forward for tax purposes to offset future income taxes payable.

CRANE CO. (DEC)

	1982	1981
Current Assets:		
Cash	$ 14,413,030	$ 16,126,641
Short-term investments, at lower of cost or market	64,911,330	57,604,416
Accounts receivable, less allowance of $2,457,668 ($2,868,043 in 1981)	119,954,289	183,167,206
Refundable income taxes (see page 11)	21,700,000	—
Inventories, at lower of cost, principally last-in first-out, or market;		
Finished goods	83,542,718	86,141,904
Work in process	21,503,829	41,517,146
Raw materials and supplies	27,524,440	35,427,637
	132,570,987	163,086,687
Prepaid expenses	2,427,143	3,237,337
Total Current Assets	$335,976,779	$423,222,287

TABLE 2-5: CURRENT RECEIVABLES

	1982	1981	1980	1979
Trade Receivable Captions				
Accounts receivable	199	199	209	209
Receivables	152	155	153	162
Accounts and notes receivable	112	121	128	129
Trade accounts receivable	137	125	110	100
Total Companies	**600**	**600**	**600**	**600**
Receivables Other Than Trade Receivables		**Number of Companies**		
Tax refund claims	112	71	51	51
Contracts	47	48	31	22
Investees	36	35	37	35
Installment notes or accounts	20	18	9	23

FINANCIAL REVIEW

Income Taxes (in part)

The company incurred a loss for tax purposes of approximately $39,000,000 in 1982. As a result of the carryback of this loss to prior years, the company has filed for a refund of $21,700,000.

DEERE & COMPANY (OCT)

	1982	1981
	(In thousands of dollars)	
Current Assets		
Cash	$ 48,101	$ 57,213
Short-term investments—at cost which approximates market value	4,268	10,998
Refundable income taxes	75,204	13,437
Receivables from unconsolidated subsidiaries and affiliates	215,934	236,428
Trade receivables		
Dealer accounts and notes	2,677,334	2,373,018
Retail notes (less deferred finance income of $13,800 in 1982 and $19,412 in 1981)	33,647	40,558
Total	2,710,981	2,413,576
Less allowances	50,084	39,183
Trade receivables—net	2,660,897	2,374,393
Inventories	760,945	872,045
Total current assets	$3,765,349	$3,564,514

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

Refundable income taxes included in the consolidated balance sheet at October 31, 1982 primarily represent refunds resulting from the 1982 net operating loss and investment credits which are carried back against previous years taxes paid. Estimated taxes previously paid for this fiscal year are also included in refundable income taxes.

KOPPERS COMPANY, INC. (DEC)

	1982	1981
	($ thousands)	
Current assets:		
Cash, including short-term investments of $65,739 in 1982 and $41,458 in 1981	$ 74,858	$ 46,824
Accounts receivable, principally trade, less allowance for doubtful accounts of $5,015 in 1982 and $4,720 in 1981	207,529	264,874
Refundable federal income taxes (Funds to be received in 1983 from overpayment of taxes during 1982.)	13,102	—
Inventories		
At cost—FIFO (first-in, first-out) basis:		
Product	134,604	160,367
Work in process	36,036	50,732
Raw materials and supplies	98,271	129,492
	268,911	340,591
Less excess of FIFO cost over LIFO (last-in, first-out)	97,253	126,836
	171,658	213,755
Prepaid expenses	22,980	17,297
Total current assets	$490,127	$542,750

PENTRON INDUSTRIES, INC. (JUN)

	1982	1981
Current Assets:		
Cash	$ 65,272	$ 256,935
Notes and accounts receivable:		
Trade	2,211,339	3,073,603
Other	32,174	54,655
Allowance for doubtful accounts	(200,800)	(168,595)
Inventories	3,312,234	5,064,476
Prepaid expenses and other current assets	25,340	67,343
Refundable federal income taxes (Note 10)	350,000	288,749
Prepaid income taxes	—	175,700
Total current assets	$5,795,559	$8,812,866

Note 10 (in part): Income Taxes:

The June 30, 1982 net operating loss has been carried back to offset taxable income of prior years resulting in refundable income taxes of $350,000. In addition, the Company has a net operating loss carryforward of approximately $600,000 which can be used to offset future taxable income, expiring in 1997.

CHICAGO PNEUMATIC TOOL COMPANY (DEC)

	1982	1981
Current Assets:		
Refundable income taxes	$11,737,000	—

NOTES TO FINANCIAL STATEMENTS

U.S. and Foreign Income Taxes (in part)

Refundable income taxes of $11,737,000 appearing on the balance sheet at December 31, 1982 reflects an overpayment of 1982 estimated taxes and the availability of refunds based on the carryback of 1982 losses reported by domestic companies.

Contracts

NORTHROP CORPORATION (DEC)

	1982	1981	1980
		(in millions)	
Current assets			
Cash and cash items	$124.6	$194.3	$311.2
Accounts receivable	137.6	193.0	131.0
Inventoried costs	238.6	327.5	390.4
Prepaid expenses	10.8	11.4	9.0
Total current assets	$511.6	$726.2	$841.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable (in part)

Accounts receivable were composed of the following:

	1982	1981	1980
		(in millions)	
Due from U.S. Government, long-term contracts			
Current accounts			
Billed	$ 28.1	$ 36.7	$ 35.9
Unbilled	63.5	54.4	31.2
Due upon contract completion	6.4	6.6	4.4
	98.0	97.7	71.5
Due from other customers, long-term contracts			
Current accounts			
Billed	14.0	19.1	27.6
Unbilled	6.8	4.1	6.8
Due upon negotiation of prices for customer changes, unbilled	7.8	51.3	—
Due upon contract completion	3.3	2.9	3.5
	31.9	77.4	37.9
Total due, long-term contracts	129.9	175.1	109.4
Trade and other accounts receivable			
Due from U.S. Government	14.6	15.1	14.5
Due from other customers	12.1	21.6	25.5
Total due, trade and other	26.7	36.7	40.0
	156.6	211.8	149.5
Less allowances for doubtful amounts	19.0	18.8	18.4
	$137.6	$193.0	$131.0

Unbilled amounts represent sales for which billings have not been presented to customers at year-end. These amounts are billed and generally collected within one year. Amounts due upon completion of contracts are retained by customers until work is completed and customer acceptance is obtained.

The unbilled amount due upon negotiation of prices for customer changes represents estimated costs and operating margin on customer-directed delivery schedule and product configuration changes. The amount at December 31, 1981 was billed and collected in 1982, and the company expects to complete negotiations, bill and collect the December 31, 1982 balance during 1983.

Accounts receivable at December 31, 1982 are expected to be collected in 1983, except for approximately $1.1 million due in 1984 and $2.9 million due in 1985 and later. These amounts are due upon the completion of several long-term contracts, primarily with the U.S. Government.

LITTON INDUSTRIES, INC. (JUL)

	1982	1981
	(thousands of dollars)	
Current Assets:		
Accounts receivable less allowance for doubtful accounts of $25,103 and $23,884 (Note C)	$749,447	$784,533

Note C (in part): Accounts Receivable and Inventories

Following are the details of accounts receivable:

	July 31, 1982	1981
	(thousands of dollars)	
U.S. Government long-term contracts:		
Amounts billed	$ 96,950	$ 73,760
Recoverable costs and accrued profit on progress completed—not billed	27,061	30,486
Retentions	8,816	26,052
Less transfer to "Customer deposits and contract liabilities"	(5,172)	(17,402)
	127,610	112,896
Other—principally commercial customers	621,837	671,637
	$749,447	$784,533

Of the retention balance at July 31, 1982, $4,766,000 is expected to be collected in fiscal 1983 with the balance to be collected in subsequent years, as contract deliveries are made and warranty periods expire.

STERLING DRUG INC. (DEC)

	1982	1981
	(in thousands of dollars)	
Current Assets:		
Accounts receivable	$325,643	$313,579

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable

	December 31, 1982	1981
	(in thousands of dollars)	
Trade receivables	$306,067	$294,207
Non-trade receivables	24,865	27,121
Contract receivables	18,160	17,170
Allowance for doubtful accounts and sales returns	(23,449)	(24,919)
	$325,643	$313,579

Included in trade receivables at December 31, 1982 and 1981 are retainages under various contracts of $4,833,000 and $6,135,000, respectively. Contract receivables represent recoverable costs and profits relating to long-term contracts which are not complete.

OGDEN CORPORATION (DEC)

	1982	1981
Current Assets:		
Cash	$ 50,945,000	$ 38,102,000
Marketable securities—at cost, which approximates market	33,330,000	25,749,000
Receivables (less allowances: 1982, $7,055,000 and 1981, $6,752,000)	298,411,000	356,452,000
Inventories	211,860,000	236,695,000
Prepaid expenses, etc.	15,135,000	18,751,000
Total current assets	$609,681,000	$675,749,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Accounts Receivable

The following tabulation (expressed in thousands of dollars) shows the elements of accounts receivable from long-term shipbuilding contracts:

	1982	1981
U.S. Government:		
Amounts billed	$ 3,221	$ 683
Recoverable costs and accrued profit on progess completed—not billed	27,030	15,507
Total Government Receivables	30,251	16,190
Commercial Customers:		
Amounts billed	9,753	33,589
Recoverable costs and accrued profit on progress completed—not billed	44,690	62,583
Total Commercial Receivables	54,443	96,172
Total Accounts Receivable	$84,694	$112,362

Recoverable costs and accrued profit on progress completed, not billed, represent work performed on contracts which were not billable to customers at the balance sheet dates under the terms of the respective contracts.

SPERRY CORPORATION (MAR)

	1982	1981
	(in millions of dollars)	
Current Assets		
Cash, including interest-bearing time and call deposits: 1982, $41.8; 1981, $31.7	$ 66.2	$ 62.7
Accounts and notes receivable		
United States Government contracts, direct and indirect	71.1	70.1
Sales-type leases, less allowance for unearned income: 1982, $192.1; 1981, $155.9	390.5	350.9
Commercial, less allowance for doubtful accounts: 1982, $28.1; 1981, $25.7	633.3	640.8
Due from wholly-owned finance company	19.7	116.0
Inventories	1,331.2	1,451.7
Prepaid expenses	116.6	106.4
Total Current Assets	$2,628.6	$2,808.6

Receivables from Investees

CLARK EQUIPMENT COMPANY (DEC)

	1982	1981
	(Amounts in thousands)	
Current Assets:		
Cash	$ 14,161	$ 11,900
Short-term investment, at cost plus accrued interest	5,550	41,693
Accounts and notes receivable, less allowance for doubtful accounts of $7,172,000 and $6,492,000 at respective dates	76,556	55,906
Accounts and notes receivable from finance subsidiaries	4,069	—
Refundable income taxes	41,966	—
Inventories	229,166	370,528
Prepaid expenses	9,356	17,433
Total current assets	$380,824	$497,460

MEREDITH CORPORATION (JUN)

	1982	1981
	(in thousands)	
Current Assets:		
Cash and cash items	$ 45,338	$ 22,509
Receivables:		
Trade	63,395	57,057
Other	463	396
Less allowance for doubtful accounts and returns	(12,603)	(10,756)
Subtotal	51,255	46,697
Affiliated company	453	851
Net receivables	51,708	47,548
Inventories	28,568	27,919
Supplies and prepayments	28,397	28,065
Total Current Assets	$154,011	$126,041

PETTIBONE CORPORATION (MAR)

	1982	1981
	(In Thousands)	
CURRENT ASSETS		
Cash	$ 7,288	$ 20,729
Notes and accounts receivable (includes amounts due from affiliated companies, $4,527 in 1982 and $7,148 in 1981)	50,987	74,291
Less allowance for doubtful receivables	1,073	1,666
	49,914	72,625
Refundable income taxes	10,855	3,395
Inventories, less progress payments of $879 in 1982 and $4,785 in 1981		
Finished products and parts	92,241	100,100
Work in process	12,288	14,994
Raw materials and supplies	52,754	53,324
	157,283	168,418
Prepaid expenses	1,809	1,865
Total current assets	$227,149	$267,032

STEIGER TRACTOR, INC. (SEP)

	1982	1981
Current Assets		
Cash	$ 669,639	$ 308,715
Trade receivables, less allowance for doubtful accounts of $540,000 in 1982 and $484,000 in 1981	9,707,078	17,243,971
Note receivable from unconsolidated finance subsidiary (Notes 4 and 11)	6,538,889	10,544,504
Income tax refund receivable	5,789,000	—
Inventories	39,571,633	27,326,570
Prepaid expenses	418,103	1,181,981
Total current assets	$62,694,342	$56,605,741

Note 4 (in part): Notes Payable to Banks

On February 5, 1982, Steiger Credit Company (an unconsolidated finance subsidiary) entered into a two-year revolving credit agreement with a consortium of banks which provides a line of credit of up to $55,000,000. The agreement, among other things, requires Steiger to maintain minimum levels of working capital and shareholders' equity and maintain minimum working capital and debt to equity ratios.

Steiger has also agreed to make advances, on a subordinated basis, to Steiger Credit Company equal to 5.26316% of all advances made by the banks in accordance with an Intercompany Loan Agreement and Debt Subordination Agreement (see Note 11). In addition, the intercompany loan agreement provides for subordinated or senior advances that Steiger Credit Company may use to maintain compliance with certain leverage ratios. The agreement also requires Steiger Credit Company (among other things) to maintain certain leverage ratios and prohibits the payment of dividends. Steiger and Steiger Credit Company were in compliance with these provisions as of September 30, 1982.

Note 11 (in part): Unconsolidated Finance Subsidiary

In February, 1982, Steiger and Steiger Credit Company entered into an Intercompany Loan Agreement pursuant to Steiger Credit's revolving credit agreement (See Note 4). All intercompany borrowings are unsecured and bear interest at the prime rate. Steiger has agreed to make three types of advances to Steiger Credit Company.

Subordinated revolving debt—Steiger is to loan 5.26316% of all loans made pursuant to the bank credit agreement. Payment of principal and interest is subordinated in accordance with the Debt Subordination Agreement relating to the credit agreement and terminates on March 1, 1989.

Subordinated debt—Steiger agrees to make demand loans up to $20,000,000 provided, however, that the total indebtedness incurred pursuant to this debt and the senior debt described below shall not exceed $25,000,000. Payment of principal interest is subordinated in accordance with the Debt Subordination Agreement relating to the credit agreement.

Senior debt—Steiger has agreed to make demand loans of up to $20,000,000 provided, however, that the total indebtedness incurred pursuant to this debt and the subordinated debt does not exceed $25,000,000. Payment of principal and interest is not subordinated.

The balances of the above notes as of September 1982 and 1981 are as follows:

	1982	1981
Subordinated Revolving Debt	$2,447,369	$ —
Subordinated Debt	3,000,000	—
Senior Debt	3,538,881	10,544,504
Total	$8,986,250	$10,544,504

Steiger has an operating agreement with Steiger Credit, whereby Steiger has agreed to maintain Steiger Credit Company's annual net earnings available for interest at a minimum of 125% (150% in 1980) of interest charges. To accomplish this, Steiger guarantees Steiger Credit Company a minimum rate of return on the financing of floor plan receivables. During 1982, 1981 and 1980, Steiger paid Steiger Credit Company $5,561,000, $3,650,000, and $404,000 respectively, representing interest on floor plans during the interest-free period granted dealers by Steiger plus the amount by which finance charges to dealers after the interest-free period were less than the minimum guaranteed.

Steiger is also reimbursed for certain administrative services rendered to Steiger Credit Company. The reimbursement approximated $257,000 in 1982 and $219,000 in 1981 and $66,000 in 1980.

Installment Receivables

AMF INCORPORATED (DEC)

	1982	1981
	(in thousands of dollars)	
Current Assets		
Notes and accounts receivable	$248,674	$304,038

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Notes and Accounts Receivable

Notes and accounts receivable from customers, net of unearned interest of $29,477,000 and $35,059,000 include the following at December 31 (in thousands of dollars):

	1982	1981
Amounts due within one year	$197,142	$243,154
Amounts due beyond one year	65,893	76,368
	263,035	319,522
Allowance for possible losses	(14,361)	(15,484)
	$248,674	$304,038

Amounts due beyond one year relate largely to the financing of the Company's bowling products business and are included in current assets in accordance with industry practice.

Interest rates on notes receivable of $46,056,000 in 1982 and $56,830,000 in 1981, net of unearned interest, ranged generally from 12% to 19% in the United States, and from 9% to 25% overseas during 1982.

Notes and accounts receivable due beyond one year at December 31, 1982 and 1981, include approximately $39,429,000 and $35,171,000, respectively, of investment in sales-type leases, net of unearned interest of $17,191,000 and $14,835,000, respectively.

Minimum future lease payments receivable under sales-type leases included in accounts receivable and installment notes receivable are due as follows (in thousands of dollars):

	Sales-Type Leases	Installment Notes Receivable
1983	$ 9,864	$23,539
1984	8,933	8,055
1985	8,238	6,560
1986	7,932	5,846
1987	7,706	3,907
After 1987	23,811	6,282
	$66,484	$54,189

SNAP-ON TOOLS CORPORATION (DEC)

	1982	1981
	(Amounts in Thousands)	
Current Assets		
Cash, including short-term investments—1982, $17,946,000 and 1981, $3,432,000	$ 19,158	$ 5,866
Receivables:		
Customers	15,288	19,678
Installment (Note 1c)	130,611	117,936
Dealers, salesmen and other	7,598	6,083
	153,497	143,697
Less:		
Unearned finance charges	22,966	19,620
Allowance for doubtful accounts	1,780	1,934
	24,746	21,554
Total accounts receivable	128,751	122,143
Inventories:		
Finished stock	70,412	79,262
Work in process	18,742	23,461
Raw materials	15,694	17,268
Total inventories	104,848	119,991
Prepaid expenses	8,290	9,790
Total current assets	$261,047	$257,790

Note 1c. Installment Receivables

Installment receivables, net of unearned finance charges, include amounts which are due by contract terms subsequent to one year from balance sheet dates. This amount is approximately $12 million as of January 1, 1983. A portion of unearned finance charges is recognized as income in the month of sale to offset initial direct costs incurred in processing the installment contract. The remaining finance charges are recognized as income over the life of the installment contract on the "liquidation method." Under the "liquidation method," finance charges are recognized as income in the ratio of monthly collections to installment receivables.

HARRIS CORPORATION (JUN)

	1982	1981
Current Assets		
Cash (including time deposits of $14,445,000 in 1982 and $11,261,000 in 1981)	$ 31,620,340	$ 32,949,139
Short-term securities	25,529,927	81,493,959
Trade accounts and notes receivable:		
Accounts receivable	244,838,168	251,244,141
Installment notes (including $20,443,000 in 1982 and $13,777,000 in 1981 due after one year)	37,927,463	28,358,170
	282,765,631	279,602,311
Less deferred interest income ($5,552,000 in 1982 and $5,950,000 in 1981) and allowances for collection losses	15,454,266	13,168,932
Total Trade Accounts and Notes Receivable	267,311,365	266,433,379

Other

BORG-WARNER CORPORATION (DEC)

	1982	1981
	(millions of dollars)	
Current assets:		
Receivables	$429.6	$364.8

NOTES TO FINANCIAL STATEMENTS

Receivables

Receivables are as follows at December 31:

	1982	1981
	(millions of dollars)	
Customers	$311.7	$311.8
Other	139.4	76.1
	451.1	387.9
Less allowance for losses	21.5	23.1
Net receivables	$429.6	$364.8

Selling, general and administrative expenses include provisions for losses on receivables of $3.6 million in 1982, $7.9 million in 1981 and $4.7 million in 1980. Included in other receivables at December 31, 1982 is $70.5 million related to the sale of Morse Industrial operations. This amount was subsequently collected in January, 1983.

CLEVELAND CALENDERING & COATING CORP. (APR)

	1982	1981
Current Assets		
Cash	$ 91,768	$ 131,962
Due from factor—Note J	337,991	259,623
Accounts receivable:		
Related parties	181,535	111,984
Other (less allowance for doubtful accounts of $29,071 in 1982 and $24,638 in 1981)	116,774	183,455
	298,309	295,439
Inventories	748,599	614,279
Current portion of note receivable	40,377	37,133
Prepaid expenses and other current assets	35,060	36,716
Total Current Assets	$1,552,104	$1,375,152

Note J—Agreement with Factor

Pursuant to an agreement with a factor, the Company sells substantially all of its accounts receivable to the factor and is permitted to receive advances up to 80% of such receivables. The advances bear interest at 3% above the prime lending rate. Except for sales to a related party, the receivables are generally sold without recourse. Of the $563,000 in receivables sold with recourse and outstanding at April 30, 1982, $430,000 was from a related party. The agreement may be terminated by either the factor or the Company upon thirty days' notice. All the Company's accounts receivable or proceeds thereof are pledged as collateral under the agreement.

RECEIVABLES USED FOR FINANCING

Table 2-6 shows that 112 of the survey companies referred to receivables sold with recourse, or receivables sold without recourse, or receivables used as collateral. In June 1974, the Accounting Standards Division of the American Institute of Certified Public Accountants issued *Statement of Position-Recognition of Profit on Sales of Receivables With Recourse*. The Statement sets forth recommendations of the Accounting Standards Division to the Financial Accounting Standards Board as to the method of recognizing profit or loss on sales of receivables with recourse and as to the nature of information to be disclosed about such sales. The Statement states in part:

> .48. . . . In general, disclosure should include the nature and amount of the receivables sold during each period in which an income statement is presented, specifying the payment terms, and the amount of any receivables still outstanding at the date of the latest balance sheet presented. In addition, the financial statements should disclose the terms of the agreements, describing the conditions that would compel the seller to perform under the recourse provisions and any provisions for "dealers' reserves." The amount of funds in the "dealers' reserves" at the date of the latest balance sheet presented should also be given.

TABLE 2-6: RECEIVABLES USED FOR FINANCING

	1982	1981	1980	1979
Receivables sold with recourse	80	76	71	70
Receivables sold without recourse	16	16	14	14
Receivables used as collateral	26	22	25	22
Total References	**122**	**114**	**110**	**106**
Reference to receivable financing	112	108	102	101
No reference to receivable financing	488	492	498	499
Total Companies	**600**	**600**	**600**	**600**

> .49 The Division believes that a company's accounting policy for profit or loss on the sale of receivables with recourse should be disclosed in accordance with the provisions of *APB Opinion No. 22, Disclosure of Accounting Policies.* The amount of differential included in each period for which an income statement is presented and the amount deferred at the date of the latest balance sheet presented should also be disclosed.

Examples of disclosures made in the reports of the survey companies financing receivables follow. Examples of receivables sold with recourse are also presented in connection with Table 1-11.

Receivables Sold With Recourse.

CPC INTERNATIONAL INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Financing Arrangements and Long-term Debt (in part)

The Company utilizes the commercial paper market in the United States to supplement long-term borrowings. Quarterly average commercial paper borrowings in 1982 and 1981 were $40.3 million and $60.9 million, respectively, with maximum borrowings in 1982 and 1981 of $77.0 million and $127.5 million and a weighted average interest rate in 1982 and 1981 of 12.40% and 16.78%, respectively.

For the international operations, the maximum month end balance of bank borrowings during 1982 and 1981 was $201.7 million and $269.3 million, respectively. Quarterly average bank borrowings were $174 million for 1982 and $218 million for 1981. The weighted average interest for bank borrowings in 1982 and 1981 was 23.0% and 29.2%.

The Company has unused lines of credit totaling $355.1 million and $326.5 million and compensating balances of $5.1 million and $7.3 million at December 31, 1982 and 1981, respectively.

In several countries outside the United States, notes and accounts receivable are discounted with banks. The contingent liability under such arrangements amounted to $36.8 million in 1982 and $35.2 million in 1981.

THE SINGER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Accounts Receivable

In accordance with trade practice, all instalment accounts receivable are classified as current assets irrespective of when payments are due.

Receivables discounted without recourse are excluded from the balance sheet, and earned carrying charges and discount expenses are recognized at the time the receivables are discounted. Receivables discounted with recourse are considered a financing arrangement and, accordingly, the liability for such receivables is included in notes and loans payable. Earned carrying charges and discount and related financing expenses are recognized as the receivables are collected.

7. Accounts Receivable

Instalment accounts not due within one year amounted to $67.8 million in 1982 and $61 million in 1981.

Included in accounts receivable at December 31, 1982 and 1981, respectively, are $9.7 million and $10.5 million of trade receivables with varying maturities discounted on a recourse basis principally with foreign unaffiliated financial institutions.

Trade receivables include unbilled amounts under long-term contracts of $140.2 million and $116.3 million at December 31, 1982 and 1981, respectively. Such recoverable costs and accrued profits are billable upon completion of testing and acceptance under terms of the contracts. It is anticipated that approximately $44.6 million of the unbilled amounts at December 31, 1982, will not be collected within one year compared with $45.4 million at December 31, 1981. Amounts pertaining to claims or retainage pursuant to long-term contracts are insignificant.

Receivables Sold Without Recourse

DIAMOND SHAMROCK CORPORATION (DEC)

FINANCIAL SUMMARY

Receivables (in part)

In December 1982, the Company entered into an agreement with a financial institution whereby the Company has the right to sell undivided fractional interests in designated receivables on an ongoing basis, without recourse, as evidenced by receivable certificates (not to exceed $100,000,000 at any time). During the period December 8 through December 31, 1982, proceeds totaling $195,508,000 were received ($100,000,000 from the original sale and $95,508,000 from subsequent reinvestment of collected receivables by the financial institution). Losses totalling $1,741,000 were recognized on these sales.

THE FIRESTONE TIRE & RUBBER COMPANY (OCT)

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Other Financial Matters (in part)

In October, 1982, the Company sold certain retail accounts receivable and related finance income to a bank in a gross amount sufficient to provide net proceeds of $100. The Company will act as agent for the buyer in collection and administration of receivables sold.

LONE STAR INDUSTRIES, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

2. Accounts and Notes Receivable

Receivables consist of the following (in thousands):

	1982	1981
Trade	$101,479	$ 96,482
Other	16,965	7,706
	118,444	104,188
Less:		
Allowance for doubtful accounts	9,476	6,788
Receivables sold	65,805	—
	$ 43,163	$ 97,400

In July 1982 the company entered into an agreement under which the company has the right to sell certain receivables on an ongoing basis to financial institutions through May 1984. At December 31, 1982, receivables sold to the financial institutions were net of receivables due from the financial institutions of $4,771,000. This amount had been held back by the financial institutions under a partial recourse provision of the agreement.

Receivables Used as Collateral

PIONEER HI-BRED INTERNATIONAL, INC. (AUG)

	1982	1981
Current Assets		
Cash, including certificates of deposit 1982 $19,096,927; 1981 $16,356,917 (Note 5)	$ 14,107,044	$ 18,116,420
Marketable securities, at amortized cost (approximates market)	3,393,253	16,440,833
Receivables:		
Trade, less allowance for doubtful accounts (Note 5)	29,661,624	18,506,807
Other	3,713,970	3,487,668
Hedging accounts	25,492,480	17,281,410
Inventories (Notes 2 and 5)	199,920,862	121,947,657
Prepaid expenses	7,625,968	9,004,211
Total current assets	$283,915,201	$204,785,006

Note 5. Pledged Assets, Notes Payable, Lines of Credit and Long-Term Debt

At August 31, 1982, the Company had available formal and informal lines of credit totaling $87,418,600 with interest rates at the prime rates of the various lending institutions. These lines of credit were available for short-term unsecured borrowing to the extent not used as support for the issuance of the Company's commercial paper. At August 31, 1982, the Company had $66,676,069 of commercial paper outstanding and had no borrowings outstanding under the lines of credit. During the year, additional lines of credit were available to meet peak borrowing periods. Two of these lines of credit require compensating balances totaling $230,620. Others call for a fee payment based on a rate of 3/8% of the respective lines.

The long-term debt with an August 31, 1982, balance of $17,621,680 bears interest at 4-14¾% and requires varying annual principal payments through 2008. $10,726,290 of this long-term debt is collateralized by receivables of $10,030,965, inventories of $11,715,745 and property and equipment with a depreciated cost of $15,789,319.

The maturities of long-term debt for the next five fiscal years are as follows: $2,873,801; $3,118,384; $2,886,950; $593,180; $3,630,705.

At August 31, 1982, substantially all inventories, property, plant and equipment, and accounts receivable are pledged as collateral on the various short-term and long-term notes. In addition, the Company has pledged the stock of its wholly-owned subsidiary, Temtex Products, Inc.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Table 2-7 summarizes the captions used by the survey companies to describe an allowance for doubtful accounts. *APB Opinion No. 12* states that such allowances should be deducted from the related receivables and appropriately disclosed.

Approximately 10% of the survey companies, in addition to deducting an allowance for doubtful accounts from receivables, also deducted amounts for unearned discounts or finance charges or sale returns.

TEMTEX INDUSTRIES, INC. (AUG)

	1982	1981
Current assets		
Cash	$ 881,712	$ 659,349
Accounts receivable — Note D:		
Trade receivables, less allowance for doubtful acocunts: 1982 — $517,217 and 1981 — $348,752	3,709,397	4,021,716
Other	62,875	159,576
Fixed-price contracts in progress, less progress payments of $702,487	182,299	—
Inventories	6,694,340	6,433,746
Recoverable federal income taxes	237,241	735,392
Prepaid expenses	241,570	258,349
Total current assets	$ 12,009,434	$ 12,268,128

Note D (in part): Notes Payable and Long-Term Debt

Long-term obligations at August 31, 1982, and 1981, are summarized as follows:

	1982	1981
Long-term obligations:		
Term bank loan, due in quarterly installments of $68,325 through 1996	$3,894,503	$4,099,477
4% mortgage note, due monthly through 1988	101,615	119,632
Capitalized lease obligation, interest rate of 10.84% — Note H	490,151	500,883
7.5% note payable	—	25,383
	4,486,269	4,745,375
Less: current maturities	303,322	313,501
	$4,182,947	$4,431,874

Annual maturities of long-term debt for each of the five succeeding fiscal years are $303,322; $304,639; $306,157; $307,847; and $309,730.

TABLE 2-7: DOUBTFUL ACCOUNT CAPTIONS

	1982	1981	1980	1979
Allowance for doubtful accounts	286	288	267	269
Allowance	144	136	135	130
Allowance for losses	31	32	37	36
Reserve	23	23	27	28
Reserve for doubtful accounts	9	9	8	8
Allowance for uncollectible accounts	9	10	11	12
Other caption titles	17	15	13	12
	519	513	498	495
Receivables shown net	10	12	15	17
No reference to doubtful accounts	71	75	87	88
Total Companies	**600**	**600**	**600**	**600**

INVENTORIES

Chapter 4 of *ARB No. 43* states that "the primary basis of accounting for inventories is cost . . ." and "a departure from the cost basis of pricing the inventory is required when the utility of the goods is no longer as great as its cost . . ." Approximately 90% of the survey companies use lower of cost or market, an acceptable basis for pricing inventories when circumstances require a departure from cost, to price all or a portion of their inventories.

Table 2-8 summarizes the methods used by the survey companies to determine inventory cost and indicates the portion of inventory cost determined by LIFO. As indicated in Table 2-8, it is not uncommon for a company to use more than one method in determining the total cost of inventory. Methods of inventory cost determination classified as Other in Table 2-8 include specific identification, accumulated costs for contracts in process, and "current cost".

Table 2-9 shows by industry classification the number of companies using LIFO and the percentage relationship of those companies using LIFO to the total number of companies in a particular industry classification.

One hundred eighty-five companies disclosed that certain LIFO inventory levels were reduced with the result that net income was increased due to the matching of older historical cost with present sales dollars. Thirty-six companies disclosed the effect on income from using LIFO rather than FIFO or average cost to determine inventory cost.

Examples of disclosure and reporting practices for inventories follow.

TABLE 2-8: INVENTORY COST DETERMINATION

	Number of Companies			
	1982	1981	1980	1979
Methods				
Last-in first-out (lifo)	407	408	396	374
First-in first-out (fifo)	373	371	382	390
Average cost	238	241	238	241
Other	53	52	57	56
Use of LIFO				
All inventories	28	26	26	20
50% or more of inventories	206	210	205	194
Less than 50% of inventories	88	89	94	94
Not determinable	85	83	71	66
Companies Using LIFO	**407**	**408**	**396**	**374**

LIFO

BEATRICE FOODS CO (FEB)

	1982	1981
	(In Thousands)	
Current assets:		
Cash	$ 75,612	$ 132,420
Short-term investments, at cost which approximates market	149,202	285,108
Receivables, less allowance for doubtful accounts of $26,440 (1981—$26,030)	874,813	834,480
Inventories:		
Finished goods	469,643	507,807
Work in process	156,352	138,371
Raw materials and supplies	339,082	325,854
	965,077	972,032
Prepaid expenses and other current assets	114,223	62,490
Total current assets	$2,178,927	$2,286,530

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Principles

Inventories: Inventories are valued at the lower of cost or market. Prior to 1982, inventories were stated principally on the first-in, first-out (FIFO) cost basis. Beginning in 1982, substantially all inventories located in the United States are stated on the last-in, first-out (LIFO) cost basis. For all other inventories, primarily international, the FIFO cost basis is generally used.

CONROY, INC. (AUG)

	1982	1981
	(Thousands of dollars)	
Current assets:		
Cash	$ 138	$ 835
Marketable securities	17,564	7,295
Trade accounts receivable, less allowance for doubtful accounts of $1,025,000 in 1982 and $1,001,000 in 1981	10,955	13,078
Inventories:		
Finished products	7,901	10,474
Work in progress	1,042	1,619
Materials and supplies	4,238	5,167
	13,181	17,260
Prepaid expenses	367	462
Total current assets	$42,205	$38,930

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Marketable Securities

In 1982, marketable securities include certificates of deposit of $1,100,000 and issues of the United States Government of $16,464,000. Marketable securities in 1981 consisted entirely of certificates of deposit. All marketable securities are stated at cost which approximates market.

Inventories

Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method. If inventory values were shown at current costs (determined by the first-in, first-out method) rather than at LIFO values, inventories would have been higher by $2,832,000 in 1982, $3,500,000 in 1981, and $3,175,000 in 1980.

TABLE 2-9: INDUSTRY CLASSIFICATION OF COMPANIES USING LIFO

	1982 No.	%*	1981 No.	%*
Foods:				
Meat products	3	38	3	60
Dairy products	1	25	—	—
Canning, etc.	4	67	4	67
Packaged and bulk	10	56	10	56
Baking	—	—	—	—
Sugar, confections, etc.	5	100	6	100
Beverages	5	83	5	83
Tobacco products	4	80	4	67
Textiles	19	73	21	72
Paper products	15	88	15	88
Printing, publishing	8	57	6	55
Chemicals	25	96	24	96
Drugs, cosmetics, etc.	13	48	14	50
Petroleum	26	90	26	90
Rubber products	8	90	8	90
Shoes—manufacturing, merchandising, etc.	4	57	4	57
Building:				
Cement	1	33	—	—
Roofing, wallboard	10	91	10	91
Heating, plumbing	3	75	3	75
Other	13	72	13	76
Steel and iron	16	90	16	90
Metal—nonferrous	12	75	12	80
Metal fabricating	19	95	20	95
Machinery, equipment and supplies	28	78	29	76
Electrical equipment, appliances	11	61	11	58
Electrical, electronic equipment	13	43	13	46
Business equipment and supplies	6	38	5	33
Containers	9	100	9	100
Autos and trucks (including parts, accessories)	17	74	17	74
Aircraft and equipment, aerospace	7	50	7	54
Railway equipment, shipbuilding, etc.	3	60	3	60
Controls, instruments, medical equipment, watches and clocks, etc.	10	62	11	69
Merchandising:				
Department stores	8	100	9	100
Mail order stores, variety stores	2	100	2	100
Grocery stores	15	79	14	83
Other	4	67	4	67
Motion pictures, broadcasting	—	—	—	—
Widely diversified, or not otherwise classified	50	53	50	53
Total Companies	**407**	**68**	**408**	**68**

*Percent of total number of companies for each industrial classification included in the survey.

THE CONTINENTAL GROUP, INC. (DEC)

	1982	1981
	(in millions)	
Current Assets		
Inventories, at LIFO cost		
Current cost	$756.4	$826.5
Excess over LIFO cost	384.6	425.7
	$371.8	$400.8

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories worldwide are stated at LIFO (last-in, first-out) cost, which is below market.

NOTES TO FINANCIAL STATEMENTS

Inventories

At December 31, inventories were as follows:

	1982	1981
	(in millions)	
At current cost		
Raw materials	$213.4	$248.0
Work in process and finished goods	449.5	488.3
Supplies and other	93.5	90.2
	756.4	826.5
Excess of current cost over LIFO cost	(384.6)	(425.7)
	$371.8	$400.8

The Company reduced the level of certain inventories resulting in a liquidation of lower cost LIFO inventory quantities which increased net earnings $24 million or $.73 per common share in 1982 and $8.2 million or $.25 per common share in 1981.

COPPERWELD CORPORATION (DEC)

	1982	1981
	(Dollars in thousands)	
CURRENT ASSETS		
Cash	$ 4,471	$ 1,723
Accounts receivable, less allowance of $2,005 ($1,036 in 1981)	35,112	75,470
Refundable federal income taxes	16,343	—
Inventories	63,678	101,241
Prepaid expenses	10,341	7,444
	$129,945	$185,878

ACCOUNTING POLICIES

Inventories

Inventories are valued at the lower of cost or market (net realizable value). Steel and tubing products are valued on the last-in, first-out (LIFO) cost method. Other inventories are valued primarily at average cost or standard cost methods which approximate average cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1–Inventories

Inventories (in thousands of dollars) at December 31, 1982 and 1981 are classified as follows:

	1982	1981
Finished products	$ 8,901	$ 6,267
Work-in-process	35,293	57,779
Raw materials	31,821	59,097
Supplies, rolls and molds	12,816	17,301
Total inventories at cost	88,831	140,444
Less excess of cost over LIFO stated values	25,153	39,203
Net inventories	$63,678	$101,241

Inventories valued on the basis set forth under Accounting Policies were as follows:

	1982	1981
Inventories valued on the LIFO method	$29,642	$66,297
Other	34,036	34,944
Total	$63,678	$101,241

Reductions of inventory quantities in 1982 and 1980 resulted in a liquidation of LIFO inventory quantities carried at costs prevailing in prior years which were lower than current costs. The effect of these liquidations was to reduce the net loss by approximately $7,038,000 ($.82 per share) in 1982, and to increase net income $2,413,000 ($.28 per share) in 1980.

DRAVO CORPORATION (DEC)

	1982	1981
	(In thousands)	
Current assets:		
Inventories and costs on contracts in progress, net of billings of $24 million in 1982 and $39.2 million in 1981	$72,415	$108,622

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Inventories: Inventories are valued at cost or market, whichever is lower. For manufacturing inventories, including finished goods, work in process, materials and manufacturing contracts in progress, cost is determined principally on a last-in, first-out (LIFO) basis; other inventories, including fabricated components shipped, repair parts and natural resource inventories, are principally carried at actual or current standard cost on a first-in, first-out (FIFO) basis. The cost of products produced includes raw materials, direct labor and operating overhead. For finished goods consisting of contractors' equipment held for rental or sale, costs are determined on an identified unit basis, less estimated reductions attributable to rental service. Inventoried costs of engineering construction contracts in progress are stated at actual direct cost, including overhead at rates approximating actual cost.

Note 7: Inventories and Contracts in Progess

Inventories and inventoried costs of engineering construction contracts at December 31 are classified as:

	1982	1981
	(In thousands)	
Inventories:		
Finished goods	$44,142	$34,353
Work in process	2,118	4,640
Materials and supplies	18,954	38,392
Manufacturing contracts in progress	11,285	28,614
	76,499	105,999
Inventoried costs of engineering construction contracts	19,959	41,775
	96,458	147,774
Deduct: Billings on contracts in progress		
Manufacturing	14,426	16,784
Engineering construction	9,617	22,368
	24,043	39,152
Net inventories	$72,415	$108,622

Finished goods inventories of contractors' equipment held for resale were $11.8 million in 1982 and $15.4 million in 1981, including units that have been used in rental service which had a carrying value of $2.4 million in 1982 and $2.7 million in 1981.

The inventories related to manufacturing activities valued on a LIFO basis amounted to $12.1 million in 1982 and $29.4 million in 1981. On a FIFO basis, which approximates replacement cost, these same inventories would be $36 million and $64.2 million, respectively. During 1982, inventories valued at LIFO were significantly reduced due principally to present economic conditions. This resulted in inventories charged to cost of sales at values prevailing in prior years as compared with the costs of 1982 purchases, the effect of which increased net income by approximately $10.9 million or $.54 per share. Other inventories, which are carried on a FIFO basis, were $52.6 million and $61.2 million at year-end 1982 and 1981, respectively.

Amounts are removed from inventory on the same basis as their carrying value as described in Note 1, "Summary of Significant Accounting Policies."

There were no significant claims or costs for which claims are asserted included in contract cost at December 31, 1982 or 1981.

Inventories for 1981 have been restated for the change in accounting principle described in Note 4.

R. H. MACY & CO., INC. (JUL)

	1982	1981
	(Dollars in thousands)	
Current Assets		
Cash and cash equivalents	$ 74,436	$ 43,027
Customers' accounts receivable (Note 2)	60,348	54,673
Other receivables	23,925	19,586
Merchandise inventories (Note 3)	502,351	436,546
Prepaid expenses and supplies	17,595	15,909
Total current assets	$678,655	$569,741

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Merchandise Inventories: The value of merchandise inventories is determined by the retail inventory method using LIFO (last-in, first-out) cost, which is lower than market, for about 54% of the total inventory, and the lower of FIFO (first-in, first-out) cost or market for the balance of the inventory.

2. Customers' Accounts Receivable

	July 31, 1982	August 1, 1981
Total customers' receivables—principally deferred payment accounts	$804,731,000	$662,024,000
Deduct:		
Estimated uncollectible amounts	(28,866,000)	(26,479,000)
Accounts sold to Macy Credit Corp. (net of Corporation's equity)	(715,517,000)	(580,872,000)
	$ 60,348,000	$ 54,673,000

3. Merchandise Inventories

The LIFO inventory amount at July 31, 1982 and August 1, 1981 was less than the FIFO amount of such inventory by $60,961,000 and $55,653,000.

JAMES RIVER CORPORATION OF VIRGINIA (APR)

	1982	1981
Current assets:		
Inventories	$103,163,392	$107,488,232

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies:

B) Inventories:

Inventories are valued at the lower of cost or market as described in Note 4.

4. Inventories

Inventory components and their valuation methods are as follows:

	1982	1981
Components:		
Raw materials	$ 32,231,857	$ 38,775,542
Finished goods and work in process	50,016,496	49,193,478
Stores and supplies	20,915,039	19,519,212
	$103,163,392	$107,488,232
Valued at lower of cost or market:		
First-in, first-out	$ 46,043,596	$ 57,158,383
Last-in, first-out	990,095	2,856,082
Average	56,129,701	47,473,767
	$103,163,392	$107,488,232

Cost elements included in substantially all work in process and finished goods inventories are raw materials, direct labor and manufacturing overhead. Raw materials and stores and supplies include purchase and delivery costs. Last-in, first-out inventories are valued below replacement cost by approximately $1,312,747 in fiscal 1982 and $1,461,000 in fiscal 1981.

MALONE & HYDE, INC. (JUN)

	1982	1981
	(in thousands)	
Current Assets		
Cash	$ 969	$ 832
Notes and accounts receivable:		
Notes	8,332	13,042
Trade accounts	54,373	46,746
	62,705	59,788
Less allowance for doubtful accounts	3,511	3,529
	59,194	56,259
Merchandise inventories—Note B	162,836	180,557

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Significant Accounting Policies

Inventories

The cost of substantially all inventories is determined using the last-in, first-out method (LIFO). Prior to 1981, wholesale groceries were determined using the LIFO method with the remainder using the first-in, first-out method (FIFO). Management believes that the use of the LIFO method results in a better matching of costs and revenues (see Note B).

Note B—Inventories

If the FIFO method of inventory valuation had been used for determining all inventory costs, inventories would have been approximately $21,355,000 and $17,656,000 higher than amounts reported at June 26, 1982 and June 27, 1981, respectively. Adjusted for income taxes applied at the statutory rates and assuming no other adjustments , net income would have been higher than reported by approximately $1,850,000 ($.23 a share) in 1982, $4,842,000 ($.61 a share) in 1981 and $2,680,000 ($.35 a share) in 1980. This information is presented to enable a reader to make comparisons with companies using the FIFO method of inventory valuation.

During fiscal year 1981, the Company extended its use of the last-in, first-out (LIFO) method of determining inventory cost to substantially all inventories. The effect of the change in 1981 was to reduce ending inventories by approximately $4,569,000 and net income by approximately $2,364,000 ($.30 a share). Since the ending inventories at the date of conversion are the opening inventories for fiscal year 1981, there is no cumulative effect adjustment at June 28, 1980 nor pro-forma amounts applicable to prior years.

THE MOHAWK RUBBER COMPANY (DEC)

	1982	1981
Current assets:		
Cash	$16,498,000	$12,289,000
Trade accounts receivable, less allowance for doubtful accounts of $2,261,000 in 1982 and $2,075,000 in 1981	29,381,000	30,565,000
Inventories	23,444,000	22,756,000
Prepaid expenses and deferred income taxes	281,000	809,000
Total current assets	$69,604,000	$66,419,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Summary of Accounting Policies

Inventory Valuation—Inventories include material, labor and overhead and are stated principally at the lower of cost (last-in, first-out method) or market.

B. Inventory

The major classes of inventory at December 31 are summarized as follows:

	1982	1981
Finished goods	$16,967,000	$14,658,000
Work-in-process	2,119,000	2,226,000
Raw materials	3,889,000	5,389,000
Supplies	469,000	483,000
	$23,444,000	$22,756,000

The estimated replacement costs of inventories in excess of carrying amounts were approximately $11,401,000 and $12,592,000 at December 31, 1982 and 1981, respectively.

During 1980, inventory quantities were reduced in a realignment of the Company's products and customers. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of current purchases. This reduction increased net earnings by approximately $365,000 or $.20 per share in 1980.

PORTEC, INC. (DEC)

	1982	1981
	($000)	
Current Assets		
Cash	$ 570	$ 1,701
Marketable securities, at cost which approximates market	6,696	14,280
Accounts receivable, less allowance of $380 and $261	15,108	25,121
Notes receivable	2,336	1,901
Federal income taxes recoverable	3,812	—
Inventories		
Raw materials and supplies	11,380	14,373
Work-in-process	5,882	6,608
Finished goods	8,933	10,939
Total inventories	26,195	31,920
Total current assets	$54,717	$74,923

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Inventories—Inventories are stated at the lower of cost or market. Cost is determined on the last-in, first-out (LIFO) method for all domestic inventories and on the first-in, first-out (FIFO) method for all other inventories.

Note 2. Inventories

The difference between LIFO value and approximate replacement cost of the LIFO inventories was $20,858,000, $21,531,000 and $19,850,000 at December 31, 1982, 1981 and 1980, respectively.

Inventory quantities decreased in 1982, 1981 and 1980, resulting in a liquidation of LIFO inventory quantities carried at lower costs compared with the cost of purchases. The effect of these liquidations increased net income by $888,000, $1,308,000 and $701,000, or $0.23, $0.34 and $0.18 per share, for 1982, 1981 and 1980, respectively. In 1982, the effects of inflation coupled with certain revisions in LIFO procedures reduced net income by $525,000 or $0.14 per share.

THE SHERWIN-WILLIAMS COMPANY (DEC)

	1982	1981	1980
	(Thousands of dollars)		
Current assets			
Inventories:			
Finished goods	$250,803	$278,114	$173,941
Work in process and raw materials	48,505	56,776	63,458
	$299,308	$334,890	$237,399

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3–Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally on the last-in, first-out (LIFO) method. The following presents the effect on inventories, net income and net income per share had the company used the FIFO and average cost methods of inventory valuation adjusted for income taxes at the statutory rate and assuming no other adjustments. This information is presented to enable the reader to make comparisons with companies using the FIFO method of inventory valuation.

Thousands of dollars, except per share data	Years ended December 31, 1982	1981	1980
Percentage of total inventories on LIFO	95%	94%	90%
Excess of FIFO and average cost over LIFO	$56,953	$55,949	$32,424
Effect of LIFO on net income	2,148	12,703	14,150
Effect of LIFO on net income per common share	.10	.64	.72

During 1982 certain inventories were reduced. This reduction resulted in a liquidation of LIFO inventory quantities carried at the lower costs of prior years, as compared with 1982 costs. The effect of this liquidation increased net income by approximately $3,144,000 ($.15 per common share) in 1982.

R.J. REYNOLDS INDUSTRIES, INC. (DEC)

	1982	1981
	(Dollars in Millions)	
Current assets:		
Cash	$ 282	$ 61
Accounts and notes receivable (less allowances of $61 and $48, respectively)	1,132	1,157
Inventories (Note 4)	3,127	2,694
Prepaid expenses	83	75
Total current assets	$4,624	$3,987

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

In all of the Company's businesses, inventories are stated at the lower of cost or market. Various methods are used for determining cost as described below.

In the tobacco business, the cost of inventories is determined principally by the LIFO method. In accordance with recognized trade practice, stocks of tobacco which must be stored and cured for more than one year are classified as current assets.

In the foods and beverages business, the cost of domestic inventories is determined using principally the LIFO method. The cost of remaining inventories is determined using the FIFO, specific lot and weighted average methods. In accordance with recognized trade practice, bulk whiskey and wine in storage for aging over a number of years is classified as a current asset.

The cost of materials and supplies used in the transportation business is determined by the FIFO method.

In the energy business, the cost of inventories is determined by the LIFO and average cost methods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

Note 4: Inventories

The major classes of inventory and the amount of each at December 31 were:

	1982	1981
Leaf tobacco	$1,627	$1,422
Manufactured products	736	701
Bulk whiskey and wine	186	—
Excise tax on manufactured products	108	110
Petroleum products	8	16
Raw materials	245	240
Expenditures on growing crops	49	56
Other materials and supplies	168	149
	$3,127	$2,694

At December 31, 1982 and 1981, $2,086 million and $1,826 million, respectively, of the inventory was valued by the LIFO method. The balance of the inventory was valued by various other methods, principally FIFO.

The current cost of inventories at December 31, 1982 and 1981 was greater than the amounts at which these inventories were carried on the balance sheets by $1,579 million and $1,396 million, respectively.

UNITED STATES STEEL CORPORATION (DEC)

	1982	1981
	(Dollars in millions)	
Current assets:		
Cash	$ 494	$ 880
Marketable securities, at cost (approximates market)	42	1,483
Receivables, less allowance for doubtful accounts of $48 and $20	1,351	1,851
Inventories (Note 3)	2,317	1,198
Other current assets	43	—
Total current assets	$4,247	$5,412

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Principal Accounting Policies

Inventories: The cost of inventories is determined primarily under the last-in, first-out (LIFO) method which, in the aggregate, is lower than market.

3. Inventories

December 31	1982	1981
	(In millions)	
Steel	$ 431	$ 822
Oil and Gas	1,517	—
Chemicals	31	67
Resource Development	21	21
Fabricating and Engineering	189	167
Manufacturing and Other	150	152
Domestic Transportation & Utility Subsidiaries	6	5
Corporate (adjustments and eliminations)	(28)	(36)
Total	$2,317	$1,198

December 31	1982	1981
	(In millions)	
Raw materials	$ 742	$ 337
Semi-finished products	146	292
Finished products	948	271
Supplies and sundry items	453	280
Construction contracts in progess	162	166
Less invoices rendered	(134)	(148)
Total	$2,317	$1,198

Under the LIFO method, current acquisition costs are estimated to exceed the above inventory values at December 31 by approximately $2.120 billion in 1982 and $2.300 billion in 1981.

Cost of sales has been reduced and Total income from all operations increased by $621 million in 1982, $106 million in 1981, and $179 million in 1980 from the liquidations of LIFO inventories.

TONKA CORPORATION (DEC)

	1982	1981
Current Assets		
Cash	$ 675,476	$ 372,692
Short-term investments, at cost which approximates market	6,151,937	27,894,578
Accounts receivable	12,439,905	13,858,469
Less allowable for doubtful accounts	710,450	703,985
	11,729,455	13,154,484
Recoverable income taxes	3,551,295	
Inventories—Note F:		
Finished products	7,997,047	8,782,878
Work in process	1,159,603	2,306,014
Material and supplies	4,400,478	2,783,207
	13,557,128	13,872,099
Prepaid expenses and deferred income taxes	2,989,873	1,152,656
Total Current Assets	$38,655,164	$56,446,509

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Accounting Policies

Inventory Valuation: Inventories, principally located in the United States, constituting approximately 64% and 62% of total inventories at January 1, 1983 and January 2, 1982, respectively, have been valued at the lower of cost as determined by the last-in, first-out method (LIFO) or market. Other inventories have been valued at the lower of cost as determined by the first-in, first-out method (FIFO) or market.

Note F—Inventories

Inventories, stated at the lower of cost as determined by the last-in, first-out method (LIFO) or market, are lower by $3,954,000 at January 1, 1983 and $3,827,000 at January 2, 1982 than such inventories determined by the first-in, first-out method.

WEST POINT-PEPPERELL, INC. (AUG)

	1982	1981
	(000 omitted)	
CURRENT ASSETS:		
Cash	$ 4,817	$ 2,870
Marketable securities at cost plus accrued interest	23,030	—
Accounts receivable (less allowances: 1982, $8,122; 1981, $9,592)	166,376	187,120
Inventories (Note B)	169,860	184,609
Prepaid expenses	1,892	1,977
Total current assets	$365,975	$376,576

Note B: Inventories

Most of the Company's inventories are valued at cost using the "dollar value" last-in, first-out (LIFO) method which is less than market.

The remainder of the inventories ($21,313,000 in 1982 and $22,770,000 in 1981) is valued at the lower of cost (substantially first-in, first-out) or market. If the first-in, first-out method had been used for all inventories, the values would have been increased by $95,120,000 in 1982 and $111,472,000 in 1981. At current cost, the values would be increased by approximately $89,000,000 in 1982 and $97,000,000 in 1981.

During fiscal year 1982, certain inventory quantities were reduced resulting in the liquidation of applicable LIFO inventory quantities carried at costs prevailing in prior years which were lower than current costs. The effect of this reduction was to increase net income by approximately $2,364,000 ($.23 per share, both primary and fully diluted).

The major classes of inventories were:

	1982	1981
	(000 omitted)	
Greige and finished goods	$106,646	$100,520
Goods in process	19,944	27,002
Raw materials	14,740	28,360
Supplies	28,530	28,727
	$169,860	$184,609

FIFO

CHRYSLER CORPORATION

	1982	1981
	(In millions of dollars)	
Current Assets:		
Cash and time deposits	$ 109.7	$ 121.3
Marketable securities—at lower of cost or market	787.5	283.1
Accounts receivable (less allowance for doubtful accounts: 1982—$27.2 million; 1981—$48.2 million)	247.9	429.7
Inventories (Note 6)	1,133.0	1,600.4
Prepaid insurance, taxes and other expenses	87.1	98.8
Income taxes allocable to the following year	3.9	68.0
TOTAL CURRENT ASSETS	$2,369.1	$2,601.3

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Inventories

Inventories are stated at the lower of cost or market, with cost determined substantially on a first-in, first-out basis.

Note 6: Inventories

Inventories are summarized by major classifications as follows:

	December 31 1982	1981
	(In millions of dollars)	
Finished products, including service parts	$ 482.1	$ 615.0
Raw materials, work in process and finished production parts:		
Automotive operations	612.4	803.2
Chrysler Defense, Inc.	—	467.8
Progress payments—defense contracts of Chrysler Defense, Inc.	—	(332.6)
Supplies	38.1	47.0
Total	$1,133.0	$1,600.4

Raw materials and work in process inventories are combined because segregation is not practical.

In accordance with industry practice, the entire service parts inventory has been included in current assets, although in many instances parts are carried for estimated requirements during the serviceable lives of products sold and are, therefore, not expected to be sold within one year. Adequate provision has been made for obsolescence of service parts.

DYNAMICS CORPORATION OF AMERICAN (DEC)

	1982	1981
	(dollar amounts in thousands)	
Current Assets:		
Cash and cash equivalents	$ 818	$ 856
Marketable securities (at lower of cost or market) cost $202 (1982) and market $3,280 (1981)—Note 8	101	3,257
Accounts receivable, including trade acceptances of $2,377 and $5,845, less allowances of $1,158 and $997	22,140	28,639
Inventories—Note 2	24,292	33,860
Other current assets	966	690
Deferred income taxes	1,262	1,051
Total Current Assets	$49,579	$68,353

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies:

(c) Inventories are stated at the lower of cost or market. Inventory costs have been determined by the last-in, first-out (LIFO) method for approximately 41% of inventories, excluding inventories subject to progress billings under long-term contracts. Costs for all other inventories have been determined principally by the first-in, first-out (FIFO) method.

Note 2—Inventories:

The LIFO method of determining cost of certain inventories was adopted in 1981. The change was made to improve matching of current costs with current revenues.

During 1982, LIFO inventories were reduced but the effect on net income was not material. The adoption of LIFO in 1981 reduced net income $205,000 ($.04 per share).

At December 31, 1982 and 1981, the excess of FIFO over LIFO cost of LIFO inventories amounted to $370,000 and $410,000, respectively.

Inventories are summarized as follows:

	1982	1981
	(in thousands)	
Raw materials and supplies	$ 8,372	$12,601
Work in process	9,712	11,052
Finished goods	2,049	3,462
	20,133	27,115
Inventories and progress billings related to long-term contracts:		
Inventories	12,885	9,700
Progress billings	(8,726)	(2,955)
	4,159	6,745
	$24,292	$33,860

At December 31, 1982, included in inventories related to long-term contracts are development costs of $1,769,000 which will be amortized over units contracted.

The United States Government has liens on substantially all inventories purchased in connection with long-term contracts.

GUARDIAN INDUSTRIES CORP. (DEC)

	1982	1981
	(in thousands)	
Current assets:		
Inventories	$55,465	$57,292

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies

Inventory Valuation

Inventories are stated at the lower of cost or market with cost determined on a Last-In, First-Out (LIFO) method for substantially all inventories located in the United States. The cost of the remaining inventories is determined substantially on a First-In, First-Out (FIFO) basis. Prior to 1980, the cost of inventories was determined primarily on a FIFO method.

3. Inventories

Inventories at December 31, 1982 and 1981 consisted of the following:

Inventories at FIFO cost (approximates current cost):	1982	1981
Raw materials	$11,103	$11,624
Work-in-process	2,114	1,939
Finished goods	40,979	41,232
Supplies	5,741	5,488
	59,937	60,283
Less allowance to state inventories at LIFO cost	4,472	2,991
	$55,465	$57,292

JOHNSON PRODUCTS CO., INC. (AUG)

	1982	1981
Current assets:		
Cash	$ 1,324,000	$ 1,388,000
Receivables:		
Trade less allowance for doubtful accounts of $271,000 in 1982 and $250,000 in 1981	9,962,000	11,423,000
Other	232,000	169,000
Refundable income taxes	1,170,000	—
Inventories	6,850,000	6,067,000
Prepaid expenses	544,000	1,065,000
Total current assets	$20,082,000	$20,112,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies:

Inventories: Inventories are stated at the lower of cost (on the first-in, first-out basis) or market.

2. Inventories:

Inventories as of August 31, 1982 and 1981 are summarized as follows:

	1982	1981
Raw materials	$2,652,000	$2,985,000
Work in process	649,000	823,000
Finished goods	3,549,000	2,259,000
	$6,850,000	$6,067,000

MEDTRONIC, INC. (APR)

	1982	1981
	(in thousands of dollars)	
Current Assets:		
Inventories:		
Finished goods	$ 35,066	$21,332
Work in process	37,942	33,988
Raw materials	27,658	29,721
Total inventories	$100,666	$85,041

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Inventories

Inventories are stated at the lower of cost or market, with cost determined on a first-in, first-out basis.

PARKER-HANNIFIN CORPORATION (JUN)

	1982	1981
	(Dollars in thousands)	
Current Assets		
Cash and cash equivalents	$ 10,817	$ 4,941
Accounts receivable, less allowance for doubtful accounts (1982—$6,555; 1981—$4,769)	172,877	177,873
Inventories (Notes 1 and 5):		
Finished products	132,173	108,262
Work in process	128,606	143,637
Raw materials	43,171	42,223
	303,950	294,122
Prepaid expenses	6,613	6,482
Total Current Assets	$494,257	$483,418

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1 (in part): Significant Accounting Policies

Inventories: Inventories are stated at the lower of cost or market. The majority of domestic inventories are valued by the last-in, first-out method and the balance of the inventories by the first-in, first-out method.

5. Inventories

Inventories valued at cost based on the last-in, first-out method are approximately 51% in 1982 and 49% in 1981 of total inventories. The current cost of these inventories exceeds their valuation determined on the LIFO basis by $82,592 in 1982 and $74,272 in 1981.

THE PENN TRAFFIC COMPANY (JAN)

	1983	1982
	(In thousands of dollars)	
CURRENT ASSETS:		
Cash and short-term investments	$10,535	$ 4,086
Accounts and notes receivable (less allowance for doubtful accounts of $134,000 and $319,000, respectively)	5,347	9,248
Inventories	23,628	21,507
Prepaid expenses	1,789	823
Net assets of discontinued operations, held for disposal	—	3,507
	$41,299	$39,171

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies:

Inventories: Inventories are valued at the lower of cost or market. Generally, supermarket inventories are stated at cost using the last-in, first-out (LIFO) method of valuation. All other inventories are valued using the first-in, first-out (FIFO) method.

2. Cash and Short-Term Investments:

The total amount consisted of the following:

	January 29, 1983	January 30, 1982
	(In thousands)	
Cash on hand and demand deposits	$ 1,808	$4,086
Temporary cash investments	8,727	
	$10,535	$4,086

Short-term investments are stated at cost which approximates market value.

See Note 4 for compensating balance arrangements.

3: Inventories:

Composition of inventories is as follows:

	January 29, 1983	January 30, 1982
	(In thousands)	
Valued at FIFO		
Raw materials	$ 1,197	$ 1,030
Merchandise inventories	4,785	4,522
Supplies	1,801	1,691
	7,783	7,243
Valued at LIFO		
Merchandise inventories	15,845	14,264
	$23,628	$21,507

Inventories stated on the LIFO basis were approximately $8,443,000, $7,937,000 and 7,350,000 below replacement cost at January 29, 1983, January 30, 1982 and January 31, 1981, respectively.

THE WURLITZER COMPANY (MAR)

	1982	1981
Current Assets:		
Inventories:		
Finished Goods	$ 9,109,000	$12,462,000
Work in Process	7,593,000	9,229,000
Raw Materials and Purchased Parts	4,529,000	6,960,000
Total Inventories	$21,231,000	$28,651,000

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Inventories

Inventories are stated at the lower of cost (first-in, first-out basis) or market.

Average Cost

ACF INDUSTRIES, INCORPORATED (DEC)

	1982	1981
	(Dollars in thousands)	
Current Assets:		
Cash	$ 13,108	$ 12,012
Marketable securities	—	9,881
Receivables—less allowance for doubtful accounts of $2,684 (1981—$1,990)	86,930	130,856
Inventories:		
Raw materials and supplies	51,511	88,705
Work-in-process	42,417	77,512
Finished goods	119,639	106,032
	213,567	272,249
Prepaid expenses	8,246	5,143
Total current assets	$321,851	$430,141

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Inventories

Inventories are generally stated at the lower of standard cost (which approximates average cost) or market, except for the cost of inventory used in railroad car production which is stated at actual cost.

BRISTOL-MYERS COMPANY (DEC)

	1982	1981	1980
	(in millions of dollars)		
Current Assets:			
Cash and time deposits	$ 220.0	$ 212.5	$ 202.0
Marketable securities (at cost which approximates market)	391.6	216.8	165.6
Accounts receivable (less allowances: 1982—$31.3; 1981—$26.6; 1980—$24.1)	559.0	571.5	517.4
Other receivables	72.5	83.4	48.8
Inventories	559.1	565.3	545.2
Prepaid expenses	66.6	52.1	47.8
Prepaid taxes	72.9	68.2	60.9
Total Current Assets	$1,941.7	$1,769.8	$1,587.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Inventory Valuation

Inventories are generally stated at average cost, not in excess of market.

Note 4—Inventories

(in millions of dollars)

	December 31, 1982	1981	1980
Finished goods	$277.4	$267.9	$265.8
Work in process	102.2	110.1	95.9
Raw materials	111.1	114.3	112.2
Packaging materials	68.4	73.0	71.3
	$559.1	$565.3	$545.2

DOW JONES & COMPANY, INC. (DEC)

	1982	1981
	(in thousands)	
Current Assets:		
Cash	$ 12,556	$ 3,319
Marketable securities, principally term deposits, bonds and U.S. Government securities at amortized cost (approximates market)	43,268	40,674
Accounts receivable—trade, net of allowance for doubtful accounts and book returns of $6,722,000 in 1982 and $5,515,000 in 1981	70,546	67,284
Accounts receivable—other	5,632	7,304
Inventories (Notes 1 & 3)	23,523	22,560
Prepaid expenses	3,409	3,720
Deferred income taxes	7,972	5,385
Total current assets	$166,906	$150,246

Note 1 (in part): Summary of Significant Accounting Policies

Inventories are stated at the lower of cost or market. The cost of newsprint and book paper (including the paper content of bound stock, work in process and sheet stock) is determined by the last-in, first-out (LIFO) method. The cost of the remaining inventories is determined by the average cost method (see Note 3).

Note 3. Inventories

Inventories at December 31 consisted of the following:

	1982	1981
	(in thousands)	
Newsprint	$18,211	$17,166
Paper and cloth	783	961
Work in process and sheet stock	1,377	2,138
Bound books	3,152	2,295
	$23,523	$22,560

At December 31, 1982 and 1981, inventories in the amounts of $20,154,000 and $18,933,000 were determined by the last-in, first-out (LIFO) method. If the average cost method had been used, such inventories would have been approximately $7,532,000 and $7,952,000 higher at December 31, 1982 and 1981, respectively.

POTLATCH CORPORATION (DEC)

	1982	1981
	(Dollars in thousands)	
Current assets:		
Inventories (Note 2)	$86,945	$107,959

SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Inventories

Inventories are stated at the lower of cost or market. The last-in, first-out method is used to determine cost of most solid wood products. Either the first-in, first-out or the average cost method is used to determine cost of all other inventories.

NOTES TO FINANCIAL STATEMENTS

Note 2: Inventories

Inventory components are valued at the balance sheet dates as follows:

	1982	1981
	(Dollars in thousands)	
Logs, pulpwood, chips and sawdust	$13,166	$ 20,534
Lumber and other manufactured wood products	16,291	22,406
Pulp, paper and converted paper products	29,199	34,051
Materials and supplies	28,289	30,968
	$86,945	$107,959
Valued at lower of cost or market:		
First-in, first-out basis	$ 5,562	$ 4,422
Last-in, first-out basis	19,463	33,166
Average cost basis	61,920	70,371
	$86,945	$107,959

If the last-in, first-out (LIFO) inventory had been priced at lower of current average cost or market, the values would have been approximately $25 million higher at December 31, 1982, and $33 million higher at December 31, 1981. In 1982, 1981 and 1980, reductions in quantities of LIFO inventories valued at lower costs prevailing in prior years had the effect of increasing earnings, net of income taxes, by approximately $2.9 million ($.19 per common share), $1.0 million ($.06 per common share) and $1.3 million ($.08 per common share), respectively.

UNION PACIFIC CORPORATION (DEC)

	1982	1981	1980
	(Thousands of Dollars)		
Current Assets			
Inventories (Note 3)	$431,869	$368,033	$327,421

ACCOUNTING POLICIES

Inventories

Materials and supplies are at average cost. Refined products, crude oil and gas in storage are at cost under the last-in, first-out method (LIFO). Real estate developed and held for sale is carried at the cost of land and improvements thereto. All inventories are at the lower of cost or market.

NOTES TO FINANCIAL STATEMENTS

3. Inventories

Inventories consist of the following:

	1982	1981	1980
	(Thousands of Dollars)		
Materials and supplies	$282,229	$240,802	$167,944
Crude oil and gas	63,454	56,671	82,373
Refined products	66,256	46,811	56,812
Real estate developed and held for sale	19,930	23,749	20,292
	$431,869	$368,033	$327,421

The excess of current replacement cost over the carrying value of inventories for which cost has been determined under the LIFO method at December 31, 1982, 1981 and 1980, approximated $233,200,000, $211,300,000 and $195,700,000, respectively. During 1982, crude oil inventory quantities valued at LIFO were reduced. The effect of these reductions was to increase earnings by $18.5 million.

Production Cost

FAIRCHILD INDUSTRIES, INC. (DEC)

	1982	1981
	(In thousands of dollars)	
Current Assets:		
Cash	$ 8,011	$ 8,745
Accounts and notes receivable, less allowances of $1,250 and $1,254	89,320	120,917
Inventories:		
Work-in-process and finished goods	86,257	95,343
Raw materials	23,151	27,503
Contracts and programs, net of progress payments of $102,239 and $152,429	306,166	275,877
	415,574	398,723
Prepaid expenses and other current assets	3,057	5,642
Total Current Assets	$515,962	$534,027

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Inventories—Inventoried costs relating to long-term contracts and programs are stated at the lower of cost or estimated realizable value and consist of material, labor and other costs incurred (excluding general and administrative expenses) less estimated average costs of deliveries. Where title to work-in-process passes when progress payments are received, as is normally the case with U.S. Government contracts, the stated value of inventories is net of progress payments.

In accordance with industry practice, inventoried costs relating to long-term contracts and programs are classified as current assets, even when deliveries are not expected within one year.

Inventories not related to long-term contracts and programs are valued at the lower of cost or market, with cost determined primarily on the last-in, first-out (LIFO) basis.

TEXAS INSTRUMENTS INCORPORATED (DEC)

	1982	1981
	($ millions)	
Current assets		
Cash	$ 420.0	$ 150.0
Accounts receivable, less allowance for losses of $72.7 in 1982 and $62.4 in 1981	641.7	590.6
Inventories (net of progress billings)	360.0	372.0
Prepaid taxes and expenses	105.2	84.3
Total current assets	$1,526.9	$1,196.9

NOTES TO FINANCIAL STATEMENTS

Accounting Policies and Practices (in part)

Inventories are stated at the lower of cost, current replacement cost, or estimated realizable value. Cost is generally computed on a currently adjusted standard (which approximates current average costs) or average basis except for certain metals and metal products, which are computed on the last-in, first-out (LIFO) basis.

Inventories

	Millions of Dollars 1982	1981
Raw materials and purchased parts	$216.8	$177.5
Work in process	250.0	317.1
Finished goods	105.0	102.8
Inventories before progress billings	571.8	597.4
Less progress billings	211.8	225.4
	$360.0	$372.0

Approximately 37% of the December 31, 1982, and 44% of the December 31, 1981, inventories before progress billings related to long-term contracts and programs.

Net sales billed under long-term fixed price and fixed price incentive contracts are recognized as deliveries are made, or as performance targets are achieved. Net sales billed under cost reimbursement contracts are recorded as costs are incurred and include estimated earned fees.

Inventories relating to long-term contracts and programs are stated at actual production costs, including manufacturing overhead and special tooling and engineering costs, reduced by amounts identified with net sales billed recognized on units delivered or with progress completed. Such inventories are reduced by charging any amounts in excess of estimated realizable value to cost of goods sold. The costs attributed to units delivered under long-term contracts and programs are based on the estimated average cost of all units to be produced under existing firm orders and are determined under the learning curve concept, which anticipates a predictable decrease in unit costs as tasks and production techniques become more efficient through repetition. At December 31, 1982, production costs included in inventories in excess of the estimated average cost of all units to be produced were not material.

The replacement cost of LIFO inventories exceeded the stated values by approximately $49.4 million at December 31, 1982, and $42.5 million at December 31, 1981.

Specific Identification

UNIVERSAL LEAF TOBACCO COMPANY, INCORPORATED (JUN)

	1982	1981
	(In thousands of dollars)	
CURRENT ASSETS		
Inventories—at lower of cost or market:		
Tobacco	$101,676	$90,476
Fertilizer and related materials	24,193	31,447
Other	5,122	7,378

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies (in part):

Inventories: Inventories of tobacco are valued at lower of specific cost or market. Inventories of fertilizer and related products are valued principally at lower of average cost or market.

Market

THE FEDERAL COMPANY (MAY)

	1982	1981
	(In thousands of dollars)	
CURRENT ASSETS:		
Cash	$ 12,231	$ 8,546
Receivables, less allowances of $1,051 and $981 for doubtful accounts	62,583	63,385
Inventories	93,223	106,268
Other current assets	4,712	6,021
Total current assets	$172,749	$184,220

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except where otherwise noted)

Inventory Valuation—Year-end grain, flour and feed inventories at the flour milling subsidiaries (1982–$10,544; 1981–$13,691; 1980–$6,152) are stated at replacement market prices, after adjustment for open purchase and sales contracts. These subsidiaries follow the policy of hedging their position in these inventories throughout the year to minimize risk due to market price fluctuations. Substantially all other inventories are stated at the lower of first-in, first-out cost or market.

Inventories by line of business at the respective year-ends were as follows:

	1982	1981	1980
Poultry Products	$64,275	$ 68,814	$50,270
Flour and Bakery Supplies	25,330	28,207	20,339
National By-Products	2,815	2,759	3,403
Other Businesses	803	6,488	5,635
	$93,223	$106,268	$79,647

PREPAID EXPENSES

Table 2-10 summarizes the prepaid expense captions appearing in the current asset section of the survey companies' balance sheets. Rarely is the nature of a prepaid expense caption disclosed. Examples of companies disclosing the nature of a prepaid expense caption follow.

TABLE 2-10: PREPAID ITEMS

	Number of Companies			
	1982	**1981**	**1980**	**1979**
Prepaid expenses	258	272	267	276
Prepaid expenses and other current assets	92	90	95	92
Prepaid expenses and deferred taxes	18	23	28	23
Prepaid expenses and advances	8	10	9	8
Prepaid expenses and other receivables	9	9	9	9
Prepaid expenses and supplies	8	8	8	6
Other captions indicating prepaid expenses	27	28	31	31

THE MURRAY OHIO MANUFACTURING COMPANY (DEC)

	1982	1981
Current assets		
Prepaid expenses (Note K)	$1,455,086	$145,915

Note K–Nonmonetary Transaction

During 1982, the Company exchanged moped inventory for advertising services to be received in the amount of $2,463,000. This transaction resulted in no significant gain or loss. At December 31, 1982, the unused amount of $1,321,000 is classified as Prepaid Advertising.

TIME INCORPORATED (DEC)

	1982	1981
	(in thousands)	
Current Assets		
Cash	$ 19,762	$ 22,280
Short-term securities—at cost (approximately market)	18,946	34,550
Receivables, less allowances of $65,197,000 in 1982 and $67,547,000 in 1981	411,515	422,537
Inventories—at lower of cost or market:		
Work in process and finished goods	137,935	166,404
Paper and other materials	81,880	102,809
Prepaid programming, promotion and other	200,646	203,458
Total Current Assets	$870,684	$952,038

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Promotion

Promotion costs related to sales of book and record series and book clubs are amortized over a 12-month period. All other promotion costs are expensed within the year incurred.

SCHOLASTIC INC. (AUG)

	1982	1981
	(Amounts in thousands)	
Current assets:		
Cash	$ 2,330	$ 1,576
Accounts receivable (less allowance for doubtful accounts of $1,505 in 1982 and $1,420 in 1981)	14,454	15,916
Income taxes recoverable	203	2,015
Due from disposition of assets	6,080	—
Inventories:		
Paper	5,919	6,984
Books and other	23,313	28,419
Prepaid expenses (principally advance magazine publishing and book promotion costs)	8,779	7,351
Total current assets	$61,078	$62,261

PENNWALT CORPORATION (DEC)

	1982	1981
	(Thousands of dollars)	
Current assets		
Cash, including certificates of deposit of $8,197,000 and $6,631,000	$ 14,669	$ 9,112
Receivables, net of allowance for doubtful accounts of $4,000,000 and $3,533,000:		
Trade	133,609	152,084
Other	13,805	13,118
Inventories	140,968	153,153
Prepaid pension costs and other expenses	15,604	20,018
Net current assets of discontinued operations	30,786	54,599
Total current assets	$349,441	$402,084

OTHER CURRENT ASSET CAPTIONS

Table 2-11 summarizes the nature of accounts (other than cash, marketable securities, inventories, and prepaid expenses) appearing in the current asset section of the balance sheets of the survey companies. Examples of such other current asset accounts follow.

TABLE 2-11: OTHER CURRENT ASSET CAPTIONS

	Number of Companies			
	1982	1981	1980	1979
Nature of Asset				
Deferred income taxes......	122	114	91	83
Property held for resale	34	35	27	19
Unbilled costs	28	26	28	34
Advances or deposits........	14	12	14	12
Other—identified	36	31	25	24
Other current assets..........	131	116	105	99

Deferred Income Tax

AMERICAN HOME PRODUCTS CORPORATION (DEC)

	1982	1981
	(In thousands)	
Cash and cash equivalents..................	$ 474,471	$ 729,116
Accounts receivable less allowances (1982—$29,593 and 1981—$26,235)	612,444	544,431
Inventories	602,725	566,254
Deferred taxes and other current assets..	106,909	104,517
Total current assets	$1,796,549	$1,944,318

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes: The effective tax rates for 1982 and 1981 were 45.69% and 47.40%. In both years the effective tax rate was increased due to non-deductible foreign currency adjustments which in 1982 were offset by other items which lowered the effective tax rate. Deferred taxes are provided for certain items of revenue and expense when the timing of their recognition for financial statement and income tax purposes differs. The net result of these timing differences is such that taxes currently payable were $8,781,000 less than the provisions for federal and foreign taxes on income in 1982 and were $8,349,000 and $27,219,000 more than such income tax provisions in 1981 and 1980 respectively. Deferred tax benefits in the accompanying balance sheets amounted to $115,339,000 and $124,120,000 at December 31, 1982 and 1981, respectively, of which $86,707,000 and $86,265,000 were classified as current assets. These benefits represent the net cumulative amounts by which future provisions for federal and foreign taxes on income will exceed income taxes actually payable. Income taxes payable upon distribution of accumulated earnings of foreign subsidiaries and affiliates are not significant. Investment tax credits, which are not material, are accounted for as a reduction of income tax expense in the year the related assets are placed in service.

ANALOGIC CORPORATION (JUL)

	1982	1981
Current assets:		
Cash (including time deposits of approximately 1982, $11,270,000; 1981, $8,600,000)....................	$10,202,708	$ 9,426,636
Marketable securities, at cost which approximates market..............	1,000,000	—
Accounts receivable, trade, less allowance for doubtful accounts (1982, $513,277; 1981, $487,749)	23,932,446	22,590,100
Inventories	33,241,122	26,472,200
Prepaid expenses.....................	417,009	306,580
Deferred income taxes...............	379,186	321,454
Total current assets	$69,172,471	$59,116,970

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies:

(e) Income taxes:

The Company does not provide for federal income taxes on the undistributed earnings of its two domestic international sales corporations because such earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely.

The deferred income taxes in the accompanying financial statements reflect the timing differences in reporting results of operations for income tax and financial accounting purposes. Such timing differences related primarily to depreciation, warranty accruals, allowance for doubtful accounts, expenses under capital leases and capitalized interest.

Investment tax credits are treated as reductions of income tax expense (1982, $529,200; 1981, $456,300; 1980, $319,000) in the year in which they are utilized.

BRENCO, INCORPORATED (DEC)

	1982	1981
Current Assets:		
Cash and cash equivalents	$ 4,410,024	$ 7,857,662
Short term investments, at cost which approximates market	4,588,328	—
Acocunts receivable—net of allowance for doubtful accounts of $414,959 (1981—$41,035)	3,350,619	7,520,974
Income taxes recoverable	1,605,646	—
Inventories:		
Finished goods	2,567,616	2,980,070
Goods in process	2,461,956	3,428,127
Raw material and supplies	989,639	842,653
Prepaid expenses	292,922	338,022
Deferred income taxes	740,181	560,500
Total Current Assets	$21,006,931	$23,528,008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Income Taxes:

The Company provides for deferred income taxes on items of income or expense reported for tax purposes in different years than for financial statements. The investment tax credit is used to reduce federal income tax in the year realized. No provision has been made for income taxes on the undistributed earnings of the Company's Domestic International Sales Corporation (DISC) which amounted to $675,000 at December 31, 1982, since such undistributed earnings are expected to be reinvested indefinitely.

GTI CORPORATION (DEC)

	1982	1981
	(thousands of dollars)	
CURRENT ASSETS:		
Cash and marketable securities	$ 796	$2,110
Receivables, less allowances of $78 and $90	2,329	3,098
Refundable income taxes	247	—
Due from Republic of Ireland	354	—
Inventories:		
Raw materials and supplies	1,401	1,262
Work in progress	743	1,029
Finished goods	341	155
	2,485	2,446
Prepaids and deferred royalties	809	430
Deferred Income Taxes (Note 7)	224	—
Total Current Assets	$7,244	$8,084

Note 7 (in part): Income Taxes:

Deferred taxes result primarily from timing differences in the recording of depreciation and certain other expenses for tax and financial statement purposes.

INTERNATIONAL PAPER COMPANY (DEC)

	1982	1981
	(In millions of dollars)	
Current Assets		
Deferred income taxes (Note 2)	$40.2	—

Note 2 (in part): Income Taxes

Deferred income taxes classified as a current asset at December 31, 1982 result primarily from items expensed for financial reporting purposes before taken as tax deductions. Deferred income taxes classified as a current liability at December 31, 1981 result primarily from income rcognized for financial reporting purposes in 1981 but not recognized for tax purposes until 1982, in particular, the final payment on the CIP sale.

TEXACO INC. (DEC)

	1982	1981
	(Millions of dollars)	
Current Assets:		
Cash	$ 158	$ 190
Cash investments and marketable securities—at cost	2,146	2,650
Accounts and notes receivable (includes receivables from a significant nonsubsidiary company of $345 million in 1982 and $691 million in 1981), less allowance for doubtful accounts of $19 million in 1982 and $18 million in 1981	4,331	5,748
Inventories	2,145	2,936
Deferred income taxes and other current assets	563	423
Total current assets	$9,343	$11,947

DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Income Taxes

Certain transactions are recorded in the financial statements in a period different from that in which these transactions are reported for income tax purposes. The principal transactions are those related to depreciable properties, intangible drilling costs, and merchandise inventories.

The income statement reflects provision for deferring the income tax effects related to these transactions and matching such tax effects with the periods in which the transactions are recorded for financial reporting purposes. The deferred income taxes reported in the balance sheet represent the cumulative net effect of charges and credits made to earnings to defer the income tax effects of transactions to appropriate future periods.

Provision is not made for possible income taxes payable upon distribution of accumulated earnings of subsidiary companies and nonsubsidiary corporate joint-venture companies when such earnings are permanently reinvested.

Property Held for Sale

CROWN ZELLERBACH (DEC)

	1982	1981
	(In millions of dollars)	
Current Assets		
Cash and short-term investments, at cost (approximates market)	$107.6	$ 60.0
Trade accounts receivable, net of allowances for losses (1982: $6.7; 1981: $7.5)	218.6	289.0
Other receivables	47.3	55.8
Inventories	312.8	445.9
Prepaid expenses	47.1	48.6
Proceeds expected from sale of subsidiaries	187.9	—
Total current assets	$921.3	$899.3

NOTES TO FINANCIAL STATEMENTS

Unusual Items—Sale of subsidiaries (in part)

At December 31, 1982 the net assets of the subsidiaries being sold were adjusted to the amount of the expected proceeds, and have been reclassified in the balance sheet as "Proceeds expected from sale of subsidiaries" and "Notes expected from sale of subsidiaries" according to the timing of receipt of payments under the contract of sale.

SIMPLICITY PATTERN CO. INC. (DEC)

	1982	1981
	(Dollars in thousands)	
Current Assets		
Cash	$ 1,017	$ 1,060
Short term investments, at cost (approximate market value)	88,608	87,809
Accounts receivable, less allowance for doubtful accounts—$2,222 and $2,285, respectively	23,545	17,074
Inventories	10,425	12,513
Prepaid expenses	1,116	1,276
Deferred income taxes	3,354	—
Property held for resale	6,249	—
	$134,314	$119,732

NOTES TO THE FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property held for resale—The investments in two buildings (described in Note 14) as well as certain branch warehouse facilities which are no longer in use as a result of cost reduction programs are classified in the current asset category as property held for resale. Such assets are valued at the lower of cost or realizable value and depreciation is not being recorded thereon.

DAN RIVER INC. (DEC)

	1982	1981
	(amounts in thousands)	
Current assets:		
Cash	$ 3,691	$ 4,097
Notes and accounts receivable:		
Trade	68,339	76,779
Due from factor	14,022	19,141
Other	2,721	6,231
	85,082	102,151
Less allowance for discounts and doubtful receivables	3,003	3,176
Net notes and accounts receivable	82,079	98,975
Refundable income taxes	16,371	1,704
Inventories	105,673	112,986
Assets held for sale	7,060	—
Prepaid expenses	7,490	3,205
Total current assets	$222,364	$220,967

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Plant Closings

During 1982, the Company either closed or announced plans to discontinue operations at six plants. The principal closings are the Warp Knit unit in Burlington, North Carolina and the Crystal Springs Plant, a finishing and printing operation in Chickamauga, Georgia. The Company has provided $11,142,000 for the estimated expenses related to these plant closings. Such provision includes losses from the disposal of the property, plant and equipment of $8,708,000 and other closing costs of $2,434,000. The property, plant and equipment of these closed plants, which are being held for sale, have been included in current assets at their estimated net realizable value. On February 10, 1983, approximately 21% of such assets were sold for cash at their carrying value.

INTERNATIONAL HARVESTER COMPANY (OCT)

	1982	1981
	($000)	
Current Assets		
Realizable value of net assets being divested (Note 3)	$390,594	—

Note 3 (in part); Operational Restructuring

Net assets of the construction equipment business and other operations to be divested under the Company's operational restructuring plan are reported as assets on the statement of financial condition at October 31, 1982 at their estimated realizable value. The estimated realizable values of these net assets are classified as current if disposition is projected to occur prior to October 31, 1983, and non-current if disposition is scheduled after October 31, 1983.

Unbilled Costs

GENERAL SIGNAL CORPORATION (DEC)

	1982	1981
	($ in thousands)	
Current assets:		
Cash, including cash equivalents—1982, $12,000; 1981, $39,300	$ 44,461	$ 42,156
Short-term investments, at cost, which approximates market	107,314	51,820
Accounts receivable, less allowance—1982, $7,125; 1981, $7,628	263,304	311,804
Contracts in progress (note 5)	56,670	39,752
Inventories	351,970	375,839
Prepaid expenses	3,117	4,257
Total current assets	$826,836	$825,628

Note 5. Contracts in progress

Contracts in progress represents revenue recognized on a percentage-of-completion basis in excess of related progress billings of $183,533,000 in 1982 and $155,762,000 in 1981. Substantially all contracts in progress at year end are billed during the subsequent year. Where billings exceed revenues recognized and costs incurred, the excess, which is not significant, is included in accounts payable.

KEVLIN MICROWAVE CORPORATION (MAY)

	1982	1981
Current assets:		
Cash and temporary investments	$ 482,550	$ 392,241
Accounts receivable, net of allowance for doubtful accounts of $5,000 in 1982	718,996	478,940
Refundable income taxes	—	35,244
Inventories	298,108	296,802
Costs and estimated earnings in excess of billings on uncompleted contracts	520,682	450,087
Prepaid expenses and other current assets	30,276	30,031
Total current assets	$2,050,612	$1,683,345

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies

Percentage-of-completion method of accounting. For financial reporting purposes, costs and revenues are recorded using the percentage-of-completion method for those contracts which qualify for this treatment based on the criteria of product type, contract size and duration of time to completion. If estimated total costs on any of these contracts indicate a loss, the entire amount of the estimated loss is recognized immediately. Accrued allowances amounted to $16,000 and $8,000 at May 31, 1982 and 1981, respectively.

Costs and estimated earnings in excess of billings on uncompleted contracts comprise amounts of revenue recognized on contracts for which billings had not been rendered because the amounts were not billable at the balance sheet dates. All such amounts are expected to be billed and collected within one year.

UNC RESOURCES, INC. (DEC)

	1982	1981
	(Dollars in thousands)	
Current assets		
Costs and estimated earnings in excess of billings on uncompleted contracts	$32,639	$23,995

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Contracts in Process

Costs and estimated earnings on uncompleted contracts were as follows (dollars in thousands):

	December 31, 1982	1981
Costs incurred and estimated earnings on uncompleted contracts	$491,146	$353,721
Less billings to date	460,314	331,117
	$ 30,832	$ 22,604
The net amounts above are included in the consolidated balance sheets under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 32,639	$ 23,995
Billings in excess of costs and estimated earnings on uncompleted contracts	1,807	1,391
	$ 30,832	$ 22,604

Approximately 95 percent and 99 percent of the amount billed at December 31, 1982 and 1981, relate to contracts with the U.S. Government, which has a security title in the components being fabricated by reason of progress payments made.

Retainages arising from provisions in U.S. Government contracts are collectible periodically according to the terms of the individual contract; $5,600,000 of retainage at December 31, 1982, is expected to be collected within one year.

Advances/Deposits

THE PILLSBURY COMPANY (MAY)

	1982	1981
	(In millions)	
Current assets:		
Cash	$ 37.0	$ 19.8
Marketable securities, at cost (approximates market)	142.6	75.3
Receivables, less allowance for doubtful accounts of $10.0 and $7.4, respectively	373.5	343.3
Inventories:		
Grain	64.2	61.0
Finished products	190.5	217.0
Raw materials, containers and supplies	135.0	140.1
	389.7	418.1
Advances on purchases	165.9	103.1
Prepaid expenses	24.3	30.3
Total current assets	$1,133.0	$989.9

SAVANNAH FOODS & INDUSTRIES, INC. (DEC)

	1982	1981
	(In thousands of dollars)	
Current assets:		
Deposits on futures contracts and purchase commitments (Notes 1 and 11)	$73	$5,673

Note 1 (in part): Summary of Significant Accounting Policies

Futures transactions—The Company uses futures as hedges in its inventory purchasing and cash management programs. Gains and losses on futures transactions related to inventory are matched to specific inventory purchases and charged or credited to cost of sales as such inventory is sold. The Company uses futures to hedge rates on investments. Gains and losses on these hedges are recognized during the period in which the related investments are outstanding. In connection with the Company's futures trading activity, the Company maintains deposits with futures brokers.

Note 11–Commitments and Contingencies:

The Company and its consolidated subsidiaries have contracted for the purchase of a substantial portion of their future sugar requirements. Prices to be paid for raw sugar under these contracts are based in some cases on market prices during the anticipated delivery month; in other cases prices are fixed and, in these instances, the Company generally obtains commitments from its customers to buy the sugar prior to fixing the price, or enters into futures transactions to hedge the commitment.

Subsequent to the end of 1982 the Company made a commitment to construct a coal fired boiler to replace old boilers and to significantly reduce fuel expense. This project is expected to cost approximately $18,000,000 which will be spent in 1983 and 1984.

WILLAMETTE INDUSTRIES, INC. (DEC)

	1982	1981
	(dollar amounts in thousands)	
Current assets:		
Cash, including time deposits	$ 26,219	$ 8,636
Notes and accounts receivable, less allowance for doubtful accounts of $1,446 (1981—$1,138)	84,516	77,517
Refundable income taxes	24,644	—
Inventories	94,419	85,622
Deposits on timber cutting contracts	4,293	7,237
Prepaid expenses	4,353	5,304
Total current assets	$238,444	$184,316

Investment in Tax Leases

GENERAL MILLS, INC. (MAY)

	1982	1981
	(In Millions)	
Current Assets:		
Cash and short-term investments	$ 33.4	$ 39.1
Receivables, less allowance for doubtful accounts of $16.0 in 1982 and $12.6 in 1981	408.6	391.4
Inventories	660.6	611.4
Investment in tax leases	124.9	—
Prepaid expenses	31.5	34.0
Total Current Assets	$1,259.0	$1,075.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note Five: Investments in Tax Leases

At May 30, 1982, the company had $176.5 million of net investments in tax lease transactions. These transactions represent purchases of certain income tax items from other companies under the Economic Recovery Tax Act. $124.9 million of this investment will be recovered through income tax cash flows during fiscal 1983 and is classified as a current asset. The remaining investment is included in investments and miscellaneous assets and will be recovered in fiscal 1984.

These transactions had no effect on net earnings or the effective income tax rate in 1982.

Program Rights

AMERICAN BROADCASTING COMPANIES, INC. (DEC)

	1982	1981	1980
	(Dollars in thousands)		
Current assets:			
Cash	$ 36,437	$ 32,937	$ 26,265
Marketable securities at cost which approximates market	30,037	161,050	121,176
Receivables, less allowances of $23,619 in 1982, $23,463 in 1981 and $23,829 in 1980	359,558	330,715	297,343
Program rights, production costs and advances, less amortization (notes A, L and M)	383,362	308,195	265,656
Inventory of merchandise and supplies, at the lower of cost (principally on the first-in first-out basis) or market	24,190	24,210	21,816
Prepaid expenses	110,917	106,387	82,370
Total current assets	$944,501	$963,494	$814,626

Note A (in part): Summary of Significant Accounting Policies

Program Rights, Production Costs and Advances:

Program rights, production costs and advances primarily represent amounts for television programming. In accordance with the provisions of Financial Accounting Standards Board Statement No. 63, "Financial Reporting by Broadcasters", issued in June, 1982, the Company has recorded assets and liabilities for broadcast license agreements under the conditions set forth in the Statement (see note L). Program costs are charged to expense based on usage for network programs and on rental periods for local station programs. Management estimates that costs included in current assets will be charged to operations in the next fiscal year.

Note L: Program Rights

Effective in 1982, the Company has accounted for license agreements for program material as the purchase of rights in accordance with the provisions of Financial Accounting Standards Board Statement No. 63, "Financial Reporting by Broadcasters". Assets and liabilities have been recorded at the gross amount of the rights acquired and obligations incurred under these license agreements when all of the following conditions have been met: the license period has begun, the cost of the program is known, and the program has been accepted and is available for its first telecast. As a result of adopting this Statement in 1982, current and non-current program rights have been increased by $55.6 million and $188.2 million, respectively, and the current and long-term liabilities for program rights have been increased by $91.5 million and $152.3 million, respectively, at January 1, 1983. The Company, as provided for in this Statement, has elected to follow the gross method in recording program license agreements, thereby having no impact on net earnings and prior years financial statements have not been restated.

PROPERTY, PLANT, AND EQUIPMENT

Paragraph 5 of *APB Opinion No. 12* states:

Because of the significant effects on financial position and results of operations of the depreciation method or methods used, the following disclosures should be made in the financial statements or in notes thereto:

a. Depreciation expense for the period,

b. Balances of major classes of depreciable assets, by nature or function, at the balance-sheet date,

c. Accumulated depreciation, either by major classes of depreciable assets or in total, at the balance-sheet date, and

d. A general description of the method or methods used in computing depreciation with respect to major classes of depreciable assets.

Tables 2-12 and 2-13 show the assets classified as Property, Plant, and Equipment by the survey companies. Examples of Property, Plant, and Equipment disclosures follow.

Table 2-14 summarizes the descriptive captions used to describe the accumulated allowance for depreciation.

BREAKDOWN BY NATURE OF PROPERTY

ARVIN INDUSTRIES, INC. (DEC)

Consolidated Statement of Financial Condition

(Dollars in thousands)

	January 2, 1983	January 3, 1982
PROPERTY, PLANT AND EQUIPMENT:		
Land	$ 2,635	$ 1,908
Buildings and leasehold improvements	68,061	62,037
Machinery and equipment	145,494	132,655
Construction in progress	1,371	1,270
	217,561	97,870
Deduct: Accumulated depreciation and amortization	93,585	86,556
	123,976	111,314
Special tools, etc.—net	4,764	1,890
	$128,740	$113,204

Consolidated Statement of Changes in Financial Position

(Dollars in thousands)

	1982 (52 Weeks)	1981 (53 Weeks)	1980 (52 Weeks)
FUNDS PROVIDED BY:			
Operations:			
Net earnings	$10,866	$12,424	$ 7,588
Non-working capital items:			
Depreciation and amortization	14,106	13,198	12,808
Deferred income taxes	1,658	698	726
Other	(161)	1,476	1,039
Total from operations	$26,469	$27,795	$22,161

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies:

Property, Plant, Equipment and Depreciation: Property, plant and equipment are stated at cost. Significant additions or improvements extending asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. Leases capitalized under FASB Statement No. 13 are included in property, plant and equipment. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets for financial reporting purposes and accelerated methods (where applicable) are utilized for income tax purposes.

The costs of fully depreciated assets still in use are included in the respective asset and accumulated depreciation accounts. When items are sold or retired, related gains or losses are included in results of operations.

CENTRAL SOYA COMPANY, INC.

Consolidated Balance Sheet

August 31, 1982 and 1981
(In thousands)

	1982	1981
Total current assets	$305,576	$333,793
Property, plant and equipment, less accumulated depreciation of $155,748 ($150,190 in 1981)	197,072	204,925
Cost in excess of net assets of subsidiaries, less accumulated amortization of $8,425 ($6,917 in 1981)	38,124	39,637
Other assets	2,870	8,535
	$543,642	$586,890

Consolidated Statement of Changes in Financial Position

Years ended August 31, 1982, 1981 and 1980
(In thousands)

	1982	1981	1980
Financial resources provided:			
Operations—			
Net earnings	$19,467	$19,901	$34,758
Items not affecting working capital:			
Depreciation	21,645	21,721	20,158
Deferred income taxes	2,577	2,939	32
Net book value of property, plant and equipment dispositions	10,784	4,197	9,283
Other—net	2,334	2,447	2,180
Working capital provided by operations	$56,807	$51,205	$66,411

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All tabular dollar amounts are in thousands, except as otherwise indicated)

Summary of Significant Accounting Policies (in part)

Property, Plant and Equipment—Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful lives which range from 10 to 40 years for buildings and storage facilities and from 5 to 20 years for machinery and equipment.

Property, Plant and Equipment

The components of property, plant and equipment are summarized below:

	1982	1981
Land	$ 6,964	$ 7,191
Buildings and storage facilities	98,362	99,171
Machinery and equipment	241,316	240,413
Construction in progress	6,178	8,340
	352,820	355,115
Less accumulated depreciation	155,748	150,190
Property, plant and equipment—net	$197,072	$204,925

TABLE 2-12: LAND CAPTIONS

	1982	1981	1980	1979
Land	400	396	404	399
Land and improvements	101	98	102	108
Land and buildings	28	29	29	32
Land combined with other identified assets	15	16	15	14
No caption with term *land*	15	17	15	10
	559	556	565	563
Line of business classification	41	44	35	37
Total Companies	**600**	**600**	**600**	**600**

TABLE 2-13: DEPRECIABLE ASSET CAPTIONS

	1982	1981	1980	1979
Buildings				
Buildings	274	275	284	284
Buildings and improvements	186	180	177	170
Buildings and land or equipment	62	68	71	78
Buildings combined with other identified assets	12	9	10	9
No caption with term *buildings*	18	23	16	14
	552	555	558	555
Line of business classification	48	45	42	45
Total Companies	**600**	**600**	**600**	**600**
Other Depreciable Asset Captions	**Number of Companies**			
Machinery and/or *equipment*	440	446	447	450
Machinery and/or *equipment* combined with other assets	82	91	100	93
Construction in progress	244	243	232	225
Leasehold improvements	120	120	128	123
Leased assets	116	118	123	103
Automobiles, marine equipment, etc.	74	76	79	73
Furniture, fixtures, etc.	52	49	55	53
Assets leased to others	18	23	19	22

TABLE 2-14: ACCUMULATED DEPRECIATION

	1982	1981	1980	1979
Accumulated depreciation...	292	296	291	299
Accumulated depreciation and amortization..........	161	165	167	162
Accumulated depreciation, amortization and depletion........................	35	32	34	35
Accumulated depreciation and depletion.............	22	21	19	17
Allowance for depreciation .	25	24	27	29
Allowance for depreciation and amortization..........	31	24	23	22
Allowance for depreciation and depletion.............	10	6	7	9
Other captions	24	32	32	27
Total Companies..............	**600**	**600**	**600**	**600**

LEVI STRAUSS & CO.

Consolidated Balance Sheets

(Dollars in Thousands)	November 28, 1982	November 29, 1981
Total current assets	$1,207,609	$1,194,498
Property, Plant and Equipment (less accumulated depreciation: 1982—$164,287; 1981—$137,570)	351,303	353,216
Other Assets	61,957	56,960
	$1,620,869	$1,604,674

SIGNIFICANT ACCOUNTING POLICIES

Depreciation Methods

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property, Plant and Equipment

The components of property, plant and equipment, including both leased and owned assets stated at cost, are as follows:

	1982		1981	
(In Thousands)	Owned	Leased	Owned	Leased
Land	$ 10,007	$ 1,124	$ 10,463	$ 970
Buildings and leasehold improvements	210,035	40,498	189,241	38,693
Machinery and equipment.........	240,955	7,785	220,448	10,077
Construction in progress................	5,186	—	20,894	—
	466,183	49,407	441,046	49,740
Accumulated depreciation	(149,419)	(14,868)	(124,140)	(13,430)
	$316,764	$34,539	$316,906	$36,310

Depreciation expense for 1982, 1981 and 1980 amounts to $37,830,000, $33,699,000 and $25,365,000, respectively.

GENERAL HOST CORPORATION

Consolidated Balance Sheet

(Dollars in thousands)

December 25, 1982 and December 26, 1981	1982	1981
Property, plant and equipment, less accumulated depreciation and amortization of $50,755 and $42,155.......................	$112,321	$107,044
Intangibles, less accumulated amortization of $6,117 and $3,948..........................	28,014	30,106
Other assets......................................	22,490	20,678

Consolidated Statement of Income

(In thousands, except per share amounts)

Fiscal Years Ended December 25, 1982, December 26, 1981 and December 27, 1980	1982	1981	1980
Costs and expenses:			
Cost of sales	$421,391	$393,556	$326,439
Selling, general and administrative	72,758	65,244	63,982
Depreciation and amortization.	11,202	10,770	7,956
Interest and debt expense	12,036	15,131	10,944
	$517,387	$484,701	$409,321

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Property, plant and equipment, including significant improvements thereto, is recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of plant and equipment is depreciated over the estimated useful lives using the straight-line method for financial reporting purposes. For income tax purposes the straight-line method is used for additions through 1980 and Accelerated Cost Recovery System depreciation is used for additions after 1980. Leasehold improvements are amortized over the terms of the respective leases or, if shorter, the estimated useful lives (or, when required for tax purposes, the accelerated cost recovery period).

Note 6: Property, Plant and Equipment

(In thousands)	Dec. 25, 1982	Dec. 26, 1981
Land	$ 11,452	$ 9,283
Buildings	48,737	48,693
Machinery and equipment	73,030	67,787
Vehicles	683	629
Leasehold improvements	26,997	21,622
Construction in progress	2,177	1,185
	163,076	149,199
Less accumulated depreciation and amortization...	50,755	42,155
	$112,321	$107,044

Interest cost capitalized as property, plant and equipment amounted to $9,000, $617,000 and $430,000 in fiscal years 1982, 1981 and 1980, respectively.

The above amounts include property, plant and equipment leased under capital leases as follows (Note 11):

(In thousands)	Dec. 25, 1982	Dec. 26, 1981
Land	$ 772	$ 772
Buildings	11,602	12,510
Machinery and equipment	2,825	2,855
	15,199	16,137
Less accumulated depreciation	6,028	5,838
	$ 9,171	$10,299

MERCK & CO., INC. (DEC)

Consolidated Balance Sheets

	1982	1981
Property, Plant, and Equipment, at cost		
Land	$ 42,822,000	$ 37,604,000
Buildings	654,640,000	567,150,000
Machinery, equipment, and office furnishings	1,509,540,000	1,340,742,000
Construction in progress	189,798,000	194,297,000
	2,396,800,000	2,139,793,000
Less allowance for depreciation	839,310,000	743,226,000
	$1,557,490,000	$1,396,567,000

Statements of Consolidated Changes in Financial Position

	1982	1981	1980
Operations			
Net income	$415,137,000	$398,265,000	$415,396,000
Non-cash expenses:			
Depreciation and obsolescence	134,183,000	111,491,000	98,888,000
Deferred taxes	74,119,000	34,637,000	17,685,000
	$623,439,000	$544,393,000	$531,969,000

NOTES TO FINANCIAL STATEMENTS

Summary of Accounting Policies (in part)

Depreciation—Depreciation is provided over the estimated useful lives of the assets, principally using the straight-line method. For tax depreciation, the most accelerated methods and shortest lives are used.

PALL CORPORATION

Consolidated Balance Sheet

	July 31, 1982	August 1, 1981
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land	$ 3,827,000	$ 3,979,000
Buildings and improvements	47,843,000	45,323,000
Machinery and equipment	50,096,000	43,409,000
Furniture and fixtures	6,987,000	6,059,000
Transportation equipment	2,337,000	2,218,000
	111,090,000	100,988,000
Less accumulated depreciation and amortization	24,931,000	20,391,000
Net Property, Plant and Equipment	$86,159,000	$80,597,000

Consolidated Statement of Changes in Financial Position

	Years Ended July 31, 1982	August 1, 1981	August 2, 1980
SOURCES OF WORKING CAPITAL:			
Net earnings	$24,988,000	$24,799,000	$18,873,000
Items which do not use working capital:			
Depreciation and amortization	7,270,000	5,746,000	4,013,000
Deferred income taxes	558,000	(1,177,000)	3,040,000
Working capital provided from operations	$32,816,000	$29,368,000	$25,926,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Property, Plant and Equipment.

Property, plant and equipment are stated at cost. Depreciation of plant and equipment is provided over the estimated useful lives of the respective assets, principally on the straight-line basis.

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to earnings as incurred.

When properties are retired or otherwise disposed of, the cost thereof and the applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in earnings.

PANTASOTE INC.

Consolidated Balance Sheets

As of December 31,	1982	1981
	(In thousands)	
Total Current Assets	$42,710	$48,782
Property, Plant and Equipment	25,848	28,225
Other Assets	2,683	3,878
	$71,241	$80,885

Statements of Consolidated Operations

For the Years Ended December 31,	1982	1981	1980
	(In thousands except per share amounts)		
Costs and Expenses:			
Cost of sales	$105,671	$126,330	$121,097
Selling and administrative	16,887	16,236	16,370
Depreciation	3,703	4,510	4,715
Interest (net of interest income of $744, $868 and $456)	1,662	1,518	2,494
Share in net loss of affiliate	305	125	—
Foreign currency transactions (gain) loss	36	(93)	(69)
Gain on sale of property, plant and equipment	(716)	—	—
Unusual items	—	2,097	2,780
Other (income) expenses—net	11	(80)	(1)
	$127,559	$150,643	$147,386

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment: Property, plant and equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

2. Property, Plant and Equipment

	1982	1981
	(In thousands)	
Land	$ 1,032	$ 1,152
Buildings and improvements	15,780	16,716
Machinery, equipment and fixtures	39,078	38,994
Construction in progress	856	929
Accumulated depreciation	(30,898)	(29,566)
	$25,848	$28,225

SUN CHEMICAL CORPORATION

Consolidated Balance Sheet

(Amounts in thousands) as of December 31,	1982	1981
Property, Plant and equipment, at cost		
Land	$ 9,703	$ 9,640
Buildings	66,946	63,714
Machinery and equipment	125,998	109,132
	202,647	182,486
Less accumulated depreciation	68,296	60,089
	$134,351	$122,397

Consolidated Statement of Changes in Financial Position

(Amounts in thousands) Year ended December 31,	1982	1981	1980
Sources of working capital			
Income from continuing operations	$14,871	$34,928	$28,666
Items which did not affect working capital			
Depreciation	12,744	11,005	9,606
Deferred taxes and other	17,921	3,146	2,809
Equity in undistributed (earnings) losses of affiliates	5,321	(9,228)	(4,909)
Working capital provided from operations	$50,857	$39,851	$36,172

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

(d) Property and depreciation

Depreciation of plant and equipment is provided on a straight-line basis. The provision is computed based upon the estimated useful lives of the various assets, up to 40 years on buildings and 4 to 11 years on machinery and equipment. Accelerated depreciation methods are used for income tax purposes.

Upon sale or retirement of properties, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is reflected currently. Expenditures for maintenance and repairs of $8,000,000 in 1982 and $6,900,000 in 1981 and 1980 were expensed as incurred, while betterments and replacements were capitalized.

FUNCTIONAL CLASSIFICATION

TOSCO CORPORATION

Consolidated Balance Sheet

Thousands of dollars	December 31, 1982	1981
Total current assets	$568,065	$443,174
Property, plant and equipment, at cost, less accumulated depreciation and depletion	626,839	493,672
Investment in the Colony Shale Oil Project and related community development activities		92,533
Investment in AZL Resources, Inc.	28,178	—
Other investments	24,709	8,636
Deferred charges and other assets	50,276	28,066
Total assets	$1,298,067	$1,066,081

Consolidated Statement of Changes in Financial Position

Thousands of dollars	Years ended December 31, 1982	1981	1980
Financial resources provided from:			
Income before extraordinary credits	$120,913	$ 22,579	$46,096
Items not involving working capital:			
Depreciation and depletion	26,290	32,634	18,007
Amortization of deferred items	15,048	9,064	11,541
Provision (credit) for deferred income taxes	(13,752)	36,870	10,258
(Gain) loss on equity investments	(791)	928	551
Interest earned on notes receivable from issuance of common stock	(1,377)	—	—
Working capital provided from operations before extraordinary credits	$146,331	$102,075	$86,453

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment: Property, plant and equipment, including capitalized interest, are carried at cost less accumulated depreciation, depletion and amortization. Depreciation and amortization (including amounts related to capitalized leases) are provided, on an individual or composite basis, over the estimated useful lives of the assets or the respective classes of assets, utilizing the straight-line method for all assets except oil and gas properties. Effective January 1, 1982, Tosco commenced using revised estimated useful lives to depreciate the refineries and related assets based upon detailed engineering estimates of the projected useful lives of those assets (Note 5).

Expenditures for renewals which extend the estimated useful lives of the assets and betterments of such assets are capitalized. Expenditures for maintenance and repairs are charged to income. Upon disposal of facilities depreciated on an individual item basis, the cost and accumulated depreciation are eliminated from the accounts and a credit or charge to income with the gain or loss, if any, on disposal is recorded. Upon disposal of facilities depreciated on a composite basis, unless extraordinary in nature or amount, cost, less proceeds, is charged against accumulated depreciation.

Oil and Gas Properties: Tosco follows the full cost method of accounting for oil and gas producing activities. Under this method of accounting, all costs associated with oil and gas property acquisition, exploration and development activities are capitalized.

Depreciation and depletion of oil and gas properties are computed on the units of production method based upon the estimated reserves underlying the proved oil and gas properties (Notes 5 and 19).

Mine and Plant Development Costs: Expenditures to develop oil shale reserves and related facilities are capitalized once commercial development is initiated (Note 6).

5 (in part): Property, Plant and Equipment

Thousands of dollars	December 31, 1982	1981	Straight-Line Annual Rate
Land	$ 15,598	$ 11,322	
Office buildings, furniture, fixtures and improvements	30,564	17,543	2% to 33%
Refineries and related assets	491,883	438,582	4% to 15%
Transportation equipment	33,121	31,777	4% to 33%
Oil and gas properties (Note 19)	58,660	24,731	
Oil shale mineral properties (Note 15)	6,916	6,735	
Construction in progress	127,369	76,291	
	764,111	606,981	
Less accumulated depreciation and depletion (1)	137,272	113,309	
Total, including amounts under capitalized leases (Note 14)	$626,839	$493,672	

(1) Prior to the passage of the Economic Recovery Tax Act of 1981 (ERTA), the useful lives to be used in depreciating property, plant and equipment for purposes of Federal income taxes were established based upon United States Internal Revenue Service Guideline Lives of the period such assets would be used in the operations of a company. ERTA shortened the depreciable lives to enable companies to recover their cost of capital through more rapid depreciation to encourage increased capital expenditures. Prior to ERTA, Tosco depreciated its refineries and related assets over the same useful lives for both financial accounting and tax purposes. As this was no longer appropriate subsequent to ERTA, in 1982 Tosco re-evaluated the remaining engineering lives of its refinery and related assets and adjusted its depreciable lives for financial accounting purposes. The effect of this change in accounting estimate was to decrease depreciation expense for 1982 by approximately $16,150,000 ($.67 per share).

Expenditures for maintenance and repairs were $50,256,000, $49,675,000 and $46,595,000 for the years ended December 31, 1982, 1981 and 1980, respectively.

UNITED STATES STEEL CORPORATION

Consolidated Balance Sheet

(Dollars in millions) December 31	1982	1981
Property, plant and equipment (includes oil lands and leases—successful efforts method), less accumulated depreciation, depletion and amortization of $8,359 and $7,783 (Note 5)	$13,774	$6,676
Operating parts and supplies	107	111
Costs applicable to future periods	263	255

Consolidated Statement of Income

(Dollars in millions)	1982	1981	1980
Operating costs:			
Cost of sales (excludes items shown below)	$14,194	$11,095	$10,046
Selling, general and administrative expenses	750	511	459
Pensions, insurance and other employee benefits	897	833	764
Depreciation, depletion and amortization	1,031	571	524
State, local and miscellaneous taxes	1,328	227	221
Exploration expenses	304	—	—
Total operating costs	$18,504	$13,237	$12,014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Principal Accounting Policies

Property, plant and equipment — Generally, except for oil and gas properties, depreciation is computed on the straight-line method based upon the estimated lives of the assets. For the most part, such depreciation is adjusted within a limited range, based upon the level of production. Depletion of the cost of mineral properties is based on estimated tonnage rates which are expected to amortize the cost over the period during which minerals will be removed.

Depletion and depreciation of oil and gas producing properties are computed at rates applied to the units of production on the basis of oil and gas reserves as determined by the Corporation's geologists and engineers.

When a plant or major facility within a plant is sold or otherwise disposed of by the Corporation, any gain or loss is reflected in income. Proceeds from the sale of other facilities depreciated on a group basis are credited to the depreciation reserve. When facilities depreciated on an individual basis are sold, the difference between the selling price and the remaining undepreciated value is reflected in income.

5. Property, Plant and Equipment

(In millions) December 31	1982	1981
Steel	$ 9,942	$ 9,847
Oil and Gas	7,561	—
Chemicals	731	731
Resource Development	1,773	1,825
Fabricating and Engineering	319	294
Manufacturing and Other	729	741
Domestic Transportation & Utility Subsidiaries	1,113	1,074
Corporate (adjustments and eliminations)	(35)	(53)
Total (at cost)	22,133	14,459
Less accumulated depreciation, depletion and amortization	8,359	7,783
Net	$13,774	$ 6,676

Property, plant and equipment includes gross assets acquired under capital leases of $97 million and $94 million at December 31, 1982 and 1981, respectively; related amounts included in accumulated depreciation, depletion and amortization were $46 million and $41 million at December 31, 1982 and 1981, respectively.

INVESTMENTS

Although there is a presumption that consolidated financial statements are usually necessary for a fair presentation when one company has a controlling interest in another company, there are instances when consolidation of a subsidiary is not appropriate. *APB Opinion No. 18* stipulates that the equity method should be used to account for investments in subsidiaries, corporate joint ventures, and minority owned companies when an investor has "the ability to exercise significant influence over operating and financial policies of an investee even though the investor holds 50% or less of the voting stock." *Opinion No. 18* considers an investor to have the ability to exercise significant influence when it owns 20% or more of the voting stock of an investee. *Opinion No. 18* also sets forth procedures to be followed and disclosures to be made by an investor in applying the equity method.

FASB Interpretation No. 35 was issued in May 1981 to clarify the criteria for applying the equity method of accounting to minority owned companies. The provisions of *FASB Interpretation No. 35* are effective for fiscal years beginning after June 15, 1981.

In addition to investments accounted for by the equity method many of the survey companies used the term *Investments* to describe holdings of marketable equity securities, bonds, or property not held for productive purposes. As mentioned in the Section on "Marketable Securities in Current Assets," FASB *Statement of Financial Accounting Standards No. 12* stipulates that marketable equity securities, whether presented as a current or noncurrent asset, should be carried at lower of aggregate cost or market value.

Examples of investment presentations and disclosures follow.

TABLE 2-15: INVESTMENTS—VALUATION BASES

	Number of Companies			
	1982	1981	1980	1979
Equity	340	332	335	332
Cost	123	100	106	116
Cost less allowances for decline in value	12	17	14	13
Lower of cost or market	30	27	20	20

Equity Method

DOW JONES & COMPANY, INC.

Consolidated Balance Sheets

December 31, 1982 and 1981

	1982	1981
Total current assets	$166,906	$150,246
Investments in Associated Companies, at equity (Note 4)	126,019	126,274

Consolidated Statements of Income

For the years ended December 31, 1982, 1981 and 1980

(in thousands except per share amounts)	1982	1981	1980
Other Income (Deductions):			
Investment income	$5,970	$10,958	$7,900
Interest expense	(6,282)	(1,884)	(1,514)
Equity in earnings of associated companies (Note 4)	5,549	6,575	2,724
Gain on disposition of investments	4,239	—	3,812
Write-down of excess of cost over net assets of businesses acquired	(1,800)	(9,400)	—
Other, net	(563)	185	1,580

Note 4. Investments in Associated Companies

Investments comprise ownership interests which are accounted for by the equity method.

In November and December 1981, the company invested $78,675,000 for a 24.5% interest in Continental Cablevision, Inc., the country's 10th largest cable TV operator. At December 31, 1981, $20,495,000 of the purchase price was payable to former stockholders and was included in the Balance Sheet caption "Other Payables." The company's interest was increased to 24.7% as a result of a capital change by Continental Cablevision in 1982.

In August and September 1981, the company invested $8,581,000 for a 20.1% interest in Press-Enterprise Company of Riverside, California. The company publishes the morning Enterprise, the evening Press and the Sunday Press-Enterprise.

During the three years ended December 31, 1982 the company has invested an additional $12,885,000 in Bear Island Paper Company in which the company has a 33.3% interest.

In November 1980 the company sold its interest in 25% of the outstanding stock of Extel Corporation and in February 1982 sold the remaining 10% for gains, net of income taxes, of $2,000,000 and $713,000, respectively.

The operating results of the principal associated companies accounted for by the equity method have been included in the accompanying consolidated financial statements on the following basis:

	% of Ownership	Twelve Months Ended
Bear Island Paper Company	33.3	December 31, 1982 and 7 months ended December 31, 1981
	30	5 months ended May 31, 1981 December 31, 1980
Continental Cablevision, Inc.	24.7	9 months ended September 30, 1982
Extel Corporation	35	11 months ended October 31, 1980
F.F. Soucy Inc. and Partners	40	December 31

The excess cost of the investments over the applicable net assets is approximately $65 million, net of amortization, which is reflected in the investment account.

Market quotations are not available for any of the aforementioned investments.

Summarized financial information pertaining to major equity investments was as follows:

Continental Cablevision, Inc.
(unaudited) for the years ended September 30:

(in thousands)	1982	1981	1980
Income Statements:			
Revenues	$ 98,680	$ 65,685	$ 43,195
Operating income before depreciation and amortization	37,405	27,392	19,553
Net income	11,067	3,784	4,655
Balance Sheets:			
Property, plant and equipment, net of accumulated depreciation	$186,996	$120,394	
Other assets	49 484	36,818	
	236,480	157,212	
Less:			
Debt	129,389	114,154	
Other liabilities	27,050	22,367	
Shareholders' equity	$ 80,041	$ 20,691	

F.F. Soucy Inc. and Partners (Soucy) and Bear Island Paper Company (Bear Island), operators of newsprint mills, for the years ended December 31:

(in thousands)	1982	1981	1980
Soucy Income Statements:			
Net sales	$ 45,453	$ 50,154	$ 45,381
Operating income	15,289	19,140	17,059
Net income	12,056	15,336	14,277
Bear Island Income Statements:			
Net sales	$ 68,382	$ 63,540	$ 41,672
Operating income (loss)	6,662	5,133	(7,052)
Net (loss)	(1,864)	(3,748)	(15,527)
Combined Balance Sheets:			
Current assets, principally cash, accounts receivable and inventories	$ 36,211	$ 28,829	
Property, plant and equipment, net of accumulated depreciation	167,997	174,042	
	204,208	202,871	
Less:			
Current liabilities, principally notes and accounts payable and accrued expenses	28,309	19,252	
Long-term debt	78,985	88,547	
Partners' equity and loan capital	$ 96,914	$ 95,072	

INTERNATIONAL MULTIFOODS CORPORATION

Consolidated Balance Sheets

February 28, 1982 and 1981 (dollars in thousands)	1982	1981
Other assets:		
Intangibles, less accumulated amortization, $3,126 in 1982; $2,841 in 1981	$16,812	$17,387
Investments in affiliated companies (page 21)	11,329	12,835
Miscellaneous receivables and other assets	19,549	14,305
Total other assets	$47,690	$44,527

Consolidated Statements of Earnings

Three years ended February 28, 1982 (dollars in thousands except amounts per share)	1982	1981	1980
Costs and expenses, net:			
Cost of sales	$ 952,004	$ 910,881	$849,315
Selling, general and administrative expenses	138,206	122,211	109,539
Interest expense	16,580	17,123	14,383
Other income, net (page 17)	(10,286)	(6,166)	(3,885)
Total	$1,096,504	$1,044,049	$969,352

Other income (expense) is as follows (in thousands):

	1982	1981	1980
Interest income	$ 4,443	$2,824	$2,228
Equity in earnings of unconsolidated affiliates	4,523	2,162	1,657
Foreign exchange	299	1,295	(139)
Gain on property disposals, net	1,241	51	583
Other	(220)	(166)	(444)
Total	$10,286	$6,166	$3,885

Investments in 20-50 percent owned unconsolidated affiliates at February 28, 1982, which are accounted for by the equity method, consist of:

Mexicana de Inversiones Femac, SA. de C.V. (Mexico)	45%
Misr Food Company (Egypt)	25%
Kinsman Lines, Inc. (U.S.)	25%

Summarized financial information for the unconsolidated affiliates as at February 28, 1982 and 1981 and for the three years ended February 28, 1982 is as follows (in thousands):

	1982	1981	1980
Current assets	$ 29,505	$27,592	
Noncurrent assets	6,894	8,504	
Current liabilities	(11,362)	(11,805)	
Noncurrent liabilities	(3,917)	(989)	
Net assets	$ 21,120	$23,302	
Net sales	$145,680	$90,333	$84,841
Cost of sales	115,031	73,423	70,290
Net earnings	13,110	4,804	3,682
Multifoods' equity in net earnings	$ 4,523*	$ 2,162	$ 1,657
Multifoods' equity in undistributed earnings	$ 7,761	$ 8,205	$ 6,043
Dividends received by Multifoods	$ 452	—	—
Intangibles included in Multifoods' consolidated assets	$ 931	$ 1,372	—

*Includes provision for loss on disposal of joint venture in Brazil.

EXXON CORPORATION

Consolidated Balance Sheet

(Millions of Dollars)

	Dec 31, 1981	Dec 31, 1982
Total current assets	$23,242	$19,792
Investments and advances	1,643	1,714
Property, plant and equipment, at cost, less accumulated depreciation and depletion of $17,519 and $19,127.	35,285	38,983
Other assets, including intangibles	1,404	1,799
Total assets	$61,574	$62,288

Consolidated Statement of Income and Earnings Reinvested

(Millions of Dollars)

Revenue	1980	1981	1982
Sales and other operating revenue, including excise taxes	$108,412	$113,220	$102,059
Earnings from equity interests and other revenue	1,778	1,702	1,499
	$110,190	$114,922	$103,558

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Principles of consolidation The consolidated financial statements include the accounts of those significant subsidiaries owned directly or indirectly more than 50 percent.

Amounts representing the corporation's percentage interest in the underlying net assets of less than majority-owned companies in which a significant equity ownership interest is held are included in "Investments and advances." The corporation's share of the net income of these companies is included in the consolidated statement of income caption "Earnings from equity interests and other revenue."

Investments in all other less than majority-owned companies, none of which is significant, are included in "Investments and advances" at cost or less. Dividends from these companies are included in income as received.

3. Equity Company Information

The summarized financial information below includes those less than majority-owned companies, except Aramco, for which Exxon's share of net income is included in consolidated net income (see Note 1, page 25). Exxon's earnings from these companies consist in large part of earnings from natural gas production and distribution companies in the Netherlands and West Germany.

These data exclude Aramco, in which the government of Saudi Arabia acquired during 1980 the beneficial interest in substantially all of the assets and operations. Aramco continues to have access to a significant volume of Saudi Arabian crude oil. Exxon's share of earnings of Aramco, after application of adjustments related to crude oil purchased, totaled $205 million, $244 million and $62 million in 1980, 1981 and 1982, respectively.

	1980		1981		1982	
	Total	Exxon share	Total	Exxon share	Total	Exxon share
	(millions of dollars)					
Total revenues, of which 16%, 15% and 15% in 1980, 1981 and 1982, respectively, were from companies included in the Exxon consolidation	$20,574	$6,395	$24,166	$7,416	$21,999	$6,816
Earnings before income taxes	$ 3,647	$1,634	$ 4,145	$1,825	$ 3,694	$1,660
Less: Related income taxes	(1,706)	(765)	(1,986)	(864)	(1,740)	(777)
Earnings	1,941	869	2,159	961	1,954	883
Less: Interest expense	(408)	(131)	(761)	(238)	(510)	(169)
Related income taxes on interest expense	333	109	367	113	227	74
Net income	$ 1,866	$ 847	$ 1,765	$ 836	$ 1,671	$ 788
Current assets	$ 7,489	$2,561	$ 8,220	$2,752	$ 7,401	$2,476
Property, plant and equipment, less accumulated depreciation	6,111	2,267	5,830	2,213	5,907	2,327
Other long-term assets	424	165	512	209	610	261
Total assets	14,024	4,993	14,562	5,174	13,918	5,064
Short-term debt	3,060	1,001	2,921	951	2,968	964
Other current liabilities	4,735	1,789	5,387	1,983	4,675	1,739
Long-term debt	2,623	844	2,509	807	2,387	832
Other long-term liabilities	807	314	999	409	999	417
Net assets	$ 2,799	$1,045	$ 2,746	$1,024	$ 2,889	$1,112

LEE ENTERPRISES, INCORPORATED

Consolidated Balance Sheets

	September 30, 1982	1981	1980
Total current assets	$45,201,000	$36,643,000	$26,814,000
Investments, associated companies (Note 2)	$18,128,000	$18,429,000	$16,638,000

Consolidated Statements of Income

	1982	Years Ended September 30, 1981	1980
Operating Revenue:			
Newspaper advertising	$ 76,923,000	$ 75,066,000	$ 67,785,000
Newspaper circulation	26,944,000	24,809,000	21,827,000
Broadcasting	43,205,000	39,124,000	35,512,000
Associated companies (Note 2):			
Editorial service and management fees	6,394,000	6,004,000	5,172,000
Equity in net income	3,074,000	4,217,000	2,945,000
Other	4,040,000	3,841,000	3,717,000
	$160,580,000	$153,061,000	$136,958,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Investments in Associated Companies:

Investments in the common stock of associated companies are reported at cost plus the Company's share of undistributed earnings since acquisition, less amortization of goodwill.

Note 2. Investments in Associated Companies

The Company has an effective 50% ownership interest in NAPP Systems (USA) Inc., a manufacturer of specialized graphic products, and three newspaper publishing companies operating at Lincoln, Nebraska (Journal-Star Printing Co.), Madison, Wisconsin (Madison Newspapers, Inc.) and Bismarck, North Dakota (Bismarck Tribune Company).

Summarized financial information of these companies is as follows:

Combined Associates	1982	1981	1980
Assets			
Current assets	$ 31,826,000	$ 27,604,000	$31,768,000
Investments and other assets	2,980,000	2,782,000	1,605,000
Property and equipment, net	26,222,000	27,924,000	29,585,000
	$ 61,028,000	$ 58,310,000	$62,958,000
Liabilities and Stockholders' Equity			
Current liabilities	$ 24,877,000	$ 20,789,000	$20,051,000
Long-term debt	3,966,000	4,238,000	13,237,000
Deferred items	3,414,000	4,077,000	4,223,000
Stockholders' equity	28,771,000	29,206,000	25,447,000
	$ 61,028,000	$ 58,310,000	$62,958,000
Revenue	$105,316,000	$110,835,000	$99,524,000
Operating income	11,547,000	17,432,000	10,930,000
Net income	6,319,000	8,620,000	6,093,000
Certain information relating to Company investments in these associated companies is as follows:			
Share of:			
Stockholders' equity	$ 14,511,000	$ 14,703,000	$12,805,000
Undistributed earnings	11,316,000	11,617,000	9,826,000
Net income	3,074,000	4,217,000	2,945,000

LEGGETT & PLATT, INCORPORATED

Consolidated Balance Sheets

(Dollar amounts in thousands)	December 31 1982	1981
Other Assets		
Investment in and advances to associated companies	$ 7,259	$6,538
Excess of cost of purchased companies over net assets acquired, less accumulated amortization of $636 in 1982 and $532 in 1981	2,166	1,893
Restricted funds—bonds proceeds	1,324	36
Sundry	5,112	725
	$15,861	$9,192

Consolidated Statements of Earnings

(Dollar amounts in thousands, except per share data)	Year Ended December 31 1982	1981	1980
Earnings from majority-owned operations	$ 8,573	$11,280	$7,683
Equity in earnings of associated companies, net of income taxes	559	673	712
Net Earnings	$ 9,132	$11,953	$8,395

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Summary of Accounting Policies

Investments in Associated Companies: Investments in associated companies are accounted for by the equity method of accounting. Associated companies include entities in which the Company has at least 20%, but not more than a 50% interest.

B—Investment in Associated Companies

The Company's investment in associated companies at December 31, 1982 consisted of 50% interests in Adcom Wire (a partnership), Globe Spring and Cushion Company, Ltd., LSF Manufacturing Co., and RLP Marketing Co.

Combined financial data for these companies as of December 31, 1982, 1981 and 1980 and for the years then ended, is as follows:

Balance Sheet Data (in thousands)	1982	1981	1980
Current assets	$10,268	$ 9,807	$ 9,404
Property, plant and equipment	11,369	11,925	11,328
Other assets	401	534	653
	22,038	$22,266	$21,385
Liabilities	$11,989	$12,943	$12,800
Equity	10,049	9,323	8,585
	$22,038	$22,266	$21,385

Statement of Earnings Data (in thousands)	1982	1981	1980
Net sales	$44,269	$42,658	$35,937
Operating expenses	(42,423)	(40,136)	(34,272)
Income taxes	(88)	(207)	(203)
Net earnings before tax on partnership earnings	$ 1,758	$ 2,315	$ 1,462

The Company's investment in associated companies and its equity in their net earnings as of December 31, 1982, 1981 and 1980 and for the years then ended, is as follows:

Investment in Associated Companies (in thousands)	1982	1981	1980
Equity	$4,898	$4,516	$4,207
Advances	1,878	1,525	748
Excess of cost over net assets	483	497	511
Investment in and advances to associated companies	$7,259	$6,538	$5,466

Equity in Net Earnings of Associated Companies (in thousands)	1982	1981	1980
Net earnings of associated companies before tax on partnership earnings	$ 881	$ 1,148	$ 757
Income tax on partnership earnings	(322)	(475)	(45)
Net earnings	$ 559	$ 673	$ 712

Distributions received from associated companies were $397,000, $900,000 and $1,700,000 for 1982, 1981 and 1980, respectively.

MILTON ROY COMPANY

Consolidated Balance Sheet

	As of December 31, 1982	1981
Total current assets	$33,407,000	$33,246,000
Investments in joint ventures, at equity	2,851,000	3,040,000

Consolidated Statement of Income

For the year ended December 31,	1982	1981	1980
Income before equity in net income of joint ventures	$3,164,000	$3,350,000	$2,565,000
Equity in net income of joint ventures	588,000	669,000	808,000
Net income	$3,752,000	$4,019,000	$3,373,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6—Investments in Joint Ventures, at Equity:

The Company's interests in joint ventures in each of the three years ended December 31, 1982 were as follows:

	December 31, 1982	1981	1980
Dosapro-Milton Roy, S.A.	50%	50%	50%
Ichibishi Company, Ltd.	50%	50%	50%
Applied Science Europe, B.V.	—	50%	50%
DosiSistemas, S.A. de C.V.	49%	—	—

These investments are stated at cost of acquisition plus the Company's equity in the undistributed net income since acquisition, adjusted for deferred foreign currency translation losses of $1,419,000. A summary of the combined financial position and results of operations of joint venture companies follows:

Summary Financial Position

	(Thousands) December 31, 1982	1981
Current assets	$14,022	$15,561
Property, plant and equipment	1,347	1,767
Goodwill	356	450
Other assets	185	204
Total assets	15,910	17,982
Current liabilities	7,961	9,697
Other liabilities	272	438
Long term debt	1,975	1,766
Total liabilities	10,208	11,901
Net assets	$ 5,702	$ 6,081
Company's equity in net assets	$ 2,851	$ 3,040

Summary Statement of Income

	(Thousands) For the year ended December 31, 1982	1981	1980
Net revenues	$24,721	$26,418	$25,506
Costs and expenses	22,661	24,042	23,121
Provision for income taxes	885	1,038	769
Net income	$ 1,175	$ 1,338	$ 1,616
Company's equity in net income	$ 588	$ 669	$ 808
Company's portion of dividends declared and paid	$ 187	$ 35	$ 32

The Company engages in various transactions with its joint venture companies. Agreements with these companies generally provide for a price structure projected to result in a reasonable return to the respective parties. Transactions with the companies that are accounted for on the equity method for each of the three years ended December 31, 1982 were insignificant.

STAUFFER CHEMICAL COMPANY

Consolidated Balance Sheet

December 31	1982	1981
	(Dollars in thousands)	
Investments and Other Assets		
Investments and Advances—Associated Companies	$ 41,846	$ 49,985
Intangibles Arising from Business Acquisitions	18,923	20,084
Other Assets	90,574	69,709
Total Investments and Other Assets	$151,343	$139,778

Statement of Consolidated Earnings

Year ended December 31	1982	1981	1980
	(Dollars in thousands except per-share amounts)		
Earnings from Consolidated Operations	$133,543	$162,372	$146,061
Minority Interest	13,103	21,960	23,116
Equity in Earnings of Associated Companies	3,107	9,512	13,256
Net Earnings	$123,547	$149,924	$136,201

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION—The consolidated financial statements include those of the Company and its subsidiaries. Investments in associated companies (20 to 50 percent owned) are stated at cost plus equity in undistributed earnings since acquisition. All significant intercompany transactions and balances have been eliminated.

NOTES TO FINANCIAL STATEMENTS

Associated Companies

Operations of associated companies (20 to 50 percent owned) are summarized as follows:

	1982	1981	1980
	(Dollars in thousands)		
Net sales	$175,101	$231,170	$228,387
Net earnings	7,280	16,363	26,191
Assets	162,358	191,592	181,668
Liabilities	71,772	85,875	80,367
Total Equity	$ 90,586	$105,717	$101,301
Stauffer share:			
Net earnings	$ 3,107	$ 9,512	$ 13,256
Dividends	4,916	5,067	7,674
Undistributed earnings	33,617	36,756	33,743
Equity, including advances	$ 41,846	$ 49,985	$ 46,972
Number of associates	15	14	14

Cost Method

ANCHOR HOCKING CORPORATION (DEC)

	1982	1981
Investments and other assets	$22,556,000	$4,304,000
Excess of cost over net assets of businesses acquired, less accumulated amortization	1,639,000	1,822,000

NOTES TO FINANCIAL STATEMENTS

Note 3—Investment

Effective December 29, 1982, the company acquired 750,000 shares of newly-issued Towle Manufacturing Company common stock. Prior to this transaction, the company had purchased 50,700 common shares of Towle on the open market. Towle, located in Boston, Massachusetts, is engaged in the manufacture and sale of giftware products, primarily sterling silver flatware and holloware, silverplated holloware, pewter holloware cutlery and other related consumer products. The $18,166,000 investment, representing 16.6% of the outstanding common shares and 14.3% of the outstanding voting shares of Towle, is accounted for under the cost method. The market value of the shares at December 31, 1982 was $21,519,000.

ARCHER DANIELS MIDLAND COMPANY (JUN)

	1982	1981
	(In thousands)	
Investments and Other Assets		
Investment in ADM Leasco, Inc.	$ 11,964	$ 11,692
Investments in and advances to 50%-owned companies	12,109	10,445
Long-term marketable securities	275,590	178,643
Other assets	29,220	22,160
	$328,883	$222,940

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Marketable Securities

Marketable securities are carried at cost which approximates market and consist of the following:

	1982	1981
	(In thousands)	
Current:		
Certificates of deposit	$ 45,115	$ 57,047
United States Government obligations	56,848	117,962
Other	29,701	4,969
	$131,664	$179,978
Long-term:		
Proceeds of Industrial Revenue Bonds designated for acquisition of property, plant and equipment invested in certificates of deposit and U.S. Government obligations	$ 9,262	$ 24,959
United States Government obligations, principally representing proceeds of debt offerings designated for acquisition of non-current assets	266,328	153,684
	$275,590	$178,643

The Company has invested in U.S. Government obligations and entered into financial futures contracts as an economic hedge against certain of its long-term debt obligations pending the permanent commitment of the funds to other corporate purposes. Interest rate fluctuations cause the value of these investments to increase and decrease.

Generally accepted accounting principles relating to securities and futures contracts require recognition of losses, but do not permit the recognition of unrealized gains. Such losses and gains are theoretically offset by unrealized economic gains or losses relating to the debt, which carries interest rates prevailing at the time of issue. These offsetting unrealized economic gains and losses related to the debt cannot be recognized in historical cost financial statements. Realized pretax losses of $12,600,000 on financial futures contracts in fiscal 1982 are included in other expense in the consolidated statement of earnings.

GENERAL ELECTRIC COMPANY (DEC)

	1982	1981
	(In millions)	
Current assets	$10,356	$10,804
Property, plant and equipment—net	7,308	6,844
Investments (note 12)	2,287	1,907
Other assets	1,664	1,387
Total assets	$21,615	$20,942

Note 12 (in part): Investments

December 31 (In millions)	1982	1981
Nonconsolidated finance affiliates	$1,290	$1,082
Associated companies	411	345
Miscellaneous investments (at cost):		
Government and government-guaranteed securities	292	186
Other	146	104
	438	290
Marketable equity securities	175	43
Nonconsolidated uranium mining affiliate	—	168
Less allowance for losses	(27)	(21)
	$2,287	$1,907

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Other miscellaneous investments at December 31, 1982, include 20% of the common stock of the former nonconsolidated uranium mining affiliate. In March 1982, 80% of the common stock of that affiliate was sold for approximately book value, and the remainder is contracted to be sold within five years. The estimated realizable value of miscellaneous investments was approximately the same as cost at December 31, 1982 and 1981.

Marketable equity securities are carried at cost. Aggregate market value of marketable equity securities was $430 million and $365 million at year-end 1982 and 1981, respectively. At December 31, 1982, gross unrealized gains on marketable equity securities were $280 million and gross unrealized losses were $25 million.

Investments in nonconsolidated affiliates and associated companies included advances of $102 million at December 31, 1982 ($72 million at December 31, 1981).

ROWE FURNITURE CORPORATION (NOV)

	1982	1981
	($000)	
Other Assets		
Cash value of life insurance net of loans of $1,628 in 1982 and $1,454 in 1981	$ 117	$ 87
United States Treasury issues	1,600	1,890
Investment property (net of accumulated depreciation of $515 in 1982 and $470 in 1981)	1,330	1,375
Other	1,235	1,184
	$4,282	$4,536

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

United States Treasury issues are stated at cost which approximates market.

SQUIBB CORPORATION (DEC)

	1982	1981 ($000)	1980
Total current assets	$1,025,459	$1,059,486	$ 900,952
Net Assets of Businesses Sold	—	—	155,303
Investments and Long-Term Receivables	316,012	344,295	216,729
Property, Plant and Equipment (net)	511,821	479,720	479,591
Other Assets	76,420	66,859	64,476
	$1,929,712	$1,950,360	$1,817,051

NOTES TO FINANCIAL STATEMENTS

Investments and Long-Term Receivables

	1982	1981	1980
	(Amounts in thousands)		
Time deposits	$ 3,140	$ 6,800	$ 32,402
Marketable notes and bonds, at cost ($100,000, $89,000 and $93,000, at market)	127,734	125,542	119,334
Investments by trustees, at cost (approximates market)	11,412	13,011	21,297
Other investments, principally at cost	32,915	33,263	12,868
Long-term receivables	140,811	165,679	30,828
	$316,012	$344,295	$216,729

Long-term receivables include interest bearing notes in the principal amounts of $130,000,000 in 1982 and $155,000,000 in 1981 received in connection with the sale of Life Savers, Inc. These notes are due in annual installments of $25,000,000, with a final payment of $30,000,000 in 1988.

Investments by trustees represents the proceeds remaining from issuance of the Corporation's 6⅜% and 6½% notes, which can only be used to finance the construction of a pharmaceutical products manufacturing facility in Puerto Rico or to repay the obligations under these notes.

Undistributed earnings of 50% or less owned investments included in retained earnings amounted to $2,000,000 at December 31, 1982.

VF CORPORATION (DEC)

	1982	1981
Investments and Other Assets		
Investments in unconsolidated foreign affiliates	$4,898,000	$3,488,000
Other investments, receivables and deferred charges	1,266,000	1,404,000
	$6,164,000	$4,892,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D (in part): Foreign Subsidiaries and Affiliates

The Company has unconsolidated affiliates operating in Africa, Asia, Australia, Spain and South America. Because the Company does not, in the opinion of management, exercise control or significant influence over operating and financial policies of these companies and undistributed earnings of certain foreign countries are subject to exchange controls and restrictions, investments in these affiliates are carried at cost. Accordingly, the Company has only included in earnings the dividends received from these companies of $2,583,000 in 1982, $2,205,000 in 1981 and $2,592,000 in 1980.

Summaried financial information for 1982, 1981 and 1980 of these consolidated affiliates is as follows:

	1982	1981	1980
	(Thousands of Dollars)		
Total net sales	$111,726	$114,519	$107,360
Total net earnings	7,014	11,097	11,837
Equity in net earnings (before U.S. income taxes)	3,515	5,571	5,935
Excess of equity in net assets over investment cost and notes receivable	15,066	17,949	17,215

Cost Less Recovered Costs

FRIEDMAN INDUSTRIES, INCORPORATED (MAR)

	1982	1981
Total Current Assets	$30,051,349	$26,627,842
Investment in Recycling Plant, less recovered costs ($3,893,440 in 1982; $3,114,958 in 1981) — Notes G and I	815,359	990,834

Note G—Investment in Recycling Plant

On March 15, 1976, the Company entered into an agreement (the "Agreement") with Lone Star Steel Company ("Lone Star") to construct, maintain and operate a ferrous scrap recycling plant (the "Plant") for the compression of scrap. Acquisition of equipment for the Plant and construction of the facility along with major improvements during the year ended March 31, 1982 required expenditures of approximately $4,700,000. The investment is carried at cost less costs recovered from Lone Star under the terms of the Agreement, which also provided Lone Star the option to purchase the Plant during the period covered by the Agreement at the Company's then net unrecovered cost. See Note I.

Note I—Subsequent Event

On May 1, 1982 Lone Star Steel Company ("Lone Star") exercised its option to purchase the ferrous scrap recycling plant referred to in Note G. Consistent with the terms of the agreement Lone Star has agreed to pay the Company for the net unrecovered cost of the facility at May 1, 1982.

The Company's management feels that the sale of the facility will not materially affect future net earnings since its operations have been only marginally profitable.

For the years ended March 31, 1982, 1981 and 1980 the facility accounted for approximately 16%, 15% and 15%, respectively of total net sales and approximately 0.6%, 2.4% and 5.5%, respectively of total operating profit.

Lower of Aggregate Cost or Market Value

AMPCO-PITTSBURGH CORPORATION (DEC)

	1982	1981
Total current assets	$147,053,871	$177,378,348
Investment in Greenville Leasing Company	14,153,543	15,410,991
Investment in Vulcan, Inc.	5,205,981	4,061,192

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5—Investment in Vulcan, Inc.:

Common stock of Vulcan, Inc. is held for long-term investment and is recorded at the lower of cost or market. A valuation allowance representing the excess of cost over market, after income tax effects, is reflected in shareholders' equity at December 31, 1982 in the amount of $1,522,000. A summary of this investment is as follows:

	December 31, 1982	1981
Number of shares	411,060	269,700
Investment at cost	$6,727,981	$4,061,192
Investment at market	3,905,981	4,854,600
Estimated tax recovery from decline in market value	1,300,000	—
Investment at carrying value, lower of cost or market after estimated tax recovery	5,205,981	4,061,192

The Corporation can offset any future realized capital losses against previously realized capital gains until December 31, 1984.

CBI INDUSTRIES, INC. (DEC)

	1982	1981
	(Thousands of dollars)	
Other assets:		
Investments (Note 3)	$ 17,511	$ 34,271
Real estate properties	20,632	13,040
Equity in unconsolidated affiliates	45,148	40,972
Notes receivable	39,764	22,329
Other assets	94,426	61,756
Total other assets	$217,481	$172,368

Note 3. Investments ($000)

Temporary cash investments consist of interest bearing securities and accounts which mature within one year and adjustable rate preferred stocks. These investments are shown in the balance sheet at cost, which approximates market value. Net realized gain from the sale of adjustable rate preferred stocks was $1,650 in 1982 and is reported in other income (expense).

Investments classified in other assets consist of government securities and corporate bonds which mature after one year, real estate mortgages and marketable equity securities. These items, held for long-term investment purposes to meet future needs of the business, as shown in the balance sheet, are:

	December 31, 1982	1981
Government securities and corporate bonds	$ 5	$ 2,053
Real estate mortgages, net of unamortized discount of $244 in 1982 and $275 in 1981	6,564	6,893
Marketable equity securities	10,942	25,325
	$17,511	$34,271

Investments in government securities and corporate bonds are shown in the balance sheet at cost, which approximates market value.

Real estate mortgages are shown in the balance sheet at unpaid principal balance less unamortized discount.

Marketable equity securities are shown in the balance sheet at cost. Market value is:

	December 31, 1982	1981
Aggregate cost	$10,942	$25,325
Gross unrealized gain	4,135	5,214
Gross unrealized loss	(2,163)	(3,699)
Market value	$12,914	$26,840

Net realized gains (losses) from the sale of marketable equity securities of ($7,177) in 1982, $24,853 in 1981 and $35,489 in 1980 are reported in other income (expense). The first-in, first-out method is used to determine the cost of each security at the time of sale.

INTERCO INCORPORATED (FEB)

	1982	1981
	($000)	
Total current assets	$1,043,608	$983,585
Marketable investment securities	14,432	14,298

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share data)

1 (in part): Significant Accounting Policies

Marketable Investment Securities—Marketable investment securities consist of bonds and preferred stocks held for long-term investment. Dividend and interest income are accrued as earned. The cost of marketable investment securities sold is determined on the specific identification method.

Marketable equity securities (preferred stocks) are carried at the lower of cost or market. A valuation allowance, representing the excess of cost over market of these equity securities, is included in stockholders' equity. Other marketable investment securities (bonds) are carried at cost as there is no indication of a permanent impairment in value in any portion of the portfolio and there is no intention to liquidate the securities portfolio at less than cost.

5. Marketable Investment Securities

Marketable investment securities consist of the following:

	1982	1981
Marketable equity securities, at cost	$ 3,586	$ 3,586
Less valuation allowance	247	754
Marketable equity securities, at market	3,339	2,832
Bonds, at cost	11,093	11,466
	$14,432	$14,298

The portfolio of marketable equity securities includes gross unrealized gains of $525 and unrealized losses of $772 at February 28, 1982. Net realized losses on the sale of securities, after applicable taxes, included in the determination of net earnings amounted to $393 and $90 for fiscal 1981 and 1980, respectively. There were no realized gains or losses in fiscal 1982.

MOTT'S SUPER MARKETS, INC. (DEC)

	1982	1981
Investments (Note 4)		
Marketable Securities	$ 10,350	$ 10,212
Wakefern Food Corporation	3,981,118	2,477,317
	$3,991,468	$2,487,529

Note 4. Investments

Marketable Securities

In accordance with FASB Statement No. 12 issued in December 1975, marketable securities are stated at the lower of aggregate cost or market value. Specific cost was used in computing realized gain or loss. A summary of cost, market value, gains and losses follows:

	January 1, 1983	January 2, 1982	January 3, 1981
Aggregate Cost	$10,350	$ 10,212	$ 26,695
Aggregate Market Value	6,538	5,725	166,364
Gross Unrealized Gains	—	—	144,131
Gross Unrealized Losses	3,812	4,487	4,462
Net Realized Gain or Loss Included in Net Income	—	143,208	515,919
Change in Valuation, Allowances Included in Equity Section	—	—	—
Amount of Above Change Included in Net Income	—	—	—

Wakefern Food Corporation

Investment in Wakefern Food Corporation, ("Wakefern"), a cooperative buying organization, is stated at cost. There is no material equity appreciation or depreciation in the company's investment. "Wakefern" holds the stock certificates as collateral for any amounts due them by the company. In 1982 the company subscribed for $1,550,000 in additional "Wakefern" Capital Stock payable over seven and one-half years. (Note 5) The cost of investment in a new off-shore insurance company formed by "Wakefern" is included.

NONCURRENT RECEIVABLES

Chapter 3, Section A of *ARB No. 43* states that the concept of current assets excludes "receivables arising from unusual transactions (such as the sale of capital assets, or loans or advances to affiliates, officers, or employees) which are not expected to be collected within twelve months." *APB Opinion No. 21* requires the imputation of a realistic interest rate to most long-term receivables not bearing interest or bearing an interest rate lower than the prevailing rate. Exceptions to the aforementioned requirement are listed in paragraph 3 of *Opinion No. 21.* Table 2-16 summarizes the balance sheet captions used to describe noncurrent receivables. Examples of noncurrent receivables follow.

TABLE 2-16: NONCURRENT RECEIVABLES

	1982	1981	1980	1979
Caption Title				
Long-Term Receivables	33	33	36	43
Notes Receivable	30	38	35	33
Notes and accounts receivable combined	15	15	14	14
Accounts Receivable	9	12	10	7
Other	35	31	34	33
Receivables combined with other investments, deposits, etc.	76	58	67	71
Total Presentations	**198**	**187**	**196**	**201**
Number of Companies				
Presenting noncurrent receivables	193	180	185	189
Not presenting noncurrent receivables	407	420	415	411
Total Companies	**600**	**600**	**600**	**600**

DOYLE DANE BERNBACH INTERNATIONAL INC. (DEC)

	1981	1982
	(In thousands of dollars)	
Other Assets:		
Related party receivable (Note D)	$ —	$ 589
Other assets and deferred charges	5,577	7,216
	$5,577	$7,805

Note D—Related Party Receivable

During 1982, the Registrant made a loan to one of its officers. The loan is evidenced by a note which bears interest at the rate of 6% per annum, payable quarterly, with the principal due at the earlier of 10 years from the date of the loan or the 30th day after which he shall no longer be in the employ of the Registrant.

ERB LUMBER CO. (DEC)

	1982	1981
Investments and Other Assets		
Cash—Restricted	$ —	$ 398,224
Land held for future development	1,821,804	2,067,225
Notes and land contracts receivable—Net of current portion of $288,836 and $2,142,919 in 1982 and 1981, respectively, included in other receivables (Note 5)	750,378	754,560
Investment in corporate joint ventures—At cost, plus equity in net income	2,609,402	2,570,020
Miscellaneous	1,355,579	1,017,814
Total Investments and Other Assets	$6,537,163	$6,807,843

Note 5—Notes and Land Contracts Receivable

The principal amounts due for the next five years are as follows: 1983—$289,000; 1984—$196,000; 1985—$56,000; 1986—$196,000; 1987—$118,000.

INSILCO CORPORATION (DEC)

	1982	1981
	(In Thousands of Dollars)	
Total current assets	$335,155	$314,306
Investment in Unconsolidated Finance Subsidiary	65,675	54,860
Receivables from Sale of Subsidiaries	13,065	10,740

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4—Receivables From Sale of Subsidiaries

Receivables from sale of subsidiaries of $13,065,000 at December 31, 1982 ($10,740,000 in 1981) comprise long-term notes and related receivables arising from divestitures of subsidiaries. The receivables mature in varying amounts through 1998, and bear interest at effective rates ranging from 5% to 16½%.

JEWEL COMPANIES, INC. (JAN)

	1983	1982
	(In thousands)	
Notes Receivable from Exercise of Stock Options	$ 8,185	$ 9,321
Excess of Cost over Net Assets Acquired	18,431	18,942
Other Assets	19,429	21,013

NOTES TO FINANCIAL STATEMENTS

Capital Stock (in part)

The following summary shows the changes in stock options:

	1982	1981
Options outstanding, beginning of year	587,783	765,550
Granted	168,000	109,000
Exercised	(161,973)	(286,767)
Expired	(7,000)	—
Options outstanding, end of year	586,810	587,783
	Jan. 29, 1983	Jan. 30, 1982
Options exercisable	418,810	478,783
Shares available for grant	355,479	116,479

Outstanding options were granted at prices ranging from $18.125 to $49.75 per share, the fair market value on the date of grant. Stock options become exercisable one year from the date of grant and expire in ten years. Under the stock option plan, the Company may make loans to officers and key employees for the purpose of financing the exercise of stock options. The minimum interest rate on these loans for calendar year 1983 will be 6.54%, which is equal to the ratio of dividends paid to the average market price for the Company's common stock during the twelve month period ended November 30, 1982.

Under the Company's Automatic Dividend Reinvestment and Stock Purchase Plan for common stock, shareholders of record may purchase additional shares of common stock by reinvesting dividends and making optional cash investments without payment of any brokerage commission or service charge.

SIMKINS INDUSTRIES, INC. (SEP)

	1982	1981
Total current assets	$ 56,318,197	$ 61,817,628
Property, plant and equipment, at cost, less accumulated depreciation; 1982, $24,269,678; 1981, $22,347,456	16,962,284	16,030,127
Marketable securities, 1982 at cost; 1981 at market	10,649,103	5,723,848
Mortgage notes receivable, net allowance of $1,086,444 and $677,698	20,738,631	16,396,946
Other non-current assets	805,319	327,367
Total assets	$105,473,534	$100,295,916

SERVICE CORPORATION INTERNATIONAL (APR)

	1982	1981
	(Thousands)	
Total current assets	$51,788	$30,123
Receivables due after one year, net of allowances	14,574	6,872
Investment in unconsolidated life insurance subsidiary	4,200	2,878
Cemetery property, at cost	41,953	25,594

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Supplementary Balance Sheet Information

Details of certain balance sheet accounts are as follows:

	1982	1981
Receivables and allowances:		
Current:		
Trade accounts	$20,106	$14,223
Installment contracts	4,467	1,944
Other notes and accounts	3,667	897
	28,240	17,064
Less:		
Allowance for contract cancellations and doubtful items	2,237	1,936
Unearned finance charges and valuation discounts	987	284
	3,224	2,220
	$25,016	$14,844
Long-term:		
Installment contracts	$12,276	$ 5,958
Other notes and accounts	4,908	1,783
Amounts due from officers of subsidiary companies	438	466
	17,622	8,207
Less:		
Allowance for contract cancellations and doubtful items	738	482
Unearned finance charges and valuation discounts	2,310	853
	3,048	1,335
	$14,574	$ 6,872

INTANGIBLE ASSETS

APB Opinion No. 17 sets forth requirements as to accounting for intangible assets. *Opinion No. 17* stipulates that all intangible assets acquired after October 31, 1970 or recognized in business combinations initiated after October 31, 1970 be amortized over a period not to exceed 40 years and that "financial statements should disclose the method and period of amortization."

Table 2-17, which summarizes intangible assets by type and by accounting treatment, shows the prevalence of goodwill recognized in a business combination. Table 2-17 excludes certain assets often considered to be intangible which are classified as components of Property, Plant, and Equipment.

Goodwill

ALLEGHENY INTERNATIONAL, INC. (DEC)

	1982	1981
	(In thousands)	
Goodwill, less accumulated amortization of $8,893,000 and $3,734,000	$200,509	$166,047
Other assets	30,830	49,935

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) (in part): Summary of Significant Accounting Policies

Goodwill

The excess of the cost over the fair value of the net assets of purchased businesses is recorded as goodwill and amortized on a straight-line basis, generally over periods of 40 years. Such excess costs relating to the acquisitions of unconsolidated affiliated companies are included in the investment in such companies and are amortized on a straight-line basis, generally over periods of 30 years.

CONTROL LASER CORPORATION (DEC)

	1982	1981
Other Assets:		
Noncurrent portion of net investment in sales-type leases	$ 806,755	$ 533,831
Cost in excess of net assets acquired (less accumulated amortization of $23,525) (Note 5)	464,564	—
Investment in and advances to affiliate	—	2,156,944
Total Other Assets	$1,271,319	$2,690,775

Note 5 (in part): Acquisition of Affiliate

Effective September 1, 1982, the Company acquired for cash the remaining 55% interest in Control Laser Limited. The acquisition has been accounted for under the purchase method. Accordingly, the operations of Control Laser Limited have been included in the Consolidated Statement of Operations for the year ended December 31, 1982 with the losses from January 1, 1982 to August 31, 1982 attributable to pre-

TABLE 2-17: INTANGIBLE ASSET VALUATION

	Number of Companies			
	1982	1981	1980	1979
Assets Being Amortized				
Goodwill recognized in a business combination	267	277	266	271
Patents, patent rights	50	52	56	55
Trademarks, brand names, copyrights	20	20	22	26
Licenses, franchises, memberships	24	20	21	22
Other—described	13	16	18	10
Intangible assets (not otherwise described)	33	26	24	18
Assets Not Being Amortized				
Goodwill recognized in a business combination	129	135	143	156
Trademarks, brand names, copyrights	8	7	8	8
Other—described	3	2	5	5
Intangible assets (not otherwise described)	6	3	6	3
Other Bases				
Nominal value	4	3	4	7
Basis not determinable	21	18	17	12

vious shareholders being reflected as a separate item. The excess of the purchase price over the fair value of the net assets acquired of $488,089 is being amortized on a straight-line basis over 10 years.

HERSHEY FOODS CORPORATION (DEC)

	1982	1981
	(in thousands of dollars)	
Excess of Cost Over Net Assets of Businesses Acquired (Note 1)	$52,609	$53,911
Investments and Other Assets	20,603	25,675

Note 1 (in part): Summary of Significant Accounting Policies

Excess of Cost over Net Assets of Businesses Acquired

Substantially all of the excess of the acquisition cost over the fair value of the net assets of businesses acquired is being amortized on a straight-line basis over a period of forty years.

MATTEL, INC. (JAN)

	1983	1982
	(In thousands)	
Other Assets		
Cost in excess of net assets of purchased subsidiaries, net	$13,383	$25,151
Sundry	25,344	20,168
	$38,727	$45,319

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Intangibles—Cost in excess of net assets of subsidiaries purchased subsequent to 1970 is amortized on a straight-line basis over lives not exceeding 40 years. Accumulated amortization at January 29, 1983 is $1,448,000. Cost in excess of net assets of subsidiaries purchased before that date ($2,349,000) is not being amortized because, in the opinion of management, there has been no diminution of value.

MELVILLE CORPORATION (DEC)

	1982	1981
Deferred charges and other assets	$11,104,161	$ 3,568,526
Goodwill, net of amortization of $7,329,171 in 1982 and $4,961,511 in 1981	93,109,735	71,786,380

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Depreciation and Amortization: Depreciation and amortization of plant, equipment and leasehold improvements are provided for accounting purposes on a straight-line method over the estimated useful lives of the assets. Amortization of leased property under capital leases is computed on a straight-line basis over the life of the lease. The excess of cost over the net assets of companies acquired (goodwill) is being amortized on a straight-line basis over forty years.

PITNEY BOWES INC. (DEC)

	1982	1981
	(Dollars in thousands)	
Goodwill, net of amortization: 1982, $11,461; 1981, $7,777	$72,486	$76,170
Long-term receivables and other assets	56,393	49,467

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Goodwill. Goodwill represents the excess of cost over the fair value of net tangible assets acquired and is amortized by the straight-line method principally over periods of 20 or 40 years.

SQUARE D COMPANY (DEC)

	1982	1981
	(Dollars in thousands)	
Other Assets	$10,384	$12,569
Excess of Purchase Price Over Net Assets of Businesses Acquired	59,373	39,717

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Summary of Significant Accounting Policies

Businesses Acquired

The excess of purchase price over net assets of businesses acquired is amortized on a straight-line basis over forty years.

Patents

BRUNSWICK CORPORATION (DEC)

	1982	1981
	(dollars in thousands)	
Other assets		
Excess of cost over net assets of businesses acquired	**$50,154**	$ 53,671
Investments	**27,254**	29,656
Patents, trademarks and other	**16,383**	28,179
Other assets	**$93,791**	$111,506

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Intangibles. The costs of patents and trademarks are amortized over their expected useful lives using the straight-line method. The excess of cost over net assets of businesses acquired is being amortized over 40 years using the straight-line method.

CROMPTON & KNOWLES CORPORATION (DEC)

	1982	1981
Intangible assets at cost, less accumulated amortization (note 5)	$11,282,000	$11,283,000
Other assets	945,000	979,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies

Amortization of Intangible Assets

Amortization of identifiable intangible assets is computed on the straight-line method at rates between 6% to 20%.

The cost of acquisitions in excess of tangible and identifiable intangible assets acquired prior to 1971 is not being amortized, as in the opinion of management, no permanent impairment in value has occurred. Such costs arising subsequent to 1970 are being amortized by the straight-line method over periods of from twenty to forty years.

5: Intangible Assets

	1982	1981
Contracts, formulae, trademarks, etc.	$ 2,102,000	$ 5,602,000
Patents and patent rights	538,000	494,000
	2,640,000	6,096,000
Cost of acquisitions in excess of tangible and identifiable intangible assets acquired:		
Prior to 1971	2,412,000	2,412,000
Subsequent to 1970	10,342,000	9,681,000
	12,754,000	12,093,000
	15,394,000	18,189,000
Less accumulated amortization	4,112,000	6,906,000
	$11,282,000	$11,283,000

THE EASTERN COMPANY (DEC)

	1982	1981
Other Assets		
Goodwill	$291,637	$328,745
Patents, licenses and trademarks, less amortization ($412,523 in 1982 and $311,295 in 1981)	487,366	563,523
Sundry	115,282	86,310
	$894,285	$978,578

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Significant Accounting Policies

Intangibles: Patents are amortized on a straight-line basis over the lives of the patents. Licenses and agreements are generally amortized on a straight-line basis over periods of 5 to 17 years.

Goodwill attributable to businesses purchased subsequent to October 31, 1970 is being amortized over a seven-year period. Goodwill purchased prior to November 1, 1970 is considered to have contributing value over an indefinite period and is not being amortized.

ESMARK, INC. (OCT)

	1982	1981
	(In thousands)	
Patents and trademarks	$46,719	$48,968
Deferred income taxes	—	5,457
Excess of cost over net assets of purchased businesses	22,451	8,593

PRINCIPAL ACCOUNTING POLICIES

Intangible assets—Patents and trademarks are being amortized on a straight-line method over their expected useful lives but not in excess of forty years.

The excess of cost over net assets of purchased businesses is being amortized using the straight-line method over forty years.

WEST CHEMICAL PRODUCTS, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Patents, Trademarks, and Formulae: Patents, trademarks and formulae are carried at cost and amortized on the straight-line method over their estimated useful lives.

7 (in part): Deferred Charges and Other Assets

	1982	1981
Patents, trademarks and formulae	$2,302,815	$2,084,107
Accumulated amortization	(1,039,025)	(858,666)
	1,263,790	1,225,441
Insurance deposits	974,000	911,850
Other assets	1,105,449	679,478
	$3,343,239	$2,816,769

In 1982 and 1981, the Company incurred approximately $219,000 and $443,000 respectively, of costs relating to a patent and patent applications. These costs are being amortized over their estimated lives on a straight-line basis over periods ranging from 3 to 6 years.

In 1981 the Company revised the estimated useful lives of certain formulae. The effect of such change in accounting estimate increased Income From Continuing Operations and Net Income by approximately $30,000 and $60,000 (2 cents and 4 cents per share) in 1981.

Brands

PABST BREWING COMPANY (DEC)

	1982	1981
Other Assets:		
Investment in Olympia Brewing Company	$36,778,000	$ —
Properties held for sale	10,938,000	12,120,000
Intangible assets, less accumulated amortization of $2,919,000 and $1,586,000, respectively	15,814,000	14,885,000
Other	1,206,000	—
	$64,736,000	$27,005,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Intangible Assets

Intangible assets resulting from acquisitions are stated at cost less amortization over 15 years from date of acquisition on the straight-line method. Intangibles relate mainly to contingent payments made through July 1982 on sales of an acquired brand.

Franchise Costs

R. R. DONNELLEY & SONS COMPANY (DEC)

	1982	1981
	(Thousands of Dollars)	
Other Assets—		
Investment in acquired tax benefits	$65,437	$31,220
Franchise costs	24,726	—
Other	3,671	9,281
Total Other Assets	$93,834	$40,501

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Depreciation and Amortization: Depreciation of plant and equipment is computed principally on the straight-line basis. Maintenance and repair expenses are charged to expense as incurred and major renewals are capitalized. When properties are retired or disposed of, the costs and related depreciation allowances are eliminated from the property accounts and the resulting profit or loss is recognized in income.

Franchise costs are amortized on a straight-line basis over the remaining period of the cable franchise.

Licenses

HASBRO INDUSTRIES, INC. (DEC)

	1982	1981
	($000)	
Other Assets and Deferred Charges:		
Cash surrender value of officers' life insurance, less loans of $138 in 1982 and $113 in 1981	$ 232	$ 169
Cost in excess of acquired net tangible assets, less accumulated amortization of $176 in 1982 and $249 in 1981	598	1,052
Cost of license agreement, less accumulated amortization of $1,598 in 1982 and $1,298 in 1981	1,402	1,702
Deferred income taxes	1,121	486
Miscellaneous	1,916	1,524
Total Other Assets and Deferred Charges	$5,269	$4,933

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
($000)

(1) (in part): Summary of Significant Accounting Policies

(c) Depreciation and Amortization

Depreciation and amortization of property, plant and equipment are provided over the estimated useful lives of the respective assets using accelerated and straight-line methods.

Tools, dies and molds are amortized over a three year period or their useful lives, whichever is less, using an accelerated depreciation method. Amortization is credited directly against the cost of the assets.

Cost in excess of acquired net tangible assets includes goodwill and television contracts. Goodwill and television contracts are being amortized over forty and thirty-three year periods, respectively, using the straight-line method. In 1982, goodwill amounting to $388, considered to have little or no continuing value, was written off.

The cost of the license agreement is being amortized over a ten year period using the straight-line method.

OTHER NONCURRENT ASSET CAPTIONS

Table 2-18 summarizes the nature of assets (other than property, investments, noncurrent receivables, and intangible assets) classified as noncurrent assets on the balance sheets of the survey companies. Effective for fiscal periods beginning on or after January 1, 1975, FASB *Statement of Financial Accounting Standards No.* 2 stipulates that research and development costs be charged to expense when incurred. *SFAS No.* 2 does not apply to costs of research and development activities conducted for others under a contractual arrangement.

Examples of other noncurrent asset presentations and disclosures, except assets leased to others, follow. Examples of assets leased to others are presented in connection with Table 2-27.

Segregated Funds

ASARCO INCORPORATED (DEC)

	1982	1981
	(dollars in thousands)	
Borrowed Funds Escrowed for Construction	$47,044	$76,702
Other Assets	19,791	20,569

NOTES TO FINANCIAL STATEMENTS

7 (in part): Debt and Available Credit Facilities (in millions)

The $80-million tax-exempt loan agreement gives the Company the option to borrow funds either through a revolving credit and term loan agreement or through the tax-exempt commercial paper market. Borrowings under the former bear interest at 73% of the prime rate with ⅜% per annum commitment fee payable on unused portions, while borrowings under the latter bear interest at the current tax-exempt commercial paper rate. The fee on a standby letter of credit required to obtain a prime rating for this commercial paper is ⅜% per annum on outstanding commercial paper. This financing represents tax-exempt pollution control obligations issued by the Industrial Development Authority of Gila County, Arizona. These funds are committed to the construction of pollution control facilities at Asarco's copper smelter in Hayden, Arizona, and the unexpended portion is held in a custodial account until funds are expended.

TABLE 2-18: OTHER NONCURRENT ASSETS

	Number of Companies			
	1982	1981	1980	1979
Segregated cash or securities	64	51	59	49
Property held for sale	56	46	32	26
Assets leased to others	29	33	35	29
Debt issue costs	17	13	19	21
Deferred income taxes	16	17	27	29
Prepaid expenses	12	12	14	10
Start up costs	8	9	6	9
Cash surrender value of life insurance	7	8	11	12
Employee benefits	9	7	9	8
Other identified noncurrent assets	68	63	57	60
Deferred charges or *Other Noncurrent assets*—not described	524	528	521	525

CAESARS WORLD, INC. (JUL)

	1982	1981
	(In thousands)	
Total current assets	$127,224	$137,906
Net assets of discontinued operations	12,087	—
Property and equipment at cost, net of accumulated depreciation and amortization	317,245	338,191
Investments held in trust	17,439	17,414

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Investments Held in Trust:

In connection with the licensing of the Boardwalk Regency Corporation, the Company in February 1981 created and funded a trust with U.S. Treasury bonds with a face value of $18,128,000. The carrying amount of the bonds at July 31, 1982 was $17,439,000 and had a market value of approximately $16,021,000. The trust, using the interest received on these bonds, which is $2,130,000 per year, pays the rent due to the partnership from which the Company is leasing the Cove Haven and Paradise Stream resort properties.

The Company is currently seeking to substitute letters of credit for the bonds, which substitution requires the consent of the New Jersey Casino Control Commission. If the substitution is permitted, the Company presently intends to dispose of the bonds.

EASCO CORPORATION (DEC)

	1982	1981
	(Dollar amounts in thousands)	
Bond funds held by trustees	$18,083	$ —
Other assets	3,968	793

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies and Business Segments

Bond funds held by trustees. During 1982, subsidiaries of the company entered into agreements for issuance of industrial development revenue bonds, the proceeds of which are to be used for expansion, replacement, and renovation of manufacturing facilities. The principal amount of revenue bonds issued is included in Long-term Senior Debt (see Note 3), and the unused proceeds reported as Bond Funds Held by Trustees, are invested in interest-bearing securities until used for the cost of property additions and improvements.

KIMBERLY-CLARK CORPORATION (DEC)

	1982	1981
	(Millions)	
Other Assets		
Funds held by trustee for construction	$12.4	$12.3
Long-term receivables and miscellaneous	70.9	50.6
	$83.2	$62.8

LUMEX, INC. (DEC)

	1982	1981
Funds Held for Construction (Note C)	$1,549,218	$ —
Other Assets	261,550	374,477

Note C (in part): Long-Term Debt

Long-term debt consists of the following:

	1982	1981
Industrial development revenue bonds	$6,700,000	$2,638,636
Mortgage note payable to bank	1,347,942	1,401,632
	8,047,942	4,040,268
Less current portion	59,754	176,417
	$7,988,188	$3,863,851

On June 29, 1982 the Company completed a $6,700,000 industrial development revenue bond financing. Of the proceeds, $2,575,663 was used to retire the 1980 industrial development revenue bond and the remainder placed in escrow to fund the expansion and equipping of the Cybex manufacturing facility. At December 31, 1982 $1,549,218 of the bond proceeds remains unexpended. The bond is collateralized by land, building, and equipment with a net book value of $4,764,000 at December 31, 1982, bears interest at 60% of the bank's prime rate and will be repaid annually as follows: $100,000 at June 30, 1986, $300,000 at June 30, 1987, and $630,000 at June 30, 1988 and each anniversary thereafter through 1997.

OAK INDUSTRIES INC. (DEC)

	1982	1981
	(Dollars in thousands)	
Other Assets:		
Notes receivable	$ 13,368	$ 10,983
Prepaid expenses and other assets	24,297	14,480
Intangible assets, less amortization	48,841	60,517
Subscription television development costs, less amortization	3,950	14,504
Investments in and advances to affiliated companies	32,915	25,732
Certificates of deposit (Note 2)	1,249	1,591
Patents and debenture expense, less amortization	5,155	3,897
	$129,775	$131,704

Note 2 (in part): Indebtedness:

The capitalized lease obligations represent National Subscription Television's ("NST") method of financing some of the subscription television decoders used in its over-the-air subscription television venture. The leases have seven year terms and obligate NST to pay property taxes, insurance and maintenance. One of the lease agreements requires that certificates of deposit ($1,249,000 at December 31, 1982) be maintained at a bank as collateral against the lease payments.

STANADYNE, INC. (DEC)

	1982	1981
	(In thousands)	
Unexpended Plant and Equipment Funds	$3,047	$3,957
Intangible and Other	1,680	1,864

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 (in part): Debt

As of December 31, 1982, all but $3,047,000 of the proceeds from issuance of the 6% and 9¾% notes and industrial revenue obligations have been used for the intended purposes. These unused funds are on deposit with trustees. Unexpended amounts, if any, remaining at the completion of the projects will be refunded in accordance with the terms of the agreements.

UNITED FOODS, INC. (FEB)

	1982	1981
Other Assets		
Option deposit for land purchase (Note 11)	$890,137	—

Note 11 (in part): Commitments and Contingencies

In February 1982, the Board of Directors gave their approval for the Company to purchase certain assets from the president and senior vice-president of the Company, their spouses, and two companies controlled by them. The Company then entered into an option agreement on February 24, 1982, with the sellers under which the Company had the option to purchase approximately 7,100 acres of farmland, exclusive of mineral interests, in East Tennessee and various farming equipment for $6,325,000, such purchase price being based on fair market values established by independent appraisers. The Industrial Development Boards of Cumberland County and Rhea County, Tennessee have each approved up to $5,000,000 in Industrial Revenue Bonds for the financing of these purchases and for additional equipment and land improvements. On February 24, 1982, the Company deposited $900,000 in cash with sellers under the terms of the option agreement. The option was exercised by the Company on May 19, 1982 and approximately $675,000 of the option deposit was applied against the purchase price at the closing on May 26, 1982.

The Company intends to improve and develop this land and future acquisitions of farmland in the Southeastern United States for the production of Western vegetables to be processed in the Company's Tennessee plants.

WARNER-LAMBERT COMPANY (DEC)

	1982	1981
	(Thousands of dollars)	
Total current assets	$1,363,417	$1,637,912
U.S. government guaranteed securities and time deposits held in Puerto Rico	138,059	95,100
Investments and other assets	74,212	59,653
Property, plant and equipment, net	768,571	869,753
Purchased patents, trademarks, and other intangibles, net	231,546	121,087
Goodwill, net	330,552	179,596
Total assets	$2,906,357	$2,963,101

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 (in part): Income Taxes:

The earnings of Warner-Lambert's subsidiary operating in Puerto Rico are subject to tax relief pursuant to a grant received by the subsidiary under the Puerto Rican Industrial Incentives Act of 1978. This grant, which is effective through April of 1993, provides for certain tax relief and for reduced withholding tax rates upon repatriation of Puerto Rican earnings provided that certain conditions are met. The combined income and withholding tax rates which are expected to apply to future operating earnings of the subsidiary increase over the term of the grant from 7% to 20%. These taxes are accrued at the applicable rates as income is earned.

To qualify for the reduced rate on withholding taxes under the grant, $138.1 million of accumulated earnings are required to be reinvested in Puerto Rico for periods extending beyond one year. Accordingly, securities and time deposits in this amount have been classified as long-term in the 1982 consolidated balance sheet. The remaining time deposits held in Puerto Rico, amounting to $124.6 million, represent earnings which can be repatriated at any time without additional tax accrual.

Property Held For Sale

FOREMOST-MCKESSON, INC. (MAR)

	1982	1981	1980
		(in thousands)	
Other Assets			
Goodwill and other intangibles	$ 91,312	$ 91,090	$ 94,145
Net assets of discontinued operations (Note 5)	34,548	31,619	26,291
Notes receivable	33,346	26,071	30,127
Other	11,435	5,777	5,471
Total	$170,641	$154,557	$156,034

Note 5 (in part): Discontinued Operations

During fiscal 1982, the company decided to commence an orderly divestiture of its homebuilding operations. Results for the current and prior years have been restated to report the net income contribution of the homebuilding operations as discontinued operations.

In addition, the disposition of the commercial and industrial land development assets and the net assets of the company's hospital supply business was completed in fiscal 1980.

The net assets of discontinued homebuilding operations at March 31 were as follows:

(in thousands)	1982	1981	1980
Assets			
Residential land development properties, including construction in progress	$ 83,775	$85,347	$77,166
Investments in joint ventures and partnerships—at equity	6,591	2,787	598
Other assets—principally notes receivable	22,590	8,021	5,827
Total	112,956	96,155	83,591
Liabilities			
Secured loans	16,111	18,231	17,078
Unsecured loans	44,424	27,900	22,250
Accounts payable and accrued liabilities	12,465	17,052	17,943
Deferred taxes on income	5,408	1,353	29
Total	78,408	64,536	57,300
Net assets	$ 34,548	$31,619	$26,291

Residential land development properties are stated at the lower of cost or net realizable value. Cost includes property taxes and interest on debt identifiable with the properties and indirect construction costs.

ARDEN GROUP, INC. (DEC)

	1982	1981
Property for resale or sublease, at market	$ 4,243,289	$ 3,793,492
Property, plant and equipment, at cost, less accumulated depreciation and amortization	61,359,100	54,231,479
Licenses, buying deposits and other	4,590,406	4,982,969

NOTES TO FINANCIAL STATEMENTS

1 (in part): Accounting Policies:

Property for Resale or Sublease

It is the Company's policy to make available for sale or sublease, property considered by management as excess and no longer necessary for the operations of the Company. The aggregate carrying values of such owned property and property under capital leases are periodically reviewed and adjusted downward to market, when appropriate.

LYNCH CORPORATION (DEC)

	1982	1981
Net long-term assets of discontinued segment	$287,500	$1,054,131

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B (in part): Discontinued Operations

On June 22, 1982, Lynch Corporation sold the product lines and a substantial portion of the assets, subject to the assumption of certain liabilities, of the Cox Instrument Division (Division). Substantially all remaining assets of the Division, except for land and buildings, were sold in January, 1983. A provision for the loss of this sale of $664,000 ($379,000 after tax) was recorded of which $274,000 and $390,000 ($188,000 and $191,000 after tax) were recorded in the second and third quarters, respectively. The sale of inventories at the Division resulted in a liquidation of LIFO inventory quantities, the effect of which decreased the loss on the disposal of discontinued operations by $149,000 ($.11 per share).

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At December 31, 1982 the net assets of the Division, held for disposal, are recorded at estimated net realizable value. The consolidated balance sheet at December 31, 1981 has been restated to separately classify the current and long-term assets of the discontinued segment. Details of the assets and liabilities of the Division at December 31, 1982 and 1981 are as follows (dollars in thousands):

	December 31 1982	1981
Accounts receivable and other assets	—	$ 905
Inventories	—	1,225
Current liabilities	—	(690)
Net current assets of discontinued segment	$ —	$1,440
Net, property plant and equipment	$ 287	$1,054

MARRIOTT CORPORATION (DEC)

	1982 (in thousands)	1981
Other assets		
Investments in and advances to affiliates	$ 42,961	$ 41,309
Notes receivable	36,786	18,741
Assets from acquisitions held for sale	27,979	—
Cost in excess of net assets of business acquired	26,929	19,700
Other	52,094	35,066
	$186,749	$114,816

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions and Dispositions (in part)

In 1982, subsidiaries of the company acquired the outstanding common stock of Host International, Inc. (Host) and Gino's Inc. (Gino's) for cash. Both acquisitions were financed through the company's available revolving bank loan commitments and were accounted for as purchases. The aggregate purchase price and long-term liabilities assumed were $151,300,000 and $53,425,000 for Host and $48,119,000 and $64,606,000 for Gino's, respectively. Excess of cost over values assigned (goodwill) of $8,576,000 for Host is being amortized on a straight line basis over 40 years.

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Gino's was a fast food and restaurant company acquired primarily to obtain prime real estate sites and to convert them into Roy Rogers Restaurants. Operating profits for Gino's are recorded as a reduction in the cost of units being converted to Roy Rogers. Gino's assets that will be sold have been recorded at their estimated net realizable value as of the acquisition date, February 5, 1982. By the end of 1983, the company plans to convert 175 of Gino's 540 restaurants into Roy Rogers and to sell a significant portion of the remaining Gino's restaurants and operations. On August 6, 1982, the company sold 69 Gino's units to KFC Corporation for $15,077,000. Additionally, an agreement in principle was signed on December 10, 1982 for the sale of 108 of Gino's Rustler Restaurants. Closing on the sale is anticipated in 1983.

"Assets from acquisitions held for sale" at fiscal year-end includes primarily Gino's restaurants to be disposed of, at net realizable value, net of related capital lease obligations of $27,357,000.

NATIONAL STEEL CORPORATION (DEC)

	1982 ($000)	1981
Investments and Other Assets		
FN Financial Corporation	$282,769	$281,127
Associated companies:		
Capital stocks	107,325	130,291
Notes, debentures, and other advances	6,210	15,431
Estimated net realizable value of assets of the Weirton Steel Division—noncurrent	122,985	—0—
Miscellaneous investments and receivables	36,202	34,162
	$555,491	$461,011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B—Anticipated Loss on the Sale of the Weirton Steel Division

In early 1982 the Corporation decided to substantially limit its future capital investment in its basic steel producing plant at Weirton, West Virginia, as part of its overall goal of directing its capital funds to areas of highest return. The Corporation is presently engaged in discussion for the sale of the principal assets of the Weirton Division to an employee group. No final determination has been made as to whether the employee group will purchase such assets or, if so, the price at which such assets will be sold.

However, the broad outlines of a potential agreement have been formulated to the extent necessary to enable the Corporation in the fourth quarter to charge against 1982 earnings in anticipation of such proposed sale an estimated amount for the potential loss on the sale and the present value of the estimated future costs of pension and other employee benefit liabilities which the Corporation will retain and other costs incident to the sale. This charge amounted to $286,000,000, which increased the net loss for 1982 by $209,400,000 or $11.21 per share, and consisted of the following (in thousands of dollars):

Employment-related costs	$151,000
Writedown of net assets to estimated realizable value	110,000
Anticipated operating losses to the date of sale	25,000
	$286,000

Shipments from the Division generated revenues of $817.4 million in 1982, $1,032 million in 1981 and $1,038 million in 1980. The Division's production represented approximately 38% of the Corporation's annual steel production in the last three years.

The net assets, both current and noncurrent, related to the Division have been segregated in the 1982 consolidated balance sheet. These assets have been reduced to estimated net realizable value.

Real Estate Held for Development

GIANT FOOD INC. (FEB)

	1982	1981	1980
	Thousands of dollars		
Total current assets	$160,233	$144,897	$134,171
Real estate for future development	6,799	5,635	7,169

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Real estate for future development: Real estate for future development is stated at cost.

Debt Issue Costs

TACOMA BOATBUILDING CO. (DEC)

	1982	1981
	($000)	
Other assets:		
Deferred facility development costs	$4,973	$2,952
Bond issue costs	850	897
Long-term note receivable	3,200	600
Total other assets	$9,023	$4,449

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Bond issue costs—

Associated with the issuance of the Company's 10¾% Convertible Subordinated Debentures in 1981 (Note 5) were bond issuance costs of $919,000. This amount will be amortized over the term of the debentures based on the amount of bonds outstanding.

Deferred Income Taxes

SAFEWAY STORES, INCORPORATED (DEC)

	1982	1981	1980
		(thousands)	
Other assets:			
Licenses, notes receivable and investments	$49,616	$40,814	$31,775
Deferred income tax charges	7,220	—	—
Excess cost of investment in subsidiaries over net assets at date of acquisition, less amortization	14,301	16,234	2,859
Total other assets	$71,137	$57,048	$34,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Significant Accounting Policies

Provision for Income Taxes:

The company provides for deferred income tax charges and credits resulting from timing differences in the recognition of income and expenses for financial reporting and income tax purposes. These timing differences arise primarily from the use of accelerated depreciation for tax purposes and from the accrual of claims and capitalization of leases for financial statement purposes. Investment tax credits, excluding credits acquired from other companies through tax leases, reduce the provision for income taxes in the year in which the credits arise.

The cost of tax credits and other tax benefits acquired from other companies through tax leases is capitalized as an investment and reduced as the investment is recovered by realized tax savings. The portion of the investment in excess of the total net tax savings will be charged to income in periods when the company has realized cumulative positive cash flows from the transaction. Deferred taxes are provided for differences between taxable income and financial reporting income that arise from the transaction.

Litigation Award

THE VENDO COMPANY (DEC)

	(In thousands) 1982	1981
Total current assets	$29,399	$25,056
Equity in and advances to VFC Acceptance Corporation	1,853	2,350
Assets received from litigation awards (Note 9)	878	2,810

Note 9. Litigation

In December 1982, Vendo reached final settlement of its lawsuit against Harry B. Stoner (now deceased) and Stoner Investments, Inc. The litigation, which began in 1965, involved Mr. Stoner's breach of non-competitive covenants in a sales contract and breach of his fiduciary duty as a director of Vendo. During 1981, Vendo recorded an extraordinary gain of $2,635,000 ($1.00 per share), net of related income taxes and legal fees, as a result of acquiring property from Stoner interests.

Under terms of the final settlement, the Company received $2,137,000 cash, net of legal fees, and title to a portion of the property acquired in 1981. In return, the Company released its judgment claims against Stoner, reconveyed other property acquired from Stoner in 1981, and granted Stoner a ninety-day purchase option on the real property acquired in settlement. The option price on the property is $878,000 (net of legal fees) through January 29, 1983 and escalates $50,000 per month through March 29, 1983, after which Vendo will be free to sell the property. The Company has recorded the value of the property at the option price. The settlement and current year's income of $112,000 from the properties acquired in 1981 resulted in a 1982 extraordinary gain of $171,000 ($0.06 per share), net of related income tax.

Furnace Relining Costs

ARMCO (DEC)

	1982	1981
	(Dollars in millions)	
Prepaid Expenses and Deferred Charges	$37.7	$42.3
Deferred Blast Furnace Reline Costs	28.2	37.2

NOTES TO OUR FINANCIAL STATEMENTS

Note 1 (in part): Summary of Armco's Accounting Policies

Blast Furnace Relines

The cost of relining blast furnaces in Armco's steel plants is amortized over the estimated life of the lining based on production.

Tax Benefits of Loss Carryfoward

F.W. WOOLWORTH CO.

	1982	1981	1980
	(in millions)		
Leased Properties Under Capital Leases, less amortization	$129	$122	$139
Deferred Tax Benefit	133	—	—
Deferred Charges and Other Assets	46	59	63

FINANCIAL REVIEW

Taxes on Income (in part)

Based on the strong earnings history of the Company's continuing domestic operations, and resulting from management's decision to eliminate any future drain on earnings by discontinuing its unprofitable U.S. Woolco operations, the Company has recognized a future tax benefit of $133 million relating to the estimated loss on the discontinuance of the U.S. Woolco operations. In the opinion of management, the realization of this tax benefit in domestic tax returns to be filed in the next two to three years is assured beyond any reasonable doubt. The Company has available foreign tax credits of $17 million which expire January 31, 1987 and $18 million which expire January 31, 1988.

Investment in Tax Benefits

NATIONAL SERVICE INDUSTRIES, INC. (AUG)

	1982	1981
	($000)	
Other Assets:		
Goodwill and restrictive covenants	$ 3,687	$3,709
Investments in tax benefits	16,372	—
Miscellaneous	4,546	1,856
	$24,605	$5,565

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Investment in Income Tax Benefits

During fiscal 1982, the Company purchased Federal tax benefits under the safe harbor leasing provisions of the Economic Recovery Tax Act of 1981 from Oglethorpe Power Corporation. The Company paid $31,500,000 for investment tax credits and Accelerated Cost Recovery System (ACRS) deductions on $180,000,000 of power generating equipment. The payment has been recorded as an investment in tax benefits. The net gain from the purchase of investment tax credits is being amortized into other income at a constant rate of return based on the Company's unrecovered investment at the beginning of each accounting period. In 1982, amortization of this net gain totaled $1,660,000. The investment in ACRS deductions will be amortized into other expenses based on a constant rate of return. This amortization will begin when the ACRS tax savings exceed the Company's initial investment in the ACRS deductions. A further payment to Oglethorpe Power Corporation of approximately $20,000,000 is conditioned on National's receiving energy tax credits and more favorable ACRS deductions.

CURRENT LIABILITIES

Paragraphs 7 and 8 of Chapter 3A of *ARB No. 43*, as amended by FASB *Statement of Financial Accounting Standards No. 6,* discuss the nature of current liabilities. Examples of the various types of current liabilities follow:

SHORT-TERM DEBT

Table 2-19 shows the number of survey companies disclosing short-term debt. Amounts of long-term debt due within one year are detailed separately in Table 2-23.

TABLE 2-19: SHORT-TERM DEBT

	1982	1981	1980	1979
Description				
Notes or Loans				
Payee indicated	131	141	137	197
Payee not indicated	184	190	199	200
Short-term debt or borrowings	89	91	78	61
Commercial paper	55	54	29	22
Other	25	22	24	17
Total Presentations	**484**	**498**	**467**	**497**
Number of Companies				
Showing short-term debt	422	429	424	461
Not showing short-term debt	178	171	176	139
Total Companies	**600**	**600**	**600**	**600**

AMAX INC. (DEC)

	1982	1981
	(in thousands)	
Accounts payable, trade	$116,200	$153,100
Accrued interest	53,100	30,600
Other liabilities and accruals	149,700	152,100
Income and other taxes	131,600	166,400
Short-term borrowings (Note 12)	198,000	175,500
Current maturities of long-term debt	56,400	113,500
Current liabilities	705,000	791,200

Note 12. Short-Term Borrowings

The average interest rate for short-term borrowings outstanding was 11.1% at December 31, 1982 and 14.1% at December 31, 1981.

AMP INCORPORATED AND PAMCOR, INC. (DEC)

	1982	1981
	(dollars in thousands)	
Current Liabilities:		
International bank loans	$ 46,189	$ 33,406
Accounts payable	67,160	69,829
Accrued payrolls and employee benefits	38,717	41,344
Accrued taxes on income	74,018	81,080
Accrued expenses—other	15,258	19,127
Current portion of long-term debt	4,191	4,606
Total current liabilities	245,533	249,392

EMPIRE INCORPORATED (JUN)

	1982	1981
Current Liabilities		
Notes payable (Note 3)		
Banks	$ 7,375,000	$ 23,000,000
Related party	1,782,000	5,884,000
Current maturities of long-term debt	5,668,288	1,442,531
Accounts payable	10,114,530	9,723,760
Accrued expenses	4,366,044	4,141,749
Deferred income taxes	1,850,000	150,000
Total Current Liabilities	31,155,862	44,342,040

Note 3: Notes Payable

To meet seasonal financial needs, the Company executes either demand or term notes with banks at prime interest rates or lower. At June 30, 1982, the Company had $20,000,000 of these credit lines of which $12,625,000 was still available. There are no formal compensating balance agreements involved with these borrowings.

Notes payable to related party at June 30, 1982, are demand notes payable to a major shareholder. The maximum amount borrowed from this party during the year ended June 30, 1982, was $5,884,000. The interest rate on these notes was equal to or below the average rates available through the bank lines of credit. Interest expense on amounts borrowed from the related party amounted to $625,358 for the year ended June 30, 1982, and $574,126 for the previous year.

INTERNATIONAL MULTIFOODS CORPORATION (FEB)

	1982	1981
	($000)	
Current liabilities:		
Commercial paper (page 22)	$ 6,050	$ 14,934
Notes payable, principally to banks (page 22)	6,729	10,451
Current portion of long-term debt	3,510	4,753
Accounts payable	71,849	62,398
Accrued expenses	32,717	27,540
Income taxes	9,526	3,675
Total current liabilities	130,381	123,751

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Short-term borrowings outstanding consist of commercial paper in the United States and Canada and notes payable, principally to banks. Line of credit levels, all of which were available for support of commercial paper borrowings, are summarized as follows (in thousands):

	1982	1981	1980
U.S.	$38,150	$43,150	$43,150
Canada	20,400	18,300	19,200

The above amounts are lower during the first half of the year, reflecting reduced borrowing needs.

Additional credit under bankers acceptance agreements is available in the U.S. in the amount of $60,000,000 as of February 28, 1982 and 1981.

Arrangements relating to most lines of credit require a fee payment for a portion of the line and maintenance of compensating balances expressed in bank collected balances for the remaining portion of the line. The average compensating balance requirement was approximately $2,000,000 for all years presented. In the normal course of business, bank collected balances satisfying compensating balance requirements are higher than ledger balances, resulting in insignificant restrictions on cash.

Compensating balances are not required for non-U.S. bank credit lines.

NATIONAL CAN CORPORATION (DEC)

	1982	1981
	($000)	
Current Liabilities:		
Foreign notes and drafts payable (Note G)	$ 23,129	$ 45,400
Accounts payable	96,087	71,168
Payrolls, employee benefits and withholdings	33,720	28,773
Other accrued expenses	31,426	32,631
Pensions	17,445	17,738
Income taxes	17,257	18,605
Current maturities on long-term debt	12,464	13,067
Total Current Liabilities	231,528	227,382

Note G: Short-Term Credit Arrangements:

The corporation had worldwide lines of credit of $108,728,000 and $166,802,000 available at December 31, 1982 and 1981, respectively. These lines of credit, established with a number of commercial banks, provide for short-term borrowings generally at the prime rate.

Notes receivable of $2,092,000 and $3,407,000 at December 31, 1982 and 1981, respectively, were pledged as security in connection with outstanding short-term foreign borowings.

Foreign notes and drafts payable in the accompanying balance sheets include notes payable to suppliers of $8,211,000 at December 31, 1982 and $11,759,000 at December 31, 1981.

Subsequent to December 31, 1982, the corporation incurred transaction losses of approximately $2,300,000 due to the effect of currency devaluations in Greece and Spain on foreign currency-denominated short-term debt.

REPUBLIC STEEL CORPORATION (DEC)

	1982	1981
	(Thousands of Dollars)	
Current Liabilities		
Notes payable to banks	$ 24,000	$ —
Accounts payable	250,104	369,458
Payrolls, vacation pay and other employee benefits	153,553	180,695
State, local and miscellaneous taxes	51,471	54,156
Income taxes	12,006	24,241
Deferred income taxes	13,317	32,268
Current portion of long-term debt	16,370	11,641
TOTAL CURRENT LIABILITIES	$520,821	$672,459

PIONEER HI-BRED INTERNATIONAL, INC. (AUG)

	1982	1981
Current Liabilities		
Commercial paper (Note 5)	$ 66,676,069	$ —
Current maturities of long-term debt (Note 5)	2,873,801	2,266,569
Accounts payable, trade	18,969,514	17,429,221
Accrued liabilities:		
Salaries and wages	8,919,097	4,340,350
Dividends	5,745,943	4,149,380
Property and withholding taxes	3,834,914	2,571,758
Other	1,963,531	3,102,372
Income taxes payable	42,087,310	30,297,891
Deferred income tax credits, net	3,968,948	2,725,714
Total current liabilities	$155,039,127	$66,883,255

Note 5 (in part): Pledged Assets, Notes Payable, Lines of Credit and Long-term Debt

At August 31, 1982, the Company had available formal and informal lines of credit totaling $87,418,600 with interest rates at the prime rate of the various lending institutions. These lines of credit were available for short-term unsecured borrowing to the extent not used as support for the issuance of the Company's commercial paper. At August 31, 1982, the Company had $66,676,069 of commercial paper outstanding and had no borrowings outstanding under the lines of credit. During the year, additional lines of credit were available to meet peak borrowing periods. Two of these lines of credit require compensating balances totaling $230,620. Others call for a fee payment based on a rate of 3/8% of the respective lines.

RUSS TOGS, INC. (JAN)

	1983	1982
Current liabilities:		
Bankers' acceptances payable	$ 1,147,000	$ 5,319,000
Accounts payable	10,156,000	10,497,000
Accrued expenses and taxes	14,054,000	10,367,000
Income taxes	1,797,000	2,820,000
Long-term debt—current portion	3,222,000	1,975,000
Total current liabilities	30,376,000	30,978,000

TENNECO INC. (DEC)

	1982	1981
	($ millions)	
Current Liabilities:		
Current maturities on long-term debt	$ 219	$ 149
Commercial paper	32	276
Notes payable—		
Affiliated companies	—	41
Other	351	612
Accounts payable—		
Trade	1,898	1,849
Affiliated companies	228	255
Taxes accrued	354	307
Interest accrued	142	127
Natural gas pipeline revenue refund reservation	186	152
Transportation and exchange gas payables	154	90
Other	418	288
	3,982	4,146

NOTES TO FINANCIAL STATEMENTS

Note 4 (in part):

Short-Term Debt

The companies have lines of credit with various banks and also sell commercial paper to provide short-term financing. The credit agreements provide for borrowings at various rates, and commitment fees on the unused amount of the commitments are required on certain lines. Information for the twelve-month period ended December 31, 1982, regarding the lines of credit and commercial paper issued follows:

	(Millions) Lines of Credit	Commercial Paper
Outstanding borrowings at end of year	$ 328	$ 32
Average interest rate on outstanding borrowings at end of year	11.0%	9.9%
Approximate maximum month-end outstanding borrowings during year	$ 561	$551
Approximate average month-end outstanding borrowings during year	$ 475	$403
Weighted average interest rate on approximate average month-end outstanding borrowings during year	13.6%	12.7%
Approximate unused portion of lines of credit at end of year—		
Tenneco Inc. (available for direct borrowings or support of commercial paper)	$ 893	
Subsidiary companies	280	
	$1,173	

At December 31, 1982, the companies had total lines of credit of approximately $1,926 million. Included in the lines of credit are approximately $1,193 million which expire in 1983 and may be extended annually at the election of the participating banks and approximately $733 million which expire subsequent to December 31, 1983. Also included in the lines of credit are approximately $425 million which have been utilized to borrow long-term debt and accordingly are not reflected in the above short-term debt table. Additionally, at December 31, 1982, the companies had other short-term borrowings of $23 million.

At December 31, 1982, approximately $2 million of compensating balances, all subject to legal withdrawal, were maintained in connection with lines of credit.

WESTINGHOUSE ELECTRIC CORPORATION (DEC)

	1982	1981
	(in millions)	
Short-term debt (note 10)	$ 650.1	$ 736.3
Accounts payable	527.6	574.7
Billings on uncompleted contracts in excess of inventoried costs	1,312.9	1,331.9
Other current liabilities	1,634.4	1,548.9
Total current liabilities	4,125.0	4,191.8

Note 10: Short-Term Debt

Short-Term Debt (in millions)	At December 31 Balance	Composite Rate	During the Year Max. Outstanding	Avg. Outstanding	Wtd. Avg. Rate
1982					
Commercial paper	$555.1	8.7%	$683.0	$586.7	12.3%
Short-term bank loans:					
Foreign	67.8	42.5%	130.9	95.4	40.7%
Domestic	—	—	102.8	42.4	14.9%
Other	27.2				
Total	$650.1				
1981					
Commercial paper	$403.1	12.2%	$509.0	$364.5	14.1%
Short-term bank loans:					
Foreign	104.0	39.8%	116.9	112.7	34.9%
Domestic	100.7	14.3%	100.7	27.1	14.6%
Other	128.5				
Total	$736.3				
1980					
Short-term bank loans:					
Foreign	$112.9	29.8%	$114.1	$ 99.3	27.0%
Domestic	—	—	2.0	1.0	9.5%
Other	25.2				
Total	$138.1				

Average outstanding borrowings were determined based on daily amounts outstanding for commercial paper and on monthly balances outstanding for bank loans. The average rates for foreign short-term bank loans reflect the impact of higher interest costs on currency borrowings of subsidiaries in countries experiencing high inflation. Other short-term debt was comprised of the current portion of long-term debt except that the 1981 balance included notes payable of $103.1 million with an interest rate of 13 percent issued to acquire stock of Teleprompter Corporation. These notes were paid in January 1982.

Bank lines of credit totaled $475 million and $697 million at the end of 1982 and 1981, of which $238 million and $450 million were domestic. Of these lines, $356 million in 1982 and $412 million in 1981 were unused at December 31. Compensating balance requirements under these credit arrangements were not material.

TRADE ACCOUNTS PAYABLE

All the survey companies disclosed the existence of amounts owed to trade creditors. As shown in Table 2-20, such amounts were usualy described as *Accounts Payable* or *Trade Accounts Payable.*

ABBOTT LABORATORIES (DEC)

	1982	1981	1980
	(dollars in thousands)		
Current Liabilities:			
Short-term borrowings	$362,003	$380,441	$310,408
Trade accounts payable	145,787	128,990	114,963
Oher accrued liabilities	133,733	125,591	106,762
Salaries, wages and commissions	57,465	52,266	46,052
Dividends payable	25,642	22,050	18,529
Income taxes payable	160,820	142,133	102,475
Current portion of long-term debt	7,942	7,747	24,122
Total Current Liabilities	893,392	859,218	723,311

ANALOGIC CORPORATION (JUL)

	1982	1981
Current liabilities:		
Notes payable, bank	$ 229,138	$ 715,236
Current portion of indebtedness to related parties	180,876	164,065
Accounts payable, trade	4,953,562	5,563,862
Accounts payable, construction	2,819,284	
Accrued expenses	1,026,320	998,787
Customer deposits	3,037,639	1,087,325
Salaries, wages, commissions and amounts withheld from employees	2,133,468	1,314,535
Income taxes	2,453,492	1,714,455
Total current liabilities	16,833,779	11,558,265

GENERAL ELECTRIC COMPANY (DEC)

	1982	1981
	($ millions)	
Short-term borrowings	$1,037	$1,171
Accounts payable (note 15)	1,744	2,012
Progress collections and price adjustments accrued	2,443	2,519
Dividends payable	193	182
Taxes accrued	585	753
Other costs and expenses accrued	2,151	2,097
Current liabilities	8,153	8,734

Note 15: Accounts Payable

December 31	1982	1981
	(in millions)	
Trade accounts	$1,228	$1,371
Collected for the account of others	203	230
Due to nonconsolidated affiliates	313	411
	$1,744	$2,012

TABLE 2-20: CURRENT LIABILITIES—TRADE CREDITORS

	1982	1981	1980	1979
Description				
Accounts payable, payables, or trade payables in a separate caption	514	538	485	447
Accounts payable combined with accrued liabilities or accrued expenses	67	51	102	137
Other captions	19	11	13	16
Total Companies	**600**	**600**	**600**	**600**

THE MEAD CORPORATION (DEC)

	1982	1981
	(dollar amounts in millions)	
Current liabilities:		
Accounts payable:		
Trade	$172.5	$139.1
Affiliated companies	109.8	99.6
Accrued liabilities	137.0	152.0
Income taxes	1.9	.9
Current maturities of long-term debt	20.1	11.7
Total current liabilities	441.3	403.3

OUTBOARD MARINE CORPORATION (SEP)

	1982	1981
	(Dollars in thousands)	
CURRENT LIABILITIES:		
Accounts payable—		
Trade (Note 4)	$ 40,599	$ 40,835
Other	6,716	7,836
	47,315	48,671
Accrued liabilities—		
Compensation	16,898	17,276
Pension programs	7,449	8,696
Taxes, other than income taxes	3,591	3,761
Other, including interest of $6,163 in 1982 and $5,431 in 1981	47,467	38,188
	75,405	67,921
Accrued income taxes—		
Federal	2,431	29,792
State	1,973	4,593
Foreign	1,232	4,215
	5,636	38,600
Deferred income taxes	2,172	—
Current maturities and sinking fund requirements of long-term debt	4,885	5,536
Total current liabilities	135,413	160,728

Note 4: Cash, Short-Term Borrowings and Compensating Balances

The Company's domestic banking system provides for the daily replenishment of major bank accounts for check clearing requirements. Accordingly, outstanding checks of $15,669,000 and $10,918,000 at September 30, 1982 and 1981, respectively, that had not yet been paid by the banks are reflected in cash and trade accounts payable in the Statement of Consolidated Financial Position.

A summary of short-term borrowing activity follows:

	1982	1981	1980
	(Dollars in thousands)		
Lines of credit at September 30—			
At U.S. banks	$195,000	$108,000	$125,000*
At foreign banks	46,932	61,590	72,712
	$241,932	$169,590	$197,712
Outstanding at September 30—			
Bank borrowing	$ —	$ —	$ 9,000
Revolving credit	—	—	10,000
	$ —	$ —	$ 19,000
Average interest rate	—	—	10.0%
Average for the year—			
Borrowing	$ 21,690	$ 24,704	$ 71,387
Interest rate	15.4%	16.9%	15.0%
Maximum borrowing outstanding at any month end	$ 68,050	$ 62,249	$116,512

*Including $100,000 of revolving credit pursuant to an agreement which was terminated by the Company in 1981.

Borrowings under lines of credit are at the prime rate, or lower if available. The Company pays available fees on certain credit lines at U.S. banks. Lines of credit may be cancelled by either party at any time with reasonable notice.

EMPLOYEE RELATED LIABILITIES

Table 2-21 shows the nature of employee related liabilities disclosed by the survey companies as current liabilities. As shown in Table 2-21, the number of survey companies disclosing an amount for employee related liabilities increased significantly in both 1981 and 1980. Examples of captions describing employee related liabilities follow.

BLUE BELL, INC. (SEP)

	1982	1981
	($000)	
Current Liabilities:		
Notes payable—banks and other	$ 45,533	$118,124
Current maturities of long-term debt	4,067	3,417
Accounts payable—principally trade	90,476	118,385
Dividends payable	5,807	5,756
Accrued liabilities:		
Compensation	15,330	22,584
Pension and profit sharing	6,403	4,960
Income taxes	15,933	21,623
Taxes—other than income	6,923	7,826
Interest	1,890	2,965
Other	7,097	7,268
Liabilities of discontinued operations	32,890	24,828
Total Current Liabilities	232,349	337,736

TABLE 2-21: EMPLOYEE RELATED LIABILITIES

	Number of Companies			
	1982	1981	1980	1979
Description				
Salaries, wages, payrolls, commission	331	342	272	202
Compensation and/or *Benefits*	114	103	64	N/C
Withholdings, payroll taxes.	44	21	25	35
Pension or profit-sharing contributions	126	125	104	72
Other	67	55	46	52
Number of Companies				
Disclosing employee related liabilities	476	468	373	241
Not disclosing	124	132	227	359
Total Companies	**600**	**600**	**600**	**600**

N/C—Not Compiled

COOPER INDUSTRIES, INC. (DEC)

	1982	1981
	($000)	
Current Liabilities		
Short-term debt	$ 37,605	$ 9,542
Accounts payable and accrued liabilities	345,267	473,572
Accrued income taxes	14,378	150,978
Current maturities of long-term debt	11,461	21,522
	408,711	655,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Accounts Payable and Accrued Liabilities

The following summary sets forth the major components of accounts payable and accrued liabilities:

	December 31, 1982	1981
	(000 omitted)	
Trade accounts	$111,889	$193,026
Salaries, wages and related fringe benefits	67,285	89,508
Contributions payable to pension trusts and supplemental unemployment benefits	47,626	50,186
Accruals for estimated costs of plant relocations and other non-recurring items	42,619	52,448
Accrued warranty costs	8,352	9,204
Advances received on contracts	12,313	13,936
Taxes other than income taxes	6,482	21,866
Dividends	18,665	17,371
Other	30,036	26,027
	$345,267	$473,572

GRANITEVILLE COMPANY (DEC)

	1982	1981
Current liabilities:		
Notes payable to banks	$ 2,000,000	$ 5,000,000
Current maturities of long-term debt	2,082,735	2,248,236
Accounts payable	7,323,041	12,696,499
Accrued liabilities:		
Payrolls	1,242,691	75,934
Taxes, including income taxes	1,061,069	1,008,810
Interest	355,762	620,987
Retirement and pension plans	2,900,883	3,853,245
Other	2,362,749	2,074,244
	7,923,154	7,633,220
Total current liabilities	19,328,930	27,577,955

INLAND STEEL COMPANY (DEC)

	1982	1981	1980
	(Dollars in Thousands)		
Current liabilities:			
Accounts payable	$204,295	$231,785	$259,224
Accrued liabilities—			
Salaries, wages and commissions	87,174	100,070	98,734
Pension contribution	56,326	55,914	77,260
Federal taxes on income	33,053	64,110	67,160
Taxes, other than Federal taxes on income	54,589	59,777	64,718
Interest on debt and other	22,658	20,764	22,756
Long-term debt due within one year	2,694	5,786	19,857
Total current liabilities	$460,789	$538,206	$609,709

LOWE'S COMPANIES, INC. (JAN)

	1983	1982	1981
Current liabilities:			
Current maturities of long-term debt	$ 5,631	$ 4,416	$ 4,157
Accounts payable	90,580	47,959	52,003
ESOP benefits payable (Note 8)	10,871	9,043	10,472
Accrued salaries and wages	9,110	5,655	6,299
Other current liabilities	13,337	10,328	8,546
Income taxes payable	5,470	2,798	(696)
Total current liabilities	134,999	80,199	80,781

Note 8: Employee Benefit Plans:

Lowe's Companies Profit-Sharing Plan and Trust held approximately 11% of the outstanding shares of the Company as of January 31, 1983. Contributions to this Plan were discontinued effective December 31, 1977, and accounts of members became fully vested at that time.

The Board of Directors adopted an Employee Stock Ownership Plan (ESOP) effective January 1, 1978. This plan is a multiemployer plan, with one trust serving the parent and the subsidiaries. The amount contributed to the plan is determined annually by the Board of Directors. The Board authorized a contribution of 12.5%, 12% and 15% of eligible compensation for Fiscal 1982, 1981 and 1980, respectively.

On February 1, 1982, the Company issued 778,018 Lowe's common shares (after the five-for-three stock split described in Note 9) to the ESOP with an aggregate market value of $5.951 million, as part of the Company's Fiscal 1981 contribution. At January 31, 1983, the ESOP held approximately 15% of the outstanding stock of the Company and was its largest shareholder.

MOSINEE PAPER CORPORATION (DEC)

	1982	1981
Current liabilities:		
Current maturities of long-term debt	$ 2,313,953	$ 2,497,413
Accounts payable	2,926,854	3,535,082
Accrued and other liabilities	4,775,383	5,599,922
Accrued income taxes	864,412	845,913
Total current liabilities	10,880,602	12,478,330

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4—Accrued and Other Liabilities

Details of accrued and other liabilities are as follows:

	December 31, 1982	1981
Payrolls	$ 474,127	$ 803,627
Hourly vacation pay	1,115,163	1,072,761
Salary vacation pay	489,957	463,690
Taxes, other than income	749,088	788,775
Employee retirement plans	470,591	824,588
Cash dividends declared	398,018	361,876
Interest	644,929	764,214
Other	433,510	520,391
Total	$4,775,383	$5,599,922

PABST BREWING COMPANY (DEC)

	1982	1981
Current Liabilities:		
Accounts payable	$45,905,000	$45,974,000
Accrued wages and salaries	2,217,000	2,221,000
Accrued vacations and deferred compensation	11,575,000	14,524,000
Dividend payable	819,000	819,000
Federal excise and other taxes	6,803,000	7,082,000
Federal and state income taxes	654,000	136,000
Current portion of long-term liabilities	5,277,000	5,261,000
Accrued plant closing costs	3,418,000	19,120,000
	76,666,000	95,137,000
Liability to customers for returnable containers	13,700,000	15,742,000
	90,366,000	110,879,000

RIVAL MANUFACTURING COMPANY (DEC)

	1982	1981
CURRENT LIABILITIES:		
Trade accounts payable	$36,261,256	$2,796,635
Salaries, commissions and bonuses	800,039	672,055
Payroll taxes and taxes withheld from employees	162,486	155,305
Other accounts payable and accrued expenses	1,693,835	937,138
Dividends payable	1,255,767	1,255,767
Federal and state income taxes	2,981,835	1,035,741
Current portion of long-term lease obligations	310,000	300,000
TOTAL CURRENT LIABILITIES	43,465,218	7,152,641

INCOME TAX LIABILITY

Table 2-22 summarizes the descriptive balance sheet captions used to describe the current liability for income taxes.

BAIRD CORPORATION (SEP)

	1982	1981
Current liabilities:		
Foreign bank loans	$ 752,465	$1,021,894
Current loans payable	1,664,781	825,878
Accounts payable	2,541,991	2,163,444
Accrued expenses	2,509,361	2,977,928
Federal, state and foreign income taxes	883,411	1,403,013
Total current liabilities	8,352,009	8,392,157

BRIGGS & STRATTON CORPORATION (JUN)

	1982	1981
CURRENT LIABILITIES:		
Accounts Payable	$16,069,000	$16,486,000
Foreign Loans	8,229,000	9,891,000
Accrued Liabilities—		
Wages and Salaries	14,502,000	12,675,000
Retirement Plan	18,186,000	18,779,000
Taxes, Other Than Income Taxes	3,201,000	2,498,000
Other	20,268,000	16,608,000
Total Accrued Liabilities	56,157,000	50,560,000
Federal and State Income Taxes	9,504,000	(118,000)
Total Current Liabilities	89,959,000	76,819,000

ELI LILLY AND COMPANY (DEC)

	1982	1981
	(Dollars in thousands)	
Current Liabilities		
Loans payable	$245,613	$209,022
Accounts payable	111,127	119,343
Employee compensation and payroll taxes	116,593	127,133
Dividends payable	49,312	55,106
Other liabilities	249,481	203,604
Federal and foreign income taxes	101,524	103,577
Total Current Liabilities	873,650	817,785

TABLE 2-22: CURRENT INCOME TAX LIABILITY

	1982	1981	1980	1979
Income taxes	359	367	366	351
Taxes—type not specified	39	33	34	32
Federal and state income taxes	24	31	33	31
Federal income taxes	24	28	35	37
Federal, state, and foreign income taxes	20	27	29	30
U. S. and foreign income taxes	21	23	27	23
Federal and foreign income taxes	19	23	21	27
Other captions	22	17	19	23
	528	549	564	554
No caption for taxes payable	72	51	36	46
Total Companies	**600**	**600**	**600**	**600**

DENNISON MANUFACTURING COMPANY (DEC)

	1982	1981
	(Thousands of Dollars)	
Current Liabilities		
Notes payable to banks	$19,991	$17,369
Accounts payable	39,854	39,906
Accrued compensation and amounts withheld	18,339	14,414
United States and foreign income taxes	4,936	4,876
Taxes, other than income taxes	1,578	1,462
Other accrued expenses	6,816	4,937
Current maturities of long-term debt	2,241	1,642
Total Current Liabilities	93,755	84,606

FOOTE MINERAL COMPANY (DEC)

	1982	1981
	($000)	
Current liabilities:		
Short-term borrowings and current installments of long-term debt	$ 4,700	$ 1,800
Accounts payable	6,436	10,532
Accrued expenses:		
Vacation pay	3,297	3,773
Pension	4,377	3,154
Other	6,525	6,704
Federal income taxes	2,865	4,422
Total current liabilities	28,200	30,385

CURRENT AMOUNT OF LONG TERM DEBT

Table 2-23 summarizes the descriptive balance sheet captions used to describe the amount of long term debt payable during the next year.

TABLE 2-23: CURRENT AMOUNT OF LONG-TERM DEBT

	Number of Companies			
	1982	1981	1980	1979
Description				
Current *portion* of long-term debt	196	196	189	201
Current *maturities* of long-term debt	188	181	175	181
Long-term debt *due* or *payable* within one year	80	80	83	77
Current *installment* of long-term debt	44	46	46	44
Current amount of long-term leases	71	80	87	80
Other captions	3	6	6	8

AMERADA HESS CORPORATION (DEC)

	1982	1981
Current liabilities		
Notes payable	$ 226,339,000	$ 764,025,000
Accounts payable—trade	331,818,000	532,925,000
Accrued liabilities	341,610,000	421,971,000
Taxes payable	322,808,000	176,010,000
Dividends payable	22,558,000	22,397,000
Current portion of revolving credit and term loans	200,000,000	—
Current maturities—long-term debt	48,083,000	34,821,000
capitalized lease obligations	1,187,000	7,505,000
Total current liabilities	1,494,403,000	1,959,654,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): Long-Term Debt

At December 31, 1982, the Corporation had Revolving Credit and Term Loan Agreements (the "Agreements") with several banks aggregating $625,000,000. The Agreements provide for revolving credit for a period of four years (generally through 1984) convertible at the end of such period into a four-year term loan. The Agreements generally provide for interest, at the Corporation's option, at either the prime rate, ½% above the London Interbank Offered Rate, or ½% above a Certificate of Deposit money market rate during the revolving credit period. During the term loan period, these rates would each increase by ¼% to ½%. Under certain of the Agreements, compensating balances are maintained at varying rates against the available lines of credit. During 1982, the Corporation maintained average compensating balances aggregating approximately $30,400,000 under unrestricted arrangements. The Corporation also is required to pay commitment fees equal to ⅜% to ½% per annum on the unutilized credit lines. Borrowing under these Agreements amounted to $625,000,000 at December 31, 1982, of which $200,000,000 is classified as current liabilities.

BEMIS COMPANY, INC. (DEC)

	1982	1981
	($000)	
Current liabilities:		
Bank borrowings	$ 751	$ 826
Current portion of long-term debt	2,615	2,490
Current portion of obligations under capital leases	472	1,643
Accounts payable	63,884	64,496
Accrued liabilities:		
Salaries and wages	14,116	15,486
Taxes	6,641	5,004
Total current liabilities	88,479	89,945

GULF RESOURCES & CHEMICAL CORPORATION (DEC)

	1982	1981
Current liabilities:		
Current installments on long-term debt	$ 5,271,797	$ 5,092,954
Notes payable to banks	1,857,832	3,862,889
Accounts payable	35,610,153	40,156,812
Accrued liabilities—		
Taxes on income	2,237,220	2,571,526
Payroll	3,541,746	4,724,715
Interest	8,697,204	8,795,262
Oil and gas royalties	13,715,074	9,396,159
Other	15,175,339	14,692,783
Total current liabilities	$86,106,365	$89,293,100

MAPCO INC. (DEC)

	1982	1981
	($000)	
Current Liabilities:		
Notes payable-bank	$ —	$ 53,000
Long-term debt payable within one year	20,524	21,335
Obligations under capital leases	128	275
Accounts payable	197,932	170,507
Accrued interest	9,880	9,026
Accrued income taxes	6,105	2,209
Other accrued taxes	11,491	12,032
Accrued payroll and related expenses	24,558	29,628
Other current liabilities	39,377	22,279
Total current liabilities	309,995	320,291

SIMKINS INDUSTRIES, INC. (SEP)

	1982	1981
Current liabilities:		
Notes payable to banks	$17,924,148	$19,572,148
Notes payable, others	2,560,556	1,712,046
Accounts payable	9,981,625	8,421,339
Liability, anti-trust litigation	—	1,367,000
Long term debt due within one year	1,487,679	805,749
Accrued salaries and other expenses	4,660,323	5,295,400
Federal and state income taxes	216,904	1,385,998
Total current liabilities	36,831,235	38,559,680

OTHER CURRENT LIABILITIES

Table 2-24 summarizes other identified current liabilities. The most common types of other current liabilities are taxes not combined with federal income taxes, accrued interest payable, and dividends payable. Unidentified other current liabilities, generally described as *accrued expenses, accrued liabilities,* or *other current liabilities* are not included in Table 2-24.

TABLE 2-24: OTHER CURRENT LIABILITIES

	Number of Companies			
	1982	**1981**	**1980**	**1979**
Taxes not combined with Federal income taxes	205	215	165	119
Interest	111	113	98	59
Dividends payable	101	109	103	108
Customer advances, deposits	64	69	71	60
Deferred taxes	61	53	47	48
Estimated costs related to discontinued operations	56	38	14	18
Guarantees, warranties, service contract obligations	55	53	39	27
Due to affiliated companies	24	26	19	12
Billings on uncompleted contracts	23	22	24	21
Insurance	20	22	N/C	N/C
Advertising	13	15	N/C	N/C
Other — Described	87	80	67	42

N/C—Not Compiled.

Taxes Not Combined With Federal Income Taxes

BADGER METER, INC. (DEC)

	1982	1981
Current liabilities:		
Notes payable to banks	$1,222,676	$ 256,084
Accounts payable	2,289,586	2,196,542
Accrued pension payable	1,028,667	1,077,589
Accrued salaries, wages, and commissions	2,100,225	2,251,331
Income taxes	84,326	255,090
Taxes, other than income taxes	295,641	288,884
Current portion of long-term debt	1,576,372	1,907,245
Total current liabilities	8,597,493	8,232,765

CLARK EQUIPMENT COMPANY (DEC)

	1982	1981
	(Amounts in thousands)	
Current Liabilities:		
Notes payable	$ 28,192	$ 29,649
Accounts payable	105,437	133,220
Accrued payrolls	20,600	24,353
Accrued social security and general taxes	13,469	12,950
Revitalization program accrued liabilities—current	160,965	—
Taxes on income	3,886	11,883
Accounts payable and installment obligations owed to finance subsidiaries	1,026	11,829
Current installments on long-term debt	4,876	8,462
Total current liabilities	338,451	232,346

HEUBLEIN, INC. (JUN)

	1982	1981
	(In thousands)	
Current liabilities:		
Notes payable	$ 21,319	$ 34,204
Current portion of long-term debt	4,259	4,305
Current obligations under capital leases	2,713	2,616
Accounts payable	85,433	77,491
Accrued expenses	96,036	94,417
Taxes:		
Federal, state and foreign income taxes	42,739	44,942
Excise taxes	45,919	50,877
Other taxes	8,673	8,628
Dividends payable	10,857	9,794
Total current liabilities	317,948	327,274

Current Advances/Deposits

AXIA INCORPORATED (DEC)

	1982	1981	1980
	(in thousands)		
Current Liabilities:			
Short-term loans	$ —	$ —	$ 2,218
Current maturities of long-term debt	3,060	2,877	720
Accounts payable, trade	6,842	10,417	15,179
Customer deposits	1,231	2,030	2,193
Accrued liabilities:			
Salaries, wages and vacations	2,929	3,372	2,929
Pension costs	1,854	1,504	1,998
Accrued insurance costs	2,274	2,353	2,050
Other	3,458	3,545	3,384
Income taxes	2,056	3,973	1,212
Total current liabilities	23,704	30,071	31,883

ANHEUSER-BUSCH COMPANIES, INC. (DEC)

	1982	1981
	(In millions)	
Current Liabilities:		
Short-term borrowings	$ 25.0	$ 29.5
Installment purchase obligation	—	40.0
Accrued interest payable	29.8	27.3
Accounts payable	306.2	209.8
Due to customers for returnable containers	27.2	26.3
Accrued salaries, wages and benefits	131.1	81.4
Accrued taxes, other than income taxes	62.7	60.1
Estimated income taxes	26.4	5.3
Other current liabilities	37.6	13.7
Total current liabilities	646.0	493.4

BIRD & SON, INC. (DEC)

	1981	1982
Current Liabilities:		
Loans payable	$10,000,000	$ —
Accounts payable and accrued expenses	19,027,000	24,369,000
Advance payments on sales contracts—Note 1	4,735,000	3,301,000
Long-term debt, portion due within one year	3,110,000	156,000
Pension contribution payable	3,094,000	2,890,000
Estimated liabilities from disposition of certain operations	2,943,000	514,000
Income taxes payable	705,000	311,000
Total current liabilities	43,614,000	31,541,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies

Advance payments on sales contracts

The Company manufactures equipment for certain customers under sales contracts which require cash advances. Recognition of income on sales contracts is deferred until shipments are made to customers.

THE CLEVELAND-CLIFFS IRON COMPANY (DEC)

	1982	1981
CURRENT LIABILITIES		
Trade accounts payable	$ 14,768,000	$ 24,092,000
Payables to associated companies	7,868,000	7,339,000
Accrued employment cost	12,680,000	22,577,000
Accrued expenses	11,790,000	9,165,000
Income taxes	656,000	3,174,000
Short-term bank debt	32,500,000	15,000,000
Current portion of long-term obligations	14,912,000	6,975,000
Dividends payable	3,077,000	5,542,000
Advance payments on drilling contracts	7,082,000	3,329,000
Other liabilities	2,439,000	3,001,000
TOTAL CURRENT LIABILITIES	107,772,000	100,194,000

KOPPERS COMPANY, INC. (DEC)

	1982	1981
	($ Thousands)	
Current liabilities:		
Accounts payable, principally trade	$ 58,693	$ 75,699
Accrued liabilities:		
Income taxes	4,485	17,414
Pensions	29,446	28,901
Insurance	28,021	18,608
Payroll and other compensation costs	40,553	38,576
Other accruals	54,001	49,733
Advance payments received on contracts (For services and products paid for by customers, which Koppers will provide in the near future.)	19,883	15,168
Term debt and obligations under capital leases due within one year	11,292	22,227
Short-term debt	—	5,750
Total current liabilities	246,374	272,076

Product Warranties

DRESSER INDUSTRIES, INC. (OCT)

	1982	1981	1980
	(In Millions of Dollars)		
Current Liabilities			
Short-term debt	$134.6	$ 84.5	$ 72.2
Accounts payable	188.0	275.5	243.3
Advances from customers on contracts	52.9	83.5	66.6
Accrued compensation	74.8	83.3	74.8
Accrued taxes, interest and other expenses	239.5	189.2	175.0
Accrued warranty costs	64.8	66.5	56.8
Federal, state and foreign income taxes	29.4	96.0	72.9
Current portion of long-term debt	20.6	31.7	19.9
Total Current Liabilities	804.6	910.2	781.5

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Warranty Costs—All significant performance warranty costs are provided at the time of sale of the warranted product.

HEMOTEC, INC. (DEC)

	1982	1981
CURRENT LIABILITIES:		
Accounts payable	$179,000	$157,000
Payroll, payroll taxes and accrued commissions	116,000	141,000
Income taxes payable	49,000	54,000
Estimated warranty costs	10,000	9,000
TOTAL CURRENT LIABILITIES	354,000	361,000

NOTES TO FINANCIAL STATEMENTS

A (in part): Summary of Significant Accounting Policies:

The Company provides a warranty against defects in materials and workmanship for one year following the date of sale. Estimated costs of product warranties are charged to cost of sales at time of sale.

UNIVERSAL VOLTRONICS CORP. (JUN)

	1982	1981
Current Liabilities:		
Current maturities of long-term debt....	$ 241,570	$ 308,004
Notes payable to bank	—	300,000
Accounts payable	1,684,283	1,534,444
Deferred income taxes	—	662,333
Billings in excess of costs and estimated earnings on uncompleted contracts...	613,058	467,298
Accruals:		
Compensation	330,429	305,553
Estimated product warranty costs	93,000	105,000
Other....................................	231,347	195,001
Total Current Liabilities	3,193,687	3,877,633

Deferred Revenue

BELL & HOWELL COMPANY (DEC)

	1982	1981
	($000)	
Current liabilities:		
Notes payable................................	$ 6,163	$ 14,383
Current maturities of long-term debt........	7,262	3,348
Accounts payable	42,676	38,696
Salaries and wages...........................	19,532	19,413
Accrued expenses	25,339	22,345
Deferred income	34,085	27,526
Taxes on income..............................	6,102	10,763
Total current liabilities	141,159	136,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies:

Revenue Recognition. Sales of products and services are recorded based on shipment of products or performance of services. Revenues from service contracts and tuition from resident students are deferred and are recognized in earnings on a pro rata basis over the period of the service agreement or school term.

MCGRAW-HILL, INC. (DEC)

	1982	1981	1980
	(Thousands of dollars)		
Current liabilities			
Notes payable...................	$ 1,172	$ 4,184	$ 19,611
Accounts payable	43,594	50,174	45,437
Accrued royalties	22,162	21,401	19,724
Accrued compensation and contributions to retirement plans	47,441	45,468	42,216
Income taxes currently payable	63,396	54,556	53,190
Deferred income taxes.........	12,472	18,526	5,754
Unearned revenue	89,324	82,376	69,365
Other current liabilities.........	51,165	49,404	49,515
Total current liabilities	330,726	326,089	304,812

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting policies

Revenue

Tuition revenue from home-study courses is recorded when the contract is accepted. At the same time, a provision for cancellation and uncollectible accounts, and estimated costs to service the contracts, are recorded.

Units whose revenues are principally from subscription income and service contracts record revenue as earned. Units whose revenues are principally from advertising record subscription income as received. Costs related to all subscriptions are expensed as incurred.

SUPREME EQUIPMENT & SYSTEMS CORP. (JUL)

	1982	1981
CURRENT LIABILITIES		
Loans payable, bank	$ —	$ 650,000
Current portion of long-term debt.......	86,955	543,049
Accounts payable	2,563,903	2,220,381
Accrued liabilities:		
Salaries, wages and commissions....	862,229	763,057
Taxes other than income.............	233,966	331,615
Other....................................	348,842	131,633
Accrued income taxes		
Current	596,412	898,603
Deferred...............................	1,194,937	1,415,203
Customer advances.......................	1,101,415	915,993
Deferred service contract income	546,193	647,872
Total Current Liabilities	7,534,852	8,517,406

Costs/Liabilities Related to Discontinued Operations

CORNING GLASS WORKS (DEC)

	1982	1981
	($ millions)	
Current Liabilities		
Loans payable....................................	$ 38.0	$ 50.4
Accounts payable	70.1	90.3
Taxes on income payable........................	8.9	58.2
Wages and employee benefits accrued	85.2	71.8
Accrued costs of business restructuring	39.9	11.3
Other accured liabilities..........................	86.4	74.7
Total current liabilities	328.5	356.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part):

Restructuring Provisions

On December 31, 1982, Corning adopted a strategic plan to restructure company resources to improve future profitability. As a result of this plan, a pretax nonrecurring charge of $90.0 million was recorded in the fourth quarter of 1982 for net costs relating to the disposition and consolidation of certain operations and associated employee-related expenses. Of this amount, $32.1 million is included in long-term liabilities; $21.2 million is included in long-term liabilities; and net inventories, investments and property, plant and equipment have been reduced by $11.2 million, $4.4 million and $21.1 million, respectively.

Expenses provided in 1981 related to a program to restructure Corning's European businesses were $11.3 million before and after tax. 1982 net charges to that accrual were $3.5 million.

THE FIRESTONE TIRE & RUBBER COMPANY (OCT)

	1982	1981
	(Dollars in millions)	
Current liabilities		
Short-term loans	$ 49	125
Accounts payable, principally trade	242	255
Accrued compensation	163	158
Domestic and foreign taxes	92	148
Accrued liability for phase-outs and realignments	89	46
Long-term debt due within one year	11	13
Other accrued liabilities	166	188
Total current liabilities	$812	933

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Phase-outs and Realignments

In 1980, the total amount charged to operations for phase-out costs was $104 ($49, or 85 cents per share, after income taxes, including an extraordinary credit of $13) after a $74 benefit from a partial liquidation of LIFO valued inventories related to closed facilities. The charge was to cover estimated costs of closing seven tire plants in the United States and Canada, closing a synthetic latex plant, writing down assets in certain foreign operations and phasing out other domestic operations.

No charge to income was recorded in 1981 because additional amounts accrued approximated proceeds received in excess of estimated net realizable value of assets sold during the year.

In July, 1982, a charge of $93 was made against income to cover curtailments of natural rubber operations overseas ($18) and estimated costs of additional plant closures or dispositions and related organizational realignments.

In October, 1982, earlier estimates of phase-out and realignment costs were adjusted, based upon experience to date and anticipated future charges, and provisions were made for estimated costs of terminating production at several other locations. The total amount charged to income in 1982 was $112 ($71 after income taxes, or $1.33 a share), after a $22 benefit from realized and anticipated partial liquidations of related LIFO valued inventories. The 1982 charges relate to domestic and foreign locations involved in the manufacturing and production of tires and related products, as well as metal and rubber products, including synthetic rubber, wheels and rims and beverage containers.

Properties, plants and equipment of closed facilities which are to be sold are carried in non-current other assets at estimated net realizable value of $49 and $36 at October 31, 1982 and 1981, respectively.

The accured liability balance at October 31, 1982, reflects management's estimate of future costs of phase-outs and realignments.

Activity in the liability for phase-out and realignments follows:

Year ended October 31	1982	1981	1980
Accrued at beginning of year	$ 77	110	86
Amount accrued during the year	112	7	104
Net asset writedowns, less LIFO benefits of $22 in 1982 and $74 in 1980	(19)	—	(9)
Less amounts charged thereto	(59)	(40)	(71)
Accrued at end of the year	$111	77	110

Billings in Excess of Related Costs

ALPHA PORTLAND INDUSTRIES, INC. (DEC)

	1982	1981
	(000 Omitted)	
Current Liabilities:		
Notes payable to banks		$10,050
Current portion of long-term debt	$ 4,228	3,603
Accounts payable	14,603	23,414
Income taxes		
Current	64	2,361
Deferred	9,434	5,816
Accrued payroll	2,738	5,050
Other accrued liabilities	4,066	9,103
Billings in excess of costs and estimated earnings on uncompleted contracts	13,238	13,891
Total current liabilities	48,371	73,288

Unredeemed Coupons

STANHOME INC. (DEC)

	1982	1981
CURRENT LIABILITIES:		
Notes and loans payable	$ 5,221,892	$ 3,101,620
Accounts payable	28,254,388	24,932,559
Dealers' security deposits	3,276,363	4,138,600
Federal, state and foreign taxes on income	4,667,640	10,767,024
Unredeemed coupons and certificates	1,984,030	2,223,665
Accrued expenses—		
Payroll and commissions	3,242,957	3,310,061
Vacation and sick leave	3,962,058	3,574,552
Pensions and profit sharing	2,101,119	2,519,320
Payroll taxes	1,854,023	1,913,415
Other	3,880,274	4,111,626
Dividends payable	1,432,445	1,473,383
Total current liabilities	59,877,189	62,065,825

LONG TERM DEBT

Table 2-25 summarizes the types of long term debt most frequently disclosed by the survey companies.

Paragraph 10b of FASB *Statement of Financial Accounting Standards No. 47* requires that financial statements disclose for each of the five years following the date of the latest balance sheet presented the "aggregate amount of maturities and sinking fund requirements for all long term borrowings."

Examples of long term debt presentations and disclosures follow. Examples of long term lease presentations and disclosures are presented in connection with Table 2-27.

TABLE 2-25: LONG-TERM DEBT

	Number of Companies			
	1982	1981	1980	1979
Unsecured				
Notes	467	470	461	463
Debentures	289	289	312	302
Loans	106	119	139	139
Collateralized				
Capitalized leases	442	440	430	422
Mortgages	185	185	187	192
Notes or loans	90	82	86	88
Convertible				
Debentures	165	164	168	166
Notes	20	20	22	20

ACME-CLEVELAND CORPORATION (SEP)

	1982	1981
Long-Term Obligations		
11% Senior Notes, annual installments of $2,000,000	$ -0-	$17,000,000
9% Senior Notes, annual installments of $885,000	13,230,000	14,115,000
5.75% to 8.8% Industrial Revenue Bonds, annual installments through 1996	18,538,934	17,656,267
11% to 14.1% capitalized leases, annual installments through 1987	572,973	667,214
Other notes payable	3,781,688	3,643,692
Total Long-Term Obligations	36,123,595	53,082,173

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Credit Agreements and Borrowings

Short-Term Borrowings—Acme-Cleveland maintains agreements with several banks providing short-term lines of credit in the amount of $11,155,000. At September 30, 1982, foreign borrowings against these lines amounted to $933,000 at interest rates ranging from 9.375% to 54.5% (primarily in Mexico).

The lines of credit in 1982 and 1981 prescribe compensating balances totalling $422,000 and $700,000, respectively. Balances for 1982 and 1981 were not legally restricted as to withdrawal and served as part of the Corporation's minimum operating cash balances.

Long-Term Borrowings—In 1982 the Corporation concluded a revolving credit agreement with five banks permitting the Corporation to borrow up to an aggregate of $15,000,000, with the revolving notes maturing April 1, 1985. This agreement replaced a similar agreement negotiated in 1980. The revolving credit loan may be converted into a four-year term loan, repayable in equal quarterly installments commencing July 1, 1985. The revolving notes bear interest at either the prime rate or at ½% above the London Interbank Eurodollar rate, at the Corporation's option.

The required compensating balances were $600,000 at September 30, 1982 and $1,200,000 at September 30, 1981. To date, the Corporation has not borrowed under this agreement.

Also in 1982, the Corporation received $1,800,000 in proceeds from Industrial Revenue Bonds for the construction of a new manufacturing facility. The bonds bear interest at a floating rate (8.775% at September 30, 1982) which is equal to 65% of North Carolina National Bank's prime rate.

Also in 1982, the Corporation repurchased the outstanding $19,000,000 of its 11% Senior Notes at a discount, which increased net earnings by $438,000.

The terms of the 9% Senior Notes and the Revolving Credit Agreement require, among other things, minimum amounts, as defined, of working capital, ratio of current assets to current liabilities and tangible net worth. The agreements also contain certain limitations on the payment of cash dividends and on certain other payments as defined. The amount of unrestricted retained earnings available for dividend purposes under the most restrictive covenants was approximately $16,075,000 at September 30, 1982.

Interest expense charged to operations and applicable to long-term debt, including capital lease obligations, amounted to approximately $5,266,000, $7,160,000 and $5,744,000 for the years 1982, 1981 and 1980, respectively. There was no interest capitalized during these periods.

Other notes payable included mostly foreign borrowings at interest rates ranging from 5% to 50%.

Current installments of long-term obligations including capitalized lease obligations in fiscal year 1983 aggregate approximately $4,601,000. Subsequent annual installments are as follows:

1984	$5,356,000
1985	$3,945,000
1986	$2,954,000
1987	$2,757,000

AMERICAN MOTORS CORPORATION (DEC)

	1982	1981
	(Dollars in Thousands)	
LONG-TERM LIABILITIES		
Long-term debt—Affiliated company	$140,801	$ 9,192
—Others	395,794	263,611
Other liabilities	76,039	63,562
TOTAL LONG-TERM LIABILITIES	$612,634	$336,365

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note E (in part): Debt

Long-Term Debt, net of current maturities

	December 31	
	1982	1981
	(Dollars in Thousands)	
Revolving Credit Agreement	$250,000	$150,000
Vehicle and Component Financing Agreements	51,173	24,581
Tooling and Equipment Financing Agreements	45,057	17,575
6% Convertible Subordinated Debentures, less unamortized discount based on imputed interest rate of 8½% ($1,509 in 1982 and $1,875 in 1981)	19,699	21,433
9% Bonds, less unamortized discount of $193 in 1982 and $249 in 1981	17,807	19,751
10% Convertible Subordinated Debenture	40,000	—
16.62% Subordinated Debenture	50,000	—
6% Convertible Bonds	4,222	4,373
Mortgage Loan Agreements	24,363	25,150
Notes Payable	25,000	—
Miscellaneous notes and mortgages—including capitalized leases of $5,175 in 1982 and $6,255 in 1981	9,274	9,940
	$536,595	$272,803

Revolving Credit Agreement

The Company has an unsecured, revolving credit agreement with a group of banks providing for $250,000,000 through December 31, 1985, all of which is outstanding at December 31, 1982. Under the agreement, the loans may, at the Company's option, be either Domestic Loans or Eurodollar Loans or a combination thereof. Domestic Loans bear interest ranging generally from the prime rate to 110% of prime rate. Eurodollar Loans bear interest ranging from ½ to ⅞ of 1% over the London interbank rate. A commitment fee of approximately ½ of 1% per annum is payable quarterly on the daily average unused amount of the credit. Certain of the banks require average demand deposit balances (approximately $11,300,000) based upon a percentage of their commitments and, in some instances, also a percentage of outstanding borrowings. None of these balances are legally restricted as to withdrawal. The agreement contains covenants relating to the level of working capital and ratio of debt to net worth. At December 31, 1982, these requirements have been met. The agreement also contains a covenant under which neither the Company nor any of its consolidated subsidiaries may create liens on any of their assets or enter into any negative pledge covenants except as permitted by the agreement.

Vehicle and Component Financing Agreements

During 1982 and 1981, the Company had unsecured financing agreements with banks under which the Company made borrowings as vehicles, service parts and components were purchased from Renault. A total of $146,747,000 is outstanding under these agreements at December 31, 1982, of which $95,574,000 is classified as a current liability. Each borrowing is repayable in French francs in four semiannual installments of principal and interest through 1984. As of December 31, 1982, the Company has entered into forward exchange contracts for delivery of sufficient francs to meet all existing repayment requirements. Interest approximates 10% per annum. The credit agreements contain a covenant that, if American Motors Corporation grants security for indebtedness to any banking institution, American Motors Corporation will grant identical security to the banks providing the credit.

Tooling and Equipment Financing Agreements

The Company has awarded contracts for the purchase of tooling and equipment to Renault and its subsidiaries. Certain of these contracts include provisions for unsecured long-term financing through Renault totaling $87,951,000, of which $39,403,000 is outstanding at December 31, 1982. Repayment is required in ten semiannual installments of principal and interest with interest ranging from 8¼% to 11⅜% per annum. The Company has arranged a separate credit agreement with banks to provide $21,321,000 of financing for the remaining contracts of which $18,609,000 is outstanding at December 31, 1982, under similar terms.

6% Convertible Subordinated Debentures

The 6% Convertible Subordinated Debentures require repayments of $2,100,000 annually on October 1, 1983 to 1987, with a final repayment of $12,808,000 on October 1, 1988 and are convertible into Common Stock at $9.27 per share.

9% Bonds

The 9% Bonds require annual repayments of $2,000,000 in 1984 and 1985, $3,000,000 in 1986 to 1988 and final repayment of $5,000,000 in 1989.

10% Convertible Subordinated Debenture and 16.62% Subordinated Debenture

The Debentures, due to Renault March 15, 2000, require repayment in ten equal annual installments beginning in 1991. The 10% Convertible Subordinated Debenture is convertible into Common Stock at $12.00 per share. The Debentures contain various covenants relating to the ratio of debt to net worth, and acquisitions of and dividends on Common Stock are restricted in the aggregate to 50% of net income earned after December 31, 1980

6% Convertible Bonds

The Bonds require repayment on April 1, 1992 and are convertible into Common Stock at $6.97 per share.

The Company has agreed not to declare or pay any cash dividend, or to purchase, redeem or acquire any shares of its stock, if, upon giving effect to such dividend or acquisition, the aggregate amount expended for such purposes subsequent to September 30, 1968, exceeds an amount equal to 70% of the aggregate consolidated net income, as defined, of the Company, earned subsequent to September 30, 1968. Under this convenant, as of December 31, 1982, the Company is restricted from declaring any cash dividend.

Mortgage Loan Agreements

The Company has borrowings of $25,156,000 under two mortgage loan agreements. The weighted average interest rate is 7.4% per annum and payments extend through 1999.

Notes Payable

At December 31, 1982, $20,000,000 is outstanding from Renault Finance, S.A. under an unsecured line of credit that matures thirteen months after date of notice of termination. In addition, $5,000,000 is outstanding from a bank under an unsecured line of credit that matures in April 1984. The notes bear interest at rates ranging from ⅜ to ¾% over the London interbank rate.

Aggregate Maturities

The aggregate annual maturities of long-term debt including capitalized lease commitments for each of the five years ending December 31, 1987 are as follows: $112,777,000, $96,143,000, $269,334,000, $19,724,000 and $13,849,000. The present value of capitalized lease commitments aggregated approximately $6,143,000 and annual rental payments average $1,200,000 in each of the next five years.

DYNAMICS CORPORATION OF AMERICA (DEC)

	1982	1981
	($000)	
Total Current Liabilities	$20,894	$24,034
Long-term Debt—Note 6	6,906	19,160
Total Liabilities	27,800	43,194

Note 6: Long-term Debt and Short-term Credit Facilities:

Long-term debt consists of the following:

	1982	1981
	(in thousands)	
Revolving credit notes		$16,800
Note payable to bank 9.875%	$4,000	
Industrial revenue bonds 4% and 7.35% payable through 1994	1,377	1,494
Mortgage notes payable 7.5% to 10% payable through 1996	905	1,022
Obligations under capital leases	1,917	2,037
Other	600	700
	8,799	22,053
Less current portion	1,893	2,893
	$6,906	$19,160

The Company's Revolving Credit Agreement, as amended, provides a line of credit of up to $20,000,000 through March 31, 1984 at the prime rate. The Company pays a commitment fee of ½% based on the unused portion of the line, and a separate facility fee as defined in the Agreement. The Agreement provides that, at the option of the Company, the principal outstanding at March 31, 1984, may be converted to a four year term loan, with interest of ¼% over the prime rate, payable in equal semi-annual principal installments.

The Agreement further contains restrictions which, among other things, require maintenance of certain financial ratios. At December 31, 1982, under its most restrictive provision, the Agreement restricts the payment of dividends to 50% of current year's net income plus $3,000,000.

Note payable to bank is classified long-term because of the Company's ability to refinance the obligation on a long-term basis.

The industrial revenue bonds and mortgages are collateralized by land, buildings and improvements having a net book value of $2,933,000 at December 31, 1982.

Capital leases generally provide that the Company pay property taxes and costs arising from the Company's operating, maintenance or use of the leased asset. Certain capital leases contain renewal and/or purchase options. Minimum lease payments required by obligations under capital leases approximate $335,000 in each of the five years succeeding December 31, 1982; and total $3,473,000, including $1,556,000 representing interest. The current portion of the present value of such payments is $182,000 at December 31, 1982.

The aggregate principal payments of long-term debt (excluding capital leases) for the next five years are summarized as follows:

1983	$1,711,000*
1984	$ 478,000
1985	$ 796,000
1986	$ 801,000
1987	$ 806,000

*Subsequent to December 31, 1982, the Company paid $1,500,000 of the amount due under note payable to bank, which amount is included in current installments of long-term debt.

The Company has lines of credit with banks amounting to $25,000,000 (committed) and $19,000,000 (uncommitted) for maturities of up to six months with interest at a fixed rate, generally less than the banks' prime rates. The Company pays an availability fee or a commission for each borrowing under the committed lines. The committed lines are subject to cancellation by the company or the banks with thirty days notice. The Company does not pay any fees for the uncommitted lines; therefore, the availability under such lines is at the discretion of each bank. All of the lines are subject to cancellation upon the occurrence of an event of default, as defined, including events of default as defined by the Revolving Credit Agreement. At December 31, 1982, the Company had borrowed only $4,000,000 under these lines of credit.

GEARHART INDUSTRIES, INC. (JAN)

	1983	1982
	(In thousands)	
Total current liabilities	$45,753	$64,568
Long-term debt (less current maturities included above) (Note 8)	95,831	87,230
Other liabilities and deferred credits	8,100	6,662
Deferred income taxes	14,488	11,957
Minority interest	6,690	5,791

Note 8: Long-Term Debt

Long-term debt is comprised of the following:

	January 31, 1983	1982
	(In thousands)	
10½% senior notes due in annual installments of $1,200 beginning in 1981 to 1990	$ 9,600	$10,800
8¾% senior notes due in annual installments of $600 beginning in 1983 to 1992	6,000	6,000
12% unsecured note due in semi-annual installments of $83 to 1987	607	693
Notes under revolving credit agreement, due April 30, 1984	20,400	34,800
Commercial paper, 8⅝%–9½%	24,700	—
12¾% Convertible Subordinated Debentures due 1993	35,000	35,000
Obligations due in installments to 1990 with varying interest rates to 12% with land and equipment pledged as collateral	1,704	1,516
	98,011	88,809
Less current maturities	2,180	1,579
	$95,831	$87,230

The Company has a revolving credit agreement with a group of banks expiring April 30, 1984 under which it may borrow up to $90 million, with interest at the prime rate for domestic borrowings or at the London Interbank Offered Rate plus ¾ of 1 percent subject to adjustment for Federal Reserve costs for Eurodollar borrowings. Under this agreement the Company is obligated to pay a commitment fee of ½ of 1 percent on the unused balance and pay an additional amount equal to 8% of the prime rate on outstanding amounts in lieu of compensating balances. At maturity date and at its option, the Company may convert the agreement, up to the amount of the commitment, to term loans to be repaid in twenty equal quarterly installments. At January 31, 1983, this agreement supports $24.7 million of commercial paper that has been classified as long-term debt based upon the Company's intention to continue that amount of debt in some form for more than one year.

Several of the loan agreements contain provisions pertaining to maintenance of minimum working capital balances, tangible net worth and financial ratios, restrictions as to payment of cash dividends and conditions precedent to obtaining additional long-term debt. The most restrictive provision of these agreements limits the annual payment of dividends to $500,000 plus 75% of consolidated net income computed on a cumulative basis from February 1, 1978.

The Company, on December 22, 1981, privately placed $35,000,000 of 12¾% convertible notes with an institutional investor. The debentures may be converted into common stock of the Company at a rate of $34.48 a share at any time prior to maturity. The debentures are subordinated to other long-term debt.

Approximate annual maturities of long-term obligations scheduled for payment for the five fiscal years after January 31, 1983 are as follows: 1984—$2,180,000; 1985—$47,375,000; 1986—$2,078,000; 1987—$2,056,000; 1988—$2,072,000.

INSILCO CORPORATION (DEC)

	1982	1981
	($000)	
Total current liabilities	$170,190	$136,575
Senior Debt	85,791	90,459
Subordinated Debt	21,383	24,199
Obligations Under Capitalized Leases	12,890	18,924
Deferred Income Taxes	65,014	71,204
Other Long-Term Liabilities	8,172	7,634
Minority Interests	14,750	13,291

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7: Senior and Subordinated Debt

Senior and subordinated debt at December 31 is summarized below (in thousands of dollars):

	Interest Rate	1982	1981
Senior debt			
Notes payable in equal annual installments			
1983 through 1997	8⅝%	$20,000	$20,000
1983 through 1989	9	7,000	8,000
1984 through 1987	12½	22,500	22,500
Bank term debt, due 1984 through 1986	Prime	25,000	25,000
Industrial development revenue bonds, due 1983 through 2002	7¼–11	9,965	11,048
Miscellaneous, due 1983 through 1997	6–15½	4,731	5,896
		89,196	92,444
Less—current portion		3,405	1,985
Total senior debt		$85,791	$90,459
Subordinated debt			
Subordinated notes due May 31, 1987, less $2,431 (1981—$1,519) unamortized discount based on imputed interest rate of 16½%	9½–12½	$17,300	$18,412
Convertible Subordinated Debentures due			
January 1, 1993	5	3,215	5,419
January 1, 1989	5¾	968	968
		21,483	24,799
Less—current portion		100	600
Total subordinated debt		$21,383	$24,199

During the next five years senior and subordinated debt matures as follows: 1983—$3,505,000; 1984—$13,026,000; 1985—$21,349,000; 1986—$21,004,000; 1987—$23,237,000.

In January 1982, the Company and holders of approximately $18,000,000 principal amount of Subordinated Notes due 1987 entered into agreements which eliminated the holders' option to require annual repayments of $2,550,000 in exchange for an increase in the interest rate to 12½%. This transaction was accounted for in accordance with Accounting Principles Board *Opinion No. 26,* "Early Extinguishment of Debt." Accordingly, as of the date of the transaction, the remaining liability for these Notes was adjusted to $15,679,000, representing the present value of the Notes at a 16½% interest rate. This resulted in an after-tax gain of $690,000. The Company and holders of these Notes had previously (1980) entered into agreements which eliminated their rights to convert the Notes in exchange for an increase of $1,681,000 in principal amount of the Notes.

The 5% and the 5¾% Convertible Subordinated Debentures, which are convertible into common stock at the rate of $22.57, are redeemable in 1983 at the option of the Company at 101% and 102¼%, respectively, of the principal amounts and at decreasing prices thereafter. At December 31, 1982, common stock reserved for conversion totaled 185,329 shares. In March 1982, the Company and a holder of $2,200,000 principal amount of 5% Convertible Subordinated Debentures entered into an agreement under which 125,882 shares of Common Stock were exchanged for these debentures, resulting in an after-tax gain of $341,000.

The agreements relating to the Company's principal long-term borrowings include restrictions upon working capital, creation of additional long-term debt and payment of cash dividends. Under the agreements, $30,888,000 of the Company's retained earnings at December 31, 1982, was available for payment of cash dividends.

POTLATCH CORPORATION (DEC)

	1982	1981
	($000)	
Total current liabilities	$110,895	$115,449
Long-term debt (Note 8)	344,417	348,887
Deferred taxes on income	110,447	102,686

Note 8: Long-Term Debt

	1982	1981
	(Dollars in thousands)	
Notes payable to insurance companies:		
5.75% notes due through 1988	$ 22,350	$ 26,600
8.375% notes due through 1997	44,200	47,100
8.875% notes due through 1996	68,702	74,348
Revenue bonds:		
5.8% to 6.0% due 1997 through 2007	8,935	8,933
6.5% due 2000 through 2008	12,000	12,000
6.75% to 6.875% due 2004 through 2009	70,015	71,000
6.1% to 6.75% due 1994 through 2009	34,912	34,908
6.6% to 6.7% due 2004 through 2009	12,974	12,972
9.0% due 2000	2,000	2,000
13.44% due 1989 through 2000	2,500	2,500
Commerical paper 9.0% to 9.625% (11.75% to 13.375% in 1981)	81,191	67,218
Other notes	2,174	3,423
	361,953	363,002
Less current installments on long-term debt	17,536	14,115
Long-term debt	$344,417	$348,887

Among other conditions, loan agreements supporting the notes payable to the insurance companies require the company to maintain consolidated net working capital of at least $50 million ($55 million after giving effect to declaration of dividends), and place restrictions on dividends and other stockholder payments. At December 31, 1982, approximately $57.0 million of total retained earnings was free of dividend restrictions.

Outstanding commercial paper is classified as long-term debt in accordance with Financial Accounting Standards Board Statement No. 6, "Classification of Short-Term Obligations Expected to be Refinanced." The commercial paper is backed by two eight-year revolving credit and term-loan agreements. One agreement provides that the company may borrow up to $60 million at any time during the period March 14, 1980, through March 31, 1984, with repayment of the term-loan portion in 16 equal quarterly installments commencing June 30, 1984. The second agreement provides that the company may borrow up to $22 million at any time during the period January 5, 1981, through January 5, 1985, with repayment of the term-loan portion in 16 equal quarterly installments commencing January 31, 1985. There were no direct borrowings under these agreements at December 31, 1982.

Installments due on long-term debt during each of the five years subsequent to December 31, 1982, are as follows:

(Dollars in thousands)	
1983	$17,536
1984	13,481
1985	12,975
1986	12,890
1987	12,893

The above installments do not include any payments on commercial paper outstanding which was classified as long-term debt at December 31, 1982.

OWENS-ILLINOIS, INC. (DEC)

	1982	1981
	(Millions of dollars)	
Total current liabilities	$559.9	$580.5
Long-term debt	591.3	611.1

FINANCIAL REVIEW

Tabular data in millions of dollars

Long-Term Debt. Long-term debt at December 31, 1982 and 1981, excluding amounts due within one year, is summarized below:

	1982	1981
Domestic companies:		
Notes payable unsecured:		
3⅜% to 12%, payments due annually to 1991	$ 73.6	$ 81.9
8.45%, due annually to 1984 to 1998	100.0	100.0
10⅜%, due 1990	100.0	100.0
Long-term capital lease obligations, 5% to 12%, payments due periodically to 2010	55.3	53.3
Mortgage notes payable, 2% to 9.5%, payments due annually to 1996	3.8	3.1
Sinking fund debentures, less amounts held in treasury:		
3¾%, payments due annually to 1988	18.0	19.5
9.35%, payments due annually to 1999	80.5	80.5
7⅝%, payments due annually to 2001	81.5	81.5
Exchangeable subordinated debentures, 4½%, due 1987	4.3	5.9
Convertible subordinated debentures, 6%, payments due annually to 1992	17.2	25.5
	534.2	551.2
Foreign subsidiaries:		
Mortgage bonds and notes, principally 5½% to 10%, payments due annually to 2004	11.5	12.3
Notes payable, principally 6.95% to 19½%, payments due annually to 1998	45.6	47.6
	57.1	59.9
	$591.3	$611.1

The 4½% exchangeable subordinated debentures due in 1987 are exchangeable for common stock of Owens-Corning Fiberglas Corporation at $27.13 per share. The exchange price is subject to adjustment upon certain events. In 1982, 1981, and 1980, $1.6 million, $2.0 million, and $7.7 million, respectively, of these debentures were exchanged for 61,473, 72,754, and 284,837 shares of Owens-Corning Fiberglas Corporation common stock (see Investments).

Under the terms of a First Supplemental Trust Indenture, the interest rate on the Company's convertible subordinated debentures due November 1, 1992, was increased from 4½% to 6% effective from and after May 1, 1982. Such debentures are convertible into common shares of the Company at $29.50 per share. The conversion price is subject to adjustment in certain circumstances. In 1982, 1981, and 1980, $8.3 million, $11.0 million, and $3.7 million, principal amount of these debentures were converted into 279,089, 372,843, and 126,320 common shares, respectively.

Assuming application of the sinking fund debentures in the treasury to the earliest payments due, the aggregate annual maturities of long-term debt through fiscal 1987, including minimum payments under long-term lease obligations, are as follows: 1983—$21.9 million; 1984—$35.1 million; 1985—$32.2 million; 1986—$22.5 million; 1987—$36.0 million.

Minimum payments under long-term capital lease obligations at December 31, 1982, are as follows: 1983—$5.9 million; 1984—$6.7 million; 1985—$5.3 million; 1986—$5.1 million; 1987—$4.6 million; and thereafter—$87.5 million. Interest payable over the term of the respective obligations of $62.4 million has been deducted from the aggregate minimum payments in arriving at their present value as reflected in the debt table.

THE SINGER COMPANY (DEC)

	1982	1981
	(Amounts in Millions)	
Total current liabilities	$618.1	$ 713.1
Long-term debt	279.6	307.3
Other non-current liabilities	88.6	107.5
	$986.3	$1,127.9

NOTES TO FINANCIAL STATEMENTS

12. Long-Term Debt

Long-term debt, less amounts due within one year, is summarized by type of borrowing as follows:

	Interest Rates	Due Dates	December 31, 1982	1981
			(Amounts in Millions)	
Notes	9⅜%	6/1/92	$ 90.0	$100.0
Sinking Fund Debentures	8	1/15/99	37.8	80.0
Guaranteed Notes	8¾	4/1/82	—	50.0
1979 Revolving Credit Agreement—Revolving Credit Notes	12¼	11/30/87	100.0	15.0
1977 Revolving Credit and Term Loan Agreement—Term Notes	9⅜%	5/31/83	—	8.3
Capital Leases (See Note 13)	Various	Various	27.4	28.4
Miscellaneous	Various	Various	24.4	25.6
			$279.6	$307.3

The aggregate long-term debt and capital lease obligations maturing during each of the years in the five-year period subsequent to December 31, 1982, are as follows:

Years	1983	1984	1985	1986	1987
Amounts (in millions)	$23.6	$21.0	$35.4	$53.2	$55.4

The 15-year Note Agreement, as amended, with a group of six institutional lenders (collectively the "Note Agreement"), provides for $100 million of 9⅜ percent unsecured notes which are payable in annual instalments of $10 million commencing June 1, 1983.

The Sinking Fund Debentures require annual sinking fund payments of not less than $5 million of the principal amount on January 15 of each of the years 1980 through 1998. In 1982 and 1981, the Company repurchased $42.2 million and $5 million, respectively, principal amount of such debentures. An additional $15 million principal amount of such debentures was purchased in prior years. Of the total, $20 million principal amount was applied to the first four sinking fund requirements. The Company expects to utilize the remaining $42.2 million of repurchases to satisfy future sinking fund requirements.

During 1982, the $50 million 8¾ percent Guaranteed Notes of Singer International Securities Company, a wholly owned subsidiary of the Company, matured and were refinanced primarily with borrowings under the Company's 1979 Revolving Credit Agreement.

The Term Notes under the Company's Revolving Credit and Term Loan Agreement, as amended (the "1977 Agreement"), with a group of 30 banks originally were issued in an aggregate principal amount of $100 million, payable in 12 equal semiannual instalments commencing November 30, 1977, and may be prepaid at any time with premium to be determined at the time of prepayment. At December 31, 1982, the remaining $8.3 million principal amount of the Term Notes is classified as long-term debt instalments due within one year.

The Company's 1979 Revolving Credit Agreement, as amended (the "1979 Agreement"), with a group of 20 banks provides for a revolving credit facility of $150 million currently, with semiannual reductions of $15 million on May 31 and November 30, 1984, and $20 million on each May 31 and November 20 thereafter through the expiration date of the facility on November 30, 1987.

Borrowings under the 1979 Agreement are at an interest rate equal to the "Applicable Rate" plus an additional percentage. This percentage is ¾ percent through November 29, 1984, and 1 percent thereafter. The "Applicable Rate" is the higher of (a) the prime rate charged from time to time by the Agent for the banks, or (b) 109 percent of the secondary market morning offering rate in the United States for certificates of deposit of major U.S. money market banks having a three-month maturity, as reported by the Federal Reserve. Pursuant to informal arrangements, the Company pays each of the banks a facility fee equal to 10 percent of the prime rate times the amount of such bank's revolving credit commitment under the revolving credit facility or, in lieu thereof, provides equivalent value in the form of compensating balances. The 1979 Agreement also requires a fee of ½ percent per annum on the average daily unused portion of the revolving credit facility. The terms of the daily 1979 Agreement enable the Company to borrow and repay under the revolving credit facility without premium at any time.

During 1982 and 1981, the maximum amount of borrowings outstanding under the revolving credit facility at any month-end was $100 million and $50 million, respectively. The average daily borrowings outstanding under such facility during 1982 and 1981 were $37.4 million and $17.4 million, respectively, at an average interest rate of 14.7 percent and 20 percent, respectively.

The 1979 Agreement, the 1977 Agreement, and the Note Agreement contain certain defined restrictive covenants including restrictions on dividends, working capital, total debt, tangible net worth, and investments.

Under the dividend restrictions in the 1979 Agreement and the 1977 Agreement, the Company may declare dividends to the extent that the aggregate of all dividends declared since December 31, 1979, does not exceed the sum of $5 million plus 25 percent of the lesser of income from continuing operations or net income accrued from January 1, 1980. The amount of defined earnings available for payment of dividends excludes income resulting from reductions in the reserve for facility restructuring.

The dividend restriction in the Note Agreement permits the Company to declare cash dividends on its preferred and common stock if the aggregate of all cash dividends declared since December 31, 1979, does not exceed the sum of $5 million plus a specified percentage, initially 30 percent, of net income accrued subsequent to December 31, 1979. This percentage will increase to 50 percent when the Company's ratio of debt to tangible net worth plus debt is 50 percent or less for 12 consecutive months. The amount of defined earnings available for payment of dividends excludes income resulting from extraordinary credits.

For the calculation period ending December 31, 1982, the aggregate amount of dividends expected to be paid by the Company through the first quarter of 1983 exceeds the amount of defined earnings available for payment of dividends by $4.3 million under the 1979 Agreement and the 1977 Agreement, and $.9 million under the Note Agreement. The Company, however, obtained various waivers from its lenders which permit the declaration of the 1983 first quarter dividends on preferred stock, under all three agreements.

In early 1983, the Company expects to negotiate amendments to certain covenants under its various loan agreements consistent with the then current financial projections.

The more restrictive of the Agreements' additional covenants are summarized as follows:

Effective through December 30,	1983	1984	1985	Thereafter
	(Dollars Amounts in Millions)			
Minimum working capital ratio	140%	140%	140%	140%
Minimum tangible net worth (1) ..	$400	$430	$485	$560
Maximum ratio of debt to tangible net worth plus debt	57%	54%	50%	50%

(1) At the end of any quarter, tangible net worth may not be less than 95 percent of the greatest amount of tangible net worth at the end of any previous quarter ending on or after September 30, 1979. In the fourth quarter of 1982, the Company obtained various waivers from its lenders which reduce the minimum tangible net worth requirement to $375 million for the period December 30, 1982, through April 30, 1983, and eliminate the above 95 percent requirement for the two quarters ending during that period.

WHITTAKER CORPORATION (OCT)

	1982	1981
	(In thousands)	
Total Current Liabilities	$420,654	$380,859
LONG-TERM DEBT (Note 3)	154,645	134,032
MINORITY INTEREST IN SUBSIDIARIES	9,245	6,745

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Notes Payable and Long-Term Debt

At October 31, 1982, Whittaker had available lines of credit of $206,000,000 under various bank loan agreements. No amounts under these lines were drawn upon at October 31, 1982. Maturities of commitments under these agreements range from one to five years. Interest rates range from ½% above the bank's federal funds rate to ½% above the London Interbank Offered Rate on Eurodollar borrowings and prime rate on domestic borrowings. Commitment fees under these agreements are between ¼% and ⅜% on the unused portions of the lines. In addition, under certain of the agreements, the company is expected to maintain unrestricted compensating balances averaging 3% of amounts committed plus 5% of amounts borrowed.

Whittaker has additional credit facilities for certain subsidiaries with various domestic and foreign banks totaling approximately $79,000,000, of which $10,534,000 was drawn upon at October 31, 1982. Interest rates on these lines are keyed primarily to prime or other prevailing rates, and such interest rates on the borrowings outstanding at October 31, 1982 approximated 13%.

The maximum amount of short-term borrowing outstanding at any month-end during the year ended October 31, 1982 was approximately $19,000,000, the average amount outstanding during 1982 was approximately $9,000,000, and the average interest rate (after giving effect to fees but not compensating balances) during 1982 was approximately 16%.

Long-term debt consisted of the following:

	October 31,	
	1982	1981
	(In thousands)	
Collateralized Debt—		
Notes collateralized primarily by certain real property and equipment maturing at various dates to 1999, with interest rates ranging to the higher of 15% or 70% of prime	$ 40,168	$ 35,727
Capitalized Lease Obligations—		
Obligations payable in varying monthly or quarterly installments through 1999, with interest rates ranging to the higher of 11% or 65% of prime (Note 8)	18,868	18,429
Uncollateralized Debt—		
Bank loan due 1982, with interest at 8%	—	10,000
Notes maturing at various dates to 1992, with interest rates ranging to 14%	22,710	21,437
Bank loan due 1985 through 1989 with interest at prime	18,000	—
Subordinated Debt—		
5% subordinated notes due 1982	—	569
9⅝% subordinated debentures due 1983 through 1993	12,261	14,964
10% subordinated debentures due 1983 through 1988	11,834	12,084
10% subordinated debentures due 1986 through 1996 (less unamortized discount of $1,564,000 at October 31, 1982 and $1,735,000 at October 31, 1981)	32,700	32,529
Convertible Subordinated Debt—		
4½% convertible subordinated debentures due 1983 through 1988, convertible into common stock at $47 per share	4,425	4,744
Convertible subordinated note due 1981, convertible into common stock at $15 per share, with variable interest keyed to the three-month Eurodollar rate plus 1%	—	3,000
4¾% convertible subordinated debentures due 1983 through 1987, convertible into common stock at $17 per share	443	554
	161,409	154,037
Less current maturities	6,764	20,005
	$154,645	$134,032

At October 31, 1982, collateral for notes payable and for long-term debt, consisting primarily of real property and equipment, amounted to approximately $45,000,000.

Maturities of long-term debt are as follows for the periods stated:

Year ending October 31,	(In thousands)
1983	$ 6,754
1984	8,781
1985	14,425
1986	17,219
1987	18,855

Covenants in connection with bank loan agreements, indentures, lines of credit and other long-term loan agreements impose restrictions with respect to, among other things, the maintenance of financial ratios and the disposition of assets, and require payments to sinking funds.

CREDIT AGREEMENTS

As shown in Table 2-26., many of the survey companies disclosed the existence of loan commitments from banks or insurance companies for future loans. Examples of such loan commitment disclosures follow.

TABLE 2-26: CREDIT AGREEMENTS

	1982	1981	1980	1979
Disclosing credit agreement.	547	544	514	450
Not disclosing credit agreement	53	56	86	150
Total Companies	**600**	**600**	**600**	**600**
Compensating Balances	297	330	317	272

AEL INDUSTRIES, INC. (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Lines of Credit

Through May 20, 1981, the Company had borrowing arrangements with three banks under a revolving credit agreement which, as ultimately amended, provided for borrowing availability of $14,000,000 at 2% over the prime rate. The agreement was substantially revised and the line of credit was reduced to $5,000,000 following the sale of 15,000 shares of non-voting 8% Series A Cumulative Preferred Stock for $15,000,000 (see Note 16). A new credit agreement was entered into with the primary lending bank on November 30, 1981 and was amended on January 27, 1982 to include participation by a second bank. The current line of credit is set at the lesser of $6,000,000 or 160% of qualified receivables (qualified receivables were $5,800,000 at February 26, 1982). Principal outstanding bears interest at ¾% over the prime rate through the agreement period ending June 30, 1982. A commitment fee of ½ of 1% on the unused portion of the line of credit and a compensating balance deficiency fee are payable quarterly and monthly, respectively. Borrowings under this line of credit are collateralized principally by receivables and inventories. The provisions of the credit agreement prohibit the Company from paying cash dividends, except dividends required to be paid on the preferred stock.

The following information relates to the Company's short-term borrowings under the aforementioned credit agreements for the years ended February 26, 1982 and February 27, 1981:

	1982	1981
	(Dollars in thousands)	
Maximum amount outstanding at any month-end	$14,000	$14,400
Average amount outstanding	$ 3,562	$12,825
Weighted average interest rate	23.1%	19.5%

In September, 1981, UltraCom, Inc., a wholly-owned subsidiary of the Company, entered into a revolving credit agreement with another bank which provided for an initial line of credit of $20,100,000. Subsequent increases in the line of credit are based on specified increases in cable television subscriber levels and units passed with the total committed sum not to exceed $25,100,000. Of the initial line of credit, $18,500,000 was used to liquidate UltraCom's existing debt and to satisfy a portion of its outstanding advances from the Company. The credit agreement provides for interest at ¾% over the prime rate and a commitment fee of ½ of 1% on the unused portion of the maximum line of credit. This loan is collateralized by the capital stock and assets of UltraCom, Inc. On December 31, 1984, the revolving credit note will convert to a term loan, with the principal outstanding payable in twenty equal, quarterly installments beginning April 1, 1985, and the interest rate increasing to 1¼% over prime. At February 26, 1982, the committed sum was $23,100,000, of which $21,600,000 was outstanding (see Note 8).

AVON PRODUCTS, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Lines of Credit

Unused lines of credit at December 31, 1982 approximated $420 million. Of this amount, $275 million was used to support the commercial paper issued by the Company, and consisted of a $200 million revolving credit agreement with six banks, for which Citibank, N.A. was acting as agent, and unused lines of credit with banks aggregating $75 million. Commitment fees for these credit facilities approximated $1 million annually. The remaining $145 million was related to the operations of domestic and foreign subsidiaries. The domestic lines of credit were with banks. The foreign lines of credit consisted almost entirely of overdraft facilities. These lines of credit involve no material compensating balances or commitment fees.

MCA INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8—Line of Credit

In 1981, the Company entered into loan agreements with three banks. These agreements, which were amended in 1982, provide a $500,000,000 unsecured line of credit. In addition to other provisions, the loan agreements provide for both domestic dollar and Eurodollar revolving loans through July 1985 which can be converted at any time prior to that date into five-year term loans. Domestic dollar revolving loans shall bear interest at each bank's prime rate as it may vary from time to time or at such lesser rate as may be agreed to from time to time with the banks. Eurodollar revolving loans shall bear interest at the interbank rate plus ⅜ of 1%. Domestic dollar term loans shall bear interest at each bank's prime rate as it may vary from time to time, plus ½ of 1% or at such lesser rate as may be agreed to from time to time with the banks. Eurodollar term loans shall bear interest at the interbank rate plus ⅞ of 1%. The Company pays a commitment fee on the unused portion of the credit at an annual rate of 14/100 of 1%. In addition to other requirements, the loan agreements require the Company to maintain a minimum shareholders'equity and working capital, and average compensating balances, which are not legally restricted, of an amount varying from ⅜ to 1% of unutilized commitments and an additional 5% of amounts borrowed.

HMW INDUSTRIES, INC. (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part): Debt

Long-term debt consists of the following:

	January 31 1983	1982
Notes payable, banks (a)	$ 6,657,000	$ 7,000,000
Silver indexed bonds, net (b)	15,923,000	15,488,000
Mortgage payable (c)	3,080,000	3,135,000
Industrial revenue development bonds		
Hamilton Technology plant (d)	5,500,000	5,625,000
Hamilton Precision Metals plant and certain equipment (e)	3,770,000	4,141,000
Notes payable for acquisition of:		
IBN	—	577,000
Waldom (f)	1,153,000	1,724,000
Chairmakers (net of unamortized discount of $58,000 and $111,000) (g)	722,000	889,000
Borrowings of subsidiaries:		
Insurance company	—	700,000
Bank (h)	1,200,000	1,500,000
Other	395,000	953,000
Obligations under capital leases (i)	1,314,000	2,275,000
Other	280,000	—
Total long-term debt	39,994,000	44,007,000
Less amounts payable within one year	3,668,000	2,394,000
	$36,326,000	$41,613,000

(a) On December 21, 1982, the Company entered into a revolving credit agreement ("Agreement") with five banks whereby the aggregate maximum principal amount outstanding shall not exceed $16,000,000 through January 31, 1984, $15,000,000 through January 31, 1985, $14,000,000 through December 20, 1985, and $13,000,000 through December 20, 1986. Borrowings under the Agreement are at an annual rate of ½ of 1% above the prime commercial lending rate and mature on December 21, 1986 although any Bank may terminate its commitment on December 21, 1985.

The Agreement contains various restrictive covenants which, among other things, prohibit the declaration or payment of any cash dividends, restrict certain additional indebtedness and require that the Company maintain certain financial ratios.

The Company is required to pay a commitment fee at a rate of ½ of 1% per annum on the daily average unused amount of commitment and an additional fee, based upon various factors as defined in the Agreement.

PHELPS DODGE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Long-term Debt and Other Financing

Long-term debt due after one year is summarized below (in millions):

	1982	1981	1980
8½% Notes due 1985	$110.6	110.6	125.0
8.10% Sinking fund debentures due 1983–1996	93.4	100.0	100.0
Less held in treasury	(29.0)	(35.6)	(14.3)
8.45% Promissory notes due 1997	70.0	75.0	75.0
9% Promissory notes due 1998	100.0	100.0	100.0
Borrowings under Revolving Credit Agreement	95.0	—	—
Air Quality Control Obligations:			
5.60% to 6¼% Series A and B Notes due 1983–2004	97.7	98.7	98.7
7% Installment sale obligations due 1993–2003	90.0	90.0	90.0
7% Promissory notes	—	—	8.8
7% Loan due 1983–1987	3.9	4.7	5.5
Variable rate note due 1988–1995	28.0	28.0	28.0
Other	7.6	8.1	10.0
	$667.2	579.5	626.7

The 8.10% debentures require sinking fund payments of $6.6 million annually from 1983 through 1995 and are subject to optional redemption at par beginning in 1991. The sinking fund requirements for 1983 through part of 1987 will be satisfied by the delivery of $29.0 million of debentures held in treasury, $21.3 million of which were acquired in 1981 (Note 3) and $7.7 million in 1979.

The 8.45% and 9% promissory notes are subject to mandatory annual prepayments beginning in 1983 of $5 million and in 1984 of $6.7 million, respectively. Those 5.60% to 6¼% notes which are due in 1983 and later years require payments ranging from $1 million in 1983 up to $10.7 million per year in later years. The variable rate note due 1988–1995 currently bears interest at 60% of the prime rate. Every three years, beginning in 1983, the Corporation may elect to continue the present interest arrangement based on prime rate or to replace that arrangement with a prescribed fixed rate of interest.

Annual maturities of long-term debt outstanding at December 31, 1982 (including such debt classified as current but excluding requirements to be satisfied with securities held in treasury and amounts repaid from the proceeds of the common stock offering in January 1983) are as follows (in millions): 1983—$8.4; 1984—$14.5; 1985—$123.8; 1986—$13.3; 1987—$18.1.

The Corporation's bank revolving credit agreement, as amended April 1982, permits borrowings from time to time until March 1985 up to $200 million. In that month and every six months thereafter, the maximum amount available decreases by $25 million; the agreement terminates in 1988. Interest is payable at a fluctuating rate based on the agent bank's prime rate or a fixed rate, based on the U.S. certificate of deposit rate or the Nassau interbank offered rate, for maturities of one to six months. The agreement provides for a commitment fee at an annual rate of ⅜ of 1% on the unused portion of the banks' commitments. Unrestricted compensating balances, or a fee in lieu of balances, are maintained with participating banks averaging 3% of each bank's commitment. At December 31, 1982, $95 million was borrowed under the bank revolving credit agreement (see Note 12 for subsequent data).

In addition, the Corporation has lines of credit totaling $91 million which are subject to agreement as to availability, terms and amount. The Corporation's practice is to compensate by either paying a fee of ⅜ to ½ of 1% or maintaining unrestricted balances averaging 3% to 5% of such lines. At December 31, 1982, there were no borrowings under such lines of credit.

Under the most restrictive of the Corporation's long-term debt instruments (i) cash dividends on common shares are limited to the excess of income before extraordinary items plus $75 million over preferred and common dividends paid, all subsequent to December 31, 1976 ($132.8 million at December 31, 1982), and (ii) working capital of at least $75 million must be maintained.

Total interest cost for the years 1982, 1981 and 1980 amounted to (in millions) $59.7, $54.2 and $53.3, respectively.

WHEELING-PITTSBURGH STEEL CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note I (in part): Long-term Debt

Discussion of financing agreements under which borrowings occurred in 1982, as well as other pertinent information regarding long-term debt, is as follows:

Bank Credit Agreement

Under terms of a credit agreement entered with a consortium of commercial banks on September 28, 1979, as amended on various dates through December 1, 1982, the Corporation may borrow up to $120,000,000 and draw letters of credit up to $25 million. (See also "Letters of Credits".) During 1982, the Corporation fully utilized the available revolving credit through additional borrowings of $64,040,000 under terms of the credit agreement. The revolving credit bears interest at the prime rate for the first two years a borrowing is outstanding increasing to ¼% above prime rate thereafter with a ½% commitment fee applied to unused portions of the $120,000,000 facility. The 1982 amendment revised certain financial ratio tests, net worth and working capital requirements. (See also "Loan Covenants".) On December 1, 1985, all or a portion of the revolving credit can be converted to three-year term loans payable in equal quarterly installments commencing March 31, 1986 with interest at ¼% above the prime rate through December 1, 1986, and ½% above the prime rate thereafter. As of December 31, 1982, $7,468,000 of cash represented compensating balances after adjustment for float. Deficiency fees are required in lieu of maintaining such balances at the option of the Corporation.

ZENITH RADIO CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4—Short-term debt and credit arrangements

On March 1, 1982, the Corporation entered into a revolving credit and term loan agreement with a group of banks, which provides for maximum borrowing of $75 million through February 28, 1985. The revolving credit agreement may be converted into a term loan, payable in eight equal installments over four years. The agreement contains restrictive covenants similar to those in the long-term 9.95% promissory note (see Note 5). Additional lines of credit are added from time to time to meet peak seasonal borrowing needs.

The availability of certain lines of credit required the maintenance of compensating balances, including float, averaging 5% of such lines. Utilization of these lines as needed required additional compensating balances of 5%.

Borrowing and interest rates were:

Dollars in millions	1982	1981
Maximum available lines of credit during the year.	$181.0	$96.0
Maximum month end borrowing	152.5	88.7
Average daily borrowing	94.9	29.2
Weighted average interest rate	14.1%	17.6%

LONG TERM LEASES

Effective for leasing transactions entered into on or after January 1, 1977, FASB *Statement of Financial Accounting Standards No. 13* is the authoritative pronouncement on the reporting of leases in the financial statements of lessees and lessors. Retroactive application of *SFAS No. 13* to leasing transactions entered into prior to January 1, 1977 was not required until fiscal years beginning after December 31, 1980. Practically all of the survey companies affected by *SFAS No. 13* restated their financial statements in either 1977, 1978, or 1979 to give retroactive effect to the requirements of Statement No. 13.

Table 2-27, in addition to showing the number of survey companies reporting capitalized and/or noncapitalized leasee leases, shows the nature of information most frequently disclosed by the survey companies for capitalized and noncapitalized lessee leases. Forty-six survey companies reported lessor leases.

Examples of long term lease presentations and disclosures follow.

Lessee—Capital Leases

BEMIS COMPANY, INC. (DEC)

Consolidated Balance Sheet

December 31

	1982	1981
	(in thousands of dollars)	
Owned property and equipment, at cost:		
Land and land improvements	$ 7,739	$ 7,302
Buildings and leasehold improvements	63,758	64,329
Machinery and equipment	236,728	220,515
	308,225	292,146
Less—accumulated depreciation and amortization	100,971	90,941
	207,254	201,205
Leased property and equipment:		
Land	24	230
Buildings	3,790	12,426
Machinery and equipment	3,501	4,464
	7,315	17,120
Less—accumulated amortization	3,521	7,096
	3,794	10,024
Current liabilities:		
Bank borrowings	$ 751	$ 826
Current portion of long-term debt	2,615	2,490
Current portion of obligations under capital leases	472	1,643
Accounts payable	63,884	64,496
Accrued liabilities:		
Salaries and wages	14,116	15,486
Taxes	6,641	5,004
Total current liabilities	88,479	89,945
Long-term debt, less current portion	78,120	79,044
Long-term obligations under capital leases, less current portion	3,682	7,539

Consolidated Statement of Changes in Financial Position

Years ended December 31

	1982	1981	1980
	(in thousands of dollars)		
Financial resources were provided by:			
Continuing operations:			
Income	$10,169	$15,846	$15,527
Add (deduct) items not requiring the use of working capital:			
Depreciation and amortization	21,868	18,283	14,452
Amortization of capital leases	640	773	769
Minority interest in net income	1,315	1,167	919
Deferred income taxes	(860)	3,401	770
Other items		187	(869)
Gain on disposal of fixed assets	(139)	(474)	(520)
Working capital provided by continuing operations	32,993	39,183	31,048

Note 8—Long-Term Leases:

All noncancelable leases have been categorized as capital or operating leases in conformity with the definitions of Financial Accounting Standard No. 13, Accounting for Leases. The Company has leases for manufacturing plants, warehouses, machinery and equipment and administrative offices with terms (including renewal options) ranging from one to fifty years. Under most leasing arrangements, the Company pays the property taxes, insurance and maintenance and expenses related to the leased property. Total rental expenses under operating leases was $5,661,000 in 1982, $5,811,000 in 1981 and $4,797,000 in 1980.

Minimum future obligations on leases in effect at December 31, 1982 are below:

	(in thousands of dollars) Capital Leases			Operating Leases
	Total	Land and Buildings	Machinery & Equip.	
1983	$ 853	$ 276	$ 577	$ 3,409
1984	826	267	559	2,640
1985	597	230	367	1,991
1986	396	201	195	1,383
1987	357	191	166	767
1988–1992	1,393	715	678	2,472
1993–1997	1,149	635	514	392
1998–2002	246	246		153
Later				52
Total minimum obligations	5,817	2,761	3,056	$13,259
Less amount representing interest	1,663	1,279	384	
Present value of net minimum obligations	4,154	1,482	2,672	
Less current portion	472	110	362	
Long-term obligations at December 31, 1982	$3,682	$1,372	$2,310	

The present values of minimum future obligations shown above are calculated based on interest rates (ranging from 4% to 17% with a weighted average of approximately 9%) determined to be applicable at the inception of the leases. Interest expense on the outstanding obligations under capital leases was $516,000 in 1982, $699,000 in 1981 and $799,000 in 1980.

TABLE 2-27: LONG-TERM LEASES

	Number of Companies			
	1982	1981	1980	1979
Information Disclosed as to Noncapitalized Leases				
Rental expense				
Basic	454	446	437	436
Contingent	109	118	107	112
Sublease	102	105	105	108
Minimum rental payments				
Schedule of	439	431	424	424
Classified by major categories of property	35	34	39	40
Renewal or purchase options	135	139	145	151
Information Disclosed as to Capitalized Leases				
Minimum lease payments	268	275	270	280
Imputed interest	256	257	256	254
Leased assets by major classifications	151	148	151	159
Executory costs	74	80	81	80
Number of Companies				
Capitalized and noncapitalized leases	362	357	351	352
Noncapitalized leases only	107	107	118	115
Capitalized leases only	80	83	79	70
No leases disclosed	51	53	52	63
Total Companies	**600**	**600**	**600**	**600**

MILLER TECHNOLOGY & COMMUNICATIONS CORPORATION

	1982	1981
Current liabilities		
Government financial aid trust fund	$ 26,001	$ 88,661
Notes payable—banks	209,717	—
Current obligations under capital leases (note 6)	159,985	142,719
Accounts payable	775,649	600,262
Accrued payroll	144,780	91,353
Other accrued liabilities	20,152	41,104
Estimated costs related to future tuition income	392,000	256,000
Income taxes payable	—	179,583
Current deferred income taxes	239,400	71,575
Total current liabilities	1,967,684	1,471,257
Note payable—acquired company	200,000	—
Obligations under capital leases, less current obligations (note 6)	410,818	512,286

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Property and equipment

A summary of property and equipment and the estimated useful lives used for depreciation purposes follows:

September 30, 1982	Capital Leases (Note 6)	Other	Total	Estimated Useful Lives in Years
Land	$ —	$ 134,357	$ 134,357	—
Building and improvements	—	659,565	659,565	30
Technical equipment	670,325	837,073	1,507,398	4–10
Office equipment	62,865	242,186	305,051	5–8
Leasehold improvements	—	147,898	147,898	10
Automobiles	75,007	124,249	199,256	3–4
	808,197	2,145,328	2,953,525	
Less accumulated depreciation and amortization	275,291	283,428	558,719	
	$ 532,906	$1,861,900	$2,394,806	
September 30,1981				
Technical equipment	$ 633,497	$ 335,542	$ 969,039	4–10
Office equipment	56,585	156,149	212,734	5–8
Leasehold improvements	—	207,967	207,967	6–10
Automobiles	67,675	56,207	123,882	3–4
	757,757	755,865	1,513,622	
Less accumuated depreciation and amortization	177,426	114,925	292,351	
	$ 580,331	$ 640,940	$1,221,271	

Amortization expense of capital leases of $137,818, $94,064 and $49,458 is included in the Consolidated Statements of Income and Retained Earnings as depreciation for the years ended September 30, 1982, 1981 and 1980, respectively.

Note 6: Leased Assets and Lease Commitments

The Company has entered into both operating and capital leases. The capital leases are for office and school equipment, computer equipment and automobiles. The office, school and computer equipment leases contain purchase options at the end of the lease terms. The Company's President and Chairman of the Board is a personal guarantor of several of the office and school equipment leases entered into prior to 1981. The operating leases are non-cancellable leases for school and office facilities and an airplane, and range from three to five years. The Company is responsible for insurance, taxes and maintenance. The operating lease for the Company's main facility has a purchase option after five years.

Rent expense under the operating leases was approximately $355,700, $259,000 and $79,900 for the years ended September 30, 1982, 1981 and 1980, respectively.

Minimum rental payments due under the leases described above are as follows:

Year Ending September 30,	Capital Leases	Operating Leases
1983	$ 265,965	$ 588,120
1984	218,702	603,721
1985	175,492	627,795
1986	74,385	647,277
1987	4,297	653,777
Later years	—	2,776,342
	738,841	5,897,032
Imputed interest (ranging from 13% to 22%)	(168,038)	
Present value of net minimum lease payments	570,803	
Less current installments	159,985	
	$ 410,818	

The Company entered into a sales-type sublease agreement for certain equipment for which the obligation is included in the minimum rental payment summary above.

Future minimum lease payments receivable under this sales-type sublease are described in Note 3.

THE STOP & SHOP COMPANIES, INC.

Consolidated Balance Sheets

	January 29, 1983	January 30, 1982
	(Dollar figures in thousands)	
Property under capital leases, less accumulated amortization	$57,418	$48,545
Net assets of discontinued operations, held for disposal	6,214	6,214
Other assets	9,088	8,591
Current liabilities:		
Current portion of long-term debt	$ 12,389	$ 4,934
Current portion of capitalized lease obligations	6,348	4,211
Accounts payable	123,359	91,356
Accrued expenses	57,737	41,450
Federal income taxes	16,729	9,582
Total current liabilities	216,562	151,533
Deferred federal income taxes	5,833	5,512
Long-term debt:		
Mortgage notes payable	40,243	40,537
Convertible subordinated debentures	60,000	—
Other notes payable	42,750	56,877
Total long-term debt	142,993	97,414
Obligations under capital leases	70,822	62,630

Consolidated Statements of Earnings and Retained Earnings

	52 Weeks Ended January 29, 1983	52 Weeks Ended January 30, 1982	52 Weeks Ended January 31, 1981
	(Dollar figures in thousands except those stated on a per share basis)		
Cost and expenses:			
Cost of goods sold, buying and warehousing costs	$1,754,913	$1,667,595	$1,581,517
Selling, store operating and administrative expenses	488,468	427,929	410,536
Depreciation and amortization	24,498	22,803	22,152
Amortization of property under capital leases	6,849	5,725	5,428
Interest on obligations under capital leases	7,603	7,043	6,141
Interest on mortgages	3,745	3,969	4,161
Other interest (net)	2,971	4,335	4,678
Unusual gains on New Jersey supermarket divestiture	—	(7,834)	—
	2,289,047	2,131,565	2,034,613

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Leased Properties

At January 29, 1983 the Company had various noncancellable leases in effect for store properties, office buildings, distribution centers and transportation, computer and other equipment.

The number of stores in operation owned or leased by the Company is as follows:

	Owned	Leased	Total
Bradlees Department Stores	11	95	106
Other general merchandise stores	18	157	175
Supermarkets	44	76	120
	73	328	401

The components of "Property under Capital leases" at the respective balance sheet dates are:

	1982	1981
	(In Thousands)	
Buildings and improvements	$70,882	$72,785
Equipment	21,974	6,414
Motor vehicles	3,817	4,917
	96,673	84,116
Less accumulated amortization	39,255	35,571
	$57,418	$48,545

At January 29, 1983 minimum payments due under leases are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
1983	$ 15,511	$ 35,425
1984	14,127	33,863
1985	13,507	33,035
1986	13,407	31,645
1987	11,564	29,036
Later years	84,454	290,035
Total minimum lease payments (a)	152,570	$453,039
Estimated executory costs	9,299	
Net minimum lease payments	143,271	
Imputed interest (rates ranging from 5.3% to 19.2%)	66,101	
Present value of net minimum lease payments	$ 77,170	

(a) Minimum payments for capital and operating leases have not been reduced by minimum sublease rentals of $218,000 and $28,698,000, respectively, due in the future under noncancellable subleases. They also do not include contingent rentals that may be paid under certain leases.

Contingent rentals under capital leases amounted to $70,000 in 1982, $276,000 in 1981 and $311,000 in 1980.

Total rental expense for operating leases was:

	1982	1981	1980
		(In Thousands)	
Minimum rentals	$30,774	$26,323	$22,084
Contingent rentals	3,395	2,501	1,903
Sublease rental	(6,079)	(3,611)	(2,828)
	$28,090	$25,213	$21,159

Contingent rentals are determined on the basis of a percentage of sales in excess of stipulated minimums for certain store facilities and on the basis of mileage for transportation equipment. Most of the leases provide that the Company pay taxes, maintenance, insurance and certain other operating expenses. Management expects that in the normal course of business leases that expire will be renewed or replaced by other leases.

SUPER VALU STORES, INC.

Balance Sheets

	February 27, 1982	February 28, 1981
Property, plant and equipment, at cost (Note F):		
Land	$ 23,039,000	$ 19,586,000
Buildings	139,339,000	118,989,000
Property under construction	8,581,000	5,973,000
Leasehold improvements	36,946,000	33,010,000
Equipment	169,156,000	148,445,000
Leased assets under capital leases	54,962,000	59,806,000
	432,023,000	385,809,000
Less accumulated depreciation and amortization:		
Owned property, plant and equipment	127,371,000	102,208,000
Leased assets under capital leases	20,321,000	19,933,000
	284,331,000	263,668,000
Current Liabilities:		
Accounts payable	$194,580,000	$180,427,000
Notes payable	25,000,000	
Checks outstanding, net	16,488,000	18,180,000
Contributions under retirement plans	7,981,000	5,813,000
Accrued compensation	20,024,000	16,827,000
Property, payroll and sales taxes	8,806,000	8,735,000
Federal and state income taxes	11,707,000	11,165,000
Payments due within one year on long-term notes payable	4,654,000	5,505,000
Payments due within one year under capital leases (Note F)	2,711,000	3,332,000
Dividends payable	4,393,000	3,643,000
Total Current Liabilities	296,294,000	253,627,000
Long-term notes payable	69,856,000	67,636,000
Obligations under capital leases (Note F)	41,240,000	46,647,000

Note F (in part): Leases:

All noncancelable leases and subleases with an initial term greater than one year have been categorized as capital or operating leases in conformity with the definitions in Financial Accounting Standards Board Statement No. 13, Accounting for Leases.

Capital leases are concentrated in wholesale food warehouse and office facilities, ShopKo general merchandise stores, and corporate owned retail foods stores. Many of these leases include renewal options, and occasionally, but to a much lesser extent, some include options to purchase.

The following analysis represents property under capital leases:

	February 27, 1982	February 28, 1981
Buildings	$54,962,000	$57,385,000
Equipment	-0-	2,421,000
	54,962,000	59,806,000
Less accumulated amortization	20,321,000	19,933,000
	$34,641,000	$39,873,000

Amortization of property under capital leases was $3,523,000, $4,169,000 and $3,956,000 in 1982, 1981 and 1980, respectively.

Minimum future obligations on leases in effect at February 27, 1982 are as follows:

	Capital leases (in thousands)
1983	$ 6,287
1984	6,149
1985	5,927
1986	5,612
1987	5,531
Later	44,691
Total minimum obligation	74,197
Less amount representing interest	30,246
Present value of minimum obligation	43,951
Less current portion	2,711
Long-term obligation at February 27, 1982	$41,240
Long-term obligation at February 28, 1981	$46,647

The present values of minimum future obligations shown above are calculated based on interest rates (ranging from 3.47 percent to 15.73 percent with a weighted average of 8.75 percent) determined to be applicable at the inception of the leases.

Interest expense on the outstanding obligations under capital leases was $3,644,000, $4,099,000 and $3,751,000 in 1982, 1981 and 1980, respectively.

Contingent rental expense, based primarily on sales performance, for the capital leases was $1,577,000, $1,497,000 and $1,289,000 in 1982, 1981 and 1980, respectively.

VULCAN MATERIALS COMPANY

Consolidated Balance Sheets

As of December 31, 1982 and 1981

	1982	1981
	(Amounts in thousands)	
Current liabilities		
Current maturities:		
Long-term debt	$ 3,097	$ 3,332
Capitalized lease obligations	561	552
Notes payable	22,500	33
Trade payables and accruals	52,098	53,453
Accrued income taxes	1,512	12,514
Accrued salaries and wages	11,517	13,735
Accrued interest	2,434	2,525
Other accrued liabilities	8,943	10,183
Total current liabilities	102,662	96,327
Long-term debt	87,167	91,270
Long-term capitalized lease obligations (Note 6)	7,914	8,132

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment

Property, plant and equipment, other than oil and gas properties, are carried at cost except that depletable land and leaseholds are carried at cost net of depletion and amortization.

The successful efforts method of accounting is followed for costs incurred in oil and gas exploration and development operations. Successful exploratory and all development wells are capitalized as proved properties in the aggregate amount of their specific leasehold, intangible drilling, equipment and completion costs. Leasehold interests in unproved properties are carried at cost net of allowances for impairment. Proved properties are carried at the lower of cost or a value equal to future anticipated revenues less production costs and applicable taxes (other than income taxes) as determined by engineering evaluations. Other exploratory costs, including geological and geophysical costs, delay rentals and intangible drilling and equipment costs related to dry holes, are expensed.

The cost of properties held under capital leases is equal to the lower of the net present value of the minimum lease payments or the fair value of the leased property at the inception of the lease.

4: Property, Plant and Equipment

Balances of major classes of assets and allowances for depreciation, depletion and amortization at December 31 are as follows (in thousands of dollars):

	1982	1981
Land and land improvements	$ 58,902	$ 49,116
Buildings	40,303	37,787
Machinery and equipment	646,245	578,069
Leaseholds and leasehold improvements	11,932	11,285
Oil and gas properties—proved	35,294	30,932
Oil and gas properties—unproved, net	10,656	9,868
Construction in progress	29,981	14,393
Total	833,313	731,450
Less allowances for depreciation, depletion and amortization	371,861	326,628
Property, plant and equipment—net	$461,452	$404,822

The company capitalized interest cost of $1,797,000 in 1982 and $392,000 in 1981 with respect to qualifying construction projects. Total interest cost incurred before recognition of the capitalized amount was $10,295,000 in 1982 and $10,226,000 in 1981.

Balances referable to capitalized leases, which are included in property, plant and equipment at December 31, are as follows (in thousands of dollars):

	1982	1981
Land and land improvements	$ 323	$ 324
Buildings	123	123
Machinery and equipment	14,617	14,270
Leasehold improvements	68	68
Total	15,131	14,785
Less allowance for amortization	8,527	7,980
Property, plant and equipment—net	$ 6,604	$ 6,805

Amortization of capitalized leases amounted to $739,000 in 1982, $1,063,000 in 1981 and $915,000 in 1980.

6: Leases

Total rental expense of nonmineral leases, exclusive of rental payments made under leases of one month or less, is summarized as follows (in thousands of dollars):

	1982	1981	1980
Minimum rentals	$3,194	$4,396	$4,464
Contingent rentals (based principally on usage	1,242	1,637	1,675
Total	$4,436	$6,033	$6,139

Future minimum lease payments under all leases with initial or remaining noncancellable lease terms in excess of one year, exclusive of mineral leases, at December 31, 1982, are as follows (in thousands of dollars):

Year Ending December 31	Capital Leases	Operating Leases
1983	$ 1,379	$ 4,192
1984	1,285	3,731
1985	1,081	2,746
1986	1,077	1,401
1987	972	759
Remaining years	9,242	2,104
Total minimum lease payments	15,036	$14,933
Less: Amount representing interest	6,561	
Present value of net minimum lease payments (including long-term obligations of $7,914)	$ 8,475	

Lease agreements frequently include renewal options and require that the company pay for utilities, taxes, insurance and maintenance expense. Options to purchase are also included in some lease agreements, particularly capital leases.

Loan agreements with insurance companies include covenants with regard to annual rentals on leases with a remaining term of more than five years, excluding capitalized leases and leases of mineral properties, office space and data processing equipment. For the company and its subsidiaries which are restricted under the loan agreements, those annual rentals may not exceed 3% of consolidated net worth, determined as of the end of the preceding year.

Lessee—Operating Leases

BRUNSWICK CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Leases

The Company has various lease agreements for Brunswick Center and other offices, branches, factories, distribution and service facilities, certain Company-operated bowling centers, and certain personal property. These obligations extend principally through 2029.

Most leases contain renewal options and some contain purchase options. Many leases for Company-operated bowling centers contain escalation clauses, and many provide for contingent rentals based on percentages of gross revenue. No leases contain restrictions on the Company's activities concerning dividends, additional debt, or further leasing.

Rent expense consisted of the following:

	1982	1981	1980
	(dollars in thousands)		
Basic expense	$25,000	$24,600	$21,700
Contingent expense	1,500	1,500	1,700
Sublease income	(2,500)	(2,800)	(1,200)
Rent expense	$24,000	$23,300	$22,200

Future minimum rental payments at December 31, 1982, under agreements classified as operating leases with noncancellable terms in excess of one year, are as follows:

(dollars in thousands)	
1983	$ 8,400
1984	6,800
1985	5,100
1986	3,900
1987	3,300
Thereafter	15,100
Future minimum operating lease rental payments (not reduced by minimum sublease rentals of $4,400)	$42,600

BURNDY CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except per share data)

Note 10. Lease Commitments and Contingencies

At December 31, 1982 and 1981, the following amounts were capitalized:

	1982	1981
Land and buildings	$ 675	$ 675
Machinery and equipment	4,497	2,978
	5,172	3,653
Accumulated depreciation	979	1,614
	$4,193	$2,039

Total rental expense amounted to $2,146 in 1982, $1,847 in 1981 and $1,861 in 1980, net of sublease income of $227,

$237 and $237, respectively. Following is a schedule, by year and in the aggregate, of future minimum lease payments and related revenues (exclusive of renewal options) under capital leases and non-cancellable operating leases having initial or remaining terms in excess of one year at December 31, 1982:

	Annual amount		
		Operating leases	
Year	Capital leases	Gross commitment	Net of sublease rentals
1983	$1,147	$ 794	$568
1984	1,093	509	282
1985	1,052	313	87
1986	1,056	238	10
1987	1,056	222	(9)
Thereafter	264	1,323	(525)
Total minimum lease payments	$5,668	$3,399	$413
Amount representing interest and executory costs	1,494		
Present value of net minimum lease payments	$4,174		

In addition to fixed rentals, certain of these leases require the Company to pay maintenance, real estate taxes and insurance.

GENERAL DYNAMICS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in millions, except per share amounts

D. Rental Expenses and Lease Commitments

The Corporation has lease commitments expiring at various dates, principally for real property, data processing equipment and vehicles.

Minimum rental commitments under existing noncancellable operating leases at 31 December 1982 are as follows:

1983	$36.7
1984	23.3
1985	16.7
1986	6.6
1987	2.3
1988 and thereafter	4.4
Total minimum lease payments	$90.0

Minimum rental commitments under existing noncancellable capital leases at 31 December 1982 are insignificant. Rent expense, substantially all of which is minimum rentals, was $56.9 in 1982, $47.4 in 1981 and $42.4 in 1980.

CRADDOCK-TERRY SHOE CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note G—Leases

The Corporation leases manufacturing facilities and equipment that may be purchased after specified dates by payment of remaining rentals plus nominal amounts. Rentals are payable through various dates to 1992. The Corporation also leases certain buildings for use as retail shoe stores with rentals payable monthly through various dates to 2004. Property, plant and equipment includes the following amounts for these capital leases:

	1982	1981
Buildings	$4,577,000	$4,577,000
Machinery and equipment	281,000	236,000
	4,858,000	4,813,000
Less allowances for amortization	1,804,000	1,717,000
	$3,054,000	$3,096,000

Amortization of capital leases is included in depreciation expense. Future minimum rental payments required under non-cancellable operating leases (with initial or remaining terms of one year or more) and the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of October 2, 1982 are as follows:

	Operating	Capital
1983	$ 3,127,000	$ 571,000
1984	2,988,000	558,000
1985	2,699,000	542,000
1986	2,335,000	481,000
1987	1,984,000	527,000
1988 and thereafter	9,740,000	2,615,000
	22,873,000	5,294,000
Less: Minimum rentals under non-cancellable subleases	1,504,000	
Total minimum lease payments	$21,369,000	5,294,000
Less: Amount representing interest		2,165,000
Capitalized leases obligations included in long-term debt—Note C		$3,129,000

Total rental expense for non-cancellable operating leases amounted to:

	1982	1981	1980
Minimum rentals	$3,211,000	$2,618,000	$2,788,000
Contingent rentals	1,005,000	1,205,000	853,000
	$4,216,000	$3,823,000	$3,641,000

The contingent rentals for shoe stores and departments are based on sales and the contingent rentals for manufacturing equipment are based on usage. Certain of these operating leases permit the Corporation to renew the leases for specified periods.

THE HOOVER COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H—Leases

The companies lease certain facilities under noncancellable leases expiring in various years through 2004. Several of the leases are subject to renewal options under various terms and certain agreements contain provisions for periodic rate adjustments to reflect cost of living index changes.

Property, plant and equipment includes the following amounts for leases that have been capitalized (in thousands):

	1982	1981
Buildings and leasehold improvements	$4,800	$8,410
Machinery, equipment, furniture and fixtures	9,149	7,913
	13,949	16,323
Less allowances for amortization	5,426	6,673
	$8,523	$9,650

Lease amortization is included in depreciation expense.

Future minimum payments under capital leases and noncancellable operating leases with initial or remaining terms of one year or more are as follows (in thousands):

	Capital Leases	Operating Leases
1983	$ 2,592	$ 5,288
1984	2,204	4,142
1985	1,913	3,381
1986	1,374	2,515
1987	681	1,974
Thereafter	6,504	9,994
Total minimum lease payments	15,268	$27,294
Amounts representing interest	5,913	
Present value of net minimum lease payments	$ 9,355	

Rental expense for all operating leases consisted of (in thousands):

	1982	1981	1980
Minimum rentals	$ 7,981	$ 7,801	$ 8,137
Contingent rentals	3,748	4,136	2,990
	$11,729	$11,937	$11,127

The contingent rentals are based on monthly usage of warehouse space.

MALONE & HYDE, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note I—Leases

Substantially all of the warehouse, retail and office facilities used or occupied by the Company and its subsidiaries are leased. In addition, the Company also leases properties for subletting to certain retail customers for periods generally not exceeding 20 years. Most of these leases and subleases include renewal options and some include options to purchase. Certain leases include provisions for additional rent based on sales and equipment usage.

Rental expense and income for operating leases are summarized as follows:

	1982	1981	1980
	(in thousands)		
Rent expense:			
Minimum rents	$23,192	$22,132	$18,735
Contingent rents	853	1,091	971
Sublease income	(9,845)	(10,074)	(8,476)
Net Rent Expense	$14,200	$13,149	$11,230

Minimum annual rental commitments under noncancelable leases with initial or remaining terms of one year or more are presented as follows (thousands of dollars):

	Operating			Capital
	Lease Expense	Sublease Income	Net Expense	Lease Payments
1983	$ 19,634	$ 10,216	$ 9,418	$ 3,108
1984	18,484	9,962	8,522	3,074
1985	17,166	9,347	7,819	3,055
1986	15,954	8,304	7,650	3,053
1987	14,759	7,645	7,114	3,029
Thereafter	125,448	59,405	66,043	55,606
Total Minimum Lease Payments.	$211,445	$104,879	$106,566	70,925
Less:				
Amount representing interest				43,358
Present Value of Net Minimum Lease Payments				27,567
Current Maturities				477
Capitalized Lease Obligations				$27,090

The net carrying value of property acquired under capital leases was $21,585,000 and $22,446,000 at June 26, 1982 and June 27, 1981, respectively.

LABARGE, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Leases

The Company operates certain of its manufacturing facilities in leased premises and with leased equipment under noncancellable operating lease agreements having an initial term of more than one year and expiring at various dates through 1998. The real property leases require the lessee to pay maintenance, insurance, and real estate taxes.

At December 31, 1982, the future minimum lease payments under operating leases with initial noncancellable terms in excess of one year are as follows:

Year ending December 31:	
1983	$2,006,841
1984	1,459,176
1985	1,026,557
1986	838,309
1987	721,315
Thereafter	$3,433,327

Rental expense of operating leases is as follows:

	1982	1981	1980
Initial term of more than one year	$1,582,758	$1,203,900	$ 951,000
Short-term rentals	858,604	612,744	557,000
	$2,441,360	$1,816,644	$1,508,000

POLAROID CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Rental Expense and Lease Commitments

Minimum annual rental commitments at December 31, 1982, under noncancellable leases, principally for real estate, are payable as follows:

(In millions)	
1983	$14.9
1984	11.8
1985	9.3
1986	7.8
1987	6.7
1988 and thereafter	13.4
Total minimum lease payments	$63.9

Minimum payments have not been reduced by minimum sublease rentals of $6.5 million due in the future under noncancellable subleases.

Many of the leases contain renewal options and some contain escalation clauses which require payments of additional rent to the extent of increases in the related operating costs.

Rental and lease expenses consisted of the following:

(In millions)	1982	1981	1980
Minimum rentals	$17.2	$16.1	$16.0
Contingent rentals	10.7	13.0	12.5
Total	$27.9	$29.1	$28.5

Sublease income amounted to $2.6 million in 1982, $2.2 million in 1981 and $1.4 million in 1980.

Lessor Leases

ARDEN GROUP, INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

12 (in part): Leases:

Equipment Leased to Others:

A significant portion of the Company's communication operation's business activity is equipment leasing. Minimum future rental income on the operation's noncancellable operating leases at January 1, 1983, in the aggregate, amounted to approximately $27,185,000. The future rentals due in each of the five succeeding years, respectively, are approximately $17,225,000, $6,325,000, $2,727,000, $674,000 and $234,000. Cost and accumulated depreciation of leasing equipment at January 1, 1983 are $37,668,074 and $19,857,819, respectively.

FRUEHAUF CORPORATION (DEC)

	1982	1981
Total Current Assets	$573,396,078	$619,315,701
EQUIPMENT LEASED TO CUSTOMERS:		
At cost, less accumulated depreciation of $142,628,237 and $131,946,784 at December 31, 1982 and 1981, respectively (Note H)	$195,722,459	$225,641,964

Note H (in part): Equipment Leased to Customers

Equipment is also leased to customers under leases that are accounted for as operating leases. Future rentals on such noncancelable operating leases as of December 31, 1982, are as follows:

Year ending December 31:	
1983	$ 41,176,000
1984	37,772,000
1985	34,770,000
1986	30,434,000
1987	20,225,000
Later years	33,630,000
Total minimum future rentals	$198,007,000

HONEYWELL INC. (DEC)

	1982	1981
	(Dollars in Millions)	
Property, Plant and Equipment		
Equipment for lease to others	$ 810.2	$1,005.5
Less accumulated depreciation	440.0	545.8
	370.2	459.7
Other property, plant and equipment	1,636.1	1,395.0
Less accumulated depreciation	614.3	518.0
	1,021.8	877.0
	$1,392.0	$1,336.7

NOTES TO FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

7 (in part): Leasing Arrangements

As Lessor—Receivables from sales-type lease contracts for computer equipment are as follows:

	1982	1981
Total minimum lease payments to be received	$81.5	$97.7
Less: Unearned income	22.5	23.8
Allowance for doubtful accounts	0.4	0.6
Net investment in sales-type leases	$58.6	$73.3

Minimum future rentals to be received as of December 31, 1982, under noncancellable leases for computer equipment are as follows:

	Sales-Type Leases	Operating Leases
1983	$99.7	$254.7
1984	75.4	136.1
1985	62.3	101.1
1986	43.5	55.2
1987	23.0	13.5
1988 and beyond	19.0	14.4
	322.9	575.0
Less amounts sold to finance subsidiaries	241.4	14.0
	$81.5	$561.0

G. C. MURPHY COMPANY (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part): Leases

The net investment in direct financing leases and subleases is as follows (in thousands):

	January 27 1983	January 28 1982
Total minimum lease payments to be received	$3 587	$3 941
Less amount representing estimated executory costs	282	319
Net minimum lease payments receivable	3 305	3 622
Less unearned income	1 590	1 798
Net investment in direct financing leases and subleases	$1 715	$1 824

The current portion of net minimum lease payments receivable was $330,000 at January 27, 1983 and $333,000 at January 28, 1982. The current portion of unearned income was $206,000 at January 27, 1983 and $217,000 at January 28, 1982.

At January 27, 1983 minimum lease payments to be received for each of the five succeeding fiscal years are as follows: $366,000 in 1983; $362,000 in 1984; $322,000 in 1985; $302,000 in 1986; $302,000 in 1987.

OTHER NONCURRENT LIABILITIES

In addition to long-term debt, many of the survey companies presented captions for deferred taxes, minority interests, employee related liabilities, estimated losses or expenses, and deferred credits. Table 2-28 summarizes the nature of such noncurrent liabilities and deferred credits.

Deferred Taxes

SCOTT PAPER COMPANY (DEC)

	1982	1981
	($000)	
Long-term debt	$445,176	$500,703
Deferred credits, principally deferred income taxes	227,477	133,892

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taxes on Income

(Thousands)	1982	1981	1980
Current			
Federal	$ 7,392	$ 4,993	$ 6,872
Foreign	7,348	15,461	35,394
State and local	4,815	2,843	1,447
	19,555	23,297	43,713
Deferred			
Federal	73,398	41,597	1,969
Foreign	(1,188)	1,667	1,054
State and local	2,400	1,104	1,167
	74,610	44,368	4,190
	$94,165	$67,665	$47,903

Current taxes are the amounts payable on each year's earnings under applicable statutes and regulations.

Deferred income taxes include the effects of timing differences where some items of income and expense are not recognized for taxation in the same period in which they affect reported earnings.

Deferred income taxes consisted of the following:

(Thousands)	1982	1981	1980
Balance at beginning of year	$133,892	$ 91,714	$87,524
Deferred taxes on timing differences			
Depreciation	16,444	19,538	18,370
Capitalized interest	7,829	4,288	1,424
Deferred income	(8,057)	(405)	—
Mill closings and dispositions	481	(3,375)	(5,752)
Investment tax credits	25,464	4,313	(12,967)
Sale of tax benefits	31,818	18,980	—
Other timing differences	631	1,029	3,115
Foreign currency translation—prior years	—	(2,190)	—
Balance at end of year	$208,502	$133,892	$91,714

A portion of the tax provision in each year was deferred because tax depreciation exceeded depreciation for financial statement purposes.

TABLE 2-28: OTHER NONCURRENT LIABILITIES

	Number of Companies			
	1982	1981	1980	1979
Deferred income taxes	506	502	487	482
Minority interest	137	138	150	154
Production payments	10	12	14	14
Employee Liabilities				
Pension or retirement plan	67	62	72	62
Deferred compensation, bonus, etc.	61	61	81	85
Other — described	32	27	20	15
Estimated losses or expenses				
Discontinued operations	31	23	19	20
Warranties	10	7	9	8
Insurance	9	7	8	10
Other — described	51	44	39	47
Deferred credits				
Payments received prior to rendering service	8	10	10	8
Deferred profit on sales	5	4	5	4
Excess of acquired net assets over cost	4	3	3	5
Other — described	6	8	6	7

Deferred taxes of $7,829,000 for 1982, $4,288,000 for 1981 and $1,424,000 for 1980 resulted from interest which was capitalized for financial statement purposes in accordance with FAS 34, but which was deducted as incurred for tax purposes.

In 1982 and in 1981 deferred taxes were reduced by $8,057,000 and $405,000, respectively, for taxes on the income from financing agreements which was recognized currently for tax purposes but which was deferred over the terms of these agreements for financial statement purposes.

Deferred taxed also changed each year for the tax effect on the portion of the provision for mill closings and dispositions which is not currently recognized for tax purposes.

In 1982 and 1981 the Company recognized $25,464,000 and $4,313,000, respectively, of investment tax credits for income tax purposes in excess of the amounts recognized for financial reporting purposes. These amounts reduced the Company's investment tax credit carry-forward for tax purposes to approximately $18,000,000 at the end of 1982 which is available to reduce taxes payable in future years. The reduction in deferred taxes in 1980 attributable to investment tax credits represents the amount of investment tax credits which were recognized for financial reporting purposes in excess of the amount recognized for income tax purposes.

The Company accounts for investment tax credits under the flow-through method in which credits are recognized in the year the assets are placed in service. These credits increased reported income by $4,356,000 in 1982, $4,509,000 in 1981 and $13,258,000 in 1980. The credits reported for 1982 and 1981 were significantly lower than the credits reported in previous years because the Company sold credits totaling $26,857,000 and $16,534,000, respectively, and related tax depreciation under provisions of the Internal Revenue Code which permitted the sale of tax benefits associated with equipment placed in service during the year.

Deferred taxes in 1982 of $31,818,000 and $18,980,000 in 1981 represent the taxes on the income from the sale of tax benefits which is recognized for financial statement purposes in the year of sale but which is recognized for tax purposes in installments throughout the terms of the leases of the associated equipment.

In 1981 deferred taxes were reduced by $2,190,000 as a result of applying the provisions of FAS 52 to the deferred tax liability of Scott Maritimes Limited at December 27, 1980.

The Company's share of undistributed earnings in consolidated foreign subsidiaries and international affiliates which is intended to be permanently reinvested, and on which no U.S. taxes have been provided, totaled $144,000,000 at the end of 1982.

The effective tax rate varied from the Federal tax rate of 46% because of the following factors:

(Percent of Income Before Taxes)	1982	1981	1980
Federal tax rate	46%	46%	46%
Tax rate reduced by			
Income taxed at capital gains rates	(4)	(7)	(9)
Investment tax credits	(2)	(3)	(10)
Tax rate increased by			
State income taxes	2	2	1
Dividends from affiliates	1	2	2
Other factors	2	1	5
Effective tax rate	45%	41%	35%

CBI INDUSTRIES, INC. (DEC)

	1982	1981
	($000)	
Total current liabilities	$402,562	$445,411
Long-term debt	$ 8,788	$ 47,302
Deferred income taxes and investment tax credits (Note 6)	$121,272	$111,437

Note 6 (in part): Income Taxes

Balance sheets—Cumulative deferred (prepaid) income taxes and investment tax credits are:

	December 31,	
	1982	1981
Depreciation expense	$ 67,881	$ 51,870
Undistributed earnings of subsidiaries and affiliates	16,248	23,900
Contract costs	29,990	17,220
Pension costs	9,043	12,119
Other timing differences, net	1,038	(3,417)
Investment tax credits, net of amortization	27,588	25,027
Total deferred income taxes and investment tax credits	$151,788	$126,719
Less: Amount classified with current income taxes	(30,516)	(15,282)
Total noncurrent deferred income taxes and investment tax credits	$121,272	$111,437

Minority Interests

BORDEN, INC. (DEC)

	1982	1981
	($000)	
Long-term debt	$434,876	$435,549
Deferred income taxes	194,520	157,005
Other long-term liabilities	6,678	1,876
Minority interests in consolidated subsidiaries	7,935	7,072
	644,009	601,502

FEDERAL-MOGUL CORPORATION (DEC)

	1982	1981	1980
		($000)	
Other Liabilities			
Long-term debt	$142,554	$143,934	$156,649
Severance obligations and other credits	13,147	14,613	7,588
Deferred income taxes	23,691	18,097	16,424
Minority interest in foreign subsidiaries	6,843	7,131	7,648
Total Liabilities	290,739	329,596	317,676

INTERNATIONAL PROTEINS CORPORATION (DEC)

	1982	1981
Total Current Liabilities	$24,500,000	$30,634,000
Long-term Debt	6,693,000	7,347,000
Deferred Income Taxes	712,000	733,000
Minority Interest—Note A	667,000	

Note A (in part) Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Minority interest represents the minority stockholders' proportionate share of the equity in the earnings of certain shrimp farms which were consolidated in 1982. Such amounts (1982—$667,000) are included in cost of products sold.

MATTEL, INC. (JAN)

	1983	1982
	($000)	
Total current liabilities	$330,982	$243,320
Long-Term Liabilities		
Long-term loans	103,201	123,268
Capitalized lease obligations	12,919	14,150
Subordinated debentures	4,101	9,825
Other long-term liabilities	10,546	12,657
	130,767	159,900
Deferred Income Taxes	17,894	5,522
Minority Interest	2,749	2,862

MELVILLE CORPORATION (DEC)

	1982	1981
Long-term debt	46,697,547	62,570,644
Obligations under capital leases	56,582,248	54,058,790
Deferred Federal income taxes	13,921,602	9,233,684
Lease obligations for closed stores	525,222	710,184
Minority interests in subsidiaries	68,677,434	62,624,250

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Principles of Consolidation: The consolidated financial statements include the accounts of all subsidiaries including foreign subsidiaries whose results of operations for 1982 and 1981 are insignificant. The minority interests principally represent the participation on a 51%–49% basis, respectively, of the Company and K mart Corporation in the ownership of all retail subsidiaries formed from July, 1967 through 1984 for the purpose of operating leased shoe departments in K mart stores. All intercompany balances and transactions have been eliminated.

STANDARD OIL COMPANY (INDIANA)

	1982	1981
	(millions of dollars)	
Long-term obligations		
Debt	$3,005	$3,036
Production payments	502	—
Capitalized leases	457	495
	3,964	3,531
Deferred credits		
Income taxes	2,597	2,214
Other	217	133
	2,814	2,347
Minority interest	43	43

Employee Related Liabilities

ALLIED CORPORATION (DEC)

	1982	1981
	(Dollars in millions)	
Total current liabilities	$1,208	$1,373
Long-term debt and capitalized lease obligations	700	857
Deferred income taxes	287	335
Accrued pension obligations	79	89
Other liabilities	205	199

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Pension expense reflects current costs and the amortization of prior service costs principally over 30 to 40 years. The Company generally funds amounts equal to pension expense plus a portion of the accrued pension liability based upon union contracts or actuarial studies. Accordingly, the existing accrued pension liability provided in prior years is reduced concurrently with the amounts deposited with trustees.

BIG B, INC. (JAN)

	1983	1982
Noncurrent Liabilities:		
Long-term debt and capitalized lease obligations	$1,362,000	$1,276,000
Deferred income taxes	389,000	235,000
Deferred compensation (Note 3)	78,000	59,000
	$1,829,000	$1,570,000

Note 3 (in part): Employee Benefit Plans

The Company has a deferred compensation agreement with its president whereby the president or his beneficiaries will be provided specific amounts of annual retirement income for a period of ten years following retirement. The Company is accruing the present value of such retirement benefits from the date of the agreement to the normal retirement date. Assuming retirement at the normal retirement date, the obligation under this agreement (approximately $580,000 at January 29, 1983) would be paid between 1992 and 2001.

CHOCK FULL O'NUTS CORPORATION (DEC)

	1982	1981
Total current liabilities	$9,648,722	$7,307,689
Long-term debt, excluding current installments	1,505,619	3,167,941
Capital lease obligations	605,282	728,737
Other noncurrent liabilities, principally pension benefits—Note 1	958,832	971,602
Deferred income taxes	50,000	50,000

Note 1 (in part): Significant Accounting Policies

Pension Plans

The Company and certain of its subsidiaries have non-contributory trusteed pension plans covering all employees who have completed one year of service, have attained age twenty-five and are not covered by union-sponsored plans. Pension costs for employees of the Company and its subsidiaries covered by union-sponsored plans are funded through direct payments to the respective union plans.

The Company's policy is to fund current pension costs, including amortization of unfunded prior service costs, relating to the non-contributory trusteed plans for periods beginning with the plans' 1976 calendar year. The Company's contributions to the plans for fiscal years 1972 through 1975 were not funded. Such amount ($520,000 at July 31, 1982) is being amortized as part of the unfunded prior service costs over a 40-year period and is included in "Other noncurrent liabilities," together with contributions for the 1982 plan year, which are payable after July 31, 1983, amounting to $268,000.

FREEPORT-MCMORAN INC. (DEC)

	1982	1981
	($000)	
Total current liabilities	$158,732	$173,348
Other liabilities and deferred credits	19,837	10,187
Advances for future production and sales	22,812	13,000
Notes payable, less portion included in current liabilities	481,027	362,559
Estimated liability for stock option and other deferred compensation	13,429	17,246

GANNETT CO., INC. (DEC)

	1982	1981
Total Current Liabilities	$248,381,000	$295,797,000
Deferred Income Taxes	84,271,000	68,465,000
Deferred Compensation and Other Liabilities	29,871,000	26,002,000
Long-term Debt, Less Current Portion	280,759,000	221,469,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part): Retirement Plans

The Company also has deferred compensation agreements with certain executives pursuant to which liabilities aggregating $9,186,000 as of December 26, 1982, and $6,992,000 as of December 27, 1981, have been accrued.

GEORGIA-PACIFIC CORPORATION (DEC)

	1982	1981
	($000)	
Long-term debt, excluding current portion	$1,618,000	$1,487,000
Deferred income taxes	550,000	545,000
Employee stock purchase plan (Note 9)	6,000	5,000

Note 9. Common Stock

At December 31, 1982, the following authorized shares of common stock of the corporation were reserved for issue:

Stock option plan	862
Employee stock purchase plan	1,000
Conversion of the 5¼% convertible subordinated debentures	3,855
Conversion of preferred stock	6,441
	12,158

At December 31, 1981, the total number of shares of common stock of the corporation covered by the 1974 Employee Stock Option Plan (74 Plan) was 862 shares of which 250 shares were subject to outstanding options. During 1982, no options were granted or exercised and the 250 shares subject to option expired on April 15, 1982. As of December 31, 1982, 862 shares are available for grant until October 15, 1985.

On October 31, 1982, the 1980 Employee Stock Purchase Plan expired and 7 shares were issued in accordance with the terms of the Plan.

As of December 31, 1982, 1,000 shares of common stock have been subscribed at $16.86 per share under the 1982 Employee Stock Purchase Plan (Plan). Subscribers have the option to receive their payments plus interest at the rate of 10% per annum in lieu of stock. During the subscription period which ended April 16, 1982, 7,283 employees subscribed and 6,541 employees are still in the Plan at December 31, 1982. The Plan expires on May 31, 1984.

The shares and prices relating to the Stock Option Plan, the Employee Stock Purchase Plan, the convertible subordinated debentures and the preferred stock are subject to adjustment for certain changes in the capital structure, including common stock splits and stock dividends.

THE MOHAWK RUBBER COMPANY (DEC)

	1982	1981
Total current liabilities	$28,965,000	$27,988,000
Deferred income taxes	680,000	272,000
Deferred pension liability	4,970,000	5,550,000
Long-term debt	13,012,000	15,164,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

H. Deferred Pension Liability

The Akron tire production plant was closed by the Company in November 1978. The liability for pension cost associated with the work force at this plant has been reflected as a long-term obligation. The Pension Benefit Guaranty Corporation has allowed the Company to fund this obligation over a ten-year period commencing in 1980. In connection with this liability, the Company incurred interest expense of approximately $402,000, $442,000 and $513,000 during 1982, 1981 and 1980, respectively.

A. C. NIELSEN COMPANY (AUG)

	1982	1981
	($000)	
Total current liabilities	$163,784	$148,879
Accrued Profit Sharing	15,121	16,150
Accrued Severance and Pension Obligations	15,158	14,959
Long-term Debt	15,812	19,950
Other Long-term Liabilities	8,322	8,822

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Severence Obligations

Certain foreign branches and liabilities are required to pay a severance allowance to employees. Generally, such payments are required upon voluntary or involuntary separation and are based upon length of service and level of compensation. Provision is made annually for the additional severance allowances that would be payable if all eligible employees terminated their employment at the end of the year.

UNITED BRANDS COMPANY (JUN)

	1982	1981
	($000)	
Total current liabilities	$348,918	$375,272
Long-term debt	227,017	246,459
Accrued pension and severance liabilities	100,568	97,914
Other liabilities and deferred credits	20,511	29,245
Total liabilities	$697,014	$748,890

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Pensions and Severance

Liabilities for pensions and Central and South American severance benefits and related charges to income are determined by the use of actuarial methods. Charges to income for pensions include amortization of prior service costs primarily over 40 years. Pensions are funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

WALBRO CORPORATION (DEC)

	1982	1981	1980
		(In Thousands)	
Total Current Liabilities	$9,672	$6,946	$7,865
Retirement Pay-Long Term (Note 8)	256	201	234
Deferred Income Taxes	16	68	0
Minority Interest	68	62	52
Long-Term Debt, Net of Current Portion	3,089	3,080	1,702

Note 8 (in part): Pension Plans

Certain foreign employees of the Company are covered by a retirement payment plan which entitles them to receive a lump sum payment at termination based upon length of service, current rate of pay and whether termination was voluntary or involuntary. The Company accrues this benefit on the basis of 100% of the amount which would be payable if all employees terminated voluntarily. Employees' retirement benefits are not funded. The liability for this benefit at September 30 was $256,000, $201,000 and $234,000 for 1982, 1981 and 1980, respectively.

Estimated Losses or Expenses

COPPERWELD CORPORATION (DEC)

	1982	1981
	($000)	
Other Liabilities and Credits		
Unfunded retirement costs	$11,937	$13,027
Deferred compensation	2,942	3,553
Deferred income taxes	30,413	24,891
Accrued litigation judgment	10,713	—
	$56,005	$41,471

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8—Commitments and Contingencies

Purchase commitments for new plant and equipment were approximately $16,600,000 at December 31, 1982.

In 1982, the United States Court of Appeals for the Seventh Circuit affirmed a jury verdict rendered in 1981 against the Corporation and its subsidiary, Regal Tube Company, in favor of Independence Tube Corporation for violations of Section 1 of the Sherman Act and certain state law claims. As a result of this decision, the Corporation provided for the assessed damages of $7,512,000; legal costs awarded to Independence Tube Corporation of $1,815,000; and related interest at 9% per annum to December 31, 1982 by an extraordinary charge of $5,688,000 ($.66 per share) net of income tax benefits of $5,025,000.

In January 1983, the Corporation filed a Petition for Certiorari to the United States Supreme Court seeking a review of certain antitrust aspects of the litigation. This petition seeks to overturn approximately two-thirds of the assessed damages and the award to Independence Tube of its legal costs. Also, the Corporation has pending a lawsuit against an insurance carrier which seeks reimbursement for all costs incurred in defense of the Independence Tube case and indemnification of the damage award should it become final. This insurance lawsuit is in the early stages of discovery. In the event the petition for Certiorari is denied the litigation judgment, net of related taxes, would require funds in 1983.

The Corporation has several other lawsuits pending. In the opinion of management, none of these proceedings will have a material adverse effect on the financial position or business of the Corporation.

MEDTRONIC, INC. (APR)

	1982	1981
	($000)	
Total Current Liabilities	$93,284	$77,296
Long-Term Debt	15,181	13,704
Product Warranties	13,763	12,864
Deferred Income Taxes	7,424	4,612

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Product Warranties

Under Medtronic's product warranty programs, it has agreed to replace certain products or issue a replacement credit at any time during the patient's life. Costs associated with these warranties are determined on the basis of estimated net future costs. Refinements in the underlying assumptions of the Pacing for LifeTM program, as well as a new warranty program for recently introduced products, reduced 1982 warranty expense and will further reduce future warranty expense.

ACF INDUSTRIES, INCORPORATED (DEC)

	1982	1981	1980
		($000)	
Total current liabilities	$131,497	$220,792	$161,370
Long-Term Debt ($36,547 due within one year; 1981—$38,163; 1980—$37,644)	439,340	379,262	366,713
Deferred Taxes on Income	214,193	193,172	168,781
Long-Term Portion of Estimated Phase-Out Costs	28,550	30,391	26,000
Other Liabilities	11,237	12,858	9,846
Total Liabilities	824,817	836,475	732,710

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11—Estimated Phase-Out Costs

In January 1981, the Company announced a plan to phase-out all manufacturing operations at two Carter Automotive Division plants in St. Louis and Olivette, Missouri. This decision to phase-out these operations resulted in a pre-tax charge of $28,000,000 ($15,000,000 or $1,68 per share after taxes) against income for 1980. This provision represents estimates of the unfunded costs of pensions and of other benefits accruing to retired and terminated employees, the loss on the disposition of property, plant and equipment, and other costs. A significant portion of these costs will be paid out in later years.

The 1982 and 1981 increases in the liability reflect the results of operations of these two plants for these years, net of payments made for employee benefits and other costs associated with the phase-out.

FIRST NATIONAL SUPERMARKETS, INC. (MAR)

	1982	1981
	($000)	
Total current liabilities	$88,374	$71,951
Long-Term Debt	27,208	37,534
Obligations Under Capital Leases	37,505	37,028
Litigation Settlement Obligation	7,847	—
Accrued Costs Related to Facilities Closings	850	1,850
Deferred Federal Investment Tax Credits	229	436
Other Long-Term Liabilities	2,094	2,146

NOTES TO FINANCIAL STATEMENTS

6. Facilities Closings

The Company closed 99 stores during fiscal 1981 and 1982 and two divisional offices in its eastern divisions. Sales from these stores approximated 25% of the total Company volume before the closings.

Substantially all real estate leases and fixed assets relating to closing stores have been subleased or sold as of March, 1982. Many of the stores closed have been subleased for the remaining lease terms at annual rentals in excess of the rentals to be paid by the Company. The excess sublease rentals will be recognized in income as they are received over the remaining lease terms.

For those stores where the Company has a net obligation for occupancy and other costs, the estimated present value of future costs was $1,520,000 and $2,620,000 in fiscal 1982 and 1981, respectively. The current portion of future costs was $670,000 and $770,000 in fiscal 1982 and 1981, respectively.

The Company recorded, in other income, $1.7 million, $2.2 million and $1.2 million in gains related to the disposition of closed facilities in fiscal 1982, 1981, and 1980, respectively.

INTERSTATE BAKERIES CORPORATION (May)

	1982	1981
	($000)	
Total current liabilities	$69,278,000	$59,815,000
Long-term debt	60,906,000	62,916,000
Net liabilities of discontinued operations (Note 2)	7,186,000	4,283,000
Deferred income taxes	—	4,428,000
Minority stockholders' interest	720,000	781,000

2 (in part): Discontinued Operations

In fiscal 1981, the Company decided to discontinue its computer leasing operations and to dispose of the assets employed in those operations. Under an agreement entered into during fiscal 1982, the majority of the assets of the Computer Leasing Division were transferred to a corporation (Purchaser), whose principals had been active members of management of the Company, principally in return for the assumption by the Purchaser of the related liabilities (see Note 3—Contingent Liability). The remaining assets and liabilities of the computer leasing operations, comprised principally of computer equipment and the related debt which was covered under a financial insurance policy, were retained by the Company. The Purchaser has agreed to administer the remaining assets and liabilities until they can be disposed of.

In fiscal 1981, the Company recorded a loss of $26,964,000 comprised of the loss upon the transfer to the Purchaser and the excess of estimated future costs and expenses over projected revenues of the retained assets and related liabilities.

During fiscal 1982, the Company negotiated a settlement of its claims under its financial insurance policies. The total settlement of $16,900,000 was used to repay existing debt and other obligations related to discontinued operations. The Company recorded an additional loss in 1982 of $5,702,000 primarily due to the settlement of its insurance claims, a reduction in projected lease revenues and an increase in the projected future costs and expenses related to the retained assets and liabilities. The loss on disposal recorded in 1982 and 1981 was not reduced for possible future tax benefits.

The net liabilities of discontinued operations at May 31 are comprised of the following:

	1982	1981
Cash	$ —	$5,805,000
Prepaid taxes	—	8,238,000
Projected future receipts:		
Lease revenues	1,931,000	7,252,000
Insurance claim	—	19,600,000
Other revenues	54,000	650,000
Computer related debt	(12,719,000)	(25,102,000)
Projected future expenses:		
Interest	(4,973,000)	(15,034,000)
Other	(2,273,000)	(5,692,000)
Net liabilities of discontinued operations	(17,980,000)	(4,283,000)
Less amount due in one year	10,794,000	—
	$(7,186,000)	$(4,283,000)

See Note 4 regarding certain restrictions on the ability of the Company's subsidiary to provide working capital to meet the financial obligations of the Company.

Deposits

UNC RESOURCES, INC. (DEC)

	1982	1981
	($000)	
Total current liabilities	$ 97,207	$62,932
Long-term debt	116,929	77,973
Deposits and deferred revenues	73,639	71,455
Deferred income taxes	12,194	15,666
Other long-term liabilities	1,663	1,398
Minority interests	909	875

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Deposits and Deferred Revenues

	December 31, 1982	1981
	(Dollars in thousands)	
Deposits	$ 9,467	$ 7,507
Uranium borrowings—deliverable in fiscal years through 1986 with interest payable quarterly ranging from 5.38% to 9.24%	71,438	74,757
	80,905	82,264
Less current portion	7,266	10,809
	$73,639	$71,455

Included in deposits and deferred revenues are receipts from the sale of borrowed uranium, deposits against future deliveries of uranium and advance payments on machine tool and marine vessel construction orders. Receipts from the sale of borrowed uranium will be recognized as revenue when the uranium is returned. The Company is obligated to return 1,129,000 pounds of uranium in 1984 and 1,217,000 pounds in 1986. (See note 12.)

Program Rights

AMERICAN BROADCASTING COMPANIES, INC. (DEC)

	1982	1981 ($000)	1980
Long-term liabilities:			
Long-term debt	$152,577	$179,691	$187,511
Obligations for program rights (note L)	152,306	—	—
Obligations for capital leases	23,176	32,598	32,828
Other	34,982	19,629	13,564
Total long-term liabilities	363,041	231,918	233,903

Note L: Program Rights

Effective in 1982, the Company has accounted for license agreements for program material as the purchase of rights in accordance with the provisions of Financial Accounting Standards Board Statement No. 63, "Financial Reporting by Broadcasters". Assets and liabilities have been recorded at the gross amount of the rights acquired and obligations incurred under these license agreements when all of the following conditions have been met: the license period has begun, the cost of the program is known, and the program has been accepted and is available for its first telecast. As a result of adopting this Statement in 1982, current and non-current program rights have been increased by $55.6 million and $188.2 million, respectively, and the current and long-term liabilities for program rights have been increased by $91.5 million and $152.3 million, respectively, at January 1, 1983. The Company, as provided for in this Statement, has elected to follow the gross method in recording program license agreements, thereby having no impact on net earnings and prior years financial statements have not been restated.

Production Payments

ATLANTIC RICHFIELD COMPANY (DEC)

	1982 ($000)	1981
Long-Term Debt	$3,500,792	$3,239,309
Capital Lease Obligations	400,494	455,514
Advances and Production Payments	1,170,325	771,654
Deferred Income Taxes	2,704,255	2,301,607
Other Deferred Liabilities and Credits	712,490	523,528

NOTES TO FINANCIAL STATEMENTS

11. Advances and Production Payments

At December 31, 1982 and 1981, $200 million and $331 million, respectively, were outstanding on a hydrocarbon production payment on certain leasehold, mineral and other interests. The production payment will be discharged through September 30, 1987 from production from the interest conveyed.

In addition, at December 31, 1982 and 1981, $929 million and $417 million, respectively, were outstanding on an oil and gas production payment sold by ARCO Alaska, Inc., a wholly owned subsidiary of Atlantic Richfield. The production payment is to be discharged during the period 1984–1993 solely from a maximum of 45 percent of ARCO Alaska's interest in hydrocarbon recoveries from the Kuparuk River field on the North Slope of Alaska.

LONE STAR INDUSTRIES, INC. (DEC)

	1982 ($000)	1981
Total current liabilities	$141,416	$144,877
Long-term debt	460,849	341,685
Deferred income taxes	87,636	99,734
Production payments	133,500	68,750
Other liabilities	41,934	4,145

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Production Payments

The company has sold in three separate transactions a portion of future production from limestone quarries located adjacent to four of its cement plants. The proceeds have been deferred and are being reflected in income through 1994, together with related costs and expenses, as the limestone is produced and sold. An amount equivalent to interest is payable by the company at the prime rate or ½% over the London interbank borrowing rate or the lender's rate, at the company's option, for $75,000,000 of unremitted production payments, at prime plus ¼% for $43,750,000 of unremitted production payments and at a rate of 10% for $25,000,000 of unremitted production payments. As of December 31, 1982, the company expects to remit proceeds as follows: 1983, $10,250,000; 1984, $10,250,000; 1985, $10,250,000; 1986, $16,250,000; 1987, $17,250,000; 1988–1994, $79,500,000.

Deferred Credits

TIME INCORPORATED (DEC)

	1982 (in thousands)	1981
Total Current Liabilities	$547,461	$505,834
Unearned Portion of Paid Subscriptions	212,211	192,900
Long-Term Debt	461,634	489,151
Deferred Federal Income Taxes	166,646	155,274
Other Liabilities	32,762	37,843

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Unearned Portion of Paid Subscriptions

Paid magazine subscriptions are deferred at the time of sale. As magazines are delivered to subscribers, proportionate shares of the gross subscription price are credited to revenues. Costs connected with the procurement of subscriptions are expensed within the year incurred.

BUCKBEE-MEARS COMPANY (DEC)

	1982	1981
	($000)	
Total Current Liabilities	$23,026	$18,110
Long-Term Debt	13,267	4,291
Deferred Income Taxes	1,825	1,474
Other Liabilities	2,102	1,190
Deferred Credit (Notes 1 and 2)	6,931	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share amounts)

1 (in part): Summary of Significant Accounting Policies

Deferred Credit

The excess of the value of the net assets of a business acquired over the acquisition cost, recorded as a deferred credit, is amortized into income on an accelerated basis over a period of five years.

2 (in part): Acquisitions

In June 1982, the Company acquired Camelot Industries Corporation ("Camelot"), a producer of optical products, for $13,500 in cash. The transaction has been accounted for as a purchase and the financial statements include the results of operation of Camelot from the date of purchase. The acquisition cost has been allocated to the acquired net assets based on their relative values. The excess of aggregate value of the acquired net assets over the acquisition cost was applied to noncurrent assets reducing them to zero. The remaining excess of $8,864 has been recorded as a deferred credit to be amortized into income on an accelerated basis over a period of five years. Included as a reduction of cost of products sold in the operating results for the year ended December 31, 1982 is $1,933 of amortization.

JOY MANUFACTURING COMPANY (SEP)

	1982	1981
	($000)	
Total Current Liabilities	$188,947	$234,910
Long-term Debt	75,326	67,440
Deferred Compensation and Deferred Credits (Note 8)	20,232	18,007
Deferred Income Taxes	38,778	29,243

Note 8: Deferred Credits

Upon the merger of Wheeling Machine Products Company with Joy in 1977, the fair value of the acquired net assets exceeded the acquisition cost. A portion of the excess amounting to $5,823,000 was recorded as a deferred credit and is being amortized on a straight-line basis over a period of 15 years. As a result of the change in accounting for vacation benefits in 1981 (see Note 2), this deferred credit was reduced by $559,000, which reflected the increased vacation liability at the time of acquisition based upon the new accounting method. As of September 24, 1982 and September 25, 1981, the unamortized balance of this deferred credit was $3,243,000 and $3,813,000, respectively.

D. H. HOLMES COMPANY, LIMITED (JAN)

	1983	1982
	($000)	
Deferred Income Taxes	$ 4,645	$ 4,003
Deferred Credit (Note 7)	3,490	—
Long-term Debt	35,877	35,771

Note 7. Deferred Credit

During the year ended January 29, 1983, the Company opened its fourteenth store. The Company is leasing the store building and received $3,670,000 from the lessor in connection with the lease agreement. In the event the Company vacates the store within the first ten years, the agreement requires that a pro-rata portion of the payment be refunded to the lessor. As a result, the Company has recorded a deferred credit which will be amortized over the first ten years of the lease term.

RESERVES—USE OF THE TERM "RESERVE"

Accounting Terminology Bulletin No. 1 recommends that the term *reserve* be used only to indicate, as an appropriation of retained earnings, that "an undivided portion of the assets is being held or retained for general or specific purposes . . ." Table 2-29 shows that the term *Reserve* appeared occasionally in the 1982 annual reports of the survey companies.

TABLE 2-29: USE OF TERM "RESERVE"

	Number of Companies			
	1982	**1981**	**1980**	**1979**
To describe deductions from assets for				
Reducing inventories to LIFO cost	45	33	18	13
Doubtful accounts	32	32	35	36
Accumulated depreciation	8	8	6	7
Other — described	3	5	7	4
To describe accruals for				
Estimated expenses relating to property abandonments or discontinued operations	15	11	6	7
Employee benefits or compensation	10	11	9	13
Insurance	5	4	6	4
Other — described	20	14	13	14
Other — not described	13	15	15	17

TITLE OF STOCKHOLDERS' EQUITY SECTION

Table 2-30 summarizes the titles used by the survey companies to identify the stockholders' equity section of the balance sheet. Table 2-30 indicates that while many of the survey companies use either the title *stockholders' equity* or *shareholders' equity* there has been a noticeable decrease in the number of companies using these titles because of SEC *Accounting Series Release No. 268* (Section 211 of *Financial Reporting Release No. 1*). *ASR No. 268,* effective for financial statements for fiscal periods ending on or after September 15, 1979, requires that preferred stock with mandatory redemption requirements not be shown as part of equity. Eighty-eight survey companies disclosed preferred stock with mandatory redemption requirements.

TABLE 2-30: TITLE OF STOCKHOLDERS' EQUITY SECTION

	1982	1981	1980	1979
Stockholders' Equity	230	243	253	269
Shareholders' Equity	226	224	218	198
Common Stockholders' Equity	23	26	30	15
Shareholders' Investment	22	24	25	24
Shareowners' Equity	18	19	21	29
Common Shareholders' Equity	20	17	16	17
Stockholders' Investment	9	8	7	9
Other or no title	52	39	30	39
Total Companies	**600**	**600**	**600**	**600**

CAPITAL STRUCTURES

Table 2-31 summarizes the various classes and combinations of capital stock outstanding disclosed in the balance sheets of the survey companies. The need for disclosure in connection with complex capital structures is stated in Paragraph 19 of *APB Opinion No. 15.* Paragraph 19 states:

> The use of complex securities complicates earnings per share computations and makes additional disclosures necessary. The Board has concluded that financial statements should include a description, in summary form, sufficient to explain the pertinent rights and privileges of the various securities outstanding. Examples of information which should be disclosed are dividend and liquidation preferences, participation rights, call prices and dates, conversion or exercise prices or rates and pertinent dates, sinking fund requirements, unusual voting rights, etc.

Examples of complex capital structures are shown in connection with Table 2-33.

TABLE 2-31: CAPITAL STRUCTURES

	1982	1981	1980	1979
Common stock with:				
No preferred stock	378	386	387	382
One class of preferred stock	150	140	133	138
Two classes of preferred stock	55	54	57	56
Three or more classes of preferred stock	17	20	23	24
Total Companies	**600**	**600**	**600**	**600**
Companies included above with two or more classes of common stock	18	16	16	15

COMMON STOCK

Table 2-32 summarizes the valuation bases of common stock. As in prior years, the majority of the survey companies show common stock at par value.

Examples of common stock presentations are shown in connection with Table 2-33.

TABLE 2-32: COMMON STOCK

	1982	1981	1980	1979
Par value stock shown at par value	506	495	496	495
Par value stock shown at amount in excess of per share par value	27	26	31	29
Par value stock shown at assigned value per share	14	17	14	15
No par value stock shown at assigned value per share	21	22	22	22
No par value stock shown at assigned value — per share value not disclosed	50	56	53	54
Issues Outstanding	**618**	**616**	**616**	**615**

PREFERRED STOCK

Table 2-33 summarizes the valuation bases of preferred stock. As with common stock, many of the survey companies show preferred stock at par value.

APB Opinion No. 10 recommends that a liquidation preference (excess of involuntary liquidation value over par or stated value) be disclosed in the equity section of the balance sheet in the aggregate.

Effective for fiscal periods ending on or after September 15, 1979, SEC *Accounting Series Release No. 268* (Section 211 of *Financial Reporting Release No. 1*) requires that preferred stock with mandatory redemption requirements not be shown as part of equity. *ASR No. 268* does not discuss the valuation basis for such securities. A *Staff Accounting Bulletin* issued by the *SEC* staff states that preferred stock with mandatory redemption requirements should be stated on the balance sheet at either fair value at date of issue or, if fair value is less than redemption value, at fair value increased by periodic accretions of the difference between fair value and redemption value.

Paragraph 10C of FASB *Statement of Financial Accounting Standards No. 47* requires that financial statements disclose for each of the five years following the date of the latest balance sheet presented the redemption requirements of redeemable capital stock. The requirements of *SFAS No. 47* are effective for fiscal years ending after June 15, 1981.

Examples of preferred stock presentation follow.

TABLE 2-33: PREFERRED STOCK

	Number of Companies			
	1982	**1981**	**1980**	**1979**
Par Value Stock				
Shown at par value	112	116	117	126
Shown at liquidation or redemption value	24	19	14	14
Shown at assigned value per share	7	9	6	5
Other	15	13	11	9
No Par Value Stock				
Shown at assigned value per share	45	49	43	38
Shown at liquidation or redemption value	27	27	19	10
No assigned value per share	22	19	22	35
Other	10	8	12	7
Number of Companies				
Preferred stock outstanding	226	223	215	218
No preferred stock outstanding	374	377	385	382
Total Companies	**600**	**600**	**600**	**600**

Preferred Stock Extended at Par Value

AMF INCORPORATED (DEC)

	1982	1981
	($000)	
Stockholders' Equity:		
Capital stock:		
Preferred stock, $100 par value, 3.90% cumulative, shares authorized and issued: 1982—16,000; 1981—18,000	$ 1,600	$ 1,800
Preference stock, without par value, 4,000,000 shares authorized and unissued	—	—
Common stock, $1.75 par value, 40,000,000 shares authorized; shares issued: 1982—24,340,655; 1981—23,980,625	42,596	41,966
Capital in excess of par value	80,395	74,803
Retained earnings	352,548	371,965
Foreign currency translation adjustment	(25,174)	(8,021)
	451,965	482,513
Less treasury stock, at cost:		
(Preferred shares: 1982—7,624; 1981—9,624 Common shares: 1982—915,184; 1981—916,074)	(27,474)	(27,686)
Total stockholders' equity	424,491	454,827

AMERICAN HOIST & DERRICK COMPANY (DEC)

	1982	1981
	($000)	
Stockholders' Equity (Note F):		
Preferred stock, par value $100 a share, authorized 300,000 shares	$ 3,581	$ 3,805
Common stock, par value $1 a share, authorized 10,000,000 shares, issued 6,190,281 and 6,166,016 shares, respectively	6,190	6,166
Additional capital	61,125	60,804
Retained earnings	99,322	124,747
	170,218	195,522
Less stock in treasury, at cost	267	275
Total Stockholders' Equity	169,951	195,247

Note F. Stockholders' Equity

	1982	1981
	(In thousands)	
Preferred stock, cumulative, convertible and voting:		
Series A—$4.75, redeemable at $104.75 a share, issued and outstanding 13,132 and 13,207 shares, respectively	$1,313	$1,320
Series B—$4.75, redeemable at $100.00 a share, issued and outstanding 10,679 and 11,030 shares, respectively	1,068	1,103
Series C—$5.00, redeemable at $105.00 a share, issued 12,002 and 13,816 shares, respectively	1,200	1,382
	$3,581	$3,805

At November 30, 1982, 993,000 shares of common stock were reserved primarily for stock options, convertible subordinated debentures and convertible preferred stock.

There were 11,832 and 12,732 common shares of stock in treasury at November 30, 1982 and 1981, respectively, along with 991 Series C preferred shares at both dates.

DUPLEX PRODUCTS INC. (OCT)

	1982	1981
Stockholders' Equity		
Preferred stock—authorized, 1,000,000 shares of $1 par value; issued 36,981 shares in 1982 and 41,720 shares in 1981 of Series A, $1.45 cumulative convertible preferred (involuntary liquidation value of $869,000 in 1982 and $980,000 in 1981)....	$ 37,000	$ 42,000
Common stock—authorized, 6,000,000 shares of $1 par value; issued 4,039,937 shares in 1982 and 3,990,435 shares in 1981	4,040,000	3,990,000
Additional contributed capital	6,466,000	5,992,000
Retained earnings	56,426,000	50,083,000
Cost of treasury shares (344,477 common and 700 preferred in 1982 and 150,000 common in 1981)	(3,965,000)	(987,000)
Unamortized value of restricted stock issue	(959,000)	(606,000)
	62,025,000	58,514,000

NOTES TO FINANCIAL STATEMENTS

Capital Stock

As of February 28, 1980 the authorized number of common shares was increased from 2,500,000 to 6,000,000 shares.

The company effected a 2 for 1 split of its common stock to stockholders of record on March 14, 1980, resulting in an increase of 1,903,684 common shares. The par value of these additional shares was capitalized by a transfer of $1,903,684 from additional contributed capital to the common stock account.

During fiscal 1982, the company purchased 194,477 shares of its common and 700 shares of its preferred stock for a total cost of $2,978,000.

As of the close of business on January 31, 1978, Duplex issued 279,672 shares of $1.45 cumulative convertible preferred stock, Series A, and $4,720,000 in cash in exchange for all of the common stock of Lewis Business Products, Inc. The preferred shares are convertible into 3.6 shares of Duplex common shares until January 31, 1983; then into 3.3 shares until January 31, 1988; and thereafter into 3.0 shares. Duplex may redeem the preferred shares after February 1, 1983 at $20 per share (aggregating $740,000 at October 30, 1982) plus accrued dividends to the redemption date. In the event of involuntary liquidation, holders of the preferred shares are entitled to $23.50 per share (aggregating $869,000 at October 30, 1982) plus accrued dividends.

GULTON INDUSTRIES, INC. (FEB)

	1982	1981
	($000)	
Stockholders' Equity:		
Cumulative Convertible Preferred Stock, par value $10 per share, issuable in series: Authorized 500,000 shares, Issued 117,206 and 117,208 shares of $2 Series A, liquidating preference $5,860	$ 1,172	$ 1,172
Common Stock, par value $1 per share: Authorized 6,000,000 shares, Issued and outstanding 2,838,204 and 2,800,818 shares	2,838	2,801
Capital in excess of par value	10,993	10,678
Retained earnings	25,561	25,865
Equity adjustment from translation	(364)	
	40,200	40,516
Less: Held in treasury—13,039 preferred shares—at cost	506	506
Total Stockholders' Equity	39,694	40,010

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars except per share data)

11. Stockholders' Equity

Each share of the Series A Preferred Stock is entitled to one vote and is convertible into one share of the Company's Common Stock. Such stock has a liquidating preference of $50 per share and may be redeemed at this price at the Company's option. At February 27, 1982, 117,206 shares of Common Stock are reserved for conversion purposes.

As of February 27, 1982, there are outstanding stock purchase warrants for 353,337 shares of the Company's Common Stock. The warrants are exercisable at $17.83 per share until expiration on October 1, 1985.

The difference between the aggregate involuntary liquidating preference and the aggregate par value of the outstanding Series A Preferred Stock amounted to $4,688 as of February 27, 1982.

HAMPTON INDUSTRIES, INC. (DEC)

	1982	1981
Stockholders' Equity		
Preferred stock	$ 835,950	$ 835,950
Common stock	2,423,017	2,202,974
Additional paid-in capital	5,805,692	4,705,477
Retained earnings	22,630,938	21,230,130
	31,695,597	28,974,531
Less cost of common stock held in treasury—33,234 shares in 1982 (adjusted for stock dividend) and 30,213 shares in 1981	117,977	117,977
	31,577,620	28,856,554

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Capital Stock

Details of capital stock are as follows:

	December 1982	December 1981
Preferred stock:		
First preferred stock, $7 cumulative, par value $100 per share; 22,500 shares authorized; 8,359.5 shares issued and outstanding....	$ 835,950	$ 835,950
Second preferred stock, par value $1 per share; 1,000,000 shares authorized; none issued.............	—	—
	$ 835,950	$ 835,950
Common stock:		
Common stock, par value $1 per share; 4,000,000 shares authorized; 2,423,017 and 2,202,974 shares issued in 1982 and 1981, respectively	$2,423,017	$2,202,974

PRATT & LAMBERT, INC. (DEC)

	1982 ($000)	1981
Shareholders' Equity:		
Capital stock (Note G):		
Preferred stock—authorized 600,000 shares at $10 par value:		
Series A $2.25 cumulative convertible preferred shares (authorized 200,000 shares; issued, 1982—60,056 shares; 1981—72,329 shares; entitled to $40 per share or $2,402 in liquidation as of December 31, 1982)..................	600	723
Common stock—authorized 5,000,000 shares at $5 par value; issued, 1982—1,638,028 shares; 1981—1,613,482 shares.....................	8,190	8,067
Additional paid-in capital....................	3,359	3,359
Retained earnings...........................	27,832	25,526
Cumulative translation adjustments	(113)	-0-
Total	39,868	37,675
Less treasury shares—at cost		
Preferred stock—8,300 shares;		
Common stock—163,912 shares	3,598	3,598
Total shareholders' equity	36,270	34,077

Note G. Capital Stock

The holders of the Series A preferred shares are entitled to two votes for each share. The company may redeem the Series A preferred stock at $45 per share together with accrued dividends, if any, to the redemption date. Any such shares called for redemption may be converted into common shares, at the option of the holders thereof, through the second business day prior to the redemption date.

In the opinion of counsel, the excess of the liquidation value of the Series A preferred shares over its par value does not constitute a restriction against retained earnings.

The Series A preferred shares, referred to above, are convertible at the option of the holders thereof, at any time into common shares at a rate of two shares of common stock for each Series A share held. In accordance with the terms of the issue, the conversion rate is subject to adjustment based upon changes in the outstanding common shares of the company. During 1982 and 1981, 12,273 and 42,874 preferred shares, respectively, were converted to common shares.

At December 31, 1982, 120,112 common shares were reserved for conversion privileges of the Series A preferred shares.

UNIROYAL, INC. (DEC)

	1982	1981
Stockholders' equity		
First preferred stock, 8% noncumulative, $100 par value; Authorized and issued—651,091 shares	$ 65,109	$ 65,109
Common stock, $1.25 par value: Authorized—60,000,000 shares Issued—27,345,350 shares, 1982; 27,147,850 shares, 1981...............	34,182	33,935
Additional paid-in capital........................	86,944	86,255
Retained earnings................................	394,077	373,368
Accumulated translation adjustment...........	(34,688)	(24,631)
	545,624	534,036
Less treasury stock, at cost	12,634	12,634
Total stockholders' equity....................	532,990	521,402

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stockholders' Equity

Shares of common stock issued under stock option plans in 1982 and 1981 were 197,500 and 52,000 respectively. The excess of issue price over par value of these shares was credited to additional paid-in capital and amounted to $689,000 and $173,000 in 1982 and 1981, respectively. There were no changes in additional paid-in capital in 1980.

Treasury stock at the end of 1982 and 1981 consisted of 39,950 shares of first preferred stock at a cost of $5,424,000 and 528,573 shares of common stock at a cost of $7,210,000.

The company has authorized 10,000,000 shares of second preferred stock, cumulative, no par value, none of which has been issued.

Dividends on the first preferred stock are payable out of available earnings at an annual rate of up to $8.00 per share and are not cumulative, except to the extent earned, payable and unpaid. In 1982 the full dividend of $8.00 per share was earned and on February 16, 1983 the Board of Directors declared a dividend of $2.00 per share, payable on March 25, 1983. The full dividend of $8.00 per share earned in 1981 was paid in 1982.

The Revolving Credit Agreement and the company's other long-term debt agreements permit payment of dividends on the first preferred stock if they are earned. Under the most restrictive covenants of these debt agreements, the company had a negative computation of $22 million which must be eliminated by earnings (after providing for the preferred dividend) before cash dividends can be paid on the common stock. Additionally, certain tangible net worth tests must be met before cash dividends can be paid on the common stock.

Shares of common stock reserved for specific purposes at the end of 1982 were: 457,663 shares for issuance under the Uniroyal Savings Plan for Salaried Employees; 2,732,744 shares for stock options; 513,764 shares for bonus awards and 3,940,886 shares for conversion of the 5½% convertible subordinated debentures.

JIM WALTER CORPORATION (AUG)

	1982	1981
	(in thousands)	
Stockholders' equity (Note 6):		
5% cumulative preferred stock, $20 par value per share ($5,037,000 aggregate liquidation preference):		
Authorized—300,000 shares		
Issued—251,860 shares	$ 5,037	$ 5,037
$1.60 cumulative convertible voting fourth preferred stock, no par or stated value ($28,497,000 aggregate liquidation preference; convertible into 769,431 shares of common stock at August 31, 1982):		
Authorized—3,700,919 shares		
Issued—712,436 and 734,808 shares	128	132
Common stock, 16⅔ cents par value per share:		
Authorized—25,000,000 shares		
Issued—16,538,842 and 16,514,685 shares	2,757	2,753
Capital in excess of par or recorded value	91,839	91,839
Retained earnings, per accompanying statement	594,421	606,214
	694,182	705,975

Note 6 (in part): Stockholders' Equity

The 5% cumulative preferred stock (i) is callable in whole or in part on any quarterly dividend date for $20 per share plus cumulative dividends, (ii) upon liquidation is entitled to $20 per share plus cumulative dividends, and (iii) holders are entitled to receive quarterly cumulative dividends at an annual rate of $1.00 per share. The 5% cumulative preferred stock is entitled to preference in dividends and distributions in liquidation over the $1.60 cumulative convertible voting fourth preferred stock and is non-voting (except in certain circumstances).

The $1.60 cumulative convertible voting fourth preferred stock (i) is convertible into 1.08 shares of common stock (769,431 shares of common stock are reserved for such conversion at August 31, 1982), (ii) is callable in whole or in part on any quarterly dividend date for $50 per share plus cumulative dividends, (iii) upon liquidation is entitled to $40 per share plus cumulative dividends, and (iv) holders are entitled to receive quarterly cumulative dividends at an annual rate of $1.60 per share. During 1982 and 1981, 22,372 and 109,794 shares of $1.60 cumulative convertible voting fourth preferred stock were converted into 24,157 and 118,536 shares of common stock, respectively.

At August 31, 1982, shares of common stock are reserved for issuance for the following purposes:

	Shares
Conversion of convertible preferred stock	769,431
Conversion of convertible debt	667,799
Exercise of employee stock options	250,000
	1,687,230

Preferred Stock Extended at Stated Value

BORG-WARNER CORPORATION (DEC)

	1982	1981
	(millions of dollars)	
Shareholders' equity:		
Capital stock:		
Preferred stock, liquidation preference $4.6 million in 1982, $5.3 million in 1981	$ .3	$ .3
Common stock, 42,953,308 shares issued in 1982 and 1981	107.4	107.4
Capital in excess of par value	101.4	57.3
Retained earnings	1,220.3	1,113.3
Currency translation adjustment	(40.5)	(14.0)
	1,388.9	1,264.3
Less treasury common stock, at cost	29.2	28.4
Total shareholders' equity	1,359.7	1,235.9

NOTES TO FINANCIAL STATEMENTS

Capital Stock

Detail of capital stock is as follows at December 31:

(number of shares)	Authorized	Issued	In treasury
Preferred stock no par value, $4.50 cumulative convertible, Series A:			
1982	25,000,000	46,181	
1981	5,000,000	53,258	
1980	5,000,000	116,310	
Common stock $2.50 par value:			
1982	125,000,000	42,953,308	1,182,696
1981	70,000,000	42,953,308	1,256,267
1980	70,000,000	42,953,308	1,048,472

The preferred stock has a stated value of $6.25 a share and involuntary liquidation value of $100 per share. Shares are convertible, at the holder's option, into five shares of common stock. In 1982 there were 6,635 preferred shares converted to 33,175 common shares. In 1981 there were 37,824 preferred shares converted to 189,111 common shares and 31,224 preferred shares were converted to 156,104 common shares in 1980. In 1982, the company repurchased 442 shares of the preferred stock for $76 thousand, 25,228 shares were repurchased for $3.1 million in 1981 and 9,905 shares were repurchased for $997 thousand in 1980.

The terms and provisions of the preferred stock do not impose any restrictions on retained earnings.

In 1982, the company purchased 822,241 shares of common stock for treasury. Share purchases were, 1,015,496 in 1981 and 544,124 in 1980.

KDI CORPORATION (MAY)

	1982	1981
Redeemable Preferred Stock		
Redeemable preferred stock, without par value; issued: $4—1982—64,611 shares; 1981—69,761 shares	$ 6,461,000	$ 6,976,100
Shareholders' Equity		
Common stock, par value 35 cents; authorized 15,000,000 shares; issued: 1982—8,189,861 shares; 1981—8,137,314 shares	2,866,453	2,848,061
Capital in excess of par value	27,794,260	27,287,162
Deficit	(944,505)	(5,412,163)
Foreign currency translation adjustment	(498,532)	—
Total shareholders' equity	29,217,676	24,723,060

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Redeemable Preferred Stock

The series, terms, and provisions of the redeemable preferred stock may be determined from time to time by the Board of Directors. A total of 2,000,000 shares of preferred stock (either redeemable or nonredeemable) has been authorized. The only issue outstanding is $4 noncumulative convertible preferred, stated value $100, callable at $105, each share convertible into ten common shares, ten votes for each share.

A majority approval of the shareholders of $4 preferred stock is required for the sale of assets in excess of a cumulative amount of $5,000,000 over a three-year period. Under certain conditions, KDI Corporation will be required to bear the cost of registering these securities with the Securities and Exchange Commission. The $4 preferred stock must be redeemed ratably over a ten-year period, commencing May 31, 1983, or earlier if all 4% debentures are retired.

Payments applicable to the redemption of the $4 preferred stock are as follows:

Period ended May 31, 1984	$ 646,110
Period ended May 31, 1985	646,110
Period ended May 31, 1986	646,110
Period ended May 31, 1987	646,110
Period ended May 31, 1988	646,110
Subsequent to May 31, 1988	3,230,550
	$6,461,100

THE QUAKER OATS COMPANY (JUN)

	1982	1981	1980
	(Millions of Dollars)		
Redeemable Preference Stock, without par value, $100 stated value, $9.56 cumulative	$ 45.4	$ 46.7	$ 50.0
Common Shareholders' Equity:			
Common stock, $5 par value, authorized 35,000,000 shares; issued 20,997,349 shares	$105.0	$105.0	$105.0
Additional paid-in capital	22.8	22.4	22.3
Reinvested earnings	599.6	542.3	473.6
Cumulative exchange adjustment	(53.5)	—	—
	673.9	669.7	600.9
Treasury common stock, at cost	(43.4)	(57.1)	(18.0)
Common shareholders' equity	630.5	612.6	582.9

Note 8: Common Stock and Redeemable Preference Stock

Changes in shares of common stock and preference stock are as follows:

	Common Stock	Treasury Common Stock	Preference Stock
Balance at June 30, 1979	20,997,349	1,198,139	500,000
Shares issued for options and awards		(93,276)	
Shares issued in connection with acquisition accounted for as a pooling of interests		(309,012)	
Balance at June 30, 1980	20,997,349	795,851	500,000
Shares issued for options and awards		(95,412)	
Shares acquired		1,143,514	(36,020)
Balance at June 30, 1981	20,997,349	1,843,953	463,980
Net shares issued for options and awards		(160,669)	
Shares issued in exchange for 7.7% sinking fund debentures		(287,819)	
Shares acquired			(13,930)
Balance at June 30, 1982	20,997,349	1,395,465	450,050

The common shares repurchased in fiscal 1981 were for use in the Stock Option Plan and other general corporate purposes.

The preference stock is redeemable, at the option of the Company, in whole or in part at prices decreasing from $109.56 per share currently to $100 after July 19, 2000. There were 1,480,000 authorized shares in 1982, and 1,500,000 shares in 1981 and 1980. The Company is required to make annual payments to a sinking fund in an amount adequate to retire a minimum of 20,000 shares (maximum 40,000 shares) at $100 per share plus accrued dividends. Any shares purchased may be credited against the sinking fund requirement. The aggregate amounts of mandatory redemption requirements for fiscal 1983 through 1987, net of the shares currently held in treasury, are: none in 1983, $1.0 million in 1984, and $2.0 million in 1985 through 1987.

MIDLAND-ROSS CORPORATION (DEC)

	1982	1981
	(In Thousands of Dollars)	
Shareholders' Equity		
Capital stock—Note D		
Serial preferred—Series A	$ 1,583	$ 1,721
Common	60,688	61,039
Additional paid-in capital	14,594	14,534
Retained earnings	198,441	215,058
Translation adjustment	(8,153)	—
	267,153	292,352

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D—Capital Stock

The authorized and outstanding shares of capital stock at December 31, 1982 and 1981 were as follows:

Serial preferred stock—without par value, liquidation value $100 a share; authorized—800,000 shares.

$4.75 cumulative convertible preferred stock, Series A, stated value $100 a share—convertible on the basis of $11.125 per share of common stock and redeemable at $100 a share; outstanding—15,829 shares in 1982 and 17,207 shares in 1981.

Common stock—par value $5.00 a share; authorized 20,000,000 shares; outstanding—12,137,582 shares in 1982 and 12,207,823 shares in 1981 (excluding 851,619 shares held in treasury in 1982 and 755,818 shares in 1981).

The serial preferred stock has generally the same voting rights as the common stock. There were 142,283 shares of common stock reserved at December 31, 1982 for conversion of the serial preferred stock. In addition, 299,164 shares of common stock were reserved for issuance under the Management Incentive Compensation Plan, of which 28,411 shares can be issued under awards made through December 31, 1982, contingent upon future earnings of the company. During 1982, no shares (836 shares in 1981) were issued under the plan.

UNITED STATES STEEL CORPORATION (DEC)

	1982	1981
	(Dollars in millions)	
Ownership evidenced by		
Preferred stock (Note 11)	$ 535	$ —
Common stock (par value $1 per share, authorized 150,000,000 shares) outstanding—102,097,852 shares and 90,578,885 shares, stated at $20 per share	2,042	1,812
Capital in excess of stated value	88	96
Net income reinvested in business	3,803	4,352
Total ownership	6,468	6,260

Note 11. Preferred Stock

The Corporation is authorized to issue 20,000,000 shares of preferred stock, without par value. On September 1, 1982, the Corporation issued two series of this stock:

Adjustable Rate Cumulative Preferred Stock—4,000,000 shares (stated value $50 per share) were sold to the public. The initial dividend rate for the period ended December 31, 1982, was 13.50 percent per annum; subsequent quarterly dividends will vary within a range of 7½ to 15¾ percent per annum in accordance with a formula based on various U.S. Treasury security rates. This stock is redeemable, at the sole option of the Corporation, on or after September 30, 1987 and prior to September 30, 1992, at a price of $51.50 per share and thereafter at $50.00 per share.

$12.75 Convertible Cumulative Preference Stock—3,350,000 shares (stated value $100 per share) were contributed to the Trustee of the Corporation's Pension Plan. Each share of Preference Stock is convertible at its stated value into the Corporation common stock at a conversion price of $22.25 per share. Preference Stock is redeemable, at the sole option of the Corporation, on or after September 15, 1985 at a price of $108.93 per share with a declining premium until September 15, 1992 and at $100 per share thereafter.

The Adjustable Rate Cumulative Preferred Stock ranks senior to the $12.75 Convertible Cumulative Preference Stock as to dividends and upon liquidation.

Preferred Stock Extended at Redemption or Liquidating Value

HAMMERMILL PAPER COMPANY (DEC)

	1982	1981
	($000)	
Preferred stock		
Cumulative preferred stock, $100 par value 4¼% series, redeemable at $103 per share	$ 276	$ 279
Second cumulative preferred stock, $1 par value $7 Series B (liquidating and redemption value, $25,000)	25,000	25,000
Preferred stock subject to mandatory redemption	25,276	25,279
$5 Series A (liquidating value, $7,508) (not subject to mandatory redemption)	75	76
Common stock and other shareholders' ownership		
Common stock, $1.25 par value	11,742	10,887
Capital in excess of par value	104,327	85,246
Retained earnings	299,859	285,176
	415,928	381,309
Less: treasury stock	(31,254)	(31,166)
	384,674	350,143

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cumulative Preferred Stock

A summary of cumulative preferred stock outstanding is as follows:

Cumulative preferred stock	1982	1981	1980
Authorized: 12,755 shares			
Shares issued and outstanding			
4¼% series	2,755	2,785	2,785
4½% series	—	—	1,359

The 4¼% series is subject to mandatory redemption. Liquidating value is $100 per share, and it is redeemable at $103 per share. Annual sinking fund redemption requirements are 300 shares. The requirements of the series for the next five years have been fulfilled. The change in shares outstanding during 1982 resulted from purchases.

The 4½% series was redeemed during 1981.

Second Cumulative Preferred Stock

A summary of second cumulative preferred stock outstanding is as follows:

Second cumulative preferred stock	1982	1981	1980
Authorized: 1,485,078 shares			
Shares issued and outstanding			
$5, Series A	75,076	76,147	83,312
$7, Series B	500,000	500,000	—

Liquidating value of the Series A stock is $100 per share (total $7,508,000) and of the Series B stock is $50 per share (total $25,000,000). Series A is convertible into common stock at $38 per share. Series A is redeemable at the option of the company at $100 per share. Series B is subject to mandatory annual redemption at $50 per share commencing in 1987 and may be redeemed at the option of the company at prices decreasing from $57 per share. Mandatory redemption amounts will be $1,923,000 per year in 1987 through 1999. The changes in Series A shares outstanding resulted from conversions.

JAMES RIVER CORPORATION OF VIRGINIA (APR)

	1982	1981
Preferred stock, $10 par value; 2,500,000 shares authorized:		
Redeemable preferred shares, stated at liquidation value of $100 per share; 100,240 shares issued	$10,024,000	$10,024,000
Series G convertible preferred shares, stated at assigned value of $55 per share; 1982 liquidation value—$49,948,920; shares issued, 1982—832,482 and 1981—832,541	45,786,510	45,789,755
Common stock, $.10 par value; 25,000,000 shares authorized; shares issued, 1982—8,443,408 and 1981—8,411,760	844,341	841,176
Additional paid-in capital	46,988,104	46,832,204
Retained earnings	66,333,005	52,643,376

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Redeemable Preferred Stock:

Redeemable preferred stock outstanding at April 25, 1982 and April 26, 1981 consists of the following:

Series C Participating	$ 1,724,000
Series D $8.75 Cumulative	4,000,000
Series E $8.75 Cumulative	4,300,000
	$10,024,000

Minimum redemption payments on the preferred stock for the five years subsequent to April 25, 1982 are as follows: 1983—$120,000; 1984—$240,000; 1985—$240,000; 1986—$547,175; and 1987—$1,980,175.

A) Series C Participating:

Mandatory dividends of $4.00 per share per annum are payable semiannually on the Series C Participating Preferred Stock ("Series C"). In addition, participating dividends up to a maximum of $6.00 per share are payable annually at a rate computed on the pre-tax, pre-interest earnings (as defined in the Articles of Serial Designation) of Riegel Products Corporation, a wholly-owned subsidiary of James River, in excess of $3,600,000 per year. All dividends on the Series C are cumulative. The Series C may be redeemed in whole or in amounts of not less than $100,000 at $100 per share plus dividends earned but unpaid to the date of redemption. Participating sinking fund payments related to the defined earnings of Riegel up to a maximum of $245,740 annually may be required. In this connection, the Company redeemed 2,457 shares of Series C at $100 per share on July 2, 1980. If not earlier retired, mandatory annual sinking fund payments of $307,175 commence in July 1985 and continue until the Series C is fully redeemed.

B) Series D $8.75 Cumulative:

The annual dividend rate on the Series D $8.75 Cumulative Preferred Stock ("Series D") is $8.75 per share payable quarterly. The Series D may be redeemed, in whole or in part, at a per share price declining from $106.91 at April 25, 1982 to $100 in November 1996 and thereafter, plus dividends earned but unpaid to the date of redemption. No redemption, however, may be effected prior to December 1987 from proceeds having an effective interest or dividend rate of less than 8¾% per annum. If not earlier retired, quarterly sinking fund payments of $60,000 each are required commencing in December 1982. A final payment of $400,000 is due in December 1997.

C) Series E $8.75 Cumulative:

The Series E $8.75 Cumulative Preferred Stock ("Series E") has an annual dividend rate of $8.75 per share payable quarterly. The Series E is redeemable, in whole or in part, at a per share price declining from $105.83 at April 25, 1982 to $100 in December 1987 and thereafter, plus dividends earned but unpaid to the date of redemption. No redemption, however, may be effected prior to December 1983 from proceeds having an effective interest or dividend rate of less than 8¾% per annum. If not earlier retired, sinking fund payments of $1,433,000 annually will be required commencing in December 1986. All of the Series E must be redeemed by December 1988.

D) Series F $6.00 Convertible:

On March 16, 1981 all of the 50,000 outstanding shares of the Series F Cumulative Preferred Stock ("Series F") were converted into 316,639 shares of James River common stock before adjustment for the three for two stock split on June 22, 1981.

7. Series G Convertible Preferred Stock

The Series G $5.40 Cumulative Convertible Preferred Stock ("Series G") has an annual dividend rate of $5.40 per share payable quarterly. Each share is convertible into three shares of James River common stock, subject to adjustment in certain instances.

The holders of shares of Series G are entitled to vote with the holders of James River common stock to the same extent as if such shares had been converted, subject to class voting rights conferred on the common stock by law. In addition, if six or more quarterly dividends are in arrears, the holders of shares of such series are entitled to elect two directors until such arrearages have been paid. The consent of the holders of more than 75% of the outstanding shares of Series G is required to effect any change in the articles of incorporation (including the Articles of Serial Designation for the Series G) that adversely affects the powers, rights or preferences of such stock or the authorization of any stock of James River ranking prior to Series G in liquidation.

The Series G may be redeemed at the option of the Company at any time in whole or in part at a per share price declining from $64.86 at April 25, 1982 to $60.00 in September 1990 and thereafter, plus dividends earned but unpaid to the date of redemption.

MARTIN MARIETTA CORPORATION (DEC)

	1982 (add 000)	1981
Shareowners' Equity:		
Preferred stock, without par value, authorized 10,000,000 shares, issued 2,300,000 shares	$ 115,000	$ —
Common stock, par value $1 a share, authorized 100,000,000 shares	41,253	41,253
Additional paid-in capital	219,563	221,712
Retained earnings	1,066,264	1,033,900
	1,422,080	1,296,865
Less treasury common stock at cost, 24,336,438 and 5,001,108 shares	1,005,520	96,888
	436,560	1,199,977

NOTES TO FINANCIAL STATEMENTS

Note I: Shareowners' Equity

On December 22, 1982, the Corporation issued 1,800,000 shares of $4.875 Convertible Exchangeable Preferred Stock with cumulative dividends, rights to one vote, and a liquidating value of $50 per share in a public offering for $90,000,000. This stock is convertible at any time by the holder at the rate of one share of common stock for each share of preferred stock. On any dividend date beginning December 15, 1986, the preferred stock is exchangeable at the Corporation's option for its 9¾% Convertible Subordinated Debentures. The preferred stock is not redeemable prior to December 15, 1986, unless specified market price levels are achieved. Thereafter, the preferred stock is redeemable in whole or in part at the option of the Corporation at specified prices. On December 22, 1982, the Corporation also issued an additional 500,000 shares of the preferred stock at $50 per share to its employees' pension fund for $25,000,000.

On December 30, 1982, 325,000 shares of common stock were issued to acquire minority interests in each of two companies engaged in the biotechnology field.

Under applicable statutes, approximately $300,000,000 of retained earnings is available for payment of dividends.

A common stock repurchase program of up to 3,000,000 shares was authorized by the Board of Directors in September, 1981. In 1981, 1,298,600 shares were purchased for treasury at a cost of $39,056,000 and in 1982, 651,100 shares were purchased at a cost of $19,730,000.

In October, 1981, a 3-for-2 split of the common stock in the form of a 50% stock dividend became effective. All references in the consolidated financial statements with regard to the number of shares and per share data reflect the effect of the split.

See Note B regarding the purchase of the Corporation's common stock for treasury from Allied Corporation in 1982 and the standstill agreement with Allied relating to its common share interest in Martin Marietta at December 31, 1982.

REICHHOLD CHEMICALS, INC. (DEC)

	1982	1981
	(Dollars in thousands)	
Redeemable preferred stock, no par value:		
Authorized: 1,500,000 shares		
Issued: $8.50 cumulative, Series A—300,000 shares	$ 30,000	$ 30,000
$7.875 cumulative, Series B—50,000 shares	5,000	5,000
	35,000	35,000
Common stockholders' equity:		
Common stock, $1 par value:		
Authorized: 15,000,000 shares		
Issued: 6,923,770 and 6,915,170 shares	6,924	6,915
Capital in excess of par value	55,552	55,469
Retained earnings	116,226	117,814
Unrealized loss on noncurrent marketable equity security	(3,383)	(2,939)
Equity adjustment from foreign currency translation	(6,947)	(2,428)
Treasury stock at cost, 4,874 shares	(91)	—
Total common stockholders' equity	168,281	174,831

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7) Redeemable Preferred Stock. As of and for the years ended on December 31, 1982 and 1981, the Company had issued and outstanding 300,000 shares of $8.50 Cumulative Preferred Stock, Series A, and 50,000 shares of $7.875 Cumulative Preferred Stock, Series B. Each share of stock is entitled to one vote in the election of directors or any other matter submitted to the stockholders. The preferred stock agreement contains requirements and restrictions similar to the long-term debt agreements (note 6). Among other things it requires, dividends may not be paid to common stockholders unless all dividends and mandatory redemption payments accumulated on the preferred stock are paid.

The Company is required to redeem, at a price of $100 per share plus any accrued and unpaid dividends, (1) 21,000 shares of Series A on each April 1 from 1985 through 1996, inclusive, and 48,000 shares of Series A on April 1, 1997, and (2) 10,000 shares of Series B on each April 1 from 1983 through 1987, inclusive. The Company has the option to redeem at the same price, without premium, on any mandatory redemption date an amount of shares equal to the number of shares being redeemed. In addition to the above, the Company may redeem all or part of the shares of Series A and B at $100 per share, plus accrued and unpaid dividends, and a premium for Series A of $5.95 per share in 1983, declining uniformly to none in 1997, and for Series B of $1.58 per share in 1983, declining uniformly to none in 1985. Prior to April 1, 1987 any redemption at a premium of Series A may not be funded by borrowings or issue of preferred stock with a net cost of less than 8.5% per annum.

The aggregate amounts of mandatory redemption requirements for the five years subsequent to December 31, 1982 are as follows:

	Mandatory redemption (In thousands)
1983	$1,000
1984	1,000
1985	3,100
1986	3,100
1987	3,100

SCOVILL INC. (DEC)

	1982	1981
Stockholders' Equity (Note F)		
Capital Stock:		
Preferred Stock (Cumulative) without par value:		
Authorized 3,000,000 shares, issuable in series:		
$2.50 Convertible Series A: Issued and outstanding 58,724 and 70,047 shares	$1,306,000	$1,558,000
Common Stock, par value $6.25 per share:		
Authorized 20,000 shares; issued 9,649,906 and 9,594,284 shares including 195,082 shares in treasury; outstanding 9,454,824 and 9,399,202 shares	59,093,000	58,745,000
Paid in by stockholders	15,073,000	14,795,000
Earnings retained in the business	128,703,000	123,237,000
Equity adjustment from foreign currency translation	(34,412,000)	(18,420,000)
	169,763,000	179,915,000

Note F—Stockholders' Equity

The Preferred Stock is entitled to one vote per share and each share is convertible into 2.44 Common shares. The conversion rate is subject to anti-dilution provisions. Preferred Stock is carried at its aggregate involuntary liquidation value ($22.25 a share) and is redeemable by the Company at $58.00 per share.

At December 26, 1982, there were 143,287 (1981—170,915; 1980—194,763) Common shares reserved for the conversion of Preferred Stock.

In 1980 Company shareholders approved The 1980 Long-term Performance Incentive Compensation Program. It replaced the 1973 Employee Stock Option Plan except as to options granted prior to April 21, 1980. The 1980 Plan provides for granting stock options, performance units and stock appreciation rights both with respect to existing options under the 1973 Plan and with option grants. Under the 1980 Plan options may be granted for up to 400,000 shares of Common Stock. The aggregate number of shares which may be acquired by any participant cannot exceed 40,000. The 1980 Plan expires on April 21, 1985 except for options, stock appreciation rights and performance units then outstanding. At December 26, 1982, options to 242,000 shares had been granted (1981—138,000) at prices of $16.125 and $18.5625. During 1982, options for 9,500 shares of Common Stock were exercised (1981 none) at $16.125 per share. At December 26, 1982, there were 390,500 shares reserved for exercise of options under this program.

The 1973 Employee Stock Option Plan provided for granting options for up to 400,000 shares of Common Stock at prices not less than the fair market value of the shares at date of grant exercisable only after one year of continued employment following the date of grant. Options granted under the 1973 Plan remain in effect and at December 26, 1982, there were 149,950 (1981—175,450; 1980—252,450) shares reserved for options granted but not exercised at prices ranging from $11.75 to $21.25 per share. During 1982 options for 18,500 shares were exercised (1981—46,100 shares; 1980—10,600 shares) at prices ranging from $7.875 to $18.25 per share.

Under the plans, options for 214,150 shares were exercisable at December 26, 1982 (120,050 shares at December 27, 1981 and 159,250 shares at December 28, 1980).

Under the Company's various debt agreements, of which the 15% notes are the most restrictive, the Company is restricted as to the payment of dividends and as of December 26, 1982, $51,899,000 of consolidated earnings retained in the business were free from such dividend restrictions.

ADDITIONAL PAID-IN CAPITAL

Table 2-34 summarizes captions used to describe additional paid-in capital and indicates a continuing gradual decline in the use of the term *surplus* to describe additional paid-in capital. This trend is in accord with a recommendation expressed by the AICPA's Committee on Terminology, a predecessor of the Accounting Principles Board, that use of the term *surplus,* either alone or combined, be discontinued in the balance sheet presentation of stockholders' equity.

Examples of descriptive captions used for additional paid-in capital, other than those italicized in Table 2-34, follow. Examples of descriptive captions used for additional paid-in capital are also shown in this section in connection with discussions of the other components of stockholders' equity.

TABLE 2-34: ADDITIONAL PAID-IN CAPITAL—CAPTION TITLE

	1982	1981	1980	1979
Additional paid-in capital	208	194	187	178
Capital in excess of par or stated value	160	169	170	171
Capital surplus	50	56	62	69
Additional capital, or other capital	49	49	48	49
Paid-in capital, or other paid-in capital	32	35	30	29
Paid-in surplus	13	12	13	15
Other captions	18	12	13	16
	530	527	523	527
No additional paid-in capital account	70	73	77	73
Total Companies	**600**	**600**	**600**	**600**

CUMMINS ENGINE COMPANY, INC. (DEC)

	1982	1981
	($ thousands)	
Common shareholders' investment:		
Common stock, $2.50 par value, 8,442,786 and 8,439,231 shares issued	$ 21,107	$ 21,098
Additional contributed capital	141,666	140,356
Earnings retained in the business	370,055	385,105
Translation adjustments	(42,333)	(7,460)
	490,495	539,099

HALLIBURTON COMPANY (DEC)

	1982	1981
	(In thousands)	
Shareholders' Equity		
Preferred stock, no par value — authorized 5,000,000 shares, none issued		
Common stock, par value $2.50 per share — authorized 200,000,000 shares, issued 118,250,527 and 118,098,310 shares, respectively	$ 295,626	$ 295,246
Paid-in capital in excess of par value	95,367	88,353
Retained earnings	3,095,714	2,787,751
	3,486,707	3,171,350
Less treasury stock — 170,190 and 160,468 shares, respectively, at cost	4,622	4,233
Total shareholders' equity	3,482,085	3,167,117

LEGGETT & PLATT, INCORPORATED (DEC)

	1982	1981
	($000)	
Shareholders' Equity		
Capital stock		
Preferred stock-authorized, 500,000 shares; none issued	$ —	$ —
Common stock-authorized, 20,000,000 shares of $1.00 par value; issued 4,040,852 in 1982 and 4,054,766 shares in 1981	4,041	4,055
Additional contributed capital	6,235	7,752
	10,276	11,807
Retained earnings	63,530	56,839
	73,806	68,646
Less treasury stock-at cost (425,989 shares in 1982 and 524,691 shares in 1981)	(9,223)	(11,545)
	64,583	57,101

THE PERKIN-ELMER CORPORATION (JUL)

	1982	1981
	($000)	
Shareholders' Equity		
Capital stock		
Preferred stock, $1 par value: Shares authorized 1,000,000		
Common stock, $1 par value: Shares authorized 60,000,000 Shares issued 42,821,000 (42,495,516—1981)	$ 42,821	$ 42,496
Capital contributed in excess of par value	77,437	71,409
Retained income	370,345	328,359
Cumulative translation adjustment	(7,456)	(2,534)
Common stock held in treasury, at cost (17,991 and 3,291 shares in 1982 and 1981, respectively)	(444)	(101)
Total shareholders' equity	482,703	439,629

RETAINED EARNINGS

Accounting Terminology Bulletin No. 1 recommends:

The term *earned surplus* be replaced by terms which will indicate source, such as *retained income, retained earnings, accumulated earnings,* or *earnings retained for use in the business.* In the case of a deficit, the amount should be shown as a deduction from contributed capital with appropriate description.

Table 2-35 indicates that most of the survey companies use the term *retained earnings.*

Examples of descriptive captions used for retained earnings are shown below and in connection with discussions of the other components of stockholders' equity in this section.

TABLE 2-35: RETAINED EARNINGS—CAPTION TITLE

	1982	1981	1980	1979
Retained Earnings	482	484	474	473
Retained earnings with additional words	22	24	27	26
Earnings with additional words	54	57	54	61
Income with additional words	20	19	24	20
Earned Surplus	3	2	3	4
Companies with deficits	19	14	18	16
Total Companies	**600**	**600**	**600**	**600**

AMERICAN HOSPITAL SUPPLY CORPORATION (DEC)

	1982	1981
	($ in millions)	
Shareholders' investment:		
Common stock	$ 296.0	$ 260.5
Earnings reinvested in the business	941.8	774.1
Foreign currency translation adjustment	(23.4)	(8.6)
Treasury stock, at cost	(28.9)	—
	1,185.5	1,026.0

BADGER METER, INC. (DEC)

	1982	1981
Stockholders' Equity		
Common stock, $1 par value; 5,000,000 shares authorized; shares issued and outstanding 1,423,444 in 1982 and in 1981	$ 1,423,444	$ 1,423,444
Capital in excess of par value	1,601,584	1,601,584
Reinvested earnings	17,384,130	19,284,538
Cumulative foreign currency translation adjustments	(253,614)	(253,614)
Total stockholders' equity	20,155,544	22,055,952

GENERAL REFRACTORIES COMPANY (DEC)

	1982	1981
	(dollars in thousands)	
Common Shareholders' Equity		
Common shares, $5 par value, authorized 10,000,000 shares, issued 3,804,009 shares	$19,020	$19,020
Paid-in capital	18,485	18,485
Retained earnings (deficit)	(20,401)	43,088
Foreign currency translation adjustment	894	3,200
	17,998	83,793
Less 6,000 treasury shares, at cost	83	83
Common shareholders' equity	17,915	83,710

INGERSOLL-RAND COMPANY (DEC)

	1982	1981
	($000)	
Shareowners' Equity		
$2.35 Preference stock, no par value, authorized 10,000,000 shares; issued: 1982—2,665,202; 1981—2,750,086 (liquidating preference —$48,544)	$ 5,437	$ 5,581
Common stock, $2 par value, authorized 30,000,000 shares; issued and outstanding: 1982—19,823,474; 1981—19,714,014	39,647	39,428
Capital in excess of par value	159,357	156,645
Earnings retained for use in the business	1,108,782	1,127,939
	1,313,223	1,329,593
Less—$2.35 Preference stock in treasury—at cost, 238,000 shares.	10,381	10,381
—foreign currency equity adjustment	87,231	36,054
Shareowners' equity	1,215,611	1,283,158

MONSANTO COMPANY (DEC)

	1982	1981
	($ millions)	
Shareowners' Equity		
Preferred stock — authorized, 10,000,000 shares, no par value; issued and outstanding, 91,902 shares in 1982 and 99,151 shares in 1981	$ —	$ —
Common stock — authorized, 100,000,000 shares, par value $2; issued, 40,966,159 shares in 1982 and 39,978,084 shares in 1981	82	80
Additional contributed capital	931	853
Accumulated currency adjustment	(122)	—
Reinvested earnings	2,621	2,423
	3,512	3,356
Less treasury stock, at cost (common shares of 368,548 in 1982 and 509,800 in 1981)	22	26
	3,490	3,330

THE KROGER CO. (DEC)

	1982	1981
	($000)	
Shareowners' Equity		
Convertible preferred capital stock, Cumulative, voting, par $100 Authorized: 5,000,000 shares Issued: 1982—500,000, 9% Series B shares 1981—500,000, 9% Series B shares	$ 50,000	$ 50,000
Common capital stock, par $1, at stated value Authorized: 50,000,000 shares Issued: 1982—30,634,966 shares 1981—28,280,429 shares	164,778	100,083
Accumulated earnings	763,199	673,740
	977,977	823,823
Common stock in treasury, at cost 1982—2,635,824 shares 1981— 287,873 shares	(98,749)	(4,509)
Net unrealized loss on marketable equity securities	(8,175)	(11,843)
Total Shareowners' Equity	871,053	807,471

STOCK OPTION AND STOCK PURCHASE PLANS

Chapter 13B of *Accounting Research Bulletin No. 43,* which discusses stock option and stock purchase plans, states in paragraph 15:

> In connection with financial statements, disclosure should be made as to the status of the option or plan at the end of the period of report, including the number of shares under option, the option price, and the number of shares as to which options were exercisable. As to options exercised during the period, disclosure should be made of the number of shares involved and the option price thereof.

APB Opinion No. 25, issued in October 1972 and applying "to all stock option, purchase, award, and bonus rights granted by an employer corporation to an individual employee after December 31, 1972," reaffirms the disclosure requirements of paragraph 15.

Five hundred fourteen companies disclosed the existence of stock option plans. Examples of stock option and stock purchase plans follow.

STOCK OPTION PLANS

BIRD & SON, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 (in part): Employee Benefit Plans

Stock Options Plans — On April 20, 1982, the stockholders adopted the Company's 1982 Stock Option Plan. This Plan provides for the grant of options to purchase up to 250,000 shares of the Company's common stock to officers and other key employees of the Company and its subsidiaries (including Directors if they are also officers or employees of the Company) upon terms and conditions (including price, exercise date, and number of shares) determined by a committee of the Board of Directors which administers the Plan. The Plan expires in 1992, and no further options or rights may be granted thereafter.

Options granted by the committee may be designated either as "incentive stock options" (as defined in Section 422A of the Internal Revenue Code of 1954, as amended) or as non-qualified options. Under the Plan, each optionee must remain in the continuous employ of the Company for one year after the date of grant before exercising any part of his option, and the exercise price specified by the committee must be at least 100% of the fair market value of the Company's common stock as of the date of grant.

Under the Plan the committee may also grant stock appreciation rights, either singly or in tandem with stock options. A right entitles the holder to benefit from market appreciation in the Company's common stock subject to the right between the date of grant and the date of exercise without requiring any payment on the part of the holder. Upon exercise of a right the holder is entitled to receive an amount of common stock (or, at the election of the committee, cash) equal in value to the amount of such appreciation.

In 1982, the Company granted options (net of cancellations) under the Plan for the purchase of 226,500 shares of which 88,000 were non-qualified stock options and the balance were "incentive stock options." The options were granted at exercise prices equal to market value ranging from $5.875 to $11.875 per share. Stock appreciation rights were granted in tandem with such options. In addition, stock appreciation rights were granted singly with respect to an additional 5,000 shares. The amount of expense recorded for the change in market value of the Company's common stock related to the stock appreciation rights outstanding at December 31, 1982 and which were estimated to be exercised was $247,000. At December 31, 1982 options for 231,500 shares were outstanding, none of which were exercisable.

All options and rights granted become exercisable at the rate of 20% per year, on a cumulative basis, beginning with the first anniversary of the date of grant. In case of termination of employment, options and grants not yet exercisable are subject to the risk of forfeiture.

MOBIL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Stock Option Plans

Stock option transactions:

	1981 Plan	1979 Plan	1974 Plan	1969 Plan
January 1, 1982 shares under option	1,996,850	3,095,646	2,167,913	664,390
Options granted at $22.13	1,975,600	—	—	—
Options expired or canceled	(50,675)	(68,310)	(5,800)	(11,400)
Options relinquished for stock appreciation rights at prices ranging from $10.48 to $18.69	—	—	(65,800)	(78,400)
Options exercised at prices ranging from $10.48 to $19.63	—	(116,482)	(340,515)	(460,900)
December 31, 1982— shares under option:				
Years of Grant / Average Option Price Per Share[1]				
1972-1974 $12.35				113,690
1974-1977 13.62			1,755,798	
1979-1981 27.42		2,910,854		
1981-1982 26.07	3,921,775			
Options exercisable at December 31, 1982	1,002,950	2,910,854	1,755,798	113,690
at an average price of	$29.99	$27.42	$13.62	$12.35
During 1981 options were exercised or relinquished at prices ranging from $10.48 to $19.13	—	78,564	106,811	54,910
During 1980 options were exercised or relinquished at prices ranging from $10.48 to $19.63	—	118,058	772,690	589,224

[1]Equal to the fair market value at the date the options were granted.

Under the 1981 Mobil Incentive Compensation and Stock Option Plan approved by shareholders, options may be granted to key employees to purchase a maximum of 10,000,000 shares of common stock. No additional options may be granted under the 1979, 1974, and 1969 Stock Option Plans. "Nonqualified" options and "Incentive Stock Options," having a maximum life of 10 years, are granted at 100% of the fair market value of Mobil stock at the time of the award and may be exercised for stock or, in some cases, relinquished for stock appreciation rights in annual installments after the first year. The stock appreciation rights permit the optionee to receive stock, cash, or a combination thereof equal to the amount by which the fair market value on the date of relinquishment exceeds the option price.

Under the 1981 Plan there were 6,078,225 shares available for option at December 31, 1982, and 8,003,150 shares available for option at December 31, 1981. At year-end 1980, there were 4,696,186 shares available for option under the 1979 Plan.

Upon the merger with Marcor, each outstanding option for Marcor common stock under the Marcor Option Plan was converted to a Mobil option to purchase a combination of shares and debentures of Mobil. The Marcor Plan expired in 1980. During 1980 options for 35,646 shares of Mobil stock and $1,671,240 of Mobil debentures were exercised at prices ranging from $7.80 to $9.88 and $51.28 to $64.96, respectively.

LOCKHEED CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 (in part): Common Stock

Stock Options

Lockheed's 1977 Employee Stock Purchase Plan (1977 Plan) and 1982 Employee Stock Purchase Program (1982 Program) authorize grants of options to purchase up to 550,000 shares and 1,250,000 shares, respectively, of the company's authorized but unissued common stock. The shares can be made available for option and sale at a price not less than the fair market value of the stock on the date that the option is granted.

The 1977 Plan provides for the grant of stock appreciation rights to accompany the grant of options. A stock appreciation right relates to a particular option and extends to a specified number of shares that can be no more than 50 percent of the number of shares subject to the related option. Option holders with companion stock appreciation rights may purchase half the shares exercisable under their stock options and, for the other half, receive payment equal to the appreciation in the value of the shares since the option was granted. During 1982, the 1977 Plan and agreements with existing option holders under the 1977 Plan were amended to permit the option holders to convert their outstanding stock options to incentive stock options, which are described below.

The 1982 Program is composed of two separate stock option plans. The first plan provides for the grant of options intended to qualify as incentive stock options under a recently enacted amendment to the Internal Revenue Code of 1954. Options granted under this incentive stock option plan cannot be accompanied by stock appreciation rights. The second plan provides for the grant of stock options that are not incentive stock options and that may, at the discretion of the board of directors, include stock appreciation rights accompanying the grant of the option.

Over the periods in which the stock appreciation rights vest, the company accrues the amount by which the market price exceeds the various grant prices of the rights outstanding. For 1982 and 1981, the accruals were approximately $1 million and $3 million, respectively.

On December 26, 1982 options for 269,248 shares were exercisable at prices ranging from $19 to $33 under the 1977 Plan. No options for shares were exercisable under the 1982 Program. Information on options and rights under the company's plans is as follows:

	Option price range	Shares under option	Stock appreciation rights
Outstanding at December 30, 1979	$ 9.00-24.00	503,072	162,025
Granted	33.00	187,900	93,950
Terminated	9.00-24.00	(14,388)	(6,756)
Exercised	9.00-22.00	(178,384)	(119)
Outstanding at December 28, 1980	9.00-33.00	498,200	249,100
Granted	28.00	3,500	1,750
Terminated	22.00-33.00	(8,812)	(5,019)
Exercised	22.00-24.00	(2,675)	(725)
Outstanding at December 27, 1981	19.00-33.00	490,213	245,106
Granted	78.44	276,450	19,750
Terminated	22.00-33.00	(5,479)	(216,548)*
Exercised	19.00-33.00	(199,385)	(2,409)
Outstanding at December 26, 1982	19.00-78.44	561,799	45,719

*Includes 214,486 stock appreciation rights which were cancelled when related options were converted to incentive stock options under the 1977 Plan.

The number of shares available for grant under the 1982 Program was 973,550 on December 26, 1982. No additional awards of options or stock appreciation rights will be made under the 1977 Plan.

KERR-MCGEE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stockholders' Equity (in part)

The 1968 Stock Option Plan expired on February 9, 1978, after which no further options could be granted, although options outstanding at that time could be exercised prior to their respective expiration dates. At the end of 1982, no options remain outstanding under this plan.

The 1978 Stock Option Plan authorized the granting over a ten-year period of options for up to 800,000 shares of stock and accompanying stock appreciation rights.

Transactions during 1982 under these plans are summarized below:

	1968 Stock Option Plan		1978 Stock Option Plan	
	Shares	Price per Share	Shares	Price per Share
Balance outstanding January 1, 1982	90,600	$26.75-$30.88	477,218	$24.03-$41.31
Options granted	—		222,700	$27.38-$37.50
Options exercised	(3,000)	$26.75-$30.88	—	
Options surrendered upon exercise of stock appreciation rights	—		(1,033)	$24.03-$32.72
Options canceled	(87,600)	$26.75-$30.88	(22,819)	$24.03-$38.31
Balance outstanding December 31, 1982	—		676,066	$24.38-$41.31
Options exercisable December 31, 1982	—		210,600	$24.38-$41.31

At year-end 1982, there remained 90,858 shares available for granting of options under the 1978 Plan.

With respect to the options outstanding as of December 31, 1982, the average option price was $29.85; expiration dates ranged from April 25, 1989, to November 11, 1992; and the market value of each share subject to options was $28.94 based on the average of the high and low prices as reported in the Wall Street Journal's NYSE Composite Transactions for December 31, 1982.

RAYTHEON COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L: Employee Stock Option Plans

The 1973 Qualified Stock Option Plan provided for the grant of qualified options only, while the 1976 Stock Option Plan provided for the grant of both qualified and non-qualified options. In May 1981, federal tax regulations covering qualified options expired thereby converting such options to a nonqualified status for tax purposes only. Upon passage of the Economic Recovery Tax Act of 1981, all options outstanding under the 1973 and 1976 Plans were amended to provide for incentive option treatment to the extent permitted by the Act. In addition, the 1976 Plan was amended to permit the grant of incentive options.

Both Plans provide that the option price of all common stock issued or to be issued is 100% of the fair market value on the date of grant. Options may be exercised in amounts up to 33%, 67% and 100% of the shares granted at least 12 months, 24 months and 36 months, respectively, after the date of grant. Incentive options may not be exercised while a previously granted incentive option remains outstanding; this limitation does not apply to non-qualified options issued under the 1976 Plan. All qualified options granted under the 1973 and 1976 Plans expire five years from date of grant. Non-qualified options and incentive options issued under the 1976 Plan expire 10 years from date of grant. Information for the years 1980 through 1982 with respect to these Plans is as follows:

	Shares In thousands	Option Price
Outstanding at December 31, 1979	2,428	$ 4.56 to $33.16
Granted	522	34.50 to 54.00
Exercised	(844)	4.56 to 33.16
Expired	(90)	5.38 to 39.41
Outstanding at December 31, 1980	2,016	$ 8.25 to $54.00
Granted	578	38.44 to 52.16
Exercised	(814)	8.25 to 36.97
Expired	(49)	8.25 to 54.00
Outstanding at December 31, 1981	1,731	$ 9.14 to $54.00
Granted	510	31.25 to 46.19
Exercised	(267)	9.14 to 41.94
Expired	(46)	14.72 to 52.16
Outstanding at December 31, 1982	1,928	$13.86 to $54.00

These outstanding options expire at various dates through December, 1992. Options for 906,000 shares were exercisable at prices ranging from $13.86 to $54.00 at December 31, 1982.

There were 2,940,000 and 3,206,000 shares of common stock (including shares held in treasury) reserved for stock options at December 31, 1982 and 1981, respectively.

R.J. REYNOLDS INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 (in part): Common Stock and Redemption of the $2.25 Convertible Preferred Stock

The Company has three stock option plans that provide for the granting of options to purchase shares of the Company's Common Stock to certain officers and other employees. The option price for outstanding options is the average quoted market price on the date of the grant. Options granted which subsequently lapse or are canceled are added back to the shares authorized for future options.

Under the 1977 Stock Option Plan, the maximum number of shares of the Company's Common Stock that may be granted is 2,500,000 and individual grants are limited to 100,000 shares. The options, which expire in 10 years, are exercisable in cumulative annual installments of 25 percent of the optioned shares beginning one year from the date of grant. The Plan also provides for granting of stock appreciation rights (SARs) to holders of options under this Plan and the Career Executive Stock Plan. SARs may be exercised for stock, cash or any combination thereof. When SARs are exercised, the related stock options are surrendered and may not be granted again. The value of the SARs exercised is equal to the difference between the exercise price and the average quoted market price of the Company's Common Stock on the date of exercise. As of December 31, 1982, there were 1,407,487 options outstanding under the 1977 Stock Option Plan with expiration dates ranging from September 15, 1987 to July 16, 1991. The average exercise price of such options was $37.53, and such options were held by a total of 448 optionees.

Under the Career Executive Stock Plan, the maximum number of shares of the Company's Common Stock that may be granted is 1,200,000 and individual grants are limited to 60,000 shares. The Plan permits the granting of nonqualified options (as defined in the Internal Revenue Code) that may run for periods of up to 10 years. No option may be exercised prior to one year after the date of grant. As of December 31, 1982, there were 129,669 nonqualified options/SARs outstanding under the Career Executive Stock Plan with expiration dates ranging from May 1, 1984 to January 21, 1992. The average exercise price of such options/SARs was $31.65 and such options/SARs were held by a total of 50 optionees.

Under the 1982 Long-Term Incentive Plan, approved by the stockholders at the 1982 annual meeting, the maximum number of shares of the Company's Common Stock that may be granted is 5,000,000 and individual grants are limited to 250,000 shares. The Plan permits the granting of incentive awards in the forms of incentive stock options (ISOs), other stock options and SARs. The ISOs, and other options not designated as ISOs, may be granted for periods of up to 10 years and may not be exercised prior to one year from the date of grant. The SARs granted under the Plan may, but need not be, granted in conjunction with other stock options. No SARs granted under the Plan may be exercised in less than one year or more than 10 years after the date of grant. As of December 31, 1982, there were 231,500 ISOs and 231,500 other stock options/SARs outstanding under the 1982 Long-Term Incentive Plan with expiration dates ranging from June 17, 1987 to November 18, 1992. The average exercise price under the Plan was $46.20, and such options were held by 382 participants.

Under all plans, no charges or credits to earnings are made at the time of either granting or exercising an option. Compensation expense is accrued for options with SARs over the period they become exercisable, based upon the amount by which the market value of the Company's Common Stock exceeds the option price at the date of determination, and is adjusted in subsequent reporting periods for increases or decreases in the market value of the stock.

The following table summarizes the changes in options outstanding and related price ranges for shares of the Company's Common Stock under options:

	1982	1981	1980
Options:			
Outstanding at beginning of year	2,093,666	1,862,523	1,858,050
Granted under Career Executive Stock Plan	5,000	4,000	31,172
Granted under 1977 Stock Option Plan	—	525,267	449,664
Granted under 1982 Long-Term Incentive Plan	468,600	—	—
Options/SARs exercised	(505,803)	(229,118)	(404,313)
Canceled and surrendered	(61,307)	(69,006)	(72,050)
Outstanding at end of year	2,000,156	2,093,666	1,862,523
Price Ranges:			
Outstanding at beginning of year	$21.72-47.69	$21.72-46.50	$21.72-34.38
Granted under Career Executive Stock Plan	43.94	46.56	35.13-39.81
Granted under 1977 Stock Option Plan	—	43.19-47.69	35.13-46.50
Granted under 1982 Long-Term Incentive Plan	46.19-51.25	—	—
Options/SARs exercised (market prices ranged from $42.56-56.13 in 1982, from $43.00-52.44 in 1981 and $30.13-47.13 in 1980)	21.72-47.69	21.72-39.81	21.72-33.16
Canceled and surrendered	30.47-47.69	29.53-46.50	28.78-39.81
Outstanding at end of year	$21.72-51.25	$21.72-47.69	$21.72-46.50

At December 31, 1982, options were exercisable as to 874,503 shares, compared with 955,802 shares at December 31, 1981 and 773,138 shares at December 31, 1980. As of December 31, 1982, options for 5,037,170 shares of the Company's Common Stock were available for future grants.

SIMPLICITY PATTERN CO. INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. In 1982, the Company amended the 1976 Stock Option Plan to authorize the granting of incentive stock options as well as non-qualified options. In December 1982 the majority of the outstanding non-qualified options were surrendered in exchange for the issuance of new incentive options and non-qualified options, and additional incentive stock options were granted. Under the Plan, non-qualified options and incentive stock options totaling 650,000 shares of Common Stock may be granted at prices not less than 100% of fair market value at date of grant. Options are exercisable for such periods as the Compensation Committee shall determine but not for more than ten years from date of grant, subject to acceleration under certain conditions. The Compensation Committee, at its election, may accept the surrender of any option and pay the optionee any excess of market value over option price at that date.

The following summarizes stock option transactions under this plan for the three years ended December 31, 1982:

	Number of Shares	Per Share Option Price
Outstanding February 1, 1980	102,260	$11.13-$15.57
Granted	14,500	$ 9.69
Cancelled	(5,000)	$13.44
Outstanding January 31, 1981	111,760	$ 9.69-$15.57
Granted	—	—
Cancelled	(13,360)	$ 9.69-$15.57
Outstanding January 31, 1982	98,400	$ 9.69-$13.44
Surrendered:		
Non-qualified	(97,200)	$ 9.69-$13.44
Granted in exchange:		
Non-qualified	36,906	$ 7.88
Incentive	60,294	$ 7.88
Granted-incentive	39,100	$ 7.88
Outstanding December 31, 1982:		
Non-qualified	38,106	$ 7.88-$11.53
Incentive	99,394	$ 7.88
	137,500	

No options were exercised during any of the years. Options for 1,200, 89,650 and 97,135 shares were exercisable at December 31, 1982 and January 31, 1982 and 1981, respectively. At December 31, 1982, 512,500 shares were available for grant.

SQUIBB CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Option and Performance Unit Plans

During 1982, the Board of Directors of the Corporation approved, subject to shareholder approval, the 1982 Option and Performance Unit Plan. Under the terms of the plan, 1,750,000 shares of the Corporation's common stock may be issued for options granted and for payment of performance units awarded. Options may be granted for a period of not more than ten years and generally become exercisable in either two or four equal annual installments commencing one year after grant. At December 31, 1982, options to purchase 1,571,300 shares of common stock were available for future grants under this plan.

Under the 1978 and 1974 Option and Performance Unit Plans and the 1968 Stock Option Plan, options were granted on a qualified or nonqualified basis for periods of up to ten years. No further options can be granted under these plans.

During 1982, pursuant to a merger agreement, outstanding options under a plan of an acquired company became options to purchase 19,521 shares of the Corporation's common stock at a price of $16.86 per share. Prior to 1981, pursuant to merger agreements, outstanding options under plans of acquired companies became options to purchase 384,083 shares of the Corporation's common stock at prices ranging from $2.50 to $13.95 per share. No further options can be granted under these plans.

In connection with the sale of a subsidiary in 1981, fully exercisable options were granted in 1982 to purchase an aggregate of 138,238 shares of the Corporation's common stock at prices ranging from $30.75 to $46.97 per share. Options to purchase 93,702 shares of common stock at prices ranging from $31.57 to $47.29 per share were also granted in 1980 in connection with the sale of a subsidiary.

These options expire at various dates on or before December 30, 1984.

Option changes during the three years ended December 31, 1982 for all of the above plans were:

		Exercise price	
	Shares	From	To
Balance at January 1, 1980	1,817,321	$ 6.73	$50.32
Granted	451,002	24.69	47.29
Assumed (acquired company)	360,000	2.50	12.50
Exercised	(110,289)	2.50	32.00
Terminated	(267,796)	5.00	50.13
Balance at December 31, 1980	2,250,238	2.50	50.32
Granted	429,250	28.57	37.07
Exercised	(62,564)	2.50	35.22
Terminated	(369,412)	8.47	50.13
Balance at December 31, 1981	2,247,512	2.50	50.32
Granted	482,838	30.50	46.97
Assumed (acquired company)	19,521	16.86	—
Exercised	(569,773)	2.50	42.50
Terminated	(179,749)	12.50	50.32
Balance at December 31, 1982	2,009,349	2.50	46.97
Exercisable at December 31, 1982	1,097,255	$ 2.50	$46.97

Performance unit awards granted under the 1982, 1978 and 1974 plans are payable in varying amounts at the conclusion of the award cycle, which must be a minimum of three years, if certain cumulative growth objectives (which may include earnings per share or pretax income) of the Corporation or its subsidiaries are met. No further performance unit awards can be granted under the 1978 and 1974 plans.

Each year, a charge to income may be made to cover a pro rata portion of the anticipated payout due at the end of the award cycle based on cumulative growth objectives realized in each year and preceding years. In 1982, $642,000 was charged to income. In 1981, no charge or credit was made to income and, in 1980, $115,000 was credited to income.

Performance unit changes under the 1982, 1978 and 1974 plans during the three years ended December 31, 1982 were:

	Number of units	Unit base value From	To
Balance at January 1, 1980	166,283	$22.69	$37.50
Awarded	1,301	34.19	—
Terminated	(7,086)	22.69	37.50
Matured	(30,630)	25.63	29.57
Balance at December 31, 1980	129,868	22.69	37.50
Awarded	76,839	31.69	36.63
Terminated	(6,456)	27.25	37.50
Matured	(54,433)	22.69	34.19
Balance at December 31, 1981	145,818	27.25	37.50
Awarded	26,819	46.00	—
Terminated	(3,547)	31.69	37.50
Matured	(38,872)	27.25	30.50
Balance at December 31, 1982	130,218	$31.69	$46.00

At December 31, 1982, a total of 3,580,649 shares of unissued common stock was reserved for issuance under the stock option and performance unit plans, and treasury shares were reserved for options granted to purchase 12,500 shares of the Corporation's common stock (other than under such plans) at an exercise price of $28.94 per share.

UNITED TECHNOLOGIES CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 (in part)

At December 31, 1982, 4,067,762 shares of Common Stock were reserved for issuance under the Corporation's 1974 and 1976 Stock Option Plans and 1979 Long Term Incentive Plan. Option prices under these Plans approximate 100% of the market price of the Common Stock on the dates the options are issued. Effective February 5, 1982, the Board of Directors, upon shareowners' approval, authorized the cancellation of outstanding options for 1,922,633 shares of Common Stock granted under the 1976 Stock Option Plan and the 1979 Long Term Incentive Plan in 1980 and 1981 at option prices averaging $51.57, and their reissue at a price of $35.875, which represented fair market value as of that date. The 1979 Plan provides for the granting of Stock Appreciation Rights linked with stock options granted under either the 1979 Plan or the 1976 Plan. The exercise of either a Stock Appreciation Right or a stock option automatically cancels the connected option or right.

The 1979 Plan also provides for the granting of Performance Units. The units are payable at the end of each award period, which may not exceed 5 years and then only if certain minimum performance targets are met. In certain instances, the exercise of either a stock option or a Performance Unit automatically cancels the related unit or option.

A summary of the transactions under all Plans for the three years ended December 31, 1982 is set forth on the following page.

	Stock Options		Stock Appreciation Rights		Performance Units
	Shares	Average Price	Rights	Average Price	Units
Outstanding—					
December 31, 1979	2,696,035	$33.84	83,001	$36.88	259,968
Granted	1,326,102	$48.04	216,310	$44.32	484,994
Exercised	(572,356)	$31.44	(12,500)	$36.88	(1,224)
Cancelled	(92,412)	$38.59	(3,220)	$36.88	(24,899)
Outstanding—					
December 31, 1980	3,357,369	$39.73	283,591	$42.55	718,839
Granted	1,163,018	$53.54	115,502	$50.36	458,660
Exercised	(498,268)	$34.40	(45,500)	$40.77	—
Cancelled	(366,141)	$44.30	(104,660)	$42.66	(82,838)
Outstanding—					
December 31, 1981	3,655,978	$44.39	248,933	$46.46	1,094,661
Granted	1,294,677	$35.94	219,568	$35.88	472,634
Exercised	(422,135)	$33.84	(40,588)	$37.62	(220,614)
Cancelled	(2,259,423)	$49.16	(22,783)	$46.55	(62,829)
Reissued	1,798,665	$35.88	—	—	—
Outstanding—					
December 31, 1982	4,067,762	$36.37	405,130	$41.60	1,283,852

At December 31, 1982, stock options for 840,242 shares of Common Stock were exercisable at an average price of $34.72 per share. The number of options available for grant under all of the Plans at December 31, 1982 was 1,278,985 (2,136,703 at December 31, 1981).

During 1982, $11,105,000 ($10,851,000 in 1981 and $12,979,000 in 1980) was charged to income for Stock Appreciation Rights and Performance Units which have been awarded under the 1979 Plan.

There were also outstanding options under prior Carrier plans for 109,680 shares of $2.55 Preferred Stock at an average price of $17.35. A total of 107,240 of these shares were exercisable at an average price of $17.32. During the year options for 93,459 shares were exercised at an average price of $16.56. In addition, there were outstanding options under prior plans of another acquired company for 3,625 shares of $3.875 Preferred Stock at an average price of $15.98. All of these shares were exercisable at an average price of $15.98. During the year options for 2,000 shares were exercised at an average price of $18.55.

The Corporation and a number of its subsidiaries have savings plans in which a portion of employee contributions is matched by the employer. The matching contributions totaled $39,024,000 in 1982 ($33,943,000 in 1981 and $28,454,000 in 1980).

For 1982, $30,358,000 ($27,912,000 in 1981 and $26,929,000 in 1980) was authorized under the Corporation's Incentive Compensation Plan for distribution among officers and employees designated by the Board of Directors. In addition, $2,734,000 was authorized for distribution in 1982 ($8,253,000 in 1981 and $9,621,000 in 1980) under plans of acquired companies.

STOCK PURCHASE PLANS

BURROUGHS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 (in part): Stock Purchase and Stock Option Plans

A. Employees' stock purchase plan. Under this plan, as amended by the shareholders in 1982, employees (except directors and officers) may contribute up to 10% of their pay toward purchase of the Company's common stock at 85% of the lower of the market price on the first or last day of the purchase period ended June 30, 1982; and for purchase periods thereafter, at 85% of the market price on the last day of each purchase period. During 1982 and 1981, 539,000 and 457,000 shares, respectively, were sold to employees.

COOPER INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 (in part): Stock Options and Employee Stock Purchase Plan

Employee Stock Purchase Plan

On April 24, 1979, the shareholders approved the 1979 Employee Stock Purchase Plan. An aggregate of 1,510,014 shares of common stock are reserved for purchase commencing September 1, 1979. On September 14, 1981, 444,104 shares were sold to 6,938 employees at $24.55 per share. At December 31, 1982, subscriptions to the plan for 395,125 shares of common stock were outstanding at $39.82 per share or, if lower, the average market price on September 14, 1983, which is the exercise date.

INTERNATIONAL BUSINESS MACHINES CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Purchase Plan

The 1981 Employees Stock Purchase Plan enables employees who are not participants in a stock option plan to purchase IBM's capital stock through payroll deductions of up to 10% of their compensation. The price an employee pays for a share of stock is 85% of the average market price on the date the employee has accumulated enough money to buy a share. During 1982, employees purchased 7,239,303 shares, including 391,743 treasury shares, for which $416 million was paid to IBM. At December 31, 1982, 28,600,364 reserved unissued shares remain available for purchase under the Plan.

HERMAN MILLER, INC. (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Stock Purchase Plan

Under the terms of the company's Employee Stock Purchase Plan, 187,500 shares of authorized but unissued common stock were reserved. The plan provides that employees may authorize payroll deductions to be made for the purpose of acquiring shares at 85 percent of the market price. Employees purchased 34,400 shares, at prices ranging from $14.98 to $18.38, during the year with total receipts by the company of $587,724. Since the beginning of this plan in 1977, the employees have purchased a total of 128,016 shares at prices ranging from $5.70 to $18.38.

PEOPLES DRUG STORES, INCORPORATED (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Employee Common Stock Plans

The Peoples Employee Stock Purchase Plan is intended to provide eligible employees with an opportunity to purchase the Company's common stock through payroll deduction, at seventy percent of the average market price on the date of purchase. The deductions are limited to a maximum of five percent of any basic compensation and individual purchases may not exceed 500 shares of common stock in any Plan year. The maximum cost to the Company in each year is determined by the Board of Directors. Under the plan, 70,892 shares in 1982, 58,032 shares in 1981 and 52,799 shares in 1980 were issued and $279,000, $240,000 and $171,000, respectively, were charged to expense.

STEWART-WARNER CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Capital Stock:

In addition, the Corporation has a stock purchase plan which permits officers and key employees to purchase shares of the Corporation's treasury stock at the market price prevailing at the time of purchase. Current forms of contracts provide for minimum initial payments of 10% of the purchase price, and for payments of not less than 10% of the remaining balances annually, with interest at 1% per annum. All shares sold under this plan are either held in escrow or subject to repurchase agreements. During 1982, 2,700 shares of treasury stock were sold under the plan at prices averaging $21.64 per share, having an aggregate market value of $58,000 (2,150 shares in 1981 at prices averaging $27.68 per share, market value $60,000, and 2,000 shares in 1980 at prices averaging $22.97 per share, market value $46,000).

TREASURY STOCK

Chapter 1B of *Accounting Research Bulletin No. 43*, as revised by *APB Opinion No. 6*, deals with accounting for treasury stock. As shown in Table 2-36, the prevalent balance sheet presentation of treasury stock is to show the cost of treasury stock as a reduction of stockholders' equity.

Examples of treasury stock presentations follow.

Cost of Treasury Stock Deducted From Stockholders Equity

AMERICAN BILTRITE INC. (DEC)

	1982 ($000)	1981
Stockholders' Equity		
Common Stock, without par value—authorized 5,500,000 shares (4,000,000 in 1981), issued 2,827,486 shares	$18,647	$18,647
Retained earnings	4,003	23,605
Equity adjustment from foreign currency translation	(840)	—
	21,810	42,252
Less cost of shares in treasury—197,078 shares of Common Stock	1,663	1,663
	20,147	40,589

BRENCO, INCORPORATED (DEC)

	1982	1981
Stockholders' Equity:		
Preferred stock, par value $1 per share, authorized 1,000,000 shares; none issued		
Common stock, par value $1 per share, authorized 15,000,000 shares; issued 10,000,000 shares	$10,000,000	$10,000,000
Retained earnings	44,422,370	47,512,040
	54,422,370	57,512,040
Less: Common stock in treasury, 120,032 shares at cost (120,947 shares in 1981)	1,667,563	1,680,275
Total Stockholders' Equity	52,754,807	55,831,765

TABLE 2-36: TREASURY STOCK—BALANCE SHEET PRESENTATION

	1982	1981	1980	1979
Common Stock				
Cost of treasury stock shown as stockholders' equity deduction	353	341	336	345
Par or stated value of treasury stock deducted from issued stock of the same class	37	41	40	39
Cost of treasury stock deducted from stock of the same class	17	14	16	13
Cost of treasury stock shown as noncurrent asset	4	4	6	6
Other	6	4	6	11
Total Presentations	**417**	**404**	**404**	**414**
Preferred Stock				
Cost of treasury stock shown as stockholders' equity deduction	19	17	20	21
Par or stated value of treasury stock deducted from issued stock of the same class	4	7	6	5
Other	4	4	3	3
Total Presentations	**27**	**28**	**29**	**29**
Number of Companies				
Disclosing treasury stock	421	410	408	417
Not disclosing treasury stock	179	190	192	183
Total Companies	**600**	**600**	**600**	**600**

AMPCO-PITTSBURGH CORPORATION (DEC)

	1982	1981
Shareholders' equity:		
Cumulative preference stock—no par value; authorized 500,000 shares; none issued	$ —	$ —
Common stock-par value $1; authorized 7,500,000 and 5,000,000 shares in 1982 and 1981, respectively; issued 4,608,386 shares in 1982 and 1981	4,608,386	4,608,386
Additional paid-in capital	4,781,392	4,781,392
Retained earnings	85,363,781	92,841,679
	94,753,559	102,231,457
Treasury stock—764,490 shares, at cost	4,603,739	4,603,739
	90,149,820	97,627,718
Cumulative translation adjustments	(4,147,371)	—
Valuation allowance for investment in Vulcan, Inc	(1,522,000)	—
Total shareholders' equity	84,480,449	97,627,718

THE BENDIX CORPORATION (SEP)

	1982	1981
	(in millions)	
Stockholders' Equity		
Preferred Stock, no par (authorized, 7,000,000 shares, issuable in series)		
Series A $3 Cumulative Convertible (authorized, 400,000 shares of $7.50 stated value each; issued, 169,048 and 194,160 shares, respectively; liquidation preference, $8.8 million)	$ 1.3	$ 1.5
Shares B 9¾% Cummulative Convertible (authorized, 4,600,000 shares of $41.50 stated and liquidation value each; issued, 1,659,341 and 4,115,023 shares, respectively)	68.9	170.8
Common Stock (authorized, 60,000,000 shares of $5 par value each; issued, 21,432,825 and 19,368,980 shares, respectively)	107.1	96.8
Additional capital	141.2	42.7
Retained earnings	1,196.8	1,145.2
Cumulative translation adjustments	(30.5)	—
Total	1,484.8	1,457.0
Less—Cost of treasury stock (22,769 shares of Series A Preferred Stock and 83,487 shares of Common Stock)	3.8	3.8
Stockholders' Equity—Net	1,481.0	1,453.2

CLUETT, PEABODY & CO., INC. (DEC)

	1982	1981
	(in thousands)	
Shareholders' Equity		
$1 Cumulative convertible preferred stock par value $1.00; designated 1,500,000 shares; issued, 1982—1,457,117 shares; 1981—1,459,282 shares	$ 1,457	$ 1,459
Common stock, par value $1.08⅓; authorized 12,000,000 shares; issued, 1982—9,139,624 shares; 1981—9,021,630 shares	9,901	9,773
Paid-in capital	37,416	36,193
Cumulative translation adjustment	(6,485)	—
Retained earnings	191,451	175,607
	233,740	223,032
Less treasury stock (at cost):		
$1 Cumulative convertible preferred stock, 1982 and 1981—62,400 shares	757	757
Common stock, 1982—1,039,748 shares; 1981—1,040,719 shares	17,177	17,193
Total shareholders' equity	215,806	205,082

EMERSON ELECTRIC CO. (SEP)

	1982	1981
	(Thousands of Dollars)	
Stockholders' equity		
Preferred stock of $2.50 par value per share. Authorized 5,400,000 shares; issued—none	$ —	$ —
Common stock of $1 par value per share. Authorized 100,000,000 shares; issued 68,869,472 shares in 1982 and 68,795,122 in 1981	68,869	68,795
Additional paid-in capital	77,140	73,748
Retained earnings	1,472,163	1,309,336
Cumulative translation adjustments	(48,164)	—
	1,570,008	1,451,879
Less cost of common stock in treasury, 290,896 shares in 1982 and 270,454 in 1981	11,293	8,667
Total stockholders' equity	1,558,715	1,443,212

TONKA CORPORATION (DEC)

	1982	1981
Stockholders' Equity—Note D		
Common Stock—par value $.66⅔ a share:		
Authorized—4,000,000 shares		
Issued—1,672,796 shares	$ 1,115,198	$ 1,115,198
Additional paid-in capital	8,682,622	8,682,622
Retained earnings	44,285,238	47,376,095
Foreign currency translation adjustments	(867,134)	—
	53,215,924	57,173,915
Less cost of Common Stock in treasury: 1982—600,000 shares	20,821,741	—
Total Stockholders' Equity	32,394,183	57,173,915

Note D—Purchase of Treasury Stock

During January 1982, the Company completed a tender offer to purchase 600,000 shares of its Common Stock for $34.50 a share plus fees and expenses. Under the terms of the offer, the Company paid $20,822,000 to purchase these shares, which are being held as treasury shares. The amount of retained earnings available for distribution to stockholders is reduced by the $20,822,000 cost of Common Stock in treasury.

Par Value of Treasury Stock Deducted from Issued Stock

BROWN GROUP, INC. (OCT)

	1982	1981
Stockholders' Equity		
Preferred Stock, $1 par value; authorized 1,000,000 shares; none issued		
Common Stock, $3.75 par value; authorized 12,000,000 shares; issued and outstanding: 10,543,553 shares in 1982 and 10,865,706 shares in 1981 (excluding shares held in treasury: 997,426 in 1982 and 675,273 in 1981)	$ 39,538,000	$ 40,746,000
Additional capital	17,050,000	17,112,000
Retained earnings	308,317,000	279,086,000
Cumulative translation adjustment	(448,000)	—
	364,457,000	336,944,000

THE DUN & BRADSTREET CORPORATION (DEC)

	1982	1981
Shareowners' Equity		
Preferred Stock, par value $1 per share—authorized, 10,000,000 shares; outstanding—none		
Common Stock, par value $1 per share—authorized, 60,000,000 shares; outstanding—28,151,828 and 27,998,045 shares, excluding 256,992 and 410,775 treasury shares for 1982 and 1981	$ 28,152,000	$ 27,998,000
Capital in Excess of Par Value	98,323,000	86,653,000
Retained Earnings	385,326,000	324,755,000
Translation Adjustments	(7,610,000)	(3,786,000)
Total Shareowners' Equity	504,191,000	435,620,000

THE WURLITZER COMPANY (MAR)

	1982	1981
Shareholders' Equity:		
Common Stock Issued (at Par Value)	$18,554,000	$18,554,000
Less In Treasury (at Par Value)	695,000	695,000
Common Stock Outstanding	17,859,000	17,859,000
Accumulated Translation Adjustment	(226,000)	—
Retained Earnings	4,751,000	10,282,000
Shareholders' Equity	22,384,000	28,141,000

NOTES TO FINANCIAL STATEMENTS

5. Capital Stock and Stock Options

The Company's authorized capital stock consists of 500,000 shares of preferred stock, par value $1 per share, none of which has been issued, and 2,500,000 shares of common stock, par value $10 per share, of which 1,855,387 shares have been issued. At March 31, 1982, 1981 and 1980, 69,520 shares were held in treasury, and of the 1,785,867 shares outstanding on those dates, 15,250 shares were from stock options exercised in 1980.

In October 1981, the Company's Board of Directors adopted a non-qualified stock option plan for elected officers which terminates on October 28, 1986. Under terms of the plan, options may be granted up to an aggregate of 50,000 treasury shares. Options granted under the plan become exercisable one year from date of grant for a term of not more than ten years, and are exercisable at prices representing fair market value at date of grant. Options covering a total of 25,000 shares have been granted to date under this plan at an option price of $6.75 per share. These options cannot be exercised before October 1982.

Section 3: Income Statement

TITLE OF INCOME STATEMENT

Table 3-1 summarizes the key word terms used in income statement titles. Examples of income statement titles follow.

Income

ALLIED CORPORATION

Consolidated Statement of Income

ADAMS-MILLIS CORPORATION

Statements of Income and Retained Earnings

LIBBEY-OWENS-FORD COMPANY

Consolidated Statements of Income

LONE STAR INDUSTRIES, INC.

Consolidated Statements of Income and Retained Earnings

SQUIBB CORPORATION

Statement of Consolidated Income

Earnings

ABBOTT LABORATORIES

Consolidated Statement of Earnings

AVON PRODUCTS, INC.

Consolidated Statement of Earnings and Retained Earnings

BUCYRUS-ERIE COMPANY

Consolidated Statements of Earnings

TABLE 3-1: INCOME STATEMENT TITLE

	1982	1981	1980	1979
Income	342	362	367	373
Earnings	172	174	175	179
Operations	79	59	56	47
Other	7	5	2	1
Total Companies	**600**	**600**	**600**	**600**

Operations

ALPHA PORTLAND INDUSTRIES, INC.

Statement of Consolidated Operations

BAIRD CORPORATION

Consolidated Statements of Operations

AMERICAN CAN COMPANY

Statement of Operations and Earnings Reinvested

PHOENIX STEEL COMPANY

Statement of Operations and Accumulated Deficit

Income (Loss)

BROWN & SHARPE MANUFACTURING COMPANY

Consolidated Statement of Income (Loss)

INCOME STATEMENT FORMAT

Table 3-2 shows that more survey companies used a single step income statement to summarize revenue and expense amounts than a multiple step income statement. A substantial number of income statements, both single-step and multiple-step, showed income taxes, or equity in operating results of investees, or minority interest as a separate caption immediately preceding *net income* or *income before extraordinary item.*

Effective for fiscal years ending after December 15, 1980, the Securities and Exchange Commission requires that annual reports to stockholders include a statement of income for each of the 3 most recent fiscal years.

TABLE 3-2: INCOME STATEMENT FORMAT

	1982	1981	1980	1979
Single-step Form				
Federal income tax shown as separate last item........	306	306	310	306
Federal income tax listed among operating items...	22	27	36	45
Multiple-step Form				
Costs and expenses deducted from sales to show operating income.........	144	147	137	131
Costs deducted from sales to show gross margin.......	128	120	117	118
Total Companies.............	**600**	**600**	**600**	**600**

REVENUES AND GAINS

Paragraph 63 of FASB *Statement of Financial Accounting Concepts No. 3* defines revenues as "inflows or other enhancements of assets of an entity or settlements of its liabilities" resulting from the entity's "ongoing major or central operations." Paragraph 67 of *Concepts No. 3* defines gains as increases in an entity's net assets resulting from all other transactions and events affecting the entity.

Paragraphs 19 and 26 of *APB Opinion No. 30* comment on the presentation and disclosure of gains.

> 19. Judgment is required to segregate in the income statement the effects of events or transactions that are extraordinary items (as required by paragraph 11). The Board concludes that an event or transaction should be presumed to be an ordinary and usual activity of the reporting entity, the effects of which should be included in income from operations, unless the evidence clearly supports its classification as an extraordinary item as defined in this Opinion.
>
> 26. A material event or transaction that is unusual in nature or occurs infrequently but not both, and therefore does not meet both criteria for classification as an extraordinary item, should be reported as a separate component of income from continuing operations. The nature and financial effects of each event or transaction should be disclosed on the face of the income statement or, alternatively, in notes to the financial statements. Gains or losses of a similar nature that are not individually material should be aggregated. Such items should not be reported on the face of the income statement net of income taxes or in any manner inconsistent with the provisions of paragraphs 8 and 11 of this Opinion or in any other manner that may imply that they are extraordinary items. Similarly, the earnings per share effects of those items should not be disclosed on the face of the income statement.

Table 3-3 summarizes the descriptive income statement captions used by the survey companies to describe revenue. Gains most frequently disclosed by the survey companies are listed in Table 3-4. Excluded from Table 3-4 are segment disposals, items shown after the caption for income taxes (see Table 3-16), and extraordinary gains (see Table 3-17). Examples of revenues and gains follow.

REVENUES

Net Sales

AMERICAN HOME PRODUCTS CORPORATION (DEC)

	1982	1981	1980
		(In thousands)	
Net sales...............	$4,582,096	$4,131,237	$3,798,524
Other income, net.....	24,669	60,849	68,686
	4,606,765	4,192,086	3,867,210

CBS INC. (DEC)

	1982	1981	1980
		(Dollars in thousands)	
Revenues:			
Net sales:			
Broadcasting	$2,158,232	$1,916,519	$1,699,057
Products	1,894,039	1,942,709	2,056,289
Interest and other income................	70,511	96,698	96,622
Total revenues.........	4,122,782	3,955,926	3,851,968

OXFORD INDUSTRIES, INC. (MAY)

	1982	1981	1980
		($ in thousands)	
Net Sales..........................	$435,928	$333,747	$266,761
Costs and Expenses:			
Cost of goods sold..............	336,208	270,579	218,953
Selling, general and administrative expense.............	65,246	45,176	36,191
Interest	3,567	1,555	1,468
	405,021	317,310	256,612
Earnings Before Income Taxes....	30,907	16,437	10,149

Sales

AEL INDUSTRIES, INC. (FEB)

	1982	1981	1980
	(Dollars in thousands)		
Sales and service revenues			
Sales of products and services	$45,791	$47,931	$45,837
Cable television revenues	8,433	6,538	5,062
	54,224	54,469	50,899
Operating costs and expenses:			
Cost of products and services	33,778	34,767	31,855
Cost of cable television services	8,375	5,384	4,554
	42,153	40,151	36,409
Administrative and selling expenses	11,643	9,640	8,920
Research and development costs	575	328	611
	54,371	50,119	45,940
Operating income (loss)	(147)	4,350	4,959

BAKER INTERNATIONAL CORPORATION (SEP)

	1982	1981	1980
		($000)	
Revenues:			
Sales	$1,756,791	$1,470,265	$1,073,281
Services and rentals	778,311	669,751	474,163
Total	2,535,102	2,140,016	1,547,444
Costs and expenses:			
Cost of sales, services and rentals	1,258,107	1,054,675	808,884
Marketing and field service	589,317	491,389	355,895
General and administrative	197,323	157,908	113,412
Interest expense—net	74,175	51,448	40,118
Total	2,118,922	1,755,420	1,318,309
Income before income taxes	416,180	384,596	229,135

CROWN CENTRAL PETROLEUM CORPORATION (DEC)

	1982	1981	1980
	(thousands of dollars)		
Revenues:			
Sales and operating revenues	$1,772,468	$1,487,229	$1,266,898
Other	9,137	14,744	6,649
	1,781,605	1,502,043	1,273,547

TABLE 3-3: REVENUE CAPTION TITLE

	1982	1981	1980	1979
Net Sales				
Net sales	372	375	376	379
Net sales and operating revenue	8	9	10	16
Net sales combined with other terms	12	14	16	13
Sales				
Sales	92	89	93	87
Sales and operating revenue	21	23	25	24
Sales combined with other terms	22	19	19	17
Other Captions				
Revenue	66	63	53	53
Gross sales, income, billings, shipments, etc.	7	8	8	11
Total Companies	**600**	**600**	**600**	**600**

ERB LUMBER CO. (DEC)

	1982	1981	1980
Revenue			
Lumber and other building material sales	$93,219,468	$113,689,002	$110,445,458
Real estate sales	1,069,503	1,103,811	3,175,254
Rental revenue	1,211,064	1,156,803	1,364,328
Equity in net income of corporate joint ventures	166,688	176,810	318,424
Gain on sale of rental property asset	—	—	1,638,344
Other income	1,515,129	2,015,297	1,991,450
Total Revenue	97,181,852	118,141,723	118,933,258

GULF RESOURCES & CHEMICAL CORPORATION (DEC)

	1982	1981	1980
Revenues			
Sales of products and services	$361,846,263	$360,638,310	$314,296,289
Interest income	5,150,791	10,371,506	7,745,764
Gain on sale of investment in Bethlehem Copper Corporation	—	—	18,739,438
Other	5,413,625	4,395,526	3,514,742
	$372,410,679	$375,405,342	$344,296,233

GEO. A. HORMEL & COMPANY (OCT)

	1982	1981 (Thousands of Dollars)	1980
Sales, less returns and allowances	$1,426,596	$1,433,966	$1,321,966
Costs and expenses:			
Cost of products sold	1,221,177	1,224,910	1,113,622
Selling and delivery	137,479	140,327	127,921
Administrative and general	25,486	25,359	22,330
Other expense (income)	(4,193)	124	(669)
Interest	1,559	2,346	1,908
	1,381,508	1,393,066	1,265,112
Earnings before income taxes	45,088	40,900	56,854

Revenue

AMERICAN BROADCASTING COMPANIES, INC. (DEC)

	1982	1981 (Dollars in thousands)	1980
Revenues:			
Broadcasting	$2,341,860	$2,112,961	$1,972,922
Publishing	255,429	275,335	253,756
Video enterprises	14,950	12,715	10,069
Scenic attractions and other	28,514	19,717	19,469
Interest income	23,775	22,985	22,164
Total revenues	2,664,528	2,443,713	2,280,380

THE CLEVELAND-CLIFFS IRON COMPANY (DEC)

	1982	1981	1980
Revenues			
Products and royalties	$101,180,000	$188,974,000	$172,879,000
Services	167,906,000	211,771,000	204,396,000
Interest and dividends	2,350,000	4,588,000	6,428,000
Equity in income (loss) of associated companies	(4,521,000)	2,654,000	3,776,000
Gain on sale of shale oil lands	—0—	—0—	13,685,000
Other income	2,982,000	4,485,000	2,526,000
Total revenues	269,897,000	412,472,000	403,690,000

CAESARS WORLD, INC. (JUL)

	1982	1981 (In thousands)	1980
Revenue:			
Casino	$431,245	$433,809	$346,561
Rooms	71,483	73,520	57,195
Food and beverage	102,120	111,555	89,313
	604,848	618,884	493,069
Less promotional allowances	48,230	52,257	44,728
	556,618	566,627	448,341
Real estate operations	2,594	5,748	27,321
Other income	17,410	23,656	16,674
	576,662	596,031	492,336

COMPUGRAPHIC CORPORATION (SEP)

	1982	1981 (Dollars in thousands)	1980
Revenues:			
Systems and supplies	$238,527	$249,560	$254,419
Service	37,564	28,585	22,936
Total revenues	276,091	278,145	277,355

THE CONTINENTAL GROUP, INC. (DEC)

	1982	1981 (in millions)	1980
Revenues	$4,979.0	$5,194.4	$5,119.5
Other Income	77.1	104.7	51.8
	5,056.1	5,299.1	5,171.3

COOPER INDUSTRIES, INC. (DEC)

	1982	1981 (000 omitted)	1980
Revenues	$2,393,989	$2,866,031	$2,335,923
Costs and Expenses			
Cost of sales	1,642,279	1,864,738	1,555,022
Depreciation and amortization	63,816	56,598	46,282
Selling and administrative expenses	401,878	429,207	356,749
Interest expense	44,202	56,712	50,320
	2,152,175	2,407,255	2,008,373
Income from continuing operations before income taxes	241,814	458,776	327,550

MCA INC. (DEC)

	1982	1981 ($ in thousands)	1980
Revenues			
Filmed entertainment	$1,014,750	$ 788,731	$ 767,694
Records and music publishing	165,933	175,229	184,905
Retail and mail order	247,566	216,190	210,954
Other operations	159,369	148,838	133,551
	1,587,618	1,328,988	1,297,104

Income

DOYLE DANE BERNBACH INTERNATIONAL INC. (DEC)

	1980	1981	1982
	(In thousands of dollars)		
Income:			
Commissions and fees	$148,556	$166,241	$175,876
Dividends and interest	2,586	1,092	1,480
Other income	1,759	2,181	1,791
	152,901	169,514	179,147

GAINS

Interest Income

BEATRICE FOODS, INC. (FEB)

	1982	1981	1980
	(Dollars In Thousands)		
Net sales	$9,023,520	$8,772,804	$8,290,509
Operating expenses:			
Cost of sales, excluding depreciation	6,681,799	6,510,782	6,152,709
Selling and administrative expenses, excluding depreciation	1,534,922	1,434,613	1,367,526
Depreciation	163,192	155,373	141,731
Total operating expenses	8,379,913	8,100,768	7,661,966
Gross operating margin	643,607	672,036	628,543
Other income (expense):			
Interest income	77,680	40,198	19,279
Interest expense	(89,847)	(96,403)	(90,873)
Gains (losses) and provisions for losses on divestitures	(13,097)	(20,154)	7,395
Other, net	590	15,561	9,355
Total other income (expense)	(24,674)	(60,798)	(54,844)
Earnings before income taxes, minority interests, equity in earnings of affiliated companies and special items	618,933	611,238	573,699

TABLE 3-4: GAINS

	Number of Companies			
	1982	1981	1980	1979
Interest	262	252	201	175
Disposition of assets	122	120	95	87
Equity in earnings of investees	112	113	107	112
Foreign currency	66	81	84	65
Early retirement of debt	59	N/C	N/C	N/C
Dividends	52	49	40	30
Royalties	36	38	34	32
Sale of tax benefits	36	N/C	—	—
Rentals	15	8	15	19

N/C—Not Compiled.

BELL & HOWELL COMPANY (DEC)

	1982	1981	1980
	(Dollars in thousands)		
Revenues:			
Sales	$611,805	$578,376	$524,432
Interest	4,295	3,501	2,938
Other income	4,026	4,826	959
Total revenues	620,126	586,703	528,329

CARNATION COMPANY (DEC)

	1982	1981	1980
	(in thousands)		
Net Sales	$3,382,212	$3,354,141	$3,236,222
Interest on Short-Term Investments	40,045	38,279	21,539
Miscellaneous Income	9,166	7,443	5,098
	3,431,423	3,399,863	3,262,859
Costs and Expenses, including provision for depreciation of $46,858, $44,695 and $44,161 in 1982-80, respectively			
Cost of sales	2,430,338	2,477,800	2,409,045
Selling, general and administrative expenses	617,255	576,667	542,322
Interest expense	26,388	25,894	26,261
	3,073,981	3,080,361	2,977,528
Income before Provision for Taxes on Income	357,442	319,502	285,331

INSILCO CORPORATION (DEC)

	1982	1981	1980
	(In Thousands of Dollars)		
Sales	$636,034	$624,702	$560,624
Interest income	5,581	7,344	3,915
	641,615	632,046	564,539

FORD MOTOR COMPANY (DEC)

	1982	1981	1980
		(in millions)	
Sales	$37,067.2	$38,247.1	$37,085.5
Costs and Expenses			
Costs, excluding items listed below	32,462.8	34,626.2	34,700.6
Depreciation	1,200.8	1,168.7	1,057.2
Amortization of special tools	955.6	1,010.7	912.1
Selling and administrative	2,300.4	2,042.3	1,930.7
Employee retirement plans	631.2	655.0	763.2
Total costs and expenses	37,550.8	39,502.9	39,363.8
Operating Loss	(483.6)	(1,255.8)	(2,278.3)
Interest income			
Marketable securities and time deposits	290.9	361.4	360.9
Other	271.8	263.2	182.2
Interest expense	(745.5)	(674.7)	(432.5)
Net interest income (expense)	(182.8)	(50.1)	110.6
Equity in net income of unconsolidated subsidiaries and affiliates	258.5	167.8	187.0
Loss Before Income Taxes	(407.9)	(1,138.1)	(1,980.7)

Equity In Income Of Investees

ALLIS-CHALMERS CORPORATION (DEC)

	1982	1981	1980
		(thousands)	
Revenues			
Sales	$1,609,992	$2,041,844	$2,063,940
Equity in income of unconsolidated subsidiaries and affiliates	48,295	53,343	47,958
Interest earned, other income—net	33,307	18,706	14,125
Total Revenues	1,691,594	2,113,893	2,126,023

FAIRCHILD INDUSTRIES, INC. (DEC)

	1982	1981	1980
		(In thousands of dollars)	
Revenue:			
Sales	$1,093,261	$1,338,905	$906,230
Gain from sale of Bunker Ramo Corporation stock	—	31,317	—
Other income	6,709	5,013	2,204
Equity in earnings of affiliated companies	3,640	3,441	2,239
	1,103,610	1,378,676	910,673

HARSCO CORPORATION (DEC)

	1982	1981	1980
		(All dollars in thousands)	
Net sales	$978,565	$1,158,354	$1,063,226
Operating expenses:			
Cost of sales	789,582	925,074	857,949
Selling, administrative and general expenses	125,059	125,380	117,698
	914,641	1,050,454	975,647
Income from operations	63,924	107,900	87,579
Other income (expenses):			
Interest income	8,918	12,008	6,260
Interest expense	(13,230)	(13,348)	(12,322)
Equity in earnings of unconsolidated companies	6,476	7,090	5,765
Other, net	(3,620)	(137)	4,510
	(1,456)	5,613	4,213
Income before provision for income taxes	62,468	113,513	91,792

MCDERMOTT INCORPORATED (MAR)

	1982	1981	1980
		(In thousands)	
Revenues	$4,834,186	$3,839,698	$3,167,059
Costs and Expenses:			
Cost of operations	3,977,476	3,235,309	2,687,465
Depreciation and amortization	140,076	126,222	111,803
Selling, general and administrative expenses	315,367	305,191	261,184
	4,432,919	3,666,722	3,060,452
Operating Income	410,267	172,976	106,607
Other Income (Expense):			
Interest income	77,830	72,691	49,205
Interest expense	(54,583)	(59,820)	(48,633)
Equity in earnings of joint venture companies	17,715	12,426	8,784
Other	(30,320)	13,648	39,530
	10,642	38,945	48,886
Income Before Provision For Income Taxes	420,909	211,921	155,493

NATIONAL GYPSUM COMPANY (DEC)

	1982	1981	1980
		(Thousands except per share amounts)	
Net sales	$929,506	$965,665	$ 983,930
Equity in earnings of affiliate	2,736	3,511	1,090
Other revenue	6,868	11,757	23,421
	939,110	980,933	1,008,441

HART SCHAFFNER & MARX (NOV)

	1982	1981	1980
		(In Thousands)	
Net sales	$863,231	$815,560	$674,888
Finance charges and other income	12,345	10,011	7,875
Interest income	1,366	1,806	3,015
Equity in earnings of non-consolidated affiliate	1,861	2,038	1,252
	878,803	829,415	687,030

Gain On Sale of Assets

ANDERSON, CLAYTON & CO. (JUN)

	1982	1981	1980
		(In thousands of dollars)	
Sales	$1,680,723	$1,929,647	$1,703,102
Interest income	33,422	19,364	16,280
Equity in income (loss of insurance subsidiaries—before taxes:			
Before provision for loss on restructuring investment portfolio (note 17)	3,010	14,300	21,005
Provision for loss on restructuring investment portfolio (note 17)	(13,985)	—	—
Gain on sale of domestic soybean operations (note 17)	15,218	—	—
Other income	5,977	2,070	2,320
	1,724,365	1,965,381	1,742,707

Note 17

The Company sold the assets of its domestic seed operations on June 30, 1980 for $14,799,000 resulting in an after-tax gain of $761,000.

The Company sold the assets of its domestic soybean operations on December 15, 1981 resulting in an after-tax gain of $10,327,000, or 83 cents per common share.

In the fourth quarter of fiscal 1982, the Company received a favorable ruling from the Internal Revenue Service which permitted consolidation of Ranger Insurance Company with the parent for Federal income tax purposes. With this ruling, the Company arranged for the sale of securities, principally bonds, carried in the Ranger Insurance portfolio at $28 million before provision for loss. Provision for the resulting loss on this sale of $10,068,000, after tax, or 82 cents per common share, is reflected in the financial statements.

ANHEUSER-BUSCH COMPANIES, INC. (DEC)

	1982	1981	1980
		(In millions)	
Sales	$5,185.7	$4,409.6	$3,822.4
Less federal and state beer taxes	609.1	562.4	527.0
Net sales	4,576.6	3,847.2	3,295.4
Cost of products sold	3,331.7	2,975.5	2,553.9
Gross profit on sales	1,244.9	871.7	741.5
Marketing, administrative and research expenses	752.0	515.0	428.6
Operating income	492.9	356.7	312.9
Other income and expenses:			
Interest expense	(89.2)	(89.6)	(75.6)
Interest capitalized	41.2	64.1	41.7
Interest income	17.0	6.2	2.4
Other income (expense), net	(8.1)	(12.2)	(9.9)
Gain on sale of Lafayette plant	20.4	—	—
Income before income taxes	474.2	325.2	271.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Acquisitions and Disposition

In March 1982, the company sold its corn refining plant in Lafayette, Indiana, resulting in a nonrecurring, after-tax gain of $13.3 million or $.28 per share (fully diluted). At December 31, 1981, net assets to be sold aggregating $28.6 million were included in the Consolidated Balance Sheet. Sales and income from operations of this plant for each of the three years ended December 31, 1982 are not material.

CORNING GLASS WORKS (DEC)

	1982	1981	1980
		($ millions)	
Net Sales	$1,578.7	$1,714.1	$1,622.5
Cost of sales	1,117.9	1,217.4	1,137.4
Gross Margin	460.8	496.7	485.1
Selling, general and administrative expenses	343.4	337.2	307.4
Research and development expenses	88.3	91.3	78.7
	431.7	428.5	386.1
Income from Operations	29.1	68.2	99.0
Royalty, interest and dividend income	20.6	25.4	29.9
Interest expense	(48.0)	(33.9)	(22.7)
Other income (expense):			
Gain on sales of Owens-Corning Fiberglas Corporation common stock	98.0	—	—
Provision for restructuring costs	(90.0)	(11.3)	—
Other, net	(2.8)	22.8	27.1
Income before taxes on income	6.9	71.2	133.3

NOTES TO FINANCIAL STATEMENTS

5 (in part): Supplemental Income Statement

1982 other income (expense) is comprised primarily of gains of $98.0 million ($67.6 million after tax) related to sales of Owens-Corning Fiberglas Corporation (OCF) stock and a provision for estimated costs of $90.0 million ($45.7 million after tax) related to a plan for business restructuring.

Gain on OCF Repurchase

In 1982, the company and OCF reached agreement whereby OCF repurchased 3,000,000 shares of its common stock held by Corning. Corning received a $48.9 million note due in January, 1983, and two interest-bearing notes of $24.5 million each maturing in January 1984 and 1985.

LABARGE, INC. (DEC)

	1982	1981	1980
Revenues:			
Sales	$101,229,839	$115,985,694	$89,881,909
Other, net	601,944	442,236	33,483
	101,831,783	116,427,930	89,915,392
Costs and expenses:			
Cost of sales ..	85,367,320	97,852,920	75,613,520
Selling and administrative	14,355,397	12,172,191	9,813,996
Interest	2,594,774	1,657,057	933,183
	102,307,491	111,682,168	86,360,699
Gain on facility sale	934,542	—	—
Income from continuing operations before income taxes....	458,834	4,745,762	3,554,693

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Business Combination and Divestitures

During October 1982, the Company sold certain assets of its Electronics Division-Irvine facility which manufactured and sold insulated single conductor wire and insulated multi-conductor cable. The sales price of $4,450,000 consisted of cash, notes receivable, and preferred stock. This sale, which in accordance with APB No. 30 has not been classified as discontinued operations, resulted in a gain before income taxes of $934,542. Net sales of the facility included in total revenues of the Company aggregated $6,243,678, $7,568,489 and $8,669,395 in 1982, 1981 and 1980, respectively.

U AND I INCORPORATED (FEB)

Revenues	1982	1981	1980
Net sales	$76,542,000	$79,928,000	$64,333,000
Gain on sale of farm real estate........	4,547,000	6,547,000	—
Other income........	1,105,000	1,085,000	689,000
	82,194,000	87,560,000	65,022,000

Royalty Income

CLUETT, PEABODY & CO., INC. (DEC)

	1982	1981 (In thousands)	1980
Revenues:			
Net sales	$867,394	$818,094	$733,413
Royalty income.................	8,226	8,165	8,416
	875,620	826,259	741,829

MUNSINGWEAR, INC. (DEC)

	1982	1981 (Amounts in thousands)	1980
Net sales	$103,069	$131,168	$133,530
Cost of sales	84,788	100,317	99,397
Gross profit on sales	18,281	30,851	34,133
Operating expenses, including advertising, distribution, general and administrative	33,554	38,841	33,579
Provision for doubtful accounts...	1,172	1,052	990
	34,726	39,893	34,569
Operating income (loss)	(16,445)	(9,042)	(436)
Other income (deductions):			
Royalties	3,309	3,228	3,145
Interest expense	(2,345)	(2,721)	(4,407)
Expenses related to consolidation of operations............	—	(1,770)	—
Non-recurring gains and other.	1,139	912	(71)
	2,103	(351)	(1,333)
Earnings (loss) from continuing operations before income taxes	(14,342)	(9,393)	(1,769)

Foreign Currency Transaction Gains

CHESEBROUGH-POND'S INC. (DEC)

	1982	1981 (in thousands)	1980
Net sales	$1,623,190	$1,557,648	$1,393,321
Cost of products sold..	779,475	740,128	670,739
Selling, advertising and administrative expenses	620,134	601,926	529,592
Operating costs and expenses	1,399,609	1,342,054	1,200,331
Income from operations	223,581	215,594	192,990
Other income (expense):			
Interest expense	(32,594)	(29,991)	(22,589)
Interest income	11,969	8,862	4,814
Gain (loss) on foreign exchange	1,032	(1,246)	(383)
Miscellaneous—net	4,761	2,363	408
	(14,832)	(20,012)	(17,750)
Income before provision for income taxes................	208,749	195,582	175,240

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes

In 1982, the company changed its method of accounting for sales returns to comply with Statement of Financial Accounting Standards (SFAS) No. 48, "Revenue Recognition When Right of Return Exists." Financial statements for the first three quarters of 1982 and prior years have been restated to reflect this change, which resulted in a decrease in retained earnings as of January 1, 1980 of $11,765,000, net of $10,210,000 of income taxes. The effects of this change on net sales, income before provision for income taxes, net income and earnings per share were (in thousands, except per share data):

Increase (Decrease)	Net Sales	Income before Provision for Income Taxes	Net Income	Earnings Per Share
1982	$ 5,248	$ 4,559	$ 2,336	$ .07
1981	$(7,402)	$(4,690)	$(2,404)	$(.07)
1980	$(5,114)	$(4,508)	$(2,415)	$(.07)

Effective January 1, 1982 the company adopted SFAS No. 52, "Foreign Currency Translation," which changed the method of accounting for translation of foreign currency financial statements. Under the provisions of this statement, all assets and liabilities in the balance sheets of foreign subsidiaries whose functional currency is other than the U.S. dollar are translated at year-end exchange rates, and translation gains and losses are not included in determining net income but are accumulated in a separate component of shareholders' equity. For subsidiaries that are considered to be operating in highly inflationary countries, the U.S. dollar is the functional currency, and translation gains and losses are included in determining net income. In all cases, foreign currency transaction gains and losses are included in determining net income. Prior year financial statements have not been restated.

GENERAL REFRACTORIES COMPANY (DEC)

	1982	1981	1980
	(dollars in thousands)		
Net Sales	$340,759	$409,803	$467,126
Operating Costs and Expenses			
Materials, supplies, production labor and expenses	254,710	306,374	342,779
Selling, general and administrative expenses	69,631	75,487	78,536
Depreciation	12,846	12,524	12,351
Taxes other than income taxes	20,388	23,434	26,381
	357,575	417,819	460,047
Income (loss) from operations	(16,816)	(8,016)	7,079
Other income	9,551	6,572	9,855
Provision for loss on subsidiaries and affiliates	(4,750)	(2,000)	(7,200)
Provision for restructuring domestic operations	(39,000)	—	—
Litigation settlement	—	(1,500)	—
Foreign currency gains (losses)	687	(1,957)	5,892
Interest expense	(13,856)	(13,286)	(11,986)
Income (loss) before income taxes and extraordinary credit	(64,184)	(20,187)	3,640

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Change in Accounting Policy

Beginning in 1981, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 52, Foreign Currency Translation, which generally provides that current rates of exchange be used in translating financial statements and translation adjustments be included in shareholders' equity. Prior to 1981, the Company translated nonmonetary accounts such as inventories and property, plant and equipment at historical rates and included translation adjustments in the results of operations. The effect in 1981 of adopting the new statement was to decrease the net loss by $1,951,000 ($.51 per share). Consolidated financial statements for the year 1980 have not been restated. A summary of the activity in the foreign currency translation adjustment account included in shareholders' equity follows:

	1982	1981
	(dollars in thousands)	
Balance at beginning of year	$3,200	$11,151
Effect of changes in exchange rates	(2,306)	(5,566)
Amount applicable to Permalite (Note 5)	—	(2,385)
Balance at end of year	$ 894	$ 3,200

The translation adjustment does not include an allocation for income taxes, since the investments in foreign subsidiaries are considered to be permanent. Foreign currency transaction gains and losses are included in non-operating expenses.

Unusual/Nonrecurring Items

R.J. REYNOLDS INDUSTRIES, INC. (DEC)

	1982	1981	1980
	(Dollars in Millions)		
Net sales and revenues			
Net sales	$11,492	$10,069	$ 8,940
Operating revenues	1,583	1,623	1,414
	13,075	11,692	10,354
Costs and expenses:			
Cost of products sold	7,823	7,008	6,321
Operating expenses	1,207	1,310	1,146
Selling, advertising, administrative and general expenses	2,451	1,870	1,618
Earnings from operations	1,594	1,504	1,269
Interest and debt expense (net of capitalized amounts of $33 million, $31 million and $36 million, respectively)	(184)	(150)	(127)
Other income (expense), net	34	33	22
	1,444	1,387	1,164
Foreign currency gains (losses)	(7)	14	—
Nonrecurring gains (losses) (Note 2)	173	—	(25)
Earnings before provision for income taxes	1,610	1,401	1,139

Note 2: Nonrecurring Items

On April 30, 1982, the Company was awarded $180 million in cash (including interest) as compensation in an arbitration proceeding arising from the 1977 nationalization of the Company's oil business in Kuwait and in the Divided Zone between Kuwait and Saudi Arabia. The award, $173 million after deducting associated fees and expenses, was recorded as a nonrecurring gain in the second quarter. The gain contributed 86 cents to 1982 earnings per share after provisions for federal and other income taxes.

During the fourth quarter of 1980, the carrying cost of eight SL-7 containerships and related equipment was written down to estimated net realizable value pending the sale of these assets to the U.S. Department of the Navy. (See Note 6.) The write-down, net of related income tax benefits, decreased 1980 earnings per share by 13 cents.

SUPERMARKETS GENERAL CORPORATION (JAN)

	1983	1982	1981
		($000's omitted)	
Sales	$3,247,338	$2,999,379	$2,628,851
Cost of sales	2,490,919	2,320,314	2,048,589
Gross profit	756,419	679,065	580,262
Selling, general and administrative expenses	640,301	574,423	492,364
Depreciation and amortization	40,552	36,541	32,173
Interest			
Interest on obligations under capital leases	12,722	12,852	12,013
Other interest expense	8,747	8,986	6,446
Interest income	(6,591)	(4,962)	(3,524)
Total expenses	695,731	627,840	539,472
Unusual items	5,855	—	3,705
Earnings before provision for income taxes	66,543	51,225	44,495

NOTES TO FINANCIAL STATEMENTS

Unusual Items

In January 1979, Pathmark's general merchandise distribution center was destroyed by fire. The Company had insurance coverage providing for replacement value of inventory and property and equipment and for business interruption losses.

During 1980, the insurance claims for replacement value of inventory and property and equipment were settled resulting in a pre-tax gain of $3,705 ($.22 per share—fully diluted). During 1981, the Company collected $958 on account of the business interruption portion of the claim. During 1982, the Company concluded the final settlement of its claim for business interruption losses resulting in a pre-tax gain of $5,855 ($.32 per share—fully diluted).

Minority Share of Subsidiary's Loss

BRENCO, INCORPORATED (DEC)

	1982	1981	1980
Net Sales	$28,184,967	$51,156,434	$88,110,420
Costs and Expenses:			
Cost of goods sold	26,257,676	40,974,467	60,510,199
Administrative and selling expenses	3,121,977	3,290,419	3,499,054
Provision for doubtful accounts	429,805		
	29,809,458	44,264,886	64,009,253
Operating Income (Loss)	(1,624,491)	6,891,548	24,101,167
Other Income, principally interest	1,236,555	949,722	2,085,195
Minority Share of Subsidiary's Loss	582	32,949	
Income (Loss) from Continuing Operations Before Income Taxes	(387,354)	7,874,219	26,186,362

Sale of Tax Benefits

WHEELING-PITTSBURGH STEEL CORPORATION (DEC)

	1982	1981	1980
		(In Thousands)	
Revenues:			
Net sales	$755,083	$1,151,112	$1,054,052
Sale of tax benefits	2,195	33,247	—
Sublease of idle steam coal reserves	—	—	30,000
Dividends, interest and other income	18,125	20,530	16,009
	775,403	1,204,889	1,100,061

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Sale of Tax Benefits

Revenue is immediately recognized for total proceeds related to the sale of tax benefits.

Insurance Proceeds

MOSINEE PAPER CORPORATION (DEC)

	1982	1981	1980
Net sales	$84,956,964	$90,876,431	$77,127,714
Cost of sales	71,476,651	72,448,348	62,912,582
Gross profit on sales	13,480,313	18,428,083	14,215,132
Operating expenses:			
Selling and advertising expense	2,868,886	2,814,944	2,403,635
Administrative expense	4,159,716	4,662,790	3,945,760
Total operating expenses	7,028,602	7,477,734	6,349,395
Income from operations	6,451,711	10,950,349	7,865,737
Other income:			
Interest on investments	1,750,398	2,099,849	1,950,096
Turbine loss— Insurance proceeds in excess of book value	726,492	—	—
Other	168,383	104,860	474,373
Total other income	2,645,273	2,204,709	2,424,469
Other deductions:			
Interest expense	1,671,790	1,669,801	2,052,492
Other	326,559	176,693	191,058
Total other deductions	1,998,349	1,846,494	2,243,550
Earnings before provision for income taxes	7,098,635	11,308,564	8,046,656

Reduction of Deferred Employee Benefits

KROEHLER MFG. CO. (DEC)

	1982	1981	1980
	(in thousands of dollars)		
Net Sales	$30,072	$41,848	$45,420
Cost of sales	22,671	40,480	42,324
Gross profit on sales	7,401	1,368	3,096
Selling, general and administrative expenses	6,813	8,256	12,725
Operating income (loss)	588	(6,888)	(9,629)
Other income (expense):			
Interest	(3,695)	(1,992)	(1,566)
Adjustments to estimated realizable value and plant closing costs	(137)	(2,148)	(1,274)
Reduction of deferred employee benefits	790		
Gain on sale of property, plant and equipment, net	2,007	980	3,000
Equity in affiliate's earnings		354	348
Other	492	188	499
Total	(543)	(2,618)	1,007
Earnings (loss) before income taxes	45	(9,506)	(8,622)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Reduction of Deferred Employee Benefits

During 1982, the Company determined that certain deferred employee benefits would not be paid due to reductions in life insurance coverage for retired employees and cancellation of other supplemental benefits. As a result, $790,000 of net benefits reflected in prior years' financial statements were reversed.

Certain former employees have initiated legal action contesting the Company's cancellation or reduction of benefits. Such employees are seeking restoration of benefits and punitive damages. In the opinion of management and legal counsel the aforementioned legal action will be concluded without material adverse effect upon the Company's financial position or results of operations.

EXPENSES AND LOSSES

Paragraph 65 of FASB *Statement of Financial Accounting Concepts No. 3* defines expenses as "outflows or other using up of assets or incurrences of liabilities" resulting from the entity's "ongoing major or central operations." Paragraph 68 of *Concepts No. 3* defines losses as decreases in an entity's net assets resulting from all other transactions and events affecting the entity.

Paragraphs 19 and 26 of *APB Opinion No. 30* comment on the presentation and disclosure of losses.

> 19. Judgment is required to segregate in the income statement the effects of events or transactions that are extraordinary items (as required by paragraph 11). The Board concludes that an event or transaction should be presumed to be an ordinary and usual activity of the reporting entity, the effects of which should be included in income from operations, unless the evidence clearly supports its classification as an extraordinary item as defined in this Opinion.
>
> 26. A material event or transaction that is unusual in nature or occurs infrequently but not both, and therefore does not meet both criteria for classification as an extraordinary item, should be reported as a separate component of income from continuing operations. The nature and financial effects of each event or transaction should be disclosed on the face of the income statement or, alternatively, in notes to the financial statements. Gains or losses of a similar nature that are not individually material should be aggregated. Such items should not be reported on the face of the income statement net of income taxes in any manner inconsistent with the provisions of paragraphs 8 and 11 of this Opinion or in any other manner that may imply that they are extraordinary items. Similarly, the earnings per share effects of those items should not be disclosed on the face of the income statement.

Table 3-5 reveals that most of the survey companies show a single caption and amount for cost of goods sold. Table 3-6 summarizes the nature of the expenses, other than cost of goods sold.

Excluded from Table 3-6 are rent (Table 2-27), employee benefits (Tables 3-8 and 3-9), depreciation (Table 3-10), and income taxes (Table 3-11).

Table 3-7 lists losses most frequently disclosed by the survey companies. Excluded from Table 3-7 are losses shown after the caption for income taxes (Table 3-16), segment disposals, and extraordinary losses (Table 3-17). Examples of expenses and losses follow.

TABLE 3-5: EXPENSES—COST OF GOODS SOLD CAPTIONS

	1982	1981	1980	1979
Single Amount				
Cost of sales	232	234	230	229
Cost of goods sold	128	130	135	136
Cost of products sold	129	126	127	131
Elements of cost	15	14	15	27
Other captions	67	65	69	58
	571	**569**	**576**	**581**
More Than One Amount	**29**	**31**	**24**	**19**
Total Companies	**600**	**600**	**600**	**600**

EXPENSES

Cost of Goods Sold

AFG INDUSTRIES INC. (DEC)

	1982	1981	1980
Costs and expenses:			
Cost of sales	$135,558,000	$114,221,000	$77,817,000
Selling and administrative	12,702,000	12,300,000	8,792,000
Interest expense	6,357,000	5,938,000	3,947,000
Depreciation	13,688,000	11,565,000	8,304,000
Loss (credit) on closed facilities		1,254,000	(1,436,000)
	168,305,000	145,278,000	97,424,000

ARMADA CORPORATION (DEC)

	1982	1981	1980
Sales	$52,596,000	$64,980,000	$64,247,000
Cost of sales	43,496,000	55,584,000	55,890,000
Selling, general and administrative expenses	8,705,000	7,570,000	5,775,000
	52,201,000	63,154,000	61,665,000
Operating income	395,000	1,826,000	2,582,000

BETHLEHEM STEEL CORPORATION (DEC)

	1982	1981	1980
	(dollars in millions)		
Net Sales	$5,260.3	$7,298.0	$6,743.0
Operating Costs			
Cost of sales (Note G)	$4,989.7	$6,324.0	$5,950.6
Depreciation	388.9	377.3	375.5
Selling, administrative and general expense	379.6	365.1	328.2
Total Operating Costs	$5,758.2	7,066.4	$6,654.3
Operating Income (Loss)	$ (497.9)	$ 231.6	$ 88.7

Note G (in part): Inventories

Certain LIFO inventory quantities were lower than their respective year-earlier levels resulting in liquidations of inventory quantities carried at lower costs prevailing in prior years as compared with current year costs. These liquidations reduced cost of sales by $151 million, $47 million and $73 million in 1982, 1981 and 1980, respectively.

DRESSER INDUSTRIES, INC. (OCT)

	1982	1981	1980
	(In Millions of Dollars)		
Net sales and service revenues ..	$4,160.6	$4,614.5	$4,016.3
Cost of sales and services—Note C	2,728.2	3,047.1	2,704.1
	1,432.4	1,567.4	1,312.2

Note C (in part): Inventories

The following data will facilitate comparison with operating results of companies using average cost or first-in, first-out (FIFO) methods. During 1982, the Company experienced significant quantity reductions in certain LIFO inventories which were carried at lower costs prevailing in prior years. The effect was to reduce 1982 cost of sales by $29.3 million and increase net earnings by $15.8 million or $.20 per share. However, after considering the impact of the quantity reductions, the net effect of using the LIFO method (compared to the average cost method) reduced net earnings and earnings per share by $11 million and $.14 in 1982, $42 million and $.54 in 1981 and $35 million and $.45 in 1980.

TABLE 3-6: EXPENSES—OTHER THAN COST OF GOODS SOLD

	Number of Companies			
	1982	1981	1980	1979
Selling, general and administrative	319	321	323	323
Selling and administrative or general	173	173	176	182
General and/or administrative	91	90	86	75
Selling	25	26	27	16
Interest	577	576	572	564
Research, development, engineering, etc.	297	294	286	244
Maintenance and repairs	103	99	83	52
Taxes other than income taxes	100	105	103	84
Advertising	67	65	59	38
Bad debts	35	27	17	14
Exploration, dry holes, abandonments	24	24	22	23

TABLE 3-7: LOSSES

	Number of Companies			
	1982	1981	1980	1979
Foreign currency	166	138	128	132
Discontinued operations other than segment disposals	88	56	50	25
Disposition of assets	23	19	22	
Write-down of assets	37	30	18	18
Minority interest	35	41	33	39
Equity in losses of investees	30	18	11	8

GENESCO INC. (JUL)

	1982	1981	1980
Net sales	$664,805,000	$662,490,000	$637,695,000
Cost of sales	446,941,000	444,077,000	444,487,000
Gross margin	217,864,000	218,413,000	193,208,000
Selling, general and administrative expenses	199,877,000	176,740,000	165,795,000
Interest expense	13,699.000	13,431,000	15,295,000
Other expense (income)	(3,663,000)	2,144,000	1,439,000
Pretax earnings	7,951,000	26,098,000	10,679,000

STANDARD MOTOR PRODUCTS, INC. (DEC)

	1982	1981	1980
Net sales	$178,548,000	$157,081,000	$125,875,000
Cost of sales	100,949,000	90,152,000	79,248,000
Gross profit on sales	77,599,000	66,929,000	46,627,000
Selling, general and administrative expenses	49,684,000	44,030,000	39,973,000
	27,915,000	22,899,000	6,654,000
Other income, principally interest—net	1,631,000	1,481,000	1,228,000
	29,546,000	24,380,000	7,882,000
Interest expense	2,678,000	4,722,000	3,432,000
Earnings before taxes	26,868,000	19,658,000	4,450,000

ALLEGHENY INTERNATIONAL, INC. (DEC)

	1982	1981	1980
	(In thousands)		
Net Sales	$2,838,620	$1,886,673	$897,606
Cost of goods sold	2,031,892	1,319,724	655,752
Depreciation and amortization	70,974	42,777	19,869
Selling, general and administrative expenses	601,600	390,501	156,241
	2,704,466	1,753,002	831,862
Operating earnings	134,154	133,671	65,744

BRIGGS & STRATTON CORPORATION (JUN)

	1982	1981	1980
Net Sales	$635,666,000	$568,986,000	$708,562,000
Cost of goods sold	530,371,000	491,453,000	581,791,000
Gross profit on sales	105,295,000	77,533,000	126,771,000
Engineering, selling, general and administrative expenses	38,155,000	38,264,000	39,493,000
Income from operations	67,140,000	39,269,000	87,278,000

CONAGRA, INC. (MAY)

	1982	1981 ($000)	1980
Costs and Expenses			
Cost of goods sold	$1,501,257	$1,220,213	$758,947
Selling, administrative and general expenses	126,809	99,030	53,391
Interest expense	27,006	21,076	13,382
Other expense	2,314	3,482	2,077
	1,657,386	1,343,801	827,797

JOHN FLUKE MFG. CO., INC. (SEP)

	1982	1981 (In thousands)	1980
Net Sales	$154,395	$139,580	$133,864
Cost of Goods Sold	70,098	62,952	58,458
Gross Margin	84,297	76,628	75,406

M. LOWENSTEIN CORPORATION (DEC)

	1982	1981 ($000)	1980
Cost and expenses:			
Cost of goods sold	$443,013	$498,694	$540,881
Selling and administrative	66,580	67,457	64,251
Interest, net	2,388	3,667	8,643
Other (income) expense, net	(945)	2,486	(3,062)
Total	511,036	572,304	610,713

ANCHOR HOCKING CORPORATION (DEC)

	1982	1981	1980
Net sales	$903,574,000	$953,421,000	$857,511,000
Costs and expenses:			
Cost of products sold	787,701,000	804,993,000	716,708,000
Selling and administrative expenses	96,484,000	96,522,000	87,548,000
	884,185,000	901,515,000	804,256,000
Income from operations	19,389,000	51,906,000	53,255,000

BURROUGHS CORPORATION (DEC)

	1982	1981 (thousands)	1980
Revenue			
Net sales	$2,485,679	$1,950,282	$1,613,668
Rentals	576,132	527,159	497,336
Equipment service	1,033,480	841,050	746,182
Interest and other income	90,960	86,937	45,170
Total	4,186,251	3,405,428	2,902,356
Costs and expenses			
Cost of products sold	1,644,130	1,207,873	948,131
Cost of rentals	379,515	302,488	312,504
Cost of equipment service	646,045	429,437	419,451
Selling, general and administrative expenses	1,048,780	889,677	849,518
Research and development expenses	220,560	176,749	157,007
Interest expense	172,093	145,078	81,373
Total	4,111,123	3,151,302	2,767,984
Earnings before income taxes	75,128	254,126	134,372

CHICAGO PNEUMATIC TOOL COMPANY (DEC)

	1982	1981	1980
Costs and Expenses:			
Cost of products sold	$293,602,000	$337,613,000	$324,964,000
Selling, administrative and general expenses	93,183,000	93,816,000	86,626,000
Depreciation	7,231,000	8,184,000	11,730,000
Interest expense	17,460,000	20,370,000	22,853,000
Reorganization and facilities rearrangement costs (net)	(1,731,000)	3,881,000	(714,000)
Other expense	904,000	1,767,000	711,000
Total	410,649,000	465,631,000	446,170,000

SUNDSTRAND CORPORATION (DEC)

	1982	1981 (Amounts in thousands)	1980
Net sales	$961,573	$1,045,687	$926,026
Costs and expenses			
Costs of products sold (includes $10,053,000 write-off of idle capacity costs in 1982)	653,235	685,056	610,579
Marketing and administration	204,392	188,681	167,305
	857,627	873,737	777,884
Earnings before other income (deductions)	103,946	171,950	148,142

Interest Expense

FRUEHAUF CORPORATION (DEC)

	1982	1981	1980
Costs and Expenses:			
Cost of sales, other than items below	$1,565,406,334	$1,802,439,994	$1,688,619,307
Selling and administrative expense	169,000,800	168,046,940	165,441,724
Depreciation	96,874,126	89,646,854	79,499,923
Taxes—other than income	68,868,911	72,877,956	70,360,878
Interest, including $32,497,023 in 1982, $39,054,374 in 1981, and $35,799,163 in 1980 to Fruehauf Finance Company	93,523,297	95,735,709	81,872,552
	$1,993,673,468	$2,228,747,453	$2,085,794,384

ASHLAND OIL, INC. (DEC)

	1982	1981	1980
		(In thousands)	
Costs and expenses			
Cost of sales and operating expenses	$7,828,146	$8,453,648	$7,277,835
Excise taxes on products and merchandise	245,210	244,488	247,098
Selling, general and administrative expenses	678,294	620,739	420,078
Depreciation, depletion and amortization (including capitalized leases)	179,810	153,144	131,523
Interest expense	78,569	97,710	88,691
	9,010,029	9,569,729	8,165,225

GAF CORPORATION (DEC)

	1982	1981	1980
		(Thousands of Dollars)	
Costs and Expenses			
Cost of products sold	$518,766	$551,893	$524,897
Distribution, selling and advertising	69,764	73,260	71,614
Research and development	6,612	6,777	7,263
General and administrative	43,492	42,034	45,813
Interest (Note 3)	20,031	19,153	21,634
Total Costs and Expenses	658,665	693,117	671,221

Note 3. Interest Expense

Interest expense for continuing operations for the years ended December 31, 1982, 1981 and 1980 was as follows:

Thousands of Dollars For the Year	1982	1981	1980
Total interest	$20,773	$21,371	$24,709
Less interest capitalized	742	2,218	3,075
Interest expense	$20,031	$19,153	$21,634

POTLATCH CORPORATION (DEC)

	1982	1981	1980
		(Dollars in thousands)	
Net Sales	$820,180	$880,493	$818,301
Costs and expenses:			
Depreciation, amortization and cost of fee timber harvested	57,096	54,640	44,984
Materials, labor and other operating expenses	672,914	700,389	652,784
Selling, administrative and general expenses	48,171	52,315	54,276
	778,181	807,344	752,044
Earnings from operations	41,999	73,149	66,257
Interest expense (net of capitalized interest of $14,761 in 1982; $17,307 in 1981; $10,850 in 1980)	(16,873)	(19,100)	(17,756)
Interest income	4,072	4,688	7,743
Other income, net	4,256	32,713	4,875
Earnings before taxes on income	33,454	91,450	61,119

STOKELY-VAN CAMP, INC. (MAY)

	1982	1981	1980
Costs and expenses:			
Cost of products sold	$482,052,442	$480,832,513	$458,045,756
Selling, administrative, and general expenses	79,951,280	65,822,821	65,908,956
Interest income	6,430,426	7,113,667	7,279,967
Other expenses	493,288	739,072	692,738
	568,927,436	554,508,073	531,927,417

UMC INDUSTRIES, INC. (DEC)

	1982	1981	1980
		(In thousands)	
Net sales	$321,322	$335,604	$318,280
Cost of goods sold	259,166	263,602	249,100
	62,156	72,002	69,180
Operating expenses			
Selling and distribution	21,895	24,046	23,530
General and administrative	28,425	27,213	26,165
	50,320	51,259	49,695
Earnings from operations	11,836	20,743	19,485
Other income (deductions)			
Interest expense	(7,519)	(7,926)	(7,296)
Interest income	2,490	2,443	1,186
Miscellaneous	(50)	1,028	1,042
	(5,079)	(4,455)	(5,068)
Earnings from continuing operations before income taxes	6,757	16,288	14,417

Advertising Expense

ESMARK, INC. (OCT)

	1982	1981	1980
		($000)	
Costs and expenses			
Cost of goods sold	$2,526,923	$2,542,301	$2,265,332
Selling and administrative	463,060	456,077	374,540
Advertising and sales promotion	197,757	199,963	189,907
Interest charges	60,954	54,074	46,181
Nonrecurring charge		59,000	
Total costs and expenses	3,248,694	3,311,415	2,875,960

Research and Development

HEWLETT-PACKARD COMPANY (OCT)

	1982	1981	1980
		(Millions)	
Costs and expenses:			
Cost of goods sold	$2,032	$1,709	$1,480
Research and development	424	349	273
Marketing	631	529	461
Administrative and general	491	424	372
	3,578	3,011	2,586

THE LUBRIZOL CORPORATION (DEC)

	1982	1981	1980
		(In Thousands of Dollars)	
Revenues:			
Net sales	$801,284	$878,291	$902,312
Royalties and other revenues	10,963	20,870	20,385
Total	812,247	899,161	922,697
Costs and expenses:			
Cost of sales	610,717	653,748	644,080
Selling and administrative expenses	71,582	63,125	59,233
Research and development expenses	35,888	32,881	27,747
Total	718,187	749,754	731,060
Income from operations	94,060	149,407	191,637

PPG INDUSTRIES, INC. (DEC)

	1982	1981	1980
		(Millions)	
Net sales	$3,295.5	$3,353.6	$3,158.4
Cost of sales	2,214.7	2,232.4	2,087.6
Gross margin	1,080.8	1,121.2	1,070.8
Other expenses			
Selling, general and administrative	461.4	435.4	402.5
Depreciation	166.6	146.7	130.7
Taxes—exclusive of income taxes	119.8	107.8	101.2
Research and development	127.3	118.5	102.5
Interest	42.1	42.4	35.7
Other charges	19.4	13.1	14.6
Total other expenses	936.6	863.9	787.2
Share of net earnings of equity affiliates	8.4	10.1	10.4
Other earnings	80.0	85.1	76.5
Provision for shutdown of lead facilities	29.0	—	—
Earnings before income taxes and minority interest	203.6	352.5	370.5

Taxes Other Than Income Taxes

HECLA MINING COMPANY (DEC)

	1982	1981	1980
Costs and expenses:			
Cost of sales and other expenses	$41,769,117	$56,941,643	$48,168,030
General and administrative expenses	4,219,736	11,822,089	4,138,875
Interest on bank loans	—	—	845,014
Exploration	2,450,664	3,941,831	1,106,312
Property and excise taxes	690,058	1,119,642	1,100,798
	49,129,575	73,825,205	55,359,029

UNION OIL COMPANY OF CALIFORNIA (DEC)

	1982	1981	1980
	(dollars in millions)		
Costs and Other Deductions			
Cost of products sold and operating expenses	$6,804.7	$7,224.2	$7,320.4
Selling, administrative and general expense	481.5	482.5	395.1
Depreciation and amortization	723.8	585.0	455.6
Dry holes costs	273.3	263.0	162.9
Exploration operations expense	158.4	150.8	124.0
Interest expense	130.3	109.8	99.6
Excise, property and other operating taxes	920.3	1,058.2	692.6
Earnings applicable to minority interests	.3	.6	1.7
Total costs and other deductions	9,492.6	9,874.0	9,251.9

LOSSES

Estimated Losses On Discontinued Operations Not Acounted For As Segment Disposals

DAN RIVER INC. (DEC)

	1982	1981	1980
	(amounts in thousands)		
Net sales	$519,124	634,777	607,737
Cost of sales	465,396	545,960	517,511
	53,728	88,817	90,226
Selling, general and administrative expenses	54,216	53,489	50,797
	(488)	35,328	39,429
Other income—net	2,109	1,098	1,590
	1,621	36,426	41,019
Interest expense	15,108	16,739	10,697
	(13,487)	19,687	30,322
Plant closing costs	11,142	—	—
Earnings (loss) before income taxes and extraordinary gain	(24,629)	19,687	30,322

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Plant Closings

During 1982, the Company either closed or announced plans to discontinue operations at six plants. The principal closings are the Warp Knit unit in Burlington, North Carolina and the Crystal Springs Plant, a finishing and printing operation in Chickamauga, Georgia. The Company has provided $11,142,000 for the estimated expenses related to these plant closings. Such provision includes losses from the disposal of the property, plant and equipment of $8,708,000 and other closing costs of $2,434,000. The property, plant and equipment of these closed plants, which are being held for sale, have been included in current assets at their estimated net realizable value. On February 10, 1983, approximately 21% of such assets were sold for cash at their carrying value.

GENERAL FOODS CORPORATION (MAR)

	1982	1981	1980
	(All dollar amounts are expressed in thousands)		
Revenues			
Net Sales	$8,351,149	$6,601,255	$5,959,587
Other Income	59,675	43,186	52,418
	8,410,824	6,644,441	6,012,005
Costs and Expenses			
Cost of Sales	5,197,375	4,005,548	3,675,369
Marketing, General and Administrative Expenses	2,590,080	2,119,590	1,828,169
Provision for Loss on Restructured Operations	64,100	—	—
Interest Expense	141,662	46,737	38,546
	7,993,217	6,171,875	5,542,084
Earnings from Continuing Operations Before Income Taxes	417,607	472,566	469,921

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Discontinued and Restructured Operations

During fiscal 1982, the company decided to discontinue a substantial part of its restaurant operations. In March 1982, the company sold its Burger Chef Systems, Inc. fast-food restaurants to Hardee's Food Systems, Inc. for approximately $43.5 million in cash. In addition, the company decided to offer for sale its GuadalaHARRY'S and Meriwether's restaurants, as well as reduce and restructure certain segments of its Canadian restaurant businesses. The estimated loss as a result of these actions of $20.7 million (net of estimated tax benefits of $17.2 million), or 42 cents per share, has been classified as discontinued operations in the consolidated statement of earnings for fiscal 1982. The net sales and results of operations of these restaurant businesses were not material; and accordingly, have not been reclassified as part of the loss on discontinued operations in the consolidated statements of earnings.

The company also decided to restructure certain international operations to achieve more satisfactory financial returns. The estimated loss associated with the restructuring of $64.1 million has been charged against earnings from continuing operations. After considering the estimated tax benefits of $25.7 million associated with this loss, the effect was to reduce net earnings by $38.4 million, or 78 cents per share.

HOLLY SUGAR CORPORATION (MAR)

	1982	1981	1980
		(In Thousands)	
Sales	$244,639	$326,599	$200,917
Other income (includes gains on fixed asset sales)	2,027	1,954	6,381
Net revenue	246,666	328,553	207,298
Costs and expenses:			
Cost of sales	216,029	270,876	171,245
Selling, general and administrative	19,646	17,222	13,672
Depreciation	6,294	6,403	6,671
Interest expense	3,569	6,572	6,622
Loss on abandonment of property, plant and equipment—Note 8	4,747	—	—
Total costs and expenses	250,285	301,073	198,210
Income (loss) before income taxes and cumulative effect of accounting changes	(3,619)	27,480	9,088

Note 8. Facility Shut Down and Asset Abandonment:

In January 1982, the Company suspended refining operations at the Santa Ana, California, cane sugar refinery. As of March 31, 1982, a decision was made to abandon that portion of the cane processing facility which could not be transferred economically to other plants or used in connection with the sugar distribution facility. The Company recorded a charge of $4,747,000 for processing machinery abandoned and expenses of canceling a lease agreement covering its raw sugar warehouse.

THE GENERAL TIRE & RUBBER COMPANY (NOV)

	1982	1981	1980
		(Dollar amounts in thousands)	
Revenues:			
Net sales	$2,061,659	$2,175,215	$1,865,654
Other income	33,253	36,700	29,662
	2,094,912	2,211,915	1,895,316
Cost and Expenses:			
Cost of products sold, including administrative expenses allocated to government contracts	1,707,352	1,810,376	1,585,973
Depreciation	73,669	69,885	65,223
Selling, general and administrative expenses	224,803	249,052	219,913
Interest on financing	26,419	30,103	28,105
Provision for plant closures	64,600	4,800	—
	2,096,843	2,164,216	1,899,214
Income (Loss) Before Income Taxes and Income of RKO General, Inc	(1,931)	47,699	(3,898)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note M—Provision for Plant Closures

The provision for plant closures in 1982 includes estimated pretax charges of $51,000,000 for the closure of Akron tire operations, $1,000,000 for closure of retread plants; $6,000,000 for closure of an upholstery and wallcovering plant and $6,600,000 for losses on disposal of two jointly-owned chemical plants. The estimated provision aggregates $64,600,000 and represents an after-tax charge to Income From Continuing Operations of $34,300,000, or $1.43 per share. The provision for plant closures in 1981 was $4,800,000 and represents an after-tax charge of $2,600,000 or 10 cents per share.

TRIANGLE INDUSTRIES, INC. (DEC)

	1982	1981	1980
Costs and expenses			
Cost of products sold	$238,268,000	$259,506,000	$238,655,000
Research and engineering	2,923,000	2,998,000	2,837,000
Selling, general and administrative	36,038,000	38,545,000	36,627,000
Provision for doubtful accounts	1,061,000	1,209,000	1,119,000
Interest	6,551,000	7,624,000	5,537,000
Operating losses and provisions for close-down costs of certain operations	3,055,000	—	—
	287,896,000	309,882,000	284,775,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Plant Closings (in part)

During September 1982 management of the Company decided to withdraw from the coated conduit and high temperature pre-insulated piping systems businesses located in Houston, Texas and Waukegan, Illinois. These discontinued operations were not separate major lines of businesses and, as such, are not accounted for as discontinued operations. Accordingly, the losses from operations of the terminated operations have been recognized in continuing operations in the accompanying consolidated statement of income. Such amount for the year ended December 31, 1982 is as follows:

	(000 omitted) 1982
Operating losses	$1,449
Provision for losses on disposal of assets and for close-down costs	1,606
	$3,055

The accompanying consolidated balance sheet as of December 31, 1982 includes assets relating to such operations of $508,000 after writedown to estimated realizable values. These assets consist primarily of accounts receivable and inventories.

Loss on Sale of Assets

MILTON ROY COMPANY (DEC)

	1982	1981	1980
Net sales	$63,187,000	$62,591,000	$55,067,000
Cost of goods sold	33,904,000	34,351,000	29,532,000
Gross margin	29,283,000	28,240,000	25,535,000
Operating expenses:			
Marketing and administrative	19,722,000	19,862,000	18,847,000
Research and development	3,950,000	2,789,000	2,262,000
Loss on disposition of product line	608,000	—	—
Total operating expenses	24,280,000	22,651,000	21,109,000
Operating income	5,003,000	5,589,000	4,426,000
Interest expense	(880,000)	(789,000)	(703,000)
Interest and other income	1,240,000	824,000	633,000
Income before provision for income taxes	5,363,000	5,624,000	4,356,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Changes in Reporting Entity

In October, 1982 the Company sold for $1,350,000 in cash and notes all of the assets, excluding accounts receivable and real estate, of its wholly-owned subsidiary, Applied Science Laboratories, Inc. Disposition of the assets, including write off of related goodwill, resulted in a loss of $608,000 before applicable income tax benefit of $122,000.

Minority Interest

CBI INDUSTRIES, INC. (DEC)

	1982	1981	1980
	(Thousands of dollars)		
Contracts closed	$1,210,244	$919,929	$682,261
Cost of contracts closed	980,775	724,592	547,791
Gross profit	$ 229,469	$195,337	$134,470
Equity in income of joint ventures	2,706	2,918	2,584
Selling and administrative expense	(109,889)	(96,754)	(79,806)
Income from operations	$ 122,286	$101,501	$ 57,248
Other income (expense)—			
Investments	$ 46,918	$ 55,170	$ 60,437
Interest expense	(9,222)	(9,483)	(7,468)
Miscellaneous, net	(6,445)	3,775	6,234
Minority interest in subsidiaries	(551)	(6,801)	(2,996)
Total other income	$ 30,700	$ 42,661	$ 56,207
Income before income taxes	$ 152,986	$144,162	$113,455

MURPHY OIL CORPORATION (DEC)

	1982	1981	1980
	(Thousands of dollars)		
Revenues			
Sales	$2,077,747	2,037,895	1,692,102
Drilling and other operating revenues	524,708	408,928	274,620
Interest and other revenues	79,254	96,557	51,215
Total revenues	2,681,709	2,543,380	2,017,937
Costs and Deductions			
Crude oil, products and related operating expenses	$1,247,757	$1,227,451	$ 956,161
Drilling and other operating expenses	221,411	164,798	126,549
Exploration expenses, including undeveloped lease amortization	146,577	98,803	78,606
Selling and general expenses	82,310	62,339	75,538
Depreciation and depletion	217,073	193,907	168,403
Interest expense	48,255	39,621	44,226
Interest capitalized	(9,822)	(3,315)	(4,780)
Excise taxes on crude oil and natural gas	148,200	142,511	23,945
Federal and state income taxes	68,928	109,423	65,441
Foreign income taxes	269,716	262,221	262,876
Minority interests in earnings of subsidiaries	83,545	82,615	70,425
Total costs and deductions	2,523,950	2,380,374	1,867,390
Net Income	$ 157,759	163,006	150,547

Write-Down of Investment

AMAX INC. (DEC)

	1982	1981	1980
		(in thousands of dollars)	
Sales	$2,415,500	$2,799,400	$2,949,200
Costs applicable to sales—			
Costs and operating expenses	1,924,300	1,863,100	1,734,300
Depreciation and depletion	211,300	211,100	198,300
Selling and general	173,300	172,400	170,200
Taxes other than income taxes	117,600	117,500	85,700
Exploration	48,200	73,800	117,900
Research	22,500	30,500	26,500
	2,497,200	2,468,400	2,332,900
	(81,700)	331,000	616,300
Equity in earnings before income taxes—			
Alumax Inc.	33,900	101,100	82,900
Other affiliates	4,900	20,400	39,800
Earnings (loss) from operations	(42,900)	452,500	739,000
Other income, net	40,800	35,000	29,700
Gain (loss) on sales of oil and gas interests	(8,100)	83,800	
Provision for losses on investments—Note 2	(100,000)	(22,100)	
Interest expense, net	(265,000)	(178,300)	(123,900)
Minority interests before income taxes	2,500	(1,600	(11,400)
Earnings (loss) before income taxes	(372,700)	369,300	633,400

Note 2. Disposals and Provision for Losses on Investments

In December 1982, because of current and anticipated copper prices, AMAX reduced its investment in the Anamax copper mining partnership from $274 million to $174 million, its currently estimated net realizable value.

In June 1981, AMAX sold its interest in Canadian oil and gas properties for $173 million in cash and notes and sold its investment in the shares of Adobe Oil & Gas Corporation for $140 million in cash.

In December 1981, AMAX wrote off the remaining book value of its investment in the notes of Botswana RST Limited. Due to the effect of depressed product prices on that company, there is uncertainty as to its ultimate ability to repay all of its debt.

Foreign Currency Transaction Losses

BAUSCH & LOMB INCORPORATED (DEC)

	1982	1981	1980
	(Dollar Amounts in Thousands)		
Net Sales	$509,736	$533,300	$481,802
Costs and Expenses:			
Cost of products sold	241,362	245,806	212,991
Selling, administrative and general	169,428	153,970	146,879
Research and development	25,295	21,663	17,369
	436,085	421,439	377,239
Operating Earnings	73,651	111,861	104,563
Other (Income) Expenses:			
Provision for instruments restructuring	14,500	—	—
Interest expense	8,776	9,668	4,456
(Gain) loss from foreign currency	2,146	6,366	(1,049)
Other, net	11,685	12,191	7,084
	37,107	28,225	10,491
Earnings from continuing operations before income taxes	36,544	83,636	94,072

NOTES TO FINANCIAL STATEMENTS

Accounting Change—Foreign Currency Translation (in part)

For 1980 and 1981 the financial statements of international subsidiaries were translated under the requirements of Statement of Financial Accounting Standards No. 8. Under this Statement, inventories, properties, cost of products sold, and depreciation expense were translated at exchange rates effective at the time the assets were acquired. All other assets and liabilities were translated at year-end exchange rates. Gains and losses from translation and transactions were reflected in earnings as they occurred and all other items in the Statement of Earnings were translated at average exchange rates in effect during the year.

Effective for fiscal year 1982, the company adopted Statement of Financial Accounting Standards No. 52. In accordance with this Statement, assets and liabilities of international subsidiaries have been translated at current exchange rates and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been recorded as a separate component of shareholders' equity. Translation adjustments relating to subsidiaries in countries with highly inflationary economies or with a preponderance of U.S. dollar transactions continue to be reflected in net earnings, along with all transaction gains and losses for the period.

SCHERING-PLOUGH CORPORATION (DEC)

	1982	1981	1980
	(Dollars in millions)		
Sales	$1,817.9	$1,808.8	$1,738.8
Operating Costs and Expenses:			
Cost of sales	619.6	654.6	612.4
Selling, general and administrative	808.5	788.6	734.0
Research and development	126.7	109.1	90.0
	1,554.8	1,552.3	1,436.4
Operating Income	263.1	256.5	302.4
Non-Operating Income (Expense):			
Investment Income	58.9	74.3	42.6
Interest expense	(61.0)	(60.7)	(26.6)
Foreign exchange losses	(25.7)	(21.6)	(3.9)
Other, net	12.7	(2.9)	10.3
	(15.1)	(10.9)	22.4
Income Before Income Taxes	248.0	245.6	324.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Change—Foreign Currency Translation (in part)

Effective January 1, 1982, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 52, which establishes revised rules governing the accounting and reporting for foreign currency transactions and translation. Under this new accounting standard, exchange gains and losses resulting from foreign currency transactions are generally recognized currently in income; the U.S. dollar effects that arise from translating the net assets of most foreign subsidiaries at changing exchange rates during the year are recorded in the Foreign Currency Translation Adjustment account, which is a separate component of shareholders' equity. Gains and losses on hedges of foreign net investments and on intercompany accounts of a long-term investment nature are also recorded in the Foreign Currency Translation Adjustment account. For foreign subsidiaries operating in highly inflationary economies, principally Argentina, Brazil and Mexico, net nonmonetary assets are translated using historical rates, while net monetary assets are translated at current rates, with the U.S. dollar effects of rate changes included in net income.

Nonrecurring/Unusual Items

RALSTON PURINA COMPANY (SEP)

	1982	1981	1980
	(Dollars in millions)		
Net Sales	$4,802.6	$5,146.4	$4,800.1
Costs and Expenses			
Cost of products sold	3,672.6	4,092.3	3,846.6
Selling, general and administrative	367.1	318.7	291.8
Advertising	384.1	343.0	311.3
Unusual or non-recurring items	154.0		
Interest	47.5	53.9	46.0
	4,625.3	4,807.9	4,495.7
Earnings from Continuing Operations before Income Taxes	177.3	338.5	304.4

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions except per share data)

Unusual or Non-Recurring Items

These items represent provisions established in the fourth quarter of fiscal 1982 for estimated losses of (a) $130.0, before applicable tax benefits of $56.0, on the sale of tuna vessels and other related costs and expenses during the phase-out period and (b) $24.0, before applicable tax benefits of $6.0, on the sale of European pet food operations. These provisions reduced earnings after taxes by $92.0 or 87 cents a share (primary).

The Company has agreed in principle to sell the European pet food operations which account for less than 3% of consolidated sales. Sales of the tuna vessel operations are substantially intercompany. As of September 30, 1982, plant and equipment of these operations is included in properties held for sale at estimated net realizable value of $71.6.

The aforementioned provisions, together with operating losses equivalent to 13 cents a share in 1982, 17 cents a share in 1981 and 8 cents a share in 1980, have been included in the determination of earnings from continuing operations as these operations represent portions of lines of business and therefore do not qualify as discontinued under provisions of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations.

CLAROSTAT MFG. CO., INC. (DEC)

	1982	1981	1980
Net sales and other revenues	$21,594,526	$21,483,507	$20,242,899
Costs and expenses:			
Cost of products sold	15,806,082	16,207,408	15,673,340
Research and development	543,582	530,696	527,240
Selling, general and administrative	3,291,562	3,538,695	3,049,413
Interest	35,235	25,447	42,127
Non-recurring charge (Note 7)	557,462		
	20,233,923	20,302,246	19,292,120
Income before taxes on income	1,360,603	1,181,261	950,779

Note 7: Other Matters

On June, 2, 1982 the Company acquired 78,100 shares of its common stock from a group of dissident shareowners for $1,776,775. The dissident shareowners had waged a proxy contest at the Company's 1982 annual meeting in an effort to gain election as directors by defeating the slate of nominees proposed by the Company's Board of Directors. Legal fees and other costs incurred in connection with the proxy contest and settlement thereof amounted to $557,462, which has been recorded in the financial statements as a non-recurring charge.

Such dissident shareowners and the Company directors were defendants along with the Company in a lawsuit subsequently brought in the United States District Court for the Southern District of New York by four shareowners holding a total of 2000 shares. Such lawsuit was brought allegedly as a class and derivative action seeking, among other relief, to rescind the purchase of 78,100 shares referred to above and damages for alleged violations of securities and other laws. The Company was a nominal defendant since no wrongdoing was alleged or relief sought against the Company. By decision dated March 22, 1983 the Court dismissed such action against all defendants.

Legal Fees

SPENCER COMPANIES, INC. (MAY)

	1982	1981	1980
Net sales	$86,118,552	$69,357,564	$64,693,125
Cost and expenses:			
Cost of goods sold and occupancy expenses	54,773,127	43,985,163	41,983,619
Operating expenses	29,074,553	22,554,773	19,056,826
Depreciation and amortization	726,816	425,966	342,010
	84,574,496	66,965,902	61,382,455
Operating income	1,544,056	2,391,662	3,310,670
Other income (expenses):			
Interest expense:			
Factored receivables	(874,086)	(279,885)	(248,533)
Long-term debt and other	(742,269)	(689,136)	(459,144)
Interest income	266,913	418,937	534,133
Legal fees	(984,000)	—	—
Other income (expenses), net	(661,656)	183,359	(168,197)
Income (loss) before income taxes	(1,451,042)	2,024,937	2,968,929

Equity In Losses of Affiliates

H. H. ROBERTSON COMPANY (DEC)

	1982	1981 (Thousands)	1980
Revenues:			
Net product sales	$497,168	$515,962	$454,644
Construction and other services	132,826	128,454	116,601
Total	629,994	644,416	571,245
Cost and expenses:			
Product	368,335	375,441	348,735
Construction and other services	117,494	118,288	105,017
Cost of sales	485,829	493,729	453,752
Selling, general and administrative	82,265	81,889	76,914
Product research and development	3,816	4,097	3,762
Total (including depreciation: 1982, $8,767; 1981, $8,276; 1980, $8,011)	571,910	579,715	534,428
Income from operations	58,084	64,701	36,817
Other income:			
Interest income	1,602	995	874
Equity in net income of affiliates			543
Miscellaneous	2,097	2,056	3,289
Total	3,699	3,051	4,706
Other deductions:			
Interest expense	5,599	7,890	10,455
Equity in losses of affiliates	1,546	3,798	
Miscellaneous	3,038	3,079	1,099
Total	10,183	14,767	11,554
Income before provision for taxes on income	51,600	52,985	29,969

Intangible Asset Amortization

GANNETT CO., INC. (DEC)

	1982	1981	1980
Operating Expenses:			
Cost of sales and operating expenses, exclusive of depreciation	$812,427,000	$727,116,000	$656,169,000
Selling, general, and administrative expenses, exclusive of depreciation	267,028,000	227,039,000	199,938,000
Depreciation	56,237,000	46,966,000	40,487,000
Amortization of intangible assets	12,996,000	11,186,000	10,190,000
	1,148,688,000	1,012,307,000	906,784,000

PENSION PLANS

Effective for financial statements for years beginning after December 15, 1979, FASB *Statement of Financial Accounting Standards No. 36* supersedes Paragraph 46 of *APB Opinion No. 8* as to disclosures about defined benefit pension plans. Paragraph 12 of *SFAS No. 36* presents an example of pension plan disclosure. Additional examples of pension plan disclosure follow.

TABLE 3-8: PENSION AND RETIREMENT PLANS

	1982	1981	1980	1979
Current Year Expense				
Normal cost and amortization of prior service cost.	478	478	478	469
Normal cost and interest on unfunded prior service cost	—	—	4	4
Normal cost—no reference to prior service cost......	53	57	57	42
Normal cost—no unfunded prior service cost.........	24	19	21	21
Companies Disclosing Amount of Pension Plan Expense	**555**	**554**	**560**	**536**

Present Value of Plan Benefits and Assets

ANCHOR HOCKING CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

RETIREMENT PLANS—The company and its subsidiaries have retirement plans, principally non-contributory, covering substantially all employees. The costs charged to earnings are actuarially determined and include current service costs and amortization of prior service costs principally over 30 years. The company's policy is to fund retirement costs accrued.

Note 8: Pension Plans

The company has in effect various retirement plans for salaried and hourly-paid employees. Retirement expense amounted to $24,752,000 in 1982, $25,932,000 in 1981 and $23,475,000 in 1980. Accumulated plan benefit information, as estimated by consulting actuaries, and net assets for the company's plans are:

	December 31	
	1982	1981
	($ in thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$254,164	$246,013
Nonvested	33,993	31,980
Total	$288,157	$277,993
Net assets available for benefits	$207,160	$165,827

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits for the company's two major plans was 7% for 1982 and 1981. These two plans account for 92% of net assets available for benefits for both 1982 and 1981. The assumed rate of return for the comany's remaining plans ranged from 6% to 7% for the years 1982 and 1981.

BORDEN, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands except share and per share data)

1 (in part): Summary of Significant Accounting Policies

Pension Plans—Substantially all of the Company's employees in the United States and Canada are covered under one of the company's pension plans or one of the union-sponsored plans to which the Company contributes. Pension expenses for the Company's plans, determined for domestic employees in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974, comprise current service costs and amortization of prior service costs, effectively, over a thirty year period. It is the Company's policy to fund pension costs accrued for qualified plans.

5. Pension Plans

The charges to operations under the Company's United States and Canadian pension plans were $16,300 in 1982, $15,400 in 1981, and $18,000 in 1980. The following information is presented for the plans:

	January 1	
	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$230,735	$216,205
Non vested	9,777	10,280
Total	$240,512	$226,485
Net assets available for benefits at estimated fair value	$241,925	$230,843
Assumed rate of return on plan assets	8¼%	8¼%

Effective July 1, 1982, the U.S. Pension Plan was amended to increase the benefit percentage for salaried employees for pre-1972 service from 1% to 1¼%, and to grant a lump sum payment to retirees and beneficiaries of employees who retired and were in receipt of their pension prior to 1980. Effective for 1981, the actuarial interest rate assumption was increased, reducing 1981 pension cost by $2,300.

Operations were charged approximately $6,000 in 1982, $5,300 in 1981 and $6,700 in 1980 primarily for payments to pension trusts on behalf of employees not covered by the Company's plans. Most domestic employees not covered by the Company's plans are covered by collectively bargained plans. The Company's collective bargaining agreements are generally effective for periods of from one to three years. Under federal pension law there would be continuing liability to these pension trusts if the Company ceased all or most participation in any such Trust, and under certain other specified conditions. The annual payment of such continuing liability would not normally exceed the annual amount currently being paid to such Trust. The amount of such liability would be determined should the Company withdraw from participation.

DART & KRAFT, INC. (DEC)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Employee Benefit and Other Related Plans

Pension Plans

The company has several pension plans covering substantially all U.S. employees and certain employees in other countries. In addition to its own pension plans, the company contributes to various joint industry and union pension plans. The total pension expense for all plans was $45.3 million in 1982, $43.1 million in 1981, and $58.4 million in 1980. It is the company's general policy to provide and to fund current service costs and interest on unfunded prior service costs annually, and to amortize past service costs over periods of 10 to 40 years. A comparison of accumulated plan benefits and plan net assets for all of the company's domestic defined benefit plans, as of the latest valuation dates, is presented below.

January 1, (in millions)	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$566.2	$487.5
Nonvested	34.0	32.4
	$600.2	$519.9
Net assets available for benefits	$819.4	$752.3

The assumed rates of return used in determining the actuarial present value of accumulated plan benefits for these plans range from 6.5% to 8.0% for 1982 and 1981. The company's pension plans outside the United States are not required to report to certain governmental agencies pursuant to ERISA and do not, in all cases, otherwise determine the actuarial value of accumulated benefits or net assets available for benefits as calculated and disclosed above. For those plans for which a determination was made, the total of the pension funds and accruals exceeded the most current actuarially computed value of vested benefits as of December 31, 1982 and 1981. For various joint industry and union-sponsored plans, information is not available from the plans' sponsors to permit the company to determine its share of unfunded vested benefits.

DIAMOND SHAMROCK CORPORATION (DEC)

FINANCIAL SUMMARY

(dollar amounts in tables are in thousands, except per share)

Significant Accounting Policies (in part)

Pensions. The Company has a number of trusteed pension plans, both contributory and noncontributory, covering substantially all full-time employees, other than employees engaged in the mining of coal who participate in miners' benefit plans. Pension cost is comprised of current service cost and amortization of past service cost over periods ranging from 10 to 40 years. Accrued pension cost is funded on a current basis.

Pensions

The charge against earnings for pension cost was $27,126,000 in 1982, $23,694,000 in 1981 and $24,632,000 in 1980 of which approximately 90% related to United States employees.

In March, the Company contributed its overriding royalty interest in certain properties located in Henderson County, Texas (the Opelika field) to the collective investment trust for several of its employee pension plans. The overriding royalty interest had a fair market value of $18,000,000 as determined by a firm of independent petroleum engineers. Prior to consummating this transaction, the Company received an opinion from an independent fiduciary that the contribution would be in the best interests of the plans' participants and that the terms of the transaction were at least as favorable to the plans as those an unrelated party would receive in an arms-length transaction. The effect of the contribution was to increase the Company's 1982 income before tax provision by $18,000,000 (included in other revenues, net) and to reduce the Company's accrued pension liability by the same amount.

In 1981, for its United States Retirement Income Pension Plan, the Company changed its actuarial cost method from "Entry Age Normal" to "Projected Unit Credit". The effect of the change was to reduce 1981 pension cost by $3,444,000 and increase net income by approximately $1,860,000 ($.03 per share).

In 1980, for all United States pension plans, the Company changed the investment return assumption from 6% to 8% and pay increase assumption from 4% to 6%. The effect of the changes was to reduce 1980 pension cost by $2,316,000 and increase net income by approximately $1,251,000 ($.02 per share).

A comparison of accumulated plan benefits and plan net assets as of the latest valuation date for the Company's United States pension plans was as follows:

	December 31, 1982
Actuarial present value of accumulated plan benefits, at an 8% assumed rate of return	
Vested	$129,752,000
Nonvested	6,595,000
	$136,347,000
Net assets available for benefits	$129,283,000

The Company's foreign pension plans are not required to report to United States governmental agencies pursuant to the Employee Retirement Income Security Act and do not otherwise determine the actuarial present value of accumulated plan benefits. For foreign plans, the actuarially computed value of vested benefits was substantially fully funded.

GAF CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Retirement Plans

The company and its subsidiaries have retirement plans covering substantially all employees. The company's policy is to accrue as expense an amount computed by the actuary and to fund at least the minimum amount required by ERISA. See Note 7.

7. Retirement Plans

In June 1981 the company announced a change in the asset mix of the employee pension funds as a result of the restructuring program. A dedicated bond portfolio, with an assumed interest rate of return of 12% which approximates the yield to maturity on the portfolio, was established to provide income sufficient to meet the actuarially calculated payments to all retirees and vested former employees, including those of the discontinued businesses. At the same time, the company adopted a 1% increase in the assumed rate of return on plan assets and salary increases to 7% and 6%, respectively, for active plan participants. Those changes eliminated the unfunded prior service cost, resulted in an overfunded position for the value of vested benefits and generated an actuarial gain to be amortized over ten years. The effect was a decrease of $7,500,000, without tax benefit, in the loss from continuing operations for 1981 or $.53 Primary—Continuing Earnings per Common Share.

Phase-out costs accrued in connection with the 1977 and 1980 discontinuance programs included amounts for future pension costs for which the remaining aggregate liability was $43,842,000 at December 31, 1980. The company is no longer obligated to fund any benefits relating thereto and, accordingly, the $43,842,000 balance, less related taxes of $7,747,000, was restored to Discontinued Segments—Estimated Income (Loss) from Dispositions during 1981, or $2.56 Primary—Discontinued Earnings per Common Share.

During September 1982 the Board of Directors of the company authorized the termination of its Salaried Employees Retirement Plan (Plan), a defined benefit plan, effective December 31, 1982, and the creation of a new GAF Capital Accumulation Plan, a defined contribution plan, for eligible salaried employees effective January 1, 1983. Approvals of the termination were requested from the Internal Revenue Service (IRS) and from the Pension Benefit Guaranty Corporation (PBGC) during November 1982. An annuity contract approximating $100 million, representing the present value of the accumulated benefits of all Plan participants and their beneficiaries, was purchased from a major insurance company by the Plan's Trust Fund in November 1982.

After receipt of the required approvals from the PBGC and the IRS, distributions will be made to all Plan participants and their beneficiaries on the basis of their individual payment options selected, and the residual assets, which approximate $35 million at December 31, 1982, will revert to the company. The $35 million of residual assets has been recognized as an extraordinary credit, as to which no tax effect is required because of the availability of loss carry-forwards for income tax purposes, in the Consolidated Statement of Income for the Year 1982, or $2.44 Primary—Extraordinary Earnings per Common Share, and is included in Other Assets in the Consolidated Balance Sheet at December 31, 1982.

The retirement plans for hourly employees and for Texas City facility employees continue in force for eligible employees.

Pension cost for continuing operations was $873,000 in 1982, $2,347,000 in 1981 and $9,806,000 in 1980.

Results of operations for 1982 include a $7,000,000 credit in Other Income (Charges), representing the reversal of accruals related to the Salaried Employees Retirement Plan which are no longer required as a consequence of the company's September 1982 decision to terminate such retirement plan (see Note 6).

A comparison of the accumulated plan benefits and plan net assets for the company's domestic defined benefit plans is presented below.

	1982	1981*	1980*
	Thousands of Dollars		
Actuarial present value of accumulated plan benefits:			
Vested	$179,582	$167,245	$221,181
Non-Vested	7,057	6,784	10,303
Total	$186,639	$174,029	$231,484
Plan assets available for benefits	$206,584	$217,395	$173,051
Assumed rate of return	7%	7%	6%
Plan valuation date	1/1/82	1/1/81	1/1/80

*Certain amounts for 1981 and 1980 have been restated to exclude from accumulated plan benefits and plan assets available for benefits those allocated annuity contracts held by insurance companies, in accordance with the provisions of the Statement of Financial Accounting Standards No. 35, "Accounting and Reporting by Defined Benefit Pension Plans."

GULTON INDUSTRIES, INC. (FEB)

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars except per share data)

1 (in part): Summary of Significant Accounting Policies:

Pensions: Pension costs are actuarially determined and include amounts for current service and amortization (over 30 to 40 year periods) of unfunded prior service costs. The Company funds pension costs accrued.

13. Pension Plans:

The Company has pension plans covering most of its employees. Total pension expense for Company administered plans amounted to $2,193 (1982), $1,717 (1981), and $1,716 (1980).

Estimated accumulated plan benefit information and plan net assets for the Company's defined benefit plans of U.S. operations determined principally as of March 1, 1981, are as follows:

Actuarial present value of accumulated plan benefits:	
Vested	$17,200
Non-vested	2,300
	$19,500
Net assets available for plan benefits	$15,500

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits is 6%.

During fiscal 1982, the Company's major pension plan was amended to increase benefits. This had the effect of increasing the actuarial present value of accumulated plan benefits by approximately $1,500.

The pension plans of the Company's foreign operations are not required to report to governmental agencies pursuant to ERISA and do not otherwise determine the actuarial benefits or net assets available for benefits as calculated and disclosed above.

HART SCHAFFNER & MARX (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies (in part)

The Company and its subsidiaries maintain pension plans covering substantially all employees other than those covered by multi-employer plans. Pension expense charged against earnings includes current service costs and, as to plans not fully funded, amortization of prior service costs over periods ranging from ten to thirty years. Pension expense under each multi-employer plan is based upon a percentage of the employer's union payroll established by industry-wide collective bargaining agreements. Pension expenses are funded as accrued.

Pension Plans

The Company participates with other companies in the apparel industry in making collectively-bargained contributions to pension funds covering most of its union employees. The 1982 contribution rate for the principal plan was 8.3% of the applicable payroll and is based on the actuarially recommended amount necessary to fund the costs of the benefits.

The principal Company-sponsored plan has required contributions by the employees, and another plan permits voluntary employee contributions. Beginning January 1, 1982 the mandatory contributions by employees are being gradually reduced. By January 1, 1984 the principal Company plan will be non-contributory. Except for several deferred profit sharing plans of subsidiaries, all employer contributions are based on actuarial determinations.

Total pension costs for the years ended November 30, 1982, 1981 and 1980 were approximately $12 million, $12 million and $11 million, respectively, including contributions to multi-employer plans. The increase in pension costs in 1981 primarily reflects the addition of costs for Country Miss, partly offset by decreased costs for Company-sponsored plans due to revised actuarial assumptions as to interest and future salaries.

A comparison of accumulated plan benefits and plan net assets for the Company-sponsored defined benefit plans at January 1, 1982 and 1981 is presented below (000's omitted):

	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$30,000	$27,000
Nonvested	2,500	2,000
	$32,500	$29,000
Net assets available for benefits	$48,500	$47,700

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6½% in both years.

The Multi-employer Pension Plan Amendments Act of 1980 amended ERISA to establish funding requirements and obligations for employers participating in multi-employer plans, principally related to employer withdrawal from or termination of such plans. Separate actuarial calculations of the Company's position are not available with respect to the multi-employer plans.

INLAND STEEL COMPANY (DEC)

STATEMENT OF ACCOUNTING AND FINANCIAL POLICIES

Benefits for Retired Employees

Pension benefits are provided by the Company to substantially all employees under trusteed non-contributory plans. Life insurance and certain medical benefits are provided for retired employees.

The estimated costs of pension and life insurance benefits are determined annually by consulting actuaries, while the costs of medical benefits are recognized as incurred. Pension costs, representing normal costs, interest on unfunded prior service costs and amortization of unfunded prior service costs on bases up to 40 years, are funded in trusts established under the plans. Accrued life insurance costs, which are not funded, are included in the caption "Deferred Employee Compensation" in the accompanying Consolidated Balance Sheet.

NOTES TO FINANCIAL STATEMENTS

Note 8: Retirement Benefits

Pension costs of $69,519,000 in 1982, $71,573,000 in 1981 and $76,828,000 in 1980 represented estimated normal cost, interest on unfunded prior service costs and amortization of unfunded prior service costs on bases up to 40 years as determined by consulting actuaries. On December 31, 1982, the Company classified as "Deferred Employee Compensation," $13,018,000 of 1982 pension contribution liability which the Company is not required and does not expect to fund in 1983. The remaining 1982 pension contribution liability totaling $56,501,000 will be funded by year-end 1983.

The decrease in costs in 1982 was primarily based on a short-term actuarial adjustment to salary scale assumptions for nonbargaining unit personnel. The decrease in cost in 1981 resulted from the dedication of certain assets against a portion of the retired lives liability, which more than offset increases related to improved benefits.

On December 31, 1982, the Inland Steel Company Pension Trust had assets, including a receivable from the Company of $69,344,000, with a total market value of $953,000,000. In addition, approximately $14,000,000 was held by the Equitable Life Assurance Society of the United States under annuity contracts. On January 1 of the respective years, the actuarial present value of accumulated plan benefits and net assets available for benefits as of the actuarial benefit determination date follow:

Dollars in Millions January 1	1982	1981	1980
Vested benefits	$793.2	$681.2	$695.1
Non-vested benefits	121.2	121.6	117.3
	$914.4	$802.8	$812.4
Net assets available for benefits	$840.7	$830.9	$645.0

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7.5% except for the calculation of a portion of the retired lives liability in 1982 and 1981. In those years the investment cash flows from $157.4 million of Trust assets were matched to certain expected monthly benefit payments for a closed group of pensioners. The rate of return on these dedicated assets was 13.8% in 1982 and 1981. These rates were used in the determination of the related portion of the actuarial present value of accumulated plan benefits for those years.

In each year the indicated rates were used by the actuary in the annual valuation of the Plan.

The cost of life insurance benefits for retired employees, also determined by consulting actuaries, was $8,652,000 in 1982, $8,869,000 in 1981 and $8,267,000 in 1980. The cost of medical insurance benefits for retired employees was $7,470,000, $6,109,000 and $5,665,000 for those years.

The Company, in 1982, offered to salaried employees who were eligible for a sole option pension retirement under the pension plan, an inducement to elect retirement called a Special Severance Allowance Plan. The total severance allowances of $9,935,000 were included in 1982 expense. Of this amount, $9,519,000 is classified as "Deferred Employee Compensation" on December 31, 1982. The allowance will be paid from Company funds to plan participants over periods ranging up to five years.

OUTBOARD MARINE CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 (in part): Pension and Incentive Compensation Programs

The Company and its subsidiaries have pension plans covering substantially all employees. Total pension expense charged to earnings was $8,523,000, $9,732,000 and $8,160,000 for 1982, 1981 and 1980, respectively, including prior service cost, which is being charged to expense over a 30-year period, plus interest. The decrease in 1982 compared to 1981 was due to favorable asset performance and to changes in the average age of the Company's workforce. The increase in 1981 compared to 1980 was due primarily to the increased level of employees and improved pension benefits. In the United States, the Company intends to contribute amounts sufficient to satisfy funding requirements of the Employee Retirement Income Security Act (ERISA).

The United States and Canadian plans' accumulated benefits and net assets available for benefits as of the most recent actuarial valuation (primarily August 31 of the respective years) are as follows. Other foreign pension plans are immaterial.

	1982	1981
	(Dollars in thousands)	
Actuarial present value of accumulated plan benefits—		
Vested	$162,698	$150,615
Nonvested	22,556	23,414
	$185,254	$174,029
Net assets available for benefits	$200,485	$187,271

The assumed rate of return used to determine the actuarial present value of accumulated plan benefits was 7% and 6% in the United States and Canada, respectively.

THE NORTH AMERICAN COAL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Pension Plan: The Company and its subsidiaries have a noncontributory defined benefit pension plan covering substantially all of their salaried employees. Pension costs accrued, including the amortization of prior service cost over 30 years, are funded.

Note G—Pension Plans

Pension expense for the salaried employees' plan was $4,241,000 for 1982, $4,692,000 for 1981 and $2,972,000 for 1980.

Accumulated plan benefit information, as estimated by consulting actuaries, and net assets available for benefits for the Company's plan covering salaried employees are:

	January 1	
	1982	1981
	(In thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$13,285	$11,027
Nonvested	2,894	2,833
	$16,179	$13,860
Net assets available for benefits	$26,033	$20,198

The assumed rate of return used in determining the actuarial present value of the accumulated plan benefits was 7%.

All signatories to the National Bituminous Coal Wage Agreement of 1981 are required to contribute to the United Mine Workers of America (UMWA) Health and Retirement Funds based upon coal production and hours worked. Amounts contributed by the Company and its subsidiaries as provided in the union contract were $18,009,000 for 1982, $15,750,000 for 1981 and $18,062,000 for 1980. Benefit and asset information comparable to that shown for the companies' plans is not determinable.

Under the Employees Retirement Income Security Act of 1974, as amended in 1980, the Company may be liable, on termination or withdrawal from the plans, for an allocated share of the plans' unfunded vested liabilities. Based on the July 1, 1982 actuarial valuation, the UMWA plans were underfunded. The Company presently has no intentions to terminate or withdraw from the plans.

Actuarial Assumptions Changed

BROCKWAY, INC. (NY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Retirement Plans

The Company and its subsidiaries have non-contributory pension or profit sharing plans providing retirement benefits for substantially all of its hourly and salaried employees. Beginning in 1982 pension expense includes amortization of prior service costs over periods up to 30 years. See Note 11. The Company's policy is to fund pension costs accrued.

11—Retirement Costs

Pension and profit sharing expense for 1982, 1981 and 1980 was $11,630,000, $16,315,000 and $13,519,000, respectively. The decrease in 1982 expense compared with 1981, results primarily from changes in actuarial accounting methods and assumptions. The principal elements included in the changes were an increase in the assumed rate of return on pension fund assets from 6% to 8% and the reduction in the amortization period of unfunded actuarial accrued liability from periods of up to 40 years, to 15 and 30 years for hourly and salaried plans respectively. The changes had the net effect of reducing 1982 pension expense by $4.8 million and increasing net income by $2.4 million, or $.32 per share.

A comparison of accumulated plan benefits and plan net assets as of January 1, 1982 and 1981, of the Company's defined benefit plans is as follows:

	1982	1981
	(in thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$130,202	$149,003
Nonvested	17,388	32,759
	$147,590	$181,762
Net assets available for benefits	$135,503	$121,981
Assumed rate of return used in determining actuarial present value of accumulated plan benefits	8%	6%

COPPERWELD CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5—Pension Plans

Substantially all employees are covered by plans which provide non-contributory retirement benefits. Pension costs of $11,828,000 were charged to income in 1982 ($12,239,000 in 1981 and $11,237,000 in 1980) including current service costs and amortization of prior service costs over a 30-year period. Annual contributions are made to the plans equal to the amounts accrued for expense. Changes in the assumed rate of return (to 7% in 1982, and to 6½% in 1980) used in actuarial computations reduced the net loss in 1982 by $538,000 ($.06 per common share) and increased net income by $589,000 in 1980 ($.06 per common share).

Unfunded retirement costs at December 31, 1982 of $11,937,000 ($13,027,000 in 1981) relate primarily to the present value of retirement benefits for terminated employees of operating plants closed in prior years and are being funded over periods ranging from 20 to 30 years. The estimated present value of these costs was accrued in the year of plant closing. The amount funded in 1982 was $1,825,000 ($1,889,000 in 1981 and $1,841,000 in 1980). Operations were charged for equivalent interest of $935,000 in 1982 ($979,000 in 1981 and $1,040,000 in 1980).

A comparison of the present value of accumulated plan benefits to plan net assets (in thousands of dollars) for defined benefit plans at March 31, 1982 and 1981, the latest benefit information date, is as follows:

	1982	1981
Actuarial present value of accumulated plant benefits:		
Vested	$136,104	$126,666
Nonvested	26,668	26,432
	$162,772	$153,098
Net assets available for benefits	$106,102	$101,980

EASCO CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Pensions. The company and its subsidiaries have trusteed and insured retirement plans covering substantially all employees. It is the company's policy to fund all pension costs accrued and to amortize prior service cost over 27 years. See Note 9 for additional information.

Note 9—Pension Plans

The company and its subsidiaries have pension plans covering substantially all employees. The total pension cost for 1982, 1981, and 1980 was $2,809,000, $3,621,000 and $3,776,000, respectively.

Changes were made in the actuarial assumptions used to determine pension costs funded and accrued in 1982 based upon a comprehensive study of actuarial policies. The most significant change was to increase the assumed investment rate of return from 6¾% to 8½%. These changes had the effect of increasing net income for the year by approximately $800,000 and increasing earnings per share by $.22. The effects on segment operating pretax profits were: hand tools—$952,000; aluminum products—$340,000; and industrial products—$183,000.

The following table compares the present value of accumulated plan benefits and the market value of plan net assets for the company's defined benefit plans:

(amounts in thousands)	December 31,	
Actuarial present value of accumulated benefits	1982	1981
Vested	$33,061	$21,281
Nonvested	4,406	1,856
	$37,467	$23,137
Net assets available for benefits	$41,470	$31,472

The interest rates used to compute the actuarial present value of accumulated benefits were 8½% in 1982 and 10% in 1981.

KNIGHT-RIDER NEWSPAPERS, INC. (DEC)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Retirement plans of the company include company administered pension plans covering certain employees. Income is charged under these plans for actuarially determined annual current service costs plus the amount required to amortize prior service costs, generally over 30 years. The "entry age normal" method is used for determining annual costs. Effective January 1, 1982, the assumed rate of return used in determining the actuarial present value of accumulated plan benefits was increased to 7.5% from 6.0% in the previous years. Income is also charged with contributions, based on hours worked or wages earned, under union pension plans of which some are jointly administered and some are union administered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A—Retirement Plans

The amounts charged to income under various pension plans were as follows (in thousands):

	1982	1981	1980
Company administered plans:			
Funded plans	$10,303	$12,585	$12,484
Unfunded plans	479	851	728
Jointly administered plans	9,449	8,181	7,559
Union administered plans	1,891	1,849	1,609
Total	$22,122	$23,466	$22,380

Effective January 1, 1982, the assumed rate of return used in determining the actuarial present value of accumulated plan benefits was increased to 7.5% from 6.0% and expected salary increases for active pension plan participants were increased from an average of approximately 5.7% to 6.4%. These changes in actuarial assumptions had the effect of increasing net income by approximately $1.7 million ($.05 per share).

Accumulated plan benefit information for company administered funded plans as of the valuation date (generally January 1) and net assets for these plans are presented below (in thousands). This information is not available for other plans in which the company participates.

	1982	1981	1980
Actuarial present value of accumulated plan benefits:			
Vested	$98,226	$104,655	$86,263
Nonvested	11,064	11,987	10,504
Total	$109,290	$116,642	$96,767
Net Assets available for plan benefits	$130,069	$115,522	$90,162

MCCORMICK & COMPANY, INCORPORATED (NOV)

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies:

Retirement Plans

Substantially all employees of the Company and its domestic subsidiaries, other than those covered under union plans, are covered under noncontributory defined benefit trusteed pension plans. The Company's funding policy is described in Note 10.

The Company makes contributions to the McCormick Profit Sharing Plan in accordance with the Plan.

10. Retirement Plans: The Company's pension expenses were $2,428,000 in 1982, $4,330,000 in 1981 and $5,249,000 in 1980, which include approximately $1,000,000 for non-Company sponsored plans.

In 1982 the Company changed its actuarial cost method used to determine pension expense for its Company-sponsored plan from the Entry Age Normal method to the Projected Unit Credit method. The effect of this change was to reduce 1982 pension expense by $898,000 and increase net income by $469,000 ($.04 per share).

Prior to 1982 it was the Company's policy to fund all pension costs accrued. The Company will make no contribution to its plan for 1982 in order to reduce the excess of the plan's net assets over accumulated plan benefits. Pension expense for 1982 includes the amortization of the excess of net assets over accumulated plan benefits over 10 years.

In 1982 the Company also changed the actuarial investment rate of return assumption from 8½% to 9%, to reflect more closely the expected future experience of the plan, based on past performance. The effect of this change was to reduce 1982 pension expense by $558,000 and increase net income by $291,000 ($.02 per share). A similar change was made in 1981 and reduced pension expense by $1,500,000 and increased net income by $795,000 ($.06 per share).

The actuarial present value of accumulated benefits and net assets available for benefits for the Company-sponsored plan of January 1, 1982 and 1981, were:

	1982	1981
	(Dollars in Thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$30,326	$24,218
Nonvested	1,388	1,066
Total	$31,714	$25,284
Net assets available for benefits	$49,136	$49,777

The Company's contribution to the McCormick Profit Sharing Plan was $2,018,000 in 1982; $2,013,000 in 1981 and $951,000 in 1980.

H. K. PORTER COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pensions

The Company and its subsidiaries have pension plans that cover substantially all employees. Funded pension expense is actuarially determined and includes current service and the amortization of past service costs. During 1982, a change in the period over which prior service costs are amortized, from ten years to the estimated remaining service life of the employees, had the effect of decreasing the 1982 net loss for the year by approximately $2,069,000, or $1.78 per common share.

The total pension expense charged to income for continuing operations was $3,376,000 in 1982, $8,434,000 in 1981 and $9,472,000 in 1980. In 1981, certain actuarial factors were revised to more accurately reflect current experience. The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits for a majority of the plans was eight percent in 1982 and 1981.

A comparison of accumulated plan benefits and plan assets for all of the Company's domestic defined benefit plans at December 31, 1982 and 1981 is presented below:

	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$111,318,000	$ 99,776,000
Non-vested	6,594,000	8,694,000
	$117,912,000	$108,470,000
Total fund assets at market	$138,897,000	$117,323,000

THE SINGER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Pension Plans

The Company has a number of pension plans which cover substantially all of its employees who meet eligibility requirements. Pension expense includes normal cost and the amortization of prior service cost. Prior service costs are amortized over periods generally not exceeding 30 years. The pension plans in the United States are being funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

16. Pension Plans

Pension expense, including amortization of prior service cost, was as follows:

Year	(Amounts in Millions)
1982	$35.5
1981	38.2
1980	40.1

In 1982, the Company changed certain assumptions used in determining pension expense. The principal change was to increase the assumed rate of return on pension plan assets. The increased rate gives recognition to the conversion of a significant portion of the pension fund assets to high-yield U.S. Government and U.S. Government guaranteed bonds. These bonds have maturities and interest income which match projected benefits for participants currently receiving payments, and for participants who terminated with a vested right to deferred payments. The effect of this change and other changes in assumptions was to reduce pension expense and net loss in 1982 by $4.3 million, which reduced the loss per share by 26 cents.

Presented below are the accumulated plan benefits and plan net assets for the Company's defined benefit plans in the United States for the two most recent computation dates:

	January 1, 1982	January 1, 1981
	(Amounts in Millions)	
Actuarial present value of accumulated plan benefits:		
Vested	$358.0	$312.0
Nonvested	6.2	4.8
	$364.2	$316.8
Net Assets available for benefits	$397.4	$373.1

The weighted average assumed rate of return used to determine the actuarial present value of accumulated plan benefits was 9.5 percent as of January 1, 1982, and 9.1 percent as of January 1, 1981.

The Company's foreign pension plans are not required to report to government agencies pursuant to the Employee Retirement Income Security Act of 1974. For those plans, based upon the most recent actuarial reports available, the value of plan benefits did not differ materially from the total assets and balance sheet accruals related to those plans.

COMPENSATORY PLANS

In addition to pension plans (Table 3-8) and "traditional" stock option and stock purchase plans (pages 222-230), many companies disclose the existence of compensatory plans of the nature indicated in Table 3-9. *APB Opinion No. 25* states in part:

8. Plans that do not possess the four characteristics of noncompensatory plans are classified as compensatory plans. Since the major principles of Chapter 13B of *ARB No. 43* are not changed, classification as a compensatory plan does not necessarily require that compensation cost be recognized.

10. *Measuring Compensation for Services.* Compensation for services that a corporation receives as consideration for stock issued through employee stock option, purchase, and award plans should be measured by the quoted market price of the stock at the measurement date less the amount, if any, that the employee is required to pay. That is the principle in Chapter 13B of *ARB No. 43* with two modifications: (a) the meaning of fair value of stock for compensatory plans is narrowed and (b) the measurement date for plans with a variable number of shares of stock or a variable option or purchase price is different . . .

Thus a corporation recognizes compensation cost for stock issued through compensatory plans unless the employee pays an amount that is at least equal to the quoted market price of the stock at the measurement date.

12. *Accruing Compensation Cost.* Compensation cost in stock option, purchase, and award plans should be recognized as an expense of one or more periods in which an employee performs services and also as part or all of the consideration received for stock issued to the employee through a plan. The grant or award may specify the period or periods during which the employee performs services, or the period or periods may be inferred from the terms or from the past pattern of grants or awards (*ARB No. 43* Chapter 13B, paragraph 14; *APB Opinion No. 12, Omnibus Opinion-1967,* paragraph 6).

14. If stock is issued in a plan before some or all of the services are performed, part of the consideration recorded for the stock issued is unearned compensation and should be shown as a separate reduction of stockholders' equity. The unearned compensation should be accounted for as expense of the period or periods in which the employee performs service.

16. *Accounting for Income Tax Benefits.* An employer corporation may obtain an income tax benefit related to stock issued to an employee through a stock option, purchase, or award plan. A corporation is usually entitled to a deduction for income tax purposes of the amount that an employee reports as ordinary income, and the deduction is allowable to the corporation in the year in which the amount is includable in the gross income of the employee. Thus, a deduction for income tax purposes may differ from the related compensation expense that the corporation recognizes, and the deduction may be allowable in a period that differs from the one in which the corporation recognizes compensation expense in measuring net income.

TABLE 3-9: COMPENSATORY PLANS

	Number of Companies			
	1982	1981	1980	1979
Stock award plan	147	127	104	104
Incentive compensation plan	99	113	148	161
Profit-sharing plan	72	77	89	86
Savings fund plan	66	60	45	40
Deferred compensation agreement	33	36	38	31

20. This Opinion applies to all stock option, purchase, award, and bonus rights granted by an employer corporation to an individual employee after December 31, 1972 under both existing and new arrangements and to reductions of income taxes resulting from deductions as of a date after December 31, 1972 that are related to stock option, purchase, award, and bonus rights granted before as well as after the effective date of this opinion.

Examples of compensatory plan disclosures follow.

Incentive Compensation Plans

ALBERTSON'S, INC. (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Benefit Plans (in part)

The Company has bonus plans for store management personnel and other key management personnel. Amounts charged to earnings under the plans are computed either on specified percentages of earnings before taxes on income or on specified increases in operating results over the prior years. Amounts charged to earnings under all bonus plans were $12,777,000 for 1982, $12,967,000 for 1981 and $12,586,000 for 1980.

AMERICAN HOME PRODUCTS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Management Incentive Plan: The Company's Management Incentive Plan provides for cash and deferred contingent common stock awards to key employees. The maximum shares issuable under the plan are 6,000,000 common shares of which 3,020,580 shares have been awarded through December 31, 1982. Deferred contingent common stock awards plus accrued dividends for a total of 2,079,824 shares were outstanding at December 31, 1982. Awards for 1982 amounted to $13,756,000 which included deferred contingent common stock of $8,329,000 (183,524 shares). Awards for 1981 amounted to $11,394,000 which included deferred contingent common stock of $6,918,000 (190,660 shares). Awards for 1980 were exclusively in deferred contingent common stock and amounted to 375,150 shares.

H.J. HEINZ COMPANY (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): Employees' Stock Option Plans and Management Incentive Plan

The Management Incentive Plan covers certain key employees of the company and its subsidiaries. Participants in the plan may elect to be paid on a current or deferred basis. The aggregate amount of all awards may not exceed certain limits in any year. Management Incentive Plan expense was $10,146,000 in 1982 ($8,600,000 in 1981 and $6,466,000 in 1980).

OAK INDUSTRIES INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(6) (in part): Pension, Bonus and Profit-Sharing Plans

The Company has an incentive bonus plan for presidents and managing directors of subsidiaries and divisions and for officers and key employees of the parent company. The Executive Compensation and Stock Option Committee (the Committee) of the Board of Directors, which consists of three directors who are not employees, administer the plan. The Committee establishes return on investment targets for all individuals eligible for bonus awards. Bonuses are awarded by the Committee pursuant to a prescribed formula based on achievement of return on investment targets. In addition, the Committee, on management's recommendations, may award discretionary bonuses for individual performance. The discretionary bonuses are based on a limited fixed percentage of the individual's salary. The amount charged to income under these plans was $177,000 in 1982, $1,921,000 in 1981 and $1,612,000 in 1980. Certain officers of the parent company may elect to defer payment of all or any part of their bonus awards; such deferred amounts are payable with interest, at the prime rate, in 120 equal monthly installments upon termination of employment or death.

STEIGER TRACTOR, INC. (SEP)

NOTES TO FINANCIAL STATEMENTS

Note 8. (in part): Employee Benefit Programs

Incentive Compensation Plans:

Steiger has bonus programs for officers and other key management personnel which provide incentive compensation based on attainment of a targeted level of corporate, functional and personal objectives. These bonuses are calculated by applying varying percentages to an eligible employee's base salary. Total bonuses may not exceed 10% of pretax profits.

Steiger also has entered into a four-year contract with its President which expires September 30, 1986. This agreement provides for an annual base salary, inclusion in the management bonus program and a special long-term performance achievement plan. At September 30, 1982 the provisions of the long-term achievement plan had not been finalized. There were no expenses incurred under this contract in fiscal 1982. Under a previous employment contract which expired on September 30, 1982 an incentive bonus equal to the increase in book value of 25,000 shares of common stock from July 1, 1979 to September 30, 1982 (without regard to dividends) was accrued.

The aggregate incentive compensation accrued under these plans and the employment contract during 1982, 1981 and 1980 was $5,000, $742,000 and $251,000, respectively.

VULCAN MATERIALS COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 (in part): Retirement and Incentive Compensation Plans

The company has several incentive compensation plans under which awards are made to certain key employees including officers. Expense provisions referable to these plans amounted to $3,229,000 in 1982, $8,115,000 in 1981 and $7,622,000 in 1980. The expense provisions for these plans reflect the cost of distributions payable currently as well as distributions that may be payable in future periods if certain conditions are satisfied. Expense provisions for certain of the plans are affected by changes in the market value of the company's common stock.

Profit Sharing Plans

COLLINS & AIKMAN CORPORATION (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, except per share data)

6 (in part): Employees' Pension and Profit-Sharing Plans

The Company has an employees' profit-sharing plan which provides for contributions to a fund, to be held in trust by a corporate fiduciary, of a sum not in excess of 8% of income for the year, as defined, but not to exceed the amount permitted under the Internal Revenue Code as a deductible expense. The provisions charged to income in 1982, 1981 and 1980 were $1,761, $1,491 and $1,662, respectively.

GENERAL MILLS, INC. (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note Eleven: Profit-Sharing Plans

General Mills has profit-sharing plans to provide incentives to key individuals who have the greatest opportunity to contribute to current earnings and successful future operations.

These plans were approved by the Board of Directors upon recommendation of the Compensation Committee. The awards under these plans depend on profit performance in relation to pre-established goals. The plans are administered by the Compensation Committee, which consists of Directors who are not members of General Mills' management. Profit-sharing expense, including performance unit accruals, was $10.0 million in 1982, $8.6 million in 1981 and $4.8 million in 1980.

JOSLYN MFG. AND SUPPLY CO. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Profit Sharing and Pension Plans

The Company has a fully vested profit sharing plan covering domestic employees. The annual amount contributed by each Company unit in the plan cannot be less than 12½% of its net profit (as defined by the plan) after taxes. Effective January 1, 1982, the plan was amended to increase the maximum annual amount allocable to individual members to $2,000 from $1,600 and to provide that members can elect to receive one-half of their annual Company contribution in the form of a current cash payment in lieu of payment upon retirement or termination. This resulted in an increased 1982 Company contribution of approximately $300,000. Contributions from continuing operations for the plan amounted to $2,093,000 in 1982, $1,885,000 in 1981 and $1,764,000 in 1980. At least one-half of the Company contribution was made with repurchased Joslyn Mfg. and Supply Co. common stock. Each member of the profit sharing plan is entitled to vote the number of shares allocated to that member.

WHEELING-PITTSBURGH STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note E—Profit Sharing Plan

Under terms of the December 1982 agreement with the USW, a Profit Sharing Plan was adopted in recognition of certain employee wage and certain benefit reductions. Profit sharing participation, for each individual and in the aggregate, is determined by total wage and benefit reductions during the contract period January 1, 1983 to July 31, 1986. Under terms of the Profit Sharing Plan, beginning with 1983, 50% of pre-tax income less debt principal repayments and net capitalized interest (on steel-related financings); distributions related to preferred stocks; deferred pension liability payments; net deferred start-up costs of new facilities; net gain on disposals of fixed assets; effects of changes in accounting principles and current income tax provisions (after consideration of net operating loss carry-forward benefits) will be distributed to participants in proportion to their individual sacrifice. Through December 31, 1982, related wage and benefit reductions, subject to future profit sharing, aggregated $5,018,000. The excess of total wage and benefit reductions during the term of the current agreement over total profit sharing distributions related to that period will be included in future profit sharing.

Stock Award Plans

THE BENDIX CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Management Incentive Plans

During 1982, $10.8 million was awarded to participants in the Corporation's Incentive Compensation Plan from amounts credited to the Fund with respect to 1981 and prior years. The Corporation provided $8.8 million, $11.9 million, and $11.0 million in the consolidated results of operations for 1982, 1981, and 1980, respectively, for these awards.

Under the Performance Incentive Plan, performance units may be awarded each year to key employees of the Corporation and its subsidiaries. The value of each unit which has been awarded is based on the attainment of the three-year growth rate objective established for the Corporation under this Plan. As this objective was not obtained, awards for the period ended fiscal 1982 had no value and $4.0 million (representing amounts provided in prior periods) was credited to the consolidated results of operations. The Corporation provided $3.5 million and $3.1 million in the consolidated results of operations in 1981 and 1980, respectively.

DAN RIVER INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 (in part): Benefit Plans

Incentive Plans

On October 4, 1982, the Board of Directors established a Stock Bonus Plan for salaried employees age 25 or over with one or more years of service and authorized the issuance of 1,700,000 shares of Cumulative Convertible Voting Preferred Stock, $0.375 Series B, to the Trustee of the Plan. The Stock Bonus Plan was adopted and funded with the shares to compensate salaried employees for having accepted a six-month delay and subsequent reduction of ordinary merit salary increases imposed by the Board of Directors during 1982 and for having continued to accept lower salaries than merited by their service and loyalty to the Company. The fair market value, based on an independent appraisal, of the shares issued, aggregating $4,650,000, has been recorded as compensation expense in 1982.

Effective January 1, 1982, the Company established an Employee Stock Ownership Plan (ESOP) for hourly and salaried employees. The ESOP is noncontributory for employees and contributions by the Company are discretionary.

The Company has a profit sharing plan which is principally for salaried employees. No provision for contribution was made in 1982; contributions charged to earnings in 1981 and 1980 amounted to $2,965,000 and $3,858,000, respectively.

CENTRONICS DATA COMPUTER CORP. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Capital Stock

Restricted Stock Purchase Plan: Under the Company's 1979 Restricted Stock Purchase Plan, as amended, the Company may offer to sell shares of common stock to employees of the Company and all of its subsidiaries at a price per share of not less than par value ($.01) and not more than 10% of market value on the date the offer is approved, and on such terms as deemed appropriate. The shares issued under the plan are in all events subject to rights of repurchase whereby the Company may reacquire the unvested portions of the shares for the original issue price if such employees' employment with the Company is terminated for reasons other than death or permanent and total disability. Under the plan, such restrictions lapse as to 25% of the purchased shares on each of the second, third, fourth and fifth anniversaries of the purchase date. Common stock reserved for future grants aggregated 158,600 at June 27, 1982. The following table summarizes the activity of the 1979 Restricted Stock Purchase Plan during the respective fiscal year periods.

	1982		1981		1980	
	Number of shares	Fair market value	Number of shares	Fair market value	Number of shares	Fair market value
	(Amounts in thousands)					
Shares outstanding beginning of year	115	$2,339	22	$ 771		
Shares issued	265	2,739	108	2,017	22	$771
Shares cancelled	(38)	(693)	(15)	(449)	—	—
Shares outstanding end of year	342	$4,385	115	$2,339	22	$771

Shares outstanding at June 27, 1982 were issued at various dates during fiscal 1982 (253,000 shares), 1981 (85,000 shares) and 1980 (4,000 shares). The difference between the issue price and the fair market value of the shares at the date of issuance is accounted for as unearned compensation and is being amortized to expense as the employees perform the services. During the fiscal years ended June 27, 1982, June 28, 1981 and June 30, 1980, $576,000, $262,000, and $40,000, respectively, were charged to operations. To the extent the amount deductible for Federal income taxes exceeds the amount charged to income for book purposes the Federal income tax benefits relating to this difference is credited to additional paid in capital.

DOW JONES & COMPANY INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7: Stock Purchase, Stock Option and Executive Incentive Plans

Stock Purchase Plan: In 1981, the stockholders authorized a stock purchase plan, under which 1,200,000 shares of common stock can be issued. Under the terms of the plan, eligible employees may purchase shares of the company's stock based on compensation. The purchase price is the lower of 85% of the fair market value of the stock on the first day of the purchase period or on the date the option is exercised. Payments may be made through payroll deductions over the purchase period or a lump-sum payment during the offering period.

The activity in the plan was as follows:

	Price	Shares Subscribed 1982	Shares Subscribed 1981
Balance, January 1		107,486	121,876
Shares subscribed		198,254	208,294
Purchases	$8.79 to $18.81	(178,566)	(217,730)
Terminated or canceled		(7,954)	(4,954)
Balance, December 31		119,220	107,486

At December 31, 1982, 803,484 shares were available for future offerings.

Stock Option Plan: In 1981, the stockholders approved a stock option play for key employees under which options for 2,400,000 shares of common stock may be granted at not less than the fair market value at date of grant. An optionee may purchase shares upon exercise of an option or may surrender exercisable options in return for an amount equal to any excess of the market value over the option price on the day the option is surrendered. Payment to the optionee for such stock appreciation rights may be made in common stock, cash or a combination of both. Options expire over periods of five to ten years from date of grant.

Executive Incentive Plan: In 1979, the stockholders approved the Dow Jones Executive Incentive Plan. The plan provides for the grant to key executives of stock options and performance units equivalent to 1,600,000 shares of common stock. Performance units are contingent rights to receive future payments depending on the relationship between the earnings achieved by the company over a specified period of years (the "award period") and certain prescribed earnings objectives. The incentive plan is administered by a Committee of the Board of Directors, the members of which may not participate in the plan. Executive stock options expire ten years after the date of grant.

The activity in the stock option and executive incentive plans was as follows:

		Stock Option Plan	Executive Incentive Plan	
	Option Prices	Shares Under Option	Shares Under Option	Performance Units
Balance, December 31, 1979		562,080	83,364	166,728
Granted	$10.69	231,800	83,024	166,048
Exercised	$4.06 to $9.09	(21,784)		
Terminated/canceled		(13,200)	(7,276)	(14,552)
Surrendered upon exercise of stock appreciation rights	$9.31 to $13.63	(57,160)		
Balance, December 31, 1980		701,736	159,112	318,224
Granted	$15.44	238,400	64,656	129,312
Exercised	$4.06 to $10.69	(236,328)		
Terminated/canceled		(3,600)	(2,448)	(4,896)
Surrendered upon exercise of stock appreciation rights	$15.47 to $25.44	(267,404)		
Balance, December 31, 1981		432,804	221,320	442,640
Granted	$23.13	182,400	44,258	88,516
Exercised	$4.06 to $15.44	(40,320)		
Terminated/canceled		(9,000)	(51,900)	
Surrendered upon exercise of stock appreciation rights	$19.88 to $35	(111,834)		
Balance, December 31, 1982		454,050	213,678	531,156
Year granted:				
1973	$9.09	1,200		
1974	$4.06	20,500		
1979	$8.19 to 9.06	43,910	68,120	152,880
1980	$10.69 to $15.09	54,090	62,892	160,448
1981	$15.44	155,750	49,618	129,312
1982	$23.13	178,600	33,048	88,516
		454,050	213,678	531,156
Available for future grants, December 31, 1982		2,221,400	805,094	

Under the Stock Option Plan, options granted in 1982 become exercisable in 1983 and all other options granted were exercisable at December 31, 1982. Under the Executive Incentive Plan, options become exercisable and performance units become payable four years after they are granted.

Compensation expense for the stock option and executive incentive plans amounted to $7,708,000 for 1982, $3,605,000 for 1981 and $4,576,000 for 1980.

FMC CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 (in part): Stockholders' Equity

Under FMC's 1981 Incentive Share Plan, officers and key employees may be granted contingent rights ("Plan Shares") to receive payments of cash or FMC common stock, or both. Each Plan Share has a value equal to that of a share of FMC common stock. The maximum number of Plan Shares that may be awarded under the Plan may not exceed 1.3 million. Payment of Plan Shares is contingent on continued employment with FMC for a specified period (except for death, disability or retirement) and, for senior management, on meeting certain measures of performance. This Plan is a continuation of a similar plan, FMC's 1973 Incentive Share Plan, which expired on December 31, 1980. At December 31, 1982, total awards for 320,010 Plan Shares were outstanding. The estimated payout value of shares awarded under the Plans, as adjusted for changes in the market price of FMC's common stock and the estimated effect of payment contingencies, is being charged (credited) to income over earnout periods of four or five years. The impact on income was $(1.7) million in 1982, $(.3) million in 1981 and $3.9 million in 1980.

GRUMMAN CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part): Stock Option and Incentive Plans

A Restricted Stock Award Plan provides for granting to employees of the company and its subsidiaries, at any time before January 1, 1989, not more than 900,000 shares of common stock. At December 31, 1982, 530,800 shares were available for future awards. The cost of shares awarded under this plan is included in the balance sheet as a deferred charge and is being amortized over 10 years, the period after which all restrictions will have lapsed. In 1982 and 1981, $1,008,000 and $753,000, respectively, have been charged against income.

In addition, officers and key employees of the company and its subsidiaries have received awards under a Management Incentive Plan totaling $2,313,800 in 1982, $2,057,000 in 1981, and $1,768,900 in 1980.

HERCULES INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(Dollars in thousands, except per share)

9: Incentive Compensation Plans

(a) Unit Incentive Plan:

The Unit Incentive Plan, adopted in 1972, provides that units may be granted to key employes, with a maximum aggregate number of 1,200,000 units outstanding at any one time. Units are credited to the grantee's account at the fair market value of an equal number of shares of common stock at the date the units are awarded. Benefits for each unit will be equal to dividend equivalents, interest, and market appreciation of a share of common stock over a period not exceeding 5 years from date of award. Benefits vest and are payable upon retirement or 5 years after date of award.

During 1982, 137,650 units were granted, 229,570 units vested and were paid, and 1,160 units were canceled. The charge to income was $3,925 in 1982, $3,714 in 1981, and $1,597 in 1980. There were 839,460 units outstanding at December 31, 1982.

(b) Restricted Stock Incentive Plan:

The Restricted Stock Incentive Plan, adopted in 1980, provides for the award of shares of common stock of the company to key employes, subject to certain restrictions until distribution is made.

The maximum aggregate number of shares to be awarded under the Plan is 600,000, with a maximum to any single employe of 40,000 shares. Awards may not be granted under the Plan after March 31, 1986.

During 1982, 62,100 shares were awarded, 35,300 shares were distributed and 1,000 shares were canceled. The charge to income based on amortization of the compensation expense over the related periods of restriction was $1,593 in 1982, $853 in 1981, and $251 in 1980. There were 160,100 awarded shares outstanding at December 31, 1982.

MELVILLE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Stock Plan

The restricted stock plan, adopted in 1980, provides for the granting of up to a maximum of 200,000 shares of the Company's common stock to corporate officers and other key managerial employees. All shares granted under the plan are subject to restrictions as to continuous employment, except in the case of death, permanent disability or retirement. Distribution of shares of the Company's common stock is generally to be made not less than three years after the date of grant. Under the plan, 22,225 shares were granted in 1982, 21,700 shares in 1981 and 16,150 shares in 1980. The value of these shares at the date of grant was $895,000 in 1982, $855,000 in 1981 and $583,000 in 1980, and such amounts were charged to expense. In addition, 2,950 shares and 500 shares were cancelled in 1982 and 1981, respectively. At December 31, 1982, 143,375 shares were available for grant under the plan.

THE STANLEY WORKS (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F (in part): Stock Plans

Long-Term Stock Incentive Plan

The Long-Term Stock Incentive Plan for senior management employees provides for the payment of awards on the basis of Company performance in terms of growth in earnings per share over a five year award cycle. The Plan, which is effective for fiscal years through 1987, is administered by a committee of the Board of Directors consisting of non-employee directors. Awards are payable generally 55% in cash and 45% in shares of Common Stock, valued at the average market price of the Common Stock during the applicable award cycle. The amounts of $225,000, $700,000, and $600,000 were charged to expense in 1982, 1981, and 1980, respectively, for the latest three award cycles.

The 1982 expense is attributable to retirees for prior year cycles. There were no awards in 1982. Shares totaling 27,858; 15,414 and 27,537 were issued in 1982, 1981, and 1980 respectively.

Deferred Compensation Plans

KOPPERS COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Employee Compensation Plans

Deferred Compensation Plan—The Company has a Deferred Compensation Unit Plan for officers and other key employees. Operating expense has been charged with $2,300,000, $2,139,000 and $1,881,000 to provide for the benefits accrued during 1982, 1981 and 1980, respectively.

Incentive Plans—The Company has an Incentive Plan for key employees that is based upon the attainment of a specific return on invested capital using income before interest expense and income taxes. There was no charge to operating expense in 1982, 1981 or 1980 because of the Company's insufficient return on investment.

Performance Share Plan—The Company has a Performance Share Plan for key employees that provides for an award of performance shares (up to an aggregate maximum of 500,000 shares), each equivalent to one share of the Company's common stock and cash. Distribution of the common stock plus cash equal to the fair market value of the common stock will be made at the end of designated periods if specified earnings are attained.

Currently, 73,375 performance shares are outstanding for the award period ending December 31, 1983 and 134,650 for the period ending December 31, 1984. Based on profit performance, no provision has been made for the years 1982 and 1981.

Savings and Profit Sharing Plan—Effective January 1, 1980, the Company initiated a Savings and Profit Sharing Plan for all eligible employees. Participating employees may elect to contribute up to 6% of their salaries. The Company contributes an amount equal to a specified percentage of the employees' contributions to a limit of $6,000 per employee. The Company's contributions may be made in cash or common stock of the Company. The Company's contributions amounted to $1,724,000 in 1982, $1,923,000 in 1981 and $4,375,000 in 1980.

ROWE FURNITURE CORPORATION (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Deferred Compensation Plans

Under the 1971 Executive Incentive Compensation Plan, awards may be made, subject to certain limitations, to key employees. The plan is composed of two parts:

Part I Incentive Stock Units—Common stock will not be issued; however, benefits are: (1) related to the increase in the market value of the common stock over the value of the units at data awarded, and (2) the market value of additional units (dividend equivalents credited on units and converted at year end). Awards of 17,400 units at $1.875 per unit were made in 1982 for November 30, 1981. Awards of 11,400 units at $2.333 per unit were made in 1980 for November 30, 1979. At November 30, 1982, 84,268 units were outstanding at award prices ranging from $17.904 to $1.875.

Part II Deferred Compensation Awards—Awards are fully vested at date made and are payable over ten annual installments following the year of termination of employment. There were no awards made for 1982, 1981 or 1980. The Company has deferred compensation agreements with key employees. Vesting is based upon age and years of service. Life insurance contracts have been purchased which may be used to fund these agreements. The charges to expense for all plans were $199,912 for 1982, $92,000 for 1981 and $115,000 for 1980.

SUPREME EQUIPMENT & SYSTEMS CORP. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Deferred Compensation

During fiscal 1979, the company adopted deferred compensation agreements for two executives, with benefits commencing at retirement. The expense for the years ended July 31, 1982, 1981 and 1980 was approximately $103,000, $60,000 and $100,000, respectively. For income tax purposes, a deduction is allowed at the time compensation is paid to the participants.

Savings or Investment Plans

THE FIRESTONE TIRE & RUBBER COMPANY (OCT)

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Employee Stock Purchase and Savings Plan

The Company, through its Employee Stock Purchase and Savings Plan, matches 50% of participating employees' contributions, both of which are used to purchase the Company's common stock for the participant. The maximum rates of contribution are determined based upon the employees' length of service with the Company. Expense recorded under this plan aggregated $3 in 1982, $2 in 1981 and $3 in 1980.

MEREDITH CORPORATION (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 (in part): Stockholders' Equity

Under the Company's Savings and Investment Plan, 7,539 reacquired common shares were issued during the year at market prices totaling $442,564 (9,146 shares at market prices totaling $451,465 in 1981, 8,374 shares at market prices totaling $267,000 in 1980). The Plan enables eligible employees to invest in a Fixed Income Fund or Government Security Fund by contributing up to five percent of their salary with the Company matching the employee contribution. The Company contribution may be invested (at the employee's election) in Meredith Corporation common stock or the Fixed Income Fund. The cost to the Company for the year was approximately $1,065,000 ($992,000 in 1981 and $772,000 in 1980). A total of 710,000 shares has been reserved for the Plan, of which 572,134 were issued at June 30, 1982.

OXFORD INDUSTRIES, INC. (MAY)

NOTES TO FINANCIAL STATEMENTS

H (in part): Retirement Plans

Effective January 1, 1981, the Company adopted a retirement savings plan covering all full-time employees. Contributions to the plan are at the discretion of the Company's employees with a portion of the contribution matched by the Company. Total expense under this plan was $441,000 in 1982 and $167,000 in 1981.

PORTEC, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8: Investment Plan

Under the Company's Investment Plan, generally all salaried employees, including officers, with at least one year of service may elect to contribute a portion of their compensation to a trust established under the Plan. Depending on its net income for the year, the Company may contribute up to an amount equal to the employees' contributions but not in excess of six percent of the employees' earnings. Contributions of $197,000, $618,000 and $725,000, representing 30%, 80% and 100% of eligible employees' contributions, were charged to operations for the years ended December 31, 1982, 1981 and 1980, respectively. A 1981 amendment to the plan permits the Company's contribution in 1982 and later years to be made in shares of Portec common stock.

DEPRECIATION EXPENSE

Paragraph 5 of *APB Opinion No. 12* stipulates that both the amount of depreciation expense and method or methods of depreciation should be disclosed in the financial statements or in notes thereto. Paragraph 5, Chapter 9C of *Accounting Research Bulletin No. 43* defines depreciation accounting (the process of allocating the cost of productive facilities over the expected useful lives of the facilities) as "a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation." If the depreciation methods used for tax purposes and for financial statement reporting differ, *APB Opinion No. 11* requires that the income tax expense shown in a company's financial statements reflect the tax effects of such a difference.

Table 3-10 summarizes the methods of depreciation used to allocate the cost of productive facilities. Examples of depreciation expense disclosures are presented below and on pages 141-147.

Straight Line Method

ACF INDUSTRIES, INCORPORATED (DEC)

	1982	1981 ($000)	1980
Cost and Expenses:			
Cost of manufacturing (excluding depreciation)............	$492,363	$635,361	$750,811
Fleet operating expenses (excluding depreciation).....	40,265	39,462	37,225
Selling, administrative and other expenses	108,218	102,119	92,802
Depreciation expense	45,421	40,865	36,436
Interest expense................	53,002	50,703	39,361
Total costs and expenses ...	739,269	868,510	956,635

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment

Land, manufacturing facilities, railroad cars and repair service facilities are carried at cost.

Maintenance and repair costs, dies and patterns are charged to earnings. Tooling is generally capitalized and amortized over no more than a two-year period. Additions and betterments are charged to property accounts. Renewals and the original cost of normal property retirements, less salvage value, are charged to the depreciation allowance for all assets other than railroad cars. When railroad cars are retired, the asset and accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in earnings. Renewals of railroad cars are charged to property accounts.

The majority of the railroad cars are depreciated over an estimated useful life of 25 years. Buildings, machinery and equipment are depreciated over estimated useful lives that

TABLE 3-10: DEPRECIATION METHODS

	Number of Companies			
	1982	1981	1980	1979
Straight-line	562	565	562	556
Declining balance	57	57	65	63
Sum-of-the-years digits	20	25	26	34
Accelerated method-not specified	69	68	69	71
Unit of production	62	52	51	46

range from 14 to 50 years. The estimated useful lives of other assets vary from 3 to 10 years. Depreciation is charged against earnings based on the estimated useful lives of the assets, and is calculated on the straight-line method for financial reporting purposes and on accelerated methods for tax purposes.

AMSTAR CORPORATION (JUN)

Consolidated Statements of Changes in Financial Position

	1982	1981	1980
	(thousands of dollars)		
Source of funds:			
Net income	$40,095	$73,440	$30,853
Expenses not requiring outlay of working capital			
Depreciation and amortization	20,663	20,266	19,553
Deferred taxes	4,959	(1,049)	3,478
Pension benefit improvements and stock appreciation rights	(779)	7,341	—
Working capital provided from operations	64,938	99,998	53,884

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

B. Depreciation and Amortization: For financial statement purposes, plant and equipment are depreciated under the straight-line method over the useful lives of the assets. For income tax purposes, the Corporation depreciates certain plant and equipment on an accelerated basis, which currently results in more depreciation expense than under the straight-line method. Expenditures for repairs and maintenance are charged against income as incurred. Renewals and betterments are capitalized. Upon retirement, sale or other disposition of operating property, the related allowance is charged with the book cost less salvage proceeds.

The range of estimated useful lives of physical properties, used for computing depreciation, is 20 to 60 years for buildings and structures and 3 to 25 years for machinery and equipment.

BOWNE & CO., INC. (OCT)

	1982	1981	1980
Expenses:			
Cost of sales	$58,130,428	$60,533,158	$51,065,990
Selling and administrative	29,039,920	28,070,209	26,366,250
Depreciation and amortization	2,014,961	1,894,294	2,123,810
Totals	89,185,309	90,497,661	79,556,050

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Accounting Policies

Real estate, equipment and leasehold improvements

Real estate, equipment and leasehold improvements are carried at cost. Maintenance, repairs and minor renewals are expensed as incurred.

Depreciation for financial statement purposes is provided on the straight-line method. Depreciation is calculated for tax purposes on accelerated methods.

Estimated lives used in the calculation of depreciation for financial statement purposes are:

Buildings	20–40 years
Machinery and plant equipment	8–12½ years
Furniture and fixtures	10–12½ years
Vehicles	3–4 years
Leasehold improvements	Shorter of useful life or term of lease

BRENCO, INCORPORATED (DEC)

Consolidated Statements of Changes in Financial Position

	1982	1981	1980
Sources of Working Capital:			
Income from continuing operations	$ 466,580	$4,624,398	$15,013,803
Expenses not requiring working capital:			
Depreciation	5,090,495	5,200,661	4,562,169
Deferred taxes	854,605	471,069	
Other	53,569	34,558	22,696
From Continuing Operations	6,465,249	10,330,686	19,598,668
Loss from discontinued operations	—	1,755,000	—
Total from Operations	6,465,249	8,575,686	19,598,668

NOTES TO FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Property and Equipment

Property and equipment are stated at cost. In 1981, the method of computing depreciation on newly acquired assets was changed to the straight-line method to more closely match depreciation with estimated consumption. The remainder is computed on the double declining balance method. The change increased 1981 income from continuing operations and net income by $235,000 or $.024 per share.

GENERAL HOST CORPORATION (DEC)

	1982	1981 (in thousands)	1980
Costs and expenses:			
Cost of sales	$421,391	$393,556	$326,439
Selling, general and administrative	72,758	65,244	63,982
Depreciation and amortization	11,202	10,770	7,956
Interest and debt expense	12,036	15,131	10,944
	517,387	484,701	409,321

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Property, plant and equipment, including significant improvements thereto, is recorded at cost. Expenditures for repairs and maintenance are charged to expenses as incurred. The cost of plant and equipment is depreciated over the estimated useful lives using the straight-line method for financial reporting purposes. For income tax purposes the straight-line method is used for additions through 1980 and Accelerated Cost Recovery System depreciation is used for additions after 1980. Leasehold improvements are amortized over the terms of the respective leases or, if shorter, the estimated useful lives (or, when required for tax purposes, the accelerated cost recovery period).

MALONE & HYDE, INC. (JUN)

Statements of Changes in Consolidated Financial Position

	1982	1981 (in thousands)	1980
Source of Funds			
Net income	$27,759	$18,283	$24,847
Items not currently affecting working capital:			
Depreciation and amortization	16,769	15,506	12,213
Deferred income taxes—noncurrent	3,029	1,476	695
Deferred portion of provision for trading stamp redemption	29	249	91
Deferred compensation and other	(410)	294	254
Net income of unconsolidated subsidiaries	(1,487)	(1,573)	(1,079)
Total from Operations	45,689	34,235	37,003

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment and Depreciation:

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Accelerated methods are used for tax purposes.

MARTIN MARIETTA CORPORATION (DEC)

Statement of Changes in Financial Position

	1982	1981 (add 000)	1980
Sources:			
From operations:			
Net earnings	$ 91,642	$200,072	$188,133
Items in earning not affecting working capital:			
Depreciation, depletion, and amortization	154,674	117,446	112,143
Noncurrent deferred income taxes	(49,158)	164,814	25,857
Equity in net earnings of nonconsolidated companies, net of dividends received	(13,703)	(21,276)	(8,862)
Amortization of deferred charges	4,179	3,595	4,363
Working Capital Provided by Operations	187,634	464,651	321,634

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Properties and Depreciation: Property, plant, and equipment, including capital leases, are carried at cost, including interest cost capitalized during construction on significant capital expenditures.

Provisions for depreciation and amortization of properties are computed over estimated service lives by the straight-line method, except that accelerated depreciation methods are employed in the Aerospace business.

Depletion of mineral deposits is calculated over estimated recoverable quantities by the unit-of-production method.

NATIONAL STEEL CORPORATION (DEC)

	1982	1981 (Thousands of Dollars)	1980
Costs and Expenses			
Cost of products sold and operating expenses	$2,941,034	$3,688,686	$3,462,749
Selling, administrative, and general expenses	200,670	187,740	159,416
Depreciation and depletion	148,163	158,071	154,529
Interest and other debt expense	66,205	52,783	58,388
	3,356,072	4,087,280	3,835,079

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Depreciation and Depletion: Depreciation of production and transportation facilities and amortization of facilities related to capitalized lease obligations are provided by charges to income computed by the straight-line method. Provisions for depreciation of certain raw material facilities and furnace relinings are computed on the basis of tonnage produced in relation to estimated total production to be obtained from such facilities. Depreciation for income tax purposes is computed by accelerated methods. Depletion of coal and iron ore properties is computed on tonnage basis calculated to fully amortize their costs when estimated deposits have been exhausted.

Declining-Balance Method

THE DOW CHEMICAL COMPANY (DEC)

Consolidated Statement of Changes in Financial Position

	1982	1981	1980
		(In millions)	
Funds Provided By			
Income before extraordinary item......	$ 342	$ 564	$ 805
Charges (credits) to income not requiring outlay of funds:			
Depreciation..........................	870	806	728
Equity in net income of nonconsolidated companies, less dividends received..........................	(88)	(104)	(99)
Deferred income taxes..............	(57)	218	169
Funds from operations............	1,067	1,484	1,603

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Plant Properties and Depreciation

Land, buildings and equipment, including property under capital lease agreements, are carried at cost less accumulated depreciation. Depreciation is based on the estimated service lives of depreciable assets and is provided using the declining balance method.

Fully depreciated assets are retained in the property and depreciation accounts until they are removed from service. In the case of disposals, the assets and related depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

THE TIMKEN COMPANY (DEC)

Consolidated Statements of Changes in Financial Position

	1982	1981	1980
		(Thousands of dollars)	
Source of Cash			
From operations:			
Net income (loss)...........	$ (3,001)	$101,115	$ 92,632
Non-cash charges to income:			
Depreciation and amortization..................	71,886	70,821	65,352
Deferred income taxes...	11,195	7,653	6,630
Equity in earnings of affiliated companies.....	158	(25)	(89)
Total from operations .	$80,238	$179,564	$164,525

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Property, Plant and Equipment: Property, plant and equipment is valued at cost less accumulated depreciation. Provision for depreciation is computed generally by the double-declining balance method based upon the estimated useful lives of the assets.

TYSON FOODS, INC. (SEP)

Consolidated Statement of Changes in Financial Position

	1982	1981	1980
Working Capital Provided:			
Net Income..........	$ 9,403,811	$ 2,104,149	$ 1,165,425
Items not affecting working capital:			
Depreciation and amortization...	10,529,838	9,550,127	9,794,680
Contribution of treasury shares to profit sharing plan...	408,701	—	—
Loss (Gain) on sale of property, plant and equipment.....	(72,719)	296,646	(3,566,062)
Non-current deferred income taxes..........	2,906,642	—	—
Working Capital Provided from Operations................	23,176,273	11,950,922	7,394,043

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment and Depreciation

Depreciation is provided for primarily by the double-declining-balance method for all machinery, equipment and vehicles and by the straight-line method for all other assets acquired prior to September 28, 1980; the methods used are the same for both financial statement and income tax purposes. The Company adopted the straight-line method for financial statement purposes for all acquisitions subsequent to September 27, 1980, resulting in an increase in net income of $241,000 and earnings per share of $.06 in 1981. Depreciation on assets acquired after January 1, 1981, is provided by use of the Accelerated Cost Recovery System for income tax purposes.

Sum-Of-The-Years-Digits Method

GENERAL ELECTRIC COMPANY (DEC)

	1982	1981 (In millions)	1980
Operating costs			
Cost of goods sold	$18,605	$19,476	$18,171
Selling, general and administrative expense	4,506	4,435	3,838
Depreciation, depletion and amortization	984	882	707
Operating costs	24,095	24,793	22,716

Summary of Significant Accounting Policies

Property, Plant and Equipment

Manufacturing plant and equipment includes the original cost of land, buildings and equipment less depreciation. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to record depreciation of manufacturing plant and equipment in the U.S. Most manufacturing plant and equipment located outside the U.S. is depreciated on a straight-line basis. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided. Expenditures for maintenance and repairs of manufacturing plant and equipment are charged to operating costs as incurred.

The cost of mining properties includes initial expenditures and cost of major rebuilding projects which substantially increase the useful lives of existing assets. The cost of mining properties is depreciated, depleted or amortized over the useful lives of the related assets by use of unit-of-production or straight-line methods.

Mining exploration costs are expensed until it is determined that development of a mineral deposit is likely to be economically feasible. After this determination, all costs related to further development are capitalized. Amortization begins upon commencement of production and is over the productive life of the property.

The full-cost accounting method is used for oil and gas properties.

Unit Of Production Method

STANDARD OIL COMPANY OF CALIFORNIA (DEC)

	1982	1981 (Dollars in Millions)	1980
Costs and Other Deductions			
Purchased crude oil and products	$24,274	$32,823	$30,451
Operating expenses	3,880	4,075	3,567
Selling, general and administrative expenses	992	1,011	954
Depreciation, depletion and amortization	1,137	909	767
Taxes other than on income	3,039	3,628	2,724
Interest and debt expense	67	167	158
Total Costs and Other Deductions	33,389	42,613	38,621

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Properties, Plant and Equipment. All costs for development wells, related plant and equipment, and mineral interests in oil and gas properties are capitalized. Costs of an exploratory well are capitalized tentatively pending determination of whether the well found proved reserves. Costs of wells which are assigned proved reserves remain capitalized. All other exploratory wells and exploration costs are expensed.

Depreciation and depletion expenses (including provisions for future abandonment and restoration costs) for all capitalized costs of oil and gas proved producing properties, except mineral interests, are determined using a unit-of-production method by individual fields as the proved developed reserves are produced. Depletion expenses for capitalized costs of proved mineral interests also are determined using a unit-of-production method by individual fields but as the related proved reserves are produced. Periodic valuation provisions for impairment of capitalized costs of unproved mineral interests are expensed.

The capitalized costs of all other plant and equipment are depreciated or amortized over their estimated useful lives. In general, the declining-balance method is used to depreciate plant and equipment in the United States; the straight-line method is used to depreciate plant and equipment outside the U.S. and to amortize all capital leases.

For normal retirements of property, plant or equipment subject to composite group depreciation rates, no gain or loss is recognized. Gains or losses are included in income for other retirements.

Expenditures for maintenance, repairs and minor renewals necessary to maintain facilities in operating condition are expensed as incurred. Major replacements and renewals are capitalized.

BOISE CASCADE CORPORATION (DEC)

	1982	1981 (expressed in thousands)	1980
Revenues			
Sales	$2,912,450	$3,107,360	$3,018,940
Other income, net	12,440	10,130	7,710
	2,934,890	3,117,490	3,026,650
Costs and expenses			
Materials, labor and other operating expenses	2,412,700	2,451,800	2,378,470
Depreciation and cost of company timber harvested	131,240	134,390	121,610
Selling and administrative expenses	322,770	322,080	323,550
	2,866,710	2,908,270	2,823,630
Income from operations	58,180	209,220	203,020

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property. Property and equipment are recorded at cost. Lease obligations for which the Company assumes substantially all property rights and risks of ownership are capitalized. Amounts expended for improvements to increase the useful life of property and equipment or to replace major units of property and equipment are capitalized. Maintenance, repairs and minor replacements are expensed as incurred.

The provision for depreciation and amortization of property and equipment is computed on the units-of-production method at certain wood products and paper manufacturing facilities. Property and equipment at other facilities are depreciated on the straight-line method. The estimated service lives of the principal items of property and equipment range from 3 to 40 years.

The net book value of property sold or retired is removed from the asset and the related depreciation accounts, and any gain or loss from disposition is included in income. Certain operations utilize composite depreciation methods; accordingly, there is no gain or loss recognized on partial sales or retirements.

Interest is normally expensed as incurred, except when it is incurred in conjunction with major capital additions, and then it is capitalized as part of the asset cost. The amounts of interest capitalized are determined by applying current interest rates to the funds required to finance the construction. Interest of $2,170,000, $10,932,000 and $25,430,000 was capitalized during 1982, 1981 and 1980, respectively.

Timber and timberlands are shown at cost, less the cost of company timber harvested. Cost of company timber harvested and amortization or logging roads are determined on the basis of timber removals at rates based on the estimated volume of recoverable timber and are credited to the respective asset accounts.

Timber deposits are made on timber harvesting contracts with public and private sources from which the Company obtains a portion of its timber requirements. As of December 31, 1982, the Company had deposited $23,434,000 on timber harvesting contracts totaling approximately $300,000,000 at average year-end prices. Only the cash deposits and advances on these contracts are recorded in the financial statements because the Company generally does not incur a direct liability for, or ownership of, this timber until it has been harvested.

WHEELING-PITTSBURGH STEEL CORPORATION (DEC)

	1982	1981	1980
		(In Thousands)	
Cost and expenses:			
Cost of products sold...	$761,564	$1,053,040	$992,611
Selling, administrative and general expenses	43,981	50,948	47,116
Depreciation.............	38,219	42,989	39,052
Interest and expense on long-term debt.......	35,402	19,769	12,206
	879,166	1,166,746	1,090,985

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Property, Plant and Equipment

Depreciation is computed on the modified units of production method for financial statement purposes and accelerated methods for income tax purposes.

Interest cost is capitalized for qualifying assets during the assets' acquisition period. Capitalized interest cost is amortized on the same basis as related depreciation.

Maintenance and repairs are charged to income. Renewals and betterments made through replacements are capitalized. Profit or loss on items replaced is credited or charged to income.

Note H (in part): Property, Plant and Equipment

In the 1982 second quarter, the Corporation changed its method of depreciation for substantially all machinery and equipment from straight-line to a modified units of production method. The modified units of production method provides for depreciation charges proportionate to the level of production activity thereby recognizing that depreciation of steelmaking machinery is related to the physical wear of the equipment as well as a time factor. The Corporation believes the modified units of production method is preferable in its circumstances to the method previously used and represents a method common to that used by many major steelmakers. This change improved results for the year ended December 31, 1982 by $28,606,000 ($7.17 per share), which included the cumulative effect on prior years (to December 31, 1981) of $20,166,000 equal to $5.07 per share ($38,736,000 before applicable taxes on income) and the effect on 1982 of $8,440,000 equal to $2.10 per share ($11,095,000 before applicable taxes on income).

Depletion

AMERICAN CAN COMPANY (DEC)

Statement of Changes in Financial Position

	1982	1981	1980
	(in millions of dollars)		
Operations			
Net income (loss)........................	$(132.9)	$ 76.7	$85.7
Charges and credits to income not affecting funds			
Provision for business restructure...	234.7	26.0	
Gain on sale of Dixie-Northern operations..............................	(51.6)		
Depreciation and cost allocated to cut timber..........................	107.1	113.4	102.0
Other..................................	(65.8)	49.3	54.4
	91.5	265.4	242.1

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment: Property, plant and equipment is stated at cost and depreciated on a straight-line basis over the estimated economic useful lives (twenty-five to forty years for buildings and three to twenty years for machinery and equipment). The cost of timberlands is reduced for timber cut based on the relation of the quantity cut to the estimated total quantity in the respective tracts. Maintenance and repairs are expensed as incurred; expenditures that result in the enhancement of the value of facilities are capitalized. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income.

INTERLAKE, INC. (DEC)

	1982	1981 (in thousands)	1980
Costs and Expenses:			
Cost of products sold (excluding depreciation and taxes)................	$605,334	$772,692	$815,586
Depreciation, depletion and amortization.............	22,956	25,976	26,869
Selling and administrative expenses................	103,578	111,442	116,523
Taxes other than income taxes......................	27,549	30,675	31,485
Interest expense...........	13,076	13,407	15,747
	772,493	954,192	1,006,210

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment and Depreciation—For financial reporting purposes, plant and equipment are depreciated principally on a straight-line method over the estimated useful lives of the assets. In the third quarter of 1982, the Company extended the use of the straight-line lapsing method of calculating depreciation expense to certain fixed assets formerly depreciated under the straight-line composite method. Management believes that the straight-line lapsing method will more accurately charge depreciation over the remaining useful lives of these assets and is consistent with the method used principally for the Company's other fixed assets. This action increased 1982 net income by $1.5 million, or $.24 per share.

Depreciation claimed for income tax purposes is computed by use of accelerated methods. Income taxes applicable to differences between depreciation claimed for tax purposes and that reported in the financial statements are charged or credited to future income taxes, as appropriate. Provisions for depletion of mineral properties are based on tonnage rates which are expected to amortize the cost of such properties over the estimated amount of mineral deposits to be removed.

Upon sale or disposal of property, plant and equipment, it is the Company's policy to relieve the respective asset accounts of cost and, in the case of normal sales or disposals, to charge such original cost to accumulated depreciation and amortization, thereby not recognizing any gain or loss. Any proceeds from these sales or disposals are credited to accumulated depreciation and amortization. On an abnormal sale or disposal of property, plant and equipment, the original cost and the amount of depreciation actually credited to accumulated depreciation and amortization are removed from the accounts and any gain or loss on the disposal is credited or charged to income.

Expenditures for maintenance and repairs and minor renewals and betterments are charged to expense as incurred. Furnace relines and expenditures for renewals and betterments of a character calculated to extend the originally estimated useful life of any asset or materially increase its productivity are capitalized.

INCOME TAXES

PRESENTATION OF INCOME TAXES

APB Opinion No. 11 states in part:

60. In reporting the results of operations the components of income tax expense for the period shall be disclosed, for example:

a. Taxes estimated to be payable

b. Tax effects of timing differences

c. Tax effects of operating losses

These amounts should be allocated to (a) income before extraordinary items and (b) extraordinary items and may be presented as separate items in the income statement or, alternatively, as combined amounts with disclosure of the components parenthetically or in a note to the financial statements.

61. When the tax benefit of an operating loss carry forward is realized in full or in part in a subsequent period, and has not been previously recognized in the loss period, the tax benefit should be reported as an extraordinary item in the results of the operations of the period in which realized.

63. Certain other disclosures should be made in addition to those set forth in paragraphs 56–62:

a. Amounts of any operating loss carryforwards not recognized in the loss period, together with expiration dates (indicating separately amounts which, upon recognition, would be credited to deferred tax accounts);

b. Significant amounts of any other unused deductions or credits, together with expiration dates; and

c. Reasons for significant variations in the customary relationships between income tax expense and pretax accounting income, if they are not otherwise apparent from the financial statements or from the nature of the entity's business.

The Board recommends that the nature of significant differences between pretax accounting income and taxable income be disclosed.

Table 3-11 summarizes the descriptive captions used by the survey companies to identify income tax expense. Table 3-12 shows the nature of frequently disclosed timing differences giving rise to deferred taxes. Examples of income tax expense presentations and disclosures follow.

THE EASTERN COMPANY (DEC)

	1982	1981 ($000)	1980
Income Before Taxes Based on Income........	$ 158,398	$2,791,966	$3,587,583
Taxes based on income —Note E			
Currently payable (recoverable):			
Federal	(141,200)	1,025,000	1,320,000
Foreign	(17,500)	42,115	70,800
State	61,400	116,814	239,651
Deferred—Federal	58,800	94,600	—
	(38,500)	1,278,529	1,630,451
Net Income (per share: $.17 in 1982; $1.33 in 1981 and $1.73 in 1980)....................	196,898	1,513,437	1,957,132

Note E—Taxes Based on Income

The components of (loss) income before income taxes consisted of the following:

	1982	1981	1980
Domestic	$188,480	$2,694,536	$3,342,152
Foreign	(30,082)	97,430	245,431
Total	$158,398	$2,791,966	$3,587,583

The reasons for the difference between total tax expense and the amount computed by applying the statutory federal income tax rate to income before taxes based on income are as follows:

	1982	1981	1980
Statutory rate applied to pre-tax income (46%) .	$ 72,863	$1,284,304	$1,650,288
Add:			
State taxes, net of federal tax benefit	33,156	63,080	129,412
General provision	30,000	—	—
Charitable contributions not currently deductible	17,317	—	—
Amortization of goodwill	17,070	—	—
Depreciation not deductible	12,708	—	—
Internal Revenue Service adjustments	11,773	—	—
	194,887	1,347,384	1,779,700
Less:			
Investment tax credit (flow-through method)..............	212,984	122,984	144,929
Graduated rate structure	19,750	—	—
Higher tax rate for foreign operations ...	3,663	—	—
Other items.............	(3,010)	(54,129)	4,320
	233,387	68,855	149,249
Total Tax Expense (Credit)	$ (38,500)	$1,278,529	$1,630,451

The components of deferred federal income taxes (credits) result from timing differences in deductions for book and tax purposes for the following items:

	1982	1981
Accelerated depreciation for tax purposes........	$153,400	$107,900
Vacation pay expenses....	9,500	9,500
Deferred compensation....	(28,000)	(22,800)
Royalty expense	(23,000)	—
Provision for doubtful accounts and customer allowances	(53,100)	—
	$ 58,800	$ 94,600

TABLE 3-11: FEDERAL INCOME TAX EXPENSE

	1982	1981	1980	1979
Description Terms				
Income taxes................	490	447	465	451
Federal income taxes......	84	119	104	109
United States (U.S.) income taxes..............	20	17	15	16
	594	**583**	**584**	**576**
Other or no caption for expense	6	17	16	24
Total Companies.............	**600**	**600**	**600**	**600**

TABLE 3-12: TIMING DIFFERENCES—REASONS

	Number of Companies			
	1982	**1981**	**1980**	**1979**
Depreciation	497	497	486	470
Unremitted earnings	136	130	133	100
Inventory valuation	103	105	97	81
Interest and taxes during construction	82	71	45	20
Installment sales	80	75	63	59
Pensions	66	67	70	70
Other employee benefits	99	90	84	78
Discontinued operations	73	57	49	44
Long-term contracts	70	63	57	53
Leases	51	42	37	26
Intangible drilling costs......	46	47	39	31
Warranties	30	29	26	24
Translation of foreign currency accounts...........	20	22	26	19

GOLDEN ENTERPRISES, INC. (MAY)

	1982	1981	1980
Income before income taxes	$9,805,079	$6,102,246	$5,351,001
Provision for income taxes (Notes 1 and 4):			
Currently payable:			
Federal	3,506,300	2,637,700	2,399,500
State	353,800	259,700	198,750
Deferred taxes (credit)	626,000	84,785	(68,324)
	4,486,100	2,982,185	2,529,926
Net income	$5,318,979	$3,120,061	$2,821,075

Note 1 (in part): Summary of Significant Accounting Policies

Income Taxes

Where income and expenses are recognized in different periods for financial reporting purposes and for purposes of computing income taxes currently payable, deferred income taxes have been provided.

Investment tax credits relating to purchases of property and new job tax credits are credited to operations in the year the credits are used to reduce Federal income taxes currently payable (flow-through method).

Note 4: Income Taxes

The deferred taxes (credits) resulting from timing differences are as follows:

	1982	1981	1980
Difference between depreciation deducted for income tax purposes and the amount recorded for financial accounting purposes	$122,500	$29,166	$ 9,008
Inventories carried at average cost for financial accounting purposes and first-in, first-out for income tax purposes	(2,500)	4,072	2,810
Difference between expenses, other than depreciation, deducted (not deducted) for income tax purposes and the amount recorded for financial accounting purposes	506,000	57,190	(57,125)
Provision for decline in value of marketable equity securities	—	(5,643)	(15,177)
Other	—	—	(7,840)
Totals	$626,000	$84,785	$(68,324)

The effective tax rate differs significantly from the expected tax using statutory rates. A reconciliation between the expected tax and the actual income tax expense follows:

	1982	1981	1980
Tax on income at statutory rates	$4,510,336	$2,807,033	$2,461,461
Increases (decreases) resulting from:			
Investment and job tax credits	(266,146)	(184,169)	(105,827)
State income taxes, less Federal income tax benefit	195,480	140,238	106,947
Dividends excludable from Federal income taxes	(89,700)	(156,102)	(147,869)
Realized losses and decline in market value of marketable equity securities	122,820	358,467	207,795
Other—net	13,310	16,538	7,419
Totals	$4,486,100	$2,982,185	$2,529,926

THE BFGOODRICH COMPANY (DEC)

	1982	1981	1980
	(Dollars in millions)		
Income (loss) before income taxes, minority interests and extraordinary gain	$(68.3)	$162,2	$89.3
Provision (credit) for income taxes	(38.5)	68.4	25.0
Income (loss) before minority interests and extraordinary gain	(29.8)	93.8	64.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions)

Significant Accounting Policies (in part):

Income Taxes: Since it is Goodrich's intention to reinvest the undistributed earnings of its foreign subsidiaries, no provision is made for federal income taxes on these earnings. At December 31, 1982 the cumulative amount of undistributed earnings of foreign subsidiaries on which Goodrich has not provided deferred federal income taxes was $115.6.

Deferred federal income taxes are provided on Goodrich's share of the undistributed earnings of associate companies accounted for on the equity method. Undistributed earnings of foreign associate companies included in income retained in the business amounted to $28.1 as of December 31, 1982.

Deferred income taxes are also provided on timing differences in reporting depreciation and certain other transactions for financial reporting and income tax purposes. Investment and energy tax credits, except those sold through tax leasing arrangements, are accounted for by the flow-through method. Proceeds from the sale of tax benefits through tax leasing arrangements are included in income and deferred taxes are provided on such amounts.

Income Taxes

"Income (loss) before income taxes, minority interests and extraordinary gain" as shown in the Consolidated Statement of Income comprises the following:

Year ended December 31,	1982	1981	1980
Domestic	$(87.9)	$117.4	$39.5
Foreign	19.6	44.8	49.8
	$(68.3)	$162.2	$89.3

A summary of current and deferred taxes included as charges (credits) in the Consolidated Statement of Income is as follows:

	1982	1981	1980
Current:			
Federal	$ 6.5	$11.0	$ (2.5)
Foreign	14.0	19.6	18.5
State	.1	.9	—
	20.6	31.5	16.0
Deferred:			
Federal	(54.1)	34.5	7.7
Foreign	(3.9)	1.3	1.3
State	(1.1)	1.1	—
	(59.1)	36.9	9.0
Total	$(38.5)	$68.4	$25.0

The provision or credit for income taxes includes investment and energy tax credits of $9.3 for 1982, $3.9 for 1981 and $8.6 for 1980.

In 1982, the parent company incurred a tax loss which gave rise to a $10.4 refund claim and $21.8 of investment tax credit carryforwards. These credits, if not utilized, will expire as follows: $9.5 in 1995, $3.7 in 1996 and $8.6 in 1997. In addition, certain domestic subsidiaries, which are not consolidated for tax purposes, have a total of $58.9 in net operating loss carryforwards. These losses, if not utilized, will expire as follows: $.5 in 1996 and $58.4 in 1997. For accounting purposes, $21.8 of deferred tax credits have been eliminated by the parent company and $12.9 have been eliminated by the domestic subsidiaries. These deferred tax credits will be reinstated as the respective tax benefit carryovers are utilized.

The income tax rate for the years ended December 31, 1982, 1981 and 1980 varied from the statutory federal income tax rate as follows:

	Percent of Pretax Income (Loss)		
Year ended December 31,	1982	1981	1980
Statutory federal income tax rate	(46.0)%	46.0%	46.0%
Increases (decreases):			
Investment tax credit	(13.6)	(2.4)	(9.6)
Research and development credit	(2.5)	(.4)	—
Difference in rates on:			
Consolidated foreign subsidiaries	.4	1.5	(3.0)
Associate companies	5.0	(2.1)	(4.4)
Other items	.3	(.4)	(1.0)
Effective income tax rate for the year	(56.4)%	42.2%	28.0%

Components of deferred income taxes are as follows:

Year ended December 31,	1982	1981	1980
Accelerated depreciation for tax purposes	$ (8.0)	$ 3.1	$13.9
Available investment tax credit carryforward	(16.0)	1.1	(9.1)
Installment sales	(1.5)	(5.3)	(.7)
Capitalized interest	1.8	5.4	1.5
Net increase in financial accruals, not currently deductible	(9.5)	(4.1)	(.4)
Sales of tax benefits	4.1	30.9	—
Provision for termination of operations	(12.4)	(3.2)	1.3
Capitalized leases	(2.8)	.5	(.6)
Income (loss) of associate companies	(3.2)	2.6	1.7
Elimination of net deferred tax credits reversing during carryover period relating to domestic subsidiaries	(12.9)	—	—
Other items	1.3	5.9	1.4
Total	$(59.1)	$36.9	$ 9.0

JAMES RIVER CORPORATION OF VIRGINIA (APR)

	1982	1981	1980
Income before income tax expense and extraordinary charge	$34,281,605	$32,023,036	$30,890,210
Income tax expense	11,928,800	10,667,131	14,231,312
Income before extraordinary charge	22,352,805	21,355,905	16,658,898

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies:

D) Income Taxes

Timing differences exist in the computation of income for financial and tax reporting purposes which give rise to deferred taxes. The principal reason for these differences is the use of alternative methods for computing depreciation. The Company accounts for investment tax credits as a reduction of current taxes in the year realized.

10. Income Taxes:

Income tax expense is comprised of:

	1982	1981	1980
Current:			
Federal	$ 4,929,171	$ 6,839,745	$11,231,669
Less investment tax credits	(3,670,302)	(4,757,620)	(1,042,573)
	1,258,869	2,082,125	10,189,096
State	2,562,185	1,504,512	1,923,317
Total current provision	3,821,054	3,586,637	12,112,413
Deferred:			
Federal	7,285,518	6,195,074	1,793,272
State	822,228	885,420	325,627
Total deferred provision	8,107,746	7,080,494	2,118,899
Total taxes on income	$11,928,800	$10,667,131	$14,231,312

Investment tax credits include energy credits of $658,757 and $1,024,037 in fiscal 1982 and fiscal 1981, respectively.

Income tax expense varies from the amount computed by applying the statutory federal income tax rate to income before income taxes. The reasons for this difference are as follows:

	Percent of Pre-Tax Income		
	1982	1981	1980
Computed "expected" income tax rate	46.0%	46.0%	46.0%
Increases (decreases) in taxes resulting from:			
Investment tax credits	(10.7)	(14.9)	(3.4)
State income taxes, net of federal income tax benefit	5.3	4.1	3.9
Purchase method accounting for deferred retirement and other liabilities	(3.5)	(1.8)	—
Other items, net	(2.3)	(.1)	(.5)
Actual income tax rate	34.8%	33.3%	46.0%

Deferred income tax expense results from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The sources of these differences and the tax effect of each are as follows:

	1982	1981	1980
Depreciation expense	$8,214,370	$4,876,109	$1,852,169
Inventory valuation	649,921	1,859,039	—
Other items, net	(756,545)	345,346	266,730
Total deferred provision	$8,107,746	$7,080,494	$2,118,899

THE KROGER CO. (DEC)

	1982	1981 ($000)	1980
Earnings from continuing operations before taxes based on income	$207,958	$194,289	$162,560
Taxes based on income	64,200	64,805	59,774
Earnings from continuing operations	143,758	129,484	102,786

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All dollar amounts are in thousands except per share amounts.

Accounting Policies (in part)

Deferred Federal Income Taxes and Investment Tax Credits

Deferred federal income taxes consist primarily of the amount of tax applicable to the excess of depreciation for tax purposes over depreciation used for financial reporting purposes less the amount of tax applicable to the unfunded pension liability.

Investment tax credits are included as reductions of income tax expense in the years in which the credits arise.

The cost of tax benefits purchased as a result of the Company's participation in safe harbor leases is included in Other Investments and is subsequently reduced for the amount of these tax benefits utilized by the Company. Tax benefits purchased had no material effect on income tax expense or net earnings.

Taxes Based on Income

The provision for taxes based on income consists of:

	1982	1981	1980
Federal			
Current	$11,688	$25,987	$31,796
Deferred	13,446	20,578	13,091
	25,134	46,565	44,887
State and Local			
Current	15,200	14,243	14,887
Payments in lieu of federal income taxes	23,866	3,997	—
Total	$64,200	$64,805	$59,774

Investment and other tax credits reduced the tax provision by $27,007 in 1982, $27,652 in 1981 and $18,217 in 1980.

Payments in lieu of federal income taxes represent the estimated amounts payable to Baldwin-United Corporation under a tax allocation agreement. See Convertible Preferred Stock note.

A reconciliation of the statutory federal rate and effective rate is as follows:

	1982	1981	1980
Statutory rate	46.0%	46.0%	46.0%
State income taxes, net of federal tax benefit	3.9	4.0	4.9
Investment and other tax credits	(13.0)	(14.2)	(11.2)
Write-off of excess of cost of investment over equity in net assets	2.7	—	—
Capital gains	(6.0)	—	—
Other, net	(2.7)	(2.4)	(2.9)
Effective rate	30.9%	33.4%	36.8%

Deferred federal income taxes included in the Consolidated Statement of Earnings consist of:

	1982	1981	1980
The tax effect of amounts expensed (included in earnings) for tax purposes in excess of amounts used for financial reporting:			
Depreciation	$26,419	$19,831	$11,785
Excess pension contribution	(4,911)	(410)	475
Other	(8,062)	1,157	831
	$13,446	$20,578	$13,091

NATIONAL CAN CORPORATION (DEC)

	1982	1981	1980
	(Dollars in thousands)		
Earnings, before income taxes—Note H	$69,123	$46,758	$88,385
Income Taxes	35,091	22,080	37,831
Net Earnings	34,104	24,678	50,554

NOTES TO FINANCIAL STATEMENTS

A (in part): Statement of Significant Accounting Policies:

Income Taxes: Deferred income taxes represent the tax effect of differences in the timing of income and expense recognition for tax purposes versus financial statement reporting purposes. The differences relate principally to depreciation and accruals established for plant closings. United States income taxes are provided on the unremitted earnings of foreign subsidiaries after considering the effect of foreign taxes, except for earnings considered permanently invested. Foreign earnings on which taxes are not provided are immaterial. Investment tax credits are applied as a reduction of the provision for federal income taxes in the year in which tax credits become allowable.

H. Income Taxes:

The corporation files a consolidated United States federal income tax return which includes the subsidiary operating in Puerto Rico.

The provision for income taxes and the earnings on which they are based are as follows:

Income Tax Provision:
(Dollars in thousands)

	Year Ended December 31		
	1982	1981	1980
Currently payable:			
United States:			
Federal	$16,822	$ 2,749	$14,808
State	5,175	2,614	3,503
Foreign	9,350	10,486	18,338
	31,347	15,849	36,649
Deferred for timing differences:			
United States	1,523	2,116	3,457
Foreign	2,149	4,115	(2,275)
	3,672	6,231	1,182
	$35,019	$22,080	$37,831

Earnings:
(Dollars in thousands)

	Year Ended December 31		
	1982	1981	1980
United States	$54,137	$26,712	$37,702
Foreign	14,986	20,046	50,683
	$69,123	$46,758	$88,385

The effective income tax rates on earnings differed from the federal statutory income tax rate as follows:

	Year Ended December 31		
	1982	1981	1980
United States statutory tax rate	46.0%	46.0%	46.0%
Increase (decrease) in tax rate resulting from:			
State income taxes, less federal benefit	4.6	4.1	2.1
Investment tax credit	(5.4)	(14.1)	(3.7)
Nondeductible foreign operating losses	6.8	15.0	.7
Lower effective taxes on earnings considered permanently invested	(.3)	(1.9)	(.9)
Other, net	(1.0)	(1.9)	(1.4)
	50.7%	47.2%	42.8%

Investment tax credits were $3,755,000 in 1982, $6,585,000 in 1981 and $3,278,000 in 1980. Operating loss carryforwards of the International subsidiaries aggregate $28,459,000 at November 30, 1982 and expire as follows: $1,743,000 (1985), $4,731,000 (1986), $8,245,000 (1987), and $13,740,000 in subsequent years.

Major components of the deferred income tax provision are as follows:

(Dollars in thousands)	Year Ended December 31		
	1982	1981	1980
Accelerated depreciation	$6,552	$5,120	$4,800
Unremitted earnings of foreign subsidiaries	(773)	155	6,714
Dividends from foreign subsidiaries	(2,603)	(3,158)	(488)
Allowance for doubtful accounts	—	1,966	(1,306)
Accrual for plant closing and idle equipment	(1,116)	(1,099)	(4,013)
Capitalized interest	630	1,399	1,158
Accrued interest	518	260	1,305
Stock appreciation relief, England	—	—	(4,128)
Other, net	464	1,588	(2,860)
	$3,672	$6,231	$1,182

SUN COMPANY, INC. (DEC)

	1982	1981	1980
	(Millions of Dollars)		
Income before provision for income taxes	$944	$1,857	$1,237
Provision for income taxes (Note 3)	407	781	514
Net Income	537	1,076	723

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Taxes

Deferred income taxes have been provided for those items of revenue and expense which have been recognized for financial reporting in different periods than for income tax purposes.

U.S. income and foreign withholding taxes are provided on undistributed earnings of foreign subsidiaries deemed not to be permanently invested to the extent that U.S. taxes on distribution of such earnings would not be offset by foreign tax credits. In addition, U.S. income taxes are provided on undistributed earnings of affiliated companies.

Investment tax credits, other than credits resulting from contributions to the Employee Stock Ownership Plan which do not affect income, are included as a reduction of federal income tax expense in the year the credit is earned.

3: Income Taxes

	1982	1981	1980
	(Millions of Dollars)		
Income before provision for income taxes:			
U.S.	$716	$1,649	$ 619
Foreign	228	208	618
	$944	$1,857	$1,237

Components for provision for income taxes:

	1982	1981	1980
	(Millions of Dollars)		
Income taxes currently payable:			
U.S. federal	$ 28	$ 321	$ 222
Foreign and other	133	203	255
Deferred taxes:			
U.S. federal	210	252	(28)
Foreign and other	36	5	65
	$407	$ 781	$ 514

Effect of timing differences on income taxes:

	1982	1981	1980
	(Millions of Dollars)		
U.S. federal:			
Excess of tax over book intangible drilling costs	$115	$ 113	$ 75
Excess of tax over book depreciation	64	57	47
Excess of tax over book interest expense	43	38	26
Tax on undistributed earnings of affiliated companies and foreign subsidiaries	15	47	8
Tax effect of provision for loss on termination of ship construction operations	58	10	(108)
Tax effect of provision for losses on ship construction contracts	22	10	(31)
Other	(107)	(23)	(45)
	210	252	(28)
Foreign:			
Excess of tax over book depreciation and depletion	10	8	54
Other	26	(3)	11
	36	5	65
	$246	$ 257	$ 37

Reconciliation of U.S. statutory rate to effective rate:

	1982	1981	1980
	(Percent)		
U.S. statutory rate	46	46	46
Increase (reduction) in taxes resulting from:			
Foreign tax rates in excess of statutory rate	7	5	3
Benefit of investment tax credits	(5)	(2)	(3)
Benefit of Puerto Rico tax exemption	(4)	(1)	(4)
Income taxed at capital gains rates	—	(6)	(1)
Other	(1)	—	1
Effective tax rate	43	42	42

Sun has liabilities to certain unconsolidated subsidiaries of $66 and $64 million at December 31, 1982 and 1981, respectively, for tax benefits of the subsidiaries' operating losses included in Sun's consolidated federal income tax return. Since these losses result from timing differences and the liabilities are to be liquidated only through reversal of such timing differences, the foregoing amounts have been classified as deferred income taxes in the consolidated balance sheets.

At December 31, 1982 and 1981 undistributed earnings of foreign subsidiaries for which no U.S. income taxes have been provided approximated $192 and $199 million, respectively.

INVESTMENT CREDIT

The Internal Revenue Code generally permits a credit of up to 10% against Federal income taxes on the cost of certain depreciable assets purchased and placed in service during the tax year. Similar credits up to an addition 1% to 1.5% are allowed for corporate contributions to an ESOP (Employee Stock Ownership Plan). As required by the Revenue Act of 1971, once an accounting method has been adopted for the investment credit, no change can be made without the consent of the Secretary of the Treasury or his delegate. Treasury releases issued subsequent to the enactment of the Revenue Act of 1971 stipulate that only the flow-through or deferral method be used to account for the investment credit.

Table 3-13 shows that the survey companies usually use the flow-through method to account for the investment credit. Examples of disclosures of the accounting for the investment credit follow.

TABLE 3-13: INVESTMENT TAX CREDIT

	1982	1981	1980	1979
Flow-through method	537	531	528	529
Deferral method	54	62	67	67
No reference to investment credit	9	7	5	4
Total Companies	**600**	**600**	**600**	**600**

Flow-Through Method

TRW INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Investment tax credit is treated as a reduction of income tax expense in the year realized for tax purposes (flow-through method).

Income Taxes (in part)

The table below summarizes the significant differences between taxes on income for financial statement purposes and the United States statutory tax rate.

% of Pretax Income	1982	1981	1980
Statutory tax rate	46.0%	46.0%	46.0%
Investment tax credit	(5.6)	(4.1)	(3.7)
State and local income taxes—net of federal tax benefit	2.2	3.1	2.7
Gain on exchange of stock and cash for debt	(2.4)	—	—
Capital gains differential	—	(3.0)	—
Other	2.1	(1.3)	(1.3)
Effective tax rate	42.3%	40.7%	43.7%

Investment tax credits for the years ended December 31, 1982, 1981, and 1980 amounted to $19.1 million, $15.7 million, and $13.4 million, respectively.

Due to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982, a significant portion of long-term deferred income taxes relating to long-term contracts will become due next year and has been reclassified to current liabilities.

EMHART CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

(Dollars in Millions Except Share Amounts)

1 (in part): Summary of Significant Accounting Policies

Income Taxes

The effect of timing differences between amounts reported for financial statement purposes and for tax returns is recognized in the provisions for both United States and international income taxes. Provision is made for income taxes on undistributed earnings of international subsidiaries unless such earnings are considered permanently reinvested.

Investment tax credits are accounted for as a reduction of the provision for income taxes in the year in which the credits arise.

5 (in part): Provisions for Income Taxes

	1982	1981	1980
United States			
Current Federal taxes	$ 6.5	$14.6	$ 9.8
Less investment tax credit	3.6	1.5	1.5
Current taxes—net	2.9	13.1	8.3
Deferred Federal taxes:			
Contract losses	.6	2.2	5.2
Pensions	6.5	8.2	(2.2)
Accelerated depreciation	.8	(.1)	.8
Inventory valuations	(3.5)	.7	(1.2)
Other	(2.7)	4.7	1.9
Deferred taxes	1.7	15.7	4.5
Federal taxes	4.6	28.8	12.8
State taxes	4.2	5.5	3.7
United States taxes	8.8	34.3	16.5
International			
Current taxes	36.8	14.9	24.0
Deferred taxes:			
Accelerated depreciation	(.1)	.6	3.2
Foreign currency contracts	—	2.5	(4.0)
Inventory valuations	(.5)	(6.1)	.9
Other	1.2	(1.8)	(2.6)
Deferred taxes	.6	(4.8)	(2.5)
International taxes	37.4	10.1	21.5
Worldwide	46.2	44.4	38.0

REICHHOLD CHEMICALS, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Federal Income Taxes

Deferred Federal income taxes are provided in recognition of timing differences between financial statement and tax reporting. Income taxes are not provided on undistributed earnings of consolidated foreign subsidiaries, foreign joint ventures and the Company's Domestic International Sales Corporation (DISC), as the Company intends to continue to reinvest such earnings, and tax credits would be available as a reduction of United States income taxes in the event of a distribution of foreign earnings. The undistributed earnings of foreign subsidiaries, joint ventures and the DISC for which Federal income taxes have not been accrued at December 31, 1982 approximate $18,700,000.

Investment tax credits are treated as a reduction of income tax expense in the year in which the related asset is placed in service.

Note 9: Provision for Income Taxes

The provision for income taxes is comprised of the following:

	1982	1981 (In thousands)	1980
Current:			
Federal	$1,992	$ 9,595	$ 4,371
Less investment tax credit	859	1,248	1,869
	1,133	8,347	2,502
Foreign	1,579	1,836	2,604
State	178	1,183	1,018
Total current	2,890	11,366	6,124
Deferred:			
Federal	3,495	1,839	3,737
Foreign	(819)	(114)	416
Total deferred	2,676	1,725	4,153
	$5,566	$13,091	$10,277

SCOA INDUSTRIES INC. (JAN)

NOTES TO FINANCIAL STATEMENTS

Federal income taxes (in part)

Federal taxes on income were as follows:

	Fiscal year ended January 29, 1983	January 30, 1982	January 31, 1981
Current taxes:			
Federal	$25,835,000	$21,286,000	$27,264,000
Investment tax credits—flow through method	(1,845,000)	(1,463,000)	(906,000)
Deferred taxes	1,496,000	3,480,000	(5,161,000)
	$25,486,000	$23,303,000	$21,197,000

WEST POINT-PEPPERELL, INC. (AUG)

	1982	1981 (000 omitted)	1980
Income before income taxes	$66,767	$66,553	$73,157
Provision for income taxes			
Federal	27,635	26,897	30,321
State	3,300	3,550	3,320
	30,935	30,447	33,641
Investment tax credit (flow-through method)	7,235	4,947	2,965
Total provision for income taxes	23,700	25,500	30,676
Net income	$43,067	$41,053	$42,481

Deferral Method

ALPHA PORTLAND INDUSTRIES, INC. (DEC)

Summary of Significant Accounting Policies

Income Taxes

The Company computes and records taxes currently payable based upon determination of taxable income which is different from pre-tax financial statement income. Such difference arises from the reporting of financial statement amounts in different periods for tax purposes. The tax effect of such "timing" difference is provided as deferred taxes.

Investment credits recognized, including those utilized in computing deferred income taxes for timing differences, are reflected as a reduction of income tax expense over the productive lives of the related acquired properties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Income Taxes

Income tax provisions (credits) are as follows:

(000 Omitted)	1982	1981	1980
Federal—Before amortization of investment tax credit:			
Current	—	—	$ 313
Deferred	$2,322	$(13,686)	(11,233)
State and City:			
Current	181	3,266	3,036
Deferred	947	(972)	(2,063)
	3,450	(11,392)	(9,947)
Amortization of investment tax credit	(2,079)	—	(373)
Income taxes	$1,371	$(11,392)	$(10,320)

Deferred income taxes arise principally from reporting earnings on construction contracts for income tax purposes in the period in which the contracts are completed, rather than on the percentage-of-completion method used for financial reporting purposes. Deferred taxes on construction contracts are classified as current liabilities, since they are expected to reverse during the current operating cycle. The federal tax credits for 1981 and 1980 arise from reversal of deferred tax credits caused by operating losses incurred in those years; the 1982 provision represents a partial restoration of the reversal.

HARSCO CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies:

Investment Tax Credits:

United States investment tax credits are used to reduce Federal income taxes otherwise payable for the year in which the investment tax credits arise. However, for financial reporting purposes, investment tax credits are deferred and amortized into income as a reduction of income tax expense over the average useful lives of the properties which gave rise to the credits.

6 (in part): Income Taxes:

Income before taxes and the provision for income taxes in the consolidated statements of income consists of:

	1982	1981	1980
		(In thousands)	
Income before income taxes:			
Domestic	$40,247	$85,188	$66,842
Foreign	22,221	28,325	24,950
	$62,468	$113,513	$91,792
Provision for income taxes:			
Currently payable:			
Federal	$20,968	$28,770	$27,992
Foreign	6,717	10,328	8,247
State	3,445	3,864	3,960
	31,130	42,962	40,199
Deferred federal and state	(9,121)	3,609	(3,264)
Deferred foreign	2,151	1,415	2,333
Investment credits generated	4,935	5,899	4,300
Investment credits amortized	(2,748)	(1,906)	(1,488)
	$26,347	$51,979	$42,080

TAXES ON UNDISTRIBUTED EARNINGS

APB Opinion No. 23 stipulates that income taxes should be accrued for undistributed earnings of subsidiaries and corporate joint ventures included in consolidated earnings and that such accruals should be accounted for as timing differences. If there is evidence that the undistributed earnings of a subsidiary or corporate joint venture will not be transferred to the investor, income taxes should not be accrued, but disclosures should be made as to the reason for not accruing taxes (earnings will be reinvested or remitted in the form of a tax-free liquidation) and as to the cumulative amount of undistributed earnings. With regard to the undistributed earnings of other investees which are included in consolidated earnings, *APB Opinion No. 24* stipulates that income taxes should be accrued and treated as a timing difference.

An *AICPA Accounting Interpretation* of Opinion No. 23, published in the March 1973 issue of *The Journal of Accountancy* discusses disclosure of untaxed undistributed earnings of subsidiaries. The interpretation states in part:

> Care should be exercised in drafting the footnote required by paragraph 14-b of *APB Opinion No. 23* so that readers may be fully apprised of tax implications of unremitted earnings of subsidiaries. The following is illustrative.
>
> "It is the policy of the Company to accrue appropriate U.S. and foreign income taxes on earnings of subsidiary companies which are intended to be remitted to the parent company in the near future. Unremitted earnings of subsidiaries which have been, or are intended to be, permanently reinvested (disclosure of purpose), exclusive of those amounts which if remitted in the near future would result in little or no such tax by operation of relevant statutes currently in effect, aggregated $ at December 31, 1972."

Table 3-14 shows the extent to which the survey companies accrued taxes on undistributed earnings.

TABLE 3-14: TAXES ON UNDISTRIBUTED EARNINGS

	1982	1981	1980	1979
Taxes accrued on all undistributed earnings	28	28	21	25
Taxes accrued on a portion of undistributed earnings	139	140	154	150
Taxes not accrued on undistributed earnings	244	235	218	215
No mention of undistributed earnings	189	197	207	210
Total Companies	**600**	**600**	**600**	**600**

Taxes Accrued On All Undistributed Earnings

BELL & HOWELL COMPANY (DEC)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies:

Income Taxes. Taxes are provided for all items included in the Statement of Earnings, regardless of the period when such items will be reported for tax purposes, except that operating deductions in excess of currently realizable amounts are not tax benefited. Income taxes estimated to be payable upon distribution of earnings of international and Puerto Rican subsidiaries and of the Company's Domestic International Sales Corporations (DISCs) are provided currently. In 1981, the Company changed its method of accounting for the investment tax credit. These tax credits are now included in earnings as a reduction of the federal income tax provision in the year the related assets are placed into service (flow-through method) rather than amortized over the approximate useful lives of the related assets (deferral method). The effect of this change increased 1981 earnings by $498,000 or $.08 per share and the cumulative effect of this change as of the beginning of 1981 was $2,129,000 or $.38 per share.

Note F (in part): Income Taxes:

The pretax income amounts from continuing operations on which income taxes were provided were (see Note B regarding discontinued operations):

	1982	1981 (in thousands)	1980
Domestic (including Puerto Rico)	$24,647	$16,178	$18,738
Foreign	6,621	10,274	10,538
	$31,268	$26,452	$29,276

The provision for income taxes includes the following:

	1982	1981 (in thousands)	1980
Federal	$ 6,695	$ 2,544	$ 6,615
State	2,151	1,021	1,552
Foreign	3,875	6,014	3,753
	$12,721	$ 9,579	$11,920
Taxes currently payable	$11,213	$12,856	$11,092
Net provision for prepaid and long-term deferred taxes	1,508	(3,277)	828
	$12,721	$ 9,579	$11,920

The major components of the provision not currently payable result from:

	1982	1981 (in thousands)	1980
Taxes payable upon distribution of foreign, Puerto Rican and DISC earnings	$ 647	$ (555)	$1,230
Income deferred for tax purposes	134	374	787
Accounts and notes receivable realization allowances	(1,260)	(1,320)	—
Inventory realization allowances	(1,055)	(1,251)	(228)
Additional depreciation deductions	634	680	(27)
Deferred compensation accruals	(743)	(490)	(828)
Timing differences for other accrued and deferred expenses	3,151	(715)	(106)
	$1,508	$(3,277)	$ 828

MATTEL, INC. (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Income Taxes—Deferred income taxes are recorded in the consolidated financial statements when revenues and expenses are reported in different periods for financial statement purposes than for income tax purposes. Deferred income taxes also include the federal and foreign income taxes which would have been payable if the undistributed earnings of foreign subsidiaries had been remitted at the end of the fiscal year. Investment tax credits are recognized as a reduction of the provision for income taxes in the year in which they become available for tax purposes.

Note 4 (in part):

Income Taxes

The provision for income taxes consists of the following:

	1983	1982 (In thousands)	1981
Current—			
Federal	$ 9,000	$22,800	$ (700)
State	3,600	3,500	2,100
Foreign	19,800	15,500	9,100
	32,400	41,800	10,500
Deferred—			
Federal	(3,500)	(5,500)	(2,500)
State	(900)	(500)	(600)
Foreign	200	1,000	1,500
	(4,200)	(5,000)	(1,600)
	$28,200	$36,800	$ 8,900

The deferred income tax provision results from the following timing differences between tax and financial reporting:

	1983	1982 (In thousands)	1981
Accelerated tax depreciation	$ 400	$ 1,400	$ 1,500
Undistributed earnings of foreign subsidiaries	9,500	800	1,400
Allowances relating to non-current receivables	100	2,000	(2,300)
Inventory allowances	(6,200)	(1,700)	(3,000)
Accrued expenses not currently deductible	(7,000)	(7,800)	200
Plant closing costs	(3,300)	—	—
Deferred show costs	(2,400)	600	700
Installment sales	4,800	—	—
Other, net	(100)	(300)	(100)
	$(4,200)	$(5,000)	$(1,600)

NORTH AMERICAN PHILIPS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies—The significant accounting policies generally followed by North American Philips Corporation (NAPC) and its subsidiaries in the presentation of their consolidated financial statements are summarized below:

G. Deferred Federal Income Taxes—Deferred federal income taxes arise from differences between financial and income taxes reporting of certain revenues and expenses. Such differences relate principally to depreciation, inventory valuation, various lability accruals and undistributed earnings of Domestic International Sales Corporation (DISC) subsidiaries.

10 (in part): Income Taxes—The components of income tax expense relating to continuing operations are as follows:

	Years Ended December 31, 1982	1981	1980
Taxes currently payable			
Federal and foreign	$29,847	$43,882	$45,003
Investment, energy and other credits	(12,251)	(8,620)	(7,036)
	17,596	35,262	37,967
State	6,665	7,828	7,708
	24,261	43,090	45,675
Deferred			
Tax effect of timing differences between book and taxable income			
Excess of tax over book depreciation	9,126	4,720	1,559
Undistributed earnings of DISC subsidiaries	2,639	1,924	3,281
Net other expenses and (income) not currently deductible or taxable—principally related to inventory and long-term contract adjustments	(1,985)	1,527	4,384
	$34,041	$51,261	$54,899

Taxes Accrued On Portion Of Undistributed Earnings

BAKER INTERNATIONAL CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): Income Taxes

The sources and the amounts of taxes deferred for the three years ended September 30, 1982 were as follows:

In thousands of dollars	1982	1981	1980
Depreciation expense	$22,544	$ 9,940	$ 8,669
United States income tax on:			
Foreign earnings	9,064	3,670	568
DISC earnings	8,435	7,902	4,873
Revenue and expense recognized on accrual basis for financial statements and on cash basis for tax return	1,448	7,519	3,626
Inventory valuations—net	5,473	—	(892)
Other—net	3,583	435	(3,818)
Total deferred tax provision	$50,547	$29,466	$13,026

The Company accrues United States income taxes on foreign earnings expected to be repatriated in the foreseeable future. If such earnings are not repatriated during the forecast period, the taxes previously accrued are credited against the provision for United States income taxes on foreign earnings. Repatriation of all accumulated foreign earnings at September 30, 1982, 1981 and 1980 (excluding DISC earnings on which full United States income taxes have been provided) would have resulted in tax liabilities of approximately $54,326,000, $37,428,000, and $30,011,000, respectively, for which the Company has provided deferred tax liabilities of $26,023,000, $17,041,000, and $13,433,000, respectively.

THE CESSNA AIRCRAFT COMPANY (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies

h. Income taxes—Deferred income taxes arise from timing differences between financial and income tax reporting, principally relating to depreciation, certain accrued expenses, taxes applicable to the valuation of inventories using full-absorption costing being paid over a ten-year period and beginning October 1, 1976 for DISC income earned after that date. Deferred income taxes are not provided on undistributed earnings of the finance subsidiaries since Cessna files consolidated income tax returns. Investment tax credits are reflected as a reduction of the income tax provision in the year the related assets are placed in service.

6 (in part): Income Taxes

Because of the uncertainties regarding the permanency of the deferral of taxes on DISC operations, on October 1, 1976 the Company began providing for taxes on all DISC income earned after that date. DISC benefits are continuing to be taken in filing federal income tax returns. Taxes have not been provided on undistributed earnings of the DISC for years before 1977. The cumulative amount of earnings of the DISC for which income taxes have not been provided were $14,400,000 at September 30, 1982.

Deferred income tax expense results from timing differences in recognition of income and expense as described in Note 1. The sources of these differences and the tax effect of each were as follows:

	1982	1981	1980
Depreciation	$ 1,217,000	$ 845,000	$ 477,000
Inventory	(361,000)	(371,000)	(371,000)
DISC benefits	2,908,000	2,649,000	2,576,000
Accrued expenses	(5,561,000)	(4,516,000)	(1,933,000)
Accrued expenses—finance subsidiaries	(3,008,000)	209,000	946,000
	$(4,805,000)	$(1,184,000)	$ 1,695,000

CHICAGO PNEUMATIC TOOL COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Deferred Taxes are provided to the extent that income or expenses are recognized for tax purposes in a different period than for financial statement reporting purposes. These timing differences relate primarily to inventory provisions, DISC benefits, depreciation, deferred compensation including pension costs, allowances for doubtful accounts receivable and returns, and certain provisions associated with reorganization and facilities rearrangement costs.

Provision has been made for U.S. income taxes which may be payable upon transfer of undistributed earnings of certain foreign subsidiaries to the extent that it is the intention of the Company to remit earnings of these foreign subsidiaries. Investment tax credits are applied under the "flow-through" method.

U.S. and Foreign Income Taxes (in part)

The significant components of deferred taxes for 1982, 1981 and 1980 are presented below.

Deferred Tax Elements

(in thousands)	Tax Effect 1982	1981*	1980
Reorganization and facilities rearrangement costs primarily associated with asset disposals and related employment costs	$ (157)	$(2,355)	$(1,003)
Tax depreciation in excess of book depreciation	(1,178)	(899)	(1,184)
Provision for sales returns and allowances	460	—	—
Decrease (increase) in deferred DISC earnings	1,307	(298)	(799)
Inventory provisions	(273)	130	1,586
Deferred compensation and pension	1,603	170	(380)
Doubtful accounts receivable	1,358	360	—
Other (net)	(418)	239	200
Net deferred tax charge (credit)	$ 2,702	$(2,553)	$(1,560)

*Restated for comparative purposes.

Investment tax credits increased the current year's income tax benefit by $433,000 and reduced the 1981 and 1980 income tax provisions by $435,000 and $560,000, respectively. The Company does not accrue income taxes on undistributed earnings of certain foreign subsidiaries that have been, or are intended to be, permanently reinvested. At December 31, 1982 the amount of undistributed earnings included in retained earnings for which U.S. taxes have not been provided approximated $46,354,000. At December 31, 1982 the Company had book loss carryforwards of approximately $26,900,000 primarily relating to foreign operations and certain preacquisition tax loss carryforwards. Tax loss carryforwards of $32,500,000 will expire as follows: $100,000 in 1984, $1,300,000 in 1985, $5,500,000 in 1986, $3,500,000 in 1987, $1,400,000 in 1988, $800,000 in 1989, $600,000 in 1993, $4,000,000 in 1994, $2,100,000 in 1995 and $13,200,000 may be carried forward indefinitely.

ST. REGIS PAPER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Taxes on income, investment credits, and capital gains—The company computes and records taxes currently payable based upon determination of taxable income, which is different from pretax financial statement income. To the extent such difference is not permanent and arises from recording transactions which apply to the computation of taxable income in another period, the tax effect is provided for as deferred taxes.

The provision for Federal income taxes gives effect to the capital gains treatment of timber cutting and to investment tax credits for purchase or construction of qualified equipment and facilities. Such credits are reflected as a reduction of income tax expense on a flow-through basis in the year in which they arise.

Deferred income taxes are provided at capital gains rates on undistributed earnings of less-than-50-percent-owned companies where St. Regis' investment is accounted for by the equity method, based on the determination that the undistributed earnings will be realized by the ultimate disposition of the investment rather than in the form of dividends. No provision is made for income taxes on undistributed earnings of non-consolidated subsidiaries, consolidated foreign subsidiaries, 50-percent-owned joint ventures, and the company's Domestic International Sales Corporation subsidiary, since these earnings normally have been or will be reinvested in the businesses.

Income Taxes

Income taxes for the years ended December 31, 1982, 1981, and 1980, are shown in the following table:

(Thousands)	1982	1981	1980
Federal			
Current	$ 19,340	$ 21,221	$ 70,630
Less Investment tax credit	33,200	44,300	29,183
Employee stock ownership plan	3,600	5,400	4,077
Current, net	(17,460)	(28,479)	37,370
Deferred:			
Accelerated methods of computing depreciation	(5,379)	15,957	9,083
Pension costs	(9,788)	695	3,831
Deferred losses on sale of assets, net	(2,561)	(208)	(3,478)
Deferred compensation not deductible until paid	—	(1,221)	(566)
Undistributed earnings of non-consolidated affiliates	—	563	428
Unrealized foreign-currency gains	—	257	824
Timberlands adjustment	(301)	2,272	(3,195)
Capitalized interest	5,440	—	4,713
Compensation absences	(1,511)	(1,786)	(1,588)
Other, net	(1,973)	5,613	(2,866)
Deferred	(16,073)	22,142	7,186
Total Federal	(33,533)	(6,337)	44,556
Foreign			
Current	17,068	13,679	23,330
Deferred:			
Undistributed earnings of non-consolidated affiliates	(880)	(93)	3,707
Other, net	(2,047)	4,160	(2,481)
Deferred	(2,927)	4,067	1,226
Total foreign	14,141	17,756	24,556
State and local	1,123	5,750	10,800
Provision (credit) for income taxes	$(18,269)	$ 17,159	$ 79,912

No deferred taxes were provided for timing differences originating in 1982 since the current Federal income tax provision was based on taxes relating to capital gains, which exceeded pretax financial statement income. The deferred taxes recorded for 1982 principally represent the difference between 1981 book estimates and amounts reflected on the 1981 income tax return, as well as changes resulting from examination of the 1977 and 1978 tax returns by the Internal Revenue Service.

In 1982, 1981, and 1980, taxes provided are less than the taxes would have been using the U.S. Federal income tax statutory rate. The differences are as follows:

(Thousands)	1982	1981	1980
Tax at statutory rate	$ 12,309	$ 89,251	$ 118,358
Increases (decreases) in taxes from:			
Capital gains, principally on timber cutting	(6,288)	(19,080)	(18,000)
Capital losses	—	1,440	961
Investment tax credits	(29,545)	(45,069)	(29,628)
Employee stock ownership plan, net	(1,944)	(2,916)	(2,202)
State and local taxes	1,123	3,105	5,832
Equity in earnings of non-consolidated subsidiaries	(8,479)	(7,278)	(4,030)
Foreign taxes	14,123	(6,713)	5,247
Other, net	432	4,419	3,374
Provision (credit) for taxes	$(18,269)	$ 17,159	$ 79,912

Earnings before taxes for domestic operations amounted to $3,493,000 in 1982, $141,319,000 in 1981, and $198,988,000 in 1980; for foreign operations, $23,266,000 in 1982, $52,705,000 in 1981, and $58,312,000 in 1980.

The cumulative amounts of undistributed earnings of consolidated and non-consolidated subsidiaries and 50-percent-owned joint ventures on which the company has not provided income taxes were approximately $198,000,000 in 1982, $228,000,000 in 1981, and $191,000,000 in 1980.

As of December 31, 1982, Federal income tax returns of St. Regis have been examined by the Internal Revenue Service through 1978. Provision has been made in the financial statements in amounts believed to be adequate to cover any assessments through 1982.

SPS TECHNOLOGIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Income Taxes

Income taxes are provided on the unremitted earnings of unconsolidated affiliates on the assumption that such earnings will be realized as dividends in the future. Deferred income taxes are provided for timing differences between financial and taxable income before income taxes. Long-term construction contracts are accounted for under the percentage of completion method for financial reporting purposes and completed contract method for income tax purposes. Investment tax credits are recognized under the flow-through method.

13 (in part): Income Taxes

The provision for deferred taxes reflects timing differences with respect to the following:

	1982	1981	1980
Depreciation	$ (599,000)	$ 75,000	$ 86,000
Inventory allowances	(830,000)	79,000	(485,000)
Employee benefits and compensation	195,000	343,000	(804,000)
Long-term contract accounting	369,000	(415,000)	553,000
Unremitted net earnings of affiliated companies	28,000	196,000	208,000
Consolidation of the Automated Systems Division	(411,000)		
Allowances for doubtful receivables	(78,000)	(24,000)	(101,000)
Other, net	(150,000)	(104,000)	(34,000)
	$(1,476,000)	$ 150,000	$(577,000)

■ ■ ■ ■

United States income taxes have not been provided on the unremitted earnings of consolidated non-United States and Puerto Rican subsidiaries of approximately $44,700,000 because in management's opinion such earnings are required in these operations or will, in part, be remitted in a tax-free liquidation.

THE PILLSBURY COMPANY (MAY)

SUMMARY OF SIGNIFICANT ACCOUNTNG POLICIES

Taxes on Income

Investment tax credits are reflected as reductions in federal income taxes in the year eligible equipment purchases are placed in service. Federal income taxes are provided on unremitted earnings of subsidiaries which are not reinvested indefinitely.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 (in part): Taxes on Income

Deferred taxes result from timing differences in the recognition of revenue and expense for tax and financial statement purposes. Tax effects of those differences are:

Earnings of domestic international sales corporations (a)	$ 8.8	$ (.7)	$(11.6)
Unremitted earnings of consolidated foreign subsidiaries (a)	(4.0)	2.0	1.2
Excess of tax over book depreciation	13.9	8.2	5.8
Change in accruals not currently deductible for taxes	(6.1)	1.1	(1.2)
Method of valuing inventory (b)	.8	8.2	
Installment sales	4.1	1.7	.6
Other, net	3.5	(1.6)	1.0
	$ 21.0	$ 18.9	$ (4.2)

■ ■ ■ ■

(a) At May 31, 1982 Federal taxes have not been provided on approximately $58.9 million of unremitted earnings of certain subsidiaries which management intends to reinvest indefinitely.

(b) A wholly-owned subsidiary follows the LIFO (last-in, first-out) method of valuing inventory, however such inventory is restated on consolidation to maintain consistency of accounting policies.

No Accrual for Taxes

ALLIS-CHALMERS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

Taxes have not been provided on unremitted earnings of non-U.S. and DISC subsidiaries of approximately $133.1 million at December 31, 1982, because these earnings are considered to be reinvested in the subsidiaries for expansion and operating requirements.

AVNET, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Income taxes—Although the Company uses different methods of accounting for financial statements and tax purposes with respect to certain income and expenses, the net effect is not material. The Federal investment tax credit is taken into income as a reduction of income taxes in the year that the assets are placed in service. No provision for income taxes has been made for (1) $18,700,000 of cumulative unremitted earnings of foreign subsidiaries and (2) $10,700,000 of accumulated earnings of a domestic international sales corporation, nor have tax benefits been provided for on the cumulative translation losses, because earnings are expected to be reinvested outside the United States or indefinitely deferred in accordance with the Internal Revenue Code.

EAGLE-PICHER INDUSTRIES, INC. (NOV)

NOTES TO FINANCIAL STATEMENTS

Accounting Policies (in part)

Income Taxes

Deferred taxes are provided for items included in the statement of income which are reported for income tax purposes in periods different from those for financial statement purposes. Deferred taxes are not provided on the undistributed earnings of the Company's Domestic International Sales Corporation which are intended to be permanently reinvested. At November 30, 1982 such undistributed earnings amounted to approximately $5,500.000.

Investment tax credits are accounted for by the flow-through method.

MIDLAND-ROSS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Accounting Policies

Income Taxes: Deferred income taxes result from timing differences, principally from accelerated depreciation and completed contracts. It is the company's intention to reinvest undistributed earnings of foreign subsidiaries and its Domestic International Sales Corporations; accordingly, no deferred income taxes have been provided thereon. At December 31, 1982, such undistributed earnings amounted to approximately $42,500,000. In the event of distribution, foreign tax credits would be available as a partial reduction of federal income taxes.

Investment tax credits are recorded by the flow-through method as a reduction of the provision for income taxes in the year in which credits arise.

NORTON SIMON INC (JUN)

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Federal income taxes are not provided currently on undistributed earnings of foreign subsidiaries where the present intention is to reinvest substantially all such earnings. The investment tax credit is recognized as a reduction of federal income tax in the year in which the credit arises. Tax effects of transactions are recognized in the year in which they enter into the determination of net income. Accumulated timing differences are shown as deferred income taxes in the balance sheets.

Income Taxes (in part)

At June 30, 1982, deferred federal income taxes had not been provided on approximately $147,000,000 of undistributed earnings of foreign subsidiaries.

A. O. SMITH CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (in part): Income Taxes

No provision for federal income taxes is made on the undistributed earnings of the Domestic International Sales Corporation and foreign subsidiaries that are considered permanently invested. At December 31, 1982 such undistributed earnings were $6.5 million on which no federal income taxes were provided.

WEST CHEMICAL PRODUCTS, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Income Taxes: Investment tax credits, which are not material, are amortized generally over a seven year period. Income taxes are not provided for undistributed earnings of the Canadian subsidiary (approximately $2,200,000 at November 30, 1982), since such earnings have been or will be reinvested or will be transferred to the Company without federal income tax consequences.

FOREIGN CURRENCY TRANSLATION

Effective for fiscal years beginning on or after December 15, 1982, FASB *Statement of Financial Accounting Standards No. 52* will supersede FASB *Statement of Financial Accounting Standards No. 8* as the authoritative pronouncement on foreign currency translation. *SFAS No. 52* requires translation adjustments to be reported separately and accumulated in a separate component of equity; whereas, *SFAS No. 8* requires translation adjustments to be included in determining net income. Table 1-8 shows that 309 survey companies (142 in 1981 and 167 in 1982) disclosed early compliance with *SFAS No. 52.* Examples of foreign currency translation disclosures follow.

ALUMINUM COMPANY OF AMERICA (DEC)

NOTES TO FINANCIAL STATEMENTS

(In millions)

D. Accounting Change–Foreign Currency Translation

In 1982 Alcoa adopted Statement of Financial Accounting Standards No. 52, Foreign Currency Translation. For the company's significant foreign operations, the U.S. dollar continues to be the functional currency under the new standard. Retroactive application of this standard would not have been material to Alcoa's 1981 and 1980 results.

The following table is an analysis of the translation adjustment component of shareholders' equity at December 31, 1982.

Translation adjustment as of January 1, 1982	$ 1,7
Translation adjustments during the year	(15.9)
Income tax effect	7.3
Translation adjustment at December 31, 1982	$ (6.9)

Foreign currency transaction gains (losses) included in net income follows.

	1982	1981	1980
Consolidated companies	$ 2.1	$ 7.5	$ .9
Equity companies:			
Alcoa of Australia	9.5	1.0	1.3
Other	(7.1)	(3.9)	(4.0)
	$ 4.5	$ 4.6	$(1.8)

BORG-WARNER CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Operations Outside the United States

Borg-Warner's equity in net earnings of consolidated subsidiaries outside the U.S. was $29.9 million in 1982, a net loss of $3.3 million in 1981 and net earnings of $2.7 million in 1980.

Borg-Warner's equity in the net assets of these companies at December 31 is summarized as follows:

(millions of dollars)	1982	1981	1980
Current assets	$308.7	$352.9	$302.3
Non-current assets	156.6	155.7	207.0
Total assets	465.3	508.6	509.3
Current liabilities	162.2	152.6	138.3
Non-current liabilities	93.9	132.8	120.6
Net assets before minority interests	209.2	223.2	250.4
Minority interests	24.2	23.8	20.9
Borg-Warner's equity in net assets	$185.0	$199.4	$229.5

In 1981, Borg-Warner consolidated the majority of its Mexican and South American subsidiaries. Borg-Warner's equity in underlying net assets of its Mexican and South American subsidiaries at December 31, 1980, translated at the exchange rate in effect at year-end, exceeded the carrying value of these companies by $13.0 million.

Consolidated net earnings include foreign exchange charges of $5.4 million in 1982 resulting primarily from the recognition of Mexico as a hyperinflationary economy. Net losses of consolidated Mexican operations were not material. Foreign exchange charges of $5.2 million were included in consolidated earnings for 1980.

Current translation adjustment

In 1981 Borg-Warner Corporation adopted Statement of Financial Accounting Standards No. 52, whereby adjustments resulting from the translation of foreign currency financial statements are excluded from the determination of income and accumulated in a separate component of shareholders' equity. Following is an analysis of the change in the currency translation adjustment for the years ended December 31:

(millions of dollars)	1982	1981
Currency translation adjustment at January 1	$(14.0)	$15.8
Current translation adjustments and net asset hedges	(24.5)	(26.7)
Amounts allocated to income tax liabilities	(2.0)	(3.1)
Currency translation adjustment at December 31	$(40.5)	$(14.0)

The currency translation effect on working capital included in the Statement of Changes in Financial Position reflects the net effect of currency translation resulting from the application of FASB Statement 52 to the elements of the balance sheet.

ELI LILLY AND COMPANY (DEC)

Consolidated Statements of Income and Retained Earnings

	1982	1981	1980
		(Dollars in thousands)	
Net sales	$2,962,711	$2,773,205	$2,558,637
Operating costs and expenses:			
Manufacturing costs of products sold	1,129,094	1,083,734	1,023,515
Research and development	267,365	234,809	200,700
Marketing	561,129	507,516	463,756
Shipping	58,343	58,657	57,736
General administrative	275,842	271,880	247,623
	2,291,773	2,156,596	1,993,330
Operating Income	670,938	616,609	565,307
Other income (deductions):			
Interest income	50,212	58,070	39,560
Interest expense	(40,055)	(45,450)	(35,595)
Interest expense capitalized	13,365	23,276	17,153
Foreign exchange losses	(18,495)	(25,209)	(14,008)
Other—net	8,192	18,694	17,924
Income Before Taxes	684,157	645,990	590,341

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Change

Foreign Currency Translation: Effective January 1, 1981, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 52. In the application of this Statement, exchange adjustments resulting from foreign currency transactions generally are recognized currently in income, whereas adjustments resulting from translation of financial statements generally are reflected as a separate component of shareholders' equity. This accounting change had the effect of increasing net income for 1981 by $13 million ($.17 per share). The effect on net income for 1980 would not have been material. An analysis of currency translation adjustments reflected in shareholders' equity is shown on page 37.

Currency Translation Adjustments

Following is an analysis of currency translation adjustments reflected in shareholders' equity:

	1982	1981
	(Thousands)	
Balance (negative amount) at January 1	$(45,663)	$ (5,708)
Translation adjustments and gains and losses from hedging and intercompany transactions	(43,470)	(40,712)
Allocated income taxes	4,273	757
Balance at December 31	$(84,860)	$(45,663)

JOHNSON & JOHNSON (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Foreign Currency Translation

In 1981, the Company adopted FAS No. 52, Foreign Currency Translation, which replaced FAS No. 8. The financial statements for 1980 have not been restated for the change as the effect of FAS No. 52 in that year was immaterial. Under FAS No. 8, net earnings would have been reduced by $58.6 million or $.32 per share in 1981. Net currency transaction gains and losses included in net earnings were a gain of $4.6 million in 1982 and losses of $.7 million and $.1 million in 1981 and 1980.

Under FAS No. 52, balance sheet currency effects are recorded in a separate component of stockholders' equity. This equity account includes the results of translating all balance sheet assets and liabilities at current exchange rates except for those located in highly inflationary economies, principally Argentina, Brazil, Colombia and Mexico.

An analysis of the changes during 1982 and 1981 in the separate component of stockholders' equity for cumulative currency translation adjustments follows:

(Dollars in Millions)	1982	1981
Beginning of year	$ (85.7)	(5.0)
Translation adjustments	(76.8)	(78.6)
Income taxes allocated to translation adjustments	(1.0)	(2.1)
End of year	$(163.5)	(85.7)

Translation adjustments relate primarily to inventories and property, plant and equipment and do not exist in terms of functional currency cash flows. FAS No. 52 provides that these translation adjustments should not be reported as part of operating results since realization is remote unless such international businesses were sold or liquidated.

NL INDUSTRIES, INC. (DEC)

SUMMARY OF ACCOUNTING POLICIES

Translation of Foreign Currencies: In 1982, the Company adopted FAS No. 52 (Foreign Currency Translation) which replaces FAS No. 8. Accordingly, since January 1, 1982, the balance sheets of foreign subsidiaries have been translated at year end rates of exchange and income statements at weighted average rates of exchange, a change from FAS No. 8 which required translation of fixed assets and related depreciation, inventories, cost of sales and applicable deferred income tax accruals at historical rates of exchange. In addition, gains and losses from translation, certain intercompany balances, hedging net foreign investments and their related tax effects have been accumulated in a separate section of shareholders' equity which, in prior years, were included in net income. These changes apply to all foreign entities except those in highly inflationary economies, for which translation rules remain essentially unchanged and which are not material.

NOTES TO FINANCIAL STATEMENTS

3: Foreign Exchange

Effective January 1982, the Company adopted FAS No. 52 (See Summary of Accounting Policies). Foreign currency exchange gains and losses included in the determinations of income for the years 1982, 1981 and 1980 were as follows:

	1982	1981	1980
		(in thousands)	
Transaction gains	$321	$1,174	$2,241
Translation gains	—	4,892	1,207
Included in other income	321	6,066	3,448
Effects of translating fixed assets, depreciation and inventories at historical rates of exchange (included in cost of sales)	—	(14,887)	(1,674)
	$321	$(8,821)	$1,774

The impact of adopting the new method of 1982 is estimated to have increased net income $13,000,000 ($.20 per share of common stock).

The changes in the "Translation Adjustments" component of shareholders' equity during 1982 were as follows:

(in thousands)	1982
Balance at January 1, 1982	$ (319)
Translation adjustments, gains (losses) from hedging and certain intercompany balances	(29,286)
Income taxes related to hedges and intercompany balances	433
Balance at end of year	$(29,172)

OWENS-CORNING FIBERGLAS CORPORATION (DEC)

Consolidated Statement of Income

	1982	1981	1980
		(In thousands of dollars)	
Costs and Expenses:			
Cost of sales	$1,888,551	$1,924,535	$1,851,734
Marketing and administrative expenses	293,733	285,750	251,060
Science and technology expenses	72,479	67,697	58,278
Cost of borrowed funds	32,808	37,041	32,715
Cash discounts	20,576	21,142	20,553
State and local income and franchise taxes	5,214	4,855	6,845
Foreign currency exchange (gain) loss (Note 3)	5,836	(2,768)	164
Gain on sale of investment in affiliates	—	(4,665)	—
Gain on repurchase of debt	(3,910)	(1,064)	(939)
Other	46,404	21,093	38,604
	$2,361,691	$2,353,616	$2,259,014

Consolidated Statement of Stockholders' Equity

	1982	1981	1980
		(In thousands of dollars)	
Common Stock			
Balance Beginning of Year	$120,552	$119,818	$117,167
Add:			
Proceeds from issuance of shares under stock option plan	257	690	2,464
Tax benefits arising from employees' disqualifying disposition of common stock purchased under stock option plan	12	44	187
Balance End of Year	$120,821	$120,552	$119,818
Retained Earnings			
Balance Beginning of Year	$653,035	$639,957	$622,339
Add—Net income for the year	29,686	49,849	54,321
Deduct—Cash dividends declared on common stock ($1.20 per share)	36,787	36,771	36,703
Balance End of Year	$645,934	$653,035	$639,957
Foreign Currency Translation Adjustments (Note 3)			
Initial adjustment January 1, 1982	$ (4,946)	$ —	$ —
Current year effect of translation adjustments (net of income taxes of $1,469,000)	(9,080)	—	—
Balance End of Year	$(14,026)	$ —	$ —
Treasury Stock			
Purchase of 3,000,000 common shares at cost	$(97,888)	$ —	$ —
Stockholders' Equity	$654,841	$773,587	$759,775

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign Operations

Accounts of foreign subsidiaries and affiliates are maintained in the currencies of the countries in which they operate and beginning January 1982 are translated into U.S. dollars in conformity with FASB Statement 52. Years prior to 1982 are translated into U.S. dollars in conformity with FASB Statement 8.

Forward exchange contracts are purchased to hedge against currency fluctuations affecting operations of certain foreign subsidiaries. Realized and unrealized gains and losses on these contracts are recorded in income currently except that gains and losses on contracts to hedge specific foreign currency commitments are deferred and accounted for as part of the commitment transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3: Foreign Currency Translations and Exchange Loss

The accounts of foreign subsidiaries and affiliates are translated in accordance with FASB Statement 8 for 1981 and 1980. If 1981 and 1980 had been translated in accordance with FASB Statement 52, net income and earnings per share would have been $42,314,000 and $1.38 in 1981, and $53,288,000 and $1.74 in 1980 respectively. The adjustment as of January 1, 1982, to reflect the conversion to FASB Statement 52 is a reduction of stockholders' equity of $4,946,000.

During the fourth quarter of 1982, losses due to unauthorized speculation in foreign currency contracts were detected which reduced 1982 net income by $5,800,000, or $.19 per share.

UNIROYAL, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Translation of Foreign Currencies

In 1981 the company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation," which generally provides for the exclusion of foreign exchange translation adjustments from net income and requires the use of current exchange rates for translating the foreign currency denominated financial position and the results of operations in countries which are not considered to be highly inflationary. The company has subsidiary or affiliate operations of varying significance in Argentina, Brazil, Colombia and Mexico which are considered to be highly inflationary economies and, therefore, the translation procedures applicable to these operations generally remained unchanged. The effect of the adoption on 1980 net income was not considered significant and, therefore, 1980 was not restated.

An analysis of the change in accumulated translation adjustment follows:

	1982	1981
	In thousands	
Beginning balance	$(24,631)	(6,809)
Translation adjustments and gains and losses from certain hedges	(14,084)	(17,996)
Applicable income taxes	(205)	174)
Realization of losses applicable to divestments	4,232	—
Ending balance	$(34,688)	(24,631)

Other income, net consisted of:

	1982	1981	1980
		In thousands	
Interest income	$15,441	16,636	15,189
Equity in net income of affiliated companies	2,644	8,588	7,203
Dividends and stock redemptions from PASA	1,952	1,181	3,364
Royalty income	2,227	2,784	2,952
Gain on sale of assets	2,668	166	10,199
Gain on Monochem and Rubicon restructing	24,568	—	—
Minority interest	549	391	(2,160)
Foreign exchange	(2,868)	(1,441)	3,295
Other	3,430	(508)	(834)
Total	$50,611	27,797	39,208

LONG-TERM CONTRACTS

Accounting and disclosure requirements for long term contracts are discussed in *Accounting Research Bulletin No. 45.* Chapter 11 of *Accounting Research Bulletin No. 43,* and AICPA *Statement of Position 81-1.*

Table 3-15 shows that usually the percentage of completion method or a modification of this method, the unit of production method, is used to recognize revenue on long-term contracts. Examples of disclosures for long-term contracts follow.

ARVIN INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Contract Revenue Recognition: Sales under short-term and long-term government and certain other contracts are recorded on the percentage of completion method. Under this approach, sales and gross margin are recognized as the work is performed, based on the ratio that incurred costs bear to estimated total completion costs. Provisions for anticipated losses are made in the period in which they first become determinable.

Unbilled charges represent accrued fees and costs incurred to date, including allocated technical and general and administrative overhead, reduced by amounts identifiable with revenue recognized.

HAZELTINE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Significant Accounting Policies

Revenue and Expense Recognition—Sales of products and services to customers are generally reported in operating results on the percentage of completion method based upon shipment of the product or the performance of services pursuant to contractual terms. Revenue under long-term contracts for which shipments are an inappropriate measurement of performance are reported in operating results on the percentage of completion method based upon incurred costs compared to total estimated costs.

Expenditures for Company initiated research and development programs ($7,121, $5,098 and $4,111 in 1982, 1981 and 1980, respectively) are allocated in contract costs as incurred.

KAISER STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Significant Accounting Policies

Contract Revenues

Revenues from long-term fabrication and construction contracts are recognized on the percentage-of-completion method, generally measured on the basis of direct labor hours. This represents a change in accounting in 1982 as described in Note C.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor and supplies. Selling and administrative costs and depreciation are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Profit is recognized when its realization is reasonably assured and the amount can be reliably estimated.

Note C: Long-Term Contracts

In 1982, the company changed its method of accounting for long-term fabrication and construction contracts from the completed-contract method to the percentage-of-completion method in response to Financial Accounting Standard No. 56. The financial statements of the prior years have been restated to apply the new method retroactively. For income tax purposes, the completed contract method has been continued. The change in accounting decreased 1982 net earnings $678,000 ($0.09 per share). The effect of the accounting change in 1981 and 1980 is as follows:

	1981		1980	
	Amounts	Per Share	Amounts	Per Share
	(thousands of dollars except per-share amounts)			
Net earnings (loss) as previously reported	$(437,455)	$(61.53)	$191,469	$27.16
Effect of percentage-of-completion method	(1,264)	(.17)	3,049	.44
Net earnings (loss) as restated	$(438,719)	$(61.70)	$194.518	$27.60

Accounts receivable and inventories include the following amounts relating to long-term contracts and programs:

	December 31	
(thousands of dollars)	1982	1981 (Restated)
Accounts receivable		
Recoverable costs on contract—not billed	$ 1,925	$ 1,199
Retentions due on completion of contracts	3,760	3,377
	$ 5,685	$ 4,576
Inventories:		
Inventoried costs, net of amounts attributable to revenues recognized to date	$31,727	$36,493
Raw materials and supplies	3,647	3,058
	35,374	39,551
Deduct progress payments	30,569	30,647
	$ 4,805	$ 8,904

TABLE 3-15: METHOD OF ACCOUNTING FOR LONG-TERM CONTRACTS

	1982	1981	1980	1979
Percentage-of-completion	98	91	92	88
Completed contract	10	11	15	11
Not determinable	1	1	1	1
Referring to long-term contracts	**109**	**103**	**108**	**100**
Not referring to such contracts	491	497	492	500
Total Companies	**600**	**600**	**600**	**600**

Recoverable costs not billed represent amounts of revenue recognized on contracts, but not billable at the balance sheet date in accordance with contractual terms.

The balances billed but not paid by customers pursuant to retention provisions will be due upon completion of the contracts and acceptance by the owner. The retention balance at December 31, 1982, is expected to be collected by 1984.

THE LTV CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Revenue Recognition

Sales of products other than fixed price and cost reimbursement type aerospace/defense contracts are recognized when products are shipped to the customer.

Sales and profits from fixed-price aerospace/defense contracts are based on estimated final costs and are recorded at the time of delivery. Sales and fees from cost reimbursement aerospace/defense contracts are recognized using the percentage-of-completion method of accounting and are recorded as costs are incurred in the proportion that costs incurred bear to total estimated costs at completion. Incentive fees are recognized using the percentage-of-completion method when sufficient information is obtained to relate actual performance to target performance. Losses on contracts are recorded when identified.

STERLING DRUG INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies (in part):

Long-Term Contracts. Revenue and costs of long-term construction contracts related to the Environmental Control segment are recognized on a percentage-of-completion basis. Percentage of completion for each contract is based on engineering estimates of contract work performed to date.

UMC INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5: Long-Term Contracts

Revenues under long-term contracts are recognized under the percentage-of-completion method of accounting and are measured principally on either a cost-to-cost or a unit-of-delivery basis. Provision is made for all anticipated losses on uncompleted contracts.

Receivables pertaining to long-term contracts were $11,179,00 at December 31, 1982 and $10,115,000 at December 31, 1981 of which approximately 82% and 78%, respectively, were attributable to U.S. Government contracts. Accounts receivable include unreimbursed costs and accrued profits to be billed of $5,201,000 and $4,823,000 at December 31, 1982 and 1981, respectively. Long-term contract inventories net of progress payments of $4,123,000 and $3,343,000 amounted to $2,354,000 and $892,000 at December 31, 1982 and 1981, respectively.

Inventory, relating to U.S. Government contracts, includes general and administrative expenses amounting to $789,000 and $668,000 at December 31, 1982 and 1981, respectively.

UNIVERSAL VOLTRONICS CORP. (JUN)

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Revenue Recognition:

Sales, other than revenues from major long-term contracts, are recorded as products are shipped. Long-term contract revenues are recognized under the percentage-of-completion method based on the ratio of costs incurred to date on the contract to total estimated contract costs after providing currently for all known or anticipated losses. Costs include material, direct labor and engineering and manufacturing overhead. Selling, general and administrative expenses are charged to income as incurred. At June 30, 1982, costs and estimated earnings in excess of progress billings on uncompleted contracts will be billed in fiscal year 1983; the excess of billings over costs and estimated earnings on uncompleted contracts are expected to be earned in fiscal 1983.

UNC RESOURCES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

(c) Long-Term Contracts. Revenues under fixed-price and fixed-price incentive government contracts and firm contracts for the construction of marine vessels are recognized under the percentage-of-completion method in the ratio that costs incurred bear to estimated total costs. Cost estimates are reviewed periodically as the work progresses, and adjustments to revenue are reflected in the period in which revisions to such estimates are deemed appropriate. Performance incentives incorporated in certain government contracts are recognized when incentives are earned or awarded or penalties are incurred or assessed. Conditional contracts for the construction of marine vessels are accounted for on the completed-contract method; when the conditional provisions of the contracts are fulfilled and the contracts become enforceable, revenue is recognized on the percentage-of-completion method. Revenues on other contracts are recognized on the completed-contract method. Provisions for estimated losses on contracts are recorded when identified.

6: Contracts in Process

Costs and estimated earnings on uncompleted contracts were as follows (dollars in thousands):

	December 31, 1982	1981
Costs incurred and estimated earnings on uncompleted contracts	$491,146	$353,721
Less billings to date	460,314	331,117
	$ 30,832	$ 22,604
The net amounts above are included in the consolidated balance sheets under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 32,639	$ 23,995
Billings in excess of costs and estimated earnings on uncompleted contracts	1,807	$1,391
	$ 30,832	$ 22,604

Approximately 95 percent and 99 percent of the amount billed at December 31, 1982 and 1981, relate to contracts with the U.S. Government, which has a security title in the components being fabricated by reason of progress payments made.

Retainages arising from provisions in U.S. Government contracts are collectible periodically according to the terms of the individual contract; $5,600,000 of retainable at December 31, 1982, is expected to be collected within one year.

DISCONTINUED OPERATIONS

Paragraph 8 of *APB Opinion No. 30* states:

Discontinued Operations of a Segment of a Business. For purposes of this Opinion, the term *discontinued operations* refers to the operations of a segment of a business as defined in paragraph 13 that has been sold, abandoned, spun off, or otherwise disposed of or, although still operating, is the subject of a formal plan for disposal (see paragraph 14). The Board concludes that the results of continuing operations should be reported separately from discontinued operations and that any gain or loss from disposal of a segment of a business (determined in accordance with paragraphs 15 and 16) should be reported in conjunction with the related results of discontinued operations and not as an extraordinary item. Accordingly, operations of a segment that has been or will be discontinued should be reported separately as a component of income before extraordinary items and the cumulative effect of accounting changes (if applicable) in the following manner:

Income from continuing operations before income taxes	$xxx	
Provision for income taxes	xxx	
Income from continuing operations		$xxx
Discontinued operations (Note —):		
Income (loss) from operations of discontinued Division X (less applicable income taxes of $—)	$xxx	
Loss on disposal of Division X, including provision of $— for operating losses during phase-out period (less applicable income taxes of $—)	xxx	xxx
Net income		$xxx

Amounts of income taxes applicable to the results of discontinued operations and the gain or loss from disposal of the segment should be disclosed on the face of the income statement or in related notes. Revenues applicable to the discontinued operations should be separately disclosed in the related notes.

An *AICPA Accounting Interpretation* published in the November 1973 issue of the *Journal of Accountancy* provides illustrations of transactions which should and should not be accounted for as a business segment disposal. These examples are reprinted in Section I 13 of *FASB Accounting Standards—Current Text.*

In 1982, 67 survey companies discontinued the operations of a business segment. Examples of discontinued operations accounted for as a disposal of a business segment follow.

Disposals of Segments

AMF INCORPORATED (DEC)

	1982	1981	1980
	(in thousands of dollars)		
Income from Continuing Operations	$32,076	$70,994	$49,367
Discontinued Operations:			
Income (loss) from operations, net of income taxes (benefit): 1982—$(3,113); 1981—$(4,964); 1980—$8,635	(3,617)	(5,048)	8,649
Loss on disposal, net of income tax benefit: 1982—$11,372; 1981—$16,100	(16,188)	(36,000)	—
	(19,805)	(41,048)	8,649
Income before Cumulative Effect of Accounting Change	12,271	29,946	58,016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Acquisitions and Discontinued Operations

In 1982, AMF sold its Lawn & Garden and Wheel Goods Divisions and completed the sale of its Powerboat Division. In 1981, the Company sold its Harley-Davidson Motocycle and Head Sports Wear operations and commenced disposition of its Powerboat Division. In connection with these dispositions, charges of $16,188,000 and $36,000,000 (net of related income tax benefits) were made to net income in 1982 and 1981, respectively. These charges include valuation adjustments related to securities received on the sale of Lawn and Garden and Wheel Goods in 1982, and Harley-Davidson in 1981, net operating losses and other costs in connection with these dispositions arising subsequent to the decision to discontinue operations. Cash received for the businesses sold approximated $15,000,000 and $65,000,000 in 1982 and 1981, respectively. Revenues for discontinued operations to the date of sale were approximately $93,200,000, $291,400,000 and $513,100,000 in 1982, 1981 and 1980, respectively.

AMERICAN MAIZE-PRODUCTS COMPANY (DEC)

	1982	1981	1980
Income from continuing operations	$4,236,000	$11,303,000	$9,946,000
Discontinued operation (Note 2):			
Income from operations, less applicable income taxes	472,000	905,000	760,000
Gain on disposal, less applicable income taxes	1,450,000	—	—
Total	1,922,000	905,000	760,000
Income before extraordinary charge	6,158,000	12,208,000	10,706,000

Note 2: Discontinued Operation

In August 1982, the Company sold a subsidiary, S.A. Schonbrunn & Co., Inc., for $15,823,000. This subsidiary, formerly included in the Branded Consumer Products Group, was engaged in the processing and marketing of coffee. As a result of the sale, the Company recognized a gain of $1,450,000, net of disposition expenses of $200,000 and income taxes of $150,000.

A summary of certain operating results of S.A. Schonbrunn for the seven months ended July 31, 1982 and the years ended December 31, 1981 and 1980 is as follows:

	1982	1981	1980
Net sales	$39,663,000	$80,527,000	$102,734,000
Income before taxes	828,000	1,864,000	1,544,000
Provision for taxes	356,000	959,000	784,000
Net income	472,000	905,000	760,000

AVNET, INC. (JUN)

	1982	1981	1980
	(Thousands except per share data)		
Income from continuing operations	$56,099	$57,342	$57,818
Discontinued operations (Note 2):			
Income less applicable income taxes of $1,259, $10,275 and $13,682	1,354	10,663	13,884
Gain on disposal less applicable income taxes of $7,707	13,017		
Income from discontinued operations	14,371	10,663	13,884
Net income	$70,470	$68,005	$71,702

Note 2 (in part): Sale of Carol Cable and Acquisitions

In the second quarter of fiscal 1982, Carol Cable was sold to a subsidiary of Canada Wire and Cable Limited, for $110 million (U.S.) in cash, a $30 million (U.S.) 7-year 10% note recorded by Avnet at its fair market value of $21.7 million, plus about 12 million collected in installments through June 1982, which in total resulted in an after tax gain of $13 million. The note is guaranteed by Canada Wire's parent, Noranda Mines Limited. The earnings of Carol Cable, prior to the sale and the gain on the disposal, have been recorded in the Consolidated Statement of Income under the caption "Discontinued Operations." A fee of $1.1 million was paid to an investment banking firm of which a managing director is a director of Avnet.

The first quarter sales of Carol Cable in fiscal 1982 (prior to the date the unit was sold) and its sales in fiscal 1981 and 1980, totaling $59.1, $243.2 and $231.9 million, respectively, are excluded from the sales shown in the Consolidated Statements of Income.

MANVILLE CORPORATION (DEC)

	1982	1981	1980
	(Thousands of dollars)		
Earnings (Loss) from Continuing Operations	$(87,676)	$63,396	$82,242
Discontinued Operations (Note 16)			
Loss from operations, net of income tax benefits of $6,296, $3,067 and $1,791, respectively	(7,079)	(3,076)	(1,606)
Loss on disposition, net of income tax benefit of $270	(2,829)		
Loss from Discontinued Operations	(9,908)	(3,076)	(1,606)
Net Earnings (Loss)	$(97,584)	$60,320	$80,636

Note 16: Discontinued Operations

In December 1982, the Company sold eight U.S. manufacturing facilities and their related inventories which represent substantially all of the assets included in the Company's Pipe Products and Systems business segment. The $55 million sales price was reduced by $10.5 million for the assumption of industrial revenue bonds. Customer accounts receivable of approximately $17 million at December 31, 1982 were not included in the sale. Net sales of discontinued operations were $141,201,000 in 1982, $164,222,000 in 1981 and $185,876,000 in 1980.

Adjustment of Amounts Reported in Prior Periods

ALPHA PORTLAND INDUSTRIES, INC. (DEC)

	1982	1981	1980
		(000 omitted)	
Income from continuing operations	$ 217	$ 835	$ 1,583
Discontinued Operations (Note 11):			
Loss from operations of discontinued Cement and Aggregates Division (less applicable income tax benefits of $2,879 and $3,086 in 1981 and 1980, respectively)	—	(3,514)	(2,878)
Gain (loss) on disposal related to the Cement and Aggregates Division (less applicable income taxes of $1,091 in 1982 and income tax benefits of $11,576 and $8,648 in 1981 and 1980, respectively)	4,633	(13,590)	(10,152)
Net income (loss)	$4,850	$(16,269)	$(11,447)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Employee Benefits

The Company and its subsidiaries have several pension plans covering substantially all of its employees. Exclusive of construction employees covered by union contracts, pension expense for 1982, 1981, and 1980 was $608,000, $1,666,000 and $2,015,000, respectively, which includes, as to four defined benefit plans, amortization of past service costs over periods ranging from 25 to 30 years.

The 1982 gain on disposal related to the discontinued Cement and Aggregates Division includes a credit of $8,000,000 representing a reduction of a liability for pension expense previously provided but not funded. As operations were terminated, actuarial estimates of pension liabilities could be made with greater precision and assets were dedicated to the liquidation of those liabilities. The assets of the two pension plans relating to that Division were determined, through investment in fixed rate of return U.S. Government and high-grade corporate obligations, to be adequate to discharge actuarial estimates of future pension requirements and, accordingly, the Company will not be required to make further contributions with respect to these plans. Consistent with the foregoing, no provisions were required to be made in 1982 for pension expense of that Division.

11. Discontinued Operations

The Company has discontinued its Cement and Aggregates Division and had been actively pursuing the disposition of its remaining operations. The disposition of the Construction Division is no longer being considered and that Division now represents the Company's principal continuing operation.

Revenues applicable to the discontinued Cement and Aggregates operations during the years 1981 and 1980 were $66,297,000 and $90,589,000, respectively.

At December 31, 1982, the remaining assets of the discontinued segment consisted principally of two aggregates plants and related land, inventories and accounts receivable; accounts receivable from cement operations; an abandoned quarry; a headquarters building and various other parcels of land.

The Company expects to realize the accounts receivable through collection and dispose of the other assets through sale. The expected dates of disposal are not determinable at the present time.

The 1982 gain on disposal related to the Cement and Aggregates Division consisted of the following items:

Reduction of liability for accrued pension cost (See Note 2)	$8,000,000
Write-down of carrying value of abandoned quarry	(5,000,000)
Gain on sale of cement plants including results of operations to dates of sale	2,274.000*
	5,724,000
Less, applicable income taxes	1,091,000
	$4,633,000

* Includes $2,057,000 gain on liquidation of Lifo inventories.

The 1981 and 1980 losses on disposal relating to the Cement and Aggregate Division consisted of plant closing costs and losses on sales of cement plants.

TIME INCORPORATED (DEC)

	1982	1981	1980
	(in thousands except for per share amounts)		
Income From Continuing Operations	$156,115	$184,568	$162,073
Discontinued Operations:			
Operating loss—net of income tax credits	—	(9,157)	(20,870)
Provision for loss on disposals—net of income tax credits	(3,000)	(26,590)	—
Total Discontinued Operations	(3,000)	(35,747)	(20,870)
Net Income	$153,115	$148,821	$141,203

NOTES TO FINANCIAL STATEMENTS

Discontinued Operations

During 1981, Time-Life Films discontinued its television and motion picture production business, and the Company ceased publication of *The Washington Star.* Accordingly, the Consolidated Financial Statements have been reclassified to report separately these discontinued operations. During 1982, the provision for losses from discontinued operations was increased to provide for additional costs.

Operating losses from discontinued operations are net of income tax credits amounting to $8,000,000 and $21,000,000 for 1981 and 1980, respectively. The provision for losses on disposal of discontinued operations are net of income tax credits amounting to $2,600,000 and $21,200,000 for 1982 and 1981, respectively.

The major portion of Time-Life Films' assets (TV syndication inventory) is being syndicated through distribution agreements. Substantially all of the assets of *The Washington Star* have been sold.

At December 31, 1982 and 1981, approximately $28,500,000 and $32,300,000 of liabilities, respectively, applicable to Time-Life Films and *The Washington Star* have been included in "Net Assets of Discontinued Operations."

Revenues applicable to discontinued operations were approximately $41,000,000 and $81,800,000 for 1981 and 1980, respectively.

CHARGES OR CREDITS SHOWN AFTER INCOME TAX CAPTION

Table 3-16 indicates the nature of charges or credits, other than extraordinary items, positioned on an income statement after the caption for income taxes applicable to income from continuing operation. Examples of charges or credits shown after the caption for income taxes applicable to income from continuing operations follow.

Minority Interest

OWENS-ILLINOIS, INC. (DEC)

	1982	1981	1980
	(Millions of dollars)		
Earnings before provision for income taxes, minority shareholders' interests, and cumulative effect of changes in methods of accounting ..	$39.9	$271.9	$261.0
Provision for income taxes	(6.0)	114.0	103.6
	45.9	157.9	157.4
Minority shareholders' interests in earnings of subsidiaries	6.2	3.8	8.0
Earnings before cumulative effect of changes in methods of accounting. .	39.7	154.1	149.4

Cumulative Effect Of Accounting Change

BURROUGHS CORPORATION (DEC)

	1982	1981	1980
		($000)	
Income before cumulative effect of accounting change for inventories	$ 91,228	$148,926	$81,972
Cumulative effect for years prior to 1982 of accounting change for inventories	26,400	—	—
Net income	$117,628	$148,926	$81,972

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Changes (in part)

B. Inventories. Effective January 1, 1982, expenditures for hardware engineering support associated with current production are included in the determination of manufacturing overhead costs. These costs were previously charged to expense as incurred. This change results in a better matching of costs to related revenue, as these costs will now be charged to product cost as the related equipment is sold. The effect of this change for the current year was to increase earnings before income taxes by $11.7 million, and income before the cumulative effect of the accounting change by $6.5 million, or $.15 per share. Net income for 1982 has been increased by the cumulative effect of this change for years prior to 1982 of $26.4 million (after a reduction for income taxes of $21.1 million), or $.63 per share. The pro forma amounts shown on the Consolidated statement of income have been estimated assuming the retroactive application of this newly adopted accounting principle.

TABLE 3-16: CHARGES OR CREDITS SHOWN AFTER INCOME TAX CAPTION

	Number of Companies			
	1982	1981	1980	1979
Equity in earnings or losses of investees	65	58	58	52
Minority interest............	51	52	61	57
Cumulative effect of accounting change................	17	13	10	10
Other	5	—	4	5

REPUBLIC STEEL CORPORATION (DEC)

	1982	1981	1980
	(Thousands of Dollars)		
Income (loss) before cumulative effect of accounting change....	$(243,851)	$190,089	$50,983
Cumulative effect to December 31, 1981 of accounting change—Note C	4,632	—	—
Net Income (loss)	$(239,219)	$190,089	$50,983

Note C (in part): Properties, Plants and Equipment

Effective January 1, 1982, the Corporation, in order to provide a better matching of revenues and expenses, adopted an accounting method which modifies the amount of straight-line depreciation for steelmaking machinery and equipment based upon the level of steel production. The cumulative effect of the adjustment for prior years was to reduce the 1982 net loss by $4,632,000 (net of income taxes of $4,000,000), or $.29 per share of common stock. The effect of the accounting change on 1982 was to reduce the loss before cumulative effect of accounting change by $30,595,000, or $1.89 per share of common stock. Including the cumulative effect, the 1982 net loss was reduced by $35,227,000, or $2.18 per share of common stock.

WEYERHAEUSER COMPANY (DEC)

	1982	1981	1980
	(Dollar amounts in thousands)		
Earnings before extraordinary items and effect of accounting change	$140,016	$234,444	$321,487
Extraordinary items net of related tax effects (Notes 5 and 12) ..	(16,200)	(6,100)	(43,500)
Effect of accounting change net of related tax effect (Note 1).....	45,106	—	—
Net earnings	$168,922	$228,344	$277,987

NOTES TO FINANCIAL STATEMENTS

Dollar amounts in thousands except per share figures

Note 1 (in part)

Accounting Change

In 1981 and 1982 the Company utilized the leasing provisions of the Economic Recovery Tax Act of 1981 and sold certain of its depreciation tax benefits. For 1981 the net proceeds were treated as a reduction of the basis of the property acquired and were reflected in the determination of the annual depreciation provision. In 1982 the Company adopted a policy of reflecting the net proceeds in current year's earnings in order to achieve financial reporting more consistent with that prevailing in industry today. The effect of this accounting change was to increase 1982 net earnings for the undepreciated balance of the 1981 sales proceeds in $83,529 less related tax effect of $38,423 or $45,106 ($.35 per common share). Had the Company followed this policy in 1981, net earnings for that year would have been $273,450 or $1.97 per share. Had the Company continued its prior method of accounting and reduced the basis of the property acquired by the net proceeds of the sales, the reduction in depreciation expense and its effect on 1982 net earnings would have been insignificant.

EXTRAORDINARY ITEMS

APB Opinion No. 30 defines extraordinary items as "events and transactions that are distinguished by ther unusual nature and by the infrequency of their occurrence," and states that an event or transaction "should be presumed to be an ordinary and usual activity of the reporting entity, the effects of which should be included in income from operations, unless the evidence clearly supports its classification as an extraordinary item as defined in this Opinion." Opinion No. 30, along with its *Accounting Interpretation* published in the November 1973 issue of the *Journal of Accountancy* illustrate events and transactions which should and should not be classified as extraordinary items. These examples are reprinted in Section I 17 of *FASB Accounting Standards—Current Text.* FASB *Statement of Financial Accounting Standards No. 4* specifies that material debt extinguishment gains and losses be classified as extraordinary items.

Table 3-17 shows the nature of items classified as extraordinary by the survey companies. Examples of extraordinary items follow.

Tax Loss Carryovers

CHRYSLER CORPORATION (DEC)

	1982	1981	1980
	(In millions of dollars)		
Earnings (loss) before extraordinary item	$103.2	$(475.6)	$(1,709.7)
Extraordinary item—effect of utilization of tax loss carryforwards (Note 3)	66.9	—	—
Net Earnings (Loss)	$170.1	$(475.6)	$(1,709.7)

Note 3. Sale of Chrysler Defense, Inc.

On March 16, 1982, Chrysler sold for cash 100% of the outstanding capital stock of Chrysler Defense, Inc., a wholly-owned subsidiary, to General Dynamics Corporation. This sale, effective January 1, 1982, resulted in a gain of $239.0 million which has been reflected on the consolidated statement of operations net of $66.9 million of taxes. The results of operations for the years ended December 31, 1981 and 1980 have been reclassified to reflect Chrysler Defense, Inc., as a discontinued operation. Net sales applicable to Chrysler Defense, Inc. were $850.0 million in 1981 and $625.2 million in 1980.

TABLE 3-17: EXTRAORDINARY ITEMS

	1982	**1981**	**1980**	**1979**
Nature				
Debt extinguishments	31	6	4	5
Operating loss carryforwards	25	27	30	40
Litigation settlements	9	4	3	4
Other	14	20	11	4
Total Extraordinary Items	**79**	**57**	**48**	**53**
Number of Companies				
Presenting extraordinary items	69	53	47	49
Not presenting extraordinary items	531	547	553	551
Total Companies	**600**	**600**	**600**	**600**

The extraordinary item reflects the elimination of the $66.9 million tax liability through the utilization of tax loss carryforwards.

WINNEBAGO INDUSTRIES, INC. (AUG)

	1982	1981	1980
	(Dollars in thousands)		
Income (loss) before income taxes (credits) and items shown below	$ 9,242	$8,002	$(14,347)
Provision for federal and state income taxes (credits)			
Current	726	347	(2,460)
Deferred	(259)	—	1,805
Effect of net operating loss carryforwards	2,285	3,681	—
	2,752	4,028	(655)
Income (loss) before items shown below	6,490	3,974	(13,692)
Equity in income of unconsolidated subsidiaries before extraordinary item	1,360	649	150
Income (loss) before extraordinary item	7,850	4,623	(13,542)
Extraordinary item, reduction in federal and state income taxes due to net operating loss carryforwards utilized	2,285	4,053	—
Net income (loss)	$10,135	8,676	$(13,542)

LYNCH CORPORATION (DEC)

	1982	1981	1980
Income from Continuing Operations Before Taxes on Income and Extraordinary Credit	$1,041,821	$2,790,893	$3,732,015
Taxes on Income (Note C)	406,000	1,192,000	1,766,000
Income from Continuing Operations Before Extraordinary Credit	635,821	1,598,893	1,966,015
Discontinued Operations			
Earnings (loss) from discontinued operations, net of income taxes (benefit) of $32,000, 1982; ($284,000), 1981; and $24,000, 1980	36,678	(269,147)	113,203
Loss on disposal of discontinued operations, net of income tax benefit of $285,000	(379,000)	—	—
Income Before Extraordinary Credit	293,499	1,329,746	2,079,218
Extraordinary Credit—elimination of taxes on income resulting from the utilization of loss carryovers (Note C)	110,000	170,000	350,000
Net Income	$ 403,499	$1,499,746	$2,429,218

Note C (in part): Taxes on Income

The income tax provisions (credits) are summarized as follows:

	1982	1981	1980
Current:			
Federal	$125,000	$500,000	$1,140,000
State and local	(7,000)	48,000	60,000
Deferred federal	(75,000)	190,000	240,000
Charge in lieu of income taxes	110,000	170,000	350,000
	$153,000	$908,000	$1,790,000

The allocation of the income tax provisions (credits) follows:

	1982	1981	1980
Continuing operations	$406,000	$1,192,000	$1,766,000
Discontinued operations	(253,000)	(284,000)	24,000
	$153,000	$ 908,000	$1,790,000

Deferred income taxes (credits) arise from differences between financial and tax accounting and include the following:

	1982	1981	1980
Domestic International Sales Corporation (D.I.S.C.)	$ (48,000)	$195,000	$ 295,000
Pension costs	75,000	(10,000)	(100,000)
Plant closing costs	(125,000)	—	—
Other	23,000	5,000	45,000
	$ (75,000)	$190,000	$ 240,000

THE WURLITZER COMPANY (MAR)

	1982	1981	1980
Earnings (Loss) Before Income Taxes and Extraordinary Credit	$(6,350,000)	$(10,369,000)	$(97,000)
Credit for Federal, State and Foreign Income Taxes	623,000	4,279,000	156,000
Earnings (Loss) Before Extraordinary Credit	(5,727,000)	(6,090,000)	59,000
Extraordinary Credit—Tax Benefit of Net Operating Loss Carryforward	196,000	—	—
Net Earnings (Loss)	(5,531,000)	(6,090,000)	59,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part): Income Taxes

The components of the provision (credit) for income taxes are summarized as follows:

	1982	1981	1980
Current provision (credit):			
Federal	$ (3,000)	$(3,427,000)	$(843,000)
State	(64,000)	(53,000)	3,000
Foreign	(237,000)	(153,000)	665,000
Total	(304,000)	(3,633,000)	(175,000)
Provision in lieu of income taxes	196,000	—	—
Deferred provision (credit):			
Federal	(531,000)	(640,000)	153,000
Foreign	16,000	(6,000)	(134,000)
Total	(515,000)	(646,000)	19,000
Total provision (credit) for income taxes	$ (623,000)	$(4,279,000)	$(156,000)

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The provision in lieu of income taxes results from the utilization of an operating loss carryforward by the Company's German subsidiary in the fourth quarter of 1982. The tax benefit from utilization of this operating loss carryfoward is reported as an extraordinary credit in the Statement of Consolidated Earnings (Loss) and Retained Earnings.

Extinguishment of Debt

ACTION INDUSTRIES, INC. (JUN)

	1982	1981	1980
Earnings from continuing operations before extraordinary gain.........	$ 2,705,926	$ 2,752,904	$ 752,971
Loss from operation of discontinued business, net of income tax credits of $1,107,500 in 1982, $1,722,235 in 1981 and $325,685 in 1980	$(1,365,177)	$(2,021,754)	$(380,117)
Provision for loss on disposal of discontinued business and operating loss during phase-out period, net of income tax credits of $2,638,200............	(3,088,500)	—	—
Loss from discontinued business	$(4,453,677)	$(2,021,754)	$(380,117)
Extraordinary gain, net of income taxes of $930,500 (Note 12)....	$870,257	$ —	$ —
Net Earnings (Loss)........	$ (877,494)	$ 731,150	$ 372,854

Note 12: Extraordinary Gain:

In June of fiscal 1982, the Company repurchased in the open market $6,808,000 at face value of its 11¼% Senior Sinking Fund Debenture Bonds, resulting in an extraordinary gain of $870,300 net of applicable income taxes of $930,500 (see Notes 4 and 6). The funds for this repurchase were obtained from working capital and the Revolving Credit and Term Loan.

THE DOW CHEMICAL COMPANY (DEC)

	1982	1981 (In millions)	1980
Income Before Extraordinary Item......	$342	$564	$805
Extraordinary Item—Gain on Exchange of Long-Term Debt for Equity........	57	—	—
Net Income	$399	$564	$805

NOTES TO FINANCIAL STATEMENTS

B. Extraordinary Item: In 1982, the Company exchanged 4,000,000 shares of its common stock in a tax-free exchange for Dow bonds having a face value of $137 million. This exchange of long-term debt for equity resulted in an extraordinary gain of $57 million, or $.30 per common share.

EMPIRE INCORPORATED (JUN)

	1982	1981	1980
Income (loss) before extraordinary credit	$6,142,810	$(357,562)	$7,103,310
Extraordinary credit Repurchase of debentures, net of income taxes (Note 4)	642,269	—	—
Net Income (Loss)......	$6,785,079	$(357,562)	$7,103,310

Note 4 (in part): Long-Term Debt

Long-term debt consisted of:

	1982	1981
Revolving credit agreement (a).........	$25,000,000	$15,000,000
9% convertible subordinated debentures (b)	21,854,000	25,000,000
Purchase contract obligations (c).......	3,772,830	4,686,788
Obligation under capital lease (d)	5,571,114	6,059,508
	56,197,944	50,746,296
Less current maturities..................	5,668,288	1,442,531
	$50,529,656	$49,303,765

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b) The convertible debentures issued in January, 1981, are convertible into common stock at a rate equal to $48.75 per share until maturity in 2005. The debentures are redeemable at the Company's option, as a whole or in part, at 108.1% of the principal amount through December 31, 1982, and at declining percentages thereafter. Annual sinking fund payments sufficient to redeem $1,250,000 principal plus interest are required beginning December 31, 1990.

The Company repurchased $3,146,000 of the convertible debentures in 1982. The gain of $642,269 (net of related expenses and $600,000 of income taxes) for retiring these debentures at less than face value is shown as extraordinary income.

INTERNATIONAL PAPER COMPANY (DEC)

	1982	1981 (In millions of dollars)	1980
Earnings before extraordinary item	$160.8	$525.0	$314.0
Extraordinary item, less applicable taxes (Note 8)	11.0	—	—
Net Earnings..............................	171.8	525.0	314.0

Note 8 (in part): Long-Term Debt

During the fourth quarter of 1982, the Company retired a portion of its long-term debt prior to scheduled maturity in connection with an exchange for $71.2 million of new debt (5⅛% debentures due 2012). The total amount due at maturity is $148.8 million. The discount will be amortized over the life of the debt. As a result of the transaction, the Company recognized an extraordinary gain of $11.0 million ($.22 per common share) net of $1.3 million of income taxes.

THE SINGER COMPANY (DEC)

	1982	1981	1980
	(Dollar Amounts in Millions, except per share data)		
Income (loss) before extraordinary credit	$(21.8)	$38.4	$38.1
Extraordinary credit—gain on bond repurchases	18.9	—	—
Net income (loss)	(2.9)	38.4	38.1

NOTES TO FINANCIAL STATEMENTS

3. Extraordinary Credit

During the first quarter of 1982, the Company repurchased $42.2 million principal amount of its 8 percent Sinking Fund Debentures due Janaury 15, 1999. In addition, Singer Credit Corporation repurchased $7.8 million principal amount of its 7⅞ percent Subordinated Debentures due February 15, 1992. These repurchases, financed in connection with the sale of the Air Conditioning and Heating Equipment Division, resulted in extraordinary gains of $16.3 million and $2.6 million, respectively, for which there were no related tax effects.

Litigation Settlements

FIRST NATIONAL SUPERMARKETS, INC. (MAR)

	1982	1981	1980
	(in thousands)		
Income before extraordinary items	$5,070	$7,536	$4,561
Extraordinary items:			
Settlement of antitrust litigation, net of tax credit of $1,200	(9,550)	—	—
Gain on consolidation of pension plans	—	1,106	—
Gain on redemption of convertible debenture	—	1,400	—
Net Income (loss)	$(4,480)	$10,042	$4,561

NOTES TO FINANCIAL STATEMENTS

8 (in part): Litigation:

Legal Proceedings Finalized

The Federal District Court of Cleveland, Ohio has approved a settlement of three class action suits and a related action in connection with alleged price fixing of food products in Ohio. The settlement agreement involves discounts to consumers (in the form of redeemable scrip) and food payments to charitable organizations (based on unredeemed scrip) over a period of seven years. A related action was settled requiring the Company to make certain cash payments for costs and expenses. The court also accepted the Company's plea of nolo contendere to a two-count criminal antitrust indictment and the Company was fined $800,000. The amount of the settlements, related costs and the fines was estimated at $10,750,000 which is reflected as an extraordinary item of $9,550,000 net of a $1,200,000 tax credit. The current portion of the settlement obligations at March, 1982 was $1,493,000.

The civil settlements were made, notwithstanding the Company's denial of any wrongdoing, to reduce the financial risks and additional expenses as well as the burdens and uncertainties in such complex litigation. The Company's long established policies requiring strict compliance with all laws in the conduct of its business apply to all segments of the Company's operations. The Company will continue to emphasize these policies and take all actions it deems necessary to ensure rigid compliance at all levels.

GEORGIA-PACIFIC CORPORATION (DEC)

	1982	1981	1980
		($000)	
Income before extraordinary items and accounting change	$ 52,000	$160,000	$243,000
Litigation settlement, net of taxes (Note 10)	(56,000)	—	—
Gain of exchange of bonds (Note 4)	27,000	—	—
Cumulative effect of change in accounting for investment tax credits (Note 5)	130,000	—	—
Net income	$153,000	$160,000	$243,000

NOTES TO FINANCIAL STATEMENTS

(Dollar amounts and shares are in thousands)

Note 4. Gain on Exchange of Bonds

In August 1982, the corporation exchanged approximately 2,400 shares of common stock held in treasury for the extinguishment of all further obligations with respect to industrial revenue refunding bonds, Series 1977, issued by the City of Crossett, Arkansas. The bonds had a principal amount of $61,900. As a result of the transaction, the corporation realized a tax-free extraordinary gain of $27,000.

Note 10 (in part): Litigation

As previously reported, in 1978 the corporation and two other defendants received an unfavorable jury verdict in a civil class action antitrust suit involving the sale and distribution of softwood plywood. On February 21, 1980, summary judgment was entered by the United States District Court for the Eastern District of Louisiana (the "District Court") awarding certain plaintiffs damages allegedly owing them pursuant to the jury verdict. The corporation appealed this judgment to the United States Court of Appeals for the Fifth Circuit which later affirmed the judgment in all respects. Subsequently, the corporation petitioned the Supreme Court of the United States to review the lower court's decision which petition was granted on May 17, 1982. On January 13, 1983, the corporation and the other two defendants executed a written settlement agreement pursuant to which plaintiffs will receive $165,000 over a period of time. The settlement agreement provides the corporation will pay $99,000 of which $18,000 was paid on January 28, 1983, $36,000 is payable on or before January 30, 1984, and $45,000 on or before January 30, 1985. This unusual and nonrecurring charge, including legal fees, in the amount of $56,000, net of a related tax benefit of $48,000, has been reflected as an extraordinary item in 1982. The agreement has received the preliminary approval of the District Court but the settlement is contingent upon: (i) a hearing (anticipated to occur prior to the summer of 1983) to provide, among other things, an opportunity for anyone desiring to object to the settlement to be heard; and (ii) final approval by the District Court and any reviewing court. The settlement agreement further provides that, pending final approval of the settlement, the parties will request a stay of the proceedings in this lawsuit in the Supreme Court.

Withdrawal Of Product

JOHNSON & JOHNSON (DEC)

	1982	1981	1980
	(Dollars in Millions)		
Earnings before extraordinary charge	$523.4	$467.6	$400.7
Extraordinary charge—withdrawal of TYLENOL capsules (net of $50.0 taxes) (Note 2)	(50.0)	—	—
Net earnings	473.4	467.6	400.7

Note 2. Extraordinary Charge

As a result of the criminal tampering with TYLENOL Extra-Strength Capsules in the Chicago area during the third quarter of 1982, the Company withdrew all TYLENOL capsule products from the market. The withdrawal costs, including disposal, handling, couponing and other associated costs resulted in an extraordinary after-tax charge in 1982 of $50 million or $.27 per share.

EARNINGS PER SHARE

APB Opinion No. 15 states in part:

12. The Board believes that the significance attached by investors and others to earnings per share data, together with the importance of evaluating the data in conjunction with the financial statements, requires that such data be presented prominently in the financial statements. The Board has therefore concluded that earnings per share or net loss per share data should be shown on the face of the income statement. The extent of the data to be presented and the captions used will vary with the complexity of the company's capital structure, as discussed in the following paragraphs.

Examples of earnings per share presentations follow.

Simple Capital Structure

INTERLAKE, INC. (DEC)

	1982	1981	1980
Net Income Per Share of Common Stock (based on average shares of 6,263,194 in 1982, 6,134,310 in 1981 and 6,038,764 in 1980)	$.92	$7.59	$2.29

KEYSTONE CONSOLIDATED INDUSTRIES, INC. (JUN)

	1982	1981	1980
Net earnings (loss) per common share (Note C)			
Before extraordinary tax credit	$(7.88)	$(.30)	$(1.51)
Net earnings (loss)	$(7.16)	$(.30)	$(1.51)

Note C. Earnings Per Share

Net earnings (loss) per common share is computed using average outstanding shares of 1,873,550 in each year.

TABLE 3-18: EARNINGS PER SHARE—1982

	Additional shares issuable for			
	Debt	Preferred Stock	Options	Warrants
Included in primary per share calculation	32	47	198	29
Included in fully diluted per share calculation	70	52	27	2
No dilution	52	46	162	12
Not disclosed	36	11	125	5
No additional shares issuable	410	444	88	552
Total Companies	**600**	**600**	**600**	**600**

Complex Capital Structure

FMC CORPORATION (DEC)

	1982	1981	1980
Earnings per common share			
Primary:			
Income from continuing operations	$4.56	$5.28	$4.20
Income (loss) from discontinued operations	—	(1.13)	0.06
Net income	$4.56	$4.15	$4.26
Assuming full dilution:			
Income from continuing operations	$4.23	$4.88	$3.88
Income (loss) from discontinued operations	—	(1.01)	0.05
Net income	$4.23	$3.87	$3.93

Note 1 (in part):

Earnings per common share. Primary earnings per common share are computed by dividing net income (after dividends on preferred shares) by the weighted average number of shares of common stock and common stock equivalents (incentive plan shares) outstanding during the year: 32,641,000 in 1982, 32,677,000 in 1981 and 32,495,000 in 1980. The calculation of fully diluted earnings per common share assumes, in addition to the average shares outstanding as defined above, that convertible debentures and preferred stock were converted to common stock at the beginning of the year. The average number of shares used in the fully diluted computation was 36,376,000 in 1982, 36,551,000 in 1981, 36,732,000 in 1980. For earnings, the fully diluted computation is based on net income after adding back the after-tax interest on convertible debentures.

GENERAL MILLS, INC. (MAY)

	1982	1981	1980
Earnings per Common Share and Common Share Equivalent	$4.46	$3.90	$3.37
Average Number of Common Shares and Common Share Equivalents	50.6	50.4	50.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part):

I. Earnings Per Share

Earnings per common share and common share equivalent is determined by dividing net earnings by the weighted average number of common shares and common share equivalents outstanding during the year. The common share equivalents consist of: (1) common stock which may be issuable upon exercise of outstanding stock options (377,753 in 1982, 91,389 in 1981, and 5,509 in 1980); (2) shares which may be issuable under incentive compensation plans (50,232 in 1982 and 63,205 in 1981); (3) shares reserved for issuance to former owners of certain acquired companies, expected to be earned through profit performance contracts (129,009 in 1980); and (4) shares reserved for deferred stock payments to satisfy terms under which certain companies were acquired (18,546 in 1982).

INSILCO CORPORATION (DEC)

	1982	1981	1980
Earnings per common share			
Primary			
Continuing operations	$1.57	$2.44	$1.77
Discontinued operations	$(.66)	$(.35)	$ .26
Net earnings	$ .91	$2.09	$2.03
Fully Diluted			
Continuing operations	$1.56	$2.41	$1.65
Discontinued operations	$(.65)	$(.34)	$ .24
Net earnings	$ .91	$2.07	$1.89
Weighted average number of common shares used in computing earnings per share			
Primary	16,327,000	16,226,000	14,932,000
Fully diluted	16,513,000	16,510,000	16,575,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Earnings Per Common Share

Primary earnings per common share are computed by dividing net earnings, less dividends on the 8% Convertible Preferred Stock, by the average number of common and common equivalent shares with a dilutive effect. Common equivalent shares include shares issuable upon conversion of Series A preferred stock and shares reserved for issuance to employees under the Company's Performance Share Unit Plan, reduced by the number of shares assumed to have been purchased with the tax benefit arising from issuance of shares under the Plan.

Fully diluted earnings per common share are determined on the assumption that the average number of common equivalent shares outstanding is further increased by conversion of dilutive 8% Convertible Preferred Stock, convertible debentures and notes, and that dividends and interest thereon, net of taxes, are eliminated.

THE KROGER CO. (DEC)

	1982	1981	1980
Earnings (loss) per share:			
Primary:			
From continuing operations	$4.84	$4.56	$3.71
From discontinued operations	—	(.05)	(.30)
Net earnings	$4.84	$4.51	$3.41
Fully diluted:			
From continuing operations	$4.64	$4.43	$3.71
From discontinued operations	—	(.05)	(.30)
Net earnings	$4.64	$4.38	$3.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Earnings Per Share

Primary earnings per share for 1982 and 1981 equal net earnings divided by the weighted average number of common and dilutive common equivalent shares outstanding during the year. Common stock equivalents include shares issuable upon exercise of outstanding stock options and conversion of the Company's cumulative convertible preferred stock. Fully diluted earnings per share equals net earnings, after the elimination of interest expense, net of income tax effect, applicable to the Company's convertible debentures, divided by the weighted average number of common shares, dilutive common equivalent shares and shares issuable upon conversion of the Company's convertible debentures. The weighted average number of shares of common stock outstanding for 1980 does not include common equivalent shares because the resulting dilution of earnings per share of common stock was not material.

The average number of shares used to compute earnings per share was:

	Primary	Fully Diluted
1982	29,687	31,392
1981	28,369	29,726
1980	27,681	27,681

Earnings per share for a quarter is based on the average number of primary and fully diluted shares outstanding or assumed to be outstanding during the quarter. Earnings per share for a year is based on an average of each quarter's average of shares outstanding or assumed to be outstanding for primary earnings per share and on an average for the year of shares outstanding or assumed to be outstanding for fully diluted earnings per share. The sum of each quarter's earnings per share may not equal earnings per share for the year.

THE STOP & SHOP COMPANIES, INC.

	1982	1981	1980
Earnings per common share:			
Primary:			
Earnings from continuing operations	$6.87	$4.85	$3.19
Loss from discontinued operations	—	—	(.81)
Net earnings	$6.87	$4.85	$2.38
Fully diluted:			
Earnings from continuing operations	$6.57	$4.85	$3.19
Loss from discontinued operations	—	—	(.81)
Net earnings	$6.57	$4.85	$2.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part)

Earnings per share: Primary earnings per share are computed on the basis of the weighted average number of shares outstanding plus the common stock equivalents which would arise from the exercise of stock options, if the latter causes dilution in earnings per share in excess of 3%. Fully diluted earnings per share assume both the conversion of the 8¾% convertible subordinated debentures for the periods they were outstanding and the common stock equivalents which would arise from the exercise of stock options when the total causes dilution in excess of 3%.

The average number of shares used was:

	1982	1981	1980
Primary	5,071,446	5,059,405	5,058,035
Fully diluted	5,378,308	5,059,405	5,058,035

SOCIAL AWARENESS EXPENDITURES

Certain survey companies disclosed contributions to charitable organizations, grants to community related activities, expenditures to aid minority groups or enterprises, and other forms of social awareness or responsibility. Such disclosures of social awareness or responsibility are almost always made in the annual report narrative which is not part of the financial statements; accordingly, no attempt was made to tabulate these disclosures. Examples of such disclosures follow.

ABBOTT LABORATORIES

ABBOTT CONTRIBUTIONS SUPPORT WIDE VARIETY OF INSTITUTIONS

Educational, Health, Cultural, Civic Organizations Receive Aid

Abbott is committed to the development and marketing of cost-effective health-care products throughout the world. The quality of these products, success in this business, and the economic strength such success provides to the communities and countries in which the company operates are its primary social responsibility.

"However, Abbott also has long recognized that it has a responsibility to supplement these basic contributions to society through a philanthropic program of cash grants and product donations," said Laurence R. Lee, senior vice president, administration. "These contributions are made to agencies and organizations which provide meaningful support to the human community in the company's primary areas of social interest and responsibility."

Cash contributions are made through a coordinated program that takes into consideration several different factors. Priority is usually given to organizations serving communities in which Abbott has significant operations or employee populations. Institutions which provide education or service to the company's present or potential employees and organizations whose activities are directed towards the support of professions which provide health care or other services in fields related to Abbott's primary areas of operation are also beneficiaries of this program. Product donations are primarily directed to organizations which support medical missions and hospitals in the developing countries.

In 1982, Abbott's cash and product contributions exceeded $4 million. More than half of the cash contributions were underwritten by The Abbott Laboratories Fund, a separate not-for-profit corporation managed by a board of directors elected annually by the Abbott Laboratories' board of directors. The Fund receives periodic cash contributions from the corporation and has also received significant gifts of cash and securities from individuals who have been associated with Abbott during their careers.

The largest single cash grant in 1982 was $130,000 to the Lake County (Ill.) United Way. This organization is also generously supported by the company's more than 7,000 employees in Lake County through the Abbott Combined Appeal campaign.

Significant grants also were made to hospitals in areas where Abbott has plants. These grants are often for specific purposes such as the alcoholism treatment center at Victory Memorial Hospital in Waukegan, Ill., to which Abbott in 1982 paid the first half of a $50,000 commitment.

Employee matching grants were also underwritten by The Abbott Laboratories Fund. In 1982, 654 employees took advantage of the opportunity to make grants to institutions of higher learning and hospitals of their choice which are matched dollar-for-dollar by the Fund. The amount paid in matching grants in 1982 totaled almost $100,000.

"Of course, Abbott's cash and product donations tell only part of the story of the company's involvement in service to its many publics," Lee said. "Another facet of the contribution story is the health and professional education programs and public-service projects Abbott funds. Equally important is the volunteer service given by Abbott employees to many civic, cultural, and charitable organizations." (Public-service activities of both the company and its individual employees are featured in regular issues of *Commitment* magazine. An article in this issue describes the public-service health education programs conducted in 1982.)

"Abbott's corporate contributions program is one factor in the company's total effort to meet its social responsiblities," Lee said. "It is an important way for us to help support organizations that play a significant part in the lives of our employees, their communities, and in mankind's well-being."

AIR PRODUCTS AND CHEMICALS, INC.

AIR PRODUCTS IN SOCIETY

Business has traditionally supplied goods and services, created jobs and purchasing power, increased the tax base and generally improved the standard of living. It has also gone beyond this role to help meet the related needs of society at large.

Corporate Contributions

In 1982, Air Products provided more than $2 million to a variety of educational, health, welfare, civic and cultural organizations. Approximately 60 percent of these funds were allocated to colleges and universities because:

- the company depends heavily on engineers, scientists and other professionally trained individuals, and recognizes its obligation to support the institutions that train them;
- Air Products is interested in aiding institutions which advance technologies important to it; and
- contributions to higher education are a vital part of the company's program of aid to women and minorities

Another 25 percent of Air Products' contributions in 1982 went to health and welfare institutions such as hospitals and the United Way, and to help support youth development activities. The remaining 15 percent helped foster civic improvement and culture and art in the form of grants to agencies such as the National Urban League, economic development councils, environmental groups, libraries, art museums and public television.

The Volunteer Spirit

Recognizing that low and moderate income families will be affected by cuts in social welfare and community development program reductions, the company is participating in a public/private sector venture to rehabilitate abandoned and condemned properties in the city of Allentown, Pennsylvania. A number of these renovated properties are now back on the tax rolls of the city, occupied by families who previously could not have considered home ownership. As an added benefit, the project has stimulated other owners in the neighborhood to improve their own properties and take greater pride in their area.

There are other kinds of contributions to which no real dollar figure can be attached. A recent survey of only a small percentage of employees at corporate headquarters determined that, on an annual basis, over $300,000 worth of on-the-job hours are spent in community activities designed to benefit and support a wide variety of public interests. Almost three times that amount is spent in similar off-the-job activities.

Shaping Public Policy

As a further indication of Air Products' commitment to the communities in which it operates, the company helps shape policy at state, national and international levels. Air Products representatives work with congressional offices and federal agencies on legislation and regulation concerning energy, pollution control, employee health, transportation, and international trade and investment.

The company has organized a government relations network to facilitate working relations between Air Products' operations throughout the country and elected representatives in Washington. This effort is based on the belief that corporations—like good citizens—have a responsibility to assist government in determining policies necessary for the improvement of the private enterprise system and the well-being of society.

Company employees also participate in a Political Alliance. This organization offers employees additional opportunities to participate in the political system and to help elect responsible public officials. During the 1982 elections, Air Products' Alliance disbursed $35,000 of employee voluntary contributions in support of 52 candidates for federal and state offices.

Giving Makes Sense

The bottom line of the company's concern with social responsibility is this: business needs a healthy society if it is to survive and prosper. Although the company recognizes its first responsibility is to succeed in its business and make a profit, it also recognizes that it can no longer simply respond to the demands of the marketplace. It has an obligation to also respond to the broader expectations of society, fostering an environment conducive to growth and opportunity for all.

BORDEN, INC.

SOCIAL RESPONSIBLITY

The company responded to its social responsibilities through its contribution program and through operational decisions responsive to social concerns. The Borden Foundation Inc., the company's conduit for charitable contributions, helped to support 69 United Fund drives and more than 40 hospital and health care facilities in communities where Borden has operations. The foundation's Matching Gifts Program for Higher Education was joined by a program to match eligible employee contributions to health care organizations, effective in 1983. In addition, the foundation continued underwriting a demonstration of unique public nutrition education program conducted by the Center for Human Nutrition of the Columbia University College of Physicians and Surgeons. Nearly 180 radio stations across the country carried the Columbia Nutrition Bulletin, a daily public service program offering basic nutrition advice. The foundation also increased attention to in-kind donations through cooperation with Food Banks around the nation.

The company's minority purchasing program continued to give positive assistance to the development of minority-owned businesses. Despite the recession and the divestiture of several additional oprations, purchases from minority-owned businesses increased to $17.7 million. The number of minority suppliers selling products and services to the company increased from 400 to 500. Deposits of tax payments in minority-owned banks jumped 125%, from $8 million to $18 million. In 1981, a security insurance policy for the company was underwritten by an agency owned by women; in 1982, additional security coverage was obtained from an insurance agency owned by blacks.

Employment data gathered in 1982 revealed yet another slight increase in the percentage of minority employees in top job categories. Overall minority employment held steady despite divestitures that reduced the total number of employees. Divestitures of operations with high percentages of female employees caused a small drop in the number and percentage of women employed. With the redeployment program completed, the company is intensifying its efforts to increase the representation of women and minorities in its work force.

GULF OIL CORPORATION

CITIZENSHIP AND CONTRIBUTIONS

In response to Gulf's concern for employee and customer safety as well as increased legislative demand for product testing and environmental safety, the Company opened a $10-million Life Sciences Center in May. The Pittsburgh-based medical and health research facility enables Gulf's 54 laboratory personnel and toxicologists to evaluate products manufactured or handled by the Company which may pose a potential health hazard. Gulf has taken a lead position in the use of cell cultures and bacteria as substitutes for laboratory animals in its testing of chemical, petroleum and minerals products.

For the eighth consecutive season, Gulf provided high-quality television viewing by sponsoring the National Geographic Specials on the Public Broadcasting System. This series of informative documentaries continues to receive critical acclaim and to win awards for programming excellence. As the sole underwriter, Gulf contributed $4.1 million during 1982 to produce and promote the four programs which aired last season.

Gulf and the Gulf Oil Foundation again were substantial contributors to charitable and educational institutions in the United States during 1982, donating approximately $12 million in cash and property. Cash contributions totaled $10 million, compared with $9 million in 1981.

Some $5.6 million was donated to educational institutions for scholarships, faculty support, research and academic programs in science, engineering and business. Another $3.2 million was given to cultural, community service, medical, youth and minority programs—including a national summer jobs program—to enhance the quality of life in communities where Gulf employees live. These amounts include $1.5 million contributed by Gulf to match employees' gifts on a two-for-one basis—a 32-percent increase over 1981. In addition, the Company provided $1 million to United Way organizations across the country, while Gulf employees pledged $1.6 million to the United Way through Company-sponsored campaigns.

Gulf made several significant property contributions during 1982. Over $300,000 in computer equipment was given to The University of Houston. As part of the Company's commitment to conservation of land and wildlife, 330 acres of beautifully wooded land on the Ohio River near Henderson, Kentucky, valued at over $1 million, were given to the Nature Conservancy.

The Company has assumed sponsorship of a nationally recognized Conservation Awards Program to honor individuals and organizations for their work in conserving natural resources.

Gulf also continued its support of the John E. Gray Institute of Beaumont, Texas, with a contribution of $500,000. The Institute is working on regional problems on the Gulf Coast.

Foreign charitable and educational contributions, awarded primarily in Canada, totaled $2.7 million in 1982.

"For the Public Good," a report of Gulf's 1981 contributions, is available upon request. The 1982 report will be available after July 1, 1983.

In recognition of Gulf's commitment to equal opportunity, minority employment increased to 17.2 percent of all employees in 1982 from 15.1 percent in 1978, while the percentage of women rose to 22.5 percent from 19 percent. In the same five-year period, minority and female representation in managerial positions increased by 40 percent. The Company also expanded its efforts in affirmative action for handicapped individuals, disabled veterans and Vietnam veterans.

Purchases of goods and services from minority-owned businesses continued to receive Corporate priority during 1982, with expenditures totaling $30 million. While below the 1981 level, minority vendors still received nearly four times more business from Gulf than they did five years ago.

J.C. PENNEY COMPANY, INC.

CORPORATE RESPONSIBILITY

During 1982, JCPenney reassessed its community relations and charitable contributions programs and policies to assure that they were responsive to changing community needs. With fewer resources available to nonprofit organizations and communities due to Federal budget cuts and the economic climate, the Company decided to direct more contributions and concentrate more effort on programs meeting the most pressing human, social, and economic needs in areas in which we operate.

Contributions and Community Programs. In 1982, our charitable contributions increased 37 per cent to $7.8 million from $5.6 million in 1981. The Company also made a one-time contribution of real estate to the Seattle Museum of Art. Nearly 75 per cent of contributions benefited communities in which the Company has facilities. The remaining 25 per cent was made to national organizations having multiplier effects on the impact of local organizations.

Because JCPenney believes local United Ways effectively assess and respond to community needs, we contributed $2.6 million to more than 1,000 local campaigns. Our employees pledged an additional $3.8 million through payroll deductions and one-time gifts. Fourteen employees were loaned to work with local United Way campaigns.

The Company recognizes the vital role of volunteers in community life and encourages the volunteer efforts of its employees. Winners of an annual Community Service Awards Contest receive special recognition as well as contributions for the organizations for which they volunteer. In 1982, we established the Golden Rule Awards to recognize and reward volunteers outside the Company. The top winners in each of six cities in which the program was implemented received $1,000 grants for their organizations and a sculpture signifying the spirit of volunteerism.

JCPenney stores and facilities supplement their financial contributions with other resources, such as management assistance, meeting facilities, educational programs, and volunteers, to help make a positive difference in communities in which we operate.

Minority Economic Development. Purchases of goods and services from minority owned businesses amounted to $62.5 million in 1982 and $65 million in 1981. This represented business relationships with more than 875 suppliers, up from 850 in 1981. Additionally, we spent $1.1 million on advertising in 125 minority media compared with $1.3 million in 140 media in 1981.

The Company maintained working bank accounts with 12 minority owned banks, the same as in 1981. Average balances with these banks were approximately $.5 million in total in both years. Lines of credit extended by these 12 banks amounted to nearly $2.3 million at year end compared with credit lines at 11 banks totaling $2.2 million in 1981.

Environment. Our environmental concerns are expressed through the most efficient use of resources, such as paper and energy. In 1982, about 29 thousand tons of waste paper and other recyclable materials were reclaimed through programs at 425 units, as compared with 20 thousand tons at 320 units in 1981. This program has resulted in a significant decrease in waste removal expenses as well as contributing to a better environment.

At year end, the Company had reduced energy consumption by 47 per cent from the base year of 1973, moving toward the goal of a 65 per cent reduction by 1990. In 1982, we used 54,600 BTUs of energy per square foot of space, down from 58,100 in 1981. Conservation measures, such as heat recovery systems, energy use scheduling, efficient lamps and layouts, and improvement of building thermal characteristics, focus on better efficiency of stores and facilities without sacrificing shopping and working environments.

Employment. Year end employment totaled approximately 181,000, of whom 172,319 were employed in the United States, including automotive operations and excluding unconsolidated subsidiaries. Summaries are supplied for job categories as defined in the Employer Information Report EEO-1 of the Equal Employment Opportunity Commission.

	Total employed		Per cent female		Per cent minority	
Category	1982	1978	1982	1978	1982	1978
Officials, managers and professionals	23,451	25,932	40.7	37.9	8.5	7.5
Management trainees	1,002	2,556	47.9	45.6	16.6	17.2
Salesworkers	83,994	93,929	84.0	81.9	11.0	10.1
Office and clerical workers	28,649	45,375	91.7	88.6	15.0	13.4
Technicians, craft workers, and operatives	18,997	14,671	71.4	53.7	15.0	14.1
Laborers and service workers	16,226	19,550	39.4	42.1	18.6	18.5
Total	172,319	202,013	73.6	71.4	12.5	11.7

Section 4: Stockholders' Equity

This section reviews the presentation of transactions, other than net income (loss) for the year, affecting the stockholders' equity accounts.

RETAINED EARNINGS

PRESENTATION OF CHANGES IN RETAINED EARNINGS

Table 4-1 summarizes the presentation formats used by the survey companies to present changes in retained earnings. Examples of statements showing the increase or decrease in retained earnings resulting from 1982 fiscal year transactions are presented throughout this section.

TABLE 4-1: PRESENTATION OF CHANGES IN RETAINED EARNINGS

	1982	1981	1980	1979
Statement of Stockholders' Equity	354	336	307	277
Separate statement of retained earnings	125	130	151	161
Combined statement of income and retained earnings	94	111	129	145
Changes shown in balance sheet or notes	27	23	13	17
Total Companies	**600**	**600**	**600**	**600**

DIVIDENDS

Chapter 7B of *Accounting Research Bulletin No. 43* discusses the accounting for stock dividends. *APB Opinion No. 15* refers to Chapter 7B and states in part:

> 48. *Stock dividends or splits.* If the number of common shares outstanding increases as a result of a stock dividend or stock split or decreases as a result of a reverse split, the computations should give retroactive recognition to an appropriate equivalent change in capital structure for all periods presented. If changes in common stock resulting from stock dividends or stock splits or reverse splits have been consummated after the close of the period but before completion of the financial report, the per share computations should be based on the new number of shares because the readers' primary interest is presumed to be related to the current capitalization. When per share computations reflect such changes in the number of shares after the close of the period, this fact should be disclosed.

Table 4-2 shows the nature of distributions made by the survey companies to their shareholders. Approximately 70% of the survey companies paying cash dividends to common stock shareholders indicate the per share amount of such dividends in the statement of retained earnings; approximately 51% of the survey companies make a similar disclosure for cash dividends paid to preferred stock shareholders.

Examples of distributions to shareholders follow.

TABLE 4-2: DIVIDENDS

	Number of Companies			
	1982	1981	1980	1979
Cash Dividends Paid to Common Stock Shareholders				
Per share amount disclosed in retained earnings statement	362	378	408	420
Per share amount not disclosed in retained earnings statement	156	148	127	119
Total	**518**	**526**	**535**	**539**
Cash Dividends Paid to Preferred Stock Shareholders				
Per share amount disclosed in retained earnings statements	110	123	110	128
Per share amount not disclosed in retained earnings statement	106	99	100	90
Total	**216**	**222**	**210**	**218**
Dividends Paid By Pooled Companies	**2**	**6**	**5**	**7**
Stock Dividends	**17**	**21**	**27**	**31**
Dividends In Kind	**3**	**6**	**—**	**3**

Cash Dividends

BADGER METER, INC.

Consolidated Statement of Operations and Reinvested Earnings

Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
Net earnings (loss)	$(1,473,376)	$ 1,137,356	$ 1,012,274
Reinvested earnings, beginning of year...	19,284,538	18,999,248	19,116,830
	17,811,162	20,136,604	20,129,104
Cash dividends declared—(1982—$.30 per share; 1981—$.60 per share; 1980—$.80 per share)...............	427,032	852,066	1,129,856
Reinvested earnings, end of year.........	$17,384,130	$19,284,538	$18,999,248

BRENCO, INCORPORATED

Consolidated Statements of Income and Retained Earnings

	Years Ended December 31		
	1982	1981	1980
Net Income	$ 466,580	$ 2,869,398	$15,013,803
Retained Earnings—January 1...........	47,512,040	49,087,734	41,181,953
	47,978,620	51,957,132	56,195,756
Deduct:			
Cash dividends declared (per share 1982—$.36; 1981—$.45; 1980—$.72)	3,556,250	4,445,092	7,108,022
Retained Earnings—December 31........	$44,422,370	$47,512,040	$49,087,734

CRADDOCK-TERRY SHOE CORPORATION

Statement of Consolidated Income and Retained Earnings

	Year Ended		
	Oct. 2, 1982	Oct. 3, 1981	Sept. 27, 1980
Net Income	$ 701,000	$ 3,411,000	$ 3,389,000
Cash Dividends			
Common (per share: 1982 and 1981—$.80; 1980—$.76)	1,239,000	1,233,000	1,155,000
Preferred ($5 per share)............	22,000	23,000	24,000
	1,261,000	1,256,000	1,179,000
Retained earnings at beginning of year...	26,780,000	24,625,000	22,415,000
Retained Earnings at End of Year.........	$26,220,000	$26,780,000	$24,625,000

THE BFGOODRICH COMPANY

Consolidated Statement of Shareholders' Equity

(Dollars in millions, except per share amounts)

Year ended December 31,	1982	1981	1980
$3.125 Cumulative Convertible Preferred Stock, Series C			
Stated at involuntary liquidation value of $25 per share; 2,568,291 shares issued and outstanding at December 31......................................	$ 64.2	$ 64.2	$ —
Common Stock—$5 par value			
Authorized 50,000,000 shares; issued at December 31: 17,751,579 in 1982; 17,664,671 in 1981 and 17,103,084 in 1980	88.8	88.3	85.5
Additional Capital			
Balance at beginning of year...........	136.7	126.2	116.1
Changes resulting from:			
Issuance of new Common Stock.....	2.0	10.5	9.9
Reissuance of treasury shares.......	.4	—	(.2)
Difference between redemption price and purchase price of Series A Preferred Stock....................	.6	—	.4
Balance at end of year.................	139.7	136.7	126.2
Cumulative Unrealized Translation Adjustments			
Balance at beginning of year...........	(7.4)	—	—
Effect as of January 1, 1981 of translating foreign functional currency financial statements into U.S. dollars at current exchange rates...	—	(3.6)	—
Aggregate adjustments for the year ...	(9.7)	(3.2)	—
Net amount realized resulting from sale of investments in foreign subsidiaries	—	(.6)	—
Balance at end of year.................	(17.1)	(7.4)	—
Income Retained in the Business			
Balance at beginning of year...........	809.8	736.1	702.5
Adjustment to January 1, 1981 balance resulting from remeasuring deferred income taxes of certain foreign entities..................................	—	.3	—
Net income (loss).......................	(32.8)	109.5	61.7
Dividends:			
Preferred Stock:			
Series A, $7.85 a share..........	(1.5)	(1.6)	(1.7)
Series B, $.975 a share..........	(.4)	(.3)	(.4)
Series C, $3.125 a share annually	(8.0)	(7.0)	—
Common Stock—$1.56 a share.....	(27.6)	(27.2)	(26.0)
Total dividends.....................	(37.5)	(36.1)	(28.1)
Balance at end of year.................	739.5	809.8	736.1
Treasury Stock			
99,171 shares Common Stock—at cost	(1.9)	—	—
Total Shareholders' Equity.............	$1,013.2	$1,091.6	$947.8

UNITED STATES GYPSUM COMPANY

Consolidated Statement of Stockholders' Equity

for the years ended December 31

(All dollar amounts in thousands)

	$1.80 Convertible Preferred Stock		Common Stock		Capital Received In Excess	Deferred Currency	Reinvested
	Shares	Amount	Shares	Amount	of Par Value	Translation	Earnings
Balance December 31, 1979	**729,077**	**$729**	**16,040,311**	**$64,161**	**$ —**	**$ —**	**$560,475**
Stock options exercised			40,960	164	740		
Purchase of stock for treasury			(58,595)	(234)	(740)		(741)
Conversion of preferred to common	(184,360)	(184)	165,903	663			(479)
Net earnings							94,423
Dividends							
Preferred stock $1.80 per share							(1,101)
Common stock $2.40 per share							(38,672)
Balance December 31, 1980	**544,717**	**545**	**16,188,579**	**64,754**	**—**	**—**	**613,905**
Currency translation adjustment						(10,073)	
Stock options exercised			34,618	138	711		
Restricted stock granted			15,000	60	(26)		
Conversion of preferred to common	(96,292)	(97)	86,646	347	(250)		
Exchange of common stock for debentures			153,668	615	4,397		
Net earnings							74,171
Dividends							
Preferred stock $1.80 per share							(862)
Common stock $2.40 per share							(39,047)
Balance December 31, 1981	**448,425**	**448**	**16,478,511**	**65,914**	**4,832**	**(10,073)**	**648,167**
Currency translation adjustment						(10,427)	
Stock options exercised			77,712	311	2,525		
Restricted stock amortization					204		
Conversion of preferred to common	(66,308)	(66)	59,668	239	(173)		
Net earnings							43,890
Dividends							
Preferred stock $1.80 per share							(757)
Common stock $2.40 per share							(39,640)
Balance December 31, 1982	**382,117**	**382**	**16,615,891**	**66,464**	**7,388**	**(20,500)**	**651,660**

POTLATCH CORPORATION

Statements of Earnings and Retained Earnings

Retained Earnings (Dollars in thousands—except per-share amounts)

For the years ended December 31	1982	1981	1980
Balance at beginning of year	$439,370	$411,479	$383,074
Net earnings	22,533	57,804	48,751
Dividends:			
Common ($1.48 per share in 1982; $1.42 per share in 1981; $1.34 per share in 1980)	(22,665)	(21,690)	(20,346)
Preferred ($12.375 per share) (Note 10)	(9,281)	(8,223)	—
Balance at end of year	$429,957	$439,370	$411,479

Note 10. Redeemable Preferred Stock

In February 1981, the company sold 750,000 shares of $12.375 series A cumulative preferred stock, without par value. This stock may not be redeemed prior to January 15, 1986. On or after that date, the company, at its option, may redeem all or part of the shares at one hundred dollars per share, plus accrued and unpaid dividends and a premium of $7.22 per share in 1986, declining uniformly each year to no premium in 1993. The company is required to make sinking fund payments commencing January 15, 1987, sufficient to redeem 75,000 shares annually through January 15, 1996, at one hundred dollars per share plus accrued and unpaid dividends. The preferred stock has a liquidation value of one hundred dollars per share.

Dividends on the preferred stock commenced on April 15, 1981, and are payable quarterly. In the event that dividends payable on the preferred stock are in arrears, or if the company fails to comply with its mandatory redemption obligation, the company may not declare or pay any dividends on, or make other distributions on, or purchase, redeem or otherwise acquire for value its common stock.

HARRIS CORPORATION

Consolidated Statement of Retained Earnings

Years ended June 30	1982	1981 ($000)	1980
Retained Earnings			
Balance at beginning of year	$443,075	$364,005	$304,373
Net income for the year	75,549	103,957	79,682
Cash dividends ($.88 per share in 1982, $.80 per share in 1981 and $.72 per share in 1980)	(27,602)	(24,888)	(20,438)
Cash dividends of pooled company	—	—	(205)
Adjustment for change in fiscal year of pooled company	—	—	593
Balance at end of year	$491,022	$443,075	$364,005

Stock Dividends

MOSINEE PAPER CORPORATION

Consolidated Statements of Stockholders' Equity

For the Year Ended December 31,

	1982	1981	1980
Capital Stock			
Preferred stock—$1 par value 1,000,000 shares authorized,			
None issued	$ —	$ —	$ —
Common stock—$2.50 par value 15,000,000 shares authorized			
Balance issued at beginning of year	14,229,538	14,229,538	14,229,538
10% Stock dividend declared April 22, 1982 (569,181 shares)	1,422,952	—	—
Balance issued at end of year	$15,652,490	$14,229,538	$14,229,538
Additional Paid-in Capital			
Balance at beginning of year	$ 756,206	$ 786,206	$ 507,606
Excess of cost over proceeds on the transfer of treasury stock per agreement	—	(30,000)	—
Sale of treasury shares over cost	—	—	278,600
10% Stock dividend	2,917,048	—	—
Balance at end of year	$ 3,673,254	$ 756,206	$ 786,206
Retained Earnings			
Balance at beginning of year	$34,293,323	$28,830,247	$25,388,535
Net earnings for the year	3,963,635	6,913,564	4,752,956
Cash dividends declared:			
($.34—1982, $.31—1981, $.27—1980)	(1,592,070)	(1,450,488)	(1,311,244)
10% Stock dividend	(4,340,000)	—	—
Balance at end of year	$32,324,888	$34,293,323	$28,830,247
Treasury Stock			
Balance at beginning of year	$ 5,742,487	$ 4,623,677	$ 3,000,692
Purchase of shares:			
(590—1982, 139,801—1981 and 253,134—1980)	4,500	1,158,810	1,869,385
Sales of shares (70,000—1980)	—	—	(246,400)
Transfer of shares per agreement (10,000—1981)	—	(40,000)	—
Balance at end of year	$ 5,746,987	$ 5,742,487	$ 4,623,677
Notes Receivable—Sale of Stock			
Balance at beginning of year	$ 450,000	$ 525,000	—
Notes on sale of stock	—	—	525,000
Repayment of note	—	(75,000)	—
Balance at end of year	$ 450,000	$ 450,000	$ 525,000

STANDUN INC.

Consolidated Statements of Shareholders' Investment

For the Years Ended November 30, 1982, 1981 and 1980	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings
Balance November 30, 1979	1,186,763	$1,187,000	$7,520,000	$ 119,000
Shares Issued Upon Exercise of Stock Options	3,182	3,000	15,000	—
Shares Issued Under Stock Purchase Agreement	10,000	10,000	41,000	—
Net Income	—	—	—	3,068,000
Balance November 30, 1980	1,199,945	1,200,000	7,576,000	3,187,000
Shares Issued Upon Exercise of Stock Options	10,150	10,000	14,000	—
Net Income	—	—	—	1,790,000
Balance November 30, 1981	1,210,095	1,210,000	7,590,000	4,977,000
Shares Issued Upon Exercise of Stock Options, including $25,000 tax benefit from exercise of non-qualified options	30,300	30,000	66,000	—
5% Stock Dividend (Note 3)	61,882	62,000	430,000	(492,000)
Net Income	—	—	—	1,083,000
Balance November 30, 1982	1,302,277	$1,302,000	$8,086,000	$5,568,000

Note 3—Earnings Per Common Share and Stock Dividend

Earnings per common share have been computed based upon the weighted average number of outstanding common shares and common share equivalents, which include shares issuable under outstanding stock options, a stock warrant and stock purchase agreements. The number of shares used in earnings per common share at November 30, 1982, 1981 and 1980 was 1,358,639, 1,377,436 and 1,303,928, respectively.

A 5% stock dividend was distributed on February 26, 1982 to stockholders of record on February 5, 1982. Weighted average number of outstanding common shares and common share equivalents and all other share amounts included in the consolidated financial statements and notes thereto are based on the increased number of shares resulting from the effect of this stock dividend.

Dividend in Kind

AMERICAN BILTRITE INC.

Consolidated Statement of Operations and Retained Earnings

(Dollars in thousands except per share)

	Year Ended December 31 1982	1981	1980
Net Earnings (Loss)	$ 1,866	$ (441)	$(12,562)
Retained earnings at beginning of year	23,605	24,835	38,186
Split-off of The Biltrite Corporation on December 16, 1982	(20,778)		
Cash dividends declared	(690)	(789)	(789)
Retained Earnings at End of Year	$ 4,003	$23,605	$24,835

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A—Basis of Presentation

On July 3, 1982, American Biltrite Inc. ("ABI") transferred all of the assets of its Footwear Division and certain other general corporate assets to The Biltrite Corporation ("TBC"), which had been organized in June 1982, in exchange for the assumption of certain obligations of ABI, including substantially all Footwear Division liabilities, and the issuance to ABI of all of TBC's outstanding stock. On December 16, 1982, in accordance with an Agreement and Plan of Reorganization dated as of July 3, 1982, as amended (the "Plan of Reorganization"), TBC was split off from ABI and became an independent corporation. Approximately 75% of the stock of ABI is owned by the Marcus family, approximately 75% of the stock of TBC is owned by the Bernstein family and approximately 25% of the stock of each corporation is owned by the public. Prior to the Split-Off of TBC from ABI, the Marcus and Bernstein families each owned 37½% of the stock of ABI and the remaining 25% was owned by the public.

The accompanying financial statements reflect the classification as discontinued operations of the historical operations of ABI's domestic footwear business, through December 16, 1982, as they were recorded in that entity's separate books and records (see Note C). As the assets, liabilities and equity of TBC at December 16, 1982 were split off from ABI (at recorded amounts with no resulting gain or loss recognized), these amounts are not included in ABI's consolidated balance sheet at December 31, 1982.

Prior to January 1, 1982, certain costs were allocated by ABI to TBC based upon TBC's sales volume relative to ABI's consolidated sales volume as well as the amount of TBC's total assets relative to ABI's consolidated assets. After December 31, 1981, certain items of income and expense were allocated to TBC from ABI as directed by the Plan of Reorganization.

In connection with the Split-Off of TBC from ABI, ABI's stockholders approved a two-for-one stock split of the common stock of ABI. This transaction necessitated an increase in ABI's authorized capital to 5,500,000 shares of common stock, which was also approved at the Deferred Annual Meeting. As a result of the stock split, ABI was able to avoid issuing fractional shares in connection with the Split-Off and ABI and TBC were able to comply with certain requirements of the American Stock Exchange. After the Split-Off, both ABI and TBC have 2,630,408 shares of common stock outstanding, which is the same amount ABI had outstanding prior to the two-for-one stock split. Accordingly, per share information for 1980 and 1981 remain unchanged.

ABI has received rulings from the Internal Revenue Service with respect to certain federal income tax consequences of the Split-Off, indicating that no gain or loss will be recognized by ABI with respect to the Split-Off of TBC.

In addition, the transfer of certain assets from ABI to TBC will be treated as an "early disposition" of such assets by ABI for federal income tax purposes. As a result, investment tax credit carryforwards in the amount of approximately $300,000 with respect to those assets will not be available for utilization by ABI.

ADJUSTMENTS TO OPENING BALANCE OF RETAINED EARNINGS

Reasons for which the opening balance of retained earnings is properly restated include certain changes in accounting principles, changes in reporting entity, and prior period adjustments. Effective for financial statements for fiscal periods beginning after October 15, 1977, FASB *Statement of Financial Accounting Standards No. 16* stipulates that only corrections of errors and "Adjustments that result from realization of income tax benefits of pre-acquisition operating loss carryforwards of purchased subsidiaries," are properly accounted for as prior period adjustments.

Table 4-3 summarizes the reasons disclosed by the survey companies as to why the opening balance of retained earnings was adjusted. As shown in Table 4-3, the most frequently disclosed reason for adjusting the opening balance of retained earnings was compliance with the requirements of FASB *Statement of Financial Accounting Standards No. 43.* Examples of adjustments to the opening balance of retained earnings follow.

TABLE 4-3: ADJUSTMENTS TO OPENING BALANCE OF RETAINED EARNINGS

	Number of Companies			
	1982	1981	1980	1979
Change in accounting for compensated absences...	39	127	22	—
Change in accounting for foreign currency translation........................	19	29	—	—
Poolings of interests.........	11	17	17	22
Other—Described	14	9	3	56

Change in Accounting Principles

MALONE & HYDE, INC.

Statements of Changes in Consolidated Stockholders' Equity

	Common Stock $1 Par Value	Additional Paid-In Capital	Retained Earnings	Total
		(in thousands)		
Balance at June 30, 1979				
As reported	$7,311	$26,745	$89,115	$123,171
Adjustments for compensated absences—Note N			(445)	(445)
Balance at June 30, 1979 As Restated	7,311	26,745	88,670	122,726
Net income for the year ended June 28, 1980 (restated—Note N)			24,847	24,847
Cash dividends—$1.12 per share			(8,384)	(8,384)
Sale of 119,763 shares of Common Stock under stock option and stock purchase plans	120	2,461		2,581
Acquisition of companies	205	12	2,506	2,723
Balance at June 28, 1980	7,636	29,218	107,639	144,493
Net income for the year ended June 27, 1981 (restated—Note N)			18,283	18,283
Cash dividends—$1.28 per share			(9,886)	(9,886)
Sale of 156,277 shares of Common Stock under stock option and stock purchase plans	156	3,695		3,851
Balance at June 27, 1981	7,792	32,913	116,036	156,741
Net income for the year ended June 26, 1982			27,759	27,759
Cash dividends—$1.40 per share			(10,866)	(10,866)
Stock acquired for issuance under employee stock plans	(240)	(5,474)		(5,714)
Sale of 147,528 shares of Common Stock under stock option and stock purchase plans	148	3,087		3,235
Balance at June 26, 1982	$7,700	$30,526	$132,929	$171,155

Note N—Compensated Absences

The financial statements for 1981 and 1980 have been restated to reflect the retroactive application of the provision of Financial Accounting Standards Statement No. 43, Accounting for Compensated Absences. This change reduced net income by $193,000 ($.02 a share) in 1982; $103,000 ($.02 a share) in 1981; and $98,000 ($.01 a share) in 1980 and retained earnings at June 30, 1979, by $445,000.

SUPER VALU STORES, INC.

Stockholders' Equity

	Common Stock Shares	Amount	Capital in excess of par value	Retained Earnings
Balances at February 24, 1979				
As previously reported	36,204,904	$18,103,000	$8,027,000	$127,443,000
Adjustment for change in the method of accounting for compensating absences (Note B)				(2,782,000)
As restated	36,204,904	$18,103,000	$8,027,000	$124,661,000
Sales of common stock under option plans including $57,000 of income tax benefit resulting from options sold under non-qualified plans	84,660	42,000	411,000	
Sales of common stock under Employee Stock Ownership Plan	56,390	28,000	551,000	
Net earnings				44,919,000
Common dividends declared on common stock—$.31½ per share				(11,428,000)
Balances at February 23, 1980	36,345,954	$18,173,000	$8,989,000	$158,152,000
Sales of common stock under option plans including $361,000 of income tax benefit resulting from options sold under non-qualified plans	101,790	51,000	815,000	
Sales of common stock under Employee Stock Ownership Plan	35,358	18,000	526,000	
Net earnings				55,271,000
Common dividends declared on common stock—$.38¼ per share				(13,924,000)
Balances at February 28, 1981	36,483,102	$18,242,000	$10,330,000	$199,499,000
Sales of common stock under option plans including $356,000 of income tax benefit resulting from options sold under non-qualified plans	102,230	53,000	794,000	
Retirement of common stock	(6,394)	(3,000)	(109,000)	
Sales of common stock under Employee Stock Ownership Plan	31,387	31,000	544,000	
Stock split effected in the form of 100% stock dividend		18,287,000	(10,974,000)	(7,314,000)
Net earnings				64,721,000
Common dividends declared on common stock—$.46 per share				(16,836,000)
Balances at February 27, 1982	36,610,325	$36,610,000	$ 585,000	$240,070,000

Note B. Change in Accounting Method

The financial statement for the fiscal years ended February 28, 1981, February 23, 1980 and February 24, 1979 have been restated to reflect the retroactive adoption of the requirements of Financial Accounting Standards Board Statement No. 43, Accounting for Compensated Absences. This resulted in a cumulative reduction of retained earnings of $2,782,000 ($.08 per share) at February 24, 1979. Net earnings for the fiscal years ended February 28, 1981, and February 23, 1980 were reduced by $306,000 ($.01 per share) and $424,000 ($.01 per share), respectively. It was not practical to restate earnings, total assets and total liabilities for years prior to fiscal 1979.

CHESEBROUGH-POND'S INC.

Consolidated Statement of Shareholders' Equity

(in thousands except share data)	Common Shares $1 Par Value	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustment	Treasury Stock Shares	Treasury Stock Cost
Balance at January 1, 1980, as reported	32,465,626	$46,417	$364,263	$ —	214,407	$4,812
Pooling of interests—						
Prince Manufacturing, Inc.	1,903,497	(1,835)	1,308	—	—	—
Effect of change in accounting for sales returns	—	—	(11,765)	—	—	—
Balance at January 1, 1980, as restated	34,369,123	44,582	353,806	—	214,407	4,812
Debenture conversions	132,173	3,328	—	—	—	—
Stock and Stock Option Plans	—	313	—	—	(186,385)	(4,142)
Net income	—	—	99,738	—	—	—
Dividends paid ($1.28 per share)	—	—	(41,416)	—	—	—
Executive Incentive Profit-Sharing Plan	—	—	—	—	(10,060)	(224)
Treasury stock purchases	—	—	—	—	115,000	2,507
Other	—	64	(282)	—	—	—
Balance at January 1, 1981	34,501,296	48,287	411,846	—	132,962	2,953
Debenture conversions	300,826	7,705	—	—	—	—
Stock and Stock Option Plans	—	(906)	—	—	(271,773)	(7,114)
Net income	—	—	117,421	—	—	—
Dividends paid ($1.52 per share)	—	—	(49,659)	—	—	—
Executive Incentive Profit-Sharing Plan	—	—	—	—	(7,082)	(206)
Treasury stock purchases	—	—	—	—	300,000	9,061
Other	—	1,239	(605)	—	—	—
Balance at January 1, 1982	34,802,122	56,325	479,003	—	154,107	4,694
Cumulative effect of change in accounting for foreign currency translation at January 1	—	—	—	20,043	—	—
Debenture conversions	83,467	2,142	—	—	—	—
Exchange of stock for long-term debt	837,533	27,636	—	—	—	—
Stock and Stock Option Plans	331,701	7,714	—	—	(9,099)	(277)
Net income	—	—	125,265	—	—	—
Dividends paid ($1.72 per share)	—	—	(58,983)	—	—	—
Executive Incentive Profit-Sharing Plan	—	—	—	—	(5,860)	(179)
Foreign currency translation adjustment	—	—	—	27,079	—	—
Other	—	1,851	(488)	—	2,362	80
Balance at December 31, 1982	36,054,823	$95,670	$544,797	$47,122	141,510	$4,318

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Accounting Changes

In 1982, the company changed its method of accounting for sales returns to comply with Statement of Financial Accounting Standards (SFAS) No. 48, "Revenue Recognition When Right of Return Exists." Financial statements for the first three quarters of 1982 and prior years have been restated to reflect this change, which resulted in a decrease in retained earnings as of January 1, 1980 of $11,765,000, net of $10,210,000 of income taxes. The effects of this change on net sales, income before provision for income taxes, net income and earnings per share were (in thousands, except per share data):

Increase (Decrease)	Net Sales	Income before Provision for Income Taxes	Net Income	Earnings Per Share
1982	$ 5,248	$ 4,559	$ 2,336	$ .07
1981	$(7,402)	$(4,690)	$(2,404)	$(.07)
1980	$(5,114)	$(4,508)	$(2,415)	$(.07)

CBS INC.

Consolidated Statements of Income and Retained Earnings

(Dollars in thousands, except per share amounts)

	Year ended December 31 1982	1981	1980
Retained Earnings			
Balance at beginning of year as previously reported			$849,866
Cumulative restatement adjustment			(3,699)
Balance at beginning of year as restated	$1,041,851	$ 957,331	846,167
Net income (as restated for 1981 and 1980)	112,509	162,829	189,379
Less cash dividends:			
Common stock, $2.80 per share.	78,346	78,152	78,029
Preferred stock, $1.00 per share.	101	157	186
Balance at end of year (as restated for 1981 and 1980)....	$1,075,913	$1,041,851	$957,331

NOTES TO FINANCIAL STATEMENTS

15. Sales Returns

The accounting for sales returns in the Company's publishing operations has been changed to conform to Statement of Financial Accounting Standards No. 48 and accruals are now made for all estimated sales returns. The effect on income from continuing operations as well as net income for 1982, 1981 and 1980 was a decrease of $397,000, $982,000 and $329,000, respectively, or $.01, $.03 and $.01 per share, respectively. Revenues for the years 1982 through 1980 were decreased $1,234,000, $2,945,000 and $1,224,000, respectively.

16. Restatement of Prior Years

(Dollars in millions, except per share amounts)

Prior years' financial statements have been restated. The financial results of these restatements are as follows:

	Year ended December 31 1981 Amount	Per Share	1980 Amount	Per Share
Revenues as previously reported	$4,126.0		$4,008.0	
Sales returns (note 15).................	(2.9)		(1.2)	
Discontinued operations* (note 5)	(167.2)		(154.8)	
Revenues as restated ...	$3,955.9		$3,852.0	
Income from continuing operations as previously reported	$ 190.4	$6.82	$ 190.5	$6.83
Sales returns (note 15).................	(1.0)	(.03)	(.3)	(.01)
Discontinued operations* (note 5)	10.8	.38	5.1	.18
Income from continuing operations as restated	$ 200.2	$7.17	$ 195.3	$7.00
Net income as previously reported	$ 163.8	$5.86	$ 189.7	$6.80
Sales returns (note 15).................	(1.0)	(.03)	(.3)	(.01)
Net income as restated .	$ 162.8	$5.83	$ 189.4	$6.79

*Relates to 1982 discontinued operations.

DRAVO CORPORATION

Consolidated Statement of Retained Earnings

(In thousands, except per share)

Year ended December 31				1982	1981	1980
Retained earnings at January 1, 1980, as previously reported						$176,627
Cumulative effect on prior years of the change in method of accounting for long-term contracts (Note 4)						3,379
Retained earnings at beginning of year as restated				$204,547	$192,799	180,006
Net income (loss)				(4,540)	16,342	21,793
Acquisitions accounting for as poolings				—	8,068	2,441
Loss on sale of treasury stock				(468)	—	—
				199,539	217,209	204,240
		Per Share				
Dividends declared	1982	1981	1980			
Series B preference stock	$2.475	$2.475	$2.475	387	396	406
Common stock	.845	.96	.91	10,980	12,266	11,035
				11,367	12,662	11,441
Retained earnings at end of year				$188,172	$204,547	$192,799

Note 4: Change in Accounting Principle

The company has accounted for revenue and costs on long-term construction and manufacturing contracts using the percentage of completion method in 1982, whereas in all prior years revenue and costs on fixed-price contracts were determined by the completed contract method. The percentage of completion method reflects contract activity in the income statement as the work progresses and is the method most widely used for long-term contracts. Financial statements of prior years have been restated to apply the newly adopted method retroactively. For income tax purposes, the completed contract method has been continued. The effect of the accounting change on 1982's net loss was not material. The restatement of prior years resulted in a reduction in net income of $978,000 ($.08 per share) for 1981 and an increase of $231,000 ($.02 per share) in 1980. Retained earnings have been adjusted for the effect (net of income taxes) of applying retroactively the new method of accounting.

KAISER STEEL CORPORATION

Consolidated Statement of Shareholders' Equity

(thousands of dollars)	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Total Stock-holders Equity
Balance at January 1, 1980 as reported	$13,398	$4,673	$75,256	$409,615	$502,942
Cumulative effect of change in accounting principle (Note C)	—	—	—	(95)	(95)
Balance as restated (preferred stock—535,915 shares; common stock—7,009,081 shares issued less 250 shares held in treasury)	13,398	4,673	75,256	409,520	502,847
Net earnings	—	—	—	194,518	194,518
Exercise of stock options for 8,750 shares	—	5	340	4	349
Purchase of 53,802 shares of preferred stock	(1,345)	—	362	—	(983)
Cash dividends on preferred stock—$1.46 per share	—	—	—	(736)	(736)
Equity in capital transactions of unconsolidated companies	—	—	—	483	483
Balance at December 31, 1980 (preferred stock—482,113 shares; common stock—7,017,581 shares)	12,053	4,678	75,958	603,789	696,478
Net (loss)	—	—	—	(438,719)	(438,719)
Exercise of stock options for 20,725 shares	—	14	779	—	793
Conversion of notes for 228,650 shares	—	153	6,997	—	7,150
Purchase of 56,241 shares of preferred stock	(1,406)	—	389	—	(1,017)
Cash dividends on preferred stock—$1.46 per share	—	—	—	(661)	(661)
Balance at December 31, 1981 (preferred stock—425,872 shares; common stock—7,266,956 shares)	10,647	4,845	84,123	164,409	264,024
Net earnings	—	—	—	2,665	2,665
Exercise of stock options for 300 shares	—	—	4	—	4
Purchase of 52,393 shares of preferred stock	(1,310)	—	324	—	(986)
Cash dividends on preferred stock—$1.46 per share	—	—	—	(588)	(588)
Balance at December 31, 1982 (preferred stock—373,479 shares; common stock—7,267,256 shares)	$9,337	$4,845	$84,451	$166,486	$265,119

Note C—Long-Term Contracts

In 1982, the company changed its method of accounting for long-term fabrication and construction contracts from the completed-contract method to the percentage-of-completion method in response to Financial Accounting Standard No. 56. The financial statements of the prior years have been restated to apply the new method retroactively. For income tax purposes, the completed contract method has been continued. The change in accounting decreased 1982 net earnings $678,000 ($0.09 per share). The effect of the accounting change in 1981 and 1980 is as follows:

(thousands of dollars except per-share amounts)	1981 Amounts	1981 Per Share	1980 Amounts	1980 Per Share
Net earnings (loss) as previously reported	$(437,455)	$(61.53)	$191,469	$27.16
Effect of percentage-of-completion method	(1,264)	(.17)	3,049	.44
Net earnings (loss) as restated	$(438,719)	$(61.70)	$194,518	$27.60

Accounts receivable and inventories include the following amounts relating to long-term contracts and programs:

(thousands of dollars)	December 31 1982	1981 (Restated)
Accounts receivable:		
Recoverable costs on contract—not billed	$ 1,925	$ 1,199
Retentions due on completion of contracts	3,760	3,377
	$ 5,685	$ 4,576
Inventories:		
Inventoried costs, net of amounts attributable to revenues recognized to date	$31,727	$36,493
Raw materials and supplies	3,647	3,058
	35,374	39,551
Deduct progress payments	30,569	30,647
	$ 4,805	$ 8,904

Recoverable costs not billed represent amounts of revenue recognized on contracts, but not billable at the balance sheet date in accordance with contractual terms.

The balances billed but not paid by customers pursuant to retention provisions will be due upon completion of the contracts and acceptance by the owner. The retention balance at December 31, 1982, is expected to be collected by 1984.

KEYSTONE CONSOLIDATED INDUSTRIES, INC.

Consolidated Statement of Earnings and Retained Earnings

For the Years Ended June 30, 1982, 1981 and 1980

(In thousands except per share amounts)	1982	1981	1980
Net earnings (loss)	$(13,420)	$ (557)	$ (2,821)
Retained earnings, beginning of year	105,706	106,263	108,647
Cumulative effect of changes in accounting (Note B)	—	—	437
Retained earnings, end of year	$ 92,286	$105,706	$106,263

Note B. Accounting Changes

During the fourth quarter of fiscal 1982, the Company changed its method of valuing a wholly-owned domestic subsidiary's inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. The Company believes the FIFO method will result in a fairer presentation of the subsidiary's assets, which will facilitate future financing arrangements. Furthermore, because of reduced inventory levels and anticipated reductions in inventory unit costs, the FIFO method will result in a better matching of current costs with current revenues. The Company has retroactively restated its financial statements to reflect this change; the effect on the 1982 loss was not significant.

In fiscal 1982, the Company fully adopted the provisions of Statement 43 of the Financial Accounting Standards Board which sets forth the criteria for accounting for compensated absences. In addition to accruals previously made for such absences, the Company is accruing for nonvested vacation pay for hourly employees and all earned vacation pay for salaried employees. Accordingly, the Company has retroactively restated its financial statements to reflect this change.

The cumulative effect of these changes on retained earnings at July 1, 1979, was as follows:

	(In thousands)
Inventory valuation	$4,188
Vacation pay	(3,315)
Tax effect	(436)
	$ 437

The increase (decrease) in the loss and related per common share amounts for 1981 and 1980 was as follows:

	1981	1980
Loss (in thousands):		
Inventory valuation	$(1,190)	$(1,099)
Vacation pay	262	(159)
Tax effect	(1,065)	629
	$(1,993)	$ (629)
Per common share:		
Inventory valuation	$ (.63)	$ (.58)
Vacation pay	.14	(.08)
Tax effect	(.57)	.33
	$ (1.06)	$ (.33)

Prior Period Adjustment

PEPSICO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2/Restatement and Unusual Charge

In December 1982 PepsiCo completed a review of financial irregularities in company-owned foreign bottling operations, primarily in Mexico and the Philippines. As a result of this review steps have been taken to correct these irregularities, prevent their recurrence and terminate the individuals responsible.

The investigation, conducted by a task force that included special legal counsel and independent accountants, revealed that managers of these subsidiaries working in collusion falsified documents and evaded internal controls to overstate profits and thereby improve the apparent performance of their operations.

These irregularities caused an overstatement of assets, an understatement of liabilities and an overstatement of net income for the period of January 1, 1978 through September 4, 1982, aggregating $92.1 million or 6.6 percent of net income. These adjustments were without tax benefit. As a result of the irregularities, the financial statements for the years 1978 through 1981 have been restated. A reconciliation of previously reported net income and net income per share to restated amounts is shown in the table below. The impact of the restatement on revenues was not significant. Interim financial data for previously reported quarters has also been restated (see quarterly disclosure on page 38).

Change in Net Income and Net Income per Share:

	1981	1980	1979	1978
	(in thousands except for per share amounts)			
Income before extraordinary charge as previously reported	$333,456	$291,752	$264,855	$225,769
Decrease in income resulting from restatement	35,972	31,047	14,466	2,555
Income before extraordinary charge as restated	297,484	260,705	250,389	223,214
Extraordinary charge (see Note 11)	—	17,762	—	—
Net income	$297,484	$242,943	$250,389	$223,214
Income per share before extraordinary charge as previously reported	$3.61	$3.20	$2.85	$2.43
Decrease in income per share resulting from restatement	.39	.34	.15	.03
Restated income per share before extraordinary charge	3.22	2.86	2.70	2.40
Extraordinary charge	—	.19	—	—
Net income per share	$3.22	$2.67	$2.70	$2.40

As a result of the restatement previously reported retained earnings at the beginning of 1980 has been reduced by $17,021,000 from $1,134,060,000 to $1,117,039,000.

In addition to investigating financial irregularities, the company also conducted a review of financial practices at company-owned foreign bottling operations. As a result of this review, the net assets of certain operations have been reduced by an amount totaling $79.4 million. This reduction primarily involves a reassessment of the bottle and case inventories required for current operations, and has been accounted for as an unusual charge to earnings, without tax benefit, during the fourth quarter of 1982. The charge reduced net income per share by $.83.

OTHER CHANGES IN RETAINED EARNINGS

In addition to opening balance adjustments, the retained earnings account is affected by direct charges and credits. The most frequent direct charges to retained earnings are net loss for the year, losses on treasury stock transactions, and cash or stock dividends. The most common direct credit to retained earnings is net income for the year. Direct charges and credits—other than net loss, net income, dividends and stock splits—are summarized in Table 4-4. Examples of such charges and credits follow.

TABLE 4-4: OTHER CHANGES IN RETAINED EARNINGS

	Number of Companies			
	1982	1981	1980	1979
Charges				
Treasury stock transactions	63	55	54	51
Translation adjustments	15	3	—	—
Preferred stock accretion	6	5	—	—
Other—Described	14	23	25	26
Credits				
Poolings of interests	9	13	6	11
Other—Described	22	13	17	13

Treasury Stock Transactions

ABBOTT LABORATORIES

Consolidated Statement of Earnings Employed in the Business

(dollars in thousands except per share data)	Year ended December 31 1982	1981	1980
Balance at beginning of year	$1,018,575	$ 866,897	$732,480
Net earnings	289,123	247,283	214,413
Cash dividends declared—on common shares at $.84, $.72, and $.60 per share in 1982, 1981, and 1980, respectively	(102,502)	(88,562)	(73,308)
Cost of treasury shares issued over proceeds from stock options exercised	(17,174)	(7,043)	(6,688)
Balance at end of year	$1,188,022	$1,018,575	$866,897

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Capital Shares

(dollars in thousands)

Changes in outstanding capital shares for 1980, 1981, and 1982 were as follows:

	Common Shares	
	Shares	Amount
Issued January 1, 1980	124,043,670	$171,692
Stock options exercised	43,002	551
Tax effect from sale of option shares	—	2,422
Issued December 31, 1980	124,086,672	$174,665
Tax effect from sale of option shares	—	2,563
Issued December 31, 1981	124,086,672	$177,228
Tax effect from sale of option shares	—	3,455
Issued December 31, 1982	124,086,672	$180,683
	Treasury Shares	
	Shares	Amount
January 1, 1980	63,470	$ 1,268
Purchased	1,212,052	27,738
Issued under stock option plans	(714,670)	(14,666)
Treasury shares, December 31, 1980	560,852	$ 14,340
Purchased or exchanged	1,530,115	42,648
Issued under stock option plans	(504,250)	(13,235)
Treasury shares, December 31, 1981	1,586,717	$ 43,753
Purchased or exchanged	1,556,002	45,527
Issued under stock option plans	(1,159,713)	(31,461)
Treasury shares, December 31, 1982	1,983,006	$ 57,819

At December 31, 1982, the Company had 1,000,000 preferred shares (one dollar par value) authorized, and unissued.

At December 31, 1982, 7,522,455 common shares were reserved for stock options (see Note 7).

CARNATION COMPANY

Consolidated Statement of Shareholders' Investment

Three years ended December 31, 1982

	Capital stock	Other capital	Retained earnings	Cumulative foreign currency translation
		(in thousands, except share data)		
Balance at December 31, 1979	$74,637	$48,776	$ 736,925	$13,594
Net income for the year 1980			151,931	
Adjustment for translation				(324)
Cash dividends ($1.66 per share)			(61,864)	
Exercise of stock options (1,388 shares)	3	35		
Purchase of treasury shares (320,800 shares)	(642)		(7,945)	
Balance at December 31, 1980	73,998	48,811	819,047	13,270
Net income for the year 1981			172,277	
Adjustment for translation				(37,281)
Cash dividends ($1.82 per share)			(67,056)	
Exercise of stock options and conversion of debentures (31,692 shares)	64	787		
Purchase of treasury shares (300,800 shares)	(602)		(8,590)	
Balance at December 31, 1981	73,460	49,598	915,678	(24,011)
Net income for the year 1982			183,353	
Adjustment for translation				(29,086)
Write-off of investment in Mexican subsidiary				(14,971
Cash dividends ($2.00 per share)			(73,164)	
Exercise of stock options (169,571 shares)	339	4,629		
Purchase of treasury shares (321,100 shares)	(642)		(9,488)	
Balance at December 31, 1982	$73,157	$54,227	$1,016,379	$(38,126)

CLAROSTAT MFG. CO., INC.

Consolidated Statement of Shareowners' Equity

	Common Stock, $1 Par Value Outstanding	Capital in Excess of Par Value	Retained Earnings	Total
Balance at December 30, 1979	$554,194	$979,909	$6,657,112	$8,191,215
Net income 1980			532,579	532,579
Balance January 3, 1981	554,194	979,909	7,189,691	8,723,794
Net income 1981			638,261	638,261
Balance January 2, 1982	554,194	979,909	7,827,952	9,362,055
Purchase of treasury stock (Note 7)	(78,100)	(138,094)	(1,560,581)	(1,776,775)
Net income 1982			737,603	737,603
Cash dividend—$.30 per share			(142,828)	(142,828)
Balance January 1, 1983	$476,094	$841,815	$6,862,146	$8,180,055

Note 7: Other Matters

On June, 2, 1982 the Company acquired 78,100 shares of its common stock from a group of dissident shareowners for $1,776,775. The dissident shareowners had waged a proxy contest at the Company's 1982 annual meeting in an effort to gain election as directors by defeating the slate of nominees proposed by the Company's Board of Directors. Legal fees and other costs incurred in connection with the proxy contest and settlement thereof amounted to $557,462, which has been recorded in the financial statements as a non-recurring charge.

Such dissident shareowners and the Company directors were defendants along with the Company in a lawsuit subsequently brought in the United States District Court for the Southern District of New York by four shareowners holding a total of 2000 shares. Such lawsuit was brought allegedly as a class and derivative action seeking, among other relief, to rescind the purchase of 78,100 shares referred to above and damages for alleged violations of securities and other laws. The Company was a nominal defendant since no wrongdoing was alleged or relief sought against the Company. By decision dated March 22, 1983 the Court dismissed such action against all defendants.

HUGHES SUPPLY, INC.

Consolidated Statements of Shareholders' Equity

	Common Stock Par Value $1 Per Share	Capital in Excess of Par Value	Retained Earnings	Treasury Stock
Balance, January 25, 1980	$2,351,508	$5,188,852	$30,471,111	$(1,413,517)
Net income	—	—	6,405,273	—
Common stock sold under stock option plan (17,896 shares)	17,896	93,770	—	—
Common stock issued to Employee Stock Ownership Plan (30,000 shares)	(30,000)	525,000	(6,072)	—
Treasury stock retired (306,000 shares)	(306,000)	(740,520)	(366,997)	1,413,517
Cash dividends—$.20 per share	—	—	(619,168)	—
Balance, January 30, 1981	2,093,404	5,067,102	35,884,147	—
Net income	—	—	5,157,145	—
Common stock sold under stock option plan, and related tax benefits (34,617 shares)	34,617	381,465	—	—
Common stock issued in Marbut Company acquisition (124,160 shares)	124,160	2,855,155	—	—
Cash dividends—$.25 per share	—	—	(844,577)	—
Loss on common stock contributed to Employee Stock Ownership Plan	—	—	(43,503)	—
Balance, January 29, 1982	2,252,181	8,303,722	40,153,212	—
Net income	—	—	4,400,755	—
Common stock sold under stock option plan, and related tax benefits (7,872 shares)	7,872	133,264	—	—
Cash dividends—$.27 per share	—	—	(837,801)	—
Gain on common stock contributed to Employee Stock Ownership Plan	—	108,045	—	—
Purchase and retirement of common stock (657,416 shares) (Note 7)	(657,416)	(2,484,883)	(13,291,227)	—
Three-for-two stock split effected in the form of a 50% stock dividend (801,320 shares) (Note 7)	801,320	(801,320)	—	—
Balance, January 28, 1983	$2,403,957	$5,258,828	$30,424,939	$ —

Note 7—Common Stock Transactions

In December, 1982, the Company purchased 983,625 shares (655,750 shares before adjustment for stock split) of its common stock from a principal stockholder for $16,393,750, and retired the shares. Funding for the purchase was provided from additional long-term debt and from working capital. In addition, the Company purchased and retired a minor number of shares from other sources during the year.

On January 27, 1983, the Company's board of directors declared a 50% stock dividend which is reflected as a three-for-two stock split in the fiscal 1983 financial statements. Accordingly, all per share and stock information, except for the historical accounting data presented in the Consolidated Balance Sheets and the Consolidated Statements of Stockholders' Equity prior to recording the stock split in fiscal 1983, have been adjusted to give effect to the stock split.

MACMILLAN, INC.

Consolidated Statement of Retained Earnings

(Dollars in thousands)

Year ended December 31,	1982	1981	1980
Balance at beginning of year	$44,954	$41,860	$62,303
Net income (loss)	20,833	10,836	(10,717)
5% common stock dividend	(7,329)	—	—
Cash dividends on preferred stock	(414)	(431)	(438)
Cash dividends on common stock (per share, adjusted to reflect the 5% common stock dividend effected September 30, 1982: 1982—$.59, 1981—$.48, 1980—$.70)	(6,402)	(6,147)	(9,288)
Excess of cost over stated value of reacquired common stock	(14,662)	(1,164)	—
Balance at end of year	$36,980	$44,954	$41,860

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 (in part): Capital Stock

Common Stock

The number of authorized shares of common stock was increased from 25,000,000 to 35,000,000 at the May, 1982 shareholders' meeting.

Changes in the number of outstanding shares of common stock, par value $1 per share, are as follows:

Year	1982	1981	1980
Balance, beginning of year	12,263,482	12,553,357	12,542,362
Conversions of:			
$1.20 series preferred	21,240	6,645	10,591
$2.50 series preferred	133	3,480	—
4% debentures	11,986	—	404
5% common stock dividend	455,373	—	—
Acquisitions of common stock	(3,325,700)	(300,000)	—
Balance, end of year	9,426,514	12,263,482	12,553,357

At December 31, 1982, there were 1,083,365 common shares reserved for future issuance: 425,125 shares on exercise of stock options, 355,697 shares on conversion of the 4% debentures and 174,719 and 127,824 shares on conversion of the $1.20 and $2.50 series preferred stocks, respectively.

Preferred Stock Accretion

ALLEGHENY INTERNATIONAL, INC.

Consolidated Statements of Additional Paid-In Capital, Retained Earnings and Accumulated Foreign Currency Translation Adjustments

For the Years 1982, 1981 and 1980

	1982	1981	1980
		(In thousands)	
Retained Earnings			
Amount at beginning of year	$352,666	$297,681	$279,320
Net earnings	47,258	81,000	44,692
	399,924	378,681	324,012
Dividends:			
On $2.19 Cumulative Preference Stock—$2.19 per share	(10,943)	(11,013)	(11,261)
On $11.25 Convertible Preferred Stock—$11.25 per share	(30,775)	—	—
On $3.00 Convertible Preferred Stock—$1.15 per share in 1981 and $3.00 per share in 1980	—	(938)	(3,967)
On Common Stock—$1.40 per share	(15,023)	(13,078)	(10,090)
Accretion of $2.19 Cumulative Preference Stock	(984)	(986)	(1,013)
Accretion of $11.25 Convertible Preferred Stock	(2,343)	—	—
	(60,068)	(26,015)	(26,331)
Amount at end of year	$339,856	$352,666	$297,681

NOTES TO FINANCIAL STATEMENTS

Note 10 (in part): Redeemable Preferred Stocks

The initial assigned values of the $2.19 Preference Stock and $11.25 Preferred Stock ($22.03 and $81.00 per share, respectively) are being increased to their redemption prices ($25.00 and $100.00 per share, respectively) during the period in which such stocks are outstanding. Periodic accretions, based on the "interest method," are charged to retained earnings.

ADDITIONAL PAID-IN CAPITAL

PRESENTATION OF CHANGES IN ADDITIONAL PAID-IN CAPITAL

APB Opinion No. 12 states in part:

10. When both financial position and results of operations are presented, disclosure of changes in the separate accounts comprising stockholders' equity (in addition to retained earnings) and of the changes in the number of shares of equity securities during at least the most recent annual fiscal period and any subsequent interim period presented is required to make the financial statements sufficiently informative. Disclosure of such changes may take the form of separate statements or may be made in the basic financial statements or notes thereto.

Table 4-5 summarizes the presentation formats used by the survey companies to present changes in additional paid-in capital.

TABLE 4-5: PRESENTATION OF CHANGES IN ADDITIONAL PAID-IN CAPITAL

	1982	1981	1980	1979
Statement of stockholders' equity	308	292	275	248
Statement of additional paid-in capital	25	33	38	45
Schedule in notes	97	102	99	98
No statement or schedule but changes disclosed	33	43	56	76
Balance unchanged during year	67	58	55	60
Subtotal	**530**	**528**	**523**	**527**
Additional paid-in capital account not presented	70	72	77	73
Total Companies	**600**	**600**	**600**	**600**

STOCK SPLITS

Chapter 7B of *Accounting Research Bulletin No. 43* discusses the accounting for stock splits. *APB Opinion No. 15* refers to Chapter 7B and states in part:

> 48. *Stock dividends or splits.* If the number of common shares outstanding increases as a result of a stock dividend or stock split or decreases as a result of a reverse split, the computations should give retroactive recognition to an appropriate equivalent change in capital structure for all periods presented. If changes in common stock resulting from stock dividends or stock splits or reverse splits have been consummated after the close of the period but before completion of the financial report, the per share computations should be based on the new number of shares because the readers' primary interest is presumed to be related to the current capitalization. When per share computations reflect such changes in the number of shares after the close of the period, this fact should be disclosed.

Table 4-6 shows the number of survey companies disclosing stock splits and summarizes the accounting treatments for stock splits. Examples of stock splits below.

TABLE 4-6: STOCK SPLITS

	1982	1981	1980	1979
Ratio				
Less than three-for-two	7	9	8	8
Three-for-two (50%) to two-for-one	15	24	22	16
Two-for-one (100%)	18	32	33	24
Greater than two-for-one	2	5	—	4
Total Companies	**42**	**70**	**63**	**52**
Account Charged				
Additional paid-in capital	20	35	35	26
Retained earnings	11	17	5	10
No charge	11	18	23	16
Total Companies	**42**	**70**	**63**	**52**

DOW JONES & COMPANY, INC.

Consolidated Statements of Stockholders' Equity

For the years ended December 31, 1982, 1981 and 1980

(in thousands except shares)	Common Stock $1 par Value	Additional Paid-in Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Total
Balance, December 31, 1979	$16,113	$ 52	$188,577	(586,012)	$(18,940)	$185,802
Net income—1980			58,883			58,883
Dividends declared, $.40 per share			(24,883)			(24,883)
Sales under stock purchase plans			(49)	49,175	1,613	1,564
Capital changes of investee		(52)				(52)
Balance, December 31, 1980	16,113	—	222,528	(536,837)	(17,327)	221,314
Net income—1981			71,390			71,390
Dividends declared, $.46 per share			(28,802)			(28,802)
Sales under stock purchase plans		393		44,979	1,485	1,878
Adjustment for two-for-one stock split	16,114	(393)	(15,721)	(491,858)		
Sales under stock purchase plans		1,394		156,188	2,489	3,883
Balance, December 31, 1981	32,227	1,394	249,395	(827,528)	(13,353)	269,663
Net income—1982			88,103			88,103
Dividends declared, $.54 per share			(34,289)			(34,289)
Sales under stock purchase plans		3,263		152,206	2,352	5,615
Adjustment for pooling of interests	355	2,928	1,888			5,171
Capital changes of investee		(268)				(268)
Adjustment for two-for-one stock split (Note 12)	32,582	(7,317)	(25,265)	(675,322)		
Balance, December 31, 1982	$65,164	—	$279,832	(1,350,644)	$(11,001)	$333,995

Note 12. Per Share Amounts

On January 19, 1983 the Board of Directors approved a two-for-one stock split of the company's common stock, effective on January 31, 1983. All per share amounts included in this report have been adjusted for the stock split. Additionally, an amount equal to the $1 par value of the additional common shares has been transferred from retained earnings and paid-in capital to common stock as of December 31, 1982.

Stock purchase, stock option and executive incentive data have also been retroactively adjusted to reflect the split.

Net income per share has been computed on the basis of the average number of shares outstanding (63,459,296 shares in 1982, 62,604,728 shares in 1981 and 62,210,708 in 1980). The assumed exercise of outstanding options under the stock purchase, stock option and executive incentive plans does not have a material dilutive effect on earnings per share.

H. J. HEINZ COMPANY (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part): Capital Stock

Following is information related to shares of stock outstanding and in treasury.

	Cumulative preferred stock			
	3.65% $100 par	$1.70 First series Third $10 par	Common stock $1.50 par	Common stock in treasury
Balance May 2, 1979	18,625	1,798,388	45,574,312	889,346
Reacquired and retired	(5,761)	—	—	—
Converted to common stock	—	(88,160)	—	(132,240)
Issued on exercise of stock options	—	—	—	(49,604)
Balance April 30, 1980	12,864	1,710,228	45,574,312	707,502
Reacquired and retired	(597)	—	—	—
Converted to common stock	—	(889,570)	733,686	(600,618)
Issued on exercise of stock options	—	—	194,834	(106,884)
Balance April 29, 1981	12,267	820,658	46,502,832	—
Reacquired and retired	(2,684)	—	—	—
Converted to common stock	—	(244,060)	366,063	
Issued on exercise of stock options	—	—	217,232	—
Balance April 28, 1982	9,583	576,598	47,086,127	—
Authorized—April 28, 1982	9,583	576,598	80,000,000	—

In September, 1981, the shareholders approved an increase in the number of authorized common shares from 30,000,000 to 80,000,000, a two-for-one stock split of the common stock which became effective September 23, 1981, and a reduction in the par value of the common stock from $3.00 to $1.50 per share. The number of shares in the table reflects this stock split.

NATIONAL PRESTO INDUSTRIES, INC.

Consolidated Statements of Stockholders' Equity

For the years ended December 31, 1982, 1981 and 1980
(In Thousands)

	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance January 1, 1980	$3,487	$204	$98,492		$102,183
Sales of 6,750 shares of previously unissued common stock at $18.25 per share	6	117			123
Net earnings for the year			17,438		17,438
Dividends paid, $1.10 per share			(5,764)		(5,764)
Balance, December 31, 1980	3,493	321	110,166		113,980
Purchase of 219,028 shares of treasury stock at an average cost of $25.15 per share				($5,508)	(5,508)
Net earnings for the year			20,704		20,704
Dividends paid, $1.175 per share			(5,799)		(5,799)
Balance, December 31, 1981	3,493	321	125,071	(5,508)	123,377
Three-for-two stock split, consisting of 1,487,141 previously unissued shares plus 150,000 shares of treasury stock	1,488		(5,260)	3,772	
Sale of 3,000 shares of previously unissued common stock at $29.25 per share	3	85			88
Net earnings for the year			19,171		19,171
Dividends paid, $1.275 per share			(6,257)		(6,257)
Balance, December 31, 1982	$4,984	$406	$132,725	($1,736)	$136,379

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F. Common Stock

During 1982, the Company's Board of Directors declared a three-for-one stock split which resulted in the issuance of 1,487,141 shares of previously unissued common stock plus 150,000 shares then held as treasury stock. Cash distributed in lieu of fractional shares amounted to $1,367. All dividends and earnings per share information in this report reflect the adjusted number of shares outstanding after the above stock split.

PARKER-HANNIFIN CORPORATION

Consolidated Statements of Shareholders' Equity

For the years ended June 30, 1982, 1981 and 1980

(Dollars in thousands, except per share amounts)	Common Shares	Additional Capital	Retained Earnings	Translation Adjustments	Treasury Shares
Balances at June 30, 1979, as previously reported	$7,350	$39,518	$251,531	—	$(387)
Cumulative effect of retroactive changes in accounting principles			(1,272)	$ 2,115	
Balances at June 30, 1979, as restated	7,350	39,518	250,259	2,115	(387)
Net income			56,288		
61,874 shares issued under stock option plan (includes 8,540 treasury shares)	27	1,062			186
Shares issued for conversion of debentures		8			
Shares issued for minority interest	1	19			
Cash dividends paid on common shares, $.80 per share			(17,249)		
Cash dividends paid by pooled companies prior to acquisition			(482)		
Translation adjustments				2,577	
Balances at June 30, 1980	7,378	40,607	288,816	4,692	(201)
Adjustments arising from pooled acquisitions	133	902	2,717		
Net income			62,334		
1,500,000 shares issued under public offering	750	39,906			
75,015 shares issued under stock option plan (includes 9,256 treasury shares and 211 shares of stock for stock exchange)	33	1,703			201
Shares issued for conversion of debentures	9	633			
Shares issued for minority interest	1	22			
Cash dividends paid on common shares, $.88 per share			(20,283)		
Cash dividends paid by pooled companies prior to acquisition			(58)		
Translation adjustments				(11,246)	
Balances at June 30, 1981	8,304	83,773	333,526	(6,554)	—
Net income			57,680		
117,306 shares issued under stock option plan (includes 7,313 shares of stock for stock exchange)	55	1,484			
8,306,459 shares issued in connection with stock split, including $19 of cash payments for fractional shares (Note 1)	4,153	(4,153)	(19)		
Shares issued for conversion of debentures	30	1,341			
Shares issued for minority interest	1	15			
Cash dividends paid on common shares, $.96 per share			(24,006)		
Translation adjustments				(5,763)	
Balances at June 30, 1982	$12,543	$82,460	$367,181	$(12,317)	—

Note 1 (in part)

Common Stock Split—On September 4, 1981, 8,306,459 common shares were issued in connection with a 3-for-2 stock split. The aggregate stated value of these shares was transferred from additional capital to common shares. Cash payments made in lieu of issuing fractional shares were charged to retained earnings. Prior year common share and per share disclosures have been restated to reflect the stock split.

PEOPLES DRUG STORES, INCORPORATED

Consolidated Statements of Changes in Stockholders' Investment

Fiscal Years Ended September 25, 1982, September 26, 1981 and September 27, 1980

	Common Stock ($1 par value)	Additional Paid-in Capital	Retained Earnings	Total
Balance, September 29, 1979, as previously reported	$3,673,000	$17,852,000	$25,392,000	$46,917,000
Cumulative effect of retroactive change in accounting for vacation pay (Note 4)			(386,000)	(386,000)
Balance, September 29, 1979, as restated	3,673,000	17,852,000	25,006,000	46,531,000
Net income			8,178,000	8,178,000
Cash dividends—21.6 cents per share			(1,013,000)	(1,013,000)
Employee stock purchase and option plans	46,000	553,000		599,000
Acquisition of company	101,000	1,271,000		1,372,000
Balance, September 27, 1980	3,820,000	19,676,000	32,171,000	55,667,000
Net income			9,304,000	9,304,000
Cash dividends—24.8 cents per share			(1,206,000)	(1,206,000)
Employee stock purchase and option plans	93,000	1,111,000		1,204,000
Acquisition of company	73,000	1,359,000		1,432,000
Balance, September 26, 1981	3,986,000	22,146,000	40,269,000	66,401,000
Net income			10,483,000	10,483,000
Cash dividends—28 cents per share			(1,407,000)	(1,407,000)
Employee stock purchase and option plans	58,000	887,000		945,000
Five-for-four stock split (Note 7)	1,011,000	(1,011,000)		
Balance, September 25, 1982	$5,055,000	$22,022,000	$49,345,000	$76,422,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Stock Split: On September 9, 1982, the Board of Directors declared a 5 for 4 stock split in the form of a stock dividend, payable on October 6, 1982. All weighted share and per share figures for the current and prior periods presented in the consolidated financial statements and notes thereto reflect the additional shares issued in the split.

COPPERWELD CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4—Common Stock and Employee Stock Plans

On April 28, 1982, the authorized shares of common stock were increased to 20,000,000 and the par value of common stock was changed from $1.25 to $.83⅓ per share by issuance of additional shares to effect a three-for-two shares stock split. In these notes, the accompanying financial statements and schedules, all shares of common stock and per share amounts have been adjusted to reflect the stock split.

SETON COMPANY

Consolidated Statements of Stockholders' Equity

For the Years Ended December 26, 1982, December 27, 1981 and December 28, 1980

	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Retained Earnings	Totals
Balance, December 30, 1979	1,091,551	$545,775	(269,891)	$(134,945)	$ 858,855	$11,110,426	$12,380,111
Net income						218,514	218,514
Cash dividends ($.30 per share*)						(409,199)	(409,199)
Purchase of shares			(8,520)	(4,260)	(71,253)		(75,513)
Balance, December 28, 1980	1,091,551	545,775	(278,411)	(139,205)	787,602	10,919,741	12,113,913
Net income						1,711,812	1,711,812
Cash dividends ($.30 per share*)						(405,989)	(405,989)
Purchase of shares			(2,300)	(1,150)	(18,287)		(19,437)
10% stock dividend			81,031	40,515	790,052	(830,567)	
Balance December 27, 1981	1,091,551	545,775	(199,680)	(99,840)	1,559,367	11,394,997	13,400,299
Net income						2,242,803	2,242,803
Cash dividends ($.33 per share*)						(445,570)	(445,570)
Shares issued for contribution to profit-sharing plan			3,418	1,709	32,898		34,607
Purchase of shares			(6,600)	(3,300)	(75,438)		(78,738)
3 for 2 stock split	545,776	272,889	(101,431)	(50,716)	(222,173)		
Balance December 26, 1982	1,637,327	$818,664	(304,293)	$(152,147)	$1,294,654	$13,192,230	$15,153,401

*After giving effect to the 3 for 2 stock split declared in December 1982 and 10% stock dividend in 1981.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Stock split and dividend

On December 14, 1982, the Board of Directors declared a 3 for 2 stock split that will be distributed March 14, 1983 to stockholders of record as of February 15, 1983. This stock split has been reflected in the consolidated balance sheet as of December 26, 1982. All references to common shares and per share amounts in the consolidated statement of income and these notes reflect the stock split and the 10% stock dividend effected in December 1981.

ETHYL CORPORATION

Consolidated Statements of Additional Paid-in Capital

Years ended December 31	1982	1981 ($000)	1980
Additional paid-in capital at beginning of year	$36,167	$35,887	$35,537
Excess of issue price over par value of 1,371,396 shares of $4.00 Second Preferred Stock, net of cash paid for fractional shares	31,051		
Conversion of $2.40 Second Preferred Stock (17,502 shares in 1982, 33,973 shares in 1981, 43,696 shares in 1980) into Common Stock (45,498 shares in 1982, 88,312 shares in 1981, 113,602 shares in 1980) net of cash paid for fractional Common shares	129	251	323
Excess of par value over cost of retired 6% First Preferred Stock (1,130 shares in 1982, 1,129 shares in 1981 and 1,130 shares in 1980)	32	29	27
Excess of cost over par value of 155,950 shares of retired $4.00 Second Preferred Stock	(3,580)		
2-for-1 Common Stock split effected in the form of a 100% stock dividend	(19,375)		
Additional paid-in capital at end of year	$44,424	$36,167	$35,887

NOTES TO FINANCIAL STATEMENTS

9 (in part): Capital Stock

Common Stock:

Transactions in 1980-1982 were as follows (amounts in thousands)

	Issued		Treasury	
	Shares	Amounts	Shares	Amounts
Common (authorized 50,000 shares)				
January 1, 1980	19,128	$19,128		
Issued upon conversion of $2.40 Second Preferred Stock	113	113		
December 31, 1980	19,241	19,241		
Issued upon conversion of $2.40 Second Preferred Stock	88	88		
Purchased			201	$ 5,017
December 31, 1981	19,329	19,329	201	5,017
Issued upon conversion of $2.40 Second Preferred Stock	46	46		
Purchased			628	14,845
2-for-1 stock split payable April 11, 1983	19,375	19,375	829	
December 31, 1982	38,750	$38,750	1,658	$19,862

TABLE 4-7: CHANGES IN ADDITIONAL PAID-IN CAPITAL

	Number of Companies			
	1982	**1981**	**1980**	**1979**
Credits				
Common stock issuances:				
Employee benefits	335	340	349	320
Conversion of debt	92	83	83	64
Conversion of preferred stock	55	61	60	59
Business combinations	39	49	51	56
Stock option tax benefits	49	49	56	50
Public offerings	21	21	15	12
Purchase or retirement of capital stock	17	21	26	22
Other—Described	52	47	39	37
Charges				
Treasury stock issued for less than cost	56	57	50	48
Purchase or retirement of capital stock	53	56	49	53
Conversion of preferred stock	27	25	32	33
Business combinations	9	3	7	12
Other—Described	28	24	30	22

CHANGES IN ADDITIONAL PAID-IN CAPITAL

Table 4-7 summarizes credits and charges to additional paid-in capital. Examples of such credits and charges follow.

Stock Issued in Connection with Employee Benefit Plans

BRISTOL-MYERS COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 7—Stockholders' Equity

At December 31, 1982, 100,000,000 shares of common stock and 10,000,000 shares of preferred stock were authorized.

Each share of preferred stock, $2 convertible series, is convertible into 1.06 shares of common stock, is callable at the company's option and has a liquidation value of $50 per share which aggregates $22.1 million at December 31, 1982.

Changes in issued capital shares were:

	Common Stock ($1 par value)		
(In thousands)	1982	1981	1980
Balance, January 1	66,520	66,008	65,521
Exercise of options and rights	549	224	287
Conversions of debentures	—	—	161
Conversions of preferred stock	566	288	39
Balance, December 31	67,635	66,520	66,008

	Preferred Stock ($1 par value)		
(In thousands)	1982	1981	1980
Balance, January 1	975	1,247	1,284
Conversions into common stock	(534)	(272)	(37)
Balance, December 31	441	975	1,247

Changes in capital in excess of par value of stock were:

(In millions of dollars)	1982	1981	1980
Balance, January 1	$68.6	$61.9	$49.2
Exercise of options and rights	16.6	6.7	8.2
Conversions of debentures	—	—	4.5
Balance, December 31	$85.2	$68.6	$61.9

Under the 1975 Stock Option Plan, officers and key employees may be granted options to purchase the company's common stock at 100% of the market price on the day the option is granted. In 1980, the company amended the stock option plan to provide for the granting of stock appreciation rights to selected officers whereby the grantee may surrender exercisable options and receive common stock and/or cash measured by the excess of the market value of the common stock over the option exercise price.

At December 31, 1982, 3,076,486 shares of common stock were reserved for issuance upon exercise of options and conversions of preferred stock.

RAYTHEON COMPANY

Statements of Stockholders' Equity

(In thousands)

Years ended December 31, 1982, 1981 and 1980	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Foreign Exchange	Retained Earnings
Balance at December 31, 1979	81,704	$81,704	$101,776	$ —	$ 903,002
Net income					282,257
Dividends declared $1.05 per share					(87,313)
Pooled company prior to merger					(3,092)
Redemption of Beech debentures and other transactions of a pooled company prior to merger	818	818	8,791		
Proceeds under common stock option plans	844	844	14,809		
Balance at December 31, 1980	83,366	83,366	125,376	—	1,094,854
Net income					324,041
Dividends declared—$1.25 per share					(105,160)
Proceeds under common stock option plans	814	814	12,722		
Balance at December 31, 1981	84,180	84,180	138,098	—	1,313,735
Net income					318,766
Dividends declared—$1.40 per share					(118,034)
Proceeds under common stock option plans	267	267	7,133		
Treasury shares acquired on exercise of stock options	(34)	(34)	(1,342)		
Foreign exchange translation adjustments					
Beginning of year adjustment				(12,844)	
Current year adjustment				(18,139)	
Balance at December 31, 1982	84,413	$84,413	$143,889	$(30,983)	$1,514,467

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Employee Stock Option Plans

Proceeds from the sale of common stock issued under employee stock option plans are credited to common stock at par value and the excess of the option price over par value is credited to additional paid-in capital. There are no charges or credits to income with respect to the plans. Income tax benefits arising from employees' premature disposition of option shares and exercise of non-qualified stock options are credited to additional paid-in capital.

TRIANGLE PACIFIC CORP.

Consolidated Statements of Change in Shareholders' Investment

(In thousands, except per share amounts)

Three Fiscal Years Ended December 31, 1982	Common stock $.50 par value; authorized six million shares Shares	Amount	Additional paid-in capital	Retained earnings	Total
Balance, December 28, 1979	3,742	$1,871	$ 7,271	$51,561	$60,703
Net income	—	—	—	2,903	2,903
Cash dividends declared ($1.00 per share)	—	—	—	(3,844)	(3,844)
Stock incentive bonus shares issued	18	9	91	—	100
Exercise of stock options	1	1	3	—	4
Tax benefits from stock issued	—	—	257	—	257
Issuance of shares for acquisition	38	19	581	—	600
Contribution of stock to profit sharing plan	17	8	374	—	382
Sale of stock to profit sharing plan	82	41	1,463	—	1,504
Balance, December 26, 1980	3,898	1,949	10,040	50,620	62,609
Net income	—	—	—	5,356	5,356
Cash dividends declared ($1.00 per share)	—	—	—	(3,922)	(3,922)
Stock incentive bonus shares issued	43	22	141	—	163
Exercise of stock options	2	1	6	—	7
Tax benefits from stock issued	—	—	246	—	246
Acquisition of treasury shares	(75)	(38)	(1,069)	—	(1,107)
Balance, December 25, 1981	3,868	1,934	9,364	52,054	63,352
Net income	—	—	—	5,440	5,440
Cash dividends declared ($1.00 per share)	—	—	—	(3,948)	(3,948)
Stock incentive bonus shares issued	58	29	408	—	437
Tax benefits from stock issued	—	—	124	—	124
Contribution of stock to profit sharing plan	23	12	324	—	336
Balance, December 31, 1982	3,949	$1,975	$10,220	$53,546	$65,741

Stock Issued in Conversions

DUPLEX PRODUCTS INC.

Stockholders' Equity

	Preferred stock, $1 par value	Common stock, $1 par value	Additional contributed capital	Retained earnings	Treasury common stock	Unamortized value of restricted stock issued
Balance at October 27, 1979, as previously reported	$113,000	$1,837,000	$7,708,000	$34,697,000	$ (987,000)	$(603,000)
Less cumulative effect of change in accounting for compensated absences	—	—	—	(305,000)	—	—
Balance as restated	113,000	1,837,000	7,708,000	34,392,000	(987,000)	(603,000)
Net earnings for fiscal 1980	—	—	—	10,675,000	—	—
Cash dividends paid						
Common stock—$.55 per share	—	—	—	(2,027,000)	—	—
Preferred stock—$1.45 per share	—	—	—	(111,000)	—	—
2-for-1 common split	—	1,904,000	(1,904,000)	—	—	—
Stock options exercised	1,000	15,000	104,000	—	—	—
Preferred stock conversions	(61,000)	163,000	(102,000)	—	—	—
Stock issuance and amortization under restrictive stock plan	—	11,000	137,000	—	—	(79,000)
Balance at October 25, 1980	53,000	3,930,000	5,943,000	42,929,000	(987,000)	(682,000)
Net earnings for fiscal 1981	—	—	—	9,508,000	—	—
Cash dividends paid						
Common stock—$.60 per share	—	—	—	(2,286,000)	—	—
Preferred stock—$1.45 per share	—	—	—	(68,000)	—	—
Stock options exercised	1,000	17,000	80,000	—	—	—
Preferred stock conversions	(12,000)	43,000	(31,000)	—	—	—
Stock issuance and amortization under restrictive stock plan	—	—	—	—	—	76,000
Balance at October 31, 1981	42,000	3,990,000	5,992,000	50,083,000	(987,000)	(606,000)
Net earnings for fiscal 1982	—	—	—	9,022,000	—	—
Cash dividends paid						
Common stock—$.68 per share	—	—	—	(2,621,000)	—	—
Preferred stock—$1.45 per share	—	—	—	(58,000)	—	—
Preferred stock conversions	(5,000)	17,000	(12,000)	—	—	—
Stock issuance and amortization under restrictive stock plan	—	33,000	466,000	—	—	(353,000)
Purchase of shares for treasury	—	—	—	—	(2,978,000)	—
	$ 37,000	$4,040,000	$6,446,000	$56,426,000	$(3,965,000)	$(959,000)

MCGRAW-HILL, INC.

Consolidated Statements of Capital Stock and Additional Paid-in Capital

Years ended December 31, 1982, 1981 and 1980

	$1.20 preference stock $10 par value-authorized 891,256 shares		Common stock $1 par value-authorized 40,000,000 shares		Additional paid-in capital	(Thousands of dollars) Common stock in treasury— at cost	
	Shares	Amount	Shares	Amount	Amount	Shares	Amount
Balance at January 1, 1980	59,526	$595	25,388,804	$25,389	$23,134	727,124	$5,942
Conversion of preference stock into common stock	(9,581)	(96)	15,797	16	80	—	—
Exercise of stock options	—	—	—	—	482	(53,604)	(439)
Balance at December 31, 1980	49,945	499	25,404,601	25,405	23,696	673,520	5,503
Conversion of preference stock into common stock	(20,560)	(205)	33,861	34	172	—	—
Conversion of 3⅞% debentures into common stock (Note 8)	—	—	62,848	62	3,840	—	—
Exercise of stock options	—	—	—	—	312	(35,705)	(289)
Balance at December 31, 1981	29,385	294	25,501,310	25,501	28,020	637,815	5,214
Conversion of preference stock into common stock	(7,070)	(71)	11,660	12	59	—	—
Conversion of 3⅞% debentures into common stock (Note 8)	—	—	26,048	26	1,593	—	—
Exercise of stock options	—	—	—	—	415	(30,113)	(246)
Balance at December 31, 1982	22,315	$223	25,539,018	$25,539	$30,087	607,702	$4,968

Note 8 (in part): Debt

A summary of long-term debt at December 31 follows:

	(Thousands of dollars) 1982	1981	1980
3⅞% debentures	$ 9,850	$11,478	$15,406
Other notes payable	2,832	3,418	4,228
	12,682	14,896	19,634
Less-portion included in other current liabilities	1,413	391	2,157
Total long-term debt	$11,269	$14,505	$17,477

The debentures are due May 1, 1992, and are convertible into common stock at the rate of 16 shares for each $1,000 debenture.

TIME INCORPORATED

Consolidated Statement of Shareholders' Equity

	Series C Convertible Preferred Stock	Common Stock	Additional Paid-in Capital*	Foreign Currency Translation	Retained Income
			(in thousands)		
Balance at December 31, 1979	—	$45,398	$ 98,895	—	$651,086
Net income	—	—	—	—	141,203
Stock options exercised	—	226	10,922	—	—
Conversion of Series B Preferred Stock	—	992	21,368	—	—
Dividends paid on Series B Preferred Stock—$1.575 per share	—	—	—	—	(10,912)
Dividends paid on Common Stock—$.8825 per share	—	—	—	—	(40,445)
Balance at December 31, 1980	—	$46,616	$131,185	—	$740,932
Net income	—	—	—	—	148,821
Stock options exercised	—	375	7,765	—	—
Stock issued for benefit plans	—	295	10,277	—	—
Issuance of Series C Preferred Stock	$145,580	—	—	—	—
Conversion of Series B Preferred Stock	—	2,534	54,616	—	—
Dividends paid on Series B Preferred Stock—$1.575 per share	—	—	—	—	(9,201)
Dividends paid on Series C Preferred Stock—$3.813 per share	—	—	—	—	(11,438)
Dividends paid on Common Stock—$.95 per share	—	—	—	—	(45,639)
Balance at December 31, 1981	$145,580	$49,820	$203,843	—	$823,475
Cumulative translation adjustment at January 1, 1982	—	—	—	$ (269)	—
Net income	—	—	—	—	153,115
Stock options exercised	—	427	8,208	—	—
Stock issued for restricted stock, and benefit plans	—	438	14,970	—	—
Conversion of Series B Preferred Stock	—	1,591	34,232	—	—
Conversion and redemption of Series C Preferred Stock	(145,580)	4,545	140,492	—	(220)
Dividends paid on Series B Preferred Stock—$1.575 per share	—	—	—	—	(6,802)
Dividends paid on Series C Preferred Stock—$3.375 per share	—	—	—	—	(10,160)
Dividends paid on Common Stock—$1.00 per share	—	—	—	—	(52,541)
Deferred compensation on issuance of restricted stock	—	—	(966)	—	—
Translation adjustments for the period	—	—	—	(4,176)	—
Balance at December 31, 1982	—	$56,821	$400,779	$(4,445)	$906,867

NOTES TO FINANCIAL STATEMENTS

Redeemable Preferred Stock

Each share of Series B Preferred Stock is entitled to 1.3 votes, voting with Common Stock as a combined class, and is redeemable pursuant to a mandatory sinking fund. The stated redemption requirement and involuntary liquidation preference was $112,818,000 in 1982 and $145,074,000 in 1981. The Company is required to redeem 358,200 shares on July 1 of each year commencing in 1984 at $30 per share ($10,746,000 per year). Additionally, these shares are redeemable at the option of the Company at prices ranging from $30.90 per share in the 12-month period beginning July 1, 1986, to $30 per share on and after July 1, 1989. Each share is convertible into 1.44 shares of Common Stock, subject to adjustment upon the occurrence of certain events of dilution, including stock splits and stock distributions.

If the Company defaults in the payment of six quarterly dividends on the Series B Preferred Stock, the holders of Series B Preferred Stock, voting as a separate class, will have the right to elect two additional directors until all dividends in default have been paid.

Changes in Series B Preferred Stock are as follows:

	1982	1981	1980
		(in thousands)	
Balance at January 1	$151,039	$207,590	$229,533
Stock options exercised	385	599	417
Conversion to Common Stock	(35,823)	(57,150)	(22,360)
Balance at December 31	$115,601	$151,039	$207,590

Series C Preferred Stock

In November 1982, the Company called all of its outstanding shares of Series C Preferred Stock for redemption. Of the outstanding 3,000,000 shares of Series C Preferred Stock, 2,960,259 were converted into 4,484,914 shares of Common Stock and the balance was redeemed by the Company.

TRW INC.

Statement of Changes in Consolidated Shareholders' Investment

(Dollar amounts in thousands)

Years ended December 31	1982	1981	1980
Series Preference Stock II			
Balance at January 1	$ 5,017	$ 6,431	$ 9,425
Converted to common stock, 90,172 shares of Series 1 and 639,867 shares of Series 3 in 1982, 193,141 shares of Series 1 and 320,986 shares of Series 3 in 1981, and 814,584 shares of Series 1 and 274,117 shares of Series 3 in 1980	(2,008)	(1,414)	(2,994)
Balance at December 31	3,009	5,017	6,431
Common Stock			
Balance at January 1	41,571	40,012	37,015
Sold under stock options, 298,101 shares in 1982, 163,922 shares in 1981, and 92,692 shares in 1980	373	205	116
Issued upon conversion of 5% Debentures, 4,661 shares in 1982, 60,774 shares in 1981, and 2,856 shares in 1980, and upon conversion of preference stock and other, 1,354,444 shares in 1982, 1,022,383 shares in 1981, and 2,302,376 shares in 1980	1,699	1,354	2,881
Issued 415,549 shares in exchange for $46.5 million 8⅛% Debentures and $13.5 million 9⅞% Debentures	519	—	—
Balance at December 31	44,162	41,571	40,012
Other Capital			
Balance at January 1	151,102	141,550	138,483
Excess of stated value of 5% Debentures and preference stock converted over par value of common stock issued upon conversion	510	3,252	262
Excess of proceeds over par or stated value of stock sold under stock options	8,715	6,300	2,805
Excess of market value over par value of common stock issued in debt exchange	21,589	—	—
Balance at December 31	181,916	151,102	141,550
Cumulative Translation Adjustments			
Balance at January 1	(1,044)	35,065	52,857
Translation adjustments and hedging transaction—(losses)	(26,907)	(31,912)	(19,233)
Income taxes	(3,039)	(4,197)	1,441
Balance at December 31	(30,990)	(1,044)	35,065
Retained Earnings			
Balance at January 1	1,221,000	1,080,134	956,409
Net earnings	196,260	228,830	204,531
	1,417,260	1,308,964	1,160,940
Deduct dividends declared:			
Preference stock	5,708	8,530	11,584
Common stock	90,198	79,434	69,222
	95,906	87,964	80,806
Balance at December 31	1,321,354	1,221,000	1,080,134
Total Shareholders' Investment	$1,519,451	$1,417,646	$1,303,192

Purchase Method Business Combination

TOSCO CORPORATION

Consolidated Statements of Shareholders' Equity

Dollar amounts in thousands	Preferred $1.00 Par Value Shares	Preferred $1.00 Par Value Amount	Common Stock Issued $.15 Par Value Shares	Common Stock Issued $.15 Par Value Amount	Capital in Excess of Par Value	Retained Earnings	Reductions from Capital: Treasury Stock, at Cost Shares	Reductions from Capital: Treasury Stock, at Cost Amount	Reductions from Capital: Notes Receivable	Total Shareholders' Equity
Balance, Dec. 31, 1979		$	21,116,226	$3,167	$ 55,627	$102,289	445,751	($ 3,967)	$	$157,116
Net income						46,096				46,096
Repurchase of common stock							500,000	(13,010)		(13,010)
Stock options and deferred compensation rights exercised.....			127,095	19	2,825		(70,978)	640	(169)	3,315
Issuance of common stock			1,300,000	195	41,105					41,300
Balance, Dec. 31,1980			22,543,321	3,381	99,557	148,385	874,773	(16,337)	(169)	234,817
Net income						22,579				22,579
Stock options and deferred compensation rights exercised.....			507,305	76	9,040		(440,334)	6,907	(14,673)	1,350
Interest on notes receivable from issuance of common stock					159				(313)	(154)
Balance, Dec. 31, 1981			23,050,626	3,457	108,756	170,964	434,439	(9,430)	(15,555)	258,592
Net income						132,409				132,409
Stock issued in connection with the purchase of Credit Immobilier, S.A.......	24,568	25	85,236	13	23,189					23,227
Common stock dividends						(22,722)			788	(21,934)
Preferred stock dividends						(97)				(97)
Purchase of treasury stock							4,786,600	(82,310)		(82,310)
Restricted shares originally issued upon exercise of employee stock options returned to Tosco...					(586)		110,000	(1,282)	1,871	3
Stock options, warrants and deferred compensation rights exercised...........			177,631	27	1,058		(38,430)	834	(1,007)	912
Issuance of common stock and loans to Employee Stock Ownership Plan.....			500,000	75	8,076				(16,323)	(8,172)
Interest on notes receivable from issuance of common stock					780				(1,377)	(597)
Payments received on notes receivable from issuance of common stock.......									20	20
Balance, Dec. 31, 1982	24,568	$25	23,813,493	$3,572	$141,273	$280,554	5,292,609	($92,188)	($31,183)	$302,053

NOTES TO FINANCIAL STATEMENTS

2. Acquisitions

On December 3, 1982,Tosco purchased Credit Immobilier, S.A. (CI), a Swiss corporation, for $31,942,000, comprised of cash, 22,743 shares of newly issued Tosco Series A Preferred Stock and 85,236 shares of Tosco Common Stock (Note 10). CI held a significant percentage ownership (28.5%) of AZL Resources, Inc. (AZL) at the time it was acquired. Subsequently, effective January 3, 1983, Tosco acquired the remaining outstanding shares of AZL (Note 16). In connection with the acquisition of CI, the following net assets were acquired:

	Thousands of dollars
Investment in AZL Resources, Inc.	$22,276
Long-term debt assumed	(4,078)
Other, net (principally investments in unconsolidated subsidiaries)	13,744
	$31,942

The acquisition of CI was accounted for as a purchase and consequently the financial statements for the year ended December 31, 1982 include the operating results of CI from the date of acquisition.

The unaudited pro forma results of operations for the year ended December 31, 1982 giving effect to the acquisition of CI as though it had occurred at January 1, 1982, is included in the pro forma financial statement disclosures in Note 16.

Income Tax Benefit from Issuance of Stock to Employees

BROWNING-FERRIS INDUSTRIES, INC.

Consolidated Statement of Capital Stock and Additional Paid-in Capital

For the Three Years Ended September 30, 1982

	Serial Convertible Preferred Stock, No Par		Common Stock, $.16⅔ Par		
(Amount Columns In Thousands)	Shares	Amount	Shares	Amount	Additional Paid-in Capital
Balance, September 30, 1979, as previously reported	401,259	$21,073	17,213,179	$2,869	$ 63,284
Transfer in connection with three-for-two stock split	—	—	8,606,590	1,435	(1,412)
Restated balance, September 30, 1979, to reflect stock split	401,259	21,073	25,819,769	4,304	61,872
Redemption of serial preferred stock	(638)	(638)	—	—	—
Stock options exercised	—	—	540,005	90	3,261
Amortization of discount on serial preferred stock	—	—	—	—	8
Common stock issued in acquisition	—	—	599,985	100	1,056
Conversion of serial preferred stock into common stock	(15,207)	(760)	76,024	12	748
Income tax benefit of stock options exercised	—	—	—	—	200
Balance, September 30, 1980	385,414	19,675	27,035,783	4,506	67,145
Stock options exercised	—	—	305,257	51	2,098
Sale of common stock, net of expenses	—	—	1,575,000	263	34,734
Conversion of serial preferred stock into common stock	(25,378)	(1,673)	156,606	26	1,647
Income tax benefit of stock options exercised	—	—	—	—	659
Balance, September 30, 1981	360,036	18,002	29,072,646	4,846	106,283
Stock options exercised	—	—	168,012	28	1,286
Common stock issued in acquisitions	—	—	97,880	17	111
Conversion of serial preferred stock into common stock	(25,456)	(1,273)	139,437	23	1,250
Income tax benefit of stock options exercised	—	—	—	—	1,522
Balance, September 30, 1982	334,580	$16,729	29,477,975	$4,914	$110,452

GANNETT CO., INC.

Consolidated Statements of Changes in Shareholders' Equity

Fiscal Years Ended December 28, 1980, December 27, 1981, December 26, 1982

	Common Stock $1 Par Value	Additional Paid-In Capital	Retained Earnings	Total
Balance December 30, 1979	$34,766,000	$99,790,000	$542,355,000	$676,911,000
Net income, 1980			151,985,000	151,985,000
Dividends declared, 1980 —$1.38 per share			(72,870,000)	(72,870,000)
Stock options and warrants exercised	166,000	3,668,000		3,834,000
Tax benefit derived from stock option plans		2,376,000		2,376,000
Conversion of long-term notes payable	324,000	3,526,000		3,850,000
Par value of shares issued in stock split December 17, 1980	17,627,000	(17,627,000)		
Other		(103,000)		(103,000)
Balance December 28, 1980	52,883,000	91,630,000	621,470,000	765,983,000
Net income, 1981			172,506,000	172,506,000
Dividends declared, 1981 — $1.57 per share			(83,235,000)	(83,235,000)
Stock options exercised	162,000	2,467,000		2,629,000
Tax benefit derived from stock option plans		1,804,000		1,804,000
Repurchase of warrants, net of tax benefit		(2,512,000)	(20,800,000)	(23,312,000)
Balance December 27, 1981	53,045,000	93,389,000	689,941,000	836,375,000
Net income, 1982			180,507,000	180,507,000
Dividends declared, 1982 —$1.74 per share			(92,631,000)	(92,631,000)
Stock options exercised	84,000	1,158,000		1,242,000
Stock issued under incentive plan	143,000	3,785,000		3,928,000
Tax benefit derived from stock option plans		1,437,000		1,437,000
Balance December 26, 1982	$53,272,000	$99,769,000	$777,817,000	$930,858,000

Treasury Stock Transactions

ANDERSON, CLAYTON & CO.

Statement of Consolidated Income, Retained Earnings and Additional Paid-In Capital

Years ended June 30, 1982, 1981 and 1980

(In thousands of dollars except per share)	1982	1981	1980
Consolidated Additional Paid-in Capital:			
Balance at beginning of year..	$83,786	$84,162	$84,458
Excess of cost of treasury common stock over proceeds received from exercise of stock options (note 10)......	(409)	(376)	(296)
Balance at end of year...........	$83,377	$83,786	$84,162

Note 10. The Company has stock option plans that provide for granting of options on common stock to officers and key employees. Information concerning options outstanding as of June 30, 1982, June 30, 1981 and June 30, 1980 is tabulated as follows:

(Shares)	June 30		
	1982	1981	1980
Under option	361,501	353,105	333,455
Exercisable	130,180	133,043	215,142
Exercising during the year........	51,839	55,437	41,980
Granted during the year	92,550	154,300	11,500
Expired	—	61,700	—
Cancelled	32,315	17,513	36,330
Available for option	247,646	323,671	458,208

Price per share of shares under option was $9.00 to $28.125 at June 30, 1982 and $9.00 to $23.75 at June 30, 1981 and 1980. Price per share of options exercised during the year was $9.00 to $23.625 in 1982, $9.00 to $20.50 in 1981, and $9.00 to $19.75 in 1980.

There were no stock appreciation rights issued during 1982; however, 13,950 and 8,250 which had been issued in 1981 and 1979, respectively, were cancelled upon conversion of the corresponding stock options into Incentive Stock Options under the Economic Recovery Tax Act of 1981. Stock appreciation rights on 1,000 shares were exercised during 1982 at prices of $20.50 and $22.125 and 5,500 were cancelled. Rights exercisable were 11,137 in 1982, 12,375 in 1981 and 6,375 in 1980.

The Company has followed the policy of using treasury common shares to fulfill its obligations under the stock option plans. When stock is issued pursuant to the stock option plans, the difference between the cost of treasury common shares issued and the option price is charged or credited to additional paid-in capital.

THE DOW CHEMICAL COMPANY

Consolidated Statement of Additional Paid-in Capital

	Year Ended December 31		
	1982	1981	1980
	(In millions)		
Balance at Beginning of the Year	$538	$516	$480
Add (Deduct):			
Excess of selling or market price over par value of common stock issued to employees..............	16	31	32
Income tax benefit realized from sale of common stock to employees...		1	4
Excess of cost over market value of treasury shares issued:			
In acquisition of Richardson-Merrell Inc.		(10)	
In exchange for long-term debt ..	(38)		
Balance at End of the Year	$516	$538	$516

FOSTER WHEELER CORPORATION

Consolidated Statements of Changes in Stockholders' Equity

(In Thousands of Dollars, Except per Share Amounts)

Year Ended December 31,	1982	1981	1980
Common Stock			
Balance at beginning of year	$ 34,572	$ 34,490	$ 17,092
Two for one stock split (shares: 1980—17,242,223)	—	—	17,242
Sold under stock options (shares: 1982—56,129; 1981—82,080; 1980—155,939)	56	82	156
Balance at end of year	34,628	34,572	34,490
Paid-In Capital			
Balance at beginning of year	22,076	18,174	29,811
Excess of market value over par value of common stock issued under stock option plans (shares: 1982—56,129; 1981—82,080; 1980—155,939)	391	574	1,996
Excess of market value (under)/over cost of treasury stock issued under Management and Sales Incentive and Profit Sharing Plans	(1,337)	941	1,058
Two for one stock split	—	—	(17,242)
Tax benefits related to Management and Sales Incentive and Profit Sharing Plans and stock options	1,423	2,362	2,539
Other	—	25	12
Balance at end of year	22,553	22,076	18,174
Retained Earnings			
Balance at beginning of year	278,091	227,870	180,811
Net earnings for the year	57,164	64,302	59,360
Cash dividends paid:			
Common (per share outstanding: 1982—$.44; 1981—$.41; 1980—$.36)	(15,085)	(14,081)	(12,301)
Balance at end of year	320,170	278,091	227,870
Accumulated Translation Adjustment			
Balance at beginning of year	(4,118)		
Change in cumulative translation adjustments during the year	(12,479)		
Balance at end of year	(16,597)		
Treasury Stock			
Balance at beginning of year	4,142	2,526	2,467
Stock split shares issued (shares: 1980—101,755)	—	—	—
Common stock acquired for treasury (shares: 1982—698,010; 1981—339,224; 1980—129,922)	8,898	6,141	3,588
Issued under Management and Sales Incentive and Profit Sharing Plans (shares: 1982—626,066; 1981—274,213; 1980—161,149)	(8,913)	(4,525)	(3,529)
Balance at end of year	4,127	4,142	2,526
Total Stockholders' Equity	$356,627	$330,597	$278,008

Public Offering of Stock

ALPHA INDUSTRIES, INC.

Consolidated Statement of Stockholders' Equity

Years Ended March 31, 1982, 1981 and 1980

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Employee Stock Ownership Trust (ESOT)
Balance, March 31, 1979	2,437,986	$609,496	$1,757,193	$4,719,209	$(268,902)	$(218,750)
Net income	—	—	—	2,112,954	—	—
Cash dividends ($.067 per share)	—	—	—	(130,352)	—	—
Contribution of 8,900 shares of treasury stock to ESOT	—	—	102,919	—	12,727	—
Tax benefit from the exercise of stock options	—	—	131,863	—	—	—
Exercise of stock options	77,526	19,382	26,800	—	—	—
Conversion of 6% debentures	21,573	5,393	246,607	—	—	—
Reduction of indebtedness guaranteed by the Company in connection with shares acquired by the ESOT	—	—	—	—	—	43,750
Earnings not pooled—TTI	—	—	—	220,171	—	—
Other	—	—	1,256	—	—	—
Balance, March 31, 1980	2,537,085	634,271	2,266,638	6,921,982	(256,175)	(175,000)
Net income	—	—	—	3,446,280	—	—
Cash dividends ($.10 per share)	—	—	—	(251,586)	—	—
Contribution of 7,100 shares of treasury stock to ESOT	—	—	189,164	—	10,153	—
Sales of common stock	500,000	125,000	7,150,757	—	—	—
Tax benefit from the exercise of stock options	—	—	48,126	—	—	—
Exercise of stock options	6,859	1,715	10,576	—	—	—
Conversion of 6% debentures	27,038	6,760	309,240	—	—	—
Reduction of indebtedness guaranteed by the Company in connection with shares acquired by the ESOT	—	—	—	—	—	43,750
Earnings not pooled—CMC	—	—	—	217,863	—	—
Other	—	—	2,937	—	—	—
Balance, March 31, 1981	3,070,982	767,746	9,977,438	10,334,539	(246,022)	(131,250)
Net income	—	—	—	4,515,315	—	—
Cash dividends ($.10 per share)	—	—	—	(304,521)	—	—
Contribution of 12,800 shares of treasury stock to ESOT	—	—	257,743	—	18,304	—
Sale of common stock	550,000	137,500	14,435,662	—	—	—
Tax benefit from the exercise of stock options	—	—	105,555	—	—	—
Exercise of stock options	14,932	3,732	152,042	—	—	—
Reduction of indebtedness guaranteed by the Company in connection with shares acquired by the ESOT	—	—	—	—	—	43,750
Balance, March 31, 1982	3,635,914	$908,978	$24,928,440	$14,545,333	$(227,718)	$ (87,500)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Stockholders' Equity

On June 12, 1980 and December 17, 1981, the Company sold 500,000 and 550,000 shares of common stock, respectively, in public offerings. The Company's net proceeds from these sales totaled $7,275,757 and $14,573,162, respectively.

The Company's stockholders' equity as of March 31, 1981 reflects an increase of $1,965,559 from previously published financial information. This increase represents CMC and TTI stockholders' equity as of March 31, 1981 of $261,383 and $1,704,176, respectively.

At the annual meeting on September 14, 1981, the stockholders voted to amend the Company's Certificate of Incorporation to increase the number of authorized shares of the Company's common stock from 5,000,000 to 20,000,000.

STANDARD MOTOR PRODUCTS, INC.

Statements of Consolidated Changes in Stockholders' Equity

Years Ended December 31, 1982, 1981 and 1980

	Common Stock Class A	Common Stock Class B	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Total
Balance at December 31, 1979	$4,704,000	$1,435,000	$ 279,000	$38,455,000	($1,395,000)	$43,478,000
Net earnings—1980				3,293,000		3,293,000
Exercise of employee stock options			1,000		109,000	110,000
Tax benefits applicable to stock option shares			10,000			10,000
Cash dividends paid: (*)						
Common stock:						
Class A—$.4267 per share				(1,435,000)		(1,435,000)
Class B—$.0085 per share				(9,000)		(9,000)
Conversion of Class B common stock into Class A common stock	96,000	(96,000)				
Balance at December 31, 1980	4,800,000	1,339,000	290,000	40,304,000	(1,286,000)	45,447,000
Net earnings—1981				11,258,000		11,258,000
Par value of shares issued on 50% stock distribution	2,154,000	670,000	(758,000)	(2,990,000)	924,000	
Cash paid in lieu of fractional shares on 50% stock distribution paid on December 1, 1981			(3,000)			(3,000)
Exercise of employee stock options	7,000		250,000		362,000	619,000
Tax benefits applicable to stock option shares			255,000			255,000
Cash dividends paid: (*)						
Common stock:						
Class A—$.46 per share				(1,588,000)		(1,588,000)
Class B—$.0092 per share				(9,000)		(9,000)
Balance at December 31, 1981	6,961,000	2,009,000	34,000	46,975,000		55,979,000
Net earnings—1982				15,037,000		15,037,000
Issuance of common stock	1,200,000		7,699,000			8,899,000
Exercise of employee stock options	157,000		620,000			777,000
Tax benefits applicable to stock option shares			436,000			436,000
Cash dividends paid:						
Common stock:						
Class A—$.58 per share				(2,496,000)		(2,496,000)
Class B—$.0116 per share				(8,000)		(8,000)
Conversion of Class B common stock into Class A common stock	1,272,000	(1,272,000)				
Balance at December 31, 1982	$9,590,000	$ 737,000	$8,789,000	$59,508,000	$ —	$78,624,000

*Adjusted for 50% stock distribution paid December 1, 1981.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Stockholders' Equity

On March 25, 1982, the Company sold 600,000 shares of previously unissued Class A common stock through a public offering. The net proceeds of $8,899,000, were credited to common stock and capital in excess of par value.

On October 15, 1981, the Board of Directors declared a 50% stock distribution on all shares of Class A and Class B common stock, which was paid December 1, 1981 to holders of record on November 1, 1981.

Cash dividends paid on each share of the Class B common stock are limited to 2% of the dividends declared on each share of Class A common stock. No dividends may be declared on either class of common stock without being declared on both classes, and stock dividends, if declared, must be paid in shares of the same class as the shares entitled thereto.

Each share of Class B common stock may be converted, at the option of the holder thereof, into one share of Class A common stock. This option is exercisable during the month of May or at any time pursuant to a public offering of the Class B common stock. In 1982, 636,232 shares of the Class B common stock were converted to Class A common stock (1981—None; 1980—48,000). The Certificate of Incorporation provides that converted shares may not be reissued.

The Company has authority to issue 500,000 shares of preferred stock, $20 par value, and the Board of Directors is vested with the authority to establish and designate series of preferred, to fix the number of shares therein and the variations in relative rights as between series. No such shares are outstanding at December 31, 1982.

Capital Transaction of Subsidiary

THE SIGNAL COMPANIES, INC.

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in millions)

Years Ended December 31, 1980, 1981 and 1982	Number of Common Shares Outstanding	Common Stock	Capital in Excess of Par Value	Equity Adjustment from Foreign Currency Translation	Retained Earnings
Balance December 31, 1979	47,703,782	$ 95.4	$318.2		$ 934.7
Adjustment for change in fiscal year of pooled company	(33,537)	(0.1)	(0.4)		(5.7)
Net income					191.2
Dividends declared					(42.4)
Issuance of shares:					
Stock option and award plans and conversion of debt	127,720	0.3	1.7		
Three-for-two common stock split effected as a 50% stock distribution	23,897,753	47.8	(47.8)		
Balance December 31, 1980	71,695,718	143.4	271.7		1,077.8
Net income					214.0
Dividends declared					(56.3)
Issuance of shares:					
Stock option and award plans and conversion of debt	619,408	1.2	8.4		
Common shares cancelled and other	(74,653)	(0.1)	(1.9)		
Balance December 31, 1981	72,240,473	144.5	278.2		1,235.5
Net income					113.2
Dividends declared					(60.6)
Issuance of shares:					
Stock option and award plans	167,340	0.3	2.0		
Purchase of common shares and other	(369,094)	(0.7)	(1.3)		(4.2)
Foreign currency adjustment:					
Beginning balance				$(11.5)	
Current period adjustment				(18.1)	
Adjustment resulting from a capital transaction of a consolidated company			16.5	0.7	
Balance December 31, 1982	72,038,719	$144.1	$295.4	$(28.9)	$1,283.9

NOTES TO FINANCIAL STATEMENTS

Note 4 Minority Interest

On June 30, 1982, Regie Nationale des Usines Renault (Renault) converted $65 million of Mack Trucks, Inc. subordinated debentures which increased its common stock interest from 10 to 20 percent. This change in ownership increased Signal's underlying equity in Mack by $17.2 million which has been credited directly to shareholders' equity. Beginning July 1, 1982, Signal included only 80 percent of Mack's loss. Interest expense on the debentures amounted to $7.2 million in both 1980 and 1981 and $3.6 million in 1982. Dividends paid to Renault were $0.6 million in 1980; none were paid in 1981 and 1982. Purchases from Renault amounted to $29.9 million, $76.9 million and $52.0 million in 1980, 1981 and 1982.

Shares of Parent Company Common Stock Sold to Subsidiary

DRESSER INDUSTRIES, INC.

Consolidated Statements of Shareholders' Investment

In Millions of Dollars— Years Ended October 31,	1982	1981	1980
Common Shares, Par Value—Note I			
Beginning of year	$ 20.0	$ 19.9	$ 9.9
Shares issued in connection with employee benefit plans (including stock options)	—*	.1	—*
Shares sold to unconsolidated subsidiary	.2	—	—
Shares issued in stock split	—	—	10.0
End of year	$ 20.2	$ 20.0	$ 19.9
Capital in Excess of Par Value			
Beginning of year	$ 372.3	$ 361.0	$ 362.8
Shares issued in connection with employee benefit plans (including stock options)	4.8	11.3	8.2
Shares sold to unconsolidated subsidiary	18.3	—	—
Par value of common shares issued in stock split	—	—	(10.0)
End of year	$ 395.4	$ 372.3	$ 361.0
Cumulative Translation Adjustments			
Adjustments as of November 1, 1981	$ (8.4)	$ —	$ —
Adjustments due to translation rate changes during the year.	(25.7)	—	—
Income tax effect of translation adjustments	9.6	—	—
End of year	$ (24.5)	$ —	$ —
Retained Earnings			
Beginning of year	$1,555.2	$1,290.3	$1,073.1
Net earnings	172.3	316.6	261.1
Dividends on common shares $.77 a share in 1982, $.66 a share in 1981, and $.5625 a share in 1980	(60.8)	(51.7)	(43.9)
End of year	$1,666.7	$1,555.2	$1,290.3
Treasury Shares—Note I			
Beginning of year	$ (22.9)	$ (23.0)	$ (23.5)
Shares issued in connection with employee benefit plans	3.0	.7	.5
Shares acquired	(.2)	(.6)	—*
Shares purchased by unconsolidated subsidiary	(18.5)	—	—
End of year	$ (38.6)	$ (22.9)	$ (23.0)
Total Shareholders' Investment, End of Year	$2,019.2	$1,924.6	$1,648.2

*Amount less $.1

Note I (in part): Capital Shares

The authorized shares of the Company consist of 200,000,000 common shares and 10,000,000 preferred shares. In June 1982, the Company sold 1,000,000 common shares to its wholly-owned life insurance subsidiary for $18.5 million. These shares are included in the consolidated balance sheet as Treasury shares with an offsetting reduction in the investment in unconsolidated subsidiaries.

Changes in issued common shares during the three years ended October 31, 1982 are as follows:

Shares at November 1, 1979	79,360,308
Issued in connection with stock option plan	275,530
Shares at October 31, 1980	79,635,838
Issued in connection with stock option plan	256,272
Shares at October 31, 1981	79,892,110
Issued in connection with stock option plans	17,735
Sold to unconsolidated subsidiary	1,000,000
Shares at October 31, 1982	80,909,845

Changes in common shares held as Treasury shares during the three years ended October 31, 1982 are as follows:

Treasury shares at November 1, 1979	1,634,074
Purchased	594
Issued in connection with employee benefit plans	(162,764)
Treasury shares at October 31, 1980	1,471,904
Purchased	12,287
Issued in connection with employee benefit plans	(155,056)
Treasury shares at October 31, 1981	1,329,135
Purchased	6,882
Issued in connection with employee benefit plans	(358,231)
Purchased by unconsolidated subsidiary	1,000,000
Treasury shares at October 31, 1982	1,977,786

Change in Stated Value of Common Stock

THE L. S. STARRETT COMPANY

Consolidated Statements of Income and Retained Earnings and Additional Paid-in Capital

Years Ended June 30, 1982, 1981 and 1980

	1982	1981	1980
Additional Paid-In Capital			
At Beginning of Year..	$5,667,127	$7,581,713	$6,932,137
Add—Amount Attributable to Options Exercised for 80,254 Shares in 1982, 51,239 Shares in 1981, 39,585 Shares in 1980, under the Employees' Stock Purchase Plan....	881,375	788,706	734,097
—Amount Attributable to Change in Stated Value of Common Stock from $1.25 per Share to $1.00 Par Value per Share	958,046	—	—
	7,506,548	8,370,419	7,666,234
Less—Charge Attributable to 65,601 Shares in 1982, 73,098 Shares in 1981, 23,236 Shares in 1980, of Stock Purchased for Treasury..........	97,012	288,337	84,521
—Transfer to Common Stock for Two-For-One Stock Split........	—	2,414,955	—
At End of Year.........	$7,409,536	$5,667,127	$7,581,713

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Common Stock

In 1982, the stockholders approved the increase of the Company's authorized common stock from 5,000,000 to 10,000,000 shares, and the change of such stock from a no par value with a stated value of $1.25 per share to a par value stock of $1.00 per share. Transactions during the years were as follows:

	Shares		
	1982	1981	1980
Common stock issued:			
Balance, beginning of year...........	4,485,343	2,502,140	2,462,555
Issuances, Employees' Stock Purchase Plan....	80,254	51,239	39,585
Two-for-one stock split..............	—	1,931,964	—
Balance, end of year	4,565,597	4,485,343	2,502,140
Treasury stock:			
Balance, beginning of year...........	653,158	580,060	556,824
Purchases	65,601	73,098	23,236
Balance, end of year	718,759	653,158	580,060
Shares outstanding, end of year..........	3,846,838	3,832,185	1,922,080

Insider Trading Profit

LIBBEY-OWENS-FORD COMPANY

Consolidated Statements of Shareholders' Equity

Period of three years ended December 31, 1982 (dollars in thousands, except per share data)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments
Balance at January 1, 1980	$39,074	$55,425	$10,415	$399,802	
Net income for the year				28,831	
Cash dividends paid:					
Common stock—$1.70 a share				(18,847)	
Preferred stock—$4.75 a share				(4,817)	
Issuance of 5,018 common shares under employee stock option plan		25	84		
Balance at December 31, 1980	39,074	55,450	10,499	404,969	
Net income for the year				11,834	
Cash dividends paid:					
Common stock—$1.20 a share				(13,311)	
Preferred stock—$4.75 a share				(4,817)	
Issuance of 5,110 common shares under employee stock option plan		25	97		
Translation adjustments at beginning of year				278	$ (628)
Translation adjustments for the year					(12,571)
Balance at December 31, 1981	39,074	55,475	10,596	398,953	(13,199)
Net income for the year				16,003	
Cash dividends paid:					
Common stock—$1.20 a share				(13,316)	
Preferred stock—$4.75 a share				(4,813)	
Contributed capital (note 7)			1,360		
Issuance of 800 common shares under employee stock option plan		4	15		
Conversion of 959 shares preferred stock to 1,438 shares common stock	(37)	7	30		
Translation adjustments for the year					(13,032)
Balance at December 31, 1982	$39,037	$55,486	$12,001	$396,827	$(26,231)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 (in part): Capital Stock and Employee Stock Options

There are 4,000,000 shares of serial preferred stock authorized for issuance of which 1,013,181 and 1,014,140 shares of $4.75 Cumulative Convertible Preferred Stock, Series A were outstanding at December 31, 1982 and 1981, respectively. The company has the option to redeem these shares at $100 a share, totaling $101,318,100 in the aggregate at December 31, 1982. There are no current plans to redeem these shares. Each share of outstanding preferred stock is entitled to one vote and is convertible into one and one-half shares of common stock. At December 31, 1982, 1,519,772 shares of unissued common stock were reserved for conversion of the preferred stock.

There are 20,000,000 shares of $5 par value common stock authorized for issuance. 11,097,311 and 11,095,073 common shares were outstanding at December 31, 1982 and 1981, after deducting 74,862 and 75,662 shares in treasury.

Federal securities law provides that any profit realized by an insider as a result of the purchase and subsequent sale of a company's securities within a six-month period shall revert to the company. Additional paid-in capital reflects $2,520,000, less income taxes of $1,160,000, received from Gulf+Western Industries, Inc., in connection with its sale of approximately 30% of the company's common stock to Pilkington Brothers P.L.C.

SPENCER COMPANIES, INC.

Consolidated Statement of Changes in Stockholders' Equity

Years Ended May 29, 1982, May 30, 1981 and May 31, 1980

	Common Stock $1 Par Value	Capital in Excess of Par Value	Retained Earnings (Restated)	Treasury Stock	Net (Restated)
Balance, June 2, 1979	$2,069,013	$4,077,028	$11,016,119	($505,242)	$16,656,918
Effect of restatement for compensated absences	—	—	(60,192)	—	(60,192)
Balance, June 2, 1979 as restated	2,069,013	4,077,028	10,955,927	(505,242)	16,596,726
Net income	—	—	1,446,680	—	1,446,680
Cash dividends on common stock ($.17 per share)	—	—	(292,226)	—	(292,226)
Balance, May 31, 1980	2,069,013	4,077,028	12,110,381	(505,242)	17,751,180
Purchase of 5,900 shares of common stock	—	—	—	(44,250)	(44,250)
Net income	—	—	1,081,059	—	1,081,059
Cash dividends on common stock ($.20 per share)	—	—	(343,205)	—	(343,205)
Balance, May 30, 1981	2,069,013	4,077,028	12,848,235	(549,492)	18,444,784
Issuance of 182,954 shares of common stock	—	1,728,533	—	283,961	2,012,494
Net loss	—	—	(768,353)	—	(768,353)
Recoverable profits from insider stock sales (Note 18)	—	230,829	—	—	230,829
Cash dividends on common stock ($.20 per share)	—	—	(370,057)	—	(370,057)
	2,069,013	6,036,390	11,709,825	(265,531)	19,549,697
Less account receivable from employee stock ownership Trust (Note 18)	—	—	—	—	2,462,371
Balance, May 29, 1982	$2,069,013	$6,036,390	$11,709,825	($265,531)	$17,087,326

Note 18. Employee Stock Ownership Trust

In 1982 the Company established an Employee Stock Ownership Plan and an Employee Stock Ownership Trust.

On August 4, 1981, the corporation assigned its right to purchase 269,900 shares of the Company's outstanding common stock (approximately 16%) from Initio Financial, Inc. for $2,917,619 to its Employee Stock Ownership Trust. Accrued interest from August 4, 1980 to the closing date was paid to Initio by the Company.

With respect to the 94,800 shares of the 269,000, the Agreement provided for the recovery by the Company of the seller's "profit" pursuant to Section 16(b) of the Securities Exchange Act of 1934. This profit of $461,659, plus interest, was received by the Company, and the profit has been credited, net of taxes, to capital in excess of par value.

The Agreements also provided for settlement of pending litigation and other claims between the Company and Initio Financial, Inc. and prohibited the seller from acquiring any additional shares of the Company's common stock for a period of five years. In addition, the Company has paid $50,000 as a reimbursement for legal fees and expenses of the seller.

The Company's Stock Ownership Trust purchased on August 4, 1981 the Initio Financial stock from the proceeds of a loan of $2,500,000 and a tax deductible contribution of $417,619 from the Company. The loan is to be repaid in 15 years at an interest rate of 10% in semi-annual payments.

For the plan years ending May 29, 1982 and each subsequent year, the Company shall make contributions to the Trust in such amounts as may be determined by its Board of Directors. However, Company contributions for each year shall not be less than the amount required to enable the Trust to discharge its current obligations. The Company contribution for the current year amounted to $659,901, which includes the $417,619 mentioned above.

At May 29, 1982, indebtedness of the Employee Stock Ownership Trust to the Company in the amount of $2,462,371 has been shown as a deduction from stockholders' equity in the consolidated balance sheet. At May 29, 1982 45,286 shares have been allocated to employees. Employees are entitled to vote allocated shares, and the Trustees are entitled to vote unallocated shares.

Warrants Exercised

ASTROSYSTEMS, INC.

Consolidated Statements of Changes in Shareholders' Equity

	Common Shares Issued			
	Number of Shares	Par Value	Additional Paid-in Capital	Retained Earnings
Balance—September 1, 1979	852,266	$ 25,000	$ 535,000	$4,041,000
Net earnings for the year				1,272,000
Purchase and retirement of treasury stock	(16,775)			(114,000)
Exercise of stock options	1,500		5,000	
Effect of four for one stock split and increase in par value (Note D(1))	2,510,973	310,000	(310,000)	
Balance—August 31, 1980	3,347,964	335,000	230,000	5,199,000
Net earnings for the year				1,901,000
Public offering of common stock and warrants (Note D(2))	1,540,000	154,000	6,682,000	
Purchase and retirement of treasury stock	(8,600)	(1,000)		(41,000)
Exercise of stock options	2,000		2,000	
Balance—August 31, 1981	4,881,364	488,000	6,914,000	7,059,000
Net earnings for the year				2,554,000
Purchase and retirement of treasury stock	(1,200)			(7,000)
Exercise of warrants	1,000		6,000	
Balance—August 31, 1982	4,881,164	$488,000	$6,920,000	$9,606,000

NOTES TO FINANCIAL STATEMENTS

Note D—Stockholders' Equity

1. In November 1980, the shareholders approved an amendment to the Company's Certificate of Incorporation which increased the Company's authorized common stock from 2,000,000 shares to 10,000,000 shares and increased the par value per share from $.03 to $.10. The Board of Directors then authorized a four-for-one stock split for stockholders of record on November 25, 1980. Accordingly, references to per share amounts, average shares outstanding used in the calculation of per share amounts and stock option information have been adjusted retroactively to reflect the stock split.

2. Stock Options and Warrants: (a) During the year ended August 31, 1981 the Company adopted a stock option plan providing for the granting of options for up to 300,000 shares of its common stock to eligible employees and nonemployee directors.

Pursuant to the plan, the Company, during the year ended August 31, 1981, granted options to employees for the purchase of 42,000 shares at $3.78 per share, exercisable 10,500 shares per year commencing in October 1981. In addition the Company granted to its three principal officers options for the purchase of 150,000 shares at an average price of $4.45 per share, exercisable during the four-year period commencing in April 1982.

(b) In January 1981, pursuant to a public offering, the Company sold 1,540,000 shares of common stock and 770,000 warrants to purchase 770,000 shares of common stock during a five year period, at a price of $5.75 per share. During the year ended August 31, 1982 1,000 of these warrants were exercised. Additionally, the Company sold to the underwriter, at nominal cost, warrants to purchase 140,000 shares at an exercise price of $5.75 per share which are exercisable from January 1982 through January 1986.

All of the warrants except for the 140,000 sold to the underwriter are redeemable by the Company commencing January 1984 at a price of $3.00 per warrant.

3. At August 31, 1982, 1,209,000 unissued common shares were reserved for issuance—909,000 for exercise of warrants and 300,000 for exercise of stock options.

Warrants Issued

NORTEK, INC.

Consolidated Statement of Stockholders' Investment

For the Three Years Ended December 31, 1982

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
	(Amounts in Thousands)			
Balance, December 31, 1979	$3,453	$24,958	$13,483	$(3,748)
1,200 shares issued upon exercise of stock options (Note 6)	1	3	—	—
42,000 shares of treasury stock acquired from a former shareholder of an acquired business	—	—	—	(326)
Cash dividends	—	—	(238)	—
Net earnings	—	—	4,200	—
Balance, December 31, 1980	3,454	24,961	17,445	(4,074)
940,000 shares of common stock issued in connection with a public offering, net of expenses	940	9,573	—	—
1,415 shares of common stock issued upon conversion of convertible subordinated debentures	2	21	—	—
10,300 shares issued upon exercise of stock options (Note 6)	10	21	—	—
Cash dividends	—	—	(292)	—
Net earnings	—	—	9,600	—
Balance, December 31, 1981	4,406	34,576	26,753	(4,074)
650,000 common stock warrants issued, net of expenses (Note 5)	—	1,387	—	—
10,000 shares of treasury stock acquired	—	—	—	(65)
125,000 shares issued for an acquired business	—	(193)	—	1,443
208,000 shares sold to certain officers	—	281	—	1,799
Cash dividends	—	—	(320)	—
Net earnings	—	—	6,300	—
Balance, December 31, 1982	$4,406	$36,051	$32,733	$ (897)

Note 5 (in part): Subordinated Debentures

Subordinated debentures for the two years ended December 31, 1982 consist of the following:

	1982	1981
	(Amounts in Thousands)	
15% subordinated sinking fund debentures due 2002, net of unamortized original issue discount $4,886,000	$21,114	$ —
12½% subordinated sinking fund debentures due 1999, net of unamortized original issue discount of $1,812,000 and $2,042,000	27,047	28,040
7% Convertible subordinated debentures due 1989	574	596
6% Convertible subordinated debentures due 1988	2,249	2,417
	$50,984	$31,053

In June 1982, the Company sold 26,000 units consisting of $26,000,000 principal amount of 15% subordinated sinking fund debentures due 2002 and warrants to purchase 650,000 shares of common stock (Note 6). The amount of debentures outstanding has been reduced by $4,921,000, representing original issue discount. Direct costs and underwriting commissions of $1,085,000, allocable to the debentures, have been charged to deferred debt expense. With respect to the 650,000 warrants issued, $1,387,000 was credited to additional paid-in capital, net of the remaining direct offering costs and underwriting commissions of $75,000. Under the terms of the indenture pursuant to which the debentures were issued, the Company is required to make ten annual mandatory sinking fund payments of $1,950,000 beginning in June of 1992 to retire 75% of the issue prior to maturity. The debentures are redeemable at any time at the option of the Company at par.

Note 6 (in part): Common Stock and Stock Options

At December 31, 1982, a total of 1,327,436 shares of common stock were reserved as follows:

Common stock warrants	650,000
Conversion of 7% subordinated debentures	52,114
Conversion of 6% subordinated debentures	151,840
Employee stock savings plan	138,482
1979 Employees stock option plan	300,000
Other stock options	35,000
	1,327,436

In June 1982, the Company sold 650,000 common stock warrants (Note 5). Each of the warrants entitles the holder to purchase one share of the Company's common stock for cash or by surrender of the Company's 15% subordinated debentures (valued at par) at a price of $13.38. The warrants are callable upon 30 days' notice at a price of $3.25 per warrant at any time on or after June 15, 1985 and expire June 15, 1987; under certain circumstances, the Company may accelerate the expiration date of the warrants. The exercise price, the number of shares of common stock purchasable upon exercise of the warrants, and the market price permitting acceleration of the expiration of the warrants are subject to adjustment upon occurrence of certain events including stock dividends, stock splits, etc.

Note Proceeds in Excess of Amount Repayable at Maturity

BORG-WARNER CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Capital in excess of par value

Capital in excess of par value for the years ended December 31 is summarized as follows:

(millions of dollars)	1982	1981	1980
Capital in excess of par value at January 1	$ 57.3	$108.1	$105.8
Transfer to common stock to effect two-for-one stock split		(53.7)	
Proceeds from sales of adjustable rate convertible notes over amount payable at maturity	45.0		
Net difference between cost and proceeds of shares issued under employee investment plans (362,824 shares in 1982, 428,626 shares in 1981 and 458,766 shares in 1980)	1.4	2.5	1.8
Excess of cost over proceeds on shares issued under stock option plans (411,255 shares in 1982, 146,228 shares in 1981 and 112,600 shares in 1980)	(3.9)	(.5)	(.2)
Excess of market price over cost on shares issued as stock incentive rights under stock option plans (88,558 shares in 1982, 43,640 shares in 1981 and 93,124 shares in 1980)	.9	.3	.5
Tax benefits arising from exercise of non-qualified stock options	.7	.6	.2
Excess of market price over cost on shares awarded to certain employees (96 shares in 1981 and 84 shares in 1980)		—	—
Capital in excess of par value at December 31	$101.4	$ 57.3	$108.1

Long-Term Debt (in part)

In December 1982, $100 million of Adjustable Rate Convertible Notes was sold. The cash amount payable at maturity of each note is $550 ($55 million in total). Each note of $1,000 is convertible into 26.32 shares of the company's common stock (2.632 million shares in total). For financial statement purposes, the company has classified the cash redemption amount of $55 million as long-term debt, and the remaining $45 million as capital in excess of par value. Interest on the notes is paid quarterly and is based on a fixed premium above the common stock dividend payment. The company may redeem any part of the notes after November 15, 1983. Holders of the notes may convert at any time.

Section 5: Statement of Changes in Financial Position

This section reviews the format and content of the Statement of Changes in Financial Position. *APB Opinion No. 19-Reporting Changes in Financial Position* requires that "a statement summarizing changes in financial position . . . be presented as a basic financial statement for each period for which an income statement is presented." The Statements appearing as examples in this section have been edited to show, if not already so shown in the annual report, all dollar amounts in thousands or millions. Except for several examples at the end of this section, disclosures of changes in elements of working capital (required by *Opinion No. 19*) have been omitted to emphasize other information contained within the statement.

PRESENTATION IN ANNUAL REPORT

Table 5-1 shows the placement of Statements of Changes in Financial Position in relation to other financial statements. As shown in Table 5-1, the statement of changes is usually the final financial statement presented in the annual report. However, during the past few years, the number of companies presenting the statement of changes as the final financial statement has decreased, and there has been a noticeable increase in the number of companies presenting the statement of changes after the income statement and balance sheet but before the statement of stockholders' equity.

TABLE 5-1: PRESENTATION IN ANNUAL REPORT

	1982	1981	1980	1979
Final statement	386	388	402	418
Follows income statement and balance sheet	151	153	144	116
Between income statement and balance sheet	56	52	49	59
First statement	5	6	2	4
Other	2	1	3	3
Total Companies	**600**	**600**	**600**	**600**

TITLE

Paragraph 8 of *Opinion No. 19* states:

The Board also concludes that the statement summarizing changes in financial position should be based on a broad concept embracing all changes in financial position and that the title of the statement should reflect this broad concept. The Board therefore recommends that the title be Statement of Changes in Financial Position (referred to below as "the Statement"). The Statement of each reporting entity should disclose all important aspects of its financing and investing activities regardless of whether cash or other elements of working capital are directly affected. For example, acquisitions of property by issuance of securities or in exchange for other property, and conversions of long-term debt or preferred stock to common stock, should be appropriately reflected in the Statement.

Practically all the survey companies use the recommended title.

FORMAT

Paragraph 11 of *Opinion No. 19* states:

Provided that these guides are met, the Statement may take whatever form gives the most useful portrayal of the financing and investing activities and the changes in financial position of the reporting entity. The Statement may be in balanced form or in a form expressing the changes in financial position in terms of cash, of cash and temporary investments combined, of all quick assets, or of working capital. The Statement should disclose all important changes in financial position for the period covered; accordingly, types of transactions reported may vary substantially in relative importance from one period to another.

In prior years the survey company statements usually showed a change in working capital or in cash and cash equivalents in terms of total sources and total uses. In 1982, 169 survey companies (74 in 1981) presented a change in cash and cash equivalents in terms of fund flows associated with operating, investing, and financing activities. This form of presentation is discussed in the *FASB Discussion Memorandum—Reporting Fund Flows, Liquidity and Financial Flexibility* dated December 15, 1980.

SOURCES AND USES

Sources Equal Uses

FOOTE MINERAL COMPANY

Consolidated Statements of Changes in Financial Position

	Year ended December 31		
	1982	1981	1980
Funds provided:			
Net earnings (loss)	$ (3,730)	$ 9,556	$ 6,261
Items not requiring funds:			
Depreciation and amortization	8,631	8,299	8,566
Deferred income taxes	(6,584)	761	1,719
Funds provided from (used in) operations	(1,683)	18,616	16,546
Increase in long-term debt	5,000	—	—
Property, plant and equipment retired and sold	7	345	472
Decrease in other assets	974	1,084	1,240
Other	—	—	105
	$ 4,298	$20,045	$18,363
Funds used:			
Additions to property, plant and mine devleopment	$ 7,331	$ 8,625	$ 6,924
Investment in Sociedad Chilena de Litio, Ltda.	7,389	935	—
Reduction of long-term debt	1,800	1,800	—
Dividends	—	3,473	3,117
Increase (decrease) in working capital	(12,222)	5,212	8,322
	$ 4,298	$20,045	$18,363

TABLE 5-2: FORMAT

	1982	1981	1980	1979
Changes in Working Capital				
Sources equal uses	46	59	65	65
Increase (decrease) in working capital	250	341	399	402
Ending working capital	50	66	77	82
Changes in Cash				
Sources equal uses	5	6	8	8
Increase (decrease) in cash or cash and cash equivalent	145	70	32	25
Ending cash or cash and cash equivalent	104	58	19	18
Total Companies	**600**	**600**	**600**	**600**

COMMERCIAL METALS COMPANY

Consolidated Statements of Changes in Financial Position

	Year ended August 31		
	1982	1981	1980
Sources of Funds:			
Net earnings	$ 9,528	$11,245	$18,368
Expenses not requiring outlay of funds in the current period:			
Depreciation and amortization	7,932	6,365	6,125
Deferred income taxes	645	158	4,445
Equity in (earnings) losses of affiliates	350	(133)	(307)
Amortization of intangible assets	47	47	47
Writedown to market of investments in affiliates	—	318	—
Funds provided by operations	18,502	18,000	28,678
Decrease in notes and accounts receivable	40,648	7,219	9,522
Increase in income taxes payable	6,830	—	—
Additions to long-term debt	4,500	—	—
Proceeds from sale of subsidiary	2,000	—	—
Increase in trade accounts payable, other payables and accrued expenses	—	20,268	—
Decrease in inventories, salvage jobs in process, and advances for materials	—	—	10,249
Decrease in cash and temporary investments	—	3,844	—
Sales or retirements of property, plant, and equipment	587	719	291
Stock issued under stock option and purchase plans	636	1,622	941
Decrease in other assets, net	240	104	512
Decrease in prepaid expenses	153	3	—
	$74,096	$51,779	$50,193
Uses of Funds:			
Decrease in trade accounts payable, other payables, and accrued expenses	$39,498	—	$ 1,558
Additions to property, plant, and equipment	12,464	20,007	9,715
Increase in inventories, salvage jobs in process, and advances for materials	9,069	19,802	—
Purchase of treasury stock	5,305	726	490
Increase in cash and temporary investments	3,210	—	10,361
Payments on debt	2,658	3,050	21,700
Cash dividends	1,892	1,890	1,679
Decrease in income taxes payable	—	6,304	3,442
Additional investment in affiliate	—	—	894
Increase in prepaid expenses	—	—	354
	$74,096	$51,779	$50,193

NATIONAL STEEL CORPORATION

Statement of Consolidated Changes in Financial Position

For the years ended December 31,	1982	1981	1980
Source of Funds			
From operations			
Net income (loss)	$(462,773)	$ 86,084	$ 83,759
Items not affecting working capital:			
Depreciation and depletion	148,163	158,071	154,529
Deferred income taxes (credit)	(311,187)	31,842	23,790
Equity in undistributed earnings or losses:			
FN Financial Corporation	(11,102)	(15,146)	(24,687)
Associated companies	12,144	3,729	(5,944)
Provision for anticipated loss on the Weirton Steel Division—noncurrent	248,423	-0-	-0-
Provision for write-off of investments and shutdown or sale of facilities—noncurrent	187,527	-0-	27,213
Minority interest	277	1,987	1,426
Profit from property sales	-0-	(14,000)	(81,500)
Total from (to) operations	(188,528)	252,567	178,586
Assets sold and retired	5,496	12,560	16,358
Net proceeds from property sales	-0-	17,825	83,707
Issuance of stock for stock investment plan	-0-	2,115	-0-
Increase in long-term obligations	110,669	75,847	184,276
Decrease in working capital	190,914	80,790	87,983
Sale of stock of FN Financial Corporation	25,223	-0-	-0-
Pension contribution for 1981 reclassified to noncurrent	35,379	-0-	-0-
All other—net	6,785	9,628	17,985
Total source of funds	$185,938	$451,332	$568,895
Use of Funds			
Expenditures for plant and equipment	$101,557	$186,073	$265,340
Dividends declared	19,845	37,470	44,590
Payments and other reductions of long-term obligations	37,204	225,165	29,505
Investment in FN Financial Corporation	25,000	-0-	223,545
Purchase of common stock for treasury	2,332	2,624	5,915
Total use of funds	$185,938	$451,332	$568,895

Increase (Decrease) In Working Capital or Cash

ALBERTSON'S, INC.

Consolidated Changes in Financial Position

	53 Weeks Feb. 3, 1983	52 Weeks Jan. 28, 1982	52 Weeks Jan. 29, 1981
Source of Cash			
Operations:			
Net earnings	$ 58,375	$48,478	$40,690
Items not requiring use of funds:			
Depreciation and amortization	41,584	37,572	35,200
Increase in deferred long-term liabilities	4,056	3,290	2,474
(Increase) decrease in deferred income tax benefits	1,359	(497)	(698)
Amortization of deferred investment credit	(2,912)	(2,520)	(2,154)
(Increase) decrease in other working capital	10,826	(9,037)	3,005
Cash provided by operations	113,288	77,286	78,517
Proceeds from sale of common stock	55,969	—	—
Additions to deferred investment credit	4,909	4,187	4,777
Additions to long-term debt and obligations under capital leases	6,444	9,403	4,479
Proceeds from stock options	2,825	583	739
(Increase) decrease in other assets	1,412	(4,137)	(1,902)
	184,847	87,322	86,610
Use of Cash:			
Capital expenditures	91,600	58,975	59,138
Disposals of land, buildings and equipment	(14,501)	(6,247)	(10,182)
Capital expenditures, net	77,099	52,728	48,956
Payment of long-term debt and obligations under capital leases	11,970	7,803	8,931
Cash dividends	15,613	13,083	11,852
	104,682	73,614	69,739
Increase in Cash and Marketable Securities	$ 80,165	$13,708	$16,871

COLLINS & AIKMAN CORPORATION

Consolidated Statement of Changes in Financial Position

Years ended February, 1982, 1981 and 1980

Source of Working Capital	1982	1981	1980
Net income	$18,827	$14,405	$16,414
Charges to net income not affecting working capital:			
Depreciation	16,724	14,760	13,695
Deferred income taxes	1,090	1,914	2,176
Working capital provided from operations	36,641	31,079	32,285
Disposal of property, plant and equipment	8,464	912	966
Issuance of long-term debt	2,000	800	36,447
	47,105	32,791	69,698
Application of Working Capital			
Cash dividends	7,792	8,952	8,972
Additions to property, plant and equipment	16,916	16,625	20,470
Reduction of long-term debt	2,595	2,697	2,386
Purchase of treasury shares	17,706	1,235	—
Other, net	(2,311)	119	2,300
	42,698	29,628	34,128
Increase in working capital	$ 4,407	$ 3,163	$35,570

GULF OIL CORPORATION

Consolidated Statement of Changes in Financial Position

	Millions of Dollars Year ended December 31		
	1982	1981	1980
Funds provided by			
Net income	$ 900	$1,231	$1,407
Income charges (credits) not affecting funds			
Depreciation, depletion, amortization and retirements	1,461	1,295	1,152
Deferred income taxes	578	299	349
Net gains on sales of properties and investments	(145)	(52)	(93)
Provisions for write-down of properties	139	—	—
Income applicable to minority interests	51	98	121
Other charges (credits)	(5)	14	19
Funds from operations	2,979	2,885	2,955
New long-term financing	951	900	34
Proceeds from sales of properties and business investments	595	172	370
Reduction of other long-term assets	304	136	50
Proceeds from reduction of investment in Gulf Canada Limited	—	—	218
	4,829	4,093	3,627
Funds used for			
Properties and business investments	3,005	3,575	2,392
Dividends	507	513	464
Reductions of long-term debt	592	436	163
Purchase of treasury stock	379	373	—
Increase in other long-term assets	439	378	256
Other—net	29	16	60
	4,951	5,291	3,335
(Decrease) Increase in Working Capital	(122)	(1,198)	292

INGERSOLL-RAND COMPANY

Consolidated Statement of Changes in Financial Position

For the years ended December 31	1982	1981	1980
Sources of Funds:			
From operations:			
Net earnings	$ 52,271	$193,338	$160,274
Items not affecting funds:			
Depreciation and amortization	80,466	74,921	76,205
Increase in noncurrent deferred income taxes	10,981	12,546	10,691
Equity in net earnings of unconsolidated companies	(14,324)	(15,161)	(10,354)
Funds from operations	129,394	265,644	236,816
Increase in customers' advance payments	13,584	6,216	5,573
Increase in long-term debt	25,634	—	311,720
Decrease (increase) in:			
Accounts and notes receivable	168,541	10,824	(147,796)
Inventories	178,801	(92,967)	(97,161)
Prepaid expenses	600	(2,531)	(2,517)
Issuance of common stock in exchange for debentures	—	13,767	—
Issuance of common stock to employee stock and savings plans	1,922	9,416	—
Stock awards and exercise of stock options	865	2,928	1,241
Total sources of funds	519,341	213,297	307,876
Uses of Funds:			
Expenditures for property, plant and equipment	104,222	149,887	130,578
Dividends	71,428	71,583	69,868
Increase in other assets	13,489	11,343	5,785
Decrease (increase) in:			
Loans payable	119,510	28,805	3,571
Accounts payable and accruals	86,462	(69,011)	(107,205)
Income taxes	52,037	(10,630)	24,877
Reduction in long-term debt	—	25,174	—
Noncurrent assets of purchased companies	—	—	101,996
Reclassification of short-term debt under stand-by credit facility	—	—	100,000
Other—including translation adjustment, net	34,308	10,432	10,362
Total uses of funds	481,456	217,583	339,832
Net increase (decrease) in cash and short-term securities	$ 37,885	$ (4,286)	$(31,956)

End of Year Working Capital or Cash

AMERICAN STORES COMPANY (JAN)

Consolidated Statements of Changes in Financial Position

	1983	1982	1981
Sources of Funds			
Net earnings	$ 90,371	$ 64,552	$ 51,553
Add items charged against earnings not affecting working capital:			
Depreciation and amortization	83,070	80,799	75,079
Deferred income taxes	10,249	11,474	8,224
Other	528	1,063	1,137
Total provided from operations	184,218	157,888	135,993
Proceeds from long-term borrowing	16,997	8,152	110,244
Additions to obligations under capital leases	6,295	17,515	14,740
Disposals of owned properties	19,870	21,635	23,999
Disposals of leased properties	7,876	2,061	2,804
Issuance of treasury stock for debt	8,917	—	—
Sale of common stock	213	—	—
Increase in other liabilities	9,800	62	10,398
Other, net	275	(1,390)	1,595
	254,461	205,923	299,773
Uses of Funds			
Expended for property, plant and equipment	107,463	101,385	139,229
Additions to property under capital leases	6,295	17,515	14,740
Reduction of long-term debt	32,697	25,376	119,418
Reduction of obligations under capital leases	19,033	12,148	12,968
Cash dividends	21,026	19,099	19,084
Purchase of treasury stock	11,324	445	—
	197,838	175,968	305,439
Increase (decrease) in working capital	56,623	29,955	(5,666)
Working capital—beginning of year	163,384	133,429	139,095
Working capital—end of year	$220,007	$163,384	$133,429

COLT INDUSTRIES INC

Consolidated Statement of Changes in Financial Position

For the three years ended December 31, 1982

	1982	1981	1980
Source of Funds			
Earnings from continuing operations	$ 82,542	$139,850	$107,274
Items not requiring use of funds—			
Depreciation and amortization	34,595	31,148	27,387
Deferred income taxes	(4,817)	15,651	17,606
Funds provided from continuing operations	112,320	186,649	152,267
Operating working capital (including income tax benefit from discontinued operations of $83,278, $1,657 and $1,523)—			
Accounts and notes receivable	43,039	10,386	(15,532)
Inventories	45,932	(34,396)	(18,872)
Deferred income taxes	10,092	9,265	(7,287)
Other current assets	1,364	1,274	(1,165)
Accounts payable	(40,895)	(9,078)	25,943
Accrued expenses	(51,386)	12,286	9,058
	8,146	(10,263)	(7,855)
Funds from continuing operations and operating working capital	120,466	176,386	144,412
Use of Funds			
Investments and other—			
Capital expenditures	(40,554)	(54,079)	(59,840)
Dividends paid	(44,834)	(41,914)	(39,198)
Purchase of treasury stock, net of stock options exercised	(81,257)	(3,098)	(2,630)
Purchase of preferred stock	—	(7,344)	(76)
Other—net	4,608	10,316	(11,259)
	(162,037)	(96,119)	(113,003)
Funds from (used by) continuing operations before financing	(41,571)	80,267	31,409
Financing—			
Notes payable to banks	(4,329)	(10,262)	1,433
Long-term debt, including current maturities	(49,683)	(17,598)	8,983
Total debt	(54,012)	(27,860)	10,416
Funds from (used by) continuing operations after financing	(95,583)	52,407	41,825
Funds from (used by) discontinued operations	58,980	(4,681)	(8,040)
Cash and Marketable Securities			
Increase (decrease)	(36,603)	47,726	33,785
At beginning of period	181,846	134,120	100,335
At end of period	$145,243	$181,846	$134,120

GRANITEVILLE COMPANY

Consolidated Statement of Changes in Financial Position

	Year Ended Jan 2, 1983	Jan 3, 1982	Dec 28, 1981
Financial resources generated:			
Resources provided from operations:			
Net income (loss)	$(14,146)	$ 869	$11,092
Charges against income which did not require financial resources:			
Depreciation and amortization	8,549	7,517	6,728
Deferred income taxes	(6,395)	1,990	1,373
Unrecovered cost of assets written off	10,830	—	—
Total resources generated from operations	(1,162)	10,378	19,193
Decrease in receivables	15,011	—	—
Decrease in income tax refunds receivable	2,189	—	—
Decrease in inventories	4,646	3,333	—
Decrease in prepaid expense	—	217	298
Unrecovered cost of asset disposals	170	36	716
Decrease in other assets	57	30	379
Increase in notes payable to banks	—	500	—
Increase in current maturity of long-term debt	—	217	633
Increase in accounts payable	—	—	658
Increase in accrued items	289	—	3,990
Increase in long-term debt	—	48,000	—
Issuance of capital stock	63	9	51
Reduction in investment in pollution control facility	—	—	5,880
Total financial resources generated	21,265	62,772	31,802
Financial resources applied:			
Increase in receivables	—	2,570	1,574
Increase in income tax refunds receivable	—	6,636	—
Increase in inventories	—	—	5,578
Increase in prepaid expense	29	—	—
Additions to property, plant and equipment	9,130	25,982	11,040
Decrease in notes payable to banks	3,000	—	2,000
Decrease in current maturity of long-term debt	165	—	—
Decrease in accounts payable	5,373	94	—
Decrease in accrued items	—	4,945	—
Reduction in long-term debt	2,463	18,247	2,046
Reduction in pollution control facility liability	—	—	5,880
Cash dividends	—	4,333	4,330
Total financial resources applied	20,162	62,811	32,452
Change in cash	1,102	(88)	(650)
Cash, beginning of period	1,341	1,430	2,080
Cash, end of period	$ 2,444	$ 1,341	$ 1,430

OPERATING, INVESTING, AND FINANCING ACTIVITIES

CERTAINTEED CORPORATION

Consolidated Statement of Changes in Financial Position

Years Ended December 31, 1982, 1981 and 1980

Income/(loss) from continuing operations	$ (7,141)	$(9,999)	$ 4,496
Items not affecting cash:			
Depreciation	49,663	54,199	53,207
Amortization of patents and other intangibles	1,077	1,153	1,283
Deferred taxes	(10,110)	1,576	2,531
Unremitted earnings of affiliates	(940)	(3,162)	(852)
Changes in:			
Refundable and deferred Federal income taxes	18,622	(5,141)	(4,140)
Inventories	3,645	(1,495)	9,289
Accounts and notes receivable	(12,945)	10,083	4,593
Trade accounts payable, accrued expenses and sundry liabilities	7,327	(20,671)	266
Other	476	2,094	(882)
Cash provided by operations	49,674	28,637	69,791
Cash dividends	(3,050)	(13,219)	(16,565)
Cash provided by operations and retained in business	46,624	15,418	53,226
Investing activities:			
Purchase of property, plant and equipment	(24,043)	(29,886)	(36,996)
Disposals of property, plant and equipment at net book value	6,764	4,977	2,412
Net cash used by investing activities	(17,279)	(24,909)	(34,584)
Financing activities:			
Proceeds from sale of Common Stock	15,000	—	—
Increase in long-term debt	652	25,013	2,788
Reduction of long-term debt	(36,487)	(9,914)	(9,521)
Reduction of short-term notes payable and current installments of long-term debt	(8,182)	(8,229)	(10,705)
Net cash (used for) derived from financing activities	(29,017)	6,870	(17,438)
Discontinued operations	-0-	2,054	(5,500)
Increase/(decrease) in cash	$ 328	$ (567)	$ (4,296)

ATLANTIC RICHFIELD COMPANY

Consolidated Statement of Changes in Financial Position 1982, 1981 and 1980

	1982	1981	1980
Cash from Operations			
Net income	$1,676,078	$1,671,290	$1,651,423
Add expenses not requiring cash:			
Depreciation, depletion and amortization	1,254,332	1,115,985	880,565
Deferred income taxes	473,829	505,096	479,572
Dry-hole costs charged to income	439,466	296,500	235,606
Working capital from operations	3,843,705	3,588,871	3,247,166
(Increase) decrease in working capital other than cash, notes payable and long-term obligations due within one year	661,954	(420,308)	643,377
Cash from operations	4,505,659	3,166,563	3,890,543
Dividends	(594,734)	(538,047)	(437,275)
External Financing Activities (including long-term obligations due within one year):			
Additional long-term debt and capital lease obligations	879,152	1,012,580	743,431
Additional advances and production payments	511,837	418,000	—
Reduction of long-term debt and capital lease obligations	(805,690)	(552,649)	(283,297)
Reduction of advances and production payments	(145,615)	(71,985)	(23,849)
Increase (decrease) in notes payable	(66,264)	236,164	(32,949)
Proceeds from issuance of capital stock	151,533	93,350	84,811
Cash available for capital investment	4,435,878	3,765,976	3,941,415
Capital Investment Activities			
Additions to fixed assets (including dry-hole costs)	(3,953,249)	(3,558,468)	(3,369,548)
Additional investments and long-term receivables	(472,897)	(223,971)	(447,744)
Book value of assets sold	158,204	144,841	63,746
Other (net)	94,324	13,343	(229,435)
Increase (Decrease) in Cash	$ 262,260	$ 141,721	$ (42,566)
Changes in Cash—Increase (decrease)			
Cash	$ 181,817	$ 15,761	$ (63,999)
Short-term investments	80,443	125,960	21,433
	$ 262,260	$ 141,721	$ (42,566)

HONEYWELL INC.

Changes in Financial Position

	For the Years Ended December 31		
(Dollars in Millions)	1982	1981	1980
Funds Provided			
Net income	$272.9	$259.3	$288.9
Items not affecting funds—			
Depreciation	299.7	300.0	256.2
Deferred income taxes	24.4	26.6	44.8
Equity income, including finance subsidiaries (less dividends received: 1982, $11.2; 1981, $14.2; 1980, $13.4)	(17.8)	(5.6)	(51.8)
	579.2	580.3	538.1
Funds Used			
Working capital—			
Receivables	84.2	53.2	138.1
Inventories	(45.1)	57.1	174.2
Accounts payable and accrued liabilities	(86.0)	(77.5)	(68.3)
Customer advances	(4.1)	(21.8)	(18.3)
Income taxes	24.0	59.0	(48.4)
	(27.0)	70.0	177.3
Increase (decrease) in investments and advances	(133.2)	16.1	(5.7)
Increase in property, plant and equipment	355.0	506.2	422.7
Increase (decrease) in long-term receivables	(31.7)	(43.0)	10.1
Increase (decrease) in goodwill	16.3	(0.5)	14.7
Dividends paid to stockholders	78.4	73.0	62.7
Accumulated foreign currency translation	114.6	—	—
Other	26.4	15.4	(2.9)
	398.8	637.2	678.9
Net funds provided (used)	180.4	(56.9)	(140.8)
Financing Activities			
Debt transactions—			
Issuance of long-term debt	131.3	181.6	81.6
Reduction of long-term debt	(60.8)	(46.1)	(51.0)
Increase in short-term debt	0.9	8.7	24.7
Finance subsidiary transactions—			
Increase (decrease) in receivables sold to finance subsidiaries	(238.3)	43.5	85.6
Increase (decrease) in obligation for rental contracts conveyed to finance subsidiaries	(43.9)	2.5	53.6
(Increase) decrease in capital notes receivable from finance subsidiaries	90.0	(125.0)	(15.0)
Purchase of treasury stock	(108.9)	—	—
Treasury stock reissued	31.5	—	—
Exercise of stock options	42.9	37.7	30.9
	(155.3)	102.9	210.4
Increase in cash, time deposits and marketable securities	$ 25.1	$ 46.0	$ 69.6

THE STANDARD OIL COMPANY (AN OHIO CORPORATION)

Statement of Changes in Financial Position

Millions of Dollars— Year Ended December 31	1982	1981	1980
Cash Was Provided From (Used For) Operations			
Net income	$1,879	$1,947	$1,811
Non-cash charges to net income			
Depreciation, depletion and amortization	727	625	587
Dry hole expenses and amortization of unproved properties	178	99	82
Deferred income taxes	82	114	80
Other—net	107	93	20
Change in non-cash working capital affecting net income			
Accrued income and other taxes	(135)	(929)	1,188
Other	253	(19)	118
Cash provided from operations	3,091	1,930	3,886
Dividends	(628)	(553)	(344)
Investment Activities			
Capital expenditures	(2,708)	(2,592)	(1,007)
Acquisition of Kennecott Corporation			
Working capital other than cash and short-term investments	—	(463)	—
Property, plant and equipment	—	(1,909)	—
Other noncurrent assets	—	(358)	—
Long-term debt	—	623	—
Other long-term obligations	—	401	—
Sales (purchases) of long-term marketable securities	684	8	(1,784)
Other	(182)	139	5
	(2,206)	(4,151)	(2,786)
Financing Activities			
Issuance of long-term debt	276	12	24
Reduction of long-term debt	(294)	(281)	(300)
Reclassification of short-term notes payable to long-term debt	337	—	—
(Decrease) increase in short-term notes payable	(1,647)	1,659	125
Sale of accounts receivable to finance subsidiary	622	—	—
Increase (decrease) in current maturities of long-term obligations	160	(140)	174
Other	(23)	1	(65)
	(569)	1,251	(42)
(Decrease) Increase in Cash and Short-term Investments	$ (312)	$(1,523)	$ 714

STERLING DRUG INC.

Consolidated Statement of Changes in Financial Position

	Years ended December 31, 1982	1981	1980
Funds From Operations:			
Net income	$131,970	$129,511	$122,780
Expenses not requiring financial resources:			
Depreciation and amortization	34,154	34,636	30,852
Deferred income taxes	7,908	3,985	3,857
Other	1,900	1,226	1,206
Total funds from operations	175,932	169,358	158,695
Plus (Minus) From Financing Activities:			
Increase (decrease) in short-term debt	10,786	(47,009)	(6,875)
Increase in long-term debt	27,027	585	5,691
Other	4,912	2,049	1,188
	42,725	(44,375)	4
Total funds from operations and financing	218,657	124,983	158,699
Less Funds Invested in Working Capital (excluding short-term debt):			
Accounts receivable	12,064	15,461	23,468
Inventories	(27,366)	(10,144)	1,339
Current payables and prepaid expenses	13,690	(23,974)	(18,760)
Effect of exchange rate changes on working capital	18,427	26,583	—
	16,815	7,926	6,047
Less Funds Invested in Capital Assets:			
Additions to property, plant and equipment	80,068	77,016	70,051
Disposals of property, plant and equipment	(7,033)	(4,433)	(2,704)
	73,035	72,583	67,347
Funds used in operations	89,850	80,509	73,394
Increase in financial position before dividends	128,807	44,474	85,305
Less Dividends to Shareowners	64,318	59,306	54,224
Net increase (decrease) in cash and short-term investments	$ 64,489	$(14,832)	$ 31,081

SYNTEX CORPORATION

Consolidated Statements of Changes in Financial Position

For the years ended July 31, 1982, 1981 and 1980

	1982	1981	1980
Cash Provided by Operations			
Net income	$134,015	$ 98,600	$ 75,143
Items not requiring cash outlays, principally depreciation and amortization	32,780	24,913	23,368
Total cash provided by operations	166,795	123,513	98,511
Internal Sources (Uses) of Cash			
Working Capital:			
Receivables	(11,643)	(11,307)	(22,788)
Inventories	(25,697)	19,316)	(18,088)
Prepaid expenses	(1,190)	(428)	203
Accounts payables	7,750	5,300	(2,077)
Other current liabilities	20,389	41,128	24,388
Change in net working capital	(10,391)	15,377	(18,362)
Capital expenditures	(71,686)	(75,086)	(53,211)
Intangible and other assets arising from business acquisitions	(2,654)	(12,147)	(1,717)
Net property, plant and equipment of acquired companies	(40)	(5,947)	(853)
Retirements of property, plant and equipment—net	2,997	8,638	3,411
Other—net	(97)	(2,487)	1,112
Net internal uses of cash	(81,871)	(71,652)	(69,620)
Net Cash Provided from Operations	84,924	51,861	28,891
Dividends on Common and Preferred Stock	(35,546)	(24,649)	(21,755)
External Financing—Sources (Uses)			
Investments—noncurrent	1,605	3,005	3,586
Short-term debt and notes payable	3,628	(33,440)	14,785
Increase in long-term debt	3,714	6,532	45,735
Reduction of long-term debt	(47,893)	(31,698)	(10,594)
Issuance of common stock under stock option plan	1,861	2,821	2,274
Net external financing	(37,085)	(52,780)	55,786
Increase (Decrease) in Cash and Investments	$ 12,293	$(25,568)	$ 62,922

WORKING CAPITAL OR CASH PROVIDED FROM OR USED IN OPERATIONS

Paragraph 10 of *Opinion No. 19* states:

The ability of an enterprise to provide working capital or cash from operations is an important factor in considering its financing and investing activities. Accordingly, the Statement should prominently disclose working capital or cash provided from or used in operations for the period, and the Board believes that the disclosure is most informative if the effects of extraordinary items . . . are reported separately from the effects of normal items. The Statement for the period should begin with income or loss before extraordinary items, if any, and add back (or deduct) items recognized in determining that income or loss which did not use (or provide) working capital or cash during the period. Items added and deducted in accordance with this procedure are not sources or uses of working capital or cash, and the related captions should make this clear, e.g., "Add—Expenses not requiring outlay of working capital in the current period." An acceptable alternative procedure, which gives the same result, is to begin with total revenue that provided working capital or cash during the period and deduct operating costs and expenses that required the outlay of working capital or cash during the period. In either case the resulting amount of working capital or cash should be appropriately described, e.g., "Working capital provided from (used in) operations for the period, exclusive of extraordinary items." This total should be immediately followed by working capital or cash provided or used by income or loss from extraordinary items, if any; extraordinary income or loss should be similarly adjusted for items recognized that did not provide or use working capital or cash during the period.

Table 5-3 shows those items most frequently included in the calculation of working capital or cash provided from (or used in) operations. Examples of the aforementioned calculation follow.

TABLE 5-3: WORKING CAPITAL OR CASH PROVIDED FROM OPERATIONS—COMPONENTS

	Number of Companies			
	1982	**1981**	**1980**	**1979**
Net income or loss	453	468	517	509
Income or loss from continuing operations	76	73	41	39
Income or loss before extraordinary items	40	37	36	41
Depreciation and/or amortization and/or depletion	600	600	600	600
Deferred taxes and/or deferred investment credit	515	512	501	496
Equity in earnings or losses of investees	182	178	175	179
Minority interest	49	44	49	52

Net Income or Loss

ALLIS-CHALMERS CORPORATION

Statement of Changes in Financial Position

Year Ended December 31	1982	1981	1980
Sources (Uses) of Funds			
Net income (loss)	$(206,981)	$(28,841)	$47,623
Items not using (providing) funds—			
Depreciation of plant and equipment	48,426	47,839	45,339
Equity in net income of unconsolidated subsidiaries and affilates	(23,741)	(30,416)	(28,563)
Gain on sale of Siemens-Allis stock	(16,657)	—	—
Writedown of investment in Fiatallis	15,000	25,000	—
Writedown of plant and equipment	9,593	—	—
Deferred income taxes and other	9,090	(15,299)	10,601
Funds Provided (Used) by Operations	(165,270)	(1,717)	75,000
Working capital items—			
Receivables	192,468	38,525	(56,940)
Inventories	92,582	24,992	48,272
Prepaid income taxes and other current assets	(55,685)	(52,576)	10,246
Trade accounts payable	(38,846)	(1,194)	(6,207)
Income taxes	2,463	(17,407)	(19,445)
Other current liabilities	(44,039)	62,242	13,598
Additions to property, plant and equipment	(28,923)	(42,923)	(54,233)
Currency translation	(12,088)	(8,634)	—
Other—net	4,120	1,133	8,894
Total Before Financing and Investments	(53,218)	2,441	19,185
Increase in long-term debt	36,867	78,966	62,669
Reduction of long-term debt	(75,373)	(75,829)	(23,270)
Increase (decrease) in notes payable and current maturities of long-term debt	(34,833)	8,110	(9,493)
Dividends declared on preferred and common stock	(4,993)	(24,085)	(27,807)
Dividends from unconsolidated subsidiaries and affiliates	33,041	13,426	1,265
Increase in investments in subsidiaries and affiliates	(7,801)	(1,594)	(21,261)
Proceeds from sale of Siemens-Allis stock	75,000	—	—
Sale of Series C preferred stock	—	60,000	—
Total Financing and Investments	21,908	58,994	(17,897)
Increase (Decrease) in Cash and Short-Term Investments	$ (31,310)	$61,435	$ 1,288

AMERADA HESS CORPORATION

Statement of Changes in Consolidated Financial Position

For the Years Ended December 31	1982	1981	1980
Source of working capital			
Working capital provided from operations			
Net income	$168,662	$212,591	$540,242
Add: Charges not affecting working capital			
Exploratory dry hole costs	158,042	178,313	89,143
Depreciation, depletion, amortization and lease impairment	394,860	297,677	268,417
Deferred income taxes and other items	(54,786)	60,381	149,068
Working capital provided from operations	666,778	748,962	1,046,870
Long-term borrowings	582,580	489,758	454,088
Disposal of equipment	24,774	8,692	16,689
Other sources	33,554	11,731	23,334
Total source of working capital	1,307,686	1,259,143	1,540,981
Disposition of working capital			
Capital expenditures			
Exploration and production	742,151	907,923	705,977
Refining, marketing and transportion	126,855	343,882	278,859
Other	5,869	8,672	605
Total capital expenditures	874,875	1,260,477	985,441
Reduction in long-term debt and capitalized lease obligations	293,630	60,855	220,055
Cash dividends	91,961	91,680	83,998
Investments and advances	—	—	15,972
Other dispositions	55,220	17,483	10,407
Total disposition of working capital	1,315,686	1,430,495	1,315,873
Increase (decrease) in working capital	$ (8,000)	$ 171,352	$ 225,108

DEERE & COMPANY

Statement of Changes in Consolidated Financial Position

	Year Ended October 31 1982	1981	1980
Funds Provided by (Used for) Operations			
Net Income	$ 52,898	$250,994	$228,271
Add (deduct) items not affecting cash:			
Provision for depreciation	208,808	185,427	147,735
Undistributed earnings of unconsolidated subsidiaries and affiliates	(83,202)	(87,796)	(39,338)
Provision for deferred income taxes	830	72,668	77,311
Other—net	(12,908)	(7,726)	(6,255)
Total	166,426	413,567	407,724
Changes in working capital affecting operations:			
Refundable income taxes	(61,767)	57,612	(71,049)
Trade receivables	(303,199)	(269,468)	(691,657)
Inventories	92,251	61,220	8,138
Accounts payable and accrued expenses	(171,445)	104,761	116,442
Other working capital accounts	36,090	37,815	187,626
Funds provided by (used for) operations	(241,644)	405,507	(42,776)
Funds Used for Dividends	(135,236)	(128,994)	(113,679)
Funds Provided by (Used for) Investment Activities			
Property and equipment purchased	(149,454)	(344,969)	(420,743)
Increase in investments in unconsolidated subsidiaries and affiliates	(8,720)	(50,854)	(95,177)
Tax benefits related to losses on investments in unconsolidated subsidiaries	—	32,662	—
Other	20,363	14,801	12,839
Funds used for investment activities	(137,811)	(348,360)	(503,081)
Funds Provided by (Used for) Financing Activities			
Additions to long-term debt	65,000	15,935	149,625
Issuance of 4,000,000 shares of common stock	—	165,791	—
Common stock issued to retire convertible debentures	3,300	29,281	50,297
Increase (decrease) in notes payable	474,025	(98,092)	543,968
Long-term debt retired, including convertible debentures	(36,686)	(41,596)	(67,570)
Other—net	(6,790)	(862)	(542)
Funds provided by financing activities	498,849	70,457	675,778
Increase (Decrease) in Cash and Short-Term Investments	$ (15,842)	$ (1,390)	$ 16,242

KUHLMAN CORPORATION

Consolidated Statements of Changes in Financial Position

For the three years ended December 31, 1982

	1982	1981	1980
Working Capital Was Provided By:			
Operations—			
Net Earnings	$ 2,668	$ 3,651	$ 37
Charges to operations not affecting working capital—			
Depreciation	2,294	2,452	2,182
Deferred income taxes	159	114	332
Loss (gain) on sale of plant and equipment	(33)	(128)	415
Total working capital provided by operations	$ 5,088	$ 6,089	$ 2,966
Additions to long-term debt	1,000	—	—
Proceeds from sale of plant and equipment	90	275	1,573
Other	34	26	—
Total working capital provided	$ 6,213	$ 6,390	$ 4,539
Working Capital Was Used For:			
Additions to plant and equipment	$ 3,062	$ 1,955	$ 1,585
Cash dividends on common stock	1,826	1,622	1,620
Reduction of long-term debt	7,150	—	1,800
Mortgage note receivable	—	—	986
Total working capital used	$12,038	$ 3,577	$ 5,992
Increase (Decrease) in Working Capital	$(5,625)	$ 2,813	$(1,452)
Working Capital Beginning of Year	26,527	23,714	25,167
Working Capital End of Year	$20,702	$26,527	$23,714

PETTIBONE CORPORATION

Consolidated Statements of Changes in Financial Position

	Year Ended March 31, 1982	1981	1980
Sources of Working Capital			
From Operations			
Net Earnings (loss)	$ (9,737)	$ 718	$11,947
Charges (credits) to earnings which did not require (provide) working capital—Deprecation and amortization (including depreciation of rental equipment of $5,763, $6,528, and $6,166 in 1982, 1981 and 1980, respectively)	12,296	12,160	10,800
Deferred income taxes	869	—	—
Equity in (earnings) loss of unconsolidated subsidiaries	995	(160)	(210)
Working capital provided from operations	4,423	12,718	22,537
Proceeds from sale of common stock	—	3,240	—
Common stock issued on conversion of debentures	113	2,260	4,419
Increase in long-term obligations	1,215	25,566	36,438
Proceeds from sale of debentures	—	16,760	—
Sales of rental equipment	5,648	7,033	7,194
Total sources of working capital	11,399	67,577	70,588
Applications of Working Capital			
Additions to rental equipment	9,903	13,426	13,908
Net increase in other assets	13	787	227
Additions to property, plant and equipment—net	5,209	10,398	9,067
Decrease in long-term obligations	6,589	23,095	12,687
Retirement of preferred stock	962	200	200
Change in additional contributed capital	—	—	(8)
Purchase of debentures—net	—	38	—
Conversions of debentures	113	2,260	4,419
Dividends paid			
Preferred stock	128	163	175
Common stock	1,668	1,615	1,484
Purchases of treasury stock	4	101	77
Total applications of working capital	24,589	52,083	42,236
Increase (decrease) in working capital	$(13,190)	$15,494	$28,352

Income or Loss From Continuing Operations

ALPHA PORTLAND INDUSTRIES, INC.

Statement of Changes in Consolidated Financial Position

For the Three Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
Working Capital Provided:			
Continuing operations:			
Income from continuing operations	$ 217	$ 835	$ 1,583
Charges not affecting working capital in the current period:			
Depreciation	2,665	2,739	2,552
Other	123	138	255
Working capital provided from continuing operations	3,005	3,712	4,390
Discontinued operations:			
Loss from operations of discontinued Cement and Aggregates Division		(3,514)	(2,878)
Gain (loss) on disposal of Cement and Aggregates Division	4,633	(13,590)	(10,152)
Charges (credits) not affecting working capital in the current period:			
Depreciation	769	3,495	4,547
Deferred income taxes and investment credit		(9,030)	60
Plant closings and sales (excluding non-current note of $3,000 in 1982)	4,716	24,443	15,203
Working capital provided from discontinued operations	10,118	1,804	6,780
Sales of miscellaneous properties	587	134	157
Other	254	361	(25)
Total	13,964	6,011	11,302
Working Capital Applied:			
Additions to property	689	2,673	8,847
Reductions of long-term debt	4,222	3,596	3,863
Dividends to stockholders			1,258
Purchase of treasury shares	449		
Other	199		
Total	5,559	6,269	13,968
Increase (Decrease) in Working Capital	$ 8,405	$ (258)	$ (2,666)

AM INTERNATIONAL, INC.

Consolidated Statement of Changes in Financial Position

For the year ended July 31,

	1982	1981 (Unaudited, See Notes 1 and 4)	1980 (Without Restatement, See Notes 1 and 4)
Financial Resources were Provided By			
Continuing operations:			
Income (loss) before extraordinary credit	$(43,086)	$(94,426)	$30,474
Depreciation and amortization	12,174	14,207	14,860
Deferred taxes	1,686	1,168	(5,824)
Adjustments of fixed assets and intangible assets to estimated realizable values	—	2,744	—
Gain on the purchase of debentures	—	(569)	(1,128)
From continuing operations	(29,226)	(76,876)	38,382
Discontinued operations:			
Loss from discontinued operations	(39,948)	(150,625)	(26,502)
Depreciation and amortization	—	7,475	6,292
Other changes in fixed assets and intangible assets	—	15,974	(1,821)
From discontinued operations	(39,948)	(127,176)	(22,031)
Working capital provided by (used for) operations	(69,174)	(204,052)	16,351
Extraordinary credit	—	—	1,828
Transfer of current liabilities to liabilities subject to settlement under reorganization proceedings	173,194	—	—
Sales or retirements of rental equipment, plant and equipment	10,904	15,055	17,667
Exercise of stock options	10	68	305
Sales of common stock	—	27,656	—
Additional long-term debt	3,930	1,128	26,056
Fixed assets of discontinued operations	—	18,695	—
Decrease (increase) in other assets	3,382	2,559	(10,280)
Reclassify tax accounts to long term	2,900	—	—
Increase in other long-term liabilities	144	26,821	1,565
Total source of working capital	125,290	(112,070)	53,492
Financial Resources were Used For			
Additions to rental equipment, property, plant and equipment (including capital leases)	21,369	25,910	28,630
Reduction of long-term debt	1,449	11,595	11,973
Investment in and advances to AM Leasing	(2,008)	6,585	745
Cumulative translation adjustments affecting working capital	6,990	—	—
Net other liabilities of discontinued operations	—	4,296	—
Cash dividends	—	592	2,364
Long-term security deposits	2,981	—	—
Total use of working capital	30,721	48,978	43,712
Increase (decrease) in working capital	$ 94,569	$(161,048)	$ 9,780

INSILCO CORPORATION

Consolidated Statements of Changes in Financial Position

Year Ended December 31

	1982	1981	1980
Financial Resources Were Provided By:			
Earnings from continuing operations	$ 25,683	$ 39,579	$ 26,519
Items not affecting working capital—			
Depreciation and amortization	13,261	11,353	9,189
Deferred income taxes—noncurrent	(4,363)	7,169	15,306
Amortization of intangible assets	1,207	866	694
Other	(4,828)	(3,311)	(2,159)
Total provided by continuing operations	30,960	55,656	49,549
Earnings (loss) from discontinued operations	(10,860)	(5,572)	3,904
Items not affecting working capital—			
Depreciation and amortization	1,539	2,069	1,768
Deferred income taxes—noncurrent	(1,827)	(1,380)	(130)
Other	(34)	(31)	(69)
Total provided (used) by discontinued operations	(11,182)	(4,914)	5,473
Total provided by operations	19,778	50,742	55,022
Issuance of subordinated notes in exchange for outstanding notes	15,679	—	23,556
Other issuances of long-term debt and obligations under capitalized leases	1,412	28,136	34,573
Reclassification of net long-term assets of tableware operations held for sale	12,924	—	—
Net proceeds from sale of Times Fiber common stock, net of after-tax gain of $11,832, and exercise of stock options	—	20,580	—
Proceeds from sale of McDonald Products, less working capital	1,436	—	—
Common stock exchanged for or issued upon conversion of debentures	1,753	—	16,335
Reduction of long-term receivables and other assets	2,917	5,649	4,918
Other sources	5,359	4,343	2,171
	61,258	109,450	136,576
Financial Resources Were Used For:			
Cash dividends on common and preferred stock	15,280	14,133	12,079
Capital expenditures	24,012	30,865	30,833
Subordinated notes exchanged, less amount not requiring working capital	15,679	—	23,556
Conversion of 9-¾% convertible debentures into common stock	—	—	16,608
Reductions in long-term debt and obligations under capitalized leases	6,140	9,141	33,515
Investment in unconsolidated finance subsidiary	4,400	—	1,620
Purchase of business, less working capital acquired of $1,951	—	8,270	—
Acquisition of minority interests in Times Fiber	—	2,491	—
Other uses	8,513	6,709	7,041
	74,024	71,609	125,252
Increase (Decrease) in Working Capital	$(12,766)	$ 37,841	$ 11,324

THE GENERAL TIRE & RUBBER COMPANY

Statements of Changes in Consolidated Financial Position

Years ended November 30	1982	1981	1980
Financial resources were provided by:			
Income from continuing operations	$ 27,436	$ 65,881	$ 28,210
Add (Deduct) items not affecting working capital—			
Depreciation and intangibles amortization	73,883	70,027	65,363
Equity in undistributed income from continuing operations of RKO General, Inc. (dividends from RKO were $6,000 in each year)	(14,929)	(22,682)	(17,885)
Deferred income taxes	1,923	(23,398)	31,530
Plant shutdown provision—noncurrent	34,891	—	—
Other	14,485	14,320	226
Provided from continuing operations	137,689	104,148	107,444
Income or (loss) from discontinued operations	(8,000)	44,973	12,398
Add (Deduct) items not affecting working capital—			
Equity in undistributed income of Cablecom-General, Inc.	—	(45,045)	(6,129)
Other	—	7,461	6,680
Provided from operations	129,689	111,537	120,393
Proceeds from disposal of properties, net of income taxes	10,609	26,444	4,158
Proceeds from issuance of long-term debt	2,006	67,670	6,288
Total	142,304	205,651	130,839
Financial resources were used for:			
Expenditures for property, plant and equipment	91,139	88,100	98,950
Reduction of long-term debt	80,824	55,250	36,747
Cash dividends	35,423	36,641	35,953
Purchase of treasury shares	—	26,045	—
Other	(10,981)	6,600	8,093
Total	196,405	212,636	179,743
Decrease in Working Capital	(54,101)	(6,985)	(48,904)

MANVILLE CORPORATION

Consolidated Statements of Changes in Financial Position

For the Years Ended December 31

	1982	1981	1980
Funds Provided By			
Continuing Operations			
Earnings (Loss)	$ (87,676)	$ 63,396	$ 82,242
Items Not Requiring (Providing) Working Capital			
Depreciation and depletion	79,614	77,530	74,703
Provision for asset impairments	75,918		
Provision for the dispositions of assets	34,246	4,218	
Provision for retirement incentive costs	29,600		
Deferred income taxes (non-current portion)	(24,238)	(17,807)	16,392
Other, net	557	(1,039)	5,496
Funds Provided from Continuing Operations	108,021	126,298	178,833
Discontinued Operations			
Loss from Operations, Net of Items Not Requiring (Providing) Working Capital	(2,676)	1,372	2,518
Loss on Disposition, Net of Items Not Requiring Working Capital	22,671		
Funds Provided from Discontinued Operations	19,995	1,372	2,518
	128,016	127,670	181,351
Current Liabilities Subject To Chapter 11 Proceedings	219,818		
Dispositions of Property, Plant and Equipment	16,514	19,673	12,177
Issuance of Long-Term Debt	5,780	13,764	110,892
Issuance of Common Stock, Including Treasury Stock	5,721	12,178	13,128
Increase in Other Non-Current Liabilities	330	11,881	3,994
Issuance of Cumulative Preferred Stock		371	978
Reduction in Non-Current Assets Resulting from Exchange Rate Changes	23,598	19,247	
	$399,777	$204,784	$322,520
Funds Used For			
Additions to Property, Plant and Equipment	$ 61,283	$ 86,201	$129,745
Increase in Other Assets	34,622	34,837	13,001
Reduction in Long-Term Debt	21,907	22,939	124,125
Dividends on Common Stock	16,096	44,472	43,378
Dividends on Preferred Stock	12,495	24,987	24,919
Net Change in Working Capital (includes $219,818 in 1982 related to reclassifications to liabilities subject to Chapter 11 proceedings)	208,048	(38,437)	(12,648)
Reduction in Non-Current Liabilities and Common Shareholders' Equity Resulting from Exchange Rate Changes	45,326	28,785	
	$399,777	$204,784	$322,520

Income or Loss Before Extraordinary Item

THE ARUNDEL CORPORATION

Consolidated Statements of Changes in Financial Position

	Years Ended December 31, 1982	1981	1980
Funds Were Provided By:			
Operations:			
Earnings (Loss) from continuing operations before extraordinary item	$3,656	$ 184	$ (822)
Charges (Credits) to operations not affecting funds:			
Reduction of assets to estimated net realizable value before taxes	—	—	657
Depreciation	3,352	2,883	2,797
Deferred income taxes	(2,100)	—	—
Continuing Operations	4,909	3,068	2,631
Earnings (Loss) from discontinued operations	270	(3,593)	(6,541)
Charges (Credits) to operations not affecting funds:			
Construction joint venture losses before taxes	370	4,787	6,218
Depreciation	73	240	266
Deferred income taxes	—	(600)	—
Provision for operating losses during the phase-out period	—	—	500,000
Discontinued Operations	713	835	444
Funds provided by operations before extraordinary item	5,622	3,904	3,076
Extraordinary item—income tax benefit from utilization of loss carryforward	1,247	—	—
Borrowing on notes payable—line of credit	2,420	2,851	4,000
Borrowing on notes payable—other	1,422	2,142	1,836
Disposition of land held for future development or sale, net of gain or loss	779	2,454	305
Decrease (Increase) in notes and accounts receivable	493	(38)	240
Disposition of property under development, net of gain	252	327	360
Increase (Decrease) in deferred items	194	(616)	212
Net proceeds from common stock transactions	103	73	6
Decrease (Increase) in inventories	55	(1,360)	(1,648)
Disposition of subsidiary	—	2,937	—
Other—net	7	(101)	(26)
Funds provided	12,599	12,573	8,361
Funds Were Applied To:			
Payments on notes payable—line of credit	4,564	5,523	403
Payments on notes payable—other	2,275	2,177	2,904
Property, plant and equipment, net of retirements of $233,775, $847,608 and $151,120, respectively	1,517	3,969	3,033
Land held for future development or sale	1,196	711	789
Decrease (Increase) in accounts payable	708	(881)	(933)
Advances to construction joint ventures, net	639	1,321	3,423
Revenue recognized (excess of billings) on contracts in process	190	551	(1,834)
Property under development	168	141	289
Cash dividends paid	36	36	36
Decrease (Increase) in income taxes	33	86	(113)
Funds applied	11,331	13,638	7,999
Increase (Decrease) in cash	$1,267	$(1,064)	$ 362

CADENCE INDUSTRIES CORPORATION

Consolidated Statement of Changes in Financial Position

	Year Ended December 31, 1982	1981	1980
Source of Funds			
Continuing operations:			
Earnings before extraordinary credit	$ 473	$ 465	$2,221
Items not requiring an outlay of funds:			
Depreciation and amortization of property and equipment	1,263	1,125	1,044
Other amortization	804	721	702
Other	299	65	(145)
Funds provided by continuing operations before extraordinary credit	2,839	2,376	3,822
Discontinued operations:			
Earnings (loss)	3,779	(3,912)	(364)
Items not requiring an outlay of funds:			
Depreciation and amortization of property and equipment	590	740	684
Other amortization	19	74	85
Other	77	—	—
Revaluation of intangibles	—	4,337	—
Funds provided by discontinued operations	4,465	1,239	405
Extraordinary credit	15	386	540
Funds provided by operations	7,319	4,001	4,767
Disposal of property and equipment	193	33	32
Increase in long-term debt	—	3,369	240
Non-current assets of discontinued operations sold—net	12,900	384	—
Non-current film costs transferred to current	2,712	—	—
Exercise of stock options and warrants and related income tax benefits	226	267	101
	23,350	8,054	5,140
Application of Funds			
Decrease in long-term debt	7,962	1,834	2,061
Additions to property and equipment	3,312	5,383	2,982
Additions to non-current film inventory	2,084	3,262	—
Increase in notes receivable	4,280	—	—
Purchase of warrants	—	—	154
Change in equity adjustment from foreign currency translation	208	277	—
Changes in other non-current accounts—net	218	(289)	116
	18,064	10,467	5,313
Net increase (decrease) in working capital	$5,286	$(2,413)	$ (173)

GERBER PRODUCTS COMPANY

Consolidated Statements of Changes in Financial Position

	Year Ended March 31 1982	1981	1980
Source of Working Capital			
Earnings before extraordinary items	$ 39,178	$34,471	$29,716
Charges (credits) which did not affect working capital:			
Depreciation and amortization	17,624	15,304	12,735
Deferred income taxes	(919)	226	1,258
Other	637	(577)	(428)
Total from Operations Before Extraordinary Items	56,520	49,424	43,281
Tax benefits from write-off of operating rights, less deferred portion ($1,168,000)	629		
Total from Operations	57,149	49,424	43,281
Proceeds from long-term borrowings	2,075	20,228	10,266
Sale of Venezuelan subsidiary		12,074	
Carrying value of other property disposals	7,572	4,234	7,796
Market value of common stock issued for purchase of subsidiary, less expenses of issuance			20,018
Reduction in non-trade notes receivable	2,617		
Other	1,336		
Total Sources	70,749	85,960	81,361
Application of Working Capital			
Amounts assigned to net non-current assets of purchased companies:			
Land, buildings and equipment	4,064	6,844	26,393
Intangible assets	994	1,160	7,624
Other	123	700	2,395
Long-term liabilities assumed (deduct)		(1,207)	(7,726)
	5,181	7,497	28,686
Additions to land, buildings and equipment	30,037	28,755	22,075
Cash dividend	16,744	15,492	13,852
Payments and current maturities of long-term debt	2,585	4,544	19,462
Increase in non-trade notes receivable		7,246	10,714
Unrecovered cost of purchased tax benefits	1,757		
Other		2,922	1,332
Total Applications	56,304	66,456	96,121
Increase (Decrease) in Working Capital	14,445	19,504	(14,760)
Working capital at beginning of year	98,737	79,233	93,993
Working Capital at End of Year	$113,182	$98,737	$79,233

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

Statement of Changes in Consolidated Financial Position

	Fiscal 1981 (52 weeks)	Fiscal 1980 (53 weeks)	Fiscal 1979 (52 weeks)
Sources of funds:			
From operations:			
(Loss) before extraordinary credit	$(231,633)	$(43,049)	$ (3,807)
Expenses (income) not requiring (providing) working capital:			
Depreciation and amortization	56,599	56,695	56,299
Amortization of real property leased under capital leases	10,812	11,207	11,265
Anticipated cost of revitalization program—net (non-current portion)	106,600	—	—
Deferred income taxes	489	2,493	1,115
Deferred investment tax credits	(143)	(412)	(792)
Working capital provided from operations before extraordinary credit	(57,276)	26,934	64,080
Extraordinary credit—pension	130,000	—	—
Extraordinary credit not providing working capital	(130,000)	—	—
Total working capital provided from operations	(57,276)	26,934	64,080
Proceeds from rights offering	—	56,250	—
Disposition of property	17,496	9,464	26,285
Transfer of property to current portion of closing accruals	49,001	—	—
Decrease in property leased under capital leases due to store closings, terminations and amendments	29,204	877	10,520
Proceeds from borrowings	14,144	1,270	4,658
Other	1,461	1,310	5,616
Total	54,030	96,105	111,159
Disposition of funds:			
Expenditures for property	68,406	56,906	67,949
Property leased under capital leases	654	15,114	9,750
Decrease in obligations under capital leases due to store closings, terminations and amendments	38,830	1,123	11,906
Obligations under capital leases	9,812	(1,540)	808
Current maturities and repayment of long-term debt	15,760	1,919	6,615
Transfer of non-current accruals to (from) current liabilities	4,598	(6,723)	6,331
Total	138,060	66,799	103,359
Increase (decrease) in working capital	(84,030)	29,306	7,800
Working capital—beginning of year	259,792	230,486	222,686
Working capital—end of year	$175,762	$259,792	$230,486

INTERNATIONAL PAPER COMPANY

Consolidated Statement of Changes in Financial Position

In millions of dollars— for the years ended December 31	1982	1981	1980
Funds Provided			
Earnings before extraordinary item	$160.8	$525.0	$314.0
Non-cash items:			
Depreciation	203.1	223.4	211.9
Deferred income taxes	(32.4)	209.6	26.5
Other non-cash items, net	19.7	39.6	39.3
Gain on sales of businesses and properties, net of income taxes	—	(222.0)	(.7)
Funds Provided from Operations Exclusive of Extraordinary Item	351.2	775.6	591.0
Extraordinary item, less applicable taxes	11.0	—	—
Funds Provided from Operations and Extraordinary Item	362.2	775.6	591.0
Net proceeds from note receivable resulting from the 1981 CIP sale	558.4	—	—
Proceeds from sales of businesses and properties, net of income taxes	—	180.2	49.2
Decrease (increase) in refundable federal income taxes	—	82.9	(82.9)
Decrease (increase) in inventories and other current assets	26.4	(54.6)	(70.5)
Issuance of common stock	.5	8.9	35.1
Issuance of preferred stock	—	—	207.7
Issuance of subsidiary stock	—	—	43.1
Issuance of long-term debt	301.2	38.4	24.4
Other sources, net, including proceeds from sales of tax benefits, net of income taxes	84.2	138.7	56.0
Total Funds Provided	1,332.9	1,170.1	853.1
Application of Funds			
Cash dividends paid	145.1	145.2	133.2
Invested in—			
plants, properties and equipment	432.7	656.4	829.8
timberlands	36.8	59.6	53.3
Reduction of long-term debt	129.1	126.1	94.4
Increase (decrease) in construction funds held by trustees	184.1	(23.4)	(13.5)
Increase in receivables, net	23.0	44.1	56.1
Decrease (increase) in other current liabilities	83.8	(78.4)	(70.9)
Decease (increase) in accrued income taxes	100.1	(17.1)	169.1
Total Funds Applied	1,134.7	912.5	1,251.5
Increase (Decrease) in Cash and Temporary Investments	$ 198.2	$ 257.6	($ 398.4)

MOHASCO CORPORATION

Consolidated Statements of Changes in Financial Position

Years ended December 31, 1982, 1981 and 1980

	1982	1981	1980
Funds provided:			
Earnings (loss) before extraordinary gain	$(8,980)	$15,204	$ (2,157)
Add (deduct) non-cash items included in results of operations:			
Depreciation and amortization	18,195	17,665	18,072
Deferred income taxes	(744)	(293)	(1,083)
Write-off of subsidiary goodwill	861	—	2,527
Gain on divestiture program	(10,679)	(6,441)	—
Other, net	1,155	1,331	365
Funds provided from operations exclusive of extraordinary gain	(192)	27,466	17,724
Extraordinary gain	1,368	—	—
Additional long-term debt	8,728	812	3,828
Sale of property, plant and equipment:			
Divestiture program	12,876	21,241	—
Other, including rental furniture	8,256	7,131	9,523
	$31,036	$56,650	$31,075
Funds applied:			
Additions to property, plant and equipment	$17,293	$12,593	$17,135
Additions to rental furniture	12,294	11,498	10,590
Cash dividends	74	79	1,557
Reduction of long-term debt	12,904	54,723	10,795
Purchase of preferred stock	106	46	6
Increase (decrease) in other assets	(1,079)	1,233	137
Other, net	(554)	2,267	242
Decrease in working capital	(10,002)	(25,789)	(9,387)
	$31,036	$56,650	$31,075

TRIANGLE INDUSTRIES, INC.

Consolidated Statement of Changes in Financial Position

Years Ended December 31	1982	1981	1980
Working capital provided from			
Income from continuing operations before extraordinary income	$ 3,033	$ 2,908	$ 4,285
Add items not requiring (providing) a current outlay (source) of working capital			
Depreciation and amortization of owned and leased property, plant and equipment	3,904	4,167	4,066
Other	(100)	342	332
Working capital provided from continuing operations before extraordinary income	6,837	7,417	8,683
Loss from discontinued operations	—	(1,537)	(297)
Add items not requiring a current outlay of working capital			
Provision for loss on disposal of machinery and equipment	—	345	—
Depreciation and amortization	—	117	95
Other	—	24	—
Working capital used in discontinued operations	—	(1,051)	(202)
Working capital provided from operations exclusive of extraordinary income	6,837	6,366	8,481
Extraordinary income	2,795	—	—
Total provided from operations	9,632	6,366	8,481
Refinancing of short-term obligations to long-term debt	24,500	—	—
Proceeds from long-term borrowing	—	1,000	—
Obligations incurred under capital leases	—	1,100	—
Issuances of common shares	1,264	1,950	—
Proceeds from sale (termination) of owned (leased) property, plant and equipment	743	2,176	568
Deferred loss on equipment sold in connection with plant close-downs	222	—	—
Decrease in other noncurrent assets	177	254	482
Net book value of property, plant and equipment held for sale	108	650	—
Dividend from unconsolidated subsidiary in excess of equity in earnings	—	522	—
Total working capital provided	36,646	14,018	9,531
Working capital used for			
Reduction of long-term debt			
Restructure of debt	16,609	—	—
Repayments and current portion of long-term debt and capital lease obligations	3,042	2,681	2,652
Additions to property, plant and equipment			
Capital expenditures	3,017	3,717	4,132
Assets under capital leases	—	913	—
Other	324	394	439
Increase in other noncurrent assets	1,891	309	446
Cash dividends	925	887	871
Purchase of treasury shares	56	—	312
Conversion of convertible notes	—	1,950	—
Deferred gain on equipment sold in connection with plant close-down	—	703	—
Total working capital used	25,864	11,554	8,852
Increase in working capital	$10,782	$ 2,464	$ 679

SOURCES AND USES

Paragraph 14 of *Opinion No. 19* states:

In addition to working capital or cash provided from operations (see paragraph 10) and changes in elements of working capital (see paragraph 12), the Statement should clearly disclose:

a. Outlays for purchase of long-term assets (identifying separately such items as investments, property, and intangibles).
b. Proceeds from sale (or working capital or cash provided by sale) of long-term assets (identifying separately such items as investments, property, and intangibles) not in the normal course of business, less related expenses involving the current use of working capital or cash.
c. Conversion of long-term debt or preferred stock to common stock.
d. Issuance, assumption, redemption, and repayment of long-term debt.
e. Issuance, redemption, or purchase of capital stock for cash or for assets other than cash.
f. Dividends in cash or in kind or other distributions to shareholders (except stock dividends and stock split-ups as defined in *ARB No. 43,* Chapter 7B—Stock Dividends and Stock Split-Ups).

Table 5-4 summarizes sources and uses most frequently disclosed in the statements of the survey companies.

Examples of presentations of such sources and uses follow.

TABLE 5-4: SOURCES AND USES

	Number of Companies			
	1982	1981	1980	1979
Sources				
Issuance of long-term debt .	485	458	462	457
Sale, disposal, or retirement of property	418	426	421	419
Issuance of capital stock	358	404	371	371
Investments	109	102	107	100
Capitalized leases	51	65	83	80
Noncurrent receivables	46	47	53	59
Uses				
Property	598	598	599	597
Dividends	527	528	531	540
Long-term Debt	530	530	540	536
Investments	207	230	210	212
Purchase, redemption, or retirement of capital stock .	226	216	195	228
Decrease in capitalized leases	84	100	100	104
Noncurrent receivables	59	66	73	62
Intangibles	43	41	50	51

Property

BETHLEHEM STEEL CORPORATION

Consolidated Statements of Changes in Financial Position

(dollars in millions)	Year ended December 31, 1982	1981	1980
Funds Were Provided By:			
Net income (loss)	$(1,469.6)	$210.9	$121.0
Non-cash charges (credits) to income—			
Depreciation	388.9	377.3	375.5
Deferred income taxes	(31.0)	(8.0)	(53.0)
Costs applicable to restructuring of operations (excluding current liability)	938.8	—	—
Funds provided by operations	$ (172.9)	$580.2	$443.5
Increase in long-term debt	305.1	23.2	13.5
(Increase) decrease in non-cash working capital	302.3	(101.9)	16.7
Sale of property	7.1	16.6	54.5
Increase in deferred income taxes related to safe harbor tax leases	—	29.7	—
Recovery of investment in associated enterprises, net of advances	10.1	36.0	40.8
Total	$ 451.7	$583.8	$569.0
Funds Were Used For:			
Capital expenditures—			
Replacement and modernization	$ 451.7	$401.4	$466.1
Environmental quality control	15.8	45.3	36.3
Investments in associated enterprises	2.8	8.6	4.1
	$ 470.3	$455.3	$506.5
Decrease in long-term liability for restructuring of operations	21.6	20.7	22.5
Decrease in long-term debt	6.1	60.7	11.3
(Increase) decrease in liabilities payable after one year	30.6	(12.7)	(23.5)
Payment of dividends	56.8	69.9	69.8
Other—net	9.8	(8.0)	17.4
Total	$ 595.2	$585.9	$604.0
Increase (Decrease) in Cash and Marketable Securities	$ (143.5)	$ (2.1)	$ (35.0)
Cash and marketable securities—Beginning of Period......$	$ 263.9	$ 266.0	$301.0
End of Period	$ 120.4	$ 263.9	$266.0

CBI INDUSTRIES, INC.

Consolidated Statements of Changes in Financial Position

	Year ended December 31, 1982	1981	1980
Sources of working capital:			
Net income	$ 88,186	$ 84,162	$ 68,455
Add (deduct) items included in net income and not requiring use of working capital in current period:			
Provision for depreciation and depletion	44,951	38,189	34,606
Equity in income of unconsolidated affiliates	(12,054)	(9,070)	(5,262)
Income taxes not payable currently	32,509	40,716	18,498
Cost of real estate properties sold	3,195	3,898	1,332
Amortization of restricted stock award compensation	2,425	1,947	1,659
Other, net	638	2,814	(1,775)
Working capital provided from operations	$159,850	$162,656	$117,513
Sale of investments	42,577	66,026	49,207
Disposition of property and equipment	4,624	2,476	1,155
Reclassification from noncurrent assets to current assets	49	13,774	2,526
Dividends, loans from and sale of investment in unconsolidated affiliates	20,611	11,071	4,019
Long-term debt	49,927	60,587	—
Proceeds from sale of reacquired stock	5,964	3,460	3,067
Effect of currency translation on working capital	5,584	—	—
Total working capital provided	$289,186	$320,050	$177,487
Uses of working capital:			
Additions to other assets:			
Purchase of investments	$ 25,866	$ 36,360	$ 43,277
Real estate properties	10,104	14,262	4,700
Investments in and loans to unconsolidated affiliates	5,973	3,224	16,203
Oil and gas properties	35,133	5,977	—
Other, net	20,599	52,473	(3,015)
Additions to property and equipment	35,655	106,442	38,650
Acquisition of minority interest in INDREX	12,500	—	—
Negative working capital assumed in Circle Bar/INDREX merger	—	18,461	—
Reclassification from noncurrent liabilities to current liabilities	31,748	13,305	5,902
Repayment of long-term debt	79,958	24,395	—
Cash dividends	27,010	27,600	24,216
Cost of reacquired stock	15,799	23,120	13,346
Total working capital used	$300,345	$325,619	$143,279
Increase (decrease) in working capital	$(11,159)	$ (5,569)	$ 34,208
Working capital at beginning of year	58,738	64,307	30,099
Working capital at end of year	$ 47,579	$ 58,738	$ 64,307

ST. REGIS PAPER COMPANY

Statements of Changes in Consolidated Financial Position

	1982	1981	1980
Source of funds:			
Operations:			
Net earnings	$45,028	$176,865	$177,388
Charges (credits) not affecting working capital:			
Depreciation, depletion, and amortization	100,328	107,047	97,835
Equity in undistributed earnings:			
Insurance operations	(17,930)	(15,798)	(11,805)
Affiliated companies	6,647	(5,938)	(9,589)
Deferred income taxes	(19,000)	26,000	8,412
Provision for divestiture of assets (non-current portion)	29,450	—	—
Other charges, net	10,009	16,804	13,697
Funds provided from operations	154,532	304,980	275,938
Additions to long-term debt:			
Promissory notes and debentures	130,726	123,094	250,775
Capitalized lease obligations	5,853	6,231	10,051
Issuance of common stock	2,711	3,276	6,802
Property, plant, and equipment retirements	9,891	11,451	11,178
Sales of plants and timberlands, net of working capital	101,364	2,140	634
Other, net	16,680	(6,609)	(14,690)
Total source of funds	$421,757	$444,563	$540,688
Application of funds:			
Property, plant, and equipment additions:			
Land, buildings, and equipment	$290,336	$440,025	$347,227
Timberlands	5,269	30,379	8,589
Leased property	9,353	20,244	15,302
Reduction of long-term debt	66,902	64,483	54,912
Conversion of long-term debt	265	250	1,750
Cash dividends	57,399	72,374	67,333
Foreign-currency translation adjustments	5,503	1,092	—
Increase (decrease) in working capital	(13,270)	(184,284)	45,575
Total application of funds	$421,757	$444,563	$540,688

Capital Stock

ALLEGHENY INTERNATIONAL, INC.

Consolidated Statements of Changes in Financial Position

	1982	1981	1980
Source of funds:			
Earnings from continuing operations	$ 51,077	$ 84,941	$ 65,597
Items not requiring (providing) funds:			
Depreciation and amortization	70,974	42,777	19,869
Deferred income taxes	1,263	(5,254)	3,159
Minority interests	3,433	6,031	—
Gain on sale of subsidiaries	(15,452)	—	—
Equity earnings	(31,255)	(46,084)	(44,442)
Funds provided by consolidated continuing operations	80,040	82,411	44,183
Loss from discontinued operations	(3,819)	(3,941)	(20,905)
Items not requiring (providing) funds:			
Loss on sale of discontinued operations	3,763	2,969	32,409
Other, principally depreciation	290	237	18,561
Funds provided by (used for) consolidated discontinued operations	234	(735)	30,065
Total funds provided by consolidated operations	80,274	81,676	74,248
Proceeds from sale of businesses	112,719	3,806	154,188
Long-term borrowings	7,940	124,621	30,034
Dividends from unconsolidated affiliated companies	8,582	70,725	7,771
Decrease (increase) in long-term receivables and other investments and other assets	11,388	30,682	(111,031)
Capital stock issued for acquired companies	—	235,118	—
Common Stock issued in exchange for long-term debt	10,225	7,433	—
Common Stock issued to pension fund	3,372	—	—
Proceeds from sale of Common Stock	7,023	49,770	—
	241,523	603,831	155,210
Use of funds:			
Capital expenditures:			
Continuing operations	74,021	57,568	35,519
Discontinued operations	173	333	7,831
Dividends	56,741	25,029	25,318
Reduction of long-term debt	97,438	78,976	30,256
Noncurrent assets and liabilities of businesses acquired:			
Property, plant and equipment	53,502	193,416	167,345
Goodwill	38,684	133,925	7,215
Long-term debt	(1,244)	(238,998)	(67,001)
Other	(17,733)	2,922	(31,875)
	73,209	91,265	75,684
Working capital of businesses sold	34,901	2,532	70,657
Increase (decrease) in investments in and advances to unconsolidated affiliated companies	42,647	44,369	(107,794)
Adjustment arising from translation of foreign currency assets and liabilities	76,969	27,163	(216)
Effect of foreign currency translation on noncurrent assets and liabilities	(32,578)	(3,318)	669
Redemption of $3.00 Convertible Preferred Stock	—	3,005	—
Purchase of capital stock for treasury or sinking fund	20,248	7,658	17,042
Other, net	5,679	6,994	(7,008)
	449,448	341,574	147,958
Increase (decrease) in working capital	$(207,925)	$262,257	$ 7,252

ANCHOR HOCKING CORPORATION

Consolidated Statement of Changes in Financial Position

Year Ended December 31	1982	1981	1980
Cash provided by operations:			
Net income	$12,321	$29,633	$28,795
Items not requiring current outflow of cash:			
Depreciation	34,749	33,969	30,437
Discontinued operation provision related to non-current assets	—	1,522	—
Dispositions of property, plant and equipment	1,087	1,945	1,820
Deferred income taxes, non-current	5,478	436	3,193
Other	183	63	65
	53,818	67,568	64,310
Current items:			
Accounts and notes receivable	9,518	(2,561)	(5,873)
Inventories	21,453	(10,014)	(10,272)
Other assets	(8,725)	(3,190)	1,524
Accounts payable	(7,481)	10,512	8,418
Accrued expenses	3,352	12,083	3,021
Income taxes	(9,923)	5,778	900
	62,012	80,176	62,028
Investment transactions:			
Property, plant and equipment expenditures	(47,786)	(35,987)	(61,418)
Investment in Towle Manufacturing Company	(18,166)	—	—
	(65,952)	(35,987)	(61,418)
Financing transactions:			
Notes payable	9,053	(16,715)	12,306
Current maturities of long-term debt	(160)	126	(3,380)
Issuance of long-term debt	23,762	2,774	5,277
Reduction in long-term debt	(7,358)	(5,275)	(4,343)
Dividends paid	(13,290)	(13,970)	(13,142)
Purchase of common stock for treasury	(16,484)	(422)	—
Common stock issued under stock option plans	16	33	355
Common stock issued (TRASOP)	373	—	—
Other	172	1,035	(8)
	(3,916)	(32,414)	(2,935)
Increase (decrease) in cash and short-term investments	(7,856)	11,775	(2,325)
Balance, beginning of year	25,796	14,021	16,346
Balance, end of year	$17,940	$25,796	$14,021

MARTIN MARIETTA CORPORATION

Statement of Changes in Financial Position

for years ended December 31

	1982	1981	1980
Sources:			
From operations:			
Net earnings	$ 91,642	$200,072	$188,133
Items in earnings not affecting working capital:			
Depreciation, depletion, and amortization	154,674	117,446	112,143
Noncurrent deferred income taxes	(49,158)	164,814	25,857
Equity in net earnings of nonconsolidated companies, net of dividends received	(13,703)	(21,276)	(8,862)
Amortization of deferred charges	4,179	3,595	4,363
Working Capital Provided by Operations	187,634	464,651	321,634
Proceeds from long-term debt	968,404	207,387	40,587
Issuance of preferred stock	112,018	—	—
Issuance of common stock	13,938	—	—
Issuance of common stock under stock options	2,426	3,098	3,372
Decrease in property, plant and equipment	15,985	10,141	4,438
Decrease in investments	—	8,296	1,886
Increase in other noncurrent liabilities	—	4,896	14,418
Other sources	4,554	—	—
Decrease in working capital	177,022	—	72,409
	$1,499,981	$698,469	$458,744
Applications:			
Cash dividends declared	$ 59,278	$ 66,911	$ 57,815
Additions to property, plant and equipment	390,568	489,185	352,963
Reduction in long-term debt	114,609	9,109	12,099
Purchases of common stock for treasury	19,730	39,056	—
Purchase of common stock for treasury from Allied Corporation	904,433	—	—
Increase in investments	11,363	—	—
Increase in other noncurrent assets	—	21,824	33,256
Other applications	—	425	2,611
Increase in working capital	—	71,959	—
	$1,499,981	$698,469	$458,744

Debt

AMERICAN CAN COMPANY

Statement of Changes in Financial Position

For years ended December 31 (in millions of dollars)	1982	1981	1980
Operations			
Net income (loss)	$(132.9)	$ 76.7	$ 85.7
Charges and credits to income not affecting funds			
Provision for business restructure	234.7	26.0	—
Gain on sale of Dixie-Northern operations	(51.6)	—	—
Depreciation and cost allocated to cut timber	107.1	113.4	102.0
Other	(65.8)	49.3	54.4
	91.5	265.4	242.1
Working capital			
Receivables	(25.7)	(43.8)	13.9
Inventories	68.3	30.2	49.1
Accounts payable and accrued liabilities	17.7	28.4	(3.7)
Other	(26.1)	(30.0)	(21.8)
Additions to property, plant and equipment	(148.8)	(162.3)	(240.6)
Other	(18.0)	7.1	1.4
Foreign currency translation impact	(19.8)	(13.9)	—
Funds provided (used) by operations	(60.9)	81.1	40.4
Financing and investment activities			
Proceeds from sale of Dixie-Northern operations	423.0	—	—
Investment in James River Corporation	(88.8)	—	—
Investment in and advances to financial services subsidiaries	(314.6)	—	—
Common and preferred dividends paid	(59.4)	(59.8)	(59.2)
Increase in treasury stock, net	(39.6)	—	—
Debt transactions			
Proceeds from long-term debt	107.9	14.6	153.2
Reductions of long-term debt	(35.2)	(27.1)	(72.2)
Increase (decrease) in short-term debt	(1.7)	(3.6)	18.6
Issuance of redeemable preferred stock	—	—	28.6
Redemption of preferred stock	—	—	(36.0)
Other	.2	8.5	(4.7)
Funds provided (used) by financing and investment activities	(8.2)	(67.4)	28.3
Change in cash and short-term investments	$(69.1)	$ 13.7	$ 68.7

BOBBIE BROOKS, INCORPORATED

Consolidated Statements of Changes in Financial Position

For the years ended	May 1, 1982 (52 Weeks)	May 2, 1981 (52 Weeks)	May 3, 1980 (53 Weeks)
Sources of working capital:			
Provided by operations:			
Net loss	$(21,449)	$(2,388)	$(5,296)
Items not involving working capital:			
Depreciation and amortization	2,872	2,811	2,712
Other	(85)	(142)	(175)
Total provided by (used in) operations	(18,662)	281	(2,759)
Increase in long-term debt	439	—	3,961
Property, plant and equipment disposals	647	2,614	434
Other	481	(280)	307
Deferrals and reclassifications arising from Chapter 11 proceedings:			
Liabilities deferred pursuant to Chapter 11 proceedings—less current portion	10,132	—	—
Long-term debt reclassified to current liabilities deferred pursuant to Chapter 11 proceedings	(7,372)	—	—
	2,760	—	—
Total sources	(14,335)	2,615	1,943
Uses of working capital:			
Additions to property, plant and equipment	1,675	1,046	6,102
Current maturities and payment of long-term debt	2,766	9,743	3,440
Net current assets of discontinued operation	702	—	—
Total uses	5,143	10,789	9,542
Decrease in working capital	$(19,478)	$(8,174)	$(7,599)

Dividends

JAMES RIVER CORPORATION OF VIRGINIA

Consolidated Statement of Changes in Financial Position

For the Years Ended April 25, 1982, April 26, 1981 and April 27, 1980

	1982	1981	1980
Sources of working capital:			
Operations:			
Income before extraordinary charge	$22,352	$21,355	$16,658
Charges (credits) to income not affecting working capital:			
Depreciation and cost of timber harvested	14,305	9,286	4,289
Deferred income taxes	7,457	5,221	2,118
Amortization and other	221	155	175
Working capital from operations excluding extraordinary charge	44,336	36,019	23,242
Extraordinary charge	—	(3,474)	—
Issued or assumed in connection with acquisition:			
Common stock	—	21,437	—
Preferred stock	—	45,790	—
Long-term debt	—	90,490	—
Other long-term liabilities	—	43,857	—
Working capital from acquisition	—	47,857	—
Increase in long-term debt	25,000	10,800	800
Issuance of common stock on conversion of preferred stock and exercise of options	159	5,262	238
Other, net	7,533	3,478	(256)
Total sources	$77,030	$301,243	$24,024
Applications of working capital;			
Additions to property, plant and equipment	$42,103	$21,279	$11,112
Reduction of long-term debt	15,376	14,915	1,997
Assets acquired from acquisition	—	206,975	—
Common stock cash dividends	3,371	2,344	1,886
Preferred stock cash dividends	5,291	3,762	1,243
Conversion of preferred stock	3	5,000	—
Redemption of preferred stock	—	—	5,245
Increase in working capital	10,883	46,965	2,537
Total applications	$77,030	$301,243	$24,024

WHITTAKER CORPORATION

Consolidated Statements of Changes in Financial Position

For the Years Ended October 31	1982	1981	1980
Working Capital Provided by			
Operations			
Net income	$ 58,688	$ 69,328	$ 57,504
Items not affecting working capital—			
Depreciation and amortization	21,840	19,920	17,220
Deferred taxes	—	—	2,687
Working capital provided from operations	80,528	89,248	77,411
Disposals of property, plant and equipment	9,307	10,776	11,258
Decrease in noncurrent notes receivable	—	—	2,041
Issuance of long-term debt	38,909	31,251	1,487
Debt assumed in connection with purchased businesses	—	—	19,102
Issuance of common stock upon conversion of debt	3,118	6,398	6,308
Issuance of common stock upon exercise of warrants	—	—	14,550
Other items, net	—	—	2,299
	131,862	137,673	134,456
Working Capital Applied to			
Assets acquired in connection with purchased businesses—			
Property, plant and equipment	5,893	—	17,540
Goodwill	2,213	—	70
Capital expenditures	59,475	39,240	37,133
Reduction of long-term debt	18,296	29,639	18,191
Cash dividends on preferred stock	644	659	700
Cash dividends on common stock	24,789	21,490	14,093
Cost of company stock reacquired	33,967	54	9,249
Increase in noncurrent notes receivable	6,234	3,365	—
Increase in noncurrent investments	19,708	—	—
Currency translation adjustments	7,426	—	—
Other items, net	1,497	2,100	—
	180,142	96,547	96,976
Increase (Decrease) in Working Capital	**$(48,280)**	**$41,126**	**$37,480**

Purchase Method Business Combination

MIDLAND-ROSS CORPORATION

Consolidated Statement of Changes in Financial Position

Year Ended December 31	1982	1981	1980
Source of Funds			
Income from continuing operations	$ 9,506	$25,644	$ 44,373
Items not affecting working capital:			
Depreciation and amortization	28,782	26,399	22,824
Deferred income taxes, noncurrent portion	6,835	2,981	6,702
Equity earnings	(764)	(773)	67
Minority interests	743	820	1,563
Total From Continuing Operations	45,102	55,071	75,529
Loss from discontinued operation	(676)	(953)	(561)
Items not affecting working capital:			
Depreciation and amortization	958	1,173	1,074
Deferred income tax benefit, noncurrent portion	(2,612)	116	110
Loss on sale of assets of discontinued operation	(7,580)	—	—
	(9,910)	336	623
Total From Operations	35,192	55,407	76,152
Additions to long-term liabilities	61,860	8,669	59,831
Issuance of common stock	113	7,512	554
Property disposals	8,135	1,991	8,581
	$105,300	$73,579	$145,118
Application of Funds			
Capital expenditures	$ 32,963	$33,027	$ 61,186
Cash dividends	17,120	16,929	16,459
Purchase of common stock for treasury	1,289	3,505	—
Translation adjustment	8,153	—	—
Reduction of long-term liabilities	9,609	17,609	9,288
Redemption of serial preferred stock	—	502	—
Purchase of companies, excluding working capital:			
Property, plant and equipment	13,374	2,826	9,286
Intangibles and other assets	8,393	853	5,000
Minority interests	48	614	1,958
Long-term liabilities	(1,868)	(590)	(1,609)
	19,947	3,703	14,635
Other—net	(3,921)	(5,898)	4,196
Increase in working capital	20,140	4,202	39,354
	$105,300	$73,579	$145,118

Investments

PHILLIPS PETROLEUM COMPANY

Consolidated Statements of Changes in Financial Position

Years Ended December 31	Millions of Dollars 1982	1981	1980
Funds Provided from Operations Consisted of			
Net income	$ 646	879	1,070
Non-cash items, included in earnings, as follows:			
Depreciation, depletion, amortization and retirements	700	616	559
Dry hole costs and leasehold impairment	408	242	279
Other (primarily deferred taxes)	165	217	20
	1,919	1,954	1,928
While Funds Were Expended for			
Properties, plants and equipment	2,132	2,664	1,666
Investments	18	98	147
Reduction of long-term borrowings	69	46	66
Dividends to company stockholders	336	335	275
Purchase of company stock	—	—	115
Other	87	44	35
	2,642	3,187	2,304
Which Left a Deficiency of	723	1,233	376
Additional Funds Were Provided from			
Long-term borrowings	939	377	95
Property sales and retirements	101	44	88
Sale of investments	9	12	69
Sale of company stock	28	—	—
Other	32	22	5
	1,109	455	257
Which Resulted in Increased (Decreased) Working Capital of	$ 386	(778)	(119)

Leases

THE HOOVER COMPANY

Consolidated Statements of Changes in Financial Position

	Year Ended December 31 1982	1981	1980
Cash Provided (Used)			
Operations			
Net Income (Loss)	$ 3,953	$(18,778)	$25,253
Charges to income not requiring the use of cash:			
Depreciation charges and amortization	18,556	19,655	19,349
Minority interest in income (loss) of foreign subsidiaries	(6,952)	(25,029)	1,532
Deferred income taxes—noncurrent	1,352	(9,772)	(9,869)
	16,909	(33,924)	36,265
Changes in certain working capital items:			
Marketable securities	2,685	(2,851)	3,148
Notes and accounts receivable	10,632	6,276	6,685
Deferred income tax benefits	1,729	1,246	1,048
Inventories	52,756	59,872	(58,521)
Accounts payable—trade	(7,967)	(7,972)	3,468
Accrued expenses	(15,214)	4,745	5,573
Income taxes	416	1,225	(2,549)
	61,946	28,617	(4,883)
Currency translation adjustment relating to working capital items	(12,309)	(26,372)	6,663
Cash Provided by Operations	49,637	2,245	1,780
Cash Dividends to Stockholders (including payments to minority stockholders of $405 in 1981 and $1,952 in 1980)	(12,284)	(12,689)	(14,155)
Financing Activities			
Additional long-term debt	267	8,333	1,188
Reduction of long-term debt	(814)	(1,137)	(364)
Additional capitalized lease obligations	5,042	1,636	4,055
Reduction of capitalized lease obligations	(5,927)	(3,604)	(4,359)
Change in notes payable—net	(15,813)	13,178	22,276
Issuance of common stock under option plan	9	-0-	1,899
	(17,236)	18,406	24,695
Investing Activities			
Property, plant and equipment:			
Purchases	(17,177)	(24,807)	(30,182)
Carrying value of disposals	5,810	3,799	6,140
Sundry items—net	495	3,213	(3,035)
Reduction of minority interest in foreign subsidiaries	(174)	-0-	(1,792)
	(11,046)	(17,795)	(28,869)
Increase (Decrease) in Cash and Time Deposits	$ 9,071	$ (9,833)	$(16,549)

INTERCO INCORPORATED

Consolidated Statement of Changes in Financial Position

Years Ended	February 28 1982	February 28 1981	February 29 1980
Working capital provided by:			
Net earnings	$118,615	$121,203	$106,706
Items not affecting working capital;			
Depreciation	39,400	32,845	24,390
Other, net	5,969	2,406	1,973
Operations	163,984	156,454	133,069
Disposal of property, plant and equipment	7,438	3,038	4,873
Issuance of preferred stock	396	3,666	88,762
Issuance of common stock	7,995	1,473	298
Additions to long-term debt	25,880	136,992	320
Additions to capital lease obligations	3,920	5,509	4,759
Reduction of marketable investment securities	500	28,416	7,846
Other, net	—	—	1,751
	210,113	335,548	241,678
Working capital used for:			
Cash dividends	48,492	44,553	33,563
Additions to property, plant and equipment:			
Company owned property	48,353	62,857	41,849
Leased property	3,940	5,860	4,759
Reduction of long-term debt	15,273	16,571	9,227
Reduction of capital lease obligations	6,500	6,302	5,402
Purchase of common treasury shares	—	6,896	9,474
Conversion of preferred stock	2,308	159	—
Marketable investment securities	—	3,993	7,677
Additional payment—purchased company	2,523	—	—
Other, net	8,947	1,316	—
	136,336	148,507	111,951
Acquisitions (less working capital of $69,276 in 1981 and $90,664 in 1980):			
Properties	—	69,637	84,650
Long-term debt and capital lease obligations	—	(6,562)	(41,112)
Excess of cost over fair value of net assets acquired	—	19,314	13,098
Other, net non-current assets	—	(66)	4,136
Net non-current assets	—	82,323	60,772
	136,336	230,830	172,723
Increase in working capital	$ 73,777	$104,718	$ 68,955

Conversion of Preferred Stock

GRANGER ASSOCIATES

Consolidated Statements of Changes in Financial Position

Years Ended August 31	1982	1981	1980
Sources of Funds:			
Funds provided from (used for) operations:			
Income (loss) before extraordinary credit	$3,616	$2,324	$(4,351)
Items not requiring use of funds:			
Depreciation and amortization	881	630	555
Employees' stock puchase and aniversary plan contributions	150	80	38
Deferred income taxes	371	—	—
Funds provided from (used for) operations before extraordinary credit	5,018	3,034	(3,758)
Extraordinary credit	1,551	1,325	—
Funds provided from (used for) operations	6,569	4,359	(3,758)
Reduction in long-term notes receivable	637	207	55
Additions to long-term capital lease obligations	203	428	280
Increase in other long-term liabilities	367	227	40
Common stock issued in exchange for preferred stock	6,673	—	—
Proceeds from sales of common stock	16,572	580	161
Proceeds from preferred stock sale	—	—	6,673
Total sources of funds	31,021	5,801	3,451
Uses of Funds:			
Increase in working capital excluding cash and temporary cash investments	10,254	1,924	1,880
Additions to equipment and improvements	2,385	885	424
Additions to long-term notes receivable	1,395	106	624
Increase in investments and other assets	594	327	161
Field service spare parts	—	834	—
Retirement of long-term debt	4,000	—	—
Reduction in long-term capital lease obligations	400	545	386
Decrease (increase) in accrued severance pay plan	123	17	(22)
Conversion of preferred stock	6,673	—	—
Purchase of common stock	408	103	—
Accumulated translation adjustments	354	—	—
Total uses of funds	26,586	4,741	3,453
Increase (decrease) in cash and temporary cash investments:	4,435	1,060	(2)
Cash and temporary cash investments:			
Beginning of year	1,275	215	217
End of year	$5,710	$1,275	$ 215

AMERICAN HOIST & DERRICK COMPANY

Statements of Changes in Financial Position

	Year ended November 30 1982	1981	1980
Funds provided by (used for) operations:			
Net earnings (loss)	$(21,793)	$20,387	$20,501
Add charges (deduct credits) not requiring funds during the year:			
Deprecation and amortization	10,599	9,339	8,171
Deferred taxes on income	(696)	1,067	408
Equity in net loss (earnings) of affiliated companies	1,083	(23)	(659)
Dividend from wholly-owned finance company	8,690	—	—
Loss (gain) on sale of property, plant and equipment	748	593	(427)
Total funds provided by (used for) operations	(1,369)	31,363	27,994
Funds provided by (used for) working capital items:			
Accounts receivable	36,857	(5,733)	(11,330)
Refundable income taxes	(19,696)	—	—
Inventories	45,156	(15,354)	(18,635)
Prepaid expenses and miscellaneous	1,319	(2,466)	(1,229)
Trade accounts payable and other	(24,938)	8,357	5,635
Taxes on income	(4,432)	1,938	(5,050)
Other	(2,914)	(3,938)	(261)
Net funds provided by (used for) operations	29,983	14,147	(2,876)
Funds provided by (used for) financial transactions:			
Debt transactions:			
Additional long-term debt issued	7,804	11,598	6,718
Reduction of long-term debt	(6,355)	(5,712)	(4,952)
Increase (decrease) in notes payable	(21,924)	12,153	20,734
Debentures converted to common stock	(14)	(2,067)	(3,468)
Equity transactions:			
Common stock issued	353	2,539	4,865
Cash dividends declared	(3,632)	(7,035)	(6,872)
Preferred stock converted to common stock	(224)	(350)	(1,262)
Investments:			
Addtions to property, plant and equipment	(17,085)	(21,825)	(17,446)
Proceeds from disposal of property, plant and equipment	2,047	1,959	1,524
Decrease (increase) in advances to wholly-owned finance subsidiaries and other	3,878	(1,400)	615
Net funds provided by (used for) financial transactions	(35,152)	(10,140)	456
Increase (decrease) cash	(5,169)	4,007	(2,420)
Cash balance at beginning of year	8,310	4,303	6,723
Cash balance at end of year	$ 3,141	$ 8,310	$ 4,303

CONAGRA, INC.

Consolidated Statements of Changes in Financial Position

	Fiscal years ended May 30 1982	May 31 1981	May 25 1980
Funds provided			
Net income	$ 32,873	$ 27,071	$ 18,515
Items which do not use working capital			
Depreciation and amortization	14,305	12,323	7,672
Increase in noncurrent deferred income taxes	1,481	161	983
Other	1,615	—	—
Working capital provided from operations	50,274	39,555	27,170
Proceeds from issuance and assumption of long-term debt	40,785	46,164	26,171
Issuance of preferred stock	—	7,000	—
Proceeds from sale of property, plant and equipment	2,010	3,216	2,148
Fair market value of common stock issued in connection with the acquisition of Sea-Alaska Products, Inc	10,500	—	—
Issuance of common stock in connection with the senior management incentive plan	783	—	641
Tax benefit related to senior management incentive plan	592	—	—
Contracts to sell common shares under executive stock purchase plan	—	6	111
Proceeds from exercise of employee stock options	128	517	104
Issuance of common stock for conversion of preferred stock—contra below	455	4,038	33
Total working capital provided	105,527	100,496	56,378
Funds used			
Additions to property, plant and equipment	23,837	15,891	22,818
(Decrease) Increase in investment in unconsolidated 50% or less owned foreign companies	(299)	4,582	(8,140)
Cash dividends	11,352	9,237	7,730
Repayment and current maturities of long-term debt	34,152	26,050	4,885
Redemption of preferred stock	—	100	26
Conversion of preferred stock—contra above	455	4,038	33
Purchase of common stock held in treasury	—	—	22
Foreign currency translation adjustment	825	—	—
Acquisition of businesses, less net current assets acquired: 1982, $6,173; 1981, $45,348; 1980, $7,334			
Property, plant and equipment	6,484	20,002	7,526
Goodwill	70	835	—
Long-term liabilities assumed	(797)	(4,207)	—
Other, net	1,035	2,153	711
Other items, net	352	370	724
Total working capital used	77,466	79,051	36,335
Net increase in working capital	$ 28,061	$ 21,445	$ 20,043

KAISER ALUMINUM & CHEMICAL CORPORATION

Statements of Changes in Consolidated Financial Position

For the Years Ended December 31, 1982, 1981, and 1980	1982	1981	1980
	(millions of dollars)		
Resources were provided by:			
Operations:			
Net income (loss)	$(115.0)	$132.9	$247.6
Expenses (income) not involving funds:			
Equity in undistributed earnings of companies not consolidated	(26.9)	(62.6)	(44.8)
Depreciation	120.4	95.5	90.9
Deferred income taxes	18.1	41.0	21.5
Other	17.4	3.7	5.5
Provided by operations	14.0	210.5	320.7
Long-term borrowings	555.3	289.3	8.0
Proceeds from disposition of property and investments (net of taxes)	295.0	9.5	42.3
Capital stock issued	1.0	12.2	33.2
Return of advances	65.9	18.9	—
Total	$931.2	$540.4	$404.2
Resources Were Used for:			
Property, plant and equipment	$258.6	$406.2	$203.1
Investments and advances	99.8	56.8	39.6
Reduction of long-term obligations	447.0	102.3	80.8
Preference stock conversions	.9	4.5	24.8
Dividends	35.2	60.9	55.9
Other	8.9	11.7	36.4
Increase (decrease) in working capital	80.8	(102.0)	(36.4)
Total	$931.2	$540.4	$404.2

PRATT & LAMBERT, INC.

Statement of Changes in Consolidated Financial Position

For the years ended December 31, 1982, 1981 and 1980	1982	1981	1980
Working Capital was Provided by:			
Operations:			
Income before extraordinary item—gain on sale of property	$4,221	$4,141	$3,152
Add—Items not affecting working capital:			
Depreciation and amortization	2,030	1,851	1,150
Deferred income taxes	225	281	219
Total from operations, excluding extraordinary item	6,476	6,273	4,521
Extraordinary item—gain on sale of property	-0-	546	-0-
Add—Items not affecting working capital:			
Deferred income taxes	-0-	934	-0-
Total from operations	6,476	7,771	4,521
Increase in long-term debt	723	-0-	1,165
Disposals of property, plant and equipment	363	1,325	346
Shares issued upon conversion of preferred shares (Note G)	123	429	155
Proceeds from exercise of stock options	-0-	155	30
Acquisition of Southern Coatings, Inc.			
Issuance of common stock	-0-	4,289	-0-
Issuance of promissory notes	-0-	126	-0-
Total	7,685	14,095	6,217
Working Capital Was Used for:			
Additions to property, plant and equipment	3,636	5,125	2,749
Cash dividends	1,915	1,885	1,602
Increase in other assets	919	284	371
Conversion of preferred shares	123	429	155
FASB No. 52 translation adjustment	86	-0-	-0-
Decrease in long-term debt	-0-	1,205	-0-
Acquisition of the powder coatings business of the Whittaker Corporation; the Industrial Coatings Division of Ameron, Inc. and Southern Coatings, Inc. (Note M):			
Property, plant and equipment	-0-	4,337	2,540
Other assets	-0-	115	24
Noncurrent liabilities assumed	-0-	(1,586)	(729)
Purchase of treasury stock	-0-	2,324	-0-
Total	6,679	14,118	6,712
Increase (Decrease) in Working Capital	$1,006	$ (23)	$ (495)

Foreign Currency Translation Effect

BRIGGS & STRATTON CORPORATION

Consolidated Statements of Changes in Financial Position

For the years ended June 30,	1982	1981	1980
Working Capital Provided From:			
Operations—			
Net Income	$39,353	$23,495	$49,098
Charges Against Operations Not Requiring Working Capital—			
Depreciation	14,038	12,541	10,684
Increase in Accrued Employee Benefits	260	284	549
Provision for Deferred Income Taxes	3,772	3,671	2,990
Total Provided by Operations	57,423	39,991	63,321
Dispositions of Plant and Equipment	214	292	1,426
Total Working Capital Provided	57,637	40,283	64,747
Working Capital Used For:			
Cash Dividends Paid	22,274	21,984	21,117
Additions to Plant and Equipment, Net of Investment Tax Credit	19,126	25,944	52,754
Effect of Exchange Rate Changes on Working Capital	705	(1,042)	—
Other	—	3	—
Total Working Capital Used	42,105	46,889	73,871
Increase (Decrease) in Working Capital	$15,532	$ (6,606)	$ (9,124)

GENERAL REFRACTORIES COMPANY

Consolidated Statements of Changes in Financial Position

	Year Ended December 31 1982	1981	1980
Working Capital Provided By			
Operations			
Income (loss) from operations before extraordinary credit	$(63,457)	$(18,951)	$ 121
Add (deduct) items not involving working capital			
Depreciation	12,846	12,524	12,351
Deferred income taxes	(737)	(2,314)	(12)
Equity in operations of associated companies adjusted for dividends received	(562)	13	(932)
Translation (gains) losses principally applicable to noncurrent liabilities	—	—	(5,757)
Provision for loss on subsidiaries and affiliates, excluding working capital	4,750	5,735	5,136
Provision for restructuring domestic operations, excluding working capital	37,423	—	—
Net provision for pension and separation pay	3,863	2,267	1,156
Other	—	—	(190)
Working capital provided from (used for) operations before extraordinary credit	(5,874)	(726)	11,873
Extraordinary credit	—	—	2,100
Net proceeds from sale and leaseback transactions	—	1,888	—
Proceeds from sale of investments in affiliates, net of $300,000 received in long term notes	2,700	—	—
Proceeds from disposal of assets, net of gains included above and $1,585,000 (1980) received in long term notes	972	1,298	1,552
Decrease in long term receivables	402	1,251	1,708
Additions and reclassifications to long term debt	25,399	22,189	13,112
Total working capital provided	23,599	25,900	30,345
Working Capital Applied To			
Acqusition of property, plant and equipment	9,939	22,090	14,892
Long term debt paid or maturing currently	7,554	33,571	10,435
Increase in investments	1,074	3,057	411
Foreign currency translation adjustment affecting working capital	3,272	4,667	—
Cash dividends	32	63	94
Preferred shares reacquired	—	660	661
Other	(2,585)	303	(880)
Total working capital applied	19,286	64,411	25,613
Increase (decrease) in working capital	$ 4,313	$(38,511)	$ 4,732

SPS TECHNOLOGIES, INC.

Statements of Consolidated Changes in Financial Position

Years ended December 31	1982	1981	1980
Financial resources provided by			
Net earnings	$ 313	$22,375	$22,149
Items not affecting working capital—primarily depreciation and amortization	9,211	6,374	8,720
Financial resources derived from operations	9,524	28,749	30,869
Additional long-term debt	10,924	13,000	16,628
Exercise of stock options	—	445	423
Proceeds from sale of facilites	415	2,153	151
Decrease in other assets and deferred charges	468	(398)	(3,354)
Decrease in working capital	1,588	8,050	—
	$22,919	$51,999	$44,717
Financial resources used for			
Reduction of long-term debt, including amounts which became current	$8,958	$31,007	$ 8,784
Additions to property, plant and equpment	5,461	13,682	16,768
Purchase of treasury shares	919	—	—
Investment in affiliates	119	—	1,500
Cash dividends	3,431	3,457	3,133
Other uses of funds, net	985	(253)	(95)
Unrealized translation adjustments relating to working capital	3,046	4,106	(114)
Increase in working capital	$22,919	$51,999	$44,717

CASH FLOW

Paragraph 15 of *Opinion No. 19* states:

The amount of working capital or cash provided from operations is not a substitute for or an improvement upon properly determined net income as a measure of results of operations and the consequent effect on financial position. Terms referring to "cash" should not be used to describe amounts provided from operations unless all non-cash items have been appropriately adjusted. The adjusted amount should be described accurately, in conformity with the nature of the adjustments, e.g., "Cash provided from operations for the period," or "Working capital provided from operations for the period" as appropriate. The Board strongly recommends that isolated statistics of working capital or cash provided from operations, especially per-share amounts, not be presented in annual reports to shareholders. If any per-share data relating to flow of working capital or cash are presented, they should as a minimum include amounts for inflow from operations, inflow from other sources, and total outflow, and each per-share amount should be clearly identified with the corresponding total amount shown in the Statement.

Accounting Series Release No. 142, issued in March 1973 by the Securities and Exchange Commission, states that a company should avoid presenting per share cash flow data in reporting financial results.

ANALYSIS OF CHANGES IN WORKING CAPITAL ELEMENTS

Paragraph 12 of *Opinion No. 19* states:

Whether or not working capital flow is presented in the Statement, net changes in each element of working capital (as customarily defined) should be appropriately disclosed for at least the current period, either in the Statement or in a related tabulation.

a. If the format shows the flow of cash, changes in other elements of working capital (e.g., in receivables, inventories, and payables) constitute sources and uses of cash and should accordingly be disclosed in appropriate detail in the body of the Statement.

b. If the format shows the flow of working capital and two-year comparative balance sheets are presented, the changes in each element of working capital for the current period (but not for earlier periods) can be computed by the user of the statements. Nevertheless, the Board believes that the objectives of the Statement usually require that the net change in working capital be analyzed in appropriate detail in a tabulation accompanying the Statement, and accordingly this detail should be furnished.

Table 5-5 shows the manner in which the survey companies disclosed details of this information. Table 5-6 summarizes the titles or introductory phrases used for the schedule of changes in working capital elements when such data is not contained within the main body of the statement of changes in financial position.

Examples of tabulations analyzing changes in working capital elements follow. Such data has been omitted from previous examples in this section in order to emphasize other information contained within the statement of changes in financial position.

TABLE 5-5: ANALYSIS OF CHANGES IN WORKING CAPITAL ELEMENTS—PRESENTATION

	1982	1981	1980	1979
Analysis included as part of statement of changes in financial position	210	122	56	50
Analysis presented in a tabulation at bottom of statement of changes in financial position	368	460	526	528
Analysis presented in a tabulation apart from statement of changes in financial position	22	17	18	22
Total Companies	**600**	**599**	**600**	**600**

Analysis Included as Part of Statement

COMBUSTION ENGINEERING, INC.

Consolidated Statement of Changes in Financial Position

For the Years Ended December 31,	1982	1981	1980
Source of Funds:			
Operations—			
Income before cumulative effect of change in accounting principle	$158,117	$147,300	$116,672
Charges (credits) not requiring funds—			
Depreciation and amortization	85,205	98,824	82,270
Deferred income taxes (noncurrent) and, in 1981 and 1980, investment tax credit	39,265	18,581	(5,484)
Equity in net earnings of associated and other companies, adjusted for dividends received	(951)	(2,213)	(3,332)
All other, net	1,759	3,324	4,631
Funds provided from operations	283,395	265,816	194,757
Changes in working capital other than cash and short-term investments—			
Amounts due from customers	186,632	(189,423)	52,423
Inventories	73,605	(95,132)	(152,495)
Notes payable and current portion of long-term debt	(2,691)	3,277	12,814
Accounts payable and accrued liabilities	(41,814)	145,716	104,079
Federal, state and foreign income taxes	(18,687)	34,698	(5,313)
All other, net	928	(245)	(624)
Funds provided (used) by changes in working capital other than cash and short-term investments	197,973	(101,109)	10,884
Sales and retirements of property, plant and equipment, less accumulated depreciation and amortization	15,975	71,116	5,291
Proceeds from exercise of stock options	494	922	4,784
Increase (decrease) in investments	724	(14,705)	24,353
Noncurrent liabilities of Georgia Kaolin Company, Inc. (acquired in 1980)	—	—	15,961
Total source of funds	498,561	222,040	256,030
Application of Funds:			
Additions to property, plant and equipment, including $89,840 with respect to Georgia Kaolin Company, Inc. in 1980	184,929	180,406	232,143
Cash dividends declared	58,576	51,818	45,024
Reduction (addition) of long-term debt, net	18,882	(3,080)	9,603
All other, net	(571)	(4,304)	(47)
Total application of funds	261,816	224,840	286,723
Increase (Decrease) in Funds	236,745	(2,800)	(30,693)
Cash and short-term investments:			
Beginning of year	412,188	414,988	445,681
End of year	$648,933	$412,188	$414,988

TABLE 5-6: TITLES IDENTIFYING ANALYSIS OF WORKING CAPITAL ELEMENTS

	1982	1981	1980	1979
Change in working capital	236	254	280	261
Increase (decrease) in working capital	132	155	198	205
Analysis of changes in working capital	—	38	46	49
Summary of changes in working capital	10	10	9	18
Other titles	12	20	11	17
Subtotal	**390**	**477**	**544**	**550**
Analysis included within statement of changes in financial position	210	122	56	50
Total Companies	**600**	**599**	**600**	**600**

THE DOW CHEMICAL COMPANY

Consolidated Statement of Changes in Financial Position

	Year Ended December 31		
	1982	1981	1980
	(In millions)		
Funds Provided By			
Income before extraordinary item	$ 342	$ 564	$ 805
Charges (credits) to income not requiring outlay of funds:			
Depreciation	870	806	728
Equity in net income of nonconsolidated companies, less dividends received	(88)	(104)	(99)
Deferred income taxes	(57)	218	169
Funds from operations	1,067	1,484	1,603
Extraordinary gain on exchange of long-term debt for equity	57	—	—
New long-term debt	267	628	650
Increase (decrease) in short-term debt and current portion of long-term debt	(220)	(272)	135
Increase (decrease) in current payables and accruals	(251)	49	53
Sale of common stock to employees	18	35	40
Book value of asset disposals	560	49	103
Common stock issued:			
In acquisition of Richardson-Merrell Inc	—	260	—
In exchange for long-term debt	80	—	—
Increase in other noncurrent liabilities	182	—	—
Total Funds Provided	1,760	2,233	2,584
Funds Used For			
New plant properties	829	1,176	1,184
Cash dividends declared	348	342	302
Purchase of treasury stock	—	67	—
Reduction in long-term debt:			
Exchange of debentures for common stock	137	—	—
Other	596	158	267
Increase (decrease) in current accounts and notes receivable	(245)	44	106
Increase (decrease) in inventories	(367)	110	621
Increase in noncurrent receivables and sundry assets	225	113	127
Investment in related companies	147	16	61
Acquisition of businesses (less cash and securities—1981, $32):			
Plant properties	—	128	—
Goodwill	—	128	—
Other assets—net	—	26	—
Total Funds Used	1,670	2,308	2,668
Net Increase (Decrease) in Funds	90	(75)	(84)
Cash and marketable securities, beginning of year	93	168	252
Cash and marketable securities, end of year	$ 183	$ 93	$ 168

PENNZOIL COMPANY

Consolidated Statement of Changes in Financial Position

	Year Ended December 31		
	1982	1981	1980
Funds From Operations			
Net income	$188,713	$221,642	$308,509
Charges to income not requiring funds			
Depreciation, depletion and amortization	303,249	283,947	264,631
Deferred taxes and other, net	55,897	68,666	57,918
	547,859	574,255	631,058
Funds From (Used in) Financing			
Issuance of long-term debt	369,488	543,570	135,146
Retirements and reclassification of long-term debt	(151,480)	(417,733)	(82,677)
Increase (decrease) in current maturities of long-term debt	(6,372)	3,267	(6,093)
Conversion of debentures	2,369	8,438	12,611
Increase (decrease) in notes payable	(71,900)	32,215	(17,970)
	142,105	169,757	41,017
Utilization of Funds			
Additions to property, plant and equipment, including interest capitalized	605,960	604,386	523,814
Retirements of property, plant and equipment, net	(20,072)	(3,760)	(12,290)
Dividends	116,782	117,560	106,817
Purchase of common stock for the treasury	—	41,716	—
Other, net	(1,372)	(680)	(32,891)
Increase (decrease) in working capital, excluding short-term debt and cash items			
Receivables	(94,023)	36,272	52,542
Inventories	52,356	16,216	78,155
Materials and supplies	(23,897)	17,433	18,519
Other current assets	2,722	7,573	(30,127)
Accounts payable	69,658	(122,853)	4,601
Taxes accrued	(449)	20,998	22,283
Interest accrued	(13,012)	(4,856)	(5,442)
Other current liabilities	(7,798)	14,127	(6,921)
	686,855	744,132	719,060
Change in Cash and Temporary Cash Investments	$ 3,109	$ (120)	$(46,985)

THE PILLSBURY COMPANY

Consolidated Statements of Changes in Financial Position

	Year ended May 31 1982	1981 (In millions)	1980
Funds from operations:			
Net earnings	$136.3	$119.6	$104.7
Charges to income not requiring working capital:			
Depreciation and amortization	95.7	91.7	80.3
Deferred taxes on income	15.6	15.5	(2.9)
	247.6	226.8	182.1
Funds generated (used) by changes in working capital:			
(Increase) decrease in receivables	(30.2)	5.4	(74.3)
(Increase) decrease in inventories	28.4	(14.5)	2.0
(Increase) decrease in other current assets	(56.8)	(1.4)	56.9
Increase (decrease) in trade accounts payable	.4	(75.1)	83.8
Increase (decrease) in advances on sales	74.2	59.4	(79.1)
Increase (decrease) in taxes on income	(.7)	(17.1)	24.6
Increase (decrease) in other current liabilities	33.2	42.9	9.6
	48.5	(.4)	23.5
Funds from conversion of noncurrent assets:			
Disposals of property, plant and equipment	41.5	30.6	16.7
Proceeds from investments and other assets	6.9	8.4	14.0
Other, net	(5.5)	7.5	11.4
	42.9	46.5	42.1
Total funds generated before financing activities	339.0	272.9	247.7
Funds from (used for) financing activities:			
Issuance of long-term debt	35.2	98.3	79.3
Long-term debt of acquired companies	2.4	15.0	—
Retirements of long-term debt	(71.9)	(34.3)	(36.5)
Increase (decrease) in notes payable	(2.4)	1.0	3.5
Increase (decrease) in current portion of long-term debt	24.2	(3.6)	7.9
Issuance of common stock, net	64.6	1.8	15.6
	52.0	78.2	69.8
Total funds provided	391.0	351.1	317.5
Utilization of funds:			
Investment activities:			
Additions to property, plant and equipment, including $21.3, $36.4 and $47.6, respectively, transferred to net investment in direct financing leases	208.5	226.5	254.1
Additions to investments and other assets	28.3	20.1	7.7
Noncurrent assets of acquired companies	22.5	25.2	5.4
	259.3	271.8	267.2
Cash dividends	47.2	38.7	33.5
Total funds utilized	306.5	310.5	300.7
Increase in cash and marketable securities	$ 84.5	$ 40.6	$ 16.8

Analysis Presented in a Tabulation at Bottom of Statement

AFG INDUSTRIES, INC.

Consolidated Statement of Changes in Financial Position

	Years Ended December 31,		
Working capital provided from:	1982	1981	1980
Income before extraordinary item	$ 9,449	$ 7,943	$ 3,363
Add charges (deduct credits) not affecting working capital:			
Depreciation	13,688	11,565	8,304
Deferred income taxes	3,364	920	—
Reduction in purchase price of subsidiaries resulting from utilization of tax loss carryforward	—	—	2,930
Loss (gain) on sale of fixed assets	(214)	1,159	392
Working capital provided from operations before extraordinary item	26,287	21,587	14,989
Extraordinary item:			
Utilization of tax loss carryforward	—	687	—
Working capital provided from operations	26,287	22,274	14,989
Proceeds from issuance of common stock	13,815	25	—
Proceeds from issuance of long-term debt	1,336	28,775	900
Increase in other liabilities	—	16	—
Proceeds from sale of fixed assets	279	204	1,195
Decrease in other assets	1,223	—	4,784
Total working capital provided	42,940	51,294	21,868
Working capital used for:			
Acquisition of property, plant and equipment	$ 9,496	$35,922	$10,932
Increase in other assets		1,220	
Reduction in long-term debt	9,116	9,671	3,357
Decrease in accrual for pensions and other benefits	8	55	2,054
Reduction of other liabilities			16
Total working capital used	18,620	46,868	16,359
Increase in working capital	$24,320	$ 4,426	$ 5,509
Changes in working capital:			
Increase (decrease) in current assets:			
Cash and temporary investments	$23,976	$ (4,571)	$(2,009)
Accounts and notes receivable	9,820	5,166	972
Inventories	1,156	12,367	(2,049)
Prepaid expenses	(548)	465	47
	34,404	13,427	(3,039)
Increase (decrease) in current liabilities:			
Current maturities of long-term debt	2,007	3,926	(7,429)
Trade accounts payable	3,680	3,130	(234)
Income taxes	2,505	(373)	83
Accrued liabilities	1,892	2,318	(968)
	10,084	9,001	(8,548)
Increase in working capital	$24,320	$ 4,426	$ 5,509

TYSON FOODS, INC.

Consolidated Statement of Changes in Financial Position

For the three years ended October 2, 1982

	1982	1981	1980
Working Capital Provided:			
Net Income	$ 9,403	$ 2,104	$ 1,165
Items not affecting working capital:			
Depreciation and amortization	10,529	9,550	9,794
Contribution of treasury shares to profit sharing plan	408	—	—
Loss (Gain) on sale of property, plant and equipment	(72)	296	(3,566)
Non-current deferred income taxes	2,906	—	—
Working Capital Provided from Operations	23,176	11,950	7,394
Long-term borrowings	28,301	23,411	21,063
Exchange of treasury stock in business acquisition	—	1,600	—
Sale of property, plant and equipment	331	607	10,647
Release of cash funds formerly restricted by debt agreements	145	774	1,250
Other	613	492	53
	52,567	38,836	40,408
Working Capital Used:			
Additions to property, plant and equipment	25,269	25,321	8,937
Repayments and current maturities of long-term debt	4,798	16,459	29,684
Purchases of the Company's common stock	—	1,600	—
Cash dividend on common stock	618	616	616
Other	82	769	964
	30,769	44,767	40,203
Increase (Decrease) in Working Capital	21,798	(5,930)	205
Working Capital—Beginning of Year	16,326	22,256	22,051
Working Capital—End of Year	$38,124	$16,326	$22,256
Changes in Working Capital:			
Increase (decrease) in current assets:			
Cash	$ (1,466)	$ 4,106	$ (1,634)
Short-term investments	—	(12,215)	12,215
Accounts and notes receivable—trade	(191)	2,314	6,645
Inventories	4,974	17,395	475
Other current assets	(301)	527	436
Decrease (increase) in current liabilities:			
Notes payable	33,093	(29,662)	(5,119)
Current portion of long-term debt	(790)	14,487	(13,430)
Trade accounts payable	(6,278)	(3,246)	2,453
Other current liabilities	(908)	(125)	(1,058)
Deferred income taxes	(6,332)	487	(777)
Net Change in Working Capital	$21,798	$ (5,930)	$ 205

Section 6: Auditors' Report

This section reviews the format and content of Auditors' Reports appearing in the annual reports of the 600 survey companies. Effective November 1972, *Statement on Auditing Standards No. 1,* issued by the Auditing Standards Board of the AICPA, codified and superseded *Statements on Auditing Procedures Nos. 33–54* previously issued by the Committee on Auditing Procedure. Subsequent to Statement No. 1, forty-four Statements on Auditing Standards have been issued; some of which superseded sections of Statement No. 1. In 1983, the Auditing Standards Board issued *Codification of Statements on Auditing Standards* which is a codification of Statements on Auditing Standards Nos. 1–44.

TITLE OF AUDITORS' REPORT

Table 6-1 shows the descriptive titles used to identify the Auditors' Report.

TABLE 6-1: TITLE OF AUDITORS' REPORT

	1982	1981	1980	1979
Independent accountants' report	134	129	121	119
Auditors' report	116	122	127	123
Accountants' report	90	88	94	104
Independent certified public accountants' report	67	66	58	42
Independent auditors' report	70	65	69	70
Certified public accountants' report	55	57	54	53
Auditors' opinion	32	32	31	29
Accountants' opinion	5	7	4	5
Independent accountants' opinion	4	3	4	5
Independent certified public accountants' opinion	3	4	5	6
Other titles	5	5	3	6
No title	19	22	30	38
Total Companies	**600**	**600**	**600**	**600**

TABLE 6-2: ADDRESSEE OF AUDITORS' REPORT

	1982	1981	1980	1979
The Directors (Board of Directors) and Shareholders	469	459	457	454
The Stockholders	79	80	79	82
The Directors	43	48	53	56
The Company	6	9	10	8
Other, or no addressee	3	4	1	—
Total Companies	**600**	**600**	**600**	**600**

ADDRESSEE OF THE AUDITORS' REPORT

Paragraph 8 of *Statement on Auditing Standards No. 2* states:

> The report may be addressed to the company whose financial statements are being examined or to its board of directors or stockholders. A report on the financial statements of an unincorporated entity should be addressed as circumstances dictate, for example, to the partners, to the general partner, or to the proprietor. Occasionally, an auditor is retained to examine the financial statements of a company that is not his client; in such a case, the report customarily is addressed to the client and not to the directors or stockholders of the company whose financial statements are being examined.

Table 6-2 summarizes the addressee mentioned in the Auditors' Reports of the survey companies. The various forms of address are illustrated in the Auditors' Reports presented as examples throughout this section.

AUDITORS' STANDARD REPORT

The auditors' standard report outlines in general terms the scope of the auditors' examination and states concisely the auditors' opinion as to whether the financial statements fairly present, in conformity with generally accepted accounting principles, the information included therein. Table 6-3, which summarizes the format of auditors' reports included in 1982 annual reports of the survey companies, shows that occasionally a modified form of auditors' report is presented. A modified report differs from the standard report in that the opinion and scope are combined in a single paragraph with the opinion sentence appearing first.

Appropriate wording for an auditors' standard report on comparative financial statements, as stated in paragraph 3 of *Statement on Auditing Standards No. 15,* follows:

> We have examined the balance sheets of ABC company as of (at) December 31, 19x2 and 19x1, and the related statements of income, retained earnings, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.
>
> In our opinion, the financial statements referred to above present fairly the financial position of ABC Company as of (at) December 31, 19x2 and 19x1, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Effective for fiscal years ending after December 15, 1980, the Securities and Exchange Commission requires that annual reports to stockholders issued in connection with the annual stockholders' meeting include audited statements of income and changes in financial position for each of the 3 most recent fiscal years. Typical wording for an auditors' standard report expressing an opinion on statements of income and changes in financial position for 3 years follows:

We have examined the consolidated balance sheets of ABC Company as of (at) December 31, 19x2 and 19x1, and the related consolidated statements of income, retained earnings and changes in financial position for each of the three years in the period ended December 31, 19x2. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of ABC Company and Subsidiaries as of (at) December 31, 19x2 and 19x1, and the consolidated results of their operations and changes in financial position for each of the three years in the period ended December 31, 19x2, in conformity with generally accepted accounting principles applied on a consistent basis.

TABLE 6-3: FORMAT OF AUDITORS' REPORT

	1982	1981	1980	1979
Standard report	411	403	392	395
Variations to standard report	105	111	122	121
Modified report	84	86	86	84
Total Companies	**600**	**600**	**600**	**600**
Variations to Standard Report				
Sentence in scope paragraph referring to:				
Examination by other accountants	42	44	52	46
Prior year examination	12	13	8	4
Other	—	5	8	3
Middle paragraph between scope and opinion paragraphs referring to:				
Matter for which opinion qualified	31	32	43	42
Prior year qualification removed	13	11	15	20
Other	2	5	3	5
Sentence or paragraph following opinion paragraph	19	19	14	21
Total Variations	***119**	***129**	***143**	***141**

*Some Auditors' reports had more than one variation.

Paragraph 9 of *Statement on Auditing Standards No. 2* lists circumstances which require a departure from the auditors' standard report. Paragraph 9 states:

> The circumstances that result in a departure from the auditor's standard report are as follows:
>
> a. The scope of the auditor's examination is affected by conditions that preclude the application of one or more auditing procedures he considers necessary in the circumstances.
>
> b. The auditor's opinion is based in part on the report of another auditor.
>
> c. The financial statements are affected by a departure from a generally accepted accounting principle.
>
> d. The financial statements are affected by a departure from an accounting principle promulgated by the body designated by the AICPA Council to establish such principles.
>
> e. Accounting principles have not been applied consistently.
>
> f. The financial statements are affected by uncertainties concerning future events, the outcome of which is not susceptible of reasonable estimation at the date of the auditor's report.
>
> g. The auditor wishes to emphasize a matter regarding the financial statements.

Examples of auditor's reports relating to items b, e and f are presented in connection with Tables 6-4 and 6-5.

REFERENCE TO OTHER AUDITORS

Section 543 of *Statement on Auditing Standards No. 1,* which provides guidance for reporting on financial statements when the principal auditor refers to the work of other independent auditors, states in part:

.07 When the principal auditor decides that he will make reference to the examination of the other auditor, his report should indicate clearly, in both the scope and opinion paragraphs, the division of responsibility as between that portion of the financial statements covered by his own examination and that covered by the examination of the other auditor. The report should disclose the magnitude of the portion of the financial statements examined by the other auditor. This may be done by stating the dollar amounts or percentages of one or more of the following: total assets, total revenues, or other appropriate criteria, whichever most clearly reveals the portion of the financial statements examined by the other auditor. The other auditor may be named but only with his express permission and provided his report is presented together with that of the principal auditor.

Table 6-4 summarizes the scope of work done by other auditors as disclosed in the reports of the principal auditors. Examples of such disclosures follow.

TABLE 6-4: REFERENCES TO OTHER AUDITORS

	1982	1981	1980	1979
Examination by Other Auditors Covers:				
Statements for branch or consolidated subsidiary...	19	27	28	28
Statements of investee only	18	14	16	14
Statements for prior years only	8	8	15	8
Total Companies	**45**	**49**	**59**	**50**

Consolidated Subsidiaries

To the Board of Directors and Shareholders of Adams-Russell Co., Inc.:

We have examined the consolidated balance sheets of Adams-Russell Co., Inc. and subsidiaries as at September 30, 1982 and 1981, and the related consolidated statements of income, shareholders' equity, and changes in financial position for each of the three years in the period ended September 30, 1982. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the 1981 and 1980 financial statements of two consolidated subsidiaries whose assets represent 14% of consolidated assets at September 30, 1981 and whose net sales represent 25% and 23% of consolidated net sales for 1981 and 1980, respectively. These statements were examined by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for those subsidiaries, is based solely upon the reports of other auditors.

In our opinion, based on our examinations and, for 1981 and 1980, the reports of the other auditors, the aforementioned financial statements present fairly the consolidated financial position of Adams-Russell Co., Inc. and subsidiaries at September 30, 1982 and 1981, and the consolidated results of their operations and the changes in their consolidated financial position for each of the three years in the period ended September 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Auditors' Report.*

The Board of Directors and Stockholders LaBarge, Inc.:

We have examined the consolidated balance sheets of LaBarge, Inc. and subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of income, changes in stockholders' equity, and changes in financial position for each of the years in the three-year period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of Duralite Company, Inc. and subsidiary, consolidated subsidiaries, which statements reflect total assets constituting 21% and total revenues constituting 2% in 1982, of the consolidated totals. These statements were examined by other auditors whose report thereon has been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for Duralite Company, Inc. and subsidiary, is based solely upon the report of the other auditors.

In our opinion, based upon our examinations and the report of other auditors, the aforementioned consolidated financial statements present fairly the financial position of LaBarge, Inc. and subsidiaries at December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the years in the three-year period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Accountants' Report.*

To the Shareholders and Board of Directors of MEI Corporation:

We have examined the consolidated balance sheet of MEI CORPORATION (a Delaware corporation) AND SUBSIDIARIES as of December 31, 1982 and 1981, and the related statements of consolidated operations, shareholders' investment and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain subsidiaries of the Company, which statements reflect total assets of 11% and 8% of consolidated assets as of December 31, 1982 and 1981, respectively, and sales of 15% of consolidated sales for 1982, 1981 and 1980. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries, is based solely upon the reports of the other auditors.

In our opinion, based upon our examinations and the reports of other auditors referred to above, the consolidated financial statements referred to above present fairly the financial position of MEI Corporation and Subsidiaries as of December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Auditors' Report.*

Board of Directors and Shareholders
Mobil Corporation

We have examined the consolidated balance sheet of Mobil Corporation at December 31, 1982 and 1981, and the related consolidated statements of income, earnings retained in the business and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements of Marcor Inc., Montgomery Ward & Co., Incorporated and Container Corporation of America, consolidated subsidiaries, have been examined by other independent public accountants, and we were furnished with their reports thereon. The assets of these consolidated subsidiaries represent approximately 16% and 17% of the consolidated totals for 1982 and 1981 and revenues represent approximately 12% of the consolidated totals for the years ended December 31, 1982, 1981 and 1980.

In our opinion, based upon our examinations and the reports of other independent public accountants, the statements mentioned above present fairly the consolidated financial position of Mobil Corporation at December 31, 1982 and 1981, and the consolidated results of operations and changes in financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis during the period except for the change in 1982, with which we concur, to the LIFO method of valuing certain inventories as described in Note 3 to the consolidated financial statements.—*Report of Certified Public Accountants.*

Investees

To the Shareholders and Board of Directors,
Action Industries, Inc.:

We have examined the consolidated balance sheet of ACTION INDUSTRIES, INC. (a Pennsylvania corporation) and subsidiaries as of June 26, 1982 and June 27, 1981, and the related consolidated statements of earnings, shareholders' investment and changes in financial position for each of the three years in the period ended June 26, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of Action Tungsram, Inc., the investment in which is reflected in the accompanying financial statements using the equity method of accounting (See Notes 1 and 3). The investment in Action Tungsram, Inc. represents 4.7% of consolidated assets as of June 26, 1982, and the equity in its net earnings represents 11.7% of consolidated net earnings from continuing operations for the year then ended. The statements of Action Tungsram, Inc. were examined by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for Action Tungsram, Inc., is based upon the report of the other auditors.

In our opinion, based on our examinations and the report of other auditors, the financial statements referred to above present fairly the financial position of Action Industries, Inc. and subsidiaries as of June 26, 1982, and June 27, 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended June 26, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Public Accountants.*

The Shareholders and the Board of Directors
Allegheny International, Inc.:

We have examined the consolidated balance sheets of Allegheny International, Inc. and consolidated subsidiaries as of January 2, 1983 and January 3, 1982 and the related consolidated statements of earnings, additional paid-in capital, retained earnings, accumulated foreign currency translation adjustments, and changes in financial position for each of the years in the three-year period ended January 2, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of Liquid Air Corporation, an unconsolidated investee company (see Note 7). Allegheny's equity in earnings of Liquid Air amounted to $7,695,000, $9,448,000 and $8,960,000 in 1982, 1981 and 1980, respectively, and Allegheny's investment in Liquid Air at January 2, 1983 and January 3, 1982 was $92,746,000 and $82,838,000, respectively. The financial statements of Liquid Air Corporation were examined by other auditors, whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to such amounts included for Liquid Air, is based solely upon the report of the other auditors.

In our opinion, based on our examinations and the report of other auditors, the aforementioned consolidated financial statements present fairly the financial position of Allegheny International, Inc. and consolidated subsidiaries at January 2, 1983 and January 3, 1982 and the results of their operations and changes in their financial position for each of the years in the three-year period ended January 2, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Accountants' Report.*

QUALIFIED OPINIONS

Statement of Auditing Standards No. 2 states in part:

29. A qualified opinion states that, "except for" or "subject to" the effects of the matter to which the qualification relates, the financial statements present fairly financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles consistently applied. Such an opinion is expressed when a lack of sufficient competent evidential matter or restrictions on the scope of the auditor's examination have led him to conclude that he cannot express an unqualified opinion, or when the auditor believes, on the basis of his examination, that

a. the financial statements contain a departure from generally accepted accounting principles, the effect of which is material,

b. there has been a material change between periods in accounting principles or in the method of their application, or

c. there are sufficient uncertainties affecting the financial statements,

and he has decided not to express an adverse opinion or to disclaim an opinion.

32. When the auditor intends to express a qualified opinion, he should disclose all the substantive reasons in a separate explanatory paragraph(s) of his report, and should include, in the opinion paragraph, the appropriate qualifying language and a reference to the explanatory paragraph(s). The requirement for an explanatory paragraph does not apply when the opinion paragraph has been modified because of a change in accounting principle (see paragraph 20).

33. The explanatory paragraph(s) should disclose the principal effects of the subject matter of the qualification on financial position, results of operations and changes in financial position, if reasonably determinable. If the effects are not reasonably determinable the report should so state. If such disclosures are made in a note to the financial statements, the explanatory paragraph(s) may be shortened by referring to it. The explanatory paragraph(s) also should make clear whether the matter is (a) one as to which there is a difference of opinion between the auditor and his client and for which the auditor believes an adjustment should be made or (b) one involving an uncertainty that cannot presently be resolved because the outcome depends on future events. If an auditor wishes to emphasize a matter or disclosure regarding the financial statements but does not intend to qualify his opinion (see paragraph 27), he should not refer to this information in the opinion paragraph of his report.

Table 6-5 shows the uncertainties and accounting principle changes for which the auditors' opinions included in the survey company annual reports were qualified.

TABLE 6-5: QUALIFIED OPINIONS

	1982	1981	1980	1979
Uncertainties				
Litigation	15	15	18	18
Going concern	8	6	6	5
Discontinued operations	5	3	2	3
Valuation or realization of assets	2	2	2	4
Other	4	5	3	5
Total Uncertainties	**34**	**31**	**31**	**35**
Total Companies	**28**	**28**	**29**	**30**
Accounting Principle Changes				
Foreign currency translation	153	98	—	—
Compensated absences	26	46	17	—
LIFO adoption	22	54	63	38
Other inventory changes	10	N/C	N/C	N/C
Investment tax credit	12	13	8	7
Depreciation method	12	12	4	N/C
Interest capitalization	3	50	55	12
Lease capitalization	—	—	3	21
Other	30	31	18	37
Total Changes	**268**	**304**	**168**	**115**
Total Companies	**215**	**222**	**136**	**97**

N/C—Not Compiled.

UNCERTAINTIES

Statement on Auditing Standards No. 2 states in part:

22. In certain instances, the outcome of matters that may affect the financial statements or the disclosures required therein is not susceptible of reasonable estimation; such matters are to be regarded as uncertainties for purposes of this Statement. When such uncertainties exist, it cannot be determined whether the financial statements should be adjusted, or in what amount.

23. There may be uncertainties with respect to specific matters whose possible effects on the financial statements can be isolated and therefore readily understood. Examples are the recoverability of a deferred cost or the likelihood that a material amount will become collectible or payable because of income tax adjustments or litigation. Also, there may be multiple uncertainties or uncertainties whose possible effects are complex and whose impact on the financial statements consequently is difficult for a reader to assess. Examples of conditions indicating the existence of uncertainties of the latter kind are recurring operating losses, serious deficiencies in working capital, an inability to obtain financing sufficient for continued business operations, and failure to comply with the terms of loan agreements. In some situations an adverse outcome of matters in either category could imperil the continued existence of the entity. In any event, if the effects of the matters on the financial statements could be material, their nature and their possible effects should be disclosed in the statements.

25. In cases involving uncertainties, the auditor should be able to form an opinion whether the financial statement items affected have been stated in conformity with generally accepted accounting principles in all respects other than those contingent on the outcome of the uncertainties. If he is satisfied that they have been so stated, he may appropriately express an opinion qualified by reason of the uncertainties (see paragraphs 35 and 39). If the auditor believes that the financial statement items affected by uncertainties reflect the application of accounting principles that are not generally accepted, he also should modify his report to state his reservations regarding departures from generally accepted accounting principles.

Examples of auditors opinions qualified because of uncertainties follow.

Disclaimer

To Saxon Oil Company:

We have examined the consolidated balance sheets of Saxon Oil Company (a Texas corporation) and subsidiaries as of December 31, 1981 and 1982, and the related consolidated statements of operations, stockholders' investment and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As reflected in the accompanying consolidated financial statements, Saxon incurred a net loss of $90,867,733 for 1982 and at December 31, 1982, had a working capital deficit of $124,645,518 and a $65,970,183 deficit in stockholders' investment. As discussed in Note 3, Saxon is in default under several provisions of its revolving credit agreement and has not made the required principal and interest payments on its bank debt since March 31, 1982. As discussed in Note 4, during 1982, a substantial portion of trade accounts payable became significantly past due and certain trade creditors initiated related legal proceedings against the Company. A proposed settlement arrangement is presently being considered by the trade creditors and, if it is accomplished, Saxon plans to attempt to restructure its bank debt. There is no assurance that the proposed settlement will be completed or that the bank debt can be satisfactorily restructured. Unless Saxon is able to successfully arrange a settlement of its trade accounts payable, restructure its debt obligations, and significantly improve its working capital position, it will be unable to continue in existence in its present form and could be forced to seek protection under the Federal Bankruptcy Code. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should Saxon be unable to continue in existence in its present form.

Because of the significance of the matters discussed above, we are unable to express, and we do not express, an opinion on the 1982 consolidated financial statements of Saxon Oil Company and subsidiaries.

In our opinion, subject to the effects on the December 31, 1981, consolidated financial statements of such adjustments, if any, as might have been required should Saxon have to liquidate its assets on other than a normal basis (see Note 3), or be unable to recover the capitalized costs associated with properties in the Fletcher Field (see Note 14), the 1980 and 1981 consolidated financial statements referred to above present fairly the financial position of Saxon Oil Company and subsidiaries as of December 31, 1981, and the results of their operations and changes in their financial position for each of the two years in the period ended December 31, 1981, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplemental Schedules V and VI are presented for the purpose of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and are not otherwise a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the examinations of the basic financial statements. Because of the significance of the matters discussed above, we are also unable to express an opinion regarding the financial data set forth in Schedules V and VI with respect to the year ended December 31, 1982. In our opinion, subject to the effects on Schedules V and VI for the year ended December 31, 1981, of any adjustments discussed above, the supplemental schedules for 1980 and 1981 fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Litigation

The Board of Directors and Stockholders
Murphy Oil Corporation:

We have examined the consolidated balance sheets of Murphy Oil Corporation and Consolidated Subsidiaries as of December 31, 1982, and 1981 and the related consolidated statements of income, stockholders' equity and changes in financial position for each of the years in the three year period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note M to the consolidated financial statements, on February 15, 1982 the drilling barge "Ocean Ranger" sank off the eastern coast of Canada during a severe storm. As a result of the sinking of the barge, a consolidated subsidiary of the Company is a defendant in lawsuits for which the final outcome is not presently determinable.

In our opinion, subject to the effects on the 1982 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty discussed in the preceding paragraph been known, the aforementioned consolidated financial statements present fairly the financial position of Murphy Oil Corporation and Consolidated Subsidiaries at December 31, 1982 and 1981 and results of their operations and the changes in their financial position for each of the years in the three year period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied during the period except for the change in 1982, with which we concur, in the method of accounting for foreign currency translation as described in Note B to the consolidated financial statements.—*Accountants' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note M (in part): Contingencies

The Company's operations and earnings have been and may be affected by various forms of government action both in the U.S. and throughout the world. Examples of such government action include, but are by no means limited to: tax increases and retroactive tax claims; restrictions on production; import and export controls; price controls; currency controls; allocation of supplies of crude oil and petroleum products and other goods; expropriation of property; restrictions and preferences affecting the issuance of oil and gas on mineral leases; laws and regulations intended for the protection of the environment or promotion of safety; and laws and regulations affecting the Company's relationships with employees, suppliers, customers, shareholders and others. Because government actions are often motivated by political considerations, may be taken without full consideration of their consequences and may be taken in response to actions of other governments, it is not practical to attempt to predict the likelihood of such actions, the form which such actions may take, or the effect such actions may have on the Company.

The drilling barge, Ocean Ranger, sank off the eastern coast of Canada on February 15, 1982. Eighty-four persons on board lost their lives; forty-six were employees of ODECO. As of February 23, 1983, lawsuits have been filed against ODECO and others seeking $270,500,000 in actual and compensatory damages and $729,000,000 in punitive damages for which ODECO's liability underwriters have neither admitted nor denied coverage. To support claims for punitive damages, the plaintiffs must prove wanton and willfull misconduct by ODECO. In the opinion of the Company, such punitive damage claims are without merit, and ODECO's ultimate liability is adequately insured within the limits and coverage of its $200,000,000 per occurrence liability insurance. However, it is not possible at this time to predict with certainty the outcome of these lawsuits. Accordingly, the $86,500,000 insurance proceeds received in 1982 from hull underwriters less the $34,000,000 carrying value of the barge at time of loss has been reflected in the financial statements as a deferred credit pending determination, with a reasonable degree of reliability, of the ultimate effect of the Ocean Ranger's sinking on the financial position of the Company.

To the Stockholders and the Board of Directors of
Oak Industries Inc.:

We have examined the consolidated balance sheets of OAK INDUSTRIES INC. (a Delaware corporation) and SUBSIDIARIES as of December 31, 1982 and 1981, and the related consolidated statements of income, paid-in capital and retained earnings and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed further in Note 14 to the financial statements, class action complaints were filed in March, 1983, against the Company and certain of its officers alleging violations of certain sections of the Securities Exchange Act of 1934. The Company and the other defendants intend to deny the allegations and vigorously pursue the litigation. However, it is not possible at present for the Company and its counsel to predict the outcome or the range of potential loss, if any, which might result from these actions. Accordingly, no provision for any liability that might result therefrom has been recorded in the consolidated financial statements.

In our opinion, subject to the effect of any adjustments that might have been required had the outcome of the litigation mentioned in the preceding paragraph been known, the consolidated financial statements referred to above present fairly the financial position of Oak Industries Inc. and subsidiaries as of December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 (in part): Subsequent Events

In March 1983 the Company and eight defendants who are members of the Company's Board of Directors and/or the Company's senior management were served with Complaints filed in Federal District Court for the Southern District of California. The Complaints are shareholder class actions brought on behalf of all purchasers of the Company's debt and equity issues from January 12, 1982 through October 6, 1982 which allege violations of the Securities Exchange Act of 1934 and California state law violations of fraud, deceit and negligent misrepresentation and seek monetary damages in an unspecified amount. The Company and the other defendants intend to deny the allegations and vigorously pursue the litigation. However, it is not possible at present for the Company and its counsel to predict the outcome or the range of potential loss, if any, which might result from these actions. Accordingly, no provision for any liability that might result therefrom has been recorded in the accompanying consolidated financial statements.

To the Shareholders and Board of Directors of
Pratt-Read Corporation:

We have examined the consolidated balance sheet of PRATT-READ CORPORATION and SUBSIDIARIES at June 30, 1982 and 1981, and the related consolidated statements of income, retained earnings and changes in financial position for each of the three years in the period ended June 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note K to the financial statements, the Corporation is a party to various legal actions. These actions claim substantial damages in connection with a flood and the Corporation has denied any liability for such damages. The ultimate liability, if any, to which the Corporation might be exposed cannot be reasonably estimated.

In our opinion, subject to the effects on the 1982 financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the financial statements referred to above present fairly the consolidated financial position of PRATT-READ CORPORATION and SUBSIDIARIES at June 30, 1982 and 1981 and the consolidated results of its operations and changes in its financial position for each of the three years in the period ended June 30, 1982 in conformity with generally accepted accounting principles consistently applied during the period, except for the change, with which we concur, in the method of accounting for inventories as described in Note C to the financial statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K–Contingent Liabilities

The Corporation has been served in a number of legal actions relating to damages alleged to have occurred in connection with the failure, during the floods of June 6, 1982, of two dams owned by the Corporation in the vicinity of its principal offices in Ivoryton, Connecticut.

No provision has been made in the financial statements for the potential liability represented by these claims. Management of the Corporation and its General Counsel believe there are good and reasonable defenses to these actions and liability has been denied in every case. Substantial insurance coverages are in effect and the full demands of such actions and others which may be presented are not known and cannot be reasonably estimated at this time. The eventual outcome of the actions described cannot be predicted and there is no basis for an estimate of the ultimate liability, if any, to which the Corporation might be exposed.

Going Concern

To the Shareholders of
General Refractories Company:

We have examined the consolidated balance sheets of General Refractories Company and subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of operations and retained earnings (deficit) and changes in financial position for the years ended December 31, 1982, 1981 and 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As set forth in the consolidated financial statements, the Company incurred substantial losses in 1981 and 1982 and has an accumulated deficit at December 31, 1982. As discussed in Note 11 to the consolidated financial statements, the domestic loan agreement which was in effect at December 31, 1981 was revised during 1982. On March 15, 1983, the Company entered into a second consolidated and restated bank credit and security agreement. Athough certain goals of the Company's 1982 business plan were achieved, the Company's 1983 business plan continues to reflect the need to reduce operating losses, sell its domestic building products division, obtain additional working capital, successfully renegotiate its raw materials purchase agreement and meet its obligations and restrictive covenants pursuant to the most recent loan agreement. The Company's ability to achieve the foregoing elements of its business plan, which may be necessary to permit the realization of assets and satisfaction of liabilities in the ordinary course of business, is uncertain.

As discussed in Note 17 to the consolidated financial statements, the Company is currently negotiating with a domestic supplier to reduce its obligations under a raw materials purchase agreement. The outcome of such negotiations is uncertain and no provision for any loss that may result has been recorded in the consolidated financial statements.

In our opinion, subject to the effects on the 1982 and 1981 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the second and third paragraphs been known (third paragraph only with respect to the 1982 financial statements), the consolidated financial statements referred to above present fairly the consolidated financial position of General Refractories Company and subsidiaries as of December 31, 1982 and 1981, and the consolidated results of their operations and the changes in their financial position for the years ended December 31, 1982, 1981 and 1980, in conformity with generally accepted accounting principles consistently applied during the period except for the change in 1981, with which we concur, in the method of accounting for foreign currency translation, as described in Note 2 to the consolidated financial statements.—*Report of Independent Certified Public Accountants.*

NOTES TO FINANCIAL STATEMENTS

11: Debt and Liquidity

	1982	1981
	(dollars in thousands)	
Short Term Debt:		
Banks	$25,210	$27,960
Other	6,403	3,424
	$31,613	$31,384
Long Term Debt:		
Domestic banks, consolidated and restated bank credit and security agreement	$26,480	$27,000
Foreign banks, notes payable: in varying amounts to 1992 average interest 6.7%	31,727	37,045
Other domestic and foreign notes payable: average interest 9.8% due through 1992	8,809	3,716
Capitalized leases: average interest 9.9% expiring from 1983 to 1987	2,573	3,467
Total long term debt	69,589	71,228
Less current maturities	15,754	32,796
	$53,835	$38,432

Long term debt at December 31, 1982, matures in the next five years as follows: 1983, $15,754,000; 1984, $19,370,000; 1985, $17,899,000; 1986, $5,705,000; 1987, $2,426,000.

During 1981 and 1982, signficant operating losses incurred by the Company's domestic and European operations resulted in reductions of working capital and tangible net worth below the requirements of the former revolving credit agreement with domestic banks. These and other violations were waived by the banks during 1981 and the first quarter of 1982.

On April 15, 1982, the Company entered into a Consolidated and Restated Bank Credit and Security Agreement with domestic banks, dated as of April 1, 1982, and matured on January 1, 1983. No additional funds became available to the Company under the revised agreement. Interest accrued under the revised agreement at the prime commercial rate plus 2¾%, but was payable monthly at prime plus 1%. The accrued but unpaid interest is evidenced by secured notes due December 31, 1984 with interest at prime plus 2¾% payable monthly.

Under the revised agreement, the Company had pledged its investment in and note receivable from a domestic subsidiary (Grefco, Inc.) whose net assets plus the amount payable under the note aggregate $25,000,000 at December 31, 1982. In addition, the Company had pledged substantially all of its domestic consolidated property, plant and equipment having an aggregate net book value of $25,400,000, accounts receivable and inventories aggregating $22,800,000, and the assets of its domestic Building Products Division carried at estimated net realizable of $18,000,000 at December 31, 1982. Additionally, the Company's domestic cash accounts were restricted and were part of the collateral.

The revised agreement required, among other things, that the Company maintain certain levels of working capital and tangible net worth; limited total liabilities, capital expenditures and foreign investments; restricted disposal of assets without prior approval; prohibited acquisition of treasury stock, except to redeem the preferred shares outstanding; and prohibited payment of dividends except on already outstanding preferred shares. During 1982, the Company was in violation of several of these covenants. These violations were waived by the banks through December 31, 1982.

On March 15, 1983, the Company entered into a Second Consolidated and Restated Bank Credit and Security Agreement, dated as of January 1, 1983, with the domestic banks, replacing its previous agreement which matured on January 1, 1983.

The new agreement provides for a maximum credit of $26,480,000, maturing on December 31, 1985. No additional funds are available to the Company and all assets pledged under the prior agreement have been pledged under the new agreement. Interest for the year 1983 accrues at 11%, but is deferred and evidenced by secured non-interest bearing notes, one third payable in equal quarterly installments in 1984 and the balance payable in equal quarterly installments in 1985. In addition, the Company may be required to make a prepayment of these notes on January 31, 1984, based principally on the Company's cash position at that date. Interest for the years 1984 and 1985 is payable monthly at the prime commercial rate plus 1%. The new agreement requires, among other things, that the Company maintain certain levels of tangible net worth; limits total liabilities, capital expenditures and domestic losses; restricts disposals of assets without prior approval; prohibits acquisition of treasury stock, except to redeem the prefered shares outstanding; and prohibits payment of dividends, except on presently outstanding preferred shares.

Under the terms of the new agreement, the Company is required to make a principal payment of $10,000,00 on November 15, 1983 and quarterly payments of $500,000 during 1984 and 1985. Additional payments may be required in the event that the collateral falls below certain specified levels. The balance is due at maturity on December 31, 1985. In recognition of the new agreement, $10,000,000 has been classified in the 1982 Consolidated Balance Sheet as a current maturity of long term debt and the balance is classified as noncurrent.

The new agreement also provides the Company will issue to certain of the banks warrants to acquire up to 195,000 shares of the Company's stock. The issuance of these warrants is subject to shareholder approval of resolutions to waive preemptive rights and reduce par value. The warrants are to be issued to the banks in exchange for the forgiveness of deferred interest notes ($227,000 at December 31, 1982) which were created under the prior credit agreement, deferral of payment of interest for the year 1983, and a reduced interest rate during the term of the agreement.

The Company also has an agreement in principle for $3,000,000 with another domestic bank. This agreement is subordinate to the Second Credit Agreement with domestic banks and all assets pledged under the Second Credit Agreement are also pledged under this agreement.

The Company intends to sell the assets of its domestic Building Products Division in 1983 (see Note 4). Under the terms of the Second Credit Agreement, $10,000,000 of the proceeds from sale are to be applied as a prepayment of the amount due November 15, 1983.

The foreign notes payable consist principally of liabilities of certain Austrian and West German subsidiaries and are payable in local currencies. A portion of these liabilities are secured by liens against inventories, land and buildings with a net book value of $24,200,000 at December 31, 1982. Accounts receivable aggregating approximately $28,300,000 at December 31, 1982 of certain Austrian subsidiaries are pledged as collateral for export financing loans. Also, in February 1983, accounts receivable and inventories of certain West German subsidiaries aggregating $13,900,000, and an investment in an associated company with a carrying value of $2,000,000 were pledged to secure loans existing at December 31, 1982 and to provide additional lines of credit.

Additionally, in connection with foreign notes payable, certain subsidiaries are prohibited from paying dividends or making loans or other advances to their parent companies or other affiliates. The aggregate amount of net assets of subsidiaries which are restricted is $26,900,000 at December 31, 1982.

The Company's 1983 business plan contemplates reduced operating losses, the attainment of which is subject to various uncertainties, including some recovery by the steel and construction industries, major users of the Company's products. The plan includes a continuation of the cost reduction program implemented in 1982. The benefits of this program, together with the restructuring of the U.S. Refractories operations into fewer, lower cost facilities and the sale of the domestic Building Products Division (see Note 4), is expected to result in a lower break even point, particularly for domestic operations. The Company's plan also includes generation of additional operating funds by further reduction of inventories and the sale of domestic real estate no longer required in operations (certain proceeds of such sales must be used to reduce the domestic bank loan). However, additional cash may be required to satisfy the domestic raw material purchase agreement discussed in Note 17. Also, because of the uncertainties regarding the attainment of the 1983 business plan, no assurances can be given that the Company will be able to satisfy the financial covenants included in the revised credit agreement. Moreover, if covenant violations do occur, there is no assurance that the Company will be able to obtain waivers, and in the absence of such waivers, the banks could demand full payment of the outstanding balance.

17: Raw Material Purchase Commitments

The Company has a purchase agreement with a domestic raw material supplier which extends through 1984. Under the agreement, the Company is obligated to purchase annually certain raw materials at an aggregate cost of approximately $12,000,000. The Company did not satisfy its purchase commitment for 1982, having purchased approximately $7,000,000 less than required. If the Company fulfills this obligation, it will have domestic inventories of these materials in excess of its projected 1983 needs. This, together with the commitment to purchase additional material in 1983 and 1984, will create a significant oversupply situation in 1983, 1984 and into 1985. Although the Company currently is negotiating with the supplier in an effort to reduce its obligation under this agreement, the outcome of these negotiations is uncertain.

To the Shareholders and Board of Directors
Phoenix Steel Corporation

We have examined the balance sheet of Phoenix Steel Corporation as of December 31, 1982 and 1981, and the related statements of operations and accumulated deficit and of changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 2 to the financial statements, the Company incurred a net loss of $17,491,000 in 1982 and expects under current conditions in the domestic steel market to incur additional losses during the early part of 1983. In addition, certain loan agreements under which the Company has financed a portion of its working capital requirements expire in April 1983 and early 1984. Continuation of the Company in its present form is dependent upon successful conclusion of negotiations currently under way to refinance the borrowings which mature in April 1983, the refinancing of borrowings due in early 1984, obtaining additional financing which may be needed to meet working capital requirements and the eventual achievement of sustained profitable operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset accounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in its present form.

In our opinion, subject to the effects on the 1982 financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the financial statements examined by us present fairly the financial position of Phoenix Steel Corporation at December 31, 1982 and 1981, and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in the method of accounting for depreciation as described in Note 1 to the financial statements.—*Report of Independent Accountants.*

NOTES TO FINANCIAL STATEMENTS

Note 2: Basis of Financial Statements

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company incurred a net loss of $17,491,000 in 1982 and expects under current conditions in the domestic steel market to incur additional losses during the early part of 1983. As described in Note 7, certain loan agreements under which the Company has financed a portion of its working capital requirements expire in April 1983 and early 1984. The continuation of the Company in its present form is dependent upon successful conclusion of negotiations currently under way to refinance the borrowings which mature in April 1983, the refinancing of borrowings due in early 1984, obtaining additional financing which may be needed to meet working capital requirements and the eventual achievement of sustained profitable operations. In the past Creusot-Loire, the majority shareholder of the Company, has provided assistance to the Company in obtaining financing and has made significant investments in the Company, including an additional $25 million preferred stock investment in 1982. However, Creusot-Loire is under no obligation to provide financing to the Company or to assist in obtaining or maintaining financing arrangements.

Following the significant reduction in demand in the domestic steel industry experienced in 1982, the Company initiated measures to improve operating results, including manpower reductions and the renegotiation of certain labor agreements. Additional labor negotiations are currently being held which may result in further reductions in the Company's labor costs. In addition, the Company announced in early 1983 the closing of its Formed Products operation (see Note 10). Notwithstanding these measures, achievement of sustained profitable operations is dependent upon increases in demand for the Company's products.

Asset Realization

The Board of Directors and Shareholders
UNC Resources, Inc.

We have examined the consolidated balance sheets of UNC Resources, Inc. and subsidiaries as of December 31, 1982 and 1981 and the related consolidated statements of earnings (loss), changes in shareholders' equity and changes in financial position for each of the periods ended December 31, 1982, December 31, 1981, and March 31, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed more fully in note 5 of the notes to the consolidated financial statements, the Company has investments of approximately $177,000,000 in uranium properties and related mill and equipment. Recovery of these investments is dependent on future economic events which, in our opinion, are not susceptible to reasonable estimation at this time.

In our opinion, subject to the effects on the 1982 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty discussed in the preceding paragraph been known, the aforementioned consolidated financial statements present fairly the financial position of UNC Resources, Inc. and subsidiaries at December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the periods ended December 31, 1982, December 31, 1981, and March 31, 1981, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Certified Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Uranium Activities

As a result of the decline in the uranium market and in an effort to conserve cash and preserve its ore bodies for future profitable operations, the Company suspended operations at its Church Rock mines and mill in the second quarter of 1982. The Company previously suspended mining operations at its Ambrosia Lake and St. Anthony's mines in 1981 and 1980, respectively. The Company's net investment in these assets and related equipment as of December 31, 1982, amounted to approximately $138,000,000.

These assets are currently being maintained in a standby condition in expectation that operations will resume at a later date. Costs and expenses of approximately $11,300,000 were incurred during 1982 in placing and maintaining these facilities in standby. Costs associated with maintaining the facilities will continue at a substantially reduced level.

The Company expects to reopen the mines and restart the mill when market conditions and prices for uranium make operations economically feasible. To restart the mill, the Company will be required to obtain approval of a mill tailings discharge plan, or permission to discharge tailings without an approved plan, from the New Mexico Environmental Improvement Division. Costs associated with obtaining approval and other start-up costs are undeterminable at this time.

The Company is also engaged in the exploration of various uranium properties. At December 31, 1982, the Company's investment in such properties amounted to approximately $39,000,000.

It is management's opinion that the Company's investments in its uranium properties will be recovered through future operations.

Unasserted Claim

To the Board of Directors
The Arundel Corporation

We have examined the consolidated balance sheets of The Arundel Corporation and subsidiaries as of December 31, 1982 and 1981, and the related statements of operations, changes in stockholders' equity and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the 1980 financial statements of certain construction joint ventures in which the Company had varying interests and which incurred net losses before income taxes of $1,580,000 in 1980. These statements were examined by other auditors whose reports thereon have been furnished to us and our opinion, expressed herein, as it relates to the amounts included for those joint ventures, is based solely upon the reports of the other auditors.

As described in Note K, the Company has been involved in a construction contract with Suffolk County, New York. Several disputes exist which relate to this project and management is not able to project whether any claims will be asserted against the Company. In 1980, the Company wrote off its investment in this joint venture.

In our opinion, based upon our examinations and the reports of other auditors referred to above and subject to the effects on the consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the matter referred to in the preceding paragraph been known, the consolidated financial statements referred to above present fairly the financial position of The Arundel Corporation and subsidiaries as of December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Accountants' Report.*

NOTES TO FINANCIAL STATEMENTS

Note K: Commitments and Contingencies

As previously reported, a joint venture in which the Company participated had entered into a construction contract with Suffolk County, New York. The County initially terminated this contract in April, 1979, despite the joint venture's claim that it was prevented from completing the work in a timely manner as a result of a number of conditions for which the County was responsible. At the request of the joint venture, the sureties for the joint venture had agreed with the County that the sureties were to complete the work utilizing the joint venture as the sub-contractor and agent for the performance of the work, and with a full reservation of the rights of the County, joint venture and sureties.

After the work was resumed, disputes arose with the County regarding various matters including the suitability of backfill material and the failure of the County to pay the sureties substantial sums of money due them. The County and the sureties were unable to resolve these disputes, and the sureties suspended all operations under the contract. In June 1980, the County again terminated the contract. Subsequent to this termination, although no agreement was reached with the County, the sureties, under protest and without prejudice to their claims against the County, resumed work under the contract. The managing partner of the joint venture is apparently performing work for the sureties, although the Company had advised the managing partner that it is not authorized to resume work under the contract on behalf of the joint venture, and that the Company deems any such resumption of work to be a breach of the joint venture agreement. Since the resumption of such work by the sureties, the Company has not been involved in the performance of the contract and has made no contributions to the joint venture. Presently, management is not able to determine whether any claims will be asserted against the Company as a result of this project.

The Company is involved in litigation arising out of the normal course of business. In the opinion of management and counsel, the outcome of such litigation is not likely to have a material adverse effect on the Company's financial position.

CHANGE IN ACCOUNTING PRINCIPLE

Section 546 of *Statement on Auditing Standards No. 1* states in part:

.01 When there is a change in accounting principle, the independent auditor should modify his opinion as to consistency, indicating the nature of the change. The auditor's concurrence with a change is implicit unless he takes exception to the change in expressing his opinion as to fair presentation of the financial statements in conformity with generally accepted accounting principles. Nevertheless, in order to be more informative the auditor should make his concurrence explicit (unless the change is the correction of an error) using the expression "with which we concur." The form of modification of the opinion depends on the method of accounting for the effect of the change, as explained in paragraphs .02 and .03.

02. If there has been a change in accounting principle which should be reported by restating the financial statements of prior years, the appropriate reference to consistency is that the statements are consistent after giving retroactive effect to the change . . .

The auditor's report need not refer to a change in accounting principle and restatement made in conformity with generally accepted accounting principles if the statements for the year of change are reported upon together with the financial statements for a year subsequent to the year of change.

03. If there has been a change in accounting principle which should be reported by means other than by restating the financial statements of prior years and the independent auditor is reporting only on the year during which the change was made, his report should state that accounting principles have been consistently applied except for the change . . .

If the independent auditor is reporting on two or more years when reporting on a subsequent year's financial statements, he should make appropriate reference to the change as long as the year of change is included in the years being reported upon . . .

If the year of change is the earliest year being reported upon, there is no inconsistency in the application of accounting principles during the period subsequent to the change. However, the auditor should make reference to the change having been made in such year when a cumulative effect adjustment is included in the income statement for the year of the change.

Table 6-5 shows the reasons for consistency qualifications. Of the 268 reasons, 85 are for changes made in years prior to 1982. Examples of auditors' opinions qualified as to consistency follow.

Foreign Currency Translation

To the Shareholders of
American Can Company:

We have examined the statement of financial position of American Can Company and Consolidated Subsidiaries as of December 31, 1982 and 1981, and the related statements of operations and earnings reinvested and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of American Can Company and Consolidated Subsidiaries at December 31, 1982 and 1981, and the results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles which have been consistently applied during the periods except for the change in 1981, with which we concur, in the method of accounting for foreign currency translation as described in Note 16 to the financial statements.—*Report of Independent Certified Public Accountants.*

NOTES TO FINANCIAL STATEMENTS

(In millions of dollars except per share amounts)

16. Foreign Currency Translation

During 1981, to more properly present current operating results, the Company adopted Financial Accounting Standards Board Statement No. 52 which revised existing accounting and reporting requirements for the translation of foreign currency financial statements. In accordance with this Statement, gains and losses resulting from translation are substantially eliminated from current operating results and reflected in a separate component of common shareholders' equity. As a result, 1981 net income was increased by approximately $11.8 ($.61 per share). The impact on 1980 net income was not material.

The Shareholders and the Board of Directors of
Blue Bell, Inc.:

We have examined the consolidated balance sheets of Blue Bell, Inc. and its subsidiaries as of September 30, 1982 and 1981 and the related statements of consolidated income and retained earnings and of changes in consolidated financial position for each of the three years in the period ended September 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as as we considered necessary in the circumstances.

In our opinion, such consolidated financial statements present fairly the financial position of the companies at September 30, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the three years in the period ended September 30, 1982, in conformity with generally accepted accounting principles consistently applied during the period except for the change in

1982, with which we concur, in the method of accounting for foreign currency translation as described in Note 10 to the consolidated financial statements—*Auditors' Opinion.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 (in part): Foreign Currency Translation

Effective October 1, 1981, the Company adopted the new statement of the Financial Accounting Standards Board for translating the financial statements of foreign entities into United States dollars; prior year financial statements were not restated. Under the new requirements, balance sheet accounts are generally translated from designated functional currencies into United States dollars at the current rate of exchange at year end, and income statement accounts are translated at average exchange rates for the year. Resulting translation adjustments and certain transaction adjustments are made directly to a separate component of shareholders' equity; other transaction adjustments continue to be reported in income. Under the accounting standards for 1981 and prior years, certain balance sheet accounts (principally inventories and property) and related income statement accounts were translated at historical exchange rates, and all translation adjustments were made directly to income.

To the Shareholders of
Briggs & Stratton Corporation:

We have examined the Consolidated Balance Sheets of BRIGGS & STRATTON CORPORATION (a Delaware corporation) and subsidiaries as of June 30, 1982 and 1981, and the Consolidated Statements of Income, Retained Earnings and Changes in Financial Position for each of the years in the three year period ended June 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Consolidated Financial Statements referred to above present fairly the financial position of Briggs & Stratton Corporation and subsidiaries as of June 30, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the years in the three year period ended June 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis, after restatement for the change (with which we concur) in the method of accounting for foreign currency translation as explained in Note 9 to the Consolidated Financial Statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9) Change in Accounting for Foreign Currency Translation:

In December, 1981 the Financial Accounting Standards Board issued Statement No. 52, "Foreign Currency Translation." Under that statement for certain foreign operations, all balance sheet accounts are translated at the current exchange rate and income accounts are translated at the average exchange rate for the year; resulting translation adjustments are made directly to a separate component of shareholders' investment. Certain other transaction adjustments continue to be reported in income. Previously, certain balance sheet accounts (principally inventory and plant and equipment) and related income statement items were translated at historical exchange rates, and all translation adjustments were made directly to income.

This new method of accounting was adopted by the Company retroactively for the fiscal year 1981 (no change was made to the 1980 fiscal year because of the immateriality of the amounts). As a result of applying the new method retroactively, fiscal 1981 net income has been reduced $1,618,000 ($.12 per share). This new method of accounting increased fiscal 1982 income $546,000 ($.04 per share). Adoption of Statement No. 52 also resulted in establishing a new cumulative translation adjustments account in the shareholders' investment, which showed changes for the years as follows:

	1982	1981
Balance at beginning of year	$ 500,000	$ —
Translation adjustment for the year	(762,000)	500,000
Balance at end of year	$(262,000)	$500,000

Board of Directors and Shareholders
Eaton Corporation, Cleveland, Ohio

We have examined the consolidated balance sheets of Eaton Corporation and subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of operations, shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Eaton Corporation and subsidiaries at December 31, 1982 and 1981, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982 in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, made as of January 1, 1981, in the method of accounting for foreign currency translation as described under "Accounting Change" in the Financial Review.—*Report of Independent Auditors.*

FINANCIAL REVIEW

Accounting Change

Effective January 1, 1981, the Company, through early adoption of Statement of Financial Accounting Standards No. 52, changed its method of accounting for foreign currency translation. The effect of the accounting change increased income from continuing operations for 1981 by $5.1 million ($.19 per Common Share) and decreased loss from discontinued operations by $7.2 million ($.26 per Common Share). The financial statements for 1980 have not been restated since the effect of the change was immaterial to the consolidated financial statements.

The Stockholders and the Board of Directors of
General Mills, Inc.:

We have examined the consolidated balance sheets of General Mills, Inc. and subsidiaries as of May 30, 1982 and May 31, 1981 and the related consolidated statements of income, retained earnings and changes in financial position for each of the years in the three-year period ended May 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of General Mills, Inc. and subsidiaries at May 30, 1982 and May 31, 1981 and the results of their operations and the changes in their financial position for each of the years in the three-year period ended May 30, 1982, in conformity with generally accepted accounting principles consistently applied during the period except for the change in 1982, with which we concur, in the method of accounting for foreign currency translation as described in note 2 to the consolidated financial statements.—*Accountants' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note Two: Foreign Currency Translation

The company changed its method of accounting for foreign currency translation in fiscal 1982 by adopting Statement No. 52 of the Financial Accounting Standards Board. Implementation of this new standard increased net earnings over earnings computed under the previous standard by $9.5 million (19 cents per share) for fiscal year 1982. Prior years have not been restated.

Statement No. 52 generally requires that foreign currency assets and liabilities be translated using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rates prevailing throughout the period. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are accumulated as part of the cumulative foreign currency adjustment in stockholders' equity. Gains and losses from foreign currency transactions are generally included in net earnings for the period.

A reconciliation of the cumulative foreign currency adjustment (in millions) follows:

Opening adjustment from translation of June 1, 1981 balance sheet	$11.1
Adjustments during 1982, net of applicable income taxes of $5.1 million	29.0
Balance at May 30, 1982	$40.1

Foreign currency gains and losses included in net earnings are immaterial for fiscal years 1982, 1981 and 1980.

The Board of Directors and Shareholders
General Signal Corporation:

We have examined the balance sheet of General Signal Corporation and consolidated subsidiaries as of December 31, 1982 and 1981 and the related statements of earnings, shareholders' equity and changes in financial position for each of the years in the three year period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of General Signal Corporation and consolidated subsidiaries at December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the years in the three year period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied during the period, except for the change, with which we concur, in the method of translating foreign currency financial statements as discussed in note 2 to the financial statements.—*Report of Independent Certified Public Accountants.*

NOTES TO FINANCIAL STATEMENTS

2. Foreign Currency Translation

Effective January 1, 1982, the company changed its method of translating foreign currency financial statements to comply with Statement of Financial Accounting Standards (SFAS) No. 52.

Under this method, all assets and liabilities of foreign subsidiaries in nonhyperinflationary economies are translated into U.S. dollars at rates of exchange in effect at the close of the period, and income and expenses of these subsidiaries are translated at the average rates of exchange during the period. The aggregate effect of translating the financial statements of foreign subsidiaries in nonhyperinflationary economies is included in a separate component of shareholders' equity entitled "cumulative translation adjustment." Charges to this account were as follows:

Aggregate adjustment as of January 1, 1982 resulting from the change in translation method	$ 4,344,000
Translation adjustments for 1982	11,609,000
Balance at December 31, 1982	$15,953,000

As permitted by SFAS No. 52, the financial statements of prior years have not been restated.

Prior to 1982, inventories and fixed assets of foreign subsidiaries were translated at historical rates of exchange, and other assets and liabilities of these subsidiaries were translated at end of period rates. Revenue and expense accounts were translated at the average rates of exchange during the period, except for depreciation and cost of sales which were translated at historical rates. Translation adjustments were charged or credited to income. In the second half of 1982 the company considered the Mexican economy to be hyperinflationary under the definitions of SFAS No. 52. As a result, for the second half of 1982, the method of translating the financial statements of the company's Mexican subsidiaries was similar to the method used prior to 1982; the corresponding effects of such translations were charged to income.

To the Board of Directors and Shareholders of
Safeway Stores, Incorporated:

We have examined the consolidated balance sheet of Safeway Stores, Incorporated and subsidiaries as of January 1, 1983, January 2, 1982 and January 3, 1981 and the related consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Safeway Stores, Incorporated and subsidiaries at January 1, 1983, January 2, 1982 and January 3, 1981 and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, in the method of accounting for foreign currency translation as described in Note B to the financial statements.—*Accountants' Report.*

NOTES TO FINANCIAL STATEMENTS

Note B–Change in Accounting for Foreign Currency Translation

In 1982, the company changed the method for accounting for translation of foreign currencies to conform with Statement of Financial Accounting Standards No. 52. Under this standard, most of the effects of exchange rate changes related to net assets located outside the United States, previously included in income, are now recorded in stockholders' equity. In addition, certain balance sheets accounts, primarily inventories and property, previously translated from foreign currencies into U.S. dollars at historical exchange rates, are now translated at year-end rates.

The consolidated financial statements and summaries were restated for prior years to reflect the new accounting method. Net income decreased by $6,272,000 (24 cents per share) for 1981 and increased by $9,770,000 (37 cents per share) for 1980 as a result of the restatement. The cumulative effect of the change in accounting increased retained earnings by $27,260,000 at year-end 1979.

"Cumulative translation adjustments" in stockholders' equity changed as follows as a result of translation adjustments (in thousands):

Balance, year-end 1979	$(45,448)
1980 adjustments	7
Balance, year-end 1980	(45,441)
1981 adjustments	(20,973)
Balance, year-end 1981	(66,414)
1982 adjustments	(29,628)
Balance, year-end 1982	$(96,042)

The aggregate net gains (losses) on foreign currency transations included in net income were $(2,399,000) in 1982, $(239,000) in 1981 and $968,000 in 1980.

The Board of Directors and Stockholders
Scholastic Inc.

We have examined the consolidated balance sheets of Scholastic Inc. at August 31, 1982 and 1981, and the related consolidated statements of income and retained earnings and changes in financial position for each of the three years in the period ended August 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Scholastic Inc. at August 31, 1982 and 1981, and the consolidated results of operations and changes in financial position for each of the three years in the period ended August 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis during the period, after restatement of the financial statements for each of the two years in the period ended August 31, 1981, to give retroactive effect to the changes, with which we concur, in the methods of accounting for compensated absences and foreign currency translation, as required by Financial Accounting Standards Nos. 43 and 52 as described in Note 2 to the financial statements.—*Report of Certified Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except shares and per share data)

2. Changes in Accounting Policies

Foreign Currency Translation

In accordance with Statement No. 52 of the Financial Accounting Standards Board, the company revised its method of accounting for the translation of foreign currency financial statements. Management has determined that the local currency of each foreign subsidiary is its appropriate functional currency. The consolidated statements for the two prior years have been restated to give effect to this change, as follows:

	Increase/(Decrease) 1981	1980
Effect on net income	$(1,205)	$167
Effect on retained earnings	$(1,038)	$167
Effect on earnings per share	$ (0.70)	$0.10

Under this new accounting principle, foreign currency balance sheet accounts are translated into U.S. dollar equivalents at the exchange rate in effect at the fiscal year-end, while foreign currency income statement accounts are translated at the average exchange rate prevailing during the year. The aggregate exchange gains or losses resulting from the translation of foreign currency balance sheet accounts are recorded as a separate element of stockholders' equity, identified as "Foreign currency translation adjustment," as follows:

	1982	1981
Balance—Beginning of year	$ (19)	$75
(Deduct)—Translation of foreign currency financial statements	(754)	(94)
Balance—End of year	$(773)	$(19)

Compensated Absences

In 1982, the company adopted the policy of accruing a liability for employees' vacation and sick-time benefits, in accordance with the requirements of Statement No. 43 of the Financial Accounting Standards Board. The consolidated financial statements for the two prior years have been restated, to fully comply with the requirements, as follows:

	Increase/(Decrease) 1981	1980
Effect on net income	$ (55)	$ (65)
Effect on retained earnings	$(627)	$(572)
Effect on earnings per share	$(0.03)	$(0.04)

Retained earnings at August 31, 1979, were reduced by $507 for the cumulative effect of this change on prior years.

Compensated Absences

To the Board of Directors and Shareholders of Fleetwood Enterprises, Inc.:

We have examined the consolidated balance sheets of FLEETWOOD ENTERPRISES, INC. (a Delaware corporation) and subsidiaries as of April 25, 1982, and April 26, 1981, and the related consolidated statements of operations, changes in shareholders' equity and changes in financial position for each of the three years in the period ended April 25, 1982. Our examinations were made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Fleetwood Enterprises, Inc. and subsidiaries as of April 25, 1982 and April 26, 1981, and the results of their operations and changes in their financial position for each of the three years in the period ended April 25, 1982, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change (with which we concur) in the method of accounting for vacation pay, as explained in Note 12 to the consolidated financial statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Change in Accounting Method for Vacation Pay

Beginning in 1982, and in compliance with Statement of Financial Accounting Standards No. 43, the Company changed its method of accounting for vacation pay. The cost of employee vacation benefits is now recognized in the period that vacations are earned, whereas in prior years such benefits were expensed as they were paid. The financial statements have been retroactively restated to reflect this change. The cumulative effect of this change on retained earnings at the beginning of fiscal year 1980 was $1,526,000 and the effect on net income previously reported for fiscal years 1981 and 1980 is summarized below:

(amounts in thousands except per share data)	1981	1980
Increase (decrease) in:		
Net income	$(202)	$439
Net income per share	$(.02)	$.04

The Board of Directors and Stockholders
International Multifoods Corporation:

We have examined the consolidated balance sheets of International Multifoods Corporation and subsidiaries as of February 28, 1982 and 1981 and the related consolidated statements of earnings, changes in common stockholders' equity and changes in financial position for each of the years in the three year period ended February 28, 1982. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of International Multifoods Corporation and subsidiaries at February 28, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the years in the three year period ended February 28, 1982, in conformity with generally accepted accounting principles applied on a consistent basis except for the change, with which we concur, in the method of accounting for foreign currency translation, and after restatement for the change, with which we concur, in the method of accounting for compensated absences, both as described on page 13.

FINANCIAL REVIEW

Accounting Changes:

The Company has adopted the provisions of Financial Accounting Standard No. 43, Accounting for Compensated Absences. The change was made retroactively and, accordingly, the financial statements for prior years have been restated. Net earnings for fiscal 1981 have been reduced by $368,000, or 4 cents per common share, and for fiscal 1980 have been reduced by $355,000, or 4 cents per common share.

The Company elected early adoption of Financial Accounting Standard No. 52, Foreign Currency Translation, which management feels more properly reflects results of operations. Under the new standard, net currency translation gains and losses arising from changes in exchange rates are presented as a separate component of stockholders' equity, except that translation gains or losses of affiliates operating in highly inflationary economies continue to be included in determining net earnings. Previously, all translation gains or losses were included in determining net earnings. Had the Company not effected this accounting change, fiscal 1982 net earnings would have been lower by $4.5 million, or 56 cents per common share.

LIFO Adopted

The Board of Directors
Anderson, Clayton & Co.:

We have examined the consolidated balance sheets of Anderson, Clayton & Co. and consolidated subsidiaries as of June 30, 1982 and 1981 and the related consolidated statements of income, retained earnings, additional paid-in capital and changes in financial position for each of the years in the three-year period ended June 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Anderson, Clayton & Co. and consolidated subsidiaries at June 30, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the years in the three-year period ended June 30, 1982, in conformity with generally accepted accounting principles consistently applied during the period, except for the change with which we concur, to the last-in-first-out (LIFO) method of valuing inventories of the Mexican subsidiaries as described in Note 4 to the consolidated financial statements.—*Accountants' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 (in part):

Revisions in the Mexican income tax laws allowed adoption of the LIFO method of inventory valuation by the Mexican subsidiaries as of June 30, 1981. The effect of the change was to reduce the inventories at June 30, 1982 by $17,714,000 and net income for the year ended June 30, 1982 by $9,087,000 ($5,385,000 and 43 cents per common share applicable to Parent Company). There is no cumulative effect of the change on prior periods since the June 30, 1981 inventory as previously reported is the opening inventory under the LIFO method.

Board of Directors and Shareholders
Archer Daniels Midland Company
Decatur, Illinois

We have examined the consolidated balance sheets of Archer Daniels Midland Company and subsidiaries as of June 30, 1982 and 1981, and the related consolidated statements of earnings, shareholders' equity and changes in financial position for each of the three years in the period ended June 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Archer Daniels Midland Company and its subsidiaries at June 30, 1982 and 1981, and the consolidated results of their operations and the changes in their financial position for each of the three years in the period ended June 30, 1982, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, with which we concur, made as of July 1, 1980, in the method of valuing certain inventories as described in Note 3 to the consolidated financial statements.—*Report of Independent Auditors.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3–Inventories

LIFO inventories (1982—$229,501,000; 1981—$227,675,000) have a FIFO cost in excess of the inventory basis used in the financial statements of $31,435,000 at June 30, 1982 and $61,772,000 at June 30, 1981. In addition, accounts payable include $10,033,000 in 1982 and $41,870,000 in 1981 for the cost in excess of LIFO basis of certain LIFO inventories which are expected to be replaced by December 31, the end of the reporting year for income tax purposes.

During the fiscal year ended June 30, 1982, the effect of commodity price decreases on LIFO inventory valuations increased net earnings by $31,000,000 or $.41 per share. In 1981 and 1980, the effect of commodity price increases on LIFO inventory valuations reduced net earnings by $.28 per share and $.17 per share, respectively.

In 1981 the Company changed its method of valuing soybean inventories from the adjusted market (FIFO) method to the LIFO method. The change was made because management believes that LIFO minimizes inventory profits in an inflationary period and provides a better matching of current costs with current revenues. The effect of this change was to decrease net earnings for 1981 by $10,600,000 or $.15 per share.

LIFO Discontinued

To the Stockholders and Board of Directors of
Keystone Consolidated Industries, Inc.:

We have examined the consolidated balance sheets of Keystone Consolidated Industries, Inc. as of June 30, 1982 and 1981, and the related consolidated statements of earnings and retained earnings and changes in financial position for the three years ended June 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Keystone Consolidated Industries, Inc. at June 30, 1982 and 1981, and the consolidated results of its operations and consolidated changes in its financial position for the three years ended June 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis, after restatement for the changes, with which we concur, in the methods of accounting for certain inventories and vacation pay described in Note B.—*Report of Independent Auditors.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. Accounting Changes

During the fourth quarter of fiscal 1982, the Company changed its method of valuing a wholly-owned domestic subsidiary's inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. The Company believes the FIFO method will result in a fairer presentation of the subsidiary's assets, which will facilitate future financing arrangements. Furthermore, because of reduced inventory levels and anticipated reductions in inventory unit costs, the FIFO method will result in a better matching of current costs with current revenues. The Company has retroactively restated its financial statements to reflect this change; the effect on the 1982 loss was not significant.

In fiscal 1982, the Company fully adopted the provisions of Statement 43 of the Financial Accounting Standards Board which sets forth the criteria for accounting for compensated absences. In addition to accruals previously made for such absences, the Company is accuring for nonvested vacation pay for hourly employees and all earned vacation pay for salaried employees. Accordingly, the Company has retroactively restated its financial statements to reflect this change.

The cumulative effect of these changes on retained earnings at July 1, 1979, was as follows:

	(In thousands)
Inventory valuation	$ 4,188
Vacation pay	(3,315)
Tax effect	(436)
	$ 437

The increase (decrease) in the loss and related per common share amounts for 1981 and 1980 was as follows:

	1981	1980
Loss (in thousands):		
Inventory valuation	$(1,190)	$(1,099)
Vacation pay	262	(159)
Tax effect	(1,065)	629
	$(1,993)	$ (629)
Per common share:		
Inventory valuation	$ (.63)	$(.58)
Vacation pay	.14	(.08)
Tax effect	(.57)	.33
	$(1.06)	$(.33)

LIFO Pools Realigned

The Board of Directors and Stockholders
Celanese Corporation:

We have examined the consolidated balance sheets of Celanese Corporation as of December 31, 1981 and 1982, and the related consolidated statements of income, changes in financial position and changes in retained income for each of the years in the three-year period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Celanese Corporation at December 31, 1981 and 1982, and the results of operations and changes in financial position for each of the years in the three-year period ended December 31, 1982, in conformity with generally accepted accounting principles. These accounting principles have been consistently applied during the period except for the changes in 1982, with which we concur, in accounting for inventories and pension costs as described under the caption "1982 Accounting changes" on page 20.—*Independent Accountants' Report.*

NOTES

(millions, except per share)

1982 Accounting Changes

Inventories—Effective January 1, 1982, the Corporation realigned its last-in, first-out (LIFO) inventory pools for financial statement purposes, to correspond to product groups rather than business segments, in order to provide a better measure of periodic net income. This change increased 1982 net income by 98 cents per share, or $15 million. Pro forma amounts for retroactive application or the cumulative effect of the change are not determinable.

Pensions—During 1982, for most U.S. plans, the Corporation changed its actuarial method used to determine pension cost from the entry age normal cost method to a modified unit credit method. This change will result in a better matching of funding to accumulated benefits by taking into consideration the excess of pension fund assets over accumulated benefits. The net effect of this change was to increase 1982 net income by 68 cents per share, or $11 million.

To the Stockholders of
Stauffer Chemical Company:

We have examined the consolidated balance sheets of Stauffer Chemical Company and subsidiaries as of December 31, 1982 and 1981 and the related statements of consolidated earnings, consolidated stockholders' equity and changes in consolidated financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such consolidated financial statements present fairly the financial position of Stauffer Chemical Company and subsidiaries at December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied during the period except for the change in 1982 in the method of accounting for inventories and the change in 1981 in the method of accounting for foreign currency translation; we concur with these changes, which are described in the notes to the financial statements.—*Auditors' Opinion.*

NOTES TO FINANCIAL STATEMENTS

Accounting Changes

During 1982 the Company realigned its LIFO inventory pools for financial reporting purposes to correspond to product class groups rather than divisional product groups. This change enables the Company to assign LIFO inventory costs to specific products or small groups of similar products, thereby achieving a better matching of costs and revenue. The change increased 1982 net earnings by $16,515,000 or $.375 per share. The cumulative effect of the accounting change on prior years is not determinable.

In 1981, the Company adopted the requirements of Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." Under this translation method, adjustments resulting from translating the financial statements of certain foreign subsidiaries and associated companies are recorded in a separate component of stockholders' equity. This change increased 1981 net earnings by $1,422,000 or $.03 per share.

Depreciation Method

Board of Directors and Shareholders
Raymark Corporation

We have examined the consolidated balance sheets of Raymark Corporation and Subsidiaries as of January 2, 1983 and December 27, 1981 and the related consolidated statements of operations, shareholders' equity and changes in financial position for each of the fiscal years in the three-year period ended January 2, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed further in Note I to the consolidated financial statements, the Company is a party to numerous lawsuits seeking substantial damages relating to exposure to airborne asbestos fibers. The ultimate liability resulting from these lawsuits cannot be reasonably estimated at the present times.

In our opinion, subject to the effects on the financial statements of such adjustments, if any, that might have been required had the outcome of the matter discussed in the prevous paragraph been known, the financial statements referred to above present fairly the consolidated financial position of Raymark Corporation and Subsidiaries at January 2, 1983 and December 27, 1981 and the consolidated results of their operations and changes in their financial position for each of the fiscal years in the three-year period ended January 2, 1983, in conformity with generally accepted accounting principles consistently applied during the periods except for the changes in 1981, with which we concur, in the methods of translating foreign currency financial statements and computing depreciation, as described in Note D to the consolidated financial statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(000's omitted, except share data)

Note D–Accounting Changes

In 1981, the Company, through early adoption of Statement of Financial Accounting Standards No. 52, changed its method of translating financial statements of foreign entities and of reporting gains and losses resulting from translation. In previous years, the Company followed the practice of recognizing translation gains or losses in the determination of net income for the period. As a result of adopting the Statement, net income for the fifty-two weeks ended December 27, 1981 was increased $386 or $.15 per share.

Additionally, in 1981, the Company adopted the straight-line method of depreciation for assets acquired after December 28, 1980, in order to conform to prevailing industry practice. Accelerated methods will continue to be used for assets acquired prior to that date. The effect of this change was to reduce 1981 depreciation by $441 and to increase 1981 net income by approximately $229 or $.09 per share.

To the Stockholders and Board of Directors of
Republic Steel Corporation

We have examined the consolidated balance sheets of Republic Steel Corporation and consolidated subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of operations, income retained and invested in the business and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Republic Steel Corporation and consolidated subsidiaries at December 31, 1982 and 1981, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in the method of computing provisions for depreciation for steelmaking machinery and equipment as described in Note C to the financial statements.—*Report of Independent Auditors.*

NOTES TO FINANCIAL STATEMENTS

Note C (in part): Properties, Plants and Equipment

Effective January 1, 1982, the Corporation, in order to provide a better matching of revenues and expenses, adopted an accounting method which modifies the amount of straightline depreciation for steelmaking machinery and equipment based upon the level of steel production. The cumulative effect of the adjustment for prior years was to reduce the 1982 net loss by $4,632,000 (net of income taxes of $4,000,000), or $.29 per share of common stock. The effect of the accounting change on 1982 was to reduce the loss before cumulative effect of accounting change by $30,595,000, or $1.89 per share of common stock. Including the cumulative effect, the 1982 net loss was reduced by $35,227,000, or $2.18 per share of common stock.

Full Cost Method Adopted

Board of Directors and Shareholders
Fluor Corporation

We have examined the consolidated balance sheet of Fluor Corporation at October 31, 1982 and 1981, and the related consolidated statements of earnings, shareholders' equity and changes in financial position for each of the three years in the period ended October 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In 1982 and 1981, certain assets and operations of St. Joe Minerals

Corporation, a consolidated subsidiary, were examined by other independent auditors; insofar as our opinion on the 1982 and 1981 consolidated financial statements relates to such assets and operations, which constituted 34% and 14% in 1982 and 34% and 4% in 1981 of consolidated assets and revenues respectively, it is based solely on their report.

In our opinion, based on our examinations and the report of the other independent auditors in 1982 and 1981, the consolidated financial statements present fairly the consolidated financial position of Fluor Corporation at October 31, 1982 and 1981, and the consolidated results of operations and changes in financial position for each of the three years in the period ended October 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis during the period after restatement of the consolidated financial statements for 1981 and 1980 to give retroactive effect to the change, with which we concur, in the method of accounting for oil and gas operations as described under Major Accounting Policies on page 34.—*Auditors' Opinion*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Major Accounting Policies (in part)

Exploration and Development

Oil and Gas—As a result of the merger with St. Joe Minerals Corporation on August 3, 1981, the company had been accounting for its oil and gas operations under both the successful efforts method and the full cost method while it evaluated the most appropriate method to use for its combined operations. Because of an increased emphasis on exploration as a means of increasing reserves, it is management's opinion that the full cost method of accounting will best reflect the results of the company's oil and gas operations. Accordingly, during the second quarter of fiscal 1982, the company conformed the accounting for all of its oil and gas operations to the full cost method. The change, with which the company's independent certified public accountants concur, has been applied retroactively. The effect on financial position and results of operations for the periods presented was immaterial.

Depreciation, depletion and amortization of oil and gas properties are provided on the unit-of-production method based upon proved reserves.

Sales Returns

To the Shareholders of
Chesebrough-Pond's Inc.

We have examined the consolidated balance sheets of Chesebrough-Pond's Inc. and subsidiaries at December 31, 1982, 1981 and 1980, and the related consolidated statements of income, shareholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Chesebrough-Pond's Inc. and subsidiaries at December 31, 1982, 1981 and 1980, and the consolidated results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period, after restatement of the financial statements for 1981 and 1980 to give retroactive effect to the change in the method of accounting for sales returns, and except for the change in 1982 in the method of accounting for foreign currency translation. We concur with both changes, which are more fully described in Note 2 to the consolidated financial statements.—*Report of Certified Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Accounting Changes

In 1982, the company changed its method of accounting for sales returns to comply with Statement of Financial Accounting Standards (SFAS) No. 48, "Revenue Recognition When Right of Return Exists." Financial statements for the first three quarters of 1982 and prior years have been restated to reflect this change, which resulted in a decrease in retained earnings as of January 1, 1980 of $11,765,000 net of $10,210,000 of income taxes. The effects of this change on net sales, income before provision for income taxes, net income and earnings per share were (in thousands, except per share data):

Increase (Decrease)	Net Sales	Income before Provision for Income Taxes	Net Income	Earnings Per Share
1982..........	$ 5,248	$ 4,559	$ 2,336	$ .07
1981..........	$(7,402)	$(4,690)	$(2,404)	$(.07)
1980..........	$(5,114)	$(4,508)	$(2,415)	$(.07)

Effective January 1, 1982, the company adopted SFAS No. 52, "Foreign Currency Translation," which changed the method of accounting for translation of foreign currency financial statements. Under the provisions of this statement, all assets and liabilities in the balance sheets of foreign subsidiaries whose functional currency is other than the U.S. dollar are translated at year-end exchange rates, and translation gains and losses are not included in determining net income but are accumulated in a separate component of shareholders' equity. For subsidiaries that are considered to be operating in highly inflationary countries, the U.S. dollar is the functional currency, and translation gains and losses are included in determining net income. In all cases, foreign currency transaction gains and losses are included in determining net income. Prior year financial statements have not been restated.

REPORTS ON COMPARATIVE FINANCIAL STATEMENTS

Statement on Auditing Standards No. 15 "provides guidance to an auditor reporting on financial statements of one or more prior periods that are presented on a comparative basis with financial statements of the current period." Examples illustrating various aspects of reporting on one or more prior periods follow.

Qualification as to Prior Years Financial Statements Removed

To the Board of Directors and Shareholders of
Fotomat Corporation

We have examined the consolidated balance sheets of Fotomat Corporation (a Delaware corporation) and subsidiaries as of January 31, 1983 and 1982, and the related consolidated statements of operations, shareholders' equity and changes in financial position for each of the three years in the period ended January 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our auditors' report dated April 2, 1982, our opinion on the January 31, 1982 consolidated financial statements was qualified as being subject to the effect of adjustments, if any, that might have been required had the ultimate outcome of various lawsuits involving franchisee claims been known. As explained in Note 8, a settlement agreement was entered into on April 29, 1983, resolving these franchisee claims and terminating the various lawsuits. The necessary adjustments resulting from this settlement agreement have been reflected in the consolidated financial statements in the current year, as required by generally accepted accounting principles. Accordingly, our present opinion on the January 31, 1982 consolidated financial statements, as presented herein, is different from that expressed in our previous report.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Fotomat Corporation and subsidiaries as of January 31, 1983 and 1982, and the results of their operations and the changes in their financial position for each of the three years in the period ended January 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Auditors' Report.*

NOTES TO FINANCIAL STATEMENTS

8 (in part): Litigation

The Company was a defendant in actions brought by certain franchisees to recover alleged overcharges on the purchase of film and processing services from the Company. The complaints also alleged certain violations of state antitrust laws and sought treble damages; single damage claims without consideration of claimed punitive damages approximated $25 million. On April 29, 1983, a settlement agreement was reached in substantially all of the previously unresolved cases pursuant to which all Fotomat stores still owned or held under lease by the plaintiff franchisees will be transferred to Fotomat. The Company will make payments to the plaintiff franchisees and their legal counsel of $1,521,300 in May 1983 and payments totalling $4,875,000 in future years (see Note 5). The settlement agreement also requires issuance to the franchisees, on August 1, 1983, of registered shares of the Company's common stock equal to a market value of $3,360,000. The Company may, at its option, pay $3,000,000 in cash in lieu of the issuance of stock. It is the Company's present intent to satisfy this requirement by the issuance of stock. The "Common stock to be issued for franchisee litigation settlement" is reflected in the accompanying consolidated balance sheet at January 31, 1983 at $2,800,000, after being reduced by the estimated registration costs of approximately $200,000.

To the Shareholders and Board of Directors of
Georgia-Pacific Corporation

We have examined the balance sheets of Georgia-Pacific Corporation (a Georgia corporation) and subsidiaries as of December 31, 1982 and 1981, and the related statements of income, common shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our report dated February 12, 1982, our opinion on the 1981 and 1980 financial statements was qualified as being subject to the effect of any adjustments that might have been required had the outcome of the plywood antitrust litigation been known. As explained in Note 10, on January 13, 1983, a written settlement agreement was executed, subject to court approval, to settle the litigation, and a provision for this settlement was recorded in 1982. Accordingly, our present opinion on the 1981 and 1980 financial statements, as presented herein, is different from that expressed in our previous report.

In our opinion, the financial statements referred to above present fairly the financial position of Georgia-Pacific Corporation and subsidiaries as of December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles, which, except for the change (with which we concur) in the method of accounting for investment tax credits described in Note 5, have been applied on a consistent basis.—*Independent Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts are in thousands)

Note 10 (in part): Litigation

As previously reported, in 1978 the corporation and two other defendants received an unfavorable jury verdict in a civil class action antitrust suit involving the sale and distribution of softwood plywood. On February 21, 1980, summary judgment was entered by the United States District Court for the Eastern District of Louisiana (the "District Court") awarding certain plaintiffs damages allegedly owing them pursuant to the jury verdict. The corporation appealed this judgment to the United States Court of Appeals for the Fifth Circuit which later affirmed the judgment in all respects. Subsequently, the corporation petitioned the Supreme Court of the United States to review the lower court's decision which petition was granted on May 17, 1982. On January 13, 1983, the corporation and the other two defendants executed a written settlement agreement pursuant to which plaintiffs will receive $165,000 over a period of time. The settlement agreement provides the corporation will pay $99,000 of which $18,000 was paid on January 28, 1983, $36,000 is payable on or before January 30, 1984, and $45,000 on or before January 30, 1985. This unusual and nonrecurring charge, including legal fees, in the amount of $56,000, net of a related tax benefit of $48,000, has been reflected as an extraordinary item in 1982. The agreement has received the preliminary approval of the District Court but the settlement is contingent upon: (i) a hearing (anticipated to occur prior to the summer of 1983) to provide, among other things, an opportunity for anyone desiring to object to the settlement to be heard; and (ii) final approval by the District Court and any reviewing court. The settlement agreement further provides that, pending final approval of the settlement, the parties will request a stay of the proceedings in this lawsuit in the Supreme Court.

The Shareholders
and Board of Directors
Purolator, Inc.:

We have examined the consolidated balance sheets of Purolator, Inc. and subsidiaries as of December 31, 1982 and 1981 and the related consolidated statements of earnings, shareholders' equity and changes in financial position for each of the years in the three year period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our report dated February 5, 1982, our opinion on the 1981 and 1980 consolidated financial statements was qualified subject to the effects of such adjustments, if any, as might have been required had the ultimate outcome of a Federal Grand Jury investigation of a segment of the courier-services industry been known. As more fully described in note 14, an extensive internal investigation of this matter has now been completed and management is of the opinion that the Grand Jury investigation will not have a material adverse effect on the Company's consolidated financial position. Accordingly, our present opinion on the 1981 and 1980 consolidated financial statements, as presented herein, is different from that expressed in our previous report in that it is no longer qualified.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Purolator, Inc. and subsidiaries at December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the years in the three year period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Accountants' Report.*

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

In November 1981, a wholly-owned subsidiary of Purolator was served with a subpoena to appear before a Grand Jury impanelled by the U.S. District Court for the Northern District of Georgia and to produce certain documents and records in connection with an investigation of possible violations of the antitrust laws in a segment of the courier services industry. Purolator's subsidiary complied with this subpoena during the first quarter of 1982.

An extensive internal investigation of this matter by Purolator and its outside counsel has now been completed. This internal investigation included interviews of over fifty present and former company personnel, an analysis of documents produced by Purolator's subsidiary pursuant to the subpoena, debriefing of various witnesses who appeared before the Grand Jury, consultation with independent counsel for such witnesses and conferences concerning the status of Purolator's subsidiary with the attorneys for the Antitrust Division of the Department of Justice who are conducting the Grand Jury investigation. Based upon the foregoing, and the conduct of the Grand Jury investigation to date, insofar as it is known to Purolator, management and outside counsel have concluded that Purolator's subsidiary is not a target of the Grand Jury investigation and the likelihood of Purolator's subsidiary being charged with a violation of the antitrust laws by the Grand Jury is remote. Accordingly, it is the opinion of management that the Grand Jury investigation will not have a material adverse effect on Purolator's consolidated financial position.

In addition, Purolator is involved in litigation, contractual disputes and administrative and legal proceedings and investigations of various types in several jurisdictions. While Purolator's liability, if any, with respect to such matters cannot be predicted at this time, it is the opinion of management that the outcome of any such matter, or all of them combined, will not have a material adverse effect on Purolator's consolidated financial position.

Change in Auditors

To the Shareholders of RCA Corporation

We have examined the statement of consolidated financial position of RCA Corporation as of December 31, 1982, and the related statements of consolidated earnings and reinvested earnings and of consolidated changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements for the years ended December 31, 1981 and 1980, were examined by other independent accountants whose report thereon dated February 12, 1982, was unqualified, except for the change in 1981, with which they concurred, in the method of accounting for foreign currency translation as described in Note 2. Their report was based in part on our opinion on the consolidated financial statements of C.I.T. Financial Corporation and Subsidiaries.

In our opinion, the 1982 consolidated financial statements referred to above present fairly the financial position of RCA Corporation as of December 31, 1982, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.—*Report of Independent Public Accountants.*

The Board of Directors
Triangle Industries, Inc.

We have examined the consolidated balance sheet of Triangle Industries, Inc. and subsidiaries as of December 31, 1982 and the related consolidated statements of income, shareholders' equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements of Triangle Industries, Inc. and subsidiaries for the years ended December 31, 1981 and 1980 were examined by other auditors whose report dated March 1, 1982 expressed an unqualified opinion on those statements.

In our opinion, the 1982 consolidated financial statements referred to above present fairly the financial position of Triangle Industries, Inc. and subsidiaries as of December 31, 1982, and the results of their operations and the changes in their financial position for the year ended December 31, 1982 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.—*Report of Certified Public Accountants.*

OPINIONS EXPRESSED ON SUPPLEMENTARY STATEMENTS OR SCHEDULES

Table 6-6 shows that occasionally the annual reports of the survey companies present either an auditors' report which expresses an opinion on both the basic financial statements of a company and supplementary statements or schedules, or an auditors' report which expresses an opinion on the basic financial statements and an auditors' report which expresses an opinion on supplementary statements or schedules. Examples of auditors' reports expressing opinions on financial statements or schedules other than the basic financial statements follow.

TABLE 6-6: OPINION EXPRESSED ON SUPPLEMENTARY STATEMENTS OR SCHEDULES

	Number of Companies			
	1982	1981	1980	1979
Financial statements of subsidiaries	10	13	15	20
Financial statements other than those of subsidiaries (pension trust fund, price level)	—	—	—	3
Historical summaries or five year summaries of operations	2	5	7	9
Other—financial highlights, pro forma data, etc.	4	3	4	4

Financial Statements of Subsidiary

Board of Directors and Shareholders
Fruehauf Corporation
Detroit, Michigan

We have examined the consolidated balance sheets of Fruehauf Corporation and consolidated subsidiaries as of December 31, 1982 and 1981, and the related statements of operations, changes in shareholders' equity, and changes in financial position for each of the three years in the period ended December 31, 1982. We have also examined the consolidated balance sheets of Fruehauf Finance Company and consolidated subsidiaries as of December 31, 1982 and 1981, and the related statements of net earnings and retained earnings and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Fruehauf Corporation and consolidated subsidiaries and the consolidated financial position of Fruehauf Finance Company and consolidated subsidiaries at December 31, 1982 and 1981, and the respective consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.—*Accountants' Report.*

SEC Supplemental Schedules

To the directors and shareowners of Great Northern Nekoosa Corporation:

We have examined balance sheets of Great Northern Nekoosa Corporation (a Maine corporation) and subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of income, reinvested earnings and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Great Northern Nekoosa Corporation and subsidiaries as of December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the index to financial statements are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and are not otherwise a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.—*Auditors' report.*

REPORT OF MANAGEMENT

In both 1982 and 1981, 295 survey companies—as compared to 260 in 1980, 191 in 1979, 110 in 1978 and 19 in 1977—include a Report of Management in their annual report to stockholders. Usually (73% in 1982) the companies present the Report of Management and Auditors' Report on the same or adjoining pages. Examples of management reports follow.

ALCO STANDARD CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Alco Standard is responsible for the preparation and presentation of the financial statements and related financial information included in this Annual Report. These statements have been prepared in conformity with generally accepted accounting principles consistently applied and have been examined by Ernst & Whinney, independent auditors, whose opinion is included herein. In the preparation of the financial information contained in the report, required estimates and judgments have been based on data available through the accounting and control systems of the company.

Management is also responsible for maintaining systems of internal accounting controls which are designed to provide reasonable assurance as to the integrity of the financial records and the protection of corporate assets. Although Alco Standard is diversified and operates on a decentralized basis, there are established written policies and procedures which are disseminated for the guidance of its groups and companies. High standards are emphasized in selecting and training personnel to insure the maintenance of effective internal controls and objective financial reporting.

Alco Standard supports an active program of internal auditing to monitor the proper functioning of its systems. The reports issued by the company's internal audit department, as well as comment letters from Ernst & Whinney, are transmitted regularly to the audit committee of the board of directors. The audit committee is composed of three directors who are not employed by the company and who meet periodically with Ernst & Whinney, the internal audit department and management to review audit scope, timing and results.

In addition to accounting control systems, Alco Standard's commitment to excellence and insistence on its attainment contribute further assurance that the company's operations are conducted in a manner consistent with applicable laws and with propriety and fair dealing in its relationships with employees, customers and suppliers.

BETHLEHEM STEEL CORPORATION

MANAGEMENT STATEMENT ON RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements of Bethlehem Steel Corporation have been prepared in accordance with generally accepted accounting principles. Management has the primary responsibility for the information contained in the financial statements and in other sections of the Annual Report to Stockholders. In preparing the financial statements, management must make estimates and judgments based upon available information. To facilitate this financial reporting, management has communicated to all appropriate employees the requirements for accurate records and accounting.

Bethlehem maintains a system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records. The system is subject to continuous review through a corporate-wide internal audit program with appropriate management follow-up action. Management recognizes the limits that are inherent in all systems of internal accounting control. Management believes, however, that through the careful selection of employees, the division of responsibilities and the application of formal policies and procedures, Bethlehem has an effective and responsive system of internal accounting controls.

Bethlehem's independent accountants, Price Waterhouse, are responsible for conducting an examination of Bethlehem's financial statements in accordance with generally accepted auditing standards and for expressing their opinion as to whether or not the consolidated financial statements present fairly the financial position, results of operations and changes in financial position of Bethlehem and its subsidiaries. In this process they evaluate Bethlehem's internal accounting control systems to establish the audit scope, test the accounting records and transactions and perform such other audit procedures as they deem appropriate. Their report on the consolidated financial statements appears below.

The Audit Committee of the Board of Directors is composed of seven non-employee directors who meet regularly with the independent accountants, internal auditors and management to discuss specific accounting, reporting and internal control matters. Both the independent accountants and the internal auditors have full and free access to the Audit Committee. Each year the Board of Directors selects the accounting firm to perform audit and related work for Bethlehem. That selection is subject to ratification by the stockholders of Bethlehem.

Management believes that the system of internal accounting controls, review procedures and established policies, including Bethlehem's Code of Business Conduct, provide reasonable assurances that (1) business activities are conducted in a manner consistent with Bethlehem's commitment to a high standard of business conduct, and (2) Bethlehem's financial accounting system contains the integrity and objectivity necessary to maintain accountability for assets and to prepare Bethlehem's financial statements in accordance with generally accepted accounting principles.

GIANT FOOD INC.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial and operating statements as well as other data included in this annual report and has primary responsibility for the integrity and objectivity of the financial information. The financial statements contained herein have been prepared in conformity with generally accepted accounting principles, applying certain estimates and judgments as required.

The Company maintains a system of internal accounting controls to provide reasonable assurance that the books and records reflect the authorized transactions of the Company. Limitations exist in any system of internal control based on the recognition that the cost of the system should not exceed the benefits derived. The Company believes its system of internal accounting controls, augmented by its internal auditing function, appropriately balances the cost/benefit relation.

The public accountants provide an independent objective assessment of the degree to which management meets its responsibility for fairness of financial reporting. They regularly evaluate the system of internal accounting control and perform such tests and other procedures as they deem necessary to reach and express an opinion on the fairness of the financial statements.

The Board of Directors pursues its responsibility for the Company's financial statements through its Audit Committee which is comprised solely of directors who are not officers or employees of the Company. The Audit Committee meets periodically with the independent public accountants, management and the internal auditors. The independent public accountants have direct access to the Audit Committee, with or without the presence of management representatives, to discuss the scope and results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

We believe that the policies and procedures provide reasonable assurance that our operations are conducted in conformity with the law and with a high standard of business conduct.

Chairman of the Board,
President and Chief Executive Officer

Senior Vice President Finance and Secretary

MANVILLE CORPORATION

MANAGEMENT'S REPORT

The accompanying consolidated financial statements have been prepared by Management in conformity with generally accepted accounting principles appropriate under the circumstances. The representations in the financial statements and the fairness and integrity of such statements are the responsibility of Management. All of the other financial information in the Annual Report to Shareholders is consistent with that in the financial statements.

The financial statements necessarily include some amounts that are based on Management's best estimates and judgments. Management believes that the financial statements reflect in all material respects the substance of transactions which should be included and appropriately account for or disclose all material uncertainties. Uncertainties exist concerning the eventual outcome of the Chapter 11 proceedings and the ultimate cost of asbestos-related litigation as described in Note 1 of the Notes to Consolidated Financial Statements. Changes, if any, in liabilities or equity structure required by a plan of reorganization would be recorded in accordance with generally accepted accounting principles.

The consolidated financial statements prepared by Management have been examined in accordance with generally accepted auditing standards by Coopers & Lybrand, Independent Certified Public Accountants, whose report is also presented.

Manville maintains internal accounting control systems to provide reliable financial information for the preparation of financial statements, to safeguard assets against loss or unauthorized use and to ensure proper authorization and accounting for all transactions. Management is responsible for maintenance of these systems, which is accomplished through communication of established written codes of conduct, systems, policies and procedures; employee training; and appropriate delegation of authority and segregation of responsibilities. To further ensure compliance with established standards and procedures, the Company maintains a substantial program of internal audits.

In establishing and maintaining its internal accounting control systems, Management considers the inherent limitations of the various control procedures and weighs their cost against the benefits derived. Management believes that existing internal accounting control systems are achieving their objectives and that they provide reasonable assurance concerning the accuracy of the financial statements.

Oversight of Management's financial reporting and internal accounting control responsibilities is exercised by the Board of Directors, through an Audit Committee which consists solely of outside directors. The Audit Committee meets periodically with financial management, internal auditors and the independent accountants to ensure that each is meeting its responsibilities and to discuss matters concerning auditing, internal accounting control and financial reporting. The independent accountants and the Company's internal audit department have free access to meet with the Audit Committee without Management's presence.

Chairman of the Board,
Chief Executive Officer and President

Senior Vice President,
Finance

SCHERING-PLOUGH CORPORATION

REPORT BY MANAGEMENT

The management of Schering-Plough Corporation is responsible for the integrity of all information and representations contained in the financial statements and related data included in this Annual Report. This information was prepared in accordance with generally accepted accounting principles and is believed by management to present fairly the Company's results of operations, financial position and changes in financial position.

Schering-Plough Corporation maintains, and management relies on, a system of internal accounting controls designed to provide reasonable assurance, at appropriate cost, that assets are safeguarded and transactions are executed in accordance with management's authorization. In establishing and maintaining this system, judgments and estimates are required to assess and balance the relative cost versus the expected benefit of a given control. Management recognizes that, even with these control procedures, errors or irregularities may nevertheless occur.

The Company's internal accounting control system is clearly documented and requires careful selection and training of supervisory and management personnel, appropriate segregation of responsibilities and delegation of authority. Formal policies and procedures are systematically disseminated throughout the Company.

Schering-Plough has an internal audit function which assists management in discharging its responsibilities. An internal audit staff, under the direction of the Staff Vice President—Corporate Audits, regularly performs audits using programs designed to test compliance with Company policies and procedures, and to verify the adequacy of internal accounting controls and other financial policies. The internal auditors also continually evaluate the effectiveness and accuracy of the financial reporting of the various operations and prepare recommendations for the improvement of policies and practices. Such recommendations are communicated in accordance with Company policy to the individuals responsible for implementation.

The Company's independent certified public accountants provide an objective examination of Schering-Plough's financial statements. They evaluate the Company's internal accounting controls and perform tests of procedures and accounting records to enable them to set forth their opinion as expressed on this page. The independent accountants also prepare recommendations for improving policies and practices. Such recommendations are communicated in accordance with Company policy to the individuals responsible for implementation.

The Finance and Audit Committee of the Board of Directors consists solely of nonemployee directors. The Committee meets periodically with management, the internal auditors and the independent certified public accountants to review auditing, financial reporting, internal accounting controls and other financial matters. Both the independent accountants and internal auditors have free access to the Committee, with and without the presence of management, to discuss the adequacy of Schering-Plough's internal accounting controls, the quality of financial reporting and other matters relating to their audits.

President and Chief Executive Officer

Senior Vice President—Finance

THE WILLIAMS COMPANIES

REPORT OF MANAGEMENT

Management is responsible for the information presented in this Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied. Certain estimated amounts are included in the financial statements, and these amounts are based on currently available information and management's judgment of current conditions and circumstances.

Management maintains internal accounting policies, procedures and controls designed to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. Management believes the company's accounting controls provide reasonable, but not absolute, assurance that errors or irregularities which could be material to the financial statements are prevented or will be detected within a timely period by employees in the normal course of performing their assigned functions. The concept of reasonable assurance may entail a determination whether the cost of controls might exceed the expected benefits. The company maintains an integral audit function responsible for evaluating the adequacy and application of financial and operating controls and for testing compliance with company policies and procedures.

Arthur Young & Company, independent public accountants, have rendered an independent professional opinion on the financial statements based upon an examination conducted in accordance with generally accepted auditing standards.

The audit committee of the Board of Directors consists of directors who are not employees of the company. Its responsibilities to the Board include recommending appointment of the independent accountants, review of the proposed scope of the independent accountants' annual audit plan and review and oversight of the internal audit function and the financial statements and reporting practices of the company. The audit committee meets periodically with management, internal auditors and independent accountants. The independent accountants and internal auditors have access to the committee and, without management present, opportunity to discuss the adequacy of internal accounting control and to review the quality of financial reporting.

Appendix of 600 Companies

List of 600 Companies on Which Tabulations are Based

(In this edition, companies have been assigned the same number as in the Thirty-sixth (1982) edition. Thirty-one companies in the 1982 edition have been eliminated and their numbers left unused. The companies selected as replacements have been assigned numbers 930 to 959, inclusive. Companies numbered out of alphabetical order are shown in *italics* and have been given an additional listing in alphabetical order.)

Co. No.		*Month in which fiscal year ends
	ACF Industries, Incorporated—see *3*	
	AEL Industries, Inc.—see *701*	
	AFG Industries, Inc.—see *40*	
	AM International, Inc.—see *6*	
	AMAX, Inc.—see *35*	
	AMETEK, Inc.—see *47*	
	AMF Incorporated—see *33*	
	AMP Incorporated and Pamcor, Inc.—see *49*	
	AMSTED Industries Incorporated—see *51*	
	ASARCO Incorporated—see *43*	
	AXIA Incorporated—see *95*	
1	Abbott Laboratories	12
3	*ACF Industries, Incorporated*	12
4	*American Stores Company*	1
	Acme-Cleveland Corporation—see *809*	
	Action Industries, Inc.—see *756*	
5	Adams-Millis Corporation	12
	Adams-Russell Co., Inc.—see *741*	
6	*AM International, Inc.*	7
8	Air Products and Chemicals, Inc.	9
	Albertson's, Inc.—see *603*	
	Alco Standard Corporation—see *771*	
	Allegheny Beverage Corporation—see *906*	
11	Allegheny International, Inc.	12
13	Allied Corporation	12
16	Allied Stores Corporation	1
17	Allis-Chalmers Corporation	12
	Alpha Industries, Inc.—see *889*	
18	Alpha Portland Industries, Inc.	12
19	Aluminum Company of America	12
21	Amerada Hess Corporation	12
23	American Bakeries Company	12
25	American Biltrite Inc.	12
	American Brands, Inc.—see *45*	
	American Broadcasting Companies, Inc.—see *810*	
	American Building Maintenance industries—see *605*	
26	American Can Company	12
28	American Cyanamid Company	12
	American Hoist & Derrick Company—see *930*	
31	American Home Products Corporation	12
32	American Hospital Supply Corporation	12
33	*AMF Incorporated*	12
34	American Maize-Products Company	12
35	*AMAX, Inc.*	12
36	American Motors Corporation	12
	American Petrofina, Incorporated—see *931*	
39	*American Standard Inc.*	12
40	*AFG Industries, Inc.*	12
42	The American Ship Building Company	9
43	*ASARCO Incorporated*	12
	American Standard inc.—see *39*	
	American Stores Company—see *4*	
44	*Amstar Corporation*	6
45	*American Brands, Inc.*	12
47	*AMETEK, Inc.*	12
	Ampco-Pittsburgh Corporation—see *486*	
49	*AMP Incorporated and Pamcor, Inc.*	12
	Amstar Corporation—see *44*	
51	*AMSTED Industries Incorporated*	9
	Anadite, Inc.—see *890*	
	Analogic Corporation—see *891*	
53	Anchor Hocking Corporation	12
55	Anderson, Clayton & Co.	6
56	Anheuser-Busch Companies, Inc.	12
58	Archer Daniels Midland Company	6
59	Arden Group, Inc.	12
	Armada Corporation—see *67*	
60	Armco	12
62	Armstrong World Industries, Inc.	12
64	The Arundel Corporation	12
65	Arvin Industries, Inc.	12
66	Ashland Oil, Inc.	9
67	*Armada Corporation*	12

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
68	Associated Dry Goods Corporation	1
	Astrosystems, Inc.—*see 932*	
69	Atlantic Richfield Company	12
	Avnet, Inc.—*see 854*	
72	Avon Products, Inc.	12
	Badger Meter, Inc.—*see 907*	
	Baird Corporation—*see 793*	
74	Baker International Corporation	9
	Bangor Punta Corporation—*see 855*	
75	The Barden Corporation	10
79	Bausch & Lomb Incorporated	12
	Baxter Travenol Laboratories, Inc.—*see 856*	
81	Beatrice Foods Co.	2
	Becton, Dickinson and Company—*see 857*	
	Beehive International—*see 811*	
84	*Squibb Corporation*	12
85	Belding Heminway Company, Inc.	12
86	Bell & Howell Company	12
87	Bemis Company, Inc.	12
88	The Bendix Corporation	9
89	Bethlehem Steel Corporation	12
	Bird & Son, Inc.—*see 92*	
91	The Black and Decker Manufacturing Company	9
92	*Bird & Son, Inc.*	12
95	*AXIA Incorporated*	12
96	Blue Bell, Inc.	9
	Bobbie Brooks, Incorporated—*see 611*	
97	The Boeing Company	12
	Boise Cascade Corporation—*see 612*	
100	Borden, Inc.	12
101	Borg-Warner Corporation	12
	Bowne & Co., Inc.—*see 718*	
	Brenco, Incorporated—*see 652*	
103	Briggs & Stratton Corporation	6
	Bristol Corporation—*see 742*	
105	Bristol-Myers Company	12
106	Brockway Inc. (NY)	12
107	Brown & Sharpe Manufacturing Company	12
108	Brown Group, Inc.	10
	Browning-Ferris Industries, Inc.—*see 795*	
109	Brunswick Corporation	12
	Buckbee-Mears Company—*see 653*	
110	Bucyrus-Erie Company	12
113	Burlington Industries Inc.	9
114	Burndy Corporation	12
115	Burroughs Corporation	12
	CBI Industries, Inc.—*see 654*	
	CBS Inc.—*see 152*	
	CPC International Inc.—*see 172*	
	Cabot Corporation—*see 859*	
	Cadence Industries Corporation—*see 572*	
	Caesars World, Inc.—*see 779*	
118	Campbell Soup Company	7
123	Carnation Company	12
	Castle & Cooke, Inc.—*see 780*	
126	Caterpillar Tractor Co.	12
127	Celanese Corporation	12
128	Central Soya Company, Inc.	8

Co. No.		*Month in which fiscal year ends
	Centronics Data Computer Corp.—*see 796*	
130	CertainTeed Corporation	12
131	The Cessna Aircraft Company	9
	Champion International Corporation—*see 566*	
133	Champion Spark Plug Company	12
	The Charter Company—*see 834*	
	Chesebrough-Pond's Inc.—*see 861*	
135	*Paxall, Inc.*	10
136	Chicago Pneumatic Tool Company	12
137	Chock Full o'Nuts Corporation	7
	Chromalloy American Corporation—*see 836*	
138	Chrysler Corporation	12
141	Clark Equipment Company	12
	Clarostat Mfg. Co., Inc.—*see 615*	
	Cleveland Calendering & Coating Corp.—*see 786*	
142	The Cleveland-Cliffs Iron Company	12
144	Cluett, Peabody & Co., Inc.	12
	The Coastal Corporation—*see 909*	
145	The Coca-Cola Company	12
146	Colgate-Palmolive Company	12
147	Collins & Aikman Corporation	2
151	Colt Industries Inc.	12
152	*CBS Inc.*	12
153	Combustion Engineering, Inc.	12
	Commercial Metals Company—*see 814*	
	Compugraphic Corporation—*see 798*	
	ConAgra, Inc.—*see 406*	
	Concord Fabrics Inc.—*see 892*	
	Cone Mills Corporation—*see 863*	
	Conroy, Inc.—*see 815*	
157	*North American Philips Corporation*	12
158	Consolidated Foods Corporation	6
160	Consolidated Packaging Corporation	12
163	The Continental Group, Inc.	12
167	Control Data Corporation	12
169	Cooper Industries, Inc.	12
170	Copperweld Corporation	12
171	Corning Glass Works	12
172	*CPC International Inc.*	12
173	Craddock-Terry Shoe Corporation	9
174	Crane Co.	12
175	Crown Central Petroleum Corporation	12
176	Crown Cork & Seal Company, Inc.	12
177	Crown Zellerbach	12
	Culbro Corporation—*see 245*	
180	Cummins Engine Company, Inc.	12
183	Curtiss-Wright Corporation	12
185	Cyclops Corporation	12
186	Dan River Inc.	12
	Dana Corporation—*see 656*	
	Dart & Kraft, Inc.—*see 467*	
187	Dayco Corporation	10
	Dayton Malleable Inc.—*see 837*	
188	Deere & Company	10
	Deluxe Check Printers, Incorporated—*see 933*	
189	Dennison Manufacturing Company	12
	Designcraft Jewel Industries, Inc.—*see 893*	

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	Diamond Shamrock Corporation—*see 658*	
	Digital Equipment Corporation—*see 838*	
195	Walt Disney Productions	9
	R. R. Donnelley & Sons Company—*see 864*	
	Dover Corporation—*see 910*	
197	The Dow Chemical Company	12
	Dow Jones & Company, Inc.—*see 934*	
	Doyle Dane Bernbach International Inc.—*see 616*	
198	Dravo Corporation	12
199	Dresser Industries, Inc.	10
	The Dun & Bradstreet Corporation—*see 784*	
202	E.I. du Pont de Nemours & Company	12
	Durr-Fillauer Medical, Inc.—*see 894*	
	Duplex Products Inc.—*see 800*	
	Dynamics Corporation of America—*see 785*	
204	Eagle-Picher Industries, Inc.	11
	Easco Corporation—*see 206*	
205	The Eastern Company	12
206	*Easco Corporation*	12
207	Eastman Kodak Company	12
208	Eaton Corporation	12
214	Emerson Electric Co.	9
	Emerson Radio Corp.—*see 895*	
215	Emhart Corporation	12
	Empire Incorporated—*see 721*	
	Engelhard Corporation—*see 659*	
	Erb Lumber Co.—*745*	
	Esmark, Inc.—*see 535*	
	Ethyl Corporation—*see 660*	
218	Evans Products Company	12
220	Ex-Cell-O Corporation	11
	Exxon Corporation—*see 518*	
	FMC Corporation—*see 231*	
222	Fairchild Industries, Inc.	12
225	Fedders Corporation	12
	The Federal Company—*see 935*	
	Federal-Mogul Corporation—*see 865*	
226	Federated Department Stores, Inc.	1
227	The Firestone Tire & Rubber Company	10
228	First National Supermarkets, Inc.	3
	Fleetwood Enterprises, Inc.—*see 866*	
	Fluor Corporation—*see 802*	
	John Fluke Mfg. Co., Inc.—*see 723*	
231	*FMC Corporation*	12
232	Foote Mineral Company	12
233	Ford Motor Company	12
	Foremost-McKesson, Inc.—*see 662*	
	Foster Wheeler Corporation—*see 840*	
	Fotomat Corporation—*see 841*	
235	Freeport-McMoRan Inc.	12
236	Fruehauf Corporation	12
239	GATX Corporation	12
240	GAF Corporation	12
	GTI Corporation—*see 911*	
	Gannett Co., Inc.—*see 912*	
	Gearhart Industries, Inc.—*see 758*	

Co. No.		*Month in which fiscal year ends
241	*General Host Corporation*	12
245	*Culbro Corporation*	12
246	General Dynamics Corporation	12
247	General Electric Company	12
248	General Foods Corporation	3
	General Host Corporation—*see 241*	
249	General Mills, Inc.	5
250	General Motors Corporation	12
252	General Refractories Company	12
253	General Signal Corporation	12
254	The General Tire & Rubber Company	11
255	Genesco Inc.	7
256	Georgia-Pacific Corporation	12
257	Gerber Products Company	3
	Getty Oil Company—*see 620*	
	Giant Food Inc.—*see 621*	
259	The Gillette Company	12
	Golden Enterprises, Inc.—*see 897*	
263	The BFGoodrich Company	12
264	The Goodyear Tire & Rubber Company	12
	Gould Inc.—*see 816*	
	W.R. Grace & Co.—*see 622*	
	Granger Associates—*see 623*	
267	Graniteville Company	12
269	The Great Atlantic & Pacific Tea Company, Inc.	2
	Great Northern Nekoosa Corporation—*see 867*	
	The Greyhound Corporation—*see 735*	
272	Grumman Corporation	12
	Guardian Industries Corp.—*see 898*	
273	Gulf Oil Corporation	12
	Gulf & Western Industries, Inc.—*see 624*	
	Gulf Resources & Chemical Corporation—*see 842*	
	Gulton Industries, Inc.—*see 788*	
	HMW Industries, Inc.—*see 276*	
	HON Industries Inc.—*see 726*	
274	Halliburton Company	12
276	*HMW Industries, Inc.*	1
	Hammermill Paper Company—*see 868*	
	Hampton Industries, Inc.—*see 703*	
	Handy & Harman—*see 913*	
278	Harnischfeger Corporation	10
279	Harris Corporation	6
280	Harsco Corporation	12
282	Hart Schaffner & Marx	11
284	Hazeltine Corporation	12
	Hecla Mining Company—*see 914*	
285	H. J. Heinz Company	4
286	Hercules Incorporated	12
287	Hershey Foods Corporation	12
	Heublein, Inc.—*see 789*	
288	Hewlett-Packard Company	10
	Hiller Aviation, Inc.—*see 899*	
292	Holly Sugar Corporation	3
	Homasote Company—*see 666*	
293	Honeywell Inc.	12
295	The Hoover Company	12
296	Geo. A. Hormel & Company	10
	Hughes Supply, Inc.—*see 915*	

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	Hughes Tool Company—*see 869*	
	Humana Inc.—*see 702*	
	Philip A. Hunt Chemical Corporation—*see 736*	
	Hurco Manufacturing Company, Inc.—*see 916*	
300	*Norton Simon Inc.*	6
	IC Industries, Inc.—*see 761*	
	ICOT Corporation—*see 821*	
	IPCO Corporation—*see 627*	
304	Ingersoll-Rand Company	12
305	Inland Steel Company	12
	Insilco Corporation—*see 313*	
307	Interco Incorporated	2
308	Interlake, Inc.	12
309	International Business Machines Corporation	12
310	International Harvester Company	10
311	International Minerals & Chemical Corporation	6
	International Multifoods Corporation—*see 667*	
312	International Paper Company	12
313	*Insilco Corporation*	12
	international Telephone and Telegraph Corporation—*see 668*	
314	Interstate Bakeries Corporation	5
	JLG Industries, Inc.—*see 936*	
	JWT Group, Inc.—*see 791*	
	James River Corporation of Virginia—*see 937*	
	Jewel Companies, Inc.—*see 671*	
316	*Jim Walter Corporation*	8
317	*Manville Corporation*	12
318	Johnson & Johnson	12
	Johnson Controls, Inc.—*see 870*	
	Johnson Products Co., Inc.—*see 817*	
320	Joslyn Mfg. and Supply Co.	12
321	Joy Manufacturing Company	9
	K mart Corporation—*see 331*	
322	Kaiser Aluminium & Chemical Corporation	12
	Kaiser Steel Corporation—*see 917*	
323	Kellogg Company	12
	Kerr-McGee Corporation—*see 843*	
	Kevlin Microwave Corporation—*see 938*	
327	Keystone Consolidated Industries, Inc.	6
328	Kidde, Inc.	12
329	Kimberly-Clark Corporation	12
	Kinder-Care Learning Centers, Inc.—*see 939*	
	Knape & Vogt Manufacturing Company—*see 762*	
	Knight-Ridder Newspapers, Inc.—*see 918*	
330	Koppers Company, Inc.	12
331	*K mart Corporation*	1
	Kroehler Mfg. Co.—*see 818*	
332	The Kroger Co.	12
333	Kuhlman Corporation	12
	The LTV Corporation—*see 628*	
	La Maur Inc.—*see 673*	
	LaBarge, Inc.—*see 704*	
334	Lear Siegler, Inc.	6

Co. No.		*Month in which fiscal year ends
	Lee Enterprises, Incorporated—*see 763*	
	Leggett & Platt, Incorporated—*see 919*	
	Lenox, Incorporated—*see 804*	
	Levi Strauss & Co.—*see 749*	
338	Libbey-Owens-Ford Company	12
341	Eli Lilly and Company	12
344	Litton Industries, Inc.	7
345	Lockheed Corporation	12
347	Lone Star Industries, Inc.	12
	Louisville Cement Company—*see 630*	
	M. Lowenstein Corporation—*see 900*	
	Lowe's Companies, Inc.—*see 706*	
	The Lubrizol Corporation—*see 871*	
	Lucky Stores, Inc.—*see 844*	
349	Lukens, Inc.	12
	Lynch Corporation—*see 751*	
	MAPCO Inc.—*see 920*	
	MCA Inc.—*see 364*	
	MEI Corporation—*see 940*	
	MGM/UA Entertainment Co.—*see 377*	
	Macmillan, Inc.—*see 872*	
352	R. H. Macy & Co., Inc.	7
	Malone & Hyde, Inc.—*see 675*	
	Manville Corporation—*see 317*	
	Marriott Corporation—*see 805*	
358	Martin Marietta Corporation	12
359	Masonite Corporation	8
	Mattel, Inc.—*see 873*	
361	The May Department Stores Company	1
363	The Maytag Company	12
364	*MCA Inc.*	12
366	McCormick & Company, Incorporated	11
	McDermott Incorporated—*see 632*	
	McDonald's Corporation—*see 820*	
367	McDonnell Douglas Corporation	12
368	McGraw-Edison Company	12
369	McGraw-Hill, Inc.	12
372	The Mead Corporation	12
	Medtronic, Inc.—*see 941*	
374	Melville Corporation	12
375	Merck & Co., Inc.	12
376	Meredith Corporation	6
	Met-Pro Corporation—*see 921*	
377	*MGM/UA Entertainment Co.*	8
378	Midland-Ross Corporation	12
	Herman Miller, Inc.—*see 766*	
	Miller Technology & Communications Corporation—*see 922*	
	Milton Roy Company—*see 737*	
380	Minnesota Mining and Manufacturing Company	12
381	Mirro Corporation	12
382	Mobil Corporation	12
383	Mohasco Corporation	12
384	The Mohawk Rubber Company	12
385	Monsanto Company	12
	Moore McCormack Resources, Inc.—*see 942*	
	Mosinee Paper Corporation—*see 752*	
389	Motorola, Inc.	12

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	Mott's Super Markets, Inc.—*see 678*	
392	Munsingwear, Inc.	12
393	G. C. Murphy Company	1
	Murphy Oil Corporation—*see 943*	
	The Murray Ohio Manufacturing Company—*see 806*	
	NCR Corporation—*see 395*	
	NL Industries, Inc.—*see 400*	
394	Nabisco, Brands, Inc.	12
	The Narda Microwave Corporation—*see 768*	
	National Can Corporation—*see 637*	
395	*NCR Corporation*	12
398	National Distillers and Chemical Corporation	12
399	National Gypsum Company	12
400	*NL Industries, Inc.*	12
401	National Presto Industries, Inc.	12
	National Semiconductor Corporation—*see 923*	
	National Service Industries, Inc.—*see 875*	
403	National Steel Corporation	12
406	*ConAgra, Inc.*	5
	A. C. Nielsen Company—*see 680*	
	Nortek, Inc.—*see 944*	
	The North American Coal Corporation—*see 945*	
	North American Philips Corporation—*see 157*	
413	*Rockwell International Corporation*	9
415	Northrop Corporation	12
	Northwest Industries, Inc.—*see 738*	
	Norton Company—*see 876*	
	Norton Simon Inc.—*see 300*	
	Oak Industries Inc.—*see 946*	
	Occidental Petroleum Corporation—*see 681*	
	Ogden Corporation—*see 639*	
	Ohio Ferro-Alloys Corporation—*see 682*	
416	Olin Corporation	12
419	Outboard Marine Corporation	9
	Owens-Corning Fiberglas Corporation—*see 847*	
420	Owens-Illinois, Inc.	12
	Oxford Industries, Inc.—*see 640*	
	PPG Industries, Inc.—*see 443*	
	Pabst Brewing Company—*see 877*	
	Paccar Inc.—*see 822*	
	Pall Corporation—*see 709*	
	Palm Beach Incorporated—*see 947*	
	Pantasote Inc.—*see 641*	
	Pantry Pride, Inc.—*see 618*	
423	Parker-Hannifin Corporation	6
424	The Parker Pen Company	2
	Paxall, Inc.—*see 135*	
	The Penn Central Corporation—*see 924*	
	The Penn Traffic Company—*see 683*	
427	J. C. Penney Company, Inc.	1
429	Pennwalt Corporation	12
	Pennzoil Company—*see 775*	
	Pentron Industries, Inc.—*see 848*	
430	Peoples Drug Stores, Incorporated	9
431	PepsiCo, Inc.	12

Co. No.		*Month in which fiscal year ends
	The Perkin-Elmer Corporation—*see 948*	
	Pettibone Corporation—*see 684*	
433	Pfizer Inc.	12
434	Phelps Dodge Corporation	12
436	Philip Morris Incorporated	12
437	Phillips Petroleum Company	12
438	Phoenix Steel Corporation	12
439	The Pillsbury Company	5
	Pioneer Hi-Bred International, Inc.—*see 823*	
441	Pitney-Bowes, Inc.	12
443	*PPG Industries, Inc.*	12
445	The Pittston Company	12
	Pneumo Corporation—*see 824*	
447	Polaroid Corporation	12
448	Portec, Inc.	12
	H. K. Porter Company, Inc.—*see 949*	
	Potlatch Corporation—*see 685*	
450	Pratt & Lambert, Inc.	12
	Pratt-Read Corporation—*see 713*	
	Premier Industrial Corporation—*see 825*	
451	The Procter & Gamble Company	6
453	Purolator, Inc.	12
454	The Quaker Oats Company	6
455	Quaker State Oil Refining Corporation	12
456	RCA Corporation	12
457	Ralston Purina Company	9
458	Ranco Incorporated	9
460	Raymark Corporation	12
462	Raytheon Company	12
	Reichhold Chemicals, Inc.—*see 879*	
465	Republic Steel Corporation	12
	Revlon, Inc.—*see 849*	
467	*Dart & Kraft, Inc.*	12
468	Rexnord Inc.	10
	R. J. Reynolds Industries, Inc.—*see 470*	
469	Reynolds Metals Company	12
470	*R. J. Reynolds Industries, Inc.*	12
472	Richardson-Vicks Inc.	6
	Rival Manufacturing Company—*see 827*	
474	*Sybron Corporation*	12
475	H. H. Robertson Company	12
	Rockwell International Corporation—*see 413*	
476	Rohm and Haas Company	12
	Rowe Furniture Corporation—*see 769*	
	Rubbermaid Incorporated—*see 901*	
	Russ Togs, Inc.—*see 687*	
	SCM Corporation—*see 483*	
	SCOA Industries Inc.—*see 496*	
	SPS Technologies, Inc.—*see 521*	
479	Safeway Stores, Incorporated	12
481	St. Regis Paper Company	12
483	*SCM Corporation*	6
	Schering-Plough Corporation—*see 882*	
	Schlumberger Limited—*see 776*	
	Scholastic Inc.—*see 950*	
	Scope Industries—*see 730*	
484	Scott Paper Company	12
485	Scovill Inc.	12

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
486	*Ampco-Pittsburgh Corporation*	12
488	G. D. Searle & Co.	12
489	Sears, Roebuck and Co.	12
	Service Corporation international—*see 828*	
	Seton Company—*see 688*	
494	Shell Oil Company	12
	Sheller-Globe Corporation—*see 925*	
495	The Sherwin-Williams Company	12
496	*SCOA Industries Inc.*	1
497	The Signal Companies, Inc.	12
	Simkins Industries, inc.—*see 689*	
	Simmonds Precision Products, Inc.—*see 951*	
500	Simplicity Pattern Co. Inc.	12
502	The Singer Company	12
504	A. O. Smith Corporation	12
	SmithKline Beckman Corporation—*see 884*	
505	Snap-on Tools Corporation	12
	The Southland Corporation—*see 850*	
509	Sparton Corporation	6
	Spencer Companies, Inc.—*see 691*	
510	Sperry Corporation	3
512	Square D Company	12
	Squibb Corporation—*see 84*	
513	A. E. Staley Manufacturing Company	9
	Stanadyne, Inc.—*see 522*	
	Standard Motor Products, Inc.—*see 645*	
516	Standard Oil Company of California	12
517	Standard Oil Company (Indiana)	12
518	*Exxon Corporation*	12
519	The Standard Oil Company *(an Ohio Corporation)*	12
521	*SPS Technologies, Inc.*	12
	The Standard Register Company—*see 712*	
522	*Stanadyne, Inc.*	12
	Standun Inc.—*see 926*	
	Stanhome Inc.—*see 692*	
	The Stanley Works—*see 885*	
524	The L. S. Starrett Company	6
	Stauffer Chemical Company—*see 851*	
	Steiger Tractor, Inc.—*see 952*	
	Sterling Drug Inc.—*see 693*	
525	J. P. Stevens & Co. Inc.	10
526	Stewart-Warner Corporation	12
527	Stokely-Van Camp, Inc.	5
528	Stone Container Corporation	12
	The Stop & Shop Companies, Inc.—*see 953*	
530	Sun Chemical Corporation	12
	Sun Company, Inc.—*see 532*	
531	Sunstrand Corporation	12
532	*Sun Company, Inc.*	12
	Super Valu Stores, Inc.—*see 902*	
534	The Superior Oil Company	12
	Supermarkets General Corporation—*see 646*	
	Supreme Equipment & Systems Corp.—*see 830*	
535	*Esmark, Inc.*	10
	Swift Independent Corporation—*see 954*	

Co. No.		*Month in which fiscal year ends
	Sybron Corporation—*see 474*	
	Syntex Corporation—*see 955*	
	TRW Inc.—*see 548*	
	Talley Industries, Inc.—*see 903*	
537	Tecumseh Products Company	12
	Teledyne, Inc.—*see 695*	
	Temtex Industries, Inc.—*see 831*	
	Tenneco Inc.—*see 647*	
538	Texaco Inc.	12
540	Texas Instruments Incorporated	12
541	Textron Inc.	12
543	Time Incorporated	12
	The Times Mirror Company—*see 852*	
544	The Timken Company	12
	Tonka Corporation—*see 956*	
	Tosco Corporation—*see 927*	
547	Triangle Industries, Inc.	12
	Triangle Pacific Corp.—*see 648*	
548	*TRW Inc.*	12
	Tyson Foods, Inc.—*see 740*	
	U and I Incorporated—*see 575*	
550	UMC Industries, Inc.	12
	UNC Resources, inc.—*see 792*	
	Unifi, Inc.—*see 770*	
551	Union Camp Corporation	12
552	Union Carbide Corporation	12
553	Union Oil Company of California	12
	Union Pacific Corporation—*see 928*	
	Uniroyal, Inc.—*see 567*	
555	*United Technologies Corporation*	12
	United Brands Company—*see 601*	
	United Foods, Inc.—*see 649*	
560	United Merchants and Manufacturers, Inc.	6
564	United States Gypsum Company	12
565	U.S. Industries, Inc.	12
566	*Champion International Corporation*	12
567	*Uniroyal, Inc.*	12
568	The United States Shoe Corporation	1
570	United States Steel Corporation	12
571	United States Tobacco Company	12
572	*Cadence Industries Corporation*	12
	United Technologies Corporation—*see 555*	
574	Universal Leaf Tobacco Company, Incorporated	6
575	*U and I Incorporated*	2
	Universal Voltronics Corp.—*see 957*	
	The Upjohn Company—*see 853*	
	VF Corporation—*see 929*	
576	Varian Associates, Inc.	9
578	The Vendo Company	12
	Vulcan Materials Company—*see 887*	
	Walbro Corporation—*see 904*	
580	Walgreen Co.	8
	Jim Walter Corporation—*see 316*	
	Warner Communications Inc.—*see 728*	
584	Warner-Lambert Company	12
	Waste Management, Inc.—*see 832*	
	West Chemical Products, Inc—*see 958*	
586	*Westinghouse Electric Corporation*	12
587	West Point-Pepperell, Inc.	8

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	Westinghouse Electric Corporation—see 586	
588	Westvaco Corporation	10
589	Weyerhaeuser Company	12
590	Wheeling-Pittsburgh Steel Corporation	12
	Whirlpool Corporation—see 650	
	White Consolidated Industries, Inc.—see 698	
	Whittaker Corporation—see 699	
	Willamette Industries, Inc.—see 905	
	The Williams Companies—see 833	
	Wilson Foods Corporation—see 959	
	Winn-Dixie Stores, Inc.—see 714	
	Winnebago Industries, Inc.—see 715	
594	F. W. Woolworth Co.	1
596	Wm. Wrigley Jr. Company	12
597	The Wurlitzer Company	3
598	Xerox Corporation	12
600	Zenith Radio Corporation	12

ADDED FOR 1968 EDITION

601	*United Brands Company*	6
603	*Albertson's, Inc.*	1
605	*American Building Maintenance Industries*	10
611	*Bobbie Brooks, Incorporated*	4
612	*Boise Cascade Corporation*	12
615	*Clarostat Mfg. Co., Inc.*	12
616	*Doyle Dane Bernbach International Inc.*	12
618	*Pantry Pride, Inc.*	7
620	*Getty Oil Company*	12
621	*Giant Food Inc.*	2
622	*W. R. Grace & Co.*	12
623	*Granger Associates*	8
624	*Gulf & Western Industries, Inc.*	7
627	*IPCO Corporation*	6
628	*The LTV Corporation*	12
630	*Louisville Cement Company*	12
632	*McDermott Incorporated*	3
637	*National Can Corporation*	12
639	*Ogden Corporation*	12
640	*Oxford Industries, Inc.*	5
641	*Pantasote Inc.*	12
645	*Standard Motor Products, Inc.*	12
646	*Supermarkets General Corporation*	1
647	*Tenneco Inc.*	12
648	*Triangle Pacific Corp.*	12
649	*United Foods, Inc.*	2
650	*Whirlpool Corporation*	12

ADDED FOR 1969 EDITION

652	*Brenco, Incorporated*	12
653	*Buckbee-Mears Company*	12
654	*CBI Industries, Inc.*	12
656	*Dana Corporation*	12
658	*Diamond Shamrock Corporation*	12
659	*Engelhard Corporation*	12
660	*Ethyl Corporation*	12
662	*Foremost-McKesson, Inc.*	3

Co. No.		*Month in which fiscal year ends
666	*Homasote Company*	12
667	*International Multifoods Corporation*	2
668	*International Telephone and Telegraph Corporation*	12
671	*Jewel Companies, Inc.*	1
673	*La Maur Inc.*	12
675	*Malone & Hyde, Inc.*	6
678	*Mott's Super Markets, Inc.*	12
680	*A. C. Nielsen Company*	8
681	*Occidental Petroleum Corporation*	12
682	*Ohio Ferro-Alloys Corporation*	12
683	*The Penn Traffic Company*	1
684	*Pettibone Corporation*	3
685	*Potlatch Corporation*	12
687	*Russ Togs, Inc.*	1
688	*Seton Company*	12
689	*Simkins Industries, Inc.*	9
691	*Spencer Companies, Inc.*	5
692	*Stanhome Inc.*	12
693	*Sterling Drug Inc.*	12
695	*Teledyne, Inc.*	12
698	*White Consolidated Industries, Inc.*	12
699	*Whittaker Corporation*	10

ADDED FOR 1970 EDITION

701	*AEL Industries, Inc.*	2
702	*Humana Inc.*	8
703	*Hampton Industries, Inc.*	12
704	*LaBarge, Inc.*	12
706	*Lowe's Companies, Inc.*	1
709	*Pall Corporation*	7
712	*The Standard Register Company*	12
713	*Pratt-Read Corporation*	6
714	*Winn-Dixie Stores, Inc.*	6
715	*Winnebago Industries, Inc.*	8

ADDED FOR 1971 EDITION

718	*Bowne & Co., Inc.*	10
721	*Empire Incorporated*	6
723	*John Fluke Mfg. Co., Inc.*	9
726	*HON Industries Inc.*	12
728	*Warner Communications Inc.*	12
730	*Scope Industries*	6

ADDED FOR 1972 EDITION

735	*The Greyhound Corporation*	12
736	*Philip A. Hunt Chemical Corporation*	12
737	*Milton Roy Company*	12
738	*Northwest Industries, Inc.*	12
740	*Tyson Foods, Inc.*	9

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
ADDED FOR 1973 EDITION		
741	*Adams-Russell Co., Inc.*	9
742	*Bristol Corporation*	12
745	*Erb Lumber Co.*	12
749	*Levi Strauss & Co.*	11
751	*Lynch Corporation*	12
752	*Mosinee Paper Corporation*	12
ADDED FOR 1974 EDITION		
756	*Action Industries, Inc.*	6
758	*Gearhart Industries, Inc.*	1
761	*IC Industries, Inc.*	12
762	*Knape & Vogt Manufacturing Company*	6
763	*Lee Enterprises, Incorporated*	9
766	*Herman Miller, Inc.*	5
768	*The Narda Microwave Corporation*	6
769	*Rowe Furniture Corporation*	11
770	*Unifi, Inc.*	6
ADDED FOR 1975 EDITION		
771	*Alco Standard Corporation*	9
775	*Pennzoil Company*	12
776	*Schlumberger Limited*	12
ADDED FOR 1976 EDITION		
779	*Caesars World, Inc.*	7
780	*Castle & Cooke, Inc.*	6
784	*The Dun & Bradstreet Corporation*	12
785	*Dynamics Corporation of America*	12
786	*Cleveland Calendering & Coating Corp.*	4
788	*Gulton Industries, Inc.*	2
789	*Heublein, Inc.*	6
791	*JWT Group, Inc.*	12
792	*UNC Resources, Inc.*	12
ADDED FOR 1977 EDITION		
793	*Baird Corporation*	9
795	*Browning-Ferris Industries, Inc.*	9
796	*Centronics Data Computer Corp.*	6
798	*Compugraphic Corporation*	9
800	*Duplex Products Inc.*	10
802	*Fluor Corporation*	10
804	*Lenox, Incorporated*	12
805	*Marriott Corporation*	12
806	*The Murray Ohio Manufacturing Company*	12
ADDED FOR 1978 EDITION		
809	*Acme-Cleveland Corporation*	9
810	*American Broadcasting Companies, Inc.*	12
811	*Beehive International*	9
814	*Commercial Metals Company*	8
815	*Conroy, Inc.*	8
816	*Gould Inc.*	12
817	*Johnson Products Co., Inc.*	8
818	*Kroehler Mfg. Co.*	12
820	*McDonald's Corporation*	12
821	*ICOT Corporation*	7
822	*Paccar Inc.*	12
823	*Pioneer Hi-Bred International, Inc.*	8
824	*Pneumo Corporation*	11
825	*Premier Industrial Corporation*	5
827	*Rival Manufacturing Company*	12
828	*Service Corporation International*	4
830	*Supreme Equipment & Systems Corp.*	7
831	*Temtex Industries, Inc.*	8
832	*Waste Management, Inc.*	12
833	*The Williams Companies*	12
ADDED FOR 1979 EDITION		
834	*The Charter Company*	12
836	*Chromalloy American Corporation*	12
837	*Dayton Malleable Inc.*	8
838	*Digital Equipment Corporation*	6
840	*Foster Wheeler Corporation*	12
841	*Fotomat Corporation*	1
842	*Gulf Resources & Chemical Corporation*	12
843	*Kerr-McGee Corporation*	12
844	*Lucky Stores, Inc.*	1
847	*Owens-Corning Fiberglas Corporation*	12
848	*Pentron Industries, Inc.*	6
849	*Revlon, Inc.*	12
850	*The Southland Corporation*	12
851	*Stauffer Chemical Company*	12
852	*The Times Mirror Company*	12
853	*The Upjohn Company*	12
ADDED FOR 1980 EDITION		
854	*Avnet, Inc.*	6
855	*Bangor Punta Corporation*	9
856	*Baxter Travenol Laboratories, Inc.*	12
857	*Becton, Dickinson and Company*	9
859	*Cabot Corporation*	9
861	*Chesebrough-Pond's Inc.*	12
863	*Cone Mills Corporation*	12
864	*R. R. Donnelley & Sons Company*	12
865	*Federal-Mogul Corporation*	12
866	*Fleetwood Enterprises, Inc.*	4
867	*Great Northern Nekoosa Corporation*	12
868	*Hammermill Paper Company*	12
869	*Hughes Tool Company*	12
870	*Johnson Controls, Inc.*	9
871	*The Lubrizol Corporation*	12
872	*Macmillan, Inc.*	12
873	*Mattel, Inc.*	1
875	*National Service Industries, Inc.*	8
876	*Norton Company*	12
877	*Pabst Brewing Company*	12
879	*Reichhold Chemicals, Inc.*	12
882	*Schering-Plough Corporation*	12
884	*SmithKline Beckman Corporation*	12
885	*The Stanley Works*	12
887	*Vulcan Materials Company*	12

*Months numbered in sequence, January through December

ADDED FOR 1981 EDITION

Co. No.		*Month in which fiscal year ends
889	Alpha Industries, Inc.	3
890	Anadite, Inc.	10
891	Analogic Corporation	7
892	Concord Fabrics Inc.	8
893	Designcraft Jewel Industries, Inc.	2
894	Durr-Fillauer Medical, Inc.	12
895	Emerson Radio Corp.	3
897	Golden Enterprises, Inc.	5
898	Guardian Industries Corp.	12
899	Hiller Aviation, Inc.	8
900	M. Lowenstein Corporation	12
901	Rubbermaid Incorporated	12
902	Super Valu Stores, Inc.	2
903	Talley Industries, Inc.	3
904	Walbro Corporation	12
905	Willamette Industries, Inc.	12

ADDED FOR 1982 EDITION

Co. No.		*Month in which fiscal year ends
906	Allegheny Beverage Corporation	12
907	Badger Meter, Inc.	12
909	The Coastal Corporation	12
910	Dover Corporation	12
911	GTI Corporation	12
912	Gannett Co., Inc.	12
913	Handy & Harman	12
914	Hecla Mining Company	12
915	Hughes Supply, Inc.	1
916	Hurco Manufacturing Company, Inc.	10
917	Kaiser Steel Corporation	12
918	Knight-Ridder Newspapers, Inc.	12
919	Leggett & Platt, Incorporated	12
920	MAPCO Inc.	12
921	Met-Pro Corporation	1
922	Miller Technology & Communications Corporation	9
923	National Semiconductor Corporation	5
924	The Penn Central Corporation	12
925	Sheller-Globe Corporation	9
926	Standun Inc.	11
927	Tosco Corporation	12
928	Union Pacific Corporation	12
929	VF Corporation	12

ADDED FOR 1983 EDITION

Co. No.		*Month in which fiscal year ends
930	American Hoist & Derrick Company	11
931	American Petrofina, Incorporated	12
932	Astrosystems, Inc.	8
933	Deluxe Check Printers, Incorporated	12
934	Dow Jones & Company, Inc.	12
935	The Federal Company	5
936	JLG Industries, Inc.	7
937	James River Corporation of Virginia	4
938	Kevlin Microwave Corporation	5
939	Kinder-Care Learning Centers, Inc.	8
940	MEI Corporation	12
941	Medtronic, Inc.	4
942	Moore McCormack Resources, Inc.	12
943	Murphy Oil Corporation	12
944	Nortek, Inc.	12
945	The North American Coal Corporation	12
946	Oak Industries Inc.	12
947	Palm Beach Incorporated	12
948	The Perkin-Elmer Corporation	7
949	H. K. Porter Company, Inc.	12
950	Scholastic Inc.	8
951	Simmonds Precision Products, Inc.	12
952	Steiger Tractor, Inc.	9
953	The Stop & Shop Companies, Inc.	1
954	Swift Independent Corporation	10
955	Syntex Corporation	7
956	Tonka Corporation	12
957	Universal Voltronics Corp.	6
958	West Chemical Products, Inc.	11
959	Wilson Foods Corporation	7

*Months numbered in sequence, January through December

Companies Included in Thirty-sixth Edition Not Included in this Edition of the Survey

20 The Amalgamated Sugar Company
29 Amdisco Corporation
30 Akzona Incorporated
41 American Seating Company
80 Bayuk Cigars Incorporated
139 Cities Service Company
191 Diamond International Corporation
224 Fansteel, Inc.
258 Giddings & Lewis, Inc.
355 Marathon Oil Company
357 Marshall Field & Company
390 Mount Vernon Mills, Inc.
498 Signode Corporation
674 Leslie Fay Inc.
677 Morse Electro Products Corp.
710 Reeves Brothers, Inc.
711 Sav-A-Stop Incorporated
797 CMI Corporation
799 Dentsply International Inc.
808 Seligman & Latz, Inc.
813 Coleco Industries, Inc.
835 Chemineer, Inc.
845 MetPath Inc.
860 Campbell Taggart, Inc.
862 Columbia Pictures Industries, Inc.
878 Purex Industries, Inc.
880 Revere Copper and Brass Incorporated
883 Jos. Schlitz Brewing Company
886 Sunbeam Corporation
888 Wheelabrator-Frye Inc.
908 Chemplast, Inc.

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