1984

Accounting trends and techniques, 38th annual survey, 1984 edition

American Institute of Certified Public Accountants

1984 Accounting Trends & Techniques AICPA

Thirty-Eighth Edition **1984**

Accounting Trends & Techniques

Annual Survey of Accounting Practices Followed in 600 Stockholders' Reports

AICPA
American Institute of Certified Public Accountants

Thirty-Eighth Edition **1984**

Accounting Trends & Techniques

Thirty-eighth 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 2, 1984.

Edited by:

Jack Shohet, CPA
Technical Manager
Technical Information Division

Richard Rikert
Coordinator, Editorial

1211 Avenue of the Americas, New York, N.Y. 10036-8775

Library of Congress Catalog Card Number: 48-2517

PREFACE

Accounting Trends & Techniques—1984, Thirty-eighth 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 25, 1983 and February 2, 1984.

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. 307 of the companies were listed in the twenty-first (1967) edition and each retained the number assigned in that edition. The other 293 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 979 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 Matthew Calderisi, CPA; J. Richard Chaplin, CPA; Gregory Frydman, CPA; William A. Godla, CPA; Toni Monier, CPA; Joseph M. Nestor, CPA; John G. Pate, Jr., CPA; and Anthony Tarallo, CPA for their assistance in the analysis of the financial reports and preparation of the manuscript.

George Dick, Director, Technical Information Division
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Trends (212) 575-6394
NAARS (212) 575-6393
Order Department (212) 575-6426

Table of Contents

Section 1: General

Section 2: Balance Sheet

Section 3: Income Statement

Section 4: Stockholders' Equity

Section 5: Statement of Changes in Financial Position

Section 6: Auditors' Report

Section 1: General

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 presents 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 1-1: INDUSTRY CLASSIFICATIONS

	1983	1982	1981	1980
Foods:				
Meat products	8	8	5	9
Dairy Products	5	4	4	4
Canning, etc.	5	6	6	6
Packaged and bulk	18	18	18	18
Baking	3	3	4	4
Sugar, confections, etc.	5	5	6	6
Beverages	6	6	6	7
Tobacco products	5	5	6	6
Textiles	25	26	29	29
Paper products	18	17	17	18
Printing, publishing	15	14	11	9
Chemicals	26	26	25	25
Drugs, cosmetics, etc.	27	27	28	29
Petroleum	31	29	29	26
Rubber products, etc.	8	9	9	9
Shoes—manufacturing, merchandising, etc.	7	7	7	7
Building:				
Cement	3	3	2	3
Roofing, wallboard	11	11	11	11
Heating, plumbing	4	4	4	5
Other	17	18	17	17
Steel and Iron	16	18	18	19
Metal—nonferrous	16	16	15	18
Metal fabricating	18	20	21	21
Machinery, equipment and supplies	39	37	38	36
Electrical equipment, appliances	19	18	19	19
Electrical, electronic equipment	29	30	28	27
Business equipment and supplies	18	16	15	16
Containers—metal, glass, etc.	9	9	9	10
Autos and trucks (including parts, accessories)	22	23	23	22
Aircraft and equipment, aerospace	13	14	13	13
Railway equipment, shipbuilding, etc.	6	5	5	5
Controls, instruments, medical equipment, watches and clocks, etc.	17	16	16	14
Merchandising:				
Department stores	8	8	9	9
Mail order stores, variety stores	2	2	2	2
Grocery stores	20	20	18	18
Other	6	6	6	4
Motion pictures, broadcasting	5	5	6	7
Widely diversified, or not otherwise classified	90	91	95	92
Total Companies	**600**	**600**	**600**	**600**

TABLE 1-2: REVENUE OF SURVEY COMPANIES

	1983	1982	1981	1980
Less than $100,000,000	69	68	66	71
Between $100,000,000 and $500,000,000	116	118	124	124
Between $500,000,000 and $1,000,000,000	98	89	77	91
Between $1,000,000,000 and $2,000,000,000	104	105	114	113
More than $2,000,000,000	213	220	219	201
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 17-27 and pages 90-104, respectively.

Quarterly Financial Data

ACME-CLEVELAND CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H—Quarterly Results of Operations (Unaudited)

The tabulation of the unaudited quarterly results of operations for the fiscal years ended September 30, 1983 and September 30, 1982, is presented on page 7 incorporated herein.

QUARTERLY DATA

For Fiscal Years 1983 and 1982 (In thousands of dollars, except per share data) (Unaudited)

1983	December 31	March 31	June 30	September 30
Sales	$ 40,797	$ 48,855	$44,424	$ 38,653
Gross profit(1)	6,455	8,408	10,825	7,313
Restructuring of operations	-0-	3,867	-0-	17,799
Net (loss)(2)	(3,594)	(5,440)	(2,389)	(20,570)
(Loss) per Common Share(2)	(.84)	(1.26)	(.57)	(4.72)
Share prices (NYSE)				
High	21¾	20½	27½	25¾
Low	16¾	17¼	19⅛	21⅜
Dividends per Common Share	.35	.35	.10	.10

1982	December 31	March 31	June 30	September 30
Sales	$101,922	$ 97,083	$ 77,419	$ 50,544
Gross profit(1)	25,071	27,175	23,589	17,981
Restructuring of operations	1,688	225	410	7,304
Net earnings (loss)(3)	3,840	5,829	4,312	(2,381)
Earnings (loss) per Common Share(3)	.85	1.29	.95	(.53)
Share prices (NYSE)				
High	23⅛	24¾	22½	20¾
Low	17¼	20¾	16⅝	15⅝
Dividends per Common Share	.35	.35	.35	.35

(1) Gross profit as used herein is defined as sales less cost of products sold including applicable portion of depreciation expense.

(2) Liquidation of LIFO inventory quantities decreased net loss by $1,253,000 in the first quarter ($.29 per Common Share), $596,000 in the second quarter ($.14 per Common Share), $1,582,000 in the third quarter ($.36 per Common Share), and $3,820,000 in the fourth quarter ($.87 per Common Share).

(3) Liquidation of LIFO inventory quantities increased net earnings by $409,000 in the first quarter ($.09 per Common Share), $630,000 in the second quarter ($.14 per Common Share), $2,215,000 in the third quarter ($.49 per Common Share), and $3,870,000 in the fourth quarter ($.85 per Common Share).

ANALOGIC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Quarterly results of operations (unaudited):

The following is a tabulation of the unaudited quarterly results of operations for the years ended July 31, 1983 and 1982.

	Total revenues	Gross profit	Income before income taxes	Net income	Earnings per share
1983 quarters					
First	$ 27,035,638	$ 11,168,975	$ 3,972,866	$ 2,514,566	$ .15
Second	31,091,026	13,688,017	5,680,389	3,538,689	.21
Third	32,735,304	14,068,607	6,144,944	4,225,444	.23
Fourth	37,942,933	17,526,985	7,499,694	4,815,194	.26
Total	$128,804,901	$56,452,584	$23,297,893	$15,093,893	$ .85
1982 quarters					
First	$ 22,014,646	$ 9,049,301	$ 3,463,662	$ 2,078,162	$ .13
Second	25,364,924	10,927,272	4,607,017	2,869,217	.17
Third	26,629,890	11,677,064	5,032,386	3,120,486	.18
Fourth	31,979,900	12,700,213	6,322,430	3,741,930	.22
Total	$105,989,360	$44,353,850	$19,425,495	$11,809,795	$.70

DEERE & COMPANY

SUPPLEMENTAL 1983 AND 1982 QUARTERLY INFORMATION (UNAUDITED)

Quarterly information with respect to sales and earnings is shown in the following schedule. Such information is shown in millions of dollars except for per share amounts.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1983				
Net sales	$ 859.6	$1,010.8	$ 995.6	$1,101.9
Gross profit	89.6	144.8	191.5	253.9
Net income (loss)	(28.5)	(11.3)	5.1	58.0
Net income (loss) per share	(.42)	(.17)	.08	.85
Net income (loss) per share assuming full dilution	(.42)	(.17)	.08	.85
Dividends declared per share		.25	.25	.25
Dividends paid per share	.25		.25	.25
1982				
Net sales	$1,059.2	$1,254.8	$1,147.2	$1,147.0
Gross profit	214.8	202.6	186.0	183.1
Net income	33.7	3.0	4.1	12.1
Net income per share	.50	.04	.06	.18
Net income per share assuming full dilution	.50	.04	.06	.18
Dividends declared per share	.50	.50	.50	.25
Dividends paid per share	.50	.50	.50	.50

In October 1982 the Board of Directors' quarterly meeting dates were changed. As a result, three quarterly dividends of $.25 per share were declared in fiscal 1983 while four dividends of $.25 per share were paid in calendar year 1983. A dividend of $.25 per share was declared at the Board meeting held on November 30, 1983, payable February 1, 1984.

At October 31, 1983, there were 31,609 holders of record of the company's $1 par value common stock, 151 holders of record of the company's 5½% convertible subordinated debentures due 2001 and 299 holders of record of the company's 9% convertible subordinated debentures due 2008.

The company's common stock is listed on the New York Stock Exchange, the Midwest Stock Exchange and the Frankfurt, Germany Stock Exchange. Common stock per share sales prices from New York Stock Exchange composite transactions quotations, as reported in *The Wall Street Journal*, follow:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1983				
Market price:				
High	$35.13	$39.50	$39.25	$42.38
Low	26.13	31.38	31.75	34.63
1982				
Market price:				
High	$38.38	$35.38	$31.00	$30.38
Low	33.25	29.63	22.13	22.00

GENESCO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16: Quarterly Financial Information (Unaudited)

	3 Months October	3 Months January	3 Months April	3 Months July	Fiscal Year
Net sales					
1983	$167,195	$164,482	$154,222	$153,862	$639,761
1982	182,328	167,582	155,929	158,966	664,805
1981	165,924	159,111	165,543	171,912	662,490
Gross margin					
1983	$ 52,491	$ 56,212	$ 49,623	$ 53,393	$211,719
1982	62,141	58,371	48,106	49,246	217,864
1981	55,149	55,584	55,000	52,680	218,413
Pretax earnings (loss)					
1983	$ (2,180)	$ 2,239	$ (6,100)	$ 5,729	$ (312)
1982	8,746	4,715	(4,790)	(720)	7,951
1981	8,884	8,773	5,183	3,258	26,098
Earnings (loss) before discontinued operations and extraordinary credits					
1983	$ (2,873)	$ 785	$ (6,100)	$ 5,217	$ (2,972)
1982	4,560	2,127	(1,702)	(3,886)	1,099
1981	4,668	4,228	2,203	1,649	12,748
Earnings (loss) before extraordinary credits					
1983	$ (2,873)	$ 785	$ (6,101)	$ 5,217	$ (2,972)
1982	4,560	2,127	(1,702)	(3,886)	1,099
1981	3,488	4,228	2,203	1,649	11,568
Net earnings (loss)					
1983	$ (2,873)	$ 785	$ (5,100)	$ 5,217	$ (1,971)
1982	7,130	3,125	(5,270)	(3,886)	1,099
1981	5,040	6,850	3,629	2,544	18,063
Primary earnings (loss) per common share (after preferred dividend requirements):					
Before discontinued operations and extraordinary credits					
1983	$(.23)	$ .01	$(.46)	$ .32	$(.36)
1982	$ .29	$ .09	$(.19)	$(.32)	$(.09)
1981	$ .31	$ .26	$ .11	$ .07	$ .75
Before extraordinary credits					
1983	$(.23)	$ .01	$(.46)	$ .32	$(.36)
1982	$ .29	$ .09	$(.19)	$(.32)	$(.09)
1981	$ .21	$ .26	$ .11	$ .07	$ .65
Net earnings (loss)					
1983	$(.23)	$ .01	$(.39)	$ .32	$(.29)
1982	$ .49	$ .17	$(.47)	$(.32)	$(.09)
1981	$ .34	$ .47	$ .22	$ .14	$1.16

All figures are in thousands except per share.

UMC INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Quarterly Results of Operations (Unaudited)

Unaudited 1983 and 1982 quarterly results of operations appear below:

In thousands, except per-share amounts	First	Second	Third	Fourth
1983				
Net sales	$70,765	$79,307	$81,150	$83,602
Gross profit	13,520	16,224	16,712	18,470
Earnings from continuing operations	994	1,635	2,436	2,959
Loss from discontinued operation	(2,568)	—	—	—
Net earnings (loss)	$(1,574)	$ 1,635	$ 2,436	$ 2,959
Earnings (loss) per share				
Continuing operations	$ .16	$ .27	$ .39	$ .48
Discontinued operation	(.42)	—	—	—
Net earnings (loss)	$ (.26)	$ .27	$ .39	$ .48
1982				
Net sales	$83,743	$86,560	$74,547	$71,368
Gross profit	16,539	17,593	15,150	13,814
Earnings from continuing operations	1,452	1,919	1,470	1,041
Loss from discontinued operation	(185)	(113)	(49)	(1,312)
Net earnings (loss)	$ 1,267	$ 1,806	$ 1,421	$ (271)
Earnings (loss) per share				
Continuing operations	$ .24	$ .31	$ .24	$ .17
Discontinued operation	(.03)	(.02)	(.01)	(.21)
Net earnings (loss)	$ .21	$ .29	$ .23	$ (.04)

First quarter 1983 earnings from continuing operations include a gain of $605,000 from the sale of real estate. Loss from discontinued operation reflects the decision of Zallea Systems, Inc., a subsidiary of the Company, to discontinue its metal expansion joint business. Third quarter net earnings for 1983 include tax benefits relating to the restructuring of certain subsidiaries. Fourth quarter results include the effect of lower costs relating to the liquidation of LIFO inventories of approximately $754,000. In addition the fourth quarter tax rate was adversely affected by lower than anticipated investment tax credits.

Third quarter net earnings for 1982 include tax benefits relating to the restructuring of certain subsidiaries. Fourth quarter results of 1982 were affected by the combined effect of the overall decline in operations together with charges totaling approximately $2,200,000 related to the Company's intensified inventory management program. These charges were partially offset by lower costs relating to the liquidation of LIFO inventories of approximately $1,400,000. In addition the fourth quarter includes the effect of investment tax credits related to qualifying property placed in service during the quarter.

Selected Information For Five Years

ANDERSON, CLAYTON & CO.

Selected Financial Data

Years Ended June 30	1983	1982	1981	1980	1979
Operations:					
(In thousands of dollars except per share)					
Sales	$1,390,402	$1,692,945	$1,941,084	$1,703,102	$1,489,925
Net income	21,661	55,414	51,399	52,749	48,815
Net income per common share (dollars)	1.75	4.47	4.09	4.00	3.54
Dividends per common share (dollars)	1.32	1.29	1.20	1.12	1.03
Other Financial Statistics:					
(In thousands except per share)					
Total assets	866,260	909,192	895,384	865,016	738,177
Working capital	261,699	279,275	233,598	241,381	245,187
Property, plant and equipment—net	220,626	218,047	214,250	166,120	158,766
Capital expenditures	35,044	38,862	41,438	30,310	33,339
Earnings retained for reinvestment	500,000	494,596	455,065	418,593	380,495
Long-term debt	42,506	34,840	31,826	29,044	29,063
Common stockholders' equity—excluding minority interest	558,400	543,231	503,503	476,943	454,210
Common stockholders' equity per share (dollars)	$ 45.28	$ 44.10	$ 40.81	$ 37.30	$ 33.83
Key Financial Relationships:					
Return on assets (%)	2.50	6.09	5.74	6.10	6.61
Return on equity (%)	3.88	10.20	10.21	11.06	10.75
Debt to total capital (%)	7.07	6.03	5.94	5.74	6.01
Ratio of common stockholders' equity to long-term debt	13.1:1	15.6:1	15.8:1	16.4:1	15.6:1
Current ratio	2.3:1	2.0:1	1.8:1	1.8:1	2.2:1
Shares and Stockholders:					
Average number of shares outstanding (thousands)	12,369	12,391	12,565	13,175	13,786
Shares outstanding—end of year (thousands)	12,333	12,317	12,338	12,785	13,427
Stockholders of record (as reported by stock transfer agent)	4,691	5,022	5,523	5,591	5,758
Market price of common stock:					
High	$ 33.38	$ 32.75	$ 27.37	$ 25.00	$ 26.00
Low	19.87	22.00	19.87	18.13	18.13

THE FIRESTONE TIRE & RUBBER COMPANY

Selected Financial Information

(Dollars in millions, except per share amounts)

Years ended October 31	1983	1982	1981	1980	1979
Summary of Operations					
Net sales	$3,866	$3,869	$4,361	$4,690	$ 5,132
Gross profit	1,014	864	862	779	946
Interest expense	66	100	107	126	102
Provisions for phase-outs and realignments	—	112	—	104	43
Income (loss) from continuing operations	100	2	96	(116)	63
Net income (loss)	111	6	152	(103)	109
Per share of common stock:					
Income (loss) from continuing operations	2.03	.04	1.66	(2.01)	1.09
Net income (loss)	2.26	.11	2.63	(1.79)	1.90
Cash dividends	.60	.60	.60	.30	.975
Financial data as of October 31					
Cash and short-term investments	$ 366	$ 316	$ 378	$ 192	$ 92
Net book value of properties, plants and equipment	1,053	1,063	1,169	1,294	1,487
Capital expenditures for the year	233	201	196	175	219
Depreciation for the year	128	136	157	175	183
Total assets	2,729	2,769	3,084	3,135	3,587
Working capital	688	717	868	664	822
Long-term debt, including capital leases	381	444	501	683	701
Total debt, including capital leases	468	504	639	865	1,049
Shareholders' equity	1,291	1,303	1,427	1,337	1,460
Book value per share	26.66	25.10	24.72	23.18	25.33
Statistical data (%)					
Debt to equity	36.3	38.7	44.8	64.7	71.8
Gross profit to sales	26.2	22.3	19.8	16.6	18.4
Net income (loss) to sales	2.9	.2	3.5	(2.2)	2.1
Net income (loss) to average shareholders' equity	8.8	.4	10.8	(7.4)	7.6
Other information					
Shares outstanding at year end (in thousands)	48,430	51,904	57,723	57,704	57,655
Number of shareholders at year end	40,500	48,000	52,700	56,100	57,600
Number of employees at year end	60,200	65,500	72,900	83,000	107,500

GRANGER ASSOCIATES

5-Year Summary of Selected Financial Data

(in thousands except per share data) Years ended August 31:	1983	1982	1981	1980	1979
Revenue	$71,313	$42,065	$35,802	$20,642	$20,251
Costs and expenses:					
Cost of revenue	38,629	21,188	18,988	15,009	13,198
Research and development	4,265	1,890	1,311	1,882	1,897
Marketing and sales	7,577	7,219	6,647	3,600	4,022
General and administration	6,621	4,989	3,651	3,416	2,845
Interest expense	511	752	1,303	1,086	1,160
Total	57,603	36,038	31,900	24,993	23,122
Income (loss) before other items, income taxes and extraordinary credit	13,710	6,027	3,902	(4,351)	(2,871)
Other items (1)	—	—	—	—	(2,876)
Income (loss) before income taxes and extraordinary credit	13,710	6,027	3,902	(4,351)	(5,747)
Provision (credit) for income taxes	4,799	2,411	1,578	—	(1,516)
Income (loss) before extraordinary credit	8,911	3,616	2,324	(4,351)	(4,231)
Extraordinary credit (2)	348	1,551	1,325	—	—
Net income (loss)	$ 9,259	$ 5,167	$ 3,649	($4,351)	$(4,231)
Earnings Per Share:*					
Before extraordinary credit	$ .71	$ .35	$ .29	$ (1.24)	$ (1.23)
Extraordinary credit (2)	.03	.15	.16	—	—
Net income (loss)	$ .74	$ .50	$ .45	$ (1.24)	$ (1.23)
Common and common equivalent shares*	12,549	10,207	8,108	3,510	3,434
August 31:					
Working capital	$58,864	$25,417	$10,728	$ 7,774	$ 5,866
Total assets	79,192	44,010	23,937	19,892	20,043
Long-term obligations	2,055	1,847	5,429	5,335	5,379
Shareholders' equity	69,102	31,288	10,161	5,955	3,433

*Adjusted to reflect two-for-one stock splits effective October 18, 1982 and July 1, 1983.
(1) Reserves for long-term contract and multiplex inventory.
(2) Income tax benefit from utilizing loss carryforwards.

WHITTAKER CORPORATION

Five Year Summary of Selected Financial Data

For the Years Ended October 31	1983	1982	1981*	1980*	1979*
		(Dollar amounts in thousands)			
Summary of Operations					
Sales	$1,602,825	$1,673,604	$1,671,837	$1,396,225	$1,073,634
Net income	$ 37,609	$ 58,688	$ 69,328	$ 57,504	$ 46,773
Earnings per share	$2.55	$3.77	$4.40	$3.90	$3.28
Average common and common equivalent shares outstanding (in 000)	14,508	15,411	15,619	14,597	14,069
Dividends per common share	$1.60	$1.60	$1.40	$1.00	$.42½
Other Data					
Working capital	$ 215,098	$ 190,392	$ 238,672	$ 197,546	$ 160,066
Total assets	$ 973,722	$ 919,664	$ 867,095	$ 784,533	$ 642,819
Long-term debt	$ 148,867	$ 154,645	$ 134,032	$ 132,420	$ 130,022
Stockholders' equity	$ 346,921	$ 335,120	$ 345,459	$ 289,912	$ 234,625
Current ratio	1.49:1	1.45:1	1.63:1	1.55:1	1.58:1
Debt to equity ratio	.68:1	.51:1	.48:1	.55:1	.75:1
Capital additions	$ 19,700	$ 59,500	$ 39,200	$ 37,100	$ 30,300
Total employees	16,800	17,300	17,000	16,600	14,500
Stockholders of record	18,000	18,000	18,000	20,000	22,000

*During 1982 Whittaker adopted Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation." If this statement had been applied during the prior three years, net income would have been increased by $8,687,000 (56 cents per share) in 1981 and reduced by $1,876,000 (13 cents per share) in 1980 and by $2,906,000 (21 cents per share) in 1979. See Note 5 of Notes to Consolidated Financial Statements.

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

ANHEUSER-BUSCH COMPANIES, INC.

Management's Discussion and Analysis of Operations and Financial Condition

OPERATIONS

Operations of Anheuser-Busch Companies, Inc. for 1983 and 1982 include the results of Campbell Taggart since the date of acquisition on November 2, 1982. In accordance with generally accepted accounting principles, the figures for 1982 have not been restated to include the results of Campbell Taggart for the full year. The operating results of Campbell Taggart for the period November 2, 1982 through December 31, 1982 did not have a significant impact on 1982 consolidated operating results.

Sales

Anheuser-Busch Companies, Inc. achieved record gross sales during 1982 of $6.66 billion, a 28.4% increase over 1982 gross sales of $5.19 billion. Gross sales include federal and state beer excise taxes of $624.3 million in 1983 and $609.1 million in 1982.

Net sales were a record $6.03 billion, an increase of $1.45 billion over 1982 net sales of $4.58 billion.

During the past three years, net sales have increased 31.8%, 19.0% and 16.7%, respectively. The growth in net sales reflects the inclusion of Campbell Taggart sales for 1983, the increase in beer sales volume and revenue per barrel as well as the increasing sales of the company's other operations. In 1983, an all-time industry record of 60.5 million barrels of beer were sold. This represents an increase of 1.4 million barrels or 2.4% over 1982 beer volume of 59.1 million barrels and follows volume gains of 4.6 million barrels in 1982 and 4.3 million barrels in 1981, which represented increases of 8.5% and 8.6%, respectively. During the same periods, revenue per barrel increased 6.1%, 6.7% and 7.6%.

Cost of Products Sold

Cost of products sold for 1983 was $4.11 billion, a 23.5% increase over the $3.33 billion reported in 1982. This increase follows a 12.0% and 16.5% increase in 1982 and 1981, respectively. These increases were primarily related to the inclusion of Campbell Taggart cost of goods sold for 1983 and higher beer sales volume. During the past three years, the company has also experienced higher costs for materials, energy and utilities, payrolls, supplies, depreciation, insurance and taxes.

As a percent of net sales, cost of products sold has declined during the past three years from 77.3% in 1981 to 72.8% in 1982 and 68.2% in 1983.

Marketing, Administrative and Research Expense

Marketing, administrative and research expenses for 1983 were $1.22 billion, an increase of 62.3% over 1982. The percentage increase in 1982 was 46.0% as compared to a 20.2% increase in 1981. The significant increase in 1983 expenses primarily results from the inclusion of Campbell Taggart expenses for the full year. In addition, these expenses have increased over the past three years as a result of the higher level of sales activity, inflationary cost pressures, introduction of Budweiser Light, entering international markets, and diversification into new products/ventures. Areas significantly affected by these factors since 1981 include media advertising, point-of-sale material, developmental expenses associated with new advertising and marketing programs for established products as well as new products; operating expense of company-owned wholesale operations; payroll and related cost; business taxes; depreciation; supplies and general operating expenses.

Taxes and Payroll Costs

Taxes applicable to 1983 operations (not including the many indirect taxes included in materials and services purchased) totaled $1.02 billion, highlighting the burden of taxation on the company and business in general. Taxes for 1983 increased $146.3 million or 16.6% over 1982 taxes of $878.6 million. This increase follows increases of 18.7% in 1982 and 8.0% in 1981 and results principally from the inclusion of Campbell Taggart, increased beer excise taxes related to higher sales volume and higher income taxes related to the company's increased earnings level.

Payroll costs during 1983 totaled $1.35 billion, an increase of $497.5 million or 58.3% over 1982 payroll costs of $853.3 million. This increase follows a 24.3% increase in payroll costs in 1982 over 1981 and a 15.6% increase in 1981 over 1980. The increases in payroll costs reflect the addition of Campbell Taggart and the effect of normal increases in salary and wage rates, benefit costs and additional employees required to support the expanding operations of the company over the past three years.

Salaries and wages paid during 1983 totaled $1.1 billion. Pension, life insurance and welfare benefits amounted to $162.8 million and payroll taxes were $82.3 million. Employment at December 31, 1983 was 39,320 compared to 38,133 at December 31, 1982.

Operating Income

Operating income, the measure of a company's operating performance before interest costs, was $700.8 million in 1983, a $207.9 million increase or 42.2% over 1982. Operating income as a percent of net sales was 11.6% in 1983 as compared to 10.8% in 1982 and 9.3% in 1981.

Net Interest Cost

Net interest cost, or interest expense less interest income, before capitalization of interest was $98.9 million in 1983. This reflects increases of $26.7 and $15.5 million when compared to 1982 and 1981 net interest costs of $72.2 and $83.4 million, respectively. These increases are primarily due to the issuance of $100.0 million of 11⅞% sinking fund debentures in October, 1982 and the assumption of Campbell Taggart debt.

Net Income

Net income for 1983 was $348.0 million, an increase of 27.0% compared with $274.0 million for 1982, which excludes the $13.3 million nonrecurring gain on the sale of the corn refining plant in Lafayette, Indiana.

Fully diluted earnings per share of common stock for 1983 were $6.50, an increase of 16.1% compared with $5.60 for 1982, excluding the nonrecurring gain on the sale of the Lafayette corn refining plant, which increased 1982 fully diluted earnings per share by $.28 to $5.88.

Net income for 1982 was $274.0 million, excluding the nonrecurring gain, an increase of 26.0% over 1981 net income of $217.4 million. Earnings per share in 1982 were $5.60 (fully diluted), excluding the nonrecurring gain, an increase of 21.5% compared to the $4.61 per share earned in 1981.

The effective tax rate was 43.5% in 1983, 39.4% in 1982 and 33.1% in 1981. Changes in the effective tax rate from year-to-year are primarily due to the varying amounts of investment tax credit generated in each year and the effect of the investment tax credit basis adjustment in 1983.

FINANCIAL POSITION

Liquidity and Capital Resources

The company's primary sources of liquidity are cash provided from operations and external committed debt facilities. Summarized cash flow information for the past three years is set forth below:

	1983	1982	1981
		(In millions)	
Operating cash flows:			
Cash inflows:			
Net income	$348.0	$287.3	$217.4
Add non-cash charges	348.2	243.6	218.9
	696.2	530.9	436.3
(Increase)/decrease in non-cash working capital*	92.6	(27.5)	36.9
	788.8	503.4	473.2
Cash outflows:			
Net additions to plant and equipment	428.0	355.8	421.3
Dividends to shareholders	108.0	65.8	51.2
Increase/(decrease) in investments and other, net	23.3	(13.9)	17.6
	559.3	407.7	490.1
Net operating cash flow	229.5	95.7	(16.9)
Purchase of Campbell Taggart common shares	—	275.0	—
Financing cash flows:			
Increase/(decrease) in			
Long-term debt	(7.6)	151.7	73.4
Short-term debt	(25.0)	(44.5)	23.1
	(32.6)	107.2	96.5
Increase/(decrease) in cash and marketable securities	$196.9	$(72.1)	$ 79.6

*Includes all current assets except cash and marketable securities and all current liabilities except short-term debt and installment purchase obligation.

Working capital at December 31, 1983 was $175.1 million as compared to 1982 working capital of $45.8 million. The working capital ratio was 1.2 to 1 at December 31, 1983 and 1.1 to 1 at December 31, 1982 and 1981. A comparative consolidated statement of Changes in Financial Position appears on page 40 of this report.

During 1982 the company expended $275.0 million in cash and issued $285.0 million of convertible redeemable preferred stock to purchase all the outstanding common shares of Campbell Taggart, Inc. This transaction is discussed in Note 2 to the Consolidated Financial Statements.

During the next five years, the company plans an extensive capital expenditure program designed to take advantage of growth opportunities for its beer, food products and other businesses. Cash flow from operations will be the principal source of funds to support these capital investments. However, a capital investment program of this magnitude may require additional external financing. The nature and timing of such external financing will vary depending upon the company's evaluation of existing market conditions and other economic factors.

In October 1982, the company filed a shelf registration statement covering up to $200.0 million of debt securities. During October 1982, the company issued $100.0 million of 11⅞% sinking fund debentures due in 2012 under the shelf registration statement. The proceeds from this debt issue were primarily used for the purchase of Campbell Taggart common stock. The company has the option to issue the remaining $100.0 million of debt securities under this registration statement at such time as it considers appropriate.

In April 1982, the company called for redemption all the outstanding 9.00% convertible subordinated debentures due October 1, 2005. Substantially all of the bondholders converted their debentures at a price of $35.94 per share, resulting in the issuance of approximately 2.8 million shares of common stock.

In addition, the company has been active in the short-term capital market utilizing its bank credit agreements and commercial paper to finance short-term working capital requirements and as a bridge to permanent financing of capital investments. The company has formal bank credit agreements which provide for maximum borrowing of $500.0 million. These agreements, the details of which are discussed in Note 4 to the Consolidated Financial Statements, provide the company with immediate and continued sources of liquidity.

The company's ratio of total debt to total debt plus equity was 31.9%, 35.4% and 42.4%, at December 31, 1983, 1982, and 1981, respectively. This percentage has been calculated in 1983 and 1982 by including redeemable preferred stock as part of equity because it is convertible into common stock and is trading primarily on its equity characteristics.

Capital Expenditures

The company has a formalized and intensive review procedure for all capital expenditures. The most important measure of acceptability of a capital project is its projected discounted cash flow return on investment.

Capital expenditures in 1983 amounted to $428.0 million as compared with $355.8 million in 1982. During the past five years, capital expenditures totaled $2.2 billion.

Capital expenditures for 1983 for the company's beer and beer-related operations were $348.1 million. Major expenditures by the company's brewing subsidiary include the expansion of the Baldwinsville, New York and Houston, Texas breweries as well as expenditures designed to improve productivity at all breweries. Major capital investments were made by Busch Agricultural Resources for the expansion of the Manitowoc, Wisconsin malting facility and by Metal Container Corporation for the completion of a lid plant in Gainesville, Florida.

The remaining 1983 capital expenditures totaling $79.9 million were made by the company's food products and diversified operations. Major expenditures include Campbell Taggart's purchase of bread delivery trucks and for bakery modernization and productivity improvement programs; Busch Industrial Products expansion of the St. Louis, Missouri and Bakersfield, California yeast plants; construction by Eagle Snacks of potato and tortilla chip lines at its North Carolina plant; and new Busch Entertainment attractions.

The company expects its capital expenditures in 1984 to approximate $450 to $500 million. Capital expenditures during the five-year period 1984-1988 are expected to exceed $2.0 billion.

Dividends

Cash dividends paid to common shareholders were $78.3 million in 1983 and $65.8 million in 1982. Common stock dividends were paid in the months of March, June, September and December of each year. In the third quarter of 1983, the company increased the quarterly dividend from $.37 to $.44 per share. Annual dividends paid per common share increased 17.4% in 1983 to $1.62 per share compared to $1.38 per share paid in 1982. In 1983, dividends were $.37 for each of the first two quarters and $.44 for the last two quarters, as compared to $.32 for the first two quarters and $.37 for the last two quarters of 1982.

The company has paid dividends in each of the past 51 years. During that time, the company stock has split five times and stock dividends have been paid three times.

In connection with the acquisition of Campbell Taggart, 7.5 million shares of convertible redeemable preferred stock were issued. The preferred stock has an annual dividend rate of $3.60 per share and cash dividends were paid in the months of March, June, September and December of 1983.

At December 31, 1983 and 1982, common shareholders of record numbered 30,317. Preferred shareholders as of December 31, 1983 numbered 2,438 compared with 2,294 at the end of 1982.

Price Range of Common Stock

The company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "BUD". The table below summarizes the high and low sales prices on the NYSE.

	1983		1982	
Quarter	High	Low	High	Low
First	75½	58½	46¼	38⅝
Second	77	62¾	52¾	43⅞
Third	70¾	60¼	62⅜	45
Fourth	72¼	60⅞	70¾	58⅛

Common Stock and Other Shareholders Equity

Shareholders equity was $1.77 billion at December 31, 1983 as compared with $1.53 billion at the end of 1982. The increase in 1983 represents the retention of $240.0 million of earnings in the business. The book value of each share of common stock at December 31, 1983 was $36.50 as compared to $31.61 at December 31, 1982.

In 1983, the return on average shareholders equity was 18.0% as compared with 19.9% in 1982. This return includes the convertible redeemable preferred stock, issued in November 1982, as equity. The 1983 decrease in the ratio is due principally to the effect of including the preferred stock in equity for a full year.

Inflation

Inflation has had an impact on the company's reported results of operations, shareholders equity and financial condition. The section of the annual report entitled Supplemental Inflation Adjusted Information on pages 48-49 is intended to present an estimation of the effects of inflation on the company. This information has been developed in accordance with the requirements of FASB Statement No. 33 and is experimental in nature. As such, the inflation adjusted information may not represent the true effect of inflation on the company.

GENERAL MILLS, INC.

Management Discussion of Financial Condition and Results of Operations

The company's performance in 1983 reflects the continuing strength of General Mills' balance of consumer businesses and aggressive marketing efforts. Financial results were consistent with the achievement of longer-term goals.

Financial Condition

General Mills is committed to maintaining a strong balance sheet to insure access to short and long-term financing at a reasonable cost. The company manages its business within the leverage constraints of a strong 'A' bond rating. During 1983, Moody's raised its rating on General Mills' outstanding sinking fund debentures to 'Aa2'. Standard & Poor's rates these debentures 'A+'.

As detailed on page 27, cash from General Mills' operations was more than sufficient to fund the company's growth in the current year and pay $92.7 million in dividends to shareholders.

(In Millions)	1983	1982	1981
Cash from Operations	$438.8	$280.2	$343.2
Used for Investments	(266.0)	(293.7)	(308.9)
Dividends Paid	(92.7)	(82.3)	(72.3)
(Increase) decrease in cash balance	(24.6)	5.7	—
Net used for (provided from) Financing Activities	$ 55.5	$(90.1)	$(38.0)

Total debt increased to $883 million in 1983 from $761 million in 1982 and $522 million in 1981. Year-end debt as a percent of capital in 1983 was 41.8 percent, 3.6 percentage points higher than in 1982 and 10.2 percentage points higher than the 1981 level. The higher level of debt in the most recent two years is caused by two factors, financing transactions relating to tax lease investments in 1983 and 1982, plus repurchase of the company's stock in the most recent year. Fiscal 1984 year-end debt as a percent of capital is expected to decline to under 35 percent as income tax cash flows are received from investments in tax leases and from the proceeds of the sale of certain company assets.

The company's net investment in tax leases under the Economic Recovery Tax Act totalled $227 million and $177 million as of May 29, 1983 and May 30, 1982, respectively. During fiscal 1983, approximately $200 million was invested in tax leases while approximately $150 million of income tax cash flows was generated from tax leases. Income tax cash flows will allow recovery of $159 million in fiscal 1984, with a corresponding reduction in short-term debt. Excluding debt related to investments in tax leases, total debt as a percent of total capital was 34.8 percent in 1983 and 32.2 percent in 1982.

During 1983, General Mills' Board raised the authorized ceiling for company shares held in the treasury to 3.5 million. Purchases relating to this authorization increased year-end balance sheet borrowings by $161 million. Treasury shares are to be used for management incentive plans, a newly adopted employee stock ownership plan, payments under performance earnings agreements and general corporate purposes. As of May 29, 1983, General Mills had approximately 51.0 million shares of common stock issued. Of this total, 47.8 million shares were outstanding and 3.2 million shares were held in the Treasury.

In July 1982, the company filed a shelf registration statement with the Securities and Exchange Commission for up to $200 million in debt securities. Proceeds from three subsequent debt offerings of 2 to 5 year maturities raised $150 million and were used to reduce short-term debt and for other corporate purposes.

During fiscal 1983, the company entered into a transaction involving the exchange of 239,331 shares of its common stock for $15 million of its long-term debt. The gain on this transaction increased fiscal 1983 net earnings by $3.2 million. Retirement of long-term debt increased 1982 and 1981 net earnings by $8.2 million and $3.3 million, respectively.

Commercial paper borrowings continued as the principal external method of short-term financing. General Mills maintains bank credit lines to back up its outstanding commercial paper. As of May 29, 1983, unused credit lines were $348 million for domestic businesses and $58 million for foreign subsidiaries.

Fiscal 1983 total short-term borrowings peaked in September at $504 million. Year-end short-term borrowings were $402 million, down $7 million from fiscal 1982 year-end total.

Capital expenditures in 1983 were $308 million, up $21 million from the $287 million spent last year. Capital expenditures have grown at a compound annual rate of 17.3 percent the past five years. Estimated 1984 capital expenditures will be $315 million. Approximately three quarters of this amount will support Consumer Foods and Restaurant growth projects. It is anticipated that 1984 capital expenditures will be financed from internal cash flows.

Results of Operations

General Mills' sales of $5.55 billion in fiscal 1983 represent an increase of 4.5 percent over last year's results. Reported 1982 and 1981 sales increased 9.5 percent and 16.4 percent, respectively. Primary factors behind the declining rate of increase include moderating inflation; strengthening of the United States dollar, which reduced the rate of sales growth of international operations; and the disposition of businesses that in 1982 had sales of $126.2 million. Sales of continuing businesses rose 7.0 percent in 1983.

Net earnings of $245.1 million represent an increase of 8.7 percent over the prior year. In 1982 and 1981, net earnings rose 14.7 percent and 15.6 percent, respectively. Foreign exchange losses, primarily related to the devaluation of the Mexican peso, reduced 1983 earnings by $16.1 million. Foreign exchange gains and losses in 1982 and 1981 were immaterial.

General Mills' 1983 return on average equity was 19.9 percent, up from 19.1 percent and 18.4 percent the prior two years. Net earnings as a percent of sales increased to 4.4 percent, up from 4.2 percent and 4.1 percent in the two previous years.

A summary of operating results for General Mills' five major business areas is found in Note Sixteen to the Consolidated Financial Statements: Segment Information.

Operating profits for Consumer Foods, General Mills' largest area, increased 2.0 percent to $268.2 million in 1983. This follows gains of 20.8 percent and 3.4 percent in 1982 and 1981, respectively. Profits in 1983 were restrained by increased marketing spending in support of a significant number of new products, and by actions taken to meet competitive initiatives. Consumer Foods also had a LIFO inventory charge to earnings compared with a credit last year.

Restaurant operating profits in 1983 were $80.0 million, a gain of 1 percent. Operating profits grew 5.2 percent and 42.9 percent in the two previous years. Profit growth for the most recent two years was restrained by development spending to support newer concepts and by the recessionary economy, which slowed customer traffic.

Toy Group operating profits grew 32.1 percent to $104.6 million in 1983, following gains of 12.2 percent and 17.5 percent in 1982 and 1981, respectively. In 1983, growth momentum was provided by new products and improved results in Europe. These strengths helped overcome a softening in some traditional toy and game categories and sharp declines in the Toy Group's Mexican operation. Toys also had a LIFO inventory credit.

Fashion operating profits in 1983 were $75.9 million, down 25.4 percent from the prior year but up by 74 percent over the profits of three years ago. Operating profits grew 16.2 percent and 100.2 percent in the previous two years. The 1983 profit decline reflects lower sales and higher expenses in the generally weak retailing climate that prevailed.

Specialty Retailing 1983 operating profits of $16.1 million compare with the prior year's restated loss of $11.9 million, which included a $17.4 million disposition charge. The 1983 improvement primarily reflects the elimination of losses related to the divested collectible businesses. Operating profits in 1981 were $13.2 million.

Improved asset turnover and declining short-term interest rates during fiscal 1983 led to a 21.8 percent ($16.4 million) decline in interest expense. The 1983 effective tax rate was 40.2 percent, down from 44.6 percent and 47.5 percent in 1982 and 1981, respectively. The lower 1983 rate was due primarily to certain tax benefits on foreign operations and the adoption of an employee stock ownership plan.

Comments relating to inflation begin on page 36.

GULF+WESTERN INDUSTRIES, INC.

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

RESULTS OF OPERATIONS

As a result of the restructuring and reorganization completed during fiscal 1983, accompanied by the sale of most of its marketable securities portfolio and the divestiture program described elsewhere herein, the Company has positioned itself as an operating company with major emphasis in three broad business sections—Consumer and Industrial Products, Entertainment and Communications and Financial Services.

As discussed below, several of the Company's operating groups (business segments and financial services operations) experienced mixed results during the three years ended July 31, 1983. However, the principal factors contributing to the trend of operating income were the decline in operating income of the Company's sugar operations from the record level of $186.5 million in 1981 to $44.4 million in 1983 and the sudden reversal in 1983 of the Company's amusement game operations which combined to more than offset steadily improved results achieved by the financial services operations. Other income generated by the Company's marketable securities portfolio in each of the years, particularly in fiscal 1983, was a major component of operating results. Although such income is non-recurring as a result of the sale during fiscal 1983 of substantially all holdings in marketable securities, the Company anticipates a significant decline in future interest expense resulting from the application of the proceeds of such sales to reduce outstanding indebtedness as described elsewhere herein.

Following is a discussion of the results of each of the Company's operating groups:

Consumer and Industrial Products Group

Apparel and Hosiery Division—Operating income for this division declined in fiscal 1983 after remaining unchanged in fiscal 1982 from fiscal 1981. The decreased results in fiscal 1983 from fiscal 1982 were due to lower results of both the hosiery and apparel operations. Lower results of the apparel operations were due to volume declines as a result of a depressed market evidenced by a poor back-to-school season in the fall and a mixed holiday season. The decreased hosiery operations reflect a weakness in mass-merchandising which more than offset a strong growth in its fashion lines. Results of fiscal 1982 as compared to fiscal 1981 remained approximately the same since higher results of the hosiery operations offset the lower results of the apparel operations. Hosiery's increase reflects a half-year of earnings of a ladies hosiery and sock company acquired in 1982. The offsetting decline of the apparel operations reflects the slowness of the retail trade in general which affected the men's lines hardest.

Manufacturing Division—During the three years ended July 31, 1983, the automotive industry had a direct effect on the results of this division. Increased results of the transportation operations in fiscal 1983 from fiscal 1982 were a result of the strengthening of the automotive industry and the increasing reliance of auto makers on outside suppliers for original equipment component parts. These improved results more than offset lower results of the construction and engineering operations. A strong factor for the decreased results of fiscal 1982 from fiscal 1981 was again the impact of the automotive industry which hit a low production point in fiscal 1982. Lower results of the transportation operations were joined by decreased results of the electrical/electronic, construction and research operations which more than offset the improved results of the engineering operations.

Food Products Division—Operating income for this division decreased in fiscal 1983 and 1982 from the record 1981 results due primarily to sharply lower sugar prices in both years and two separate freezes in Florida in fiscal 1982. Additionally, fiscal 1983 reflects a further decline from fiscal 1982 due to lower results of the division's Dominican Republic operations due to a shorter growing season in 1983 which more than offset the improved results of the Florida operations that had benefitted from an extended cutting season resulting from record production.

Bedding and Home Furnishings Division—Operating income for this division declined in fiscal 1983 after an increase in fiscal 1982 from fiscal 1981. Results for fiscal 1983, as compared to fiscal 1982, reflect lower results of the home furnishings and foreign bedding operations which more than offset the improved results of the domestic bedding operations. Increased results of fiscal 1982 from fiscal 1981 reflect improved earnings of the home furnishings operations while the increased results of the domestic bedding operations offset the decreased results of the foreign bedding operations. All periods reflect the adverse affect on the international operations of foreign currency devaluations against the strengthening U.S. dollar and the world recessionary economy.

Automotive Parts Distribution Division—Operating income for this division decreased in fiscal 1983 from fiscal 1982 after an increase in fiscal 1982 from fiscal 1981. The decrease in fiscal 1983 from fiscal 1982 results from the additional costs in fiscal 1983 associated with an expanded jobber recruitment program and the expansion of company stores into metropolitan market areas. The increase in fiscal 1982 from fiscal 1981 reflects the increase in unit sales of automotive replacement parts and the increased emphasis on operating efficiency and expense control.

Entertainment and Communications Group

Motion Pictures and Television Division—Operating income for this division increased slightly in fiscal 1983 after a decrease in fiscal 1982 from fiscal 1981. The improvement in revenues and operating income for fiscal 1983 was due to increased domestic rentals and net work licensing which more than offset the lower results of foreign rentals and syndication income. Domestic rentals in fiscal 1983 included "An Officer and A Gentleman," "48 Hours," "Trading Places," "Flashdance" and "Friday the 13th—Part III" as compared to rentals in fiscal 1982 of "Raiders of the Lost Ark," "Star Trek II—The Wrath of Khan" and "Reds.' Network licensing in fiscal 1983 reflected increased revenues coupled with higher profitability of the features recognized in fiscal 1983 versus fiscal 1982. Foreign rentals in fiscal 1982 benefitted from the overwhelming success of "Raiders of the Lost Ark" overseas while fiscal 1983 lacked a comparable success in the foreign markets. Television syndication income in fiscal 1983 included the recognition of the license income of "Mork & Mindy" which was significantly less than the income recognized in fiscal 1982 from the syndication of six seasons of "Laverne & Shirley."

Fiscal 1982 as compared to fiscal 1981 reflects the increased results of the television operations which more than offset the lower earnings of the motion picture operations. Income of the television operations in fiscal 1982 included the license income on the aforementioned domestic syndication of "Laverne & Shirley," while motion picture income declined from fiscal 1981 levels due to lower profitability for features in theatrical release and feature licenses recognized in the network market.

Other Entertainment and Communications Division—Operating results for this division decreased in fiscal 1983 after an increase in fiscal 1982 from fiscal 1981. The steady performance of the book-publishing operations and the improvement of the sports and entertainment operations in fiscal 1983 from fiscal 1982 were not sufficient to offset substantial losses incurred in coin-operated video amusement game operations whose sales of coin-operated video amusement games were adversely affected by the highly competitive and saturated domestic market place. Subsequent to fiscal 1983, the Company sold its domestic coin-operated video amusement game manufacturing operations and licensed certain of its games and amusement game technology.

The increase in fiscal 1982 from fiscal 1981 reflects the record results of the amusement game operations that benefitted from the increased domestic sales of coin-operated video amusement games and to improved results of the book-publishing operations. These increases more than offset reduced profitability of the sports and entertainment operations.

Financial Services Group

Operating income for this group increased in both fiscal 1983 and fiscal 1982 from fiscal 1981. Fiscal 1983 results were favorably impacted by a decline in average interest cost on all borrowings from 12.50% in 1982 to 10.38% in 1983, while average finance charges declined only modestly due to a favorable mix of commercial and consumer receivables and a 12.3% increase in financing volume. Operating income in fiscal 1982 was higher than in 1981 principally because of increased finance charges resulting from increased net outstanding receivables and increased earnings rates which more than offset the effect of increased borrowings in 1982 at average interest costs which were only slightly above the average of the prior year.

Other

In addition to the results of the operating groups and income from the marketable securities portfolio, earnings for the three years ended July 31, 1983 reflect sharply lower interest costs in fiscal 1983 after an increase in fiscal 1982 from fiscal 1981. The decreased interest expense during the year ended July 31, 1983 was due to both lower interest rates and decreased borrowings. The increased interest expense in fiscal 1982 from fiscal 1981 was primarily due to higher interest rates. The effective income tax rate increased in 1983 from 1982 primarily as a result of differences in the book and tax bases of calculating gains from the disposition of marketable securities, whereas the effective rate in 1982 was lower than in 1981 primarily as a result of the mix of foreign and domestic earnings.

LIQUIDITY AND CAPITAL RESOURCES

The Company has depended primarily upon internal cash flow and borrowings to finance its operations during the three years ended July 31, 1983. During the most recent year, as a result of the sale of substantially all of its holdings in marketable securities and, to a lesser extent, the sale of certain businesses, the Company was able to reduce the amount of its total outstanding indebtedness by $952 million. The ratio of total debt to stockholders' equity (including minority interest) improved from .92 to 1 at the beginning of the year to .61 to 1 at July 31, 1983. Because of the improved financial condition of the Company, total long-term revolving credit agreements and lines of credit were reduced from $736 million at the beginning of the year to $300 million at July 31, 1983, $185 million of which were used to support outstanding commercial paper at such date. In the past, the Company has been able to increase its borrowings as required and expects to be able to continue to do so.

During the past three years, the Company has followed a course of divesting itself of capital-intensive businesses, the effect of which has been to decrease the over-all level of capital expenditures. Such expenditures amounted to $216 million in 1981, $147 million in 1982 and $85 million in 1983, of which only $98 million, $86 million and $55 million, respectively, were related to continuing operations. It is anticipated that capital expenditures in fiscal 1984 will approximate $100 million.

EFFECTS OF INFLATION AND CHANGING PRICES

See Note N for supplemental information and discussion on the effects of inflation and changing prices.

HOLLY SUGAR CORPORATION

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

LIQUIDITY AND CAPITAL RESOURCES, MARCH 31, 1983

The Company defines liquidity as the ability to generate adequate funds to meet its operating and capital needs. Historically, such funds have been generated from operations, through short-term operating loans from commercial banks and from private placement of long-term debt. It is management's belief that such sources will remain available and will adequately continue to serve the Company's needs. At March 31, 1983, cash and temporary investments totaled $9,923,000. The Company has available a secured bank line of credit of $60,000,000 under an Acceptance Facility Agreement dated January 6, 1983. This agreement extends through July 31, 1984. Notes payable in the amount of $36,611,000 at March 31, 1983 represents short-term borrowings from the Commodity Credit Corporation under the United States Department of Agriculture's price support loan program. The weighted average interest rate for these loans at March 31, 1983 was approximately 9%.

Capital expenditures were $3,129,000, $3,680,000 and $3,044,000 in fiscal 1983, 1982 and 1981, respectively. Expenditures were financed principally by funds provided from operations. Planned expenditures for fiscal 1984 are expected to be funded from future operations, leases or long-term financing.

Substantial decreases in the Company's working capital during fiscal 1983 and 1982 were due to the acquisition of 198,000 shares of the Company's outstanding stock for $6,336,000 ($32 per share) in July 1982 and the prepayment by prior management of long-term bank promissory notes of approximately $13,000,000 during fiscal 1982.

The Company has maintained its dividend payments of $1.00 per common share in fiscal 1983 and $1.25 in fiscal 1982.

RESULTS OF OPERATIONS

1983 Compared with 1982. Sales decreased $27,147,000 or 11% in 1983 compared with 1982, principally due to a 9% decrease in total unit volume of sugar sold and a 5% decrease in the average unit price for sugar.

Cost of sales decreased $14,487,000 or 7% in fiscal 1983. Cost of sugarbeets in relationship to the hundredweight of sugar produced decreased slightly during 1983 as the result of lower market prices for refined sugar. The adverse weather, difficult operating conditions and poor quality sugarbeets, which were evidenced at certain factory locations, plus wage adjustments, resulted in higher manufacturing costs of approximately 17% per hundredweight of sugar.

Selling, general and administrative expenses decreased approximately $3,685,000 or 19% in fiscal 1983. This was principally due to the elimination of $2,565,000 of nonrecurring expenses incurred in connection with the legal and proxy contest expenses in fiscal 1982 and a planned reduction program of general and administrative expenses implemented in fiscal 1983.

Interest expense decreased $1,095,000 or 31% for fiscal 1983 compared with 1982. This reduction resulted from the retiring of all long-term bank debt during fiscal 1982 and the obtaining of short-term borrowings at more favorable interest rates.

Closed plant expenses amounting to $16,147,000 for fiscal 1983 represent the retirement of the high fructose corn syrup (HFCS) facility at Tracy, California, and certain continuing related shut down expenses for that location and the Santa Ana, California, cane refinery which was closed in fiscal 1982.

Operation of the HFCS facility was determined to be uneconomical due to design problems which prevented the facility from operating at its rated capacity. Operations were suspended in December 1981. After unsuccessful attempts to sell the facility, the Company made the decision to retire it since there was no expectation of operating the facility in the future.

1982 Compared with 1981. Sales decreased $81,960,000 or 25% in fiscal 1982 compared with 1981 principally due to a 6% decrease in the total unit volume of sugar sold and a 23% decrease in the average unit price for sugar.

Cost of sales decreased $54,847,000 or 20% in fiscal 1982. Cost of sugarbeets and raw cane sugar decreased as a result of lower market prices for refined and raw sugars and lower sales volume in 1982, partially offset by increased manufacturing costs.

Selling, general and administrative expenses increased 14% in 1982. This is principally due to the 75% increase in general and administrative expenses during fiscal 1982, which included nonrecurring expenses of approximately $2,565,000 incurred in connection with legal and proxy contest expenses and an increase in related consulting fees.

Interest expense decreased 46% in fiscal 1982 as the result of the retirement of all long-term bank debt on October 23, 1981.

Closed plant expenses in the amount of $4,747,000 represented the fiscal 1982 write-off of certain processing facilities at the Santa Ana, California, cane sugar refinery, the estimated expense of canceling a lease agreement covering the raw sugar warehouse and certain related expenses, such as severance pay, at the Santa Ana cane sugar refinery.

Operations of the cane sugar refinery and the HFCS facility were uneconomical and did not fit long-range plans.

1981 Compared with 1980. Sales increased $125,682,000 or 63% in fiscal 1981 compared with 1980. Substantially all of this change arose from significantly higher prices received for sweeteners sold.

Cost of sales increased $99,631,000 or 58% in fiscal 1981 over 1980. Costs of raw cane sugar and sugarbeets increased as a result of higher market prices of raw and refined sugar. In fiscal 1981, the Company liquidated a portion of its LIFO inventory, which decreased cost of sales compared with current cost of production by $4,163,000 and increased net income by $2,248,000.

The selling, general and administrative expense increase is principally attributable to inflation, higher fees to refined sugar brokers and expenses of packaging, shipping and handling sugar and by-products.

INFLATION AND CHANGING PRICES

A detailed discussion of the impact of inflation and changing prices on the Company is presented under the caption, "Supplemental Information on Inflation and Changing Prices" beginning on page 17 of this Report.

TEMTEX INDUSTRIES, INC.

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

LIQUIDITY AND CAPITAL RESOURCES

The ratio of current assets to current liabilities was 1.8 to 1.0 at the end of 1983 compared to 1.5 to 1.0 at the end of 1982 and 1.7 to 1.0 at the end of 1981. The improvement in the current ratio is primarily the result of an increase in the level of accounts receivable caused by the increased sale volume. The increases in sales, gross margins and resulting profits also enabled the Company to reduce the amount outstanding on its notes payable to a bank which is a major contributor to the current ratio improvement.

Capital expenditures for 1983 were $1.250 million compared to $.477 million in 1982 and $1.507 million in 1981. Expenditures in 1983 can essentially be separated into two categories: (1) tooling and equipment for new fireplace and fireplace related products and (2) routine replacement and maintenance expenditures. During the year, the model THC-1 fireplace, a new space-saving fireplace, was introduced. The new line is oriented to the market for smaller fireplaces such as those used in multi-family and apartment projects. Equipment purchases and tooling fabrication were completed and production of the new model began in the last half of the year. Other expenditures were made in behalf of a new product line, Design-Tex surrounds and heat shields. Initial production began in February at the California facility and a production line is currently being established at the Tennessee facility. At fiscal year end, commitments for capital items are minimal.

Inventories and fixed-price contracts in progress at 1983 year end were $6.357 million compared to $6.877 million in 1982 and $6.434 million in 1981. Increased sales volume in the third and fourth quarters allowed the Company to reduce inventories to their lowest level in the three reporting years.

On October 1, 1983, the line of credit agreement with a bank was extended and favorably amended. The agreement provides for a maximum of $4.5 million in short term operating capital. At August 31, 1983, the Company had $2.195 million drawn against the line. The recent amendment to the agreement reduces the interest rate charged to the Company by 1/2 of 1 percent and the average daily demand deposits required to be maintained are reduced by fifty percent.

The Company received a supplemental order from the U.S. Government on the MK-15 product line valued at $2.6 million which provides for a continuance at the same delivery rate on that program through the first quarter of fiscal year 1984.

A combination of funds available through the line of credit agreement and the anticipated cash flow from operations should provide adequate funds to meet requirements for the coming year.

Although adequate loan agreements are currently in effect, new financing alternatives will be under constant review to determine their practicality and availability in order to provide the Company with sufficient funding on a timely basis at the least possible cost.

RESULTS OF OPERATIONS

1983 Compared to 1982

Net Sales. Net sales increased by 60% in 1983 due to increased shipments of consumer products (mainly fireplace products), structural clay products (face brick) and the MK-15 (Snake Eye Retarding Bomb Fins) in the contract products segment of business. The number of fireplaces shipped in 1983 was approximately 55% greater than the number shipped in 1982. Brick shipments were 27% greater in 1983 compared to 1982. Deliveries of consumer products and structural clay products both showed significant increases in the last half of the year. These increases, in combination with deliveries of the MK-15, made the third and fourth quarters of the year exceptionally strong in terms of sales. Deliveries on the MK-15 program contributed $7.086 million to the Company's sales in 1983.

Costs and Expenses. Operating profits were more than four times greater in 1983 as the result of increased sales and improved efficiencies in all segments of business. Increased production requirements caused by the increase in quantities sold and delivered resulted in more efficient utilization of capacity and absorption of overhead.

Interest expense decreased $.502 million in 1983 due to the decreased level of borrowings by the Company as well as a reduction in the prime interest rate. During the year, the bank debt was reduced by $1.891 million.

Extraordinary Item. At August 31, 1982 net operating loss carryforwards of approximately $520 thousand were available to offset future taxable income for financial reporting purposes. As a result of the highly successful year experienced by the Company, the entire operating loss carryforward was utilized and the tax benefit recorded as an extraordinary item.

Net Income. Net income for the period increased $2.644 million and pre-tax income from continuing operations increased $2.905 million from the amounts reported in 1982. The increase in both pre-tax income and net income is due to the increase in sales and improved margins in all business segments. Operating profit in the structural clay segment increased to 17% of net sales while operating profit in the consumer products segment increased to 5.8% of net sales. The extraordinary item, as previously discussed, added $.242 million to the net income reported by the Company.

1982 Compared to 1981

Net Sales. Net sales decreased by 4% in 1982 due to decreased shipments of consumer products partially offset by increased shipments of structural clay products (face brick) and increased shipments in the contract products segment of business. The reduction in shipments of the zero-clearance fireplace was primarily responsible for the decreased sales of consumer products. Sales of other items in the consumer products segment remained virtually the same as in the previous year.

Costs and Expenses. Operating profits increased by 15 percent in 1982 as the result of increased sales in the contract products segment of business. The increase was partially reduced by the decrease in operating profit in the consumer products segment which was a direct result of the decrease in shipments and sales in that segment.

Interest expense increased $72 thousand in 1982 due to the increased level of borrowings experienced by the Company.

Extraordinary Gain. In 1981, the Company completed a plan of termination for an inactive pension plan. In connection with the Pension Benefit Guaranty Corporation approved termination, the Company received the assets from the plan which remained after all benefits to participants had been paid. Such assets included cash, land and a building which were recorded at fair market value as an extraordinary gain.

Net Loss. Net loss for the period increased $452 thousand, although pre-tax loss from continuing operations was reduced by $113 thousand from the amount reported for 1981. The increase in the net loss was the result of a reduced effective tax benefit rate due to the inability of the Company to fully utilize all available loss carrybacks. The tax benefits recognized for the current year represent the amount of the net operating loss which could be carried back to previous years and the reduction of deferred income taxes previously provided. At August 31, 1982, net operating loss carryforwards of approximately $520 thousand are available to offset future taxable income for financial reporting purposes.

1981 Compared to 1980.

Net Sales. Net sales increased by 13 percent in 1981 due to increased shipments of consumer products and structural clay products (face brick). Shipments of the new energy conserver model of the zero-clearance fireplace, introduced in the first quarter of fiscal 1981, were the primary reason for the increase in sales in the consumer products segment of business. The overall increase in sales was reduced by a decrease of 79 percent in the contract products segment of business.

Costs and Expenses. Operating profits increased by 25 percent in 1981 as the result of increased sales in the consumer and structural clay products segments in addition to improved operating margins in the consumer products segment.

Interest expense increased $404 thousand in 1981 due to the extremely high prime interest rate and the increased level of borrowings experienced under the Company's line of credit agreement.

Extraordinary Gain. In 1981, the Company completed a plan of termination for an inactive pension plan. In connection with the Pension Benefit Guaranty Corporation approved termination, the Company received the remaining assets from the Plan after all benefits to participants had been paid. Such assets included cash, land and a building which were recorded at fair market value as an extraordinary gain of $173 thousand after taxes.

Net Loss. Net loss for the period increased $101 thousand due to the above factors.

IMPACT OF INFLATION AND CHANGING PRICES

Sales reported by the Company increased in 1983 in all major segments due to increased sales volume in all business segments.

Sales of structural clay products increased by approximately 34% from the previous year. Approximately eighty percent of the increase was due to increased quantities that were sold. Efficiencies realized from greater production, as a result of the demand caused by increased sales, helped to reduce the adverse effects of cost increases experienced in certain areas such as natural gas, electricity and labor. These items constitute a significant portion of the cost in the manufacture of clay products.

Competition for sales of products in the consumer products segment (mainly zero-clearance fireplaces) did not allow the Company to increase selling prices. The Company maintained its competitive posture by concentrating its sales efforts on those units specifically designed for multi-family and high density housing. These units are basically smaller and therefore less expensive to produce.

TABLE 1-3: SEGMENT INFORMATION

	Number of Companies			
	1983	1982	1981	1980
Industry segments				
Revenue	457	456	457	458
Operating income or loss	408	406	400	405
Identifiable assets	453	452	450	454
Depreciation expense	448	451	448	449
Capital expenditures	441	444	441	442
Geographic areas				
Revenue	214	219	211	206
Operating income or loss	166	167	162	172
Identifiable assets	203	212	202	215
Depreciation expense	15	15	15	21
Capital expenditures	16	18	19	21
Export sales	133	126	123	109
Sales to major customers	127	119	113	102

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 1983 financial statements of the survey companies.

Industry Segments

ALLEGHENY INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Information about Allegheny's Business

Allegheny operated in six business segments, two serving primarily consumer markets and four serving major industries. The Consumer Products segment manufactures small appliances, personal care products, electric blankets, matches and writing instruments; the Hardware and Sports segment produces home, lawn and garden tools and products, patio furniture and physical fitness and recreation equipment. Operations within the Metals segment include the manufacture of vacuum melted superalloys, forgings and pipe fittings, welding consumables, powdered metal products and international trading in alloying metals. In December 1983 Allegheny sold two subsidiaries involved in the first two product categories of the Metals segment. The Safety and Protection segment manufactures fire and explosion detection and suppression systems and pyrotechnic devices for commercial and defense applications, while the Robotics and Electronics segment produces automated welding and transfer robotic equipment, computer peripherals, diffusion furnaces and electronic and magnetic components. The Industrial Specialties segment encompasses businesses producing thermostats and other engine-control devices, liquid treatment systems, combustion and pollution control systems and equipment, patient care products, carbide cutting tools, and insulated panels and buildings.

Financial information by business segment follows.

	1983	1982* (In thousands)	1981*
Sales to unaffiliated customers:			
Consumer Products	$1,049,253	$1,398,885	$ 614,803
Hardware and Sports	410,675	390,559	267,231
Metals	289,513	300,247	414,814
Safety and Protection	109,004	119,172	124,789
Robotics and Electronics	207,426	210,321	164,838
Industrial Specialties	281,987	419,436	300,198
	$2,347,858	$2,838,620	$1,886,673
Operating profit:			
Consumer Products	$ 64,774	$ 76,353	$ 44,818
Hardware and Sports	47,136	42,160	29,459
Metals	127	18,712	46,162
Safety and Protection	9,131	10,779	10,254
Robotics and Electronics	12,575	17,390	17,884
Industrial Specialties	14,970	26,491	26,933
Total operating profit	148,713	191,876	175,510
Corporate expenses	(65,894)	(57,750)	(42,346)
Eliminations	307	28	507
Total operating earnings	83,126	134,154	133,671
Other income, net	52,963	24,859	23,551
Interest expense	(102,128)	(133,640)	(92,415)
Earnings from continuing operations before income taxes and equity earnings	$ 33,961	$ 25,373	$ 64,807
Capital expenditures:			
Consumer Products	$ 23,586	$ 34,220	$ 19,023
Hardware and Sports	11,790	9,424	5,304
Metals	2,507	5,909	9,264
Safety and Protection	3,862	3,375	1,832
Robotics and Electronics	3,880	4,957	5,320
Industrial Specialties	5,460	12,200	15,600
Corporate	3,226	3,936	1,225
	$ 54,311	$ 74,021	$ 57,568
Depreciation and amortization:			
Consumer Products	$ 27,128	$ 34,204	$ 13,846
Hardware and Sports	9,446	9,018	6,516
Metals	4,594	4,311	4,469
Safety and Protection	2,342	2,453	1,749
Robotics and Electronics	5,823	5,290	3,782
Industrial Specialties	6,827	10,983	11,408
Corporate	5,324	4,715	1,007
	$ 61,484	$ 70,974	$ 42,777
Identifiable assets:			
Consumer Products	$ 697,060	$ 719,108	$ 984,403
Hardware and Sports	216,062	240,971	268,296
Metals	75,577	142,459	195,865
Safety and Protection	75,163	73,060	84,350
Robotics and Electronics	130,271	136,544	116,809
Industrial Specialties	166,164	163,298	307,199
	1,360,297	1,475,440	1,956,922
Eliminations	1,974	(685)	(18,915)
Total identifiable assets	1,362,271	1,474,755	1,938,007
Investments in unconsolidated affiliated companies	138,216	249,550	165,307
Corporate assets	439,326	356,815	326,100
Total assets	$1,939,813	$2,081,120	$2,429,414

*Reclassified for comparative purposes.

Financial information by geographic area follows.

	1983	1982 (In thousands)	1981
Sales to unaffiliated customers:			
United States	$1,643,166	$1,739,232	$1,227,843
Europe	269,959	532,533	287,181
Pan America	194,635	289,614	210,398
Pacific	155,617	189,132	79,420
Africa	84,481	88,109	81,831
	$2,347,858	$2,838,620	$1,886,673
Operating profit:			
United States	$ 100,071	$ 109,638	$ 101,971
Europe	10,986	31,723	19,282
Pan America	13,114	28,512	32,280
Pacific	9,985	8,753	7,102
Africa	14,557	13,222	14,247
Total operating profit	148,713	191,848	174,882
Corporate expenses	(65,894)	(57,750)	(42,346)
Eliminations	307	56	1,135
Total operating earnings	$ 83,126	$ 134,154	$ 133,671
Identifiable assets:			
United States	$ 833,138	$ 962,422	$1,158,655
Europe	156,397	162,953	327,693
Pan America	142,414	165,067	255,582
Pacific	117,642	126,609	171,629
Africa	60,706	58,066	57,601
	1,360,297	1,475,117	1,971,160
Eliminations	1,974	(362)	(33,153)
	$1,362,271	$1,474,755	$1,938,007

In 1984 Allegheny intends to realign its business segments to reflect better the global nature of its consumer operations and to recognize the decreasing significance of its metals-related businesses. The new Consumer: U.S. and Canada and International segments will consist of the former Consumer Products and Hardware and Sports segments; the Technology segment will combine the former Safety and Protection and Robotics and Electronics segments; and the Industrial Specialties segment will encompass its present businesses and those remaining from the former Metals segment.

Following are 1983 and 1982 sales and operating profit reclassified to reflect the new business segments.

	1983	1982
	(In thousands)	
Sales to unaffiliated customers:		
Consumer:		
U.S. and Canada	$ 940,500	$ 927,241
International	519,428	862,203
Technology	316,430	329,493
Industrial Specialties	571,500	719,683
	$2,347,858	$2,838,620
Operating profit:		
Consumer:		
U.S. and Canada	$ 79,709	$ 62,623
International	32,201	55,890
Technology	21,706	28,160
Industrial Specialties	15,097	45,203
	$ 148,713	$ 191,876

Operating profit of the business segments does not include corporate expenses, interest expense, income taxes, equity earnings or other income. Identifiable assets are those assets used directly in the operations of each segment and an allocation of assets used jointly, and exclude corporate assets and investments in unconsolidated affiliated companies. Goodwill arising upon the acquisition of Sunbeam relates to several business segments and geographic areas and any allocation thereof to business segments or geographic areas would be arbitrary. Accordingly, such goodwill has been included with corporate assets and the amortization thereof as a corporate expense.

Intersegment sales and sales between geographic areas are not material and are made primarily at cost plus a markup.

Titanium Metals Corporation of America, a 50%-owned unconsolidated affiliate, conducts its operations in the United States and manufactures products primarily for the aerospace, railway, power generation and construction industries. The Rowenta-Werke companies, 50%-owned unconsolidated affiliates, conduct their operations in Europe and manufacture small appliances and personal care products.

AIR PRODUCTS AND CHEMICALS, INC.

Summary by Business Segments

Business segment information is shown below. Geographic information and intersegment sales and transfers are presented on page 36.

(in millions)	Industrial Gases	Equipment and Related Services	Chemicals	Engineering Services	Corporate and Other	Total
1983						
Sales	$ 877.1	$141.9	$534.4	$ 80.8	$ —	$1,634.2
Operating income before major unusual items	156.4	(4.6)	49.1	18.5	(16.1)	203.3
Sale of tax benefits	—	—	—	—	27.6	27.6
Work force reduction costs	(2.1)	(2.6)	(1.7)	(.4)	(.5)	(7.3)
Operating income	154.3	(7.2)	47.4	18.1	11.0	223.6
Interest expense						48.0
Foreign exchange loss						(3.1)
Income before taxes						172.5
Assets	1,315.2	99.1	338.5	284.6	181.6	2,219.0
Depreciation	118.4	10.2	33.7	7.4	9.7	179.4
Additions to plant and equipment	195.2	4.0	38.6	5.8	2.8	246.4
1982						
Sales	$ 857.6	$158.3	$501.1	$ 51.9	$ —	$1,568.9
Operating income before major unusual items	161.3	8.1	29.7	19.6	(16.7)	202.0
Chemical facility revaluation	—	—	(18.6)	—	—	(18.6)
Litigation settlement	(4.0)	—	—	—	—	(4.0)
Sale of assets	—	—	—	—	3.0	3.0
Work force reduction costs	(1.7)	(2.1)	(1.1)	(1.2)	(.8)	(6.9)
Operating income	155.6	6.0	10.0	18.4	(14.5)	175.5
Interest expense						40.2
Foreign exchange gain						5.0
Income before taxes						140.3
Assets	1,289.6	108.0	317.0	307.0	185.7	2,207.3
Depreciation	101.4	10.3	29.9	4.8	6.8	153.2
Additions to plant and equipment	263.0	11.9	58.8	3.6	9.4	346.7
1981						
Sales	$ 813.6	$169.4	$548.3	$ 38.8	$ —	$1,570.1
Operating income before major unusual items	162.0	22.3	37.0	19.1	(13.2)	227.2
Chemical facility revaluation	—	—	(44.2)	—	—	(44.2)
Litigation settlement	—	—	43.4	—	—	43.4
Sale of assets	—	—	7.2	—	—	7.2
Operating income	162.0	22.3	43.4	19.1	(13.2)	233.6
Interest expense						25.9
Foreign exchange loss						(17.0)
Income before taxes						190.7
Assets	1,168.1	127.7	331.0	108.5	167.5	1,902.8
Depreciation	94.4	8.1	30.3	2.8	5.2	140.8
Additions to plant and equipment	244.6	16.5	29.8	6.3	26.3	323.5

Notes: The products and services for each of the four business segments are on page 16.

Sales as presented are to unaffiliated customers. Engineering services sales are reported net of direct costs of construction and maintenance contracts amounting to $1,332.1, $1,164.2 and $478.2 in 1983, 1982 and 1981, respectively.

Corporate and Other includes the elimination of income on intersegment sales and unallocated corporate expenses and income including equity in earnings of unconsolidated affiliates. Corporate assets include cash, short-term investments, investments in unconsoliated affiliates, administrative facilities, development properties and certain deferred items.

Certain prior years amounts have been reclassified to conform to current year presentation.

McGRAW-HILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Segment Reporting

A description of each of the company's six business segments and their products, services and markets served is included on page 8 of this Annual Report.

Operating profit by segment is total operating revenue less expenses which are deemed to be related to the unit's operating revenue. Identifiable assets by segment are those assets that are used in the operation of that unit. Corporate assets consist principally of cash, short-term investments, investment in Rock-McGraw, Inc. and leasehold improvements relating to subleased areas.

A summary of information about the company's operations by segment follows:

(Thousands of dollars)

	Operating revenue	Operating profit	Depreciation expense	Assets at December 31	Purchases of property and equipment
1983					
McGraw-Hill Book Company	$ 406,492	$ 65,815	$ 4,873	$ 356,309	$12,489
McGraw-Hill Publications Company	381,216	65,236	2,572	130,189	9,095
McGraw-Hill Information Systems Company	221,193	59,426	5,164	101,523	8,966
Standard & Poor's Corporation	134,787	37,543	1,587	50,840	7,337
Data Resources, Inc.	79,924	8,546	3,431	140,776	7,613
McGraw-Hill Broadcasting Company, Inc.	71,563	25,657	2,679	97,196	3,505
Total operating segments	1,295,175	262,223	20,306	876,833	49,005
Corporate	—	(22,178)	688	176,040	164
Interest income	—	8,984	—	—	—
Interest expense	—	(2,002)	—	—	—
Total company	$1,295,175	$247,027*	$20,994	$1,052,873	$49,169
1982					
McGraw-Hill Book Company	$ 389,301	$ 59,761	$ 4,104	$ 331,769	$ 9,706
McGraw-Hill Publications Company	344,593	54,700	1,879	115,957	6,043
McGraw-Hill Information Systems Company	215,724	51,788	5,901	109,451	7,909
Standard & Poor's Corporation	105,935	25,391	1,198	42,043	2,001
Data Resources, Inc.	71,301	10,922	2,136	133,777	12,816
McGraw-Hill Broadcasting Company, Inc.	66,733	25,295	2,328	89,001	3,424
Total operating segments	1,193,587	227,857	17,546	821,998	41,899
Corporate	—	(16,720)	784	123,398	150
Interest income	—	5,609	—	—	—
Interest expense	—	(1,868)	—	—	—
Total company	$1,193,587	$214,878*	$18,330	$ 945,396	$42,049
1981					
McGraw-Hill Book Company	$ 377,703	$ 49,545	$ 4,027	$ 324,766	$10,860
McGraw-Hill Publications Company	331,709	61,621	1,404	102,839	4,825
McGraw-Hill Information Systems Company	197,142	43,062	5,342	104,185	8,521
Standard & Poor's Corporation	85,853	18,365	1,033	37,674	1,793
Data Resources, Inc.	59,348	8,195	1,939	115,605	7,223
McGraw-Hill Broadcasting Company, Inc.	58,370	23,315	1,937	83,003	4,650
Total operating segments	1,110,125	204,103	15,682	768,072	37,872
Corporate	—	(12,424)	709	111,315	76
Interest income	—	4,435	—	—	—
Interest expense	—	(4,627)	—	—	—
Total company	$1,110,125	$191,487*	$16,391	$ 879,387	$37,948

*Income before taxes on income.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Major Segments of Business

SCI conducts funeral service and cemetery operations in the United States and Canada. Floral and dried whey operations (which operate principally in the United States) are included as "Other". Substantially all revenues of SCI's major segments of business are from unaffiliated customers. Segment information for fiscal 1983, 1982 and 1981 is as follows:

	Funeral	Cemetery	Other (Thousands)	Corporate	Consolidated
Revenues:					
1983	$151,145	$41,735	$15,656	$ —	$208,536
1982	122,267	30,659	8,803	—	161,729
1981	103,964	20,870	5,129	—	129,963
Operating income:					
1983	$ 39,548	$ 8,860	$ 2,186	$(17,351)	$ 33,243
1982	32,066	6,171	398	(13,863)	24,772
1981	27,186	3,047	289	(10,746)	19,776
Capital expenditures: (a)					
1983	$ 12,773	$ 4,330	$ 1,134	$ 221	$ 18,458
1982	33,796	30,033	1,415	733	65,977
1981	6,768	4,249	44	279	11,340
Depreciation and amortization:					
1983	$ 6,265	$ 1,202	$ 182	$ 707	$ 8,356
1982	4,965	682	65	363	6,075
1981	4,012	499	37	329	4,877
Identifiable assets:					
1983	$167,071	$80,895	$ 4,781	$ 57,249	$309,996
1982	160,816	71,754	3,974	25,995	262,539
1981	111,718	38,784	2,242	17,046	169,790

(a) Includes $2,260,000, $55,740,000 and $647,000 for the years ended April 30, 1983, 1982 and 1981, respectively, for purchases of businesses.

The above table reflects revenues, operating income and identifiable assets of SCI's consolidated operations, which includes SCI's Canadian operations. The following table shows the approximate amounts of revenue, operating income and identifiable assets of SCI's Canadian funeral service and cemetery operations for the past three fiscal years. No significant amount of corporate overhead expenses relate to these operations.

	Years Ended April 30, 1983	1982	1981
	(Thousands)		
Funeral operations:			
Revenues	$ 8,357	$ 6,391	$4,876
Operating income	2,622	1,447	1,428
Identifiable assets	11,636	12,174	7,492
Cemetery operations:			
Revenues	$ 2,889	$ 2,952	$2,357
Operating income	612	784	636
Identifiable assets	4,693	4,290	3,508

Net assets and net income of Canadian subsidiaries included in the Consolidated Financial Statements were $13,757,000 and $1,785,000 for 1983; $12,142,000 and $1,437,000 for 1982 and $7,488,000 and $2,149,000 for 1981.

Foreign Operations

BORG-WARNER CORPORATION

NOTES TO FINANCIAL STATEMENTS

Industry Segments

Borg-Warner consolidated operations are classified among five principal industry segments: Air Conditioning, Chemicals & Plastics, Industrial Products, Protective Services and Transportation Equipment. General corporate assets primarily include cash, marketable securities, and investments and advances. The nature of continuing operations within each segment is discussed in pages 4 through 17. Financial highlights for these segments in millions of dollars are as follows. Data presented for net sales, operating profit and identifiable assets have been restated to reflect unit dispositions in 1983 and prior.

Sales

	1983	1982	1981
Air Conditioning	$ 604.7	$ 596.3	$ 570.7
Chemicals & Plastics	826.3	612.8	663.9
Industrial Products	295.2	330.0	320.4
Protective Services	757.9	589.2	363.5
Transportation Equipment	1,037.4	905.5	960.8
Sales of segments	3,521.5	3,033.8	2,879.3
Discontinued operations	20.6	161.5	245.4
Net sales	$3,542.1	$3,195.3	$3,124.7
Operating profit			
Air Conditioning	$ (2.2)	$ 33.8	$ 30.4
Chemicals & Plastics	110.2	51.8	61.2
Industrial Products	22.9	28.1	20.5
Protective Services	60.4	45.2	33.4
Transportation Equipment	121.7	67.1	73.4
Operating profit of segments	313.0	226.0	218.9
Discontinued operations	4.3	18.2	21.6
General corporate expenses	(51.1)	(41.6)	(44.3)
Interest and finance charges	(43.3)	(61.5)	(53.1)
Earnings before taxes	222.9	141.1	143.1
Income taxes	(85.7)	(43.7)	(66.8)
Consolidated earnings	137.2	97.4	76.3
Financial Services	37.4	36.0	32.0
Affiliates at equity	8.0	34.0	63.8
Net earnings	$ 182.6	$ 167.4	$ 172.1
Identifiable assets			
Air Conditioning	$ 259.5	$ 260.9	$ 271.9
Chemicals & Plastics	365.0	296.7	315.9
Industrial Products	174.9	205.8	204.3
Protective Services	469.0	426.8	284.6
Transportation Equipment	466.0	478.7	491.4
Identifiable assets of segments	1,734.4	1,668.9	1,568.1
Financial Services	303.1	270.9	234.9
Affiliates at equity	250.7	260.5	232.3
General corporate assets	327.5	246.5	181.9
Discontinued operations	1.4	15.8	119.3
Identifiable assets	$2,617.1	$2,462.6	$2,336.5

Capital expenditures and depreciation by industry segment in millions of dollars are as follows:

Capital expenditures

	1983	1982	1981
Air Conditioning	$ 17.8	$ 16.2	$ 8.2
Chemicals & Plastics	21.4	15.5	40.4
Industrial Products	7.7	19.1	33.9
Protective Services	65.0	56.8	48.7
Transportation Equipment	37.9	65.6	83.4
Corporate	3.0	3.1	9.9
Total	$152.8	$176.3	$224.5
Depreciation			
Air Conditioning	$ 8.7	$ 8.7	$ 7.0
Chemicals & Plastics	19.8	18.9	19.2
Industrial Products	9.4	11.9	10.8
Protective Services	28.2	20.6	16.1
Transportation Equipment	39.0	36.8	35.3
Corporate	3.8	2.8	1.5
Total	$108.9	$ 99.7	$ 89.9

Geographic Segments

Borg-Warner sales, operating profit and identifiable assets by major geographic area in millions of dollars are summarized as follows. All data have been restated to reflect unit dispositions in 1983 and prior.

Sales

	1983	1982	1981
United States	$2,757.2	$2,250.0	$2,062.4
Australia	232.2	282.2	280.1
Canada	148.8	111.7	104.9
Europe	344.3	348.1	390.4
Other foreign	39.0	41.8	41.5
Sales of segments	$3,521.5	$3,033.8	$2,879.3
Sales inter-segment			
United States	$ 89.4	$ 76.3	$ 82.9
Australia	.1	.1	.1
Canada	2.9	3.5	3.2
Europe	7.5	4.4	11.0
Other foreign	.8	.8	.3
Total	$ 100.7	$ 85.1	$ 97.5
Operating profit			
United States	$ 248.2	$ 169.8	$ 193.4
Australia	26.7	24.5	32.5
Canada	12.6	9.4	7.1
Europe	21.0	19.9	(17.9)
Other foreign	4.5	2.4	3.8
Operating profit of segments	$ 313.0	$ 226.0	$ 218.9
Identifiable assets			
United States	$1,370.1	$1,276.3	$1,142.7
Australia	104.0	102.6	125.6
Canada	72.2	66.9	65.7
Europe	171.8	193.9	205.8
Other foreign	16.3	29.2	28.3
Identifiable assets of segments	$1,734.4	$1,668.9	$1,568.1

Included in U.S. sales are export sales of $271 million for 1983 and $280 million for 1982 and 1981.

THE H.J. HEINZ COMPANY

SEGMENT AND GEOGRAPHIC DATA

The company is engaged principally in one line of business—processed food products—which represents over 90% of consolidated sales. Information about the business of the company by geographic area is presented in the table below.

There were no material amounts of sales or transfers between geographic areas or between affiliates, and no material amounts of United States export sales.

(in thousands of U.S. dollars)	Domestic	United Kingdom	Canada	Foreign Western Europe	Other	Total	Worldwide
1983							
Sales	$2,381,054	$547,527	$216,726	$383,784	$209,354	$1,357,391	$3,738,445
Operating income	246,780	61,282	34,146	29,146	25,111	149,685	396,465
Identifiable assets	1,362,152	265,218	112,620	294,732	143,971	816,541	2,178,693
Capital expenditures	72,712	12,262	13,790	8,253	4,368	38,673	111,385
Depreciation expense	42,279	8,364	3,592	6,355	3,606	21,917	64,196
1982							
Sales	$2,317,279	$605,645	$216,757	$327,010	$221,809	$1,371,221	$3,688,500
Operating income	235,924	60,135	26,696	19,290	20,190	126,311	362,235
Identifiable assets	1,318,848	303,356	96,547	265,698	145,121	810,722	2,129,570
Capital expenditures	87,948	24,400	7,716	12,669	7,718	52,503	140,451
Depreciation expense	37,659	10,794	2,947	4,711	3,121	21,573	59,232
1981							
Sales	$2,143,306	$711,976	$176,358	$323,344	$213,905	$1,425,583	$3,568,889
Operating income	220,256	67,619	20,460	7,078	20,198	115,355	355,611
Identifiable assets	1,245,868	354,943	84,874	203,780	150,113	793,710	2,039,578
Capital expenditures	57,394	41,139	5,736	13,781	10,554	71,210	128,604
Depreciation expense	33,540	12,405	2,722	5,153	2,542	22,822	56,362

CASTLE & COOKE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Industry and Geographic Area Segment Information

Financial data with respect to the Company's various industry segments is presented in the Summary of Operations (Segment Information Data) on page 9, which is incorporated by reference.

Revenues, operating earnings and identifiable assets for the last three fiscal periods pertaining to the various geographic areas in which the Company operates are presented below.

The Company's major identifiable assets are located as follows: (1) North America—United States, Puerto Rico, and the assets of the refrigerated cargo and tuna purse-seine vessel operations (these latter assets are normally associated with operations in the United States and Puerto Rico); (2) Latin America—Colombia, Costa Rica, Ecuador, and Honduras; and (3) Far East—principally the Philippines and Thailand. Revenues and operating earnings in Canada and Europe are included in North America.

Transfers between geographic areas are accounted for based on either an approximation of fair market value in the transferring area or in proportion to costs of production.

(in millions)	Year Ended June 18, 1983	Year Ended June 19, 1982	24 Weeks Ended June 20, 1981
Revenues			
North America			
Sales to outsiders	$1,293	$1,346	$ 607
Latin America			
Sales to outsiders	101	94	51
Inter-area transfers	303	320	147
Far East			
Sales to outsiders	158	181	112
Inter-area transfers	117	118	70
Intercompany elimination	(420)	(438)	(217)
Total revenues	$1,552	$1,621	$ 770
Operating Earnings			
North America	$ (2)	$ 33	$ 42
Latin America	15	5	8
Far East	39	24	38
	$ 52	$ 62	$ 88
Identifiable Assets			
North America	$ 772	$ 829	$ 887
Latin America	167	165	178
Far East	104	123	128
	$1,043	$1,117	$1,193

Notes: Prior years' operating earnings have been reclassified to conform to the 1983 presentation.

Identifiable assets of the discontinued salmon/shellfish operations are primarily included in North America.

Major Customers

ACTION INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note J—Segment Information

The discontinuance of the retail business during fiscal 1982 leaves the Company with one market segment—sales to retailers. Substantially all operations are located in the United States and export sales are less than 10% of net sales. The Company had sales in excess of 10% of net sales to three customers in 1983 (17%, 14%, and 11%), to two customers in 1982 (12% and 11%), and to two customers (18% and 15%) in 1981. One of these customers accounted for more than 10% of net sales in each of the three years and another customer accounted for more than 10% of net sales in both 1983 and 1982.

During the third quarter of fiscal 1983, the Company entered into an agreement with F.W. Woolworth Co. (cancellable by the customer upon payment, under certain circumstances, of specified penalties to the company) to supply a total of six promotional programs between March 1983 and June 1985. The sales volume of each of these programs cannot be calculated until the merchandise has been selected at the time each program is to run, but the Company believes that the aggregate sales volume of the six programs will be material in amount. This customer accounted for more than 10% of net sales in 1983.

CSP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Major Customers:

Sales in thousands of dollars, to individual customers constituting 10% or more of total sales were as follows:

	Year Ended August 31,					
	1983		1982		1981	
Customer A	$3,273	30%	$4,411	44%	$2,332	33%
Customer B	—		1,848	18%	858	12%
Customer C	—		—		910	13%
Customer D	1,083	10%	—		728	10%

The Company had a contract to provide certain of its products to Customer A. This contract was substantially completed during fiscal 1983. The Company's earnings and revenues could be materially impaired, and its business could be materially and adversely affected if it is unable to replace revenues from Customer A with revenues from other customers. The Company anticipates that, for the foreseeable future, a significant percentage of its sales will be dependent upon a relatively small number of customers. Long-term contracts are not material to the Company's sales.

SPARTON CORPORATION

SEGMENT INFORMATION (IN PART)

The Corporation's operations have been classified into five major segments. (1) Defense electronics principally includes sonobuoys which are antisubmarine warfare devices used by the U.S. Navy and other free world military establishments. (2) Commercial/industrial electronics includes micro-processor based systems, transducers, printed circuit boards, sensors, and electronic and electro-mechanical contract manufacturing for the telecommunications, electronics and other industries. (3) Automotive and industrial products include electric and air horns for passenger cars, trucks and boats, stampings for a variety of passenger car and truck uses, other automotive parts and marine devices, and products for the telecommunication industry. (4) Industrial automation equipment includes automated tire mounting and inflating systems for automotive assembly plants and highly engineered conveyors and other materials handling equipment for the automotive and other industries. (5) Oil and gas operations include the exploration for and production of crude oil and natural gas.

Total direct sales on prime contracts to United States government agencies were $74,100,000 in 1983, $54,500,000 in 1982 and $58,300,000 in 1981, principally from the defense electronics segment. Total sales to General Motors Corporation were $15,800,000 in 1983, $15,600,000 in 1982 and $21,400,000 in 1981 and relate to the automotive and industrial products and industrial automation equipment segments. No other customer accounted for 10% or more of consolidated sales and revenues in 1983, 1982, or 1981. Certain of the sales of the commercial/industrial electronics and automotive and industrial products segments were to the telecommunications industry and aggregated $7,300,000 in 1983, $7,500,000 in 1982 and $9,700,000 in 1981.

Export Sales

DRESSER INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note O (in part)—Information by Industry Segment and Geographic Area

The financial information by Geographic Area is summarized as follows (in millions):

	Years Ended October 31, 1983	1982	1981
Sales and service revenues to unaffiliated customers			
United States	$2,562.0	$3,219.0	$3,551.7
Canada	160.3	182.4	221.6
Latin America	101.0	133.7	175.6
Europe	428.2	365.0	381.5
Mid East, Far East and Africa	221.9	260.5	284.1
Intergeographic area sales and service revenues			
United States	157.4	176.7	181.5
Canada	33.4	19.0	28.6
Latin America	2.4	1.8	1.9
Europe	49.5	69.2	73.1
Mid East, Far East and Africa	28.1	51.5	29.8
Eliminations	(270.8)	(318.2)	(314.9)
Total sales and service revenues	$3,473.4	$4,160.6	$4,614.5
Operating profit			
United States	$ (44.8)	$ 253.4	$ 531.5
Canada	7.3	4.6	18.6
Latin America	(1.8)	(4.3)	8.4
Europe	45.6	61.1	15.5
Mid East, Far East and Africa	12.3	15.1	16.0
Adjustments and eliminations	(1.1)	(7.4)	(20.4)
Total operating profit	$ 17.5	$ 322.5	$ 569.6
Identifiable assets			
United States	$2,282.7	$2,396.4	$2,303.3
Canada	162.6	160.8	186.4
Latin America	87.5	103.6	111.0
Europe	291.4	298.3	295.5
Mid East, Far East and Africa	194.8	200.2	214.8
Adjustments and eliminations	(231.8)	(249.6)	(288.6)
Total identifiable assets	$2,787.2	$2,909.7	$2,822.4
United States export sales			
Canada	$ 13.6	$ 38.4	$ 29.8
Latin America	109.1	126.6	164.5
Europe	104.8	92.6	78.8
Mid East, Far East and Africa	258.4	299.4	252.5
Total United States export sales	$ 485.9	$ 557.0	$ 525.6

HEWLETT-PACKARD COMPANY

GEOGRAPHIC AREAS

The worldwide aspect of the company's operations is shown in the accompanying tables. The locations of the company's manufacturing and marketing facilities are listed on page 37.

Sales between affiliates are made at market prices, less an allowance for subsequent manufacturing and/or marketing. Net sales are reported based on the location of the customer. Exports are primarily transfers to affiliates outside the area. Exports from the United States include direct shipments from the United States to trade customers in the "Rest of world" of $173 million in 1983, $189 million in 1982 and $183 million in 1981 (classified as net sales in the "Rest of world"). Earnings before taxes and geographic assets are primarily classified by the location of the company's facilities.

Identifiable assets include corporate assets of $1,141 million in 1983, $938 million in 1982 and $548 million in 1981. The increase in corporate assets in 1983 and 1982 is primarily due to higher cash and temporary cash investment balances.

(Millions)	1983	1982	1981
Net sales			
United States	$2,762	$2,304	$1,853
Europe	1,359	1,285	1,166
Rest of world	589	600	509
	$4,710	$4,189	$3,528
Exports from			
United States	$1,105	$1,081	$ 969
Europe	100	61	50
Rest of world	160	164	206
Earnings before taxes			
United States	$ 644	$ 554	$ 458
Europe	147	155	155
Rest of world	60	97	80
Eliminations and corporate	(123)	(130)	(126)
	$ 728	$ 676	$ 567
Identifiable assets			
United States	$2,495	$2,042	$1,817
Europe	783	673	597
Rest of world	324	285	265
Eliminations and corporate	559	470	103
	$4,161	$3,470	$2,782

McGRAW-EDISON COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 (in part): Information about the Company's Operations by Lines of Business

The company's lines of business are described on pages 7 to 13 of this report. Net sales include both sales to unaffiliated customers and intersegment sales, which are not significant to any segment. Operating income includes all costs and expenses directly related to the segment including the equity earnings of unconsolidated entities before any foreign exchange gains and losses. Foreign exchange gains and losses which are charged to income are excluded from each segment's operating income but are included in pre-tax income of the related geographic area. Corporate/unallocated items principally represent general and administrative costs.

Equity earnings (losses), net of taxes, were $3.3 million in 1983, $3.7 million in 1982 and $3.9 million in 1981 for the Process Equipment Segment and $(1.3) million in 1983, $.5 million in 1982 and $1.9 million in 1981 for the Automotive Segment. Equity earnings were not significant for any other segment in 1983, 1982 or 1981.

Identifiable assets are those used in the operations of each segment along with each segment's equity in unconsolidated entities. Identifiable assets within the Process Equipment Segment included $27.2 million, $27.7 million and $30.4 million of equity in unconsolidated entities at December 31, 1983, 1982 and 1981, respectively. Equity in unconsolidated entities was not significant to any other segment at December 31, 1983, 1982 or 1981. Corporate assets consist principally of cash, marketable securities and prepaid taxes.

The information by lines of business for 1981 and 1982 has been restated to reflect the reclassification of the Controls Operation from the Industrial Segment to the Process Equipment Segment, and the Electric Machinery product line from the Power Systems Segment to the Service Segment.

The company's export sales for the years ended December 31, 1983, 1982 and 1981 are as follows:

In millions	1983	1982	1981
Western Europe	$ 20	$ 25	$ 27
South America	41	69	97
Saudi Arabia	42	44	35
Asia	33	49	36
Canada	20	23	30
Other	56	61	51
Total	$212	$271	$276

Financial information about the company's operations in different geographic areas by place of manufacture for the years ended December 31, 1983, 1982 and 1981 is as follows:

TABLE 1-4: MONTH OF FISCAL YEAR END

	1983	1982	1981	1980
January	25	25	26	25
February	12	15	13	14
March	13	12	14	15
April	6	7	6	8
May	13	13	11	10
June	37	38	40	39
July	17	17	12	12
August	23	22	21	21
September	39	38	41	41
October	25	24	24	25
November	13	11	9	11
Subtotal	**223**	**222**	**217**	**221**
December	377	378	383	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 survey companies use a 52-53 week fiscal year.

During 1983, six 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

PHILIP A. HUNT CHEMICAL CORPORATION

Consolidated Balance Sheets

December 31, 1983	January 1, 1983

Consolidated Statements of Income

1983	1982	1981

Consolidated Statements of Changes in Financial Position

1983	1982	1981

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Reporting Period—

In 1983, the Company changed its fiscal reporting period to the calendar year. Fiscal years 1982 and 1981 represented the fifty-two weeks ended January 1, 1983 and the fifty-three weeks ended January 2, 1982, respectively.

AUDITORS' OPINION

To the Board of Directors and Stockholders of
Philip A. Hunt Chemical Corporation:

We have examined the consolidated balance sheets of Philip A. Hunt Chemical Corporation and subsidiaries as of December 31, 1983 and January 1, 1983 and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for each of the three fiscal years in the period ended December 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 opinion, such consolidated financial statements present fairly the financial position of the companies at December 31, 1983 and January 1, 1983 and the results of their operations and the changes in their financial position for each of the three fiscal years in the period ended December 31, 1983 in conformity with generally accepted accounting principles applied on a consistent basis.

THE RYMER COMPANY

Consolidated Balance Sheets

October 29, 1983 and December 31, 1982

	1983	1982

Consolidated Statements of Operations

for the ten months ended October 29, 1983 and years ended December 31, 1982 and 1981

	1983	1982	1981

Consolidated Statements of Stockholders' Equity

for the ten months ended October 29, 1983 and years ended December 31, 1982 and 1981

Consolidated Statements of Changes in Financial Position

for the ten months ended October 29, 1983 and years ended December 31, 1982 and 1981

	1983	1982	1981

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Beginning in 1983, the Company changed its year-end from December 31 to the last Saturday in October. The accompanying 1983 financial statements present the ten month period ended October 29, 1983. On November 30, 1983, the Company changed its name from Kroehler Mfg. Co. to The Rymer Company.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and
Board of Directors
The Rymer Company

We have examined the consolidated balance sheets of The Rymer Company (formerly Kroehler Mfg. Co.) and subsidiaries as of October 29, 1983 and December 31, 1982 and the related consolidated statements of operations, stockholders' equity and changes in financial position for the ten months ended October 29, 1983 and for each of the two 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 consolidated financial position of The Rymer Company and subsidiaries as of October 29, 1983 and December 31, 1982, and the consolidated results of their operations and changes in their financial position for the ten months ended October 29, 1983 and for each of the two years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

SCHOLASTIC INC.

Consolidated Balance Sheet

	May 31, 1983	August 31, 1982

Consolidated Statement of Income and Retained Earnings

	Nine Months Ended May 31, 1983	Years Ended August 31, 1982	1981

Consolidated Statement of Changes in Financial Position

	Nine Months Ended May 31, 1983	Years Ended August 31, 1982	1981

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

May 31, 1983, and August 31, 1982 and 1981

(Amounts in thousands except shares and per share data)

2. Change in Fiscal Year End

As a major portion of the Company's sales are made through the classroom, the Company's annual business cycle approximates that of the school year. In order to correlate its annual business cycle more closely with the school year, the Company changed its fiscal year end from August 31 to May 31, effective for the nine-month period ending May 31, 1983.

Since results for the nine-month period are not indicative of operations for a twelve-month period, and to facilitate comparison, the following unaudited summary financial information is presented:

	Twelve-Month Periods Ended May 31, 1983	1982
	(unaudited)	
Revenues	$146,860	$144,685
Costs and expenses	143,964	143,202
Income from operations—pretax	2,896	1,483
Net nonrecurring gains and (losses)—pretax	491	—
Net income	2,477	902
Net income per share	$1.44	$0.52

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders
Scholastic Inc.

We have examined the consolidated balance sheets of Scholastic Inc. at May 31, 1983, and August 31, 1982, and the related consolidated statements of income and retained earnings and changes in financial position for the nine month fiscal year ended May 31, 1983, and for each of the two twelve month fiscal 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 May 31, 1983, and August 31, 1982, and the consolidated results of operations and changes in financial position for the nine month fiscal year ended May 31, 1983, and for each of the two twelve month fiscal years in the period ended August 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

UNITED BRANDS COMPANY

Consolidated Balance Sheet

(In thousands)

	March 31, 1983	June 30, 1982

Consolidated Statement of Income

(In thousands except per share amounts)

	Nine Months Ended March 31, 1983	Year Ended June 30, 1982	1981

Consolidated Statement of Income Retained in the Business

(In thousands except per share amounts)

	Nine Months Ended March 31, 1983	Year Ended June 30, 1982	1981

Consolidated Statement of Changes in Financial Position

(In thousands)

	Nine Months Ended March 31, 1983	Year Ended June 30, 1982	1981

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Fiscal Year—The Company, in conjunction with the restructing of operations and quasi-reorganization (see Note 2), elected to change its fiscal year end from June 30 to March 31. Results are subject to significant seasonal variations and therefore the results of the nine month period are not necessarily indicative of the results of operations for a full year.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders of
United Brands Company

We have examined the consolidated balance sheets of United Brands Company and subsidiary companies at March 31, 1983, and June 30, 1982, and the related consolidated statements of income, income retained in the business and changes in financial position for the nine months ended March 31, 1983 and the years ended June 30, 1982 and June 30, 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.

In our opinion, the statements mentioned above present fairly the consolidated financial position of United Brands Company and subsidiary companies at March 31, 1983 and June 30, 1982 and the consolidated results of operations and changes in financial position for the nine months ended March 31, 1983 and the years ended June 30, 1982 and June 30, 1981, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

STAUFFER CHEMICAL COMPANY

Consolidated Balance Sheet

(Dollars in thousands)

	September 30 1983	December 31 1982

Statement of Consolidated Earnings

(Dollars in thousands, except per-share amounts)

	Nine Months ended September 30 1983	Twelve Months ended September 30 1983 (unaudited)	Twelve Months ended December 31 1982	1981

Statement of Changes in Consolidated Financial Position

(Dollars in thousands)

	Nine Months ended September 30 1983	Twelve Months ended September 30 1983 (unaudited)	Twelve Months ended December 31 1982	1981

Statement of Consolidated Stockholders' Equity

(Dollars in thousands)

	Nine Months ended September 30 1983	Twelve Months ended December 31 1982	1981

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year—The Company has elected to change its fiscal year-end for financial reporting purposes from December 31 to September 30. This change was made to align the financial reporting year with the natural business cycle of the Company's agricultural segment. Due to significant seasonal variations, the results of a nine-month period are not necessarily indicative of a full year's operations.

AUDITORS' OPINION

To the Stockholders of Stauffer Chemical Company:

We have examined the consolidated balance sheets of Stauffer Chemical Company and subsidiaries as of September 30, 1983 and December 31, 1982 and the related statements of consolidated earnings, consolidated stockholders' equity and changes in consolidated financial position for the nine month period ended September 30, 1983 and the twelve month periods ended December 31, 1982 and 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.

In our opinion, such consolidated financial statements present fairly the financial position of Stauffer Chemical Company and subsidiaries at September 30, 1983 and December 31, 1982 and the results of their operations and the changes in their financial position for the nine month period ended September 30, 1983 and the twelve month periods ended December 31, 1982 and 1981, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in 1982 in the method of accounting for inventories as described in the notes to the financial statements.

The statements of consolidated earnings and changes in consolidated financial position for the twelve month period ended September 30, 1983 were not audited by us and, accordingly, we do not express an opinion on them.

Definition of Fiscal Year

DUPLEX PRODUCTS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies (in part):

The Company's fiscal year ends on the last Saturday in October. The fiscal years ended October 29, 1983 and October 30, 1982 were comprised of fifty-two weeks, while the fiscal year ended October 31, 1981 was comprised of fifty-three weeks.

CRADDOCK-TERRY SHOE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Corporation is engaged in the manufacture and distribution of shoes. In accordance with industry practice, it reports its annual results of operations based on fiscal periods comprised of 52 or 53 weeks. Accordingly, results of operations for the fiscal years ended October 1, 1983 and October 2, 1982 consisted of 52 weeks and the results of operations for the fiscal year ended October 3, 1981 consisted of 53 weeks.

JOHNSON & JOHNSON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Annual Closing Date—The Company follows the concept of a fiscal year which ends on the Sunday nearest to the end of the month of December. Normally each fiscal year consists of 52 weeks, but every five or six years, as was the case in 1981, the fiscal year consists of 53 weeks.

NATIONAL SEMICONDUCTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Fiscal Year—The fiscal year ends May 31 and consists of 13 four-week periods, four of which are included in the first fiscal quarter.

OXFORD INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part) Summary of Significant Accounting Policies

Fiscal Period—The Company's fiscal closing date is the Friday nearest May 31. The fiscal year includes operations for a 53-week period in 1983 and a 52-week period in both 1982 and 1981.

WILSON FOODS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Summary of Significant Accounting Policies

Fiscal Year—Wilson Foods Corporation's fiscal year ends on the Saturday closest to the end of July. 1983 and 1982 have 52 weeks and 1981 has 53 weeks.

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

	1983	1982	1981	1980
To nearest dollar	75	81	89	114
To nearest thousand dollars:				
Omitting 000	363	351	335	306
Presenting 000	54	66	79	107
To nearest million dollars	108	102	97	73
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

	1983	1982	1981	1980
General reference only	333	317	300	291
General and direct references	259	274	292	302
Direct reference only	4	5	5	4
No reference to notes	4	4	3	3
Total Companies	**600**	**600**	**600**	**600**

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.

TABLE 1-7: DISCLOSURE OF ACCOUNTING POLICIES

	Number of Companies			
	1983	1982	1981	1980
Depreciation methods	582	585	587	594
Consolidation basis	580	578	582	590
Inventory pricing	560	557	557	562
Interperiod tax allocation	533	528	525	538
Property	481	476	477	512
Earnings per share calculation	376	367	364	351
Employee benefits	308	323	327	356
Amortization of intangibles	292	289	287	300
Translation of foreign currency	268	243	200	164
Research and development costs	142	137	147	160
Capitalization of interest	93	101	106	92

AEL INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Fiscal Year. The Company's fiscal year ends on the last Friday in February. Fiscal years for the financial statements included herein each contain fifty-two weeks.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its subsidiaries. Certain amounts have been reclassified to be consistent with the fiscal year 1983 presentation. Intercompany accounts and transactions applicable to continuing operations have been eliminated in consolidation. UltraCom, Inc. has been classified as a business held for sale (see Note 2).

The Company accounts for its investment in its unconsolidated affiliate by the equity method.

Revenue Recognition. Contract revenue is recognized on the percentage-of-completion method in the ratio that cost incurred bears to estimated cost at completion. Adjustments to contract cost estimates are made in the period in which the facts which require such revisions become known. When the revised estimate indicates a loss, such loss is provided for currently in its entirety. All other revenue is recorded on the basis of shipments of products or performance of services.

Receivables. Receivables include unrecovered costs and estimated profits subject to future negotiation. Unbilled receivables represent costs and profits in excess of billed amounts on contracts accounted for on the percentage-of-completion method. Such amounts are generally billed and collected within one year (see Note 15).

Inventories. Inventories are stated at the lower of cost or market. Raw materials are valued generally at average cost; work-in-process and finished goods are valued generally on a first-in, first-out basis.

Inventoried costs relating to long-term contracts and programs are stated principally at actual production cost, including overhead, tooling and other related non-recurring costs, less costs allocated to delivered items. Costs attributed to units delivered under long-term contracts and programs are based on the average cost of all units expected to be produced.

In accordance with industry practice, inventories include amounts relating to contracts and programs having production cycles longer than one year. Such amounts are not significant.

Plant and Equipment. Depreciation and amortization of plant and equipment are computed on the straight-line method for financial statement purposes based upon the following estimated useful lives:

Buildings and improvements	8 to 40 years.
Machinery and equipment	3 to 10 years
Office furniture and equipment	5 to 8 years

Income Taxes. Income taxes are provided based on earnings reported for financial statement purposes. The provision for taxes differs from amounts currently payable because of timing differences in the recognition of certain income and expense items for financial reporting and tax purposes. These timing differences result principally from depreciation and undistributed earnings of the Company's Domestic International Sales Corporation (DISC). Deferred income taxes are also provided on the Company's share of the undistributed earnings of its unconsolidated affiliate.

Investment tax credits are recognized currently as a reduction of taxes on income.

Employee Benefit Plans. The Company and its subsidiaries maintain noncontributory pension plans covering salaried and hourly employees after a specified period of service. The Company's policy is to fund at a minimum the amount required under the Employee Retirement Income Security Act of 1974. Under the Company's Retirement Savings Plan, which was adopted on August 28, 1982, eligible employees may contribute a portion of their annual compensation. The Company makes a matching contribution for the first three percent and one half of the next two percent.

BIRD INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of Bird Incorporated and its subsidiaries, all of which are wholly-owned. All material intercompany activity has been eliminated from the financial statements.

Inventories: Inventories are valued at the lower of cost or market. Cost is determined for the most part by the last-in, first-out (LIFO) method computed using the dollar value method for natural business unit pools. The cost of the remaining inventories is determined generally on a first-in, first-out (FIFO) basis. Market for raw materials and supplies is based on current replacement cost and for work-in-process and finished goods on net realizable value.

Property, Plant and Equipment: Property, plant and equipment is stated at cost after eliminating fully-depreciated assets still in use. Depreciation has been provided in the financial statements primarily on the straight-line method at rates, based on reasonable estimates of useful lives, which fall within the following ranges for major asset classifications:

Land improvements	10 to 20 years
Buildings	20 to 40 years
Machinery and equipment	5 to 20 years

Maintenance, repairs and minor renewals are charged to earnings in the year in which the expense is incurred. Additions, improvements and major renewals are capitalized.

The cost of assets retired or sold, together with the related accumulated depreciation, are removed from the accounts, and any profit or loss on disposition is credited or charged to earnings.

The Company capitalizes interest cost on construction projects while in progress. The capitalized interest is recorded as part of the asset to which it is related and is amortized over the asset's estimated useful life.

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.

Retirement Plans: The Company has noncontributory pension plans covering substantially all employees except those covered under union pension plans. Annual contributions are made to the plans in varying amounts based on the advice of consulting actuaries. The charge to earnings is based on current service cost plus amortization of prior service cost over periods not exceeding thirty years.

Income Taxes: Certain income and expense items are recognized for financial reporting purposes and for income tax purposes in different time periods. Tax deferrals are provided in the financial statements to account for significant timing differences, principally accelerated depreciation and DISC earnings. Investment tax credits are accounted for under the flow-through method. The Company does not provide for income taxes on undistributed earnings of its foreign subsidiaries, which are considered to be permanently reinvested.

Foreign Currency Translation: In 1982, the Company adopted Statement of Financial Accounting Standards No. 52 which provides that translation gains and losses be reflected as an adjustment to equity rather than included in income. Operating results for prior years have not been restated since the effect of this change is not material.

Earnings per Common Share: Primary earnings per share are determined after deducting the dividend requirements of the preferred and preference shares and are based on the weighted average number of common shares outstanding during each period increased by the effect of dilutive stock options. Fully diluted earnings per share are not shown since its effect is antidilutive.

THE BLACK AND DECKER MANUFACTURING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars except per share data)

Note 1: Summary of Accounting Policies

Principles of Consolidation—The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany transactions have been eliminated.

Reclassifications—The accompanying consolidated financial statements for 1982 and 1981 reflect reclassifications to separately classify manufacturing reorganization and other related costs (see Note 5).

Foreign Currency Translation—The Company follows the translation policy as provided by Statement of Financial Accounting Standards No. 52. Local currencies have been designated as the functional currencies for all subsidiaries except those located in highly inflationary economies or other subsidiaries for which local currencies are not appropriate, in which case the U.S. dollar is the functional currency. The functional currency of each location was determined after evaluating such factors as the markets in which they operate, generation of cash flow, financing activities and intercompany arrangements. For subsidiaries other than those located in highly inflationary economies, assets and liabilities are translated at the rates of exchange on the balance sheet date. Income and expense items of these subsidiaries are translated at average monthly rates of exchange. The resultant translation gains or losses are included in the component of stockholders' equity designated as "Equity Adjustment from Translation." Gains and losses from foreign currency transactions of these subsidiaries are included in net earnings.

For subsidiaries operating in highly inflationary economies, monetary assets and liabilities are translated to U.S. dollars at current rates and certain assets (notably inventory and property, plant and equipment) are translated at historical rates. Income and expense items for these subsidiaries are translated at average monthly rates of exchange except for those items of expense which relate to assets translated at historical rates. All gains and losses from currency translation and transactions for these subsidiaries are included in net earnings.

Marketable Securities—Marketable securities are valued at cost which approximates market.

Inventories—Inventories are stated at the lower of cost or market. The cost of United States inventories is based on the last-in, first-out (LIFO) method; all other inventories are based on the first-in, first-out (FIFO) method.

Property and Depreciation—Property, plant and equipment is stated at cost. Depreciation is computed generally on the straight-line method for financial reporting purposes and on both accelerated and straight-line methods for tax reporting purposes.

Debt—The Company and certain of its subsidiaries participate in various back-to-back loan agreements with banks whereby the Company's subsidiaries borrow funds and, concurrently, equivalent funds are deposited by the Company to support the loans. In the event of default under these arrangements, a legal right of offset permits the use of the deposit to satisfy the defaulted principal and interest. Since the right of offset exists, debt and equivalent deposits have been eliminated from the balance sheet. Related interest income and interest expense have also been eliminated.

Product Development Costs—Costs associated with the development of new products and changes to existing products are charged to operations as incurred ($28,442 in 1983, $29,673 in 1982 and $27,318 in 1981).

Taxes on Income—United States income taxes have not been provided on unremitted earnings of subsidiaries located outside the United States as such earnings are considered to be permanently reinvested. Investment tax credits are accounted for on the flow-through method.

Earnings per Share—Earnings per share are based on the average number of shares outstanding during each year. Fully diluted earnings per share are not materially different.

ADOLPH COORS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of Adolph Coors Company and all domestic and foreign subsidiaries (the Company). All significant intercompany accounts and transactions have been eliminated.

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

Current cost, as determined principally on the first-in, first-out method, exceeded LIFO cost by $56,048,000 and $57,891,000 at December 25, 1983 and December 26, 1982, respectively.

In 1981 certain inventory quantities were reduced which resulted in a liquidation of applicable LIFO quantities carried at costs prevailing in prior years. The effect of the liquidation of inventory quantities was to increase net income by $4,000,000 ($.11 per share).

Returnable Containers: Bottles are recorded in inventory at cost and expensed as used due to their limited lives. Kegs, which are classified as properties, are depreciated over their estimated useful lives.

Properties: Expenditures for new facilities and significant betterments of existing properties are capitalized at cost. The Company has engineering and construction staffs responsible for the majority of plant expansion projects and installation of machinery and equipment. Capitalized cost consists of direct materials, labor and overhead allocated to each project. Maintenance and repairs are expensed as incurred.

Depreciation is computed principally on the straight-line method at rates considered sufficient to amortize costs over estimated service lives.

The Company has oil, gas and coal properties to provide sources of natural energy for its own use and for sale to unaffiliated customers. The costs of acquisition, exploration and development of natural resource properties are accounted for under the successful efforts method. Productive properties are amortized on the unit of production method.

Excess of Cost Over Net Assets of Businesses Acquired: The excess of cost over the net assets of businesses acquired in transactions accounted for as purchases is being amortized on a straight-line basis generally over a 40-year period.

Research and Project Development: Expenditures for research and development are charged to operations as incurred. Project costs, primarily feasibility and conceptual studies, are also charged to expense as incurred.

Income Taxes: Investment tax credits ($9,400,000 in 1983, $8,300,000 in 1982 and $12,500,000 in 1981) are recorded on the flow-through method of accounting whereby they are applied as a reduction of income tax expense in the year the properties generating such credits are placed in service or are claimed on qualified progress expenditures.

Net Income Per Share: Net income per share is based on the weighted average number of shares of common stock outstanding during each year. Except for voting privileges, both classes of common stock have the same rights and privileges.

Fiscal Year: The fiscal year of the Company is a 52 or 53 week period ending on the last Sunday in December.

CULBRO CORPORATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Dollars in thousands)

Basis of Consolidation: The consolidated financial statements include the accounts of all subsidiaries of the Corporation except for two wholly-owned domestic real estate companies, which are accounted for on the equity basis.

Fiscal Year: The Corporation's fiscal year ends on the Saturday nearest December 31. Fiscal year 1983 ended on December 31, 1983 and included 52 weeks. The fiscal years ended January 1, 1983 and January 2, 1982 included 52 and 53 weeks, respectively.

Inventories: Inventories are stated at the lower of cost or market. The first-in, first-out (FIFO) or average cost method is used to determine the cost of all inventories, except in the Eli Witt distribution business which uses the last-in, first-out (LIFO) method.

The Eli Witt inventories consist mainly of cigarettes, tobacco, confectionery, grocery and paper products. At December 31, 1983 the cost of such inventories at LIFO amounted to $33,216, which approximated their FIFO cost since such inventories were recorded at replacement cost at date of acquisition.

Raw materials include tobacco in process of aging and landscape nursery stock, a substantial amount of which will not be used or sold within one year. It is industry practice to include such inventories in current assets. Raw materials also include tobacco in bond which is subject to customs duties payable upon withdrawal from bond. Following industry practice, the Corporation does not include such duties in inventories until paid.

Property and Equipment: Property and equipment are carried at cost. Depreciation is determined for financial reporting purposes on a straight-line basis over the estimated useful asset lives and principally on accelerated methods for tax purposes. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the accounts and the difference between book value and any proceeds realized on sale is charged or credited to income. Expenditures for maintenance and repairs are charged to income as incurred; renewals and improvements are capitalized.

Intangible Assets: Intangible assets represent the excess of cost of businesses acquired over the fair value of their net tangible assets and are amortized on the basis of their estimated lives but not to exceed thirty years.

Income Taxes: Deferred income taxes result primarily from the use of different methods of computing depreciation for tax and financial statement purposes. Investment tax credits are recorded by the flow-through method of accounting whereby, in the year available for utilization, the credits are applied as a reduction of income tax expense.

Employee Retirement Plans: The Corporation has several non-contributory defined benefit pension plans covering substantially all of its salaried and certain of its hourly employees. Costs are provided for and funded in accordance with the actuarial estimates.

Earnings Per Share: Earnings per share of common stock are based on the weighted average number of shares of common stock outstanding considering the dilutive effect of restricted stock awards and outstanding stock options.

MELVILLE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of all subsidiaries including foreign subsidiaries whose results of operations for 1983, 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.

Inventories: Consolidated inventories are stated at the lower of cost or market. Inventories of the retail operations are determined primarily by the retail method with 19.0% valued on a last-in, first-out (LIFO) basis. Inventories of the manufacturing operations are determined primarily on a first-in, first-out (FIFO) basis with 24.4% valued on a LIFO basis. For the inventories valued at LIFO (19.2% of total consolidated inventories), FIFO cost exceeded LIFO cost at December 31, 1983 by $24,233,607 and at December 31, 1982 by $26,647,864.

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.

Maintenance and Repairs: Maintenance and repairs are charged directly to expense as incurred. Major renewals or replacements are capitalized after making necessary adjustments in the asset and accumulated depreciation accounts for the items renewed or replaced.

Store Opening and Closing Costs: New store opening costs are charged to expense as incurred. In the event a store is closed before its lease has expired, the total lease obligation less sub-rental income, if any, is provided for in the year of closing.

Federal Income Taxes: The Company and its wholly owned subsidiaries file a consolidated Federal income tax return. The investment tax credit is accounted for under the flow-through method. Deferred Federal income taxes are provided to reflect timing differences for accounting and tax purposes. These differences principally relate to the recording of depreciation, vacation, sick pay and employee benefits and property leased under capital leases.

Pension Plans: The annual cost of pension benefits is funded currently and prior service costs are amortized over a maximum of thirty years.

Earnings Per Share: Earnings per share are computed by dividing net earnings, after deducting preferred dividends, by the weighted average number of common shares outstanding during the year. Shares issuable upon the exercise of outstanding common stock options and upon conversion of outstanding Convertible Subordinated Debentures are not considered in the computation because their effect is not material.

Changes in Presentation: In 1983, the Company changed its presentation of the Consolidated Statements of Changes in Financial Position from a working capital format to a format which reflects the net change in cash and short-term investments. In the opinion of management, the new format represents a more meaningful presentation of the Company's financial strength and liquidity position. Amounts in 1982 and 1981 have been reclassified to conform with the 1983 presentation.

UNITED STATES STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Principal Accounting Policies

Principles applied in consolidation: The consolidated financial statements include the accounts of the Corporation and its majority owned subsidiaries, except for those engaged in leasing and finance activities and subsidiaries not considered to be material, which are carried at the Corporation's equity in their net assets plus advances.

Investments in unincorporated oil and gas joint ventures are consolidated on a pro rata basis.

Investments in other entities in which the Corporation has significant influence in the management are accounted for using the equity method of accounting. They are carried in the investment account at the Corporation's share of the entity's net worth. The proportionate share of income from equity investments is included in income from affiliates.

Investments in marketable equity securities are carried at the lower of cost or market and investments in other companies are carried at cost, with income recognized when dividends are received.

Income recognition: Sales and related cost of sales are included in income when goods are shipped or services are rendered to the customer, except those related to construction projects, which are included in income when the contract is substantially completed.

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.

Depreciation and depletion of oil and gas producing properties are computed at rates applied to the units of production on the basis of proved 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.

Inventories: The cost of inventories is determined primarily under the last-in, first-out (LIFO) method and, in the aggregate, is lower than market.

Pensions: Non-contributory pension provisions of the Corporation's plans cover substantially all employees and, in addition, participating salaried employees are covered by contributory pension provisions.

Pension costs under these plans are determined by independent actuaries based upon an acceptable actuarial method and various actuarial factors which, from time to time, are adjusted in light of actual experience. Pension costs reflect current service and amortization of the unfunded accrued liability. The funding policy provides that payments to the pension trusts shall be equal to the minimum funding requirements of ERISA plus such additional amounts as may be approved from time to time.

Insurance: For the most part, the Corporation does not insure for property and casualty losses. Insurance is provided for catastrophic casualty and certain property exposures, as well as those risks required to be insured by law or contract. Costs resulting from non-insured losses are charged against income upon occurrence.

Oil and gas exploration and development: The Corporation follows the successful efforts method of accounting.

Mineral exploration and development except oil and gas: General prospecting costs are charged to expense as incurred. Exploration expenditures are expensed as incurred, but when projects are determined to be commercially feasible, related exploration expenditures are capitalized. Development expenditures are capitalized as incurred. If a development project is subsequently determined to be commercially unfeasible, related development expenditures are expensed.

Deferred income taxes: Deferred income taxes result from recognizing certain items of income and expense in consolidated financial statements in different years than in income tax returns.

Investment tax credit: Investment tax credits are recognized under the flow-through method.

ACCOUNTING CHANGES

As indicated in Table 1-8, the most frequently disclosed accounting changes in the survey companies 1983 annual reports include changes in pension plan actuarial assumptions and compliance with *FASB Statement of Financial Accounting Standards No. 52* which "establishes revised standards of financial accounting and reporting for foreign currency transactions." *SFAS No. 52* is 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.

CHANGE IN ACCOUNTING ESTIMATES

Taxes on Unremitted Earnings

HONEYWELL INC.

NOTES TO FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

5 (in part): Income Taxes

Honeywell has historically provided deferred taxes on all of the undistributed earnings of its domestic international sales corporation (DISC). As a result of its continuing experience with the DISC, Honeywell believes that adequate deferred taxes have been provided for undistributed earnings. Accordingly, no provision for deferred taxes was required on the undistributed earnings of the DISC which amounted to $14.8 during the year 1983. Had such provision been required, 1983 earnings would have been reduced $6.8 ($0.15 per share).

MATTEL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 (in part): Income Taxes

Through the fiscal year ended January 29, 1983, the Company provided for deferred federal and foreign taxes which would have been payable if the undistributed earnings of foreign subsidiaries had been remitted at the end of the fiscal year. During fiscal 1984, the Company determined that the undistributed earnings of substantially all of its foreign subsidiaries will be permanently invested and adjusted the deferred income taxes previously provided thereon. The effect of this change was to decrease the net loss for the current fiscal year ended January 28, 1984 by $4.8 million ($3.2 million of which is applicable to continuing operations). Sub-

TABLE 1-8: ACCOUNTING CHANGES

	Number of Companies			
	1983	1982	1981	1980
Actuarial assumptions or cost methods	96	158	129	81
Foreign currency translation	64	167	142	—
Reporting entity	9	4	8	7
LIFO method adopted or extended	6	14	25	49
Other inventory changes	4	7	7	2
Depreciable lives	6	6	—	—
Depreciation method	5	9	13	4
Investment credit	2	7	8	3
Taxes on undistributed earnings	2	6	6	2
Compensated absences	—	50	136	23
Interest capitalization	—	2	28	137
Other—described	11	26	22	18

stantially all of this adjustment related to deferred taxes provided in prior periods. The cumulative amount of undistributed earnings of foreign subsidiaries which the Company intends to permanently invest and upon which no deferred income taxes have been provided is $57 million.

CHANGE IN ACCOUNTING PRINCIPLES

Foreign Currency Translation

ARMSTRONG WORLD INDUSTRIES, INC.

FINANCIAL REVIEW

Accounting Change

Effective January 1, 1983, the company adopted Financial Accounting Standards Board's Statement No. 52, which requires that exchange adjustments resulting from foreign currency transactions be recognized currently in earnings, whereas adjustments resulting from the translation of financial statements and hedging foreign investments be reflected in a separate component of stockholders' equity. Stockholders' equity was adjusted downward by less than 1% to begin 1983 under Statement No. 52. Prior-year amounts are not required to be restated.

For the years 1981 and 1982, the cost resulting from the translation of foreign currency inventories and depreciation at historical exchange rates amounted to $8.3 million and $5.9 million, respectively. These costs have been removed from cost of goods sold and selling and administrative expenses, netted with unrealized foreign exchange gains of $11.9 million in 1981 and $6.5 million in 1982, and reclassified in "Miscellaneous, net."

Special component of stockholders' equity— foreign currency translation	1983 (000)
Translation adjustments required to begin 1983 according to Statement No. 52	$ (4,884)
Translation adjustments and hedging of foreign investments	(9,784)
Allocated income taxes	225
Ending balance	$(14,413)

MOBIL CORPORATION

NOTES TO FINANCIAL STATEMENTS

1 (in part): Major Accounting Policies

Foreign Currency Translation: Mobil adopted the provisions of FAS 52, Foreign Currency Translation, in 1983. The financial statements for 1982 were restated. The local currency of the country of operation is used as the functional currency for purposes of translating the local currency asset and liability accounts of most foreign operations at current exchange rates, with the resulting translation adjustments accumulated as a separate component of Shareholders' Equity. For other foreign operations, principally exploration and producing operations in Indonesia and Nigeria, and for operations in highly inflationary economies, the U.S. dollar is used as the functional currency. Gains and losses resulting from translating asset and liability accounts that are denominated in currencies other than the functional currency are included in income.

17: Foreign Currency Translation

Mobil changed its method of accounting for foreign currency translation by adopting the provisions of FAS 52, Foreign Currency Translation, in 1983. Financial statements for the year 1982 have been restated on an FAS 52 basis to make year-to-year comparisons more meaningful.

The restatement of the 1982 financial statements for the effect of adopting FAS 52 resulted in cumulative translation adjustments that reduced Shareholders' Equity by $203 million and $768 million at January 1, 1982 and December 31, 1982, respectively. The cumulative translation adjustments related to foreign currency translation are indicated in the table below.

Cumulative Translation Adjustments at December 31: (in millions)	1983	1982
Properties, plants, and equipment, net	$(1,295)	$(797)
Deferred income taxes	420	269
Working capital, debt, and other items, net	(446)	(240)
Total	$(1,321)	$(768)

Restated net income for the year 1982 as a result of adopting FAS 52 was $167 million, or $.40 per share, lower than that previously reported. Accordingly, Earnings Retained in the Business at December 31, 1982, were also reduced by $167 million from that previously reported.

Foreign exchange transaction losses of $59 million in 1983 and $155 million in 1982 were charged against income in accordance with FAS 52. For the year 1981 net foreign currency translation losses of $44 million were charged against income as a result of translating foreign currency balance sheet items into U.S. dollars on an FAS 8 basis.

A. C. NIELSEN COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Foreign Currency Translation: Effective September 1, 1982, the Company adopted Statement of Financial Accounting Standards No. 52 (FAS 52), "Foreign Currency Translation". Under FAS 52, all assets and liabilities of foreign operations, except for those in highly inflationary economies, are translated into U.S. dollars at prevailing rates of exchange in effect at the balance sheet date. Revenues and expenses are translated using average rates of exchange for the year. Translation adjustments are reflected as a separate component of stockholders' equity (See Note 5). For operations in highly inflationary economies, the U.S. dollar was designated as the functional currency and financial statements of these operations are translated using substantially the same method employed in prior years. Translation adjustments for those operations in highly inflationary economies are included in income.

Results of operations for the first three quarters of fiscal 1983 have been restated to reflect the application of FAS 52 (See Note 9). Fiscal 1983 net income increased approximately $1,200,000 ($.05 per share) as a result of this change in accounting. Prior years' data have not been restated.

Note 5 (in part): Stockholders' Equity

Effective for fiscal 1983, the Company adopted the Statement of Financial Accounting standards No. 52, "Foreign Currency Translation." (See Note 1). Below is an analysis of the cumulative translation adjustment, which is shown as a separate component of stockholders' equity:

Impact on September 1, 1982 balance sheet	$(4,669,000)
Translation adjustment for current year	(1,696,000)
Cumulative translation adjustment at August 31, 1983	$(6,365,000)

There were no income taxes allocated to translation adjustments.

OWENS-ILLINOIS, INC.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Methods of Accounting. Effective January 1, 1983, the Company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." Accordingly, the assets and liabilities of most affiliates and associates are translated at current rates and the related translation adjustments are recorded directly in shareholders' equity. Under the previous method, certain assets and liabilities were translated at historical rates and translation adjustments were recorded currently in earnings. However, the financial statements of the Company's major affiliate in Brazil, as well as those of certain other affiliates and associates, are translated in a manner similar to the previous method because the economies of the respective countries are considered "highly inflationary." The Company's financial statements for 1982 and 1981 have not been restated.

Effective January 1, 1982, the Company adopted the capital method of accounting for the cost of rebuilding domestic glass melting furnaces and for domestic and certain foreign mold costs. Under the capital method, the costs of rebuilding glass melting furnaces and complete sets of new and replacement molds are capitalized and depreciated over their estimated service lives. Previously, the Company had established a reserve for future rebuilding costs through a charge against earnings during each period between dates of rebuilds. The units that adopted the capital method of accounting for mold costs had carried these assets at fixed values and charged all new and replacement molds to expense.

FINANCIAL REVIEW

Tabular data in millions of dollars

Foreign Currency Translation. For 1983, the aggregate foreign currency exchange loss of $11.7 million, which is included in other costs and expenses, resulted principally from the translation of the balance sheet of the Company's major affiliate in Brazil. Net exchange gains of $.7 million in 1982 and $6.4 million in 1981 also resulted primarily from balance sheet translation, but related to all consolidated foreign affiliates.

These exchange gains and losses arising from balance sheet translation tend to be either compounded or offset by the continuing effects of translating inventories and depreciation at historical rates. While it is not practical to precisely quantify the effect of these factors on consolidated earnings, they resulted in significant penalties in all years.

Changes in the cumulative foreign currency translation adjustment during 1983 were as follows:

	1983
Balance at beginning of year (opening adjustment arising from change in method)	$ 56.1
Net increase due to 1983 rate changes	47.1
Deferred income taxes	(.5)
Previous adjustments included in net earnings	(1.0)
Balance at end of year	$101.7

The net increase due to 1983 rate changes resulted primarily from devaluation and exchange controls implemented in Venezuela.

It is not practical to determine the effect of the change in method of translating foreign currency financial statements on 1983 earnings.

PFIZER INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated International Subsidiaries

Subsidiaries operating outside the United States generally are included in the consolidated financial statements on a fiscal year basis ending November 30. At December 31, 1983, 1982 and 1981, the retained earnings of such subsidiaries amounted to approximately $1,282, $1,079 and $1,075 million, respectively. Substantially all of the international subsidiaries' unremitted earnings are free from legal or contractual restrictions. Additional data relative to international subsidiaries are shown on page 33.

Exchange losses, included in "Other deductions" in the Consolidated Statement of Income were $4.6, $13.9 and $10.2 million in 1983, 1982 and 1981, respectively.

Effective January 1, 1983, the Company adopted the provisions of Statement of Financial Accounting Standards No. 52 "Foreign Currency Translation" (SFAS No. 52) in reporting its foreign currency transactions and in translating its financial statements. The effect of the change on the Consolidated Balance sheet at January 1, 1983 is shown as the cumulative currency translation adjustment component of shareholders' equity.

Prior years' financial statements have not been restated. In order to measure the impact of this reporting change, however, the Company developed certain pro forma data for 1982. Applying the financial reporting requirements of SFAS No. 52, reported net income for 1982 would have been approximately $391 million or $2.45 per share, instead of the $2.11 per share reported under SFAS No. 8, or an increase of $.34 per share. The majority of this increase relates to lower inventory costs and reduced depreciation charges reflected in cost of goods sold.

The pro forma results should not be viewed as those which necessarily would have been reported had the Company adopted SFAS No. 52 as of January 1, 1982, since different strategies for minimizing foreign currency exposures may have been employed.

An analysis of the changes in the currency translation adjustment included in the shareholders' equity section is as follows:

(millions of dollars)	
Cumulative currency translation adjustment January 1, 1983	$ (66.5)
Translation adjustments and gains and losses from certain hedges and intercompany balances	(68.3)
Income taxes allocated to translation adjustments and hedges	2.0
Currency translation adjustment December 31, 1983	$(132.8)

LIFO Adopted

ARDEN GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3: Inventories (in thousands):

	December 31, 1983	January 1, 1983
Finished Goods		
Retail stores, valued at the lower of cost (principally the retail method) or market	$22,577	$27,283
Warehouses, valued at the lower of cost (principally average) or market	7,154	6,902
Total finished goods	29,731	34,185
Raw materials and supplies, valued at the lower of cost (first-in, first-out) or market	905	968
Total inventories	$30,636	$35,153

In 1983, the Company adopted the last-in, first-out (LIFO) method of determining the cost of its non-perishable grocery merchandise ($26,943,000). Perishable merchandise and all other inventory is valued at the lower of first-in, first-out (FIFO) cost or market. The Company believes that the use of the LIFO method for nonperishable grocery merchandise results in a better matching of costs and revenues. At December 31, 1983, inventories valued by the LIFO method would have been $637,445 higher if they had been stated at the lower of FIFO cost or market. The effect on net income and income per share for the fifty-two weeks ended December 31, 1983 was a decrease of approximately $562,000 ($.20 per share). The 1982 results of operations do not reflect this accounting change. 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.

REVERE COPPER AND BRASS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

E. Inventories

(Thousands)	1983	1982
Primary and fabricated aluminum	$ 57,989	$ 69,898
Fabricated copper and brass	17,375	16,060
Metal stampings	12,605	8,978
Other	2,522	5,653
	$ 90,491	$100,589

In the fourth quarter of 1983 the Company expanded, effective January 1, 1983, its use of the last-in, first-out (LIFO) method of inventory valuation to its only major operating unit not previously using that method in order to more closely match current costs with current revenues. The effect of this change at a major fabricated aluminum unit was to reduce net income for the year by $5,944,000 or $1.04 per share. It is not practicable to restate prior years or determine the cumulative effect of the change.

During 1983 and 1982 certain LIFO inventory quantities and values were reduced resulting in a liquidation of inventory layers carried at costs which were lower than the cost of current purchases. The effect of the liquidations in 1983 was to increase net income by $7,519,000 or $1.32 per share. In 1982 the effect was to decrease the net loss by $5,110,000 or $.90 per share.

As of December 31, 1983, inventories valued on a LIFO basis amounted to $66,577,000 ($59,679,000 at December 31, 1982). If valued on a first-in, first-out basis, such inventories would be increased by $64,423,000 ($50,216,000 at December 31, 1982).

The Company had outstanding at December 31, 1983 contracts to purchase primary aluminum during 1984 in the amount of $10,172,000.

Purchases from Ormet Corporation, an unconsolidated affiliate, were $86,503,000, $90,630,000, and $119,461,000 in 1983, 1982 and 1981, respectively.

Other Inventory Changes

REFINEMET INTERNATIONAL COMPANY

Consolidated Statements of Operations

(Amounts in thousands of dollars, except share data)

Years Ended March 31,	1983	1982	1981
Income (loss) before extraordinary items and cumulative effect of a change in accounting method	(16,043)	(1,427)	4,077
Extraordinary credit	787		
Extraordinary charge	(341)		
Cumulative effect of a change in accounting method (Note 4)	403		
Net income (loss)	$(15,194)	$ (1,427)	$ 4,077

Note 4. Accounting Change:

Effective April 1, 1982, the Company adopted a policy of valuing precious metal inventories at the Company's processing plants awaiting shipment to independent refineries at market. Estimated refining and shipping costs are reflected in accrued expenses. These inventories are fully hedged thereby eliminating risk due to market price fluctuations.

In prior years, these inventories were valued on a specific identification method at the lower of cost or market. Unrealized gains or losses on the related hedging contracts were deferred until the metal was sold or shipped to independent refineries.

The new method of valuing precious metal inventories awaiting shipment to independent refineries is consistent with the policy of valuing precious metal inventories located at independent refineries. Management believes the market value method more accurately reflects the economic substance of the business and will result in a better matching of revenues and associated expenses.

The cumulative effect of the change on prior years of $403,000 (net of increase in income taxes of $343,000) is included in the results of the year ended March 31, 1983. The effects of the change in the year ended March 31, 1983 are minimal due to the sale of refining assets (Note 7). Pro forma amounts reflecting the effect of retroactive application of the accounting change in previous years are not determinable because the detailed information required to make the calculations is not readily available from the Company's accounting records.

Depreciation Method

BETHLEHEM STEEL CORPORATION

Consolidated Statements of Income

(dollars in millions, except per share data)	Year ended December 31 1983	1982	1981
Income (Loss) before Extraordinary Gain and Cumulative Effect of Changes in Accounting Principles ($7.31), $(33.64), $4.83 per share	$ (314.2)	$(1,469.6)	$ 210.9
Extraordinary Gain on Early Extinguishment of Debt ($.53 per share) (Note G)	23.5	—	—
Cumulative Effect of Changes in Accounting Principles ($2.86 per share) (Note B)	127.2	—	—
Net Income (Loss) ($(3.92), $(33.64), $4.83 per share)	$ (163.5)	$(1,469.6)	$ 210.9
Pro Forma Amounts Assuming Changes in Accounting Principles Were Applied Retroactively			
Net Income (Loss)	$ (290.7)	$(1,361.6)	$ 222.2
Net Income (Loss) Per Share	$ (6.78)	$ (31.17)	$ 5.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. Accounting Changes

In December 1983, Bethlehem adopted certain changes in accounting for depreciation of property, plant and equipment and for the cost of relining blast furnaces.

The changes in accounting for depreciation were lengthening of the estimated depreciable lives of certain assets, adjusting straight-line depreciation for levels of operation and changing from the composite method of depreciating assets to the unit method. These changes affect mainly steel producing and raw material producing facilities.

The change in the estimated depreciable lives of assets was made to approximate more closely the actual useful lives of facilities. The adjustment of straight-line depreciation for levels of operations gives recognition to the fact that the depreciation of production facilities is related to both usage and the passage of time. This adjustment is limited to not more than a 25% increase or decrease from the depreciation calculated on a straight-line basis. Under the unit method of depreciation, gains and losses on the retirement of assets will be recognized in net income immmediately. Under the composite method these gains and losses were credited or charged to accumulated depreciation.

In 1983, Bethlehem also adopted a policy of capitalizing the cost of relining blast furnaces. The capitalized cost is depreciated on the unit-of-production basis. Prior to 1983, Bethlehem charged cost of sales with a provision for future reline cost based upon blast furnace production. Capitalizing the cost of relining blast furnaces will more accurately reflect Bethlehem's investment in property, plant and equipment.

Management believes that these changes will provide a better matching of revenues and expenses. They will also bring Bethlehem's accounting practices in line with those predominant in the steel industry.

A summary of the effect on net income of these accounting changes (which were made in December effective January 1, 1983) for the year 1983 is shown in the table below:

(dollars in millions, except per share data)	Increase (Decrease)	
	Net Income	Per Share
Current Year Adjustments:		
Depreciation Changes		
Lengthening depreciable lives	$ 69.5	$ 1.56
Adjustment for levels of operation...	37.3	.84
Adopt unit method of depreciation...	23.5	.53
Capitalization of expenditures for relining blast furnaces.....................	11.8	.27
	$ 142.1	$ 3.20
Cumulative Effect Adjustments:		
Adjustment for levels of operation......	$ 106.3	$ 2.39
Adopt unit method of depreciation......	(102.8)	(2.31)
Capitalization of expenditures for relining blast furnaces.....................	123.7	2.78
	$ 127.2	$ 2.86
Total effect on 1983 net income...........	$ 269.3	$ 6.06

REPORTING ENTITY

COMPUGRAPHIC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

The consolidated financial statements include the accounts of Compugraphic Corporation (the "Company") and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The consolidated financial statements for 1982 and 1981 have been restated to include Graphic Credit Corporation ("Graphic Credit"), a wholly owned finance company that was previously accounted for using the equity method. This method is preferable due to the increasing significance of Graphic Credit's finance operations to the consolidated financial statements. The change has no effect on previously reported earnings.

The Consolidated Statement of Operations includes 52 weeks for 1983, 52 weeks for 1982, and 53 weeks for 1981.

CONTROL DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B (in part): Changes in Basis of Consolidation and Accounting Principle

Effective January 1, 1983, Control Data has changed its method of accounting for its investment in Commercial Credit International Banking Corporation (CCIBC), a wholly owned subsidiary, from the equity method to consolidation. Management believes that consolidation is preferable because it provides a more comprehensive view of the company's financial position and results of operations, since the lending and funding activities of CCIBC are very similar to other financial services businesses of Control Data. Prior years' financial statements have been restated; however, the change had no effect on net earnings or stockholders' equity.

THE FIRESTONE TIRE & RUBBER COMPANY

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. In 1983 the Company changed its consolidation policy to include Firestone Credit Corporation (FCC), a wholly-owned subsidiary previously reported on the equity basis. Since the activities of FCC are currently limited to acquiring Company customer accounts receivable to comply with the terms of a note agreement, the Company believes that consolidation of FCC presents a more meaningful presentation of the Company's financial position. This change has had no effect on 1983 or previously reported net income. Certain individual categories of the 1982 and 1981 financial statements have been restated to give retroactive effect to this policy.

Intercompany accounts and transactions between 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.

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

	1983	1982	1981	1980
Nature of Subsidiaries Not Consolidated				
Finance related				
Credit	97	102	94	97
Insurance	60	60	53	49
Leasing	18	21	24	22
Banks	5	4	6	5
Real Estate	31	33	29	27
Foreign	17	20	19	28
Number of Companies				
Consolidating all significant subsidiaries	419	414	423	422
Consolidating certain significant subsidiaries	172	180	168	170
Not presenting consolidated financial statements	9	6	9	8
Total Companies	**600**	**600**	**600**	**600**

All Subsidiaries Consolidated

ARVIN INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies:

Principles of Consolidation: The consolidated financial statements include the accounts of the parent company and all active majority-owned subsidiaries. Subsidiaries and affiliates that are 20% to 50% owned are included on the equity basis. All significant intercompany transactions and balances are eliminated in consolidation. Foreign subsidiaries operating outside the United States and Canada are included on the basis of fiscal years generally ending on November 30.

BURLINGTON INDUSTRIES, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Consolidation: The consolidated financial statements include the accounts of the company and all subsidiaries. The accounts of foreign subsidiaries have been included on the basis of fiscal years ended no more than three months prior to the dates of the consolidated balance sheets. Intercompany items have been eliminated in consolidation.

CAMPBELL SOUP COMPANY (JUL)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation—The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Foreign subsidiaries (except those in Canada, whose fiscal years correspond with the Company's) are consolidated on the basis of their fiscal periods ended June 30, and their accounts are adjusted for intercompany transactions to the Company's year-end. Significant intercompany transactions are eliminated in consolidation.

CENTRAL SOYA COMPANY, INC. (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Principles of Consolidation—The consolidated financial statements include all majority owned subsidiaries, after eliminating significant intercompany accounts and transactions. Foreign subsidiaries are consolidated generally based on their May 31 fiscal year ends.

MANVILLE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

Investments in associated companies in which the Company's voting stock interest is 50% or less, and where it is deemed that the Company's ownership gives it significant influence over operating and financial policies, are recorded on the equity basis. All other investments are carried at the lower of cost or net realizable value.

The consolidated statements of operations and changes in financial position have been restated for all periods presented to segregate the effects of discontinued operations.

Certain reclassifications have been made to prior years' consolidated statements of changes in financial position to conform to the 1983 presentation.

All Significant Subsidiaries Consolidated

CORNING GLASS WORKS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Corning operates on a fiscal year ending on the Sunday nearest December 31. The three most recent fiscal years ended on January 1, 1984, January 2, 1983, and January 3, 1982 (53 weeks).

The consolidated financial statements include the accounts of all significant subsidiary companies. Major subsidiaries are consolidated at varying dates up to one month earlier than the consolidated balance-sheet dates.

The equity method of accounting is used for investments in associated companies in which Corning's interest is 20 percent or more, except for certain investments of a temporary nature which are carried at cost.

PPG INDUSTRIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of PPG Industries, Inc. and all significant subsidiaries, U.S. and non-U.S., in which PPG owns more than 50 percent of the voting stock. Investments in companies in which PPG owns 20 to 50 percent of the voting stock are carried at equity, and PPG's share of the earnings or losses of such equity affiliates is included in the Statement of Earnings. Significant transactions between PPG Industries, Inc. and its subsidiaries are eliminated. The Company accounted for the April 1982 acquisition of an 81 percent interest in Boussois, S.A., a French flat glass company, as a purchase, and therefore the activity of that entity has been included in the consolidated financial statements of PPG since that date. On December 23, 1983, the Company acquired a 65 percent interest in Industrie Vernici Italiane, S.p.A., an Italian coatings operation, in a purchase transaction.

Partnership Consolidated

DEKALB AgRESEARCH, INC. (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of DEKALB-PFIZER GENETICS, a 70%-owned partnership formed July 15, 1982, and all other significant subsidiaries. The accounts of certain subsidiaries (principally non-U.S.) are included on the basis of their May 31 or June 30 fiscal years. Minority interests in consolidated subsidiaries other than the partnership (which is shown separately on the Consolidated Statements of Earnings and the Balance Sheets) are immaterial.

The company's investments in related companies (including unconsolidated wholly-owned financial services subsidiaries and others owned 50% or less) are carried at cost plus equity in undistributed net earnings and losses since dates of acquisition. Carrying values approximate the company's interest in the net assets of these related companies. Dividends received from related companies in 1983, 1982, and 1981 were $.9 million, $1.4 million, and $2.5 million, respectively.

Consolidated net assets include approximately $68.1 million at August 31, 1983, and $67.3 million at August 31, 1982, located in countries other than the United States, and consolidated net earnings include approximate earnings (losses) of $9.8 million, $(1.6) million, and $(1.6) million in 1983, 1982, and 1981, respectively, from these countries.

McQUAY INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidation—The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, its 76% owned, unincorporated Puerto Rican partnerships and its 60% owned joint venture Libra Perfex Ltd. The accounts of the consolidated foreign affiliates are included on the basis of fiscal years ending within two months of December 31. All significant intercompany balances, transactions and earnings are eliminated.

On July 29, 1983, the Company acquired the remaining 50% of its Italian affiliate. Accordingly, the affiliate's accounts since the acquisition date are included in the consolidated financial statements. Prior to that date, the affiliate was accounted for under the equity method.

Pro Rata Consolidation

SCHLUMBERGER LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Principles of Consolidation: The Consolidated Financial Statements include the accounts of majority-owned subsidiaries. Significant 20%-50% owned companies are carried in investments in affiliated companies on the equity method. The pro rata share of revenue and expenses of Dowell

Schlumberger, a 50% owned Oilfield Services business, is included in the individual captions in the Consolidated Statement of Income. Schlumberger's pro rata share of after tax earnings of other equity companies is included in interest and other income.

Finance-Related Subsidiaries Not Consolidated

BROWN & SHARPE MANUFACTURING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the company and all subsidiaries except Brown & Sharpe Financial Company, a wholly-owned subsidiary, which is accounted for by the equity method. The fiscal years of all domestic companies ended in December. The fiscal years of all subsidiaries located outside the United States ended in November. Results for 1983 and 1982 include 53 and 52 weeks, respectively. Intercompany transactions have been eliminated from the consolidated financial statements. Certain amounts for years prior to 1983 have been reclassified to conform to the 1983 presentation.

3. Investments and Other Assets

Investments and other assets consisted of the following:

	1983	1982
Renishaw plc	$1,450,000	$1,850,000
Brown & Sharpe Financial Company	2,250,000	1,869,000
Other, mainly intangible, assets	1,639,000	2,195,000
	$5,339,000	$5,914,000

RENISHAW plc

At December 31, 1983, the Company's investment in Renishaw plc, a U.K. metrology products manufacturer, included $992,000 representing the equity valuation of the Company's shareholding and $458,000 representing the present value of a long-term receivable. The shareholding represents a 10% interest in Renishaw and had an indicated year-end 1983 market value of approximately $8,200,000.

BROWN & SHARPE FINANCIAL COMPANY

Brown & Sharpe Financial Company, a wholly-owned subsidiary, acquires products manufactured by the Company for lease to its customers. Brown & Sharpe Manufacturing Company (the Parent) provides all the equipment and services related to the leases. Substantially all leases provide for full recovery of cost over the initial term of the lease, generally five to seven years, and are accounted for under the finance lease method. Unearned income, which is the amount by which total rentals and estimated residual value of machinery exceeds the cost of the machinery, is earned over the life of the lease in decreasing amounts to provide an approximately level rate of return on the unrecovered investment in leases.

Condensed financial information for the years ended December 31, 1983 and December 25, 1982 is shown below. Finance income and net income were $1,480,000 and $317,000, respectively in 1981.

Statement of Loss	1983	1982
Financial income	$ 1,410,000	$ 1,601,000
Other income	225,000	162,000
Interest expense	(1,208,000)	(1,096,000)
Other expenses	(458,000)	(698,000)
Net loss	$ (31,000)	$ (31,000)

Balance Sheet	1983	1982
Net investment in leases	$11,625,000	$14,681,000
Other assets	1,193,000	817,000
Notes payable	(8,844,000)	(11,510,000)
Other liabilities	(1,724,000)	(2,119,000)
	$ 2,250,000	$ 1,869,000
Due to Brown & Sharpe Manufacturing Company	$ 1,130,000	$ 718,000
Common stock	500,000	500,000
Earnings employed in the business	620,000	651,000
	$ 2,250,000	$ 1,869,000

Notes payable consisted of the following:		
$1,000,000 Bank line at prime rate	$ 550,000	$ 75,000
Bank note payable at 10¾% due quarterly through 1/86	499,000	1,222,000
$5,500,000 Bank revolving credit agreement at prime rate plus 1½% with a maximum of 13% on existing borrowings due quarterly through 5/87	971,000	1,521,000
$5,000,000 Bank revolving credit agreement at prime rate plus ¾% maximum due quarterly through 6/88	3,024,000	4,692,000
Bank note payable, guaranteed by Parent, at prime rate plus ½% maximum due quarterly through 9/88	3,800,000	4,000,000
	$ 8,844,000	$11,510,000

THE CESSNA AIRCRAFT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies

The following is a summary of the Company's significant accounting policies.

a. Consolidation—The consolidated financial statements include the accounts of The Cessna Aircraft Company ("Cessna") and its wholly-owned subsidiaries except finance subsidiaries. The financial subsidiaries and an affiliate are accounted for by the equity method.

Goodwill arising from purchases of acquired businesses is being amortized over a period of fifteen years by the straight-line method. Results of operations of the acquired companies have not been significant.

CHICAGO PNEUMATIC TOOL COMPANY

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Consolidated Financial Statements include the accounts of all majority-owned domestic and foreign subsidiaries except the Company's domestic financing company which is carried at the Company's equity in its net assets, in accordance with industry practice. Investments in affiliates and the domestic financing subsidiary are accounted for by the equity method. All significant intercompany transactions and balances have been eliminated from the consolidated statements. The Company's fiscal year ends on the Friday closest to December 31, and, as a result, 1983, 1982 and 1981 include 52 weeks.

Investments In Companies Not Consolidated

Affiliates: Investments are carried at the underlying equity. Investments include the Company's 50% equity interest in Toku Hambai, K.K. of Japan (acquired in 1975), the Company's 49% equity interest in CP Latinoamericana, S.A. (acquired in 1971), and a 40% interest in Revathi-CP Equipment, Ltd. (India) (acquired in 1978). The Company has various business dealings with these affiliates which, in the aggregate, are not material.

Finance Subsidiary: The Chicago Pneumatic Credit Corporation is a wholly-owned domestic finance subsidiary. The finance subsidiary purchases receivables arising from sales of Company products. In addition, through its wholly-owned subsidiary, Mechanics Acceptance Corp., it also purchases receivables from MATCO and finances purchase contracts of the end-user mechanics. Purchases of receivables amounted to $20,794,000 in 1983, $29,819,000 in 1982, and $24,125,000 in 1981. During 1983 the finance company accrued $1,018,000 (1982—$2,390,000, 1981—$1,765,000) of interest income from the Company. Revenues amounted to $4,643,000 in 1983, $5,510,000 in 1982, and $3,714,000 in 1981. Amounts due from the Company were $2,297,000 at December 30, 1983 and $2,812,000 at December 31, 1982. The Company was contingently liable for $26,231,000 and $24,150,000 of the finance subsidiary's receivables at December 30, 1983 and December 31, 1982, respectively. Amounts due from the Company are currently settled on a monthly basis.

On March 2, 1984 the Company entered into agreements with certain of its lender banks which amended various covenants in its outstanding loan agreements, as well as covenants related to the Chicago Pneumatic Credit Corporation. A discussion of these agreements is included in the long-term debt footnote.

GERBER PRODUCTS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and all subsidiaries except for those conducting insurance operations. Subsidiaries conducting insurance operations, and a 49% owned foreign affiliate (see Note L), are reflected in the accounts using the equity method of accounting. A Costa Rican subsidiary and a Mexican affiliate are included on the basis of fiscal years ended January 31. Upon consolidation all intercompany accounts, transactions and profits are eliminated.

GULF CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Summary of Accounting Policies

Principles of Consolidation

On December 2, 1983, the shareholders approved an Agreement of Reorganization and Plan of Merger which was effective on January 18, 1984 whereby Gulf Oil Corporation became a wholly owned subsidiary of a newly created holding company, Gulf Corporation. In this Reorganization and Merger all of the issued and outstanding shares of common stock of Gulf Oil Corporation were converted into an equal number of shares of common stock of Gulf Corporation. The Consolidated Statement of Financial Position at December 31, 1983 has been adjusted to reflect this change.

The accounts of Gulf Corporation and all subsidiary companies more than 50-percent owned are included in the consolidated financial statements except for subsidiaries engaged in insurance activities and a domestic finance subsidiary. The insurance and finance subsidiaries (affiliated companies) and all other investments 20-to-50-percent owned (associated companies) are accounted for on the equity method. The only significant majority-owned subsidiary is Gulf Canada Limited in which the Company has a 60-percent interest.

NATIONAL INTERGROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of National Intergroup, Inc., and subsidiaries (the Corporation) except for First Nationwide Financial Corporation (First Nationwide). The Corporation accounts for First Nationwide by the equity method, since the operations of First Nationwide's principal subsidiary (First Nationwide Savings, a Federal Savings and Loan Association) are dissimilar to those of the consolidated group. Certain reclassifications have been made to the prior year financial statements to conform with 1983 reporting practices.

Foreign Subsidiaries Not Consolidated

CARNATION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies:

The major accounting policies and practices followed by the company and its subsidiaries are as follows:

Consolidation—The consolidated financial statements include the accounts of the company and each of its subsidiaries, except for its Mexican subsidiary as more fully explained in Note 2; subsidiaries operating outside the United States and Canada are included on the basis of a fiscal year ending September 30.

Note 2—Write-Off of Investment in Mexican Operations:

Following the imposition of severe restrictions by the Mexican government, the company reached the conclusion at the end of the fourth quarter of 1982 that its Mexican subsidiary would have great difficulty continuing as a viable operation and should be written off. This resulted in an extraordinary charge of $25,833,000 ($.71 per share) in 1982 and deconsolidation in 1983 of the Mexican operations.

Included in the total amount written off were cumulative translation losses of approximately $14,971,000 which had been previously deferred and deducted from stockholders' investment as part of the cumulative foreign currency translation account. Therefore, net stockholders' investment at December 31, 1982 was not affected for this portion of the write-off.

The company's subsidiary has the only facility in Mexico for the production of canned evaporated milk, a basic food product. The government rigidly controls the price at which the company sells evaporated milk as well as its ability to obtain the necessary supply of certain key raw materials required for production.

The company is currently continuing to operate the subsidiary and any earnings will be reflected in the consolidated financial statements if and when dividends are received.

Other Nonconsolidated Subsidiaries

ADDSCO INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Principles of consolidation: The accompanying consolidated financial statements include the accounts of ADDSCO Industries, Inc. and all majority owned subsidiaries, except Pinto Island Metals Company, Inc. (a 51% owned subsidiary) which is accounted for by the equity method as its operations are not similar to the operations of the consolidated group. Investment in an unconsolidated 50% owned affiliate is also accounted for by the equity method. All material intercompany transactions and accounts are eliminated in consolidation.

Investments in Unconsolidated Affiliated Companies (in part)

Investments in unconsolidated affiliates are accounted for using the equity method and are carried at the Company's equity in the underlying net assets. These unconsolidated affiliates which are engaged in scrap metal sales and investments are:

	Percent Ownership
Pinto Island Metals Company, Inc.	51
Pinto Island Land Company, Inc.	50

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. 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.

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 1983 the survey companies reported 26 business combinations accounted for as a pooling of interests of which 15 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

	1983	1982	1981	1980
Poolings of Interests				
Prior year financial statements restated	11	11	17	17
Prior year financial statements not restated..	15	13	13	17
Total	**26**	**24**	**30**	**34**
Purchase Method................	**154**	**145**	**156**	**159**

POOLINGS OF INTERESTS

CTS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B (in part): Merger, Acquisitions and Divestitures

On June 17, 1983, the Company acquired all of the outstanding equity securities of Micro Peripherals, Inc. (MPI), in exchange for 1,302,139 shares of the Company's common stock held in treasury and $1,884,000 in cash paid to shareholders for equity securities representing less than ten percent of the outstanding securities of MPI. MPI, founded in 1977, manufactures floppy disk drives principally for original equipment manufacturers of mini and microcomputer systems and related word processors. Major production facilities are located in Singapore with additional manufacturing operations in Mexico and in Chatsworth, California.

The merger was accounted for as a pooling of interests. Accordingly, the consolidated financial statements of the Company for all periods have been restated to include the results of operations of MPI. MPI's previously reported financial results have been recast from a fiscal year ending on or near April 30, which periods were covered by the reports of other independent accountants, to a calendar year basis and include the accounts of Micro Peripherals Singapore (Private) Limited. Net sales and net earnings of the separate companies for 1981, 1982 and the six months ended July 3, 1983 (the end of the interim period nearest the date of merger) are as follows:

	CTS, as previously reported	MPI	Combined
Net sales:			
Year ended January 3, 1982....	$209,572	$21,901	$231,473
Year ended January 2, 1983....	223,388	33,566	256,954
Six months ended July 3, 1983 (unaudited)	111,150	31,635	142,785
Net earnings:			
Year ended January 3, 1982....	13,106	246	13,352
Year ended January 2, 1983....	8,825	543	9,368
Six months ended July 3, 1983 (unaudited)	4,597	2,170	6,767
Nontax-deductible merger expenses (deduct)			(1,535)
As reported at July 3, 1983 .			5,232

DOYLE DANE BERNBACH INTERNATIONAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B (in part)

During 1983, the Registrant recorded as pooling of interests its business combinations with Kallir, Philips, Ross, Inc., a medical/health care advertising agency located in New York City, ECOM Consultants, Inc., a public relations agency located in New York City and Brignull Le Bas Gould, Ltd., a consumer advertising agency located in London. In connection with these transactions, the shareholders of the pooled companies received a total of 251,904 shares of the Registrant's common stock. The Registrant's results of operations for the calendar years 1981 and 1982 have been restated to include the operations of the pooled companies for their fiscal years ending within those periods. The pooled companies' fiscal years were changed to coincide with the Registrant's year. Net income of $35,000 (.01 per share) (generated from commissions and fees of $1,129,000) for the short periods were credited to consolidated retained earnings in 1983.

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

	1981	1982
Commissions and fees:		
Doyle Dane Bernbach International Inc.	$166,241	$175,876
Pooled companies............................	7,090	9,243
As Restated	$173,331	$185,119
Net income:		
Doyle Dane Bernbach International Inc.	$ 11,002	$ 7,646
Pooled companies............................	155	216
As Restated	$ 11,157	$ 7,862
Net income per share:		
As previously reported.......................	$1.92	$1.33
As restated..................................	$1.87	$1.31

THE GOODYEAR TIRE & RUBBER COMPANY

NOTES TO FINANCIAL STATEMENTS

Business Combination

On June 20, 1983, Goodyear completed its acquisition of Celeron Corporation (Celeron), a Louisiana corporation. Celeron owns and operates natural gas transmission systems, principally in Louisiana, and engages in onshore and offshore gas and oil exploration and production in the United States.

Goodyear issued 24,659,663 shares of common stock in exchange for all the outstanding shares of Celeron's common stock based on an exchange ratio of 1.15 shares of Goodyear common stock for each share of Celeron common stock.

The acquisition has been accounted for as a pooling of interests, and accordingly the accompanying financial information, prior to the acquisition, has been restated to include the results of Celeron and certain conforming statement reclassifications have been made.

Immediately prior to the consummation of the merger, Celeron disposed of Trans Louisiana Gas Company (Trans La) by a pro rata distribution of the capital stock of Trans La to the Celeron shareholders. Neither the net assets nor the net income of Trans La, a small public utility, were material in relation to the combined financial statements.

Net Sales and Net Income prior to the merger for the separate entities and for Goodyear and Celeron combined, are as follows:

(In millions)	Six Months Ended June 30, 1983 (Unaudited)	Year ended December 31, 1982	1981
Net Sales			
Goodyear	$4,311.0	$8,688.7	$ 9,152.9
Celeron	384.3	900.5	1,170.6
Combined	$4,695.3	$9,589.2	$10,323.5
Income from continuing operations before extraordinary items			
Goodyear	$ 62.0	$ 247.6	$ 243.9
Celeron	19.3	65.0	86.7
Combined	81.3	312.6	330.6
Discontinued operations			
Celeron	—	—	21.4
Extraordinary items			
Goodyear	—	17.2	16.4
Net Income			
Goodyear	62.0	264.8	260.3
Celeron	19.3	65.0	108.1
Combined	$ 81.3	$ 329.8	$ 368.4

HERCULES INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(Dollars in thousands, except per share)

1 (in part): Significant Events

(b) Simmonds Precision

On September 20, 1983 a wholly owned subsidiary of Hercules was merged with and into Simmonds Precision Products, Inc., an aerospace instruments company. As a result of the merger, Simmonds became a wholly owned subsidiary of Hercules and each outstanding share of Simmonds was converted at a rate of 1.5 into Hercules common stock. The total number of Hercules shares issued in the merger was 7,884,751, with an additional 309,260 shares reserved for exercisable stock options of terminated plans. The merger has been accounted for as a pooling of interests, and accordingly the consolidated financial statements for all years presented have been restated to include the accounts and operations of Simmonds.

The net sales and net income for the nine months ended September 30, 1983 (unaudited), which reflect the approximate pre-merger results of operations of Hercules and Simmonds that are included in the 1983 consolidated results of operations, are as follows:

	Net Sales	Net Income
Hercules	$1,865,603	$118,453
Simmonds	119,433	5,125
Total	$1,985,036	$123,578

A reconciliation of consolidated net sales and consolidated net income, previously reported with restated amounts, follows:

	1982	1981
Net Sales:		
Previously reported	$2,468,971	$2,718,366
Simmonds	152,888	138,572
As restated	$2,621,859	$2,856,938
Net Income:		
Previously reported	$ 98,414	$ 136,481
Simmonds	11,412	9,724
As restated	$ 109,826	$ 146,205

MEDTRONIC, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars, except per share data)

Note 2 (in part)

On January 12, 1983, Medtronic agreed to exchange 525,945 shares of common stock (one share for each share acquired) for all of the outstanding shares of International Medical Corporation (IMC), a manufacturer of medical equipment and supplies.

The combination has been accounted for as a pooling of interests and, accordingly, the financial statements have been restated to include the accounts of IMC for all periods presented.

Net sales and net earnings of the separate companies for the periods preceding acquisition were:

	Nine months ended January 31, 1983	Year ended April 30, 1982	Year Ended April 30, 1981
Net sales:			
Medtronic	$270,218	$335,468	$313,560
IMC	16,054	11,833	9,726
Combined	$286,272	$347,301	$323,286
Net earnings:			
Medtronic	$ 34,869	$ 42,431	$ 41,602
IMC	1,845	420	272
Combined	$ 36,714	$ 47,851	$ 41,874

MICOM SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note C—Pooling of Interests

On September 28, 1982, the Company merged a newly formed subsidiary with Expandor Incorporated, whose name was subsequently changed to BLACK BOX Corporation (BLACK BOX) for 1,230,780 shares of common stock in a transaction accounted for as a pooling of interests. Accordingly, the Company's financial statements have been restated to include the accounts and operations of BLACK BOX. BLACK BOX is in the business of direct-mail sales of low-cost data communication devices and accessories. Revenue and net income of both companies for the periods preceding the merger were (in thousands):

	Year Ended March 31 1981	1982	Six Months Ended September 30, 1982
Sales			
MICOM	$32,818	$49,682	$33,241
BLACK BOX	3,627	7,989	6,450
	$36,445	$57,671	$39,691
Net Income			
MICOM	$ 3,948	$ 7,776	$ 5,231
BLACK BOX	265	920	960
	$ 4,213	$ 8,696	$ 6,191

PURCHASES

CULBRO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share data)

Note 1—Business Acquisitions and Dispositions

On July 5, 1983, the Corporation exercised its option to acquire all of the outstanding stock of The Eli Witt Company ("Eli Witt") by paying approximately $400. In connection therewith the Corporation also paid a service fee of $875 to Eli Witt's principal lender ("Lender"), in consideration for which the Lender relinquished its right to receive approximately 20% of the increase, over a 10 year period ending in 1991, in the book value of the equity of Eli Witt.

In June 1979 Eli Witt filed for protection under Chapter XI of the federal bankruptcy laws. Its Plan of Reorganization (the "Plan") was confirmed by the Bankruptcy Court in September 1981 at which time it emerged from bankruptcy. The Plan and a loan agreement with the Lender place severe restrictions on the operations of Eli Witt and require that virtually all significant corporate activities of Eli Witt be subject to approval of the Creditors Committee under the Plan, and of the Lender. Eli Witt is precluded from paying dividends by the Plan and the loan agreement with the Lender. Under the Plan, Eli Witt must pay, without interest, approximately $6,276 of pre-bankruptcy trade creditor obligations in installments over the next seven years.

The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the assets and liabilities of Eli Witt based on their fair values at acquisition date. The excess of the fair value of the net assets over the purchase price has been used to reduce property, plant and equipment and certain other non-current assets of Eli Witt. The balance of $6,375 remaining after such reduction of assets represents negative goodwill and is being amortized over a 10 year period ending July 1, 1993. Negative goodwill may be increased in future years by the amount of any tax benefits recognized by Eli Witt from utilization of pre-acquisition operating loss and investment tax credit carryforwards.

The 1983 consolidated results of operations reflect the operations of Eli Witt from the date of acquisition. Assuming that the acquisition of Eli Witt had occurred at the beginning of each period presented below, pro forma condensed consolidated results of operations would be as follows:

	1983	1982
	(Pro Forma, unaudited)	
Net sales and other revenue	$981,037	$930,594
Income from continuing operations	9,694	12,732
Net income	13,588	16,708
Per share:		
Income from continuing operations	2.29	2.65
Net income	3.21	3.48

This pro forma information is presented in response to applicable accounting rules relating to business acquisitions. It is not necessarily indicative of the actual results that would have been achieved had Eli Witt been acquired at the beginning of the respective periods, and is not necessarily indicative of future results. The 1982 results included substantial benefits from cigarette price increases effected in advance of the doubling of the Federal excise tax on January 1, 1983, and non-recurring gains on property sales.

In March 1982 the Corporation acquired the assets of the Garcia y Vega cigar business of Bayuk Cigars Incorporated for approximately $10,000. Consolidated results of operations for 1982 reflect the operation of this business from date of acquisition.

In March 1981, the Corporation sold its Proprietary Medicine business for $94,000 and realized a gain of $54,527 net of income taxes of $3,500. Under the terms of the sale, income of the Proprietary Medicine business for the period in 1981 prior to the sale accrued to the buyer. The income taxes of $3,500 are after an extraordinary credit of $3,490 representing the effect of utilization of $10,867 of loss carryforwards.

ESMARK, INC.

FINANCIAL COMMENTS

Acquisitions

In July, 1983 a wholly-owned subsidiary of Esmark purchased approximately 91% of the outstanding common shares ("Shares") of Norton Simon, Inc. ("NSI") primarily through a cash tender offer.

On September 9, 1983 an indirect wholly-owned subsidiary of Esmark was merged ("Merger") with and into NSI, which through its subsidiaries is involved in the foods, personal products, vehicle rental and leasing and distilled spirits businesses. In the Merger, each of the approximately 2.6 million remaining outstanding Shares was converted into one share of Esmark Class 2-Series B redeemable preferred stock, which is more fully described under "Redeemable preferred stock" on page 27. The redeemable preferred stock had an assigned value of $30.50 per share, or a total of approximately $79.3 million. In addition, each of 1,036,276 outstanding shares of NSI Series D redeemable preferred stock was converted to $116 cash. The total cost of the acquisition, including related expenses, was approximately $1.02 billion.

Esmark has accounted for the acquisition of NSI as a purchase. Accordingly, NSI's net assets are included in the consolidated balance sheet at values reflecting a preliminary allocation of the purchase cost to such net assets. The unallocated purchase cost is being amortized over forty years using the straight-line method pending completion of the purchase cost allocation. The final allocation is not expected to materially affect the consolidated financial statements.

Results of NSI operations are included in the consolidated statement of earnings since July 25, 1983. Had the acquisition of NSI been consummated and the issuance of 9 million Esmark common shares as described under "Capital stock and other equity" on page 27 occurred on November 1, 1981, unaudited pro forma consolidated revenues and earnings, in millions of dollars, and earnings per share would have been as follows:

	1983	1982
Revenues	$6,076.6	$6,123.0
Earnings from ongoing operations	$ 98.6	$ 110.7
Earnings from ongoing operations per common share*	$ 2.33	$ 2.61

*Fully diluted earnings per common share are not presented as conversion of the redeemable preferred stock would be antidilutive.

Pro forma information does not purport to be indicative of the results that actually would have been obtained if the combined operations had been conducted during the periods presented and is not intended to be a projection of future results.

In 1983, 1982 and 1981 Esmark and its subsidiaries acquired several other businesses, the revenues and net earnings of which did not significantly affect consolidated results.

GENERAL FOODS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Acquisitions

Fiscal 1983—In November 1982, the company acquired Entenmann's, Inc., a wholly-owned bakery subsidiary of Warner-Lambert Company for approximately $315 million in cash. Entenmann's assets, liabilities and results of operations since that time are included in the accompanying financial statements. The acquisition has been accounted for as a purchase and the purchase price has been assigned to the net assets acquired based on the fair value of such assets and liabilities at date of acquisition. The excess of cost over the net tangible assets acquired of approximately $210 million is included in goodwill and other intangible assets in the accompanying statement of financial position and is being amortized primarily over 40 years.

The company has filed an election to increase the historical tax basis of Entenmann's fixed and intangible assets to their current fair market value. Future tax benefits from amortizing the increased value of these fixed and intangible assets substantially exceed the cost of making the election.

On the basis of a pro forma combination of the results of operations as if the acquisition had taken place at the beginning of fiscal 1982 rather than during the third quarter of fiscal 1983, combined net sales for fiscal 1983 and 1982 would have been $8,843,938 and $8,690,146, respectively. Combined pro forma earnings and earnings per share would not have been materially different from the reported amounts because the financing costs of the acquisition largely offset the additional earnings. Such pro forma amounts are not necessarily indicative of what the actual combined results of operations might have been if the acquisition had been effective at the beginning of fiscal 1982.

In March 1983, the company acquired Otto Roth & Company, Inc. and Peacock Foods Incorporated, importers and distributors of specialty food products, primarily imported and domestic cheeses, for $7.9 million in cash. The acquisitions are being accounted for as a purchase and pending allocation of the purchase price to the net assets acquired, the company's investment is included in investments in affiliated companies in the accompanying statement of financial position.

INSILCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Acquisitions

Effective April 1, 1983, the Company acquired all of the outstanding capital stock of Signal Transformer Company, Inc. for $17,290,000. Signal is a leading producer of a full range of power transformers for use in electronic applications. The transaction was accounted for as a purchase, and the results of operations have been consolidated with those of the Company from the date of acquisition. The excess of cost over the fair value of net assets acquired was $12,781,000 and is being amortized on a straight-line basis over 40 years.

Unaudited pro forma data giving effect to the purchase of Signal as if it had been acquired at the beginning of 1982, with adjustments, primarily for imputed interest charges attributable to the financing of this purchase and amortization of goodwill, follows (in thousands, except per share amounts):

	1983	1982
Sales	$677,752	$650,485
Earnings from continuing operations	$ 34,543	$ 26,727
Net earnings	$ 34,543	$ 15,867
Earnings per common share		
Continuing operations	$2.01	$1.56
Net earnings	$2.01	$ .93

In January 1984, the Company acquired all of the outstanding capital stock of Thermal Components, Inc. (TCI) of Montgomery, Alabama, for $27,000,000. TCI designs and manufactures heat transfer equipment for the transportation, industrial equipment and solar energy industries. TCI's unaudited sales in 1983 were approximately $23,000,000 and total assets were approximately $22,000,000.

JAMES RIVER CORPORATION OF VIRGINIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. (in part) Acquisitions:

James River-Dixie/Northern, Inc.:

On July 2, 1982, James River and American Can Company ("American Can") consummated transactions in which James River, through a subsidiary, Dixie/Northern, acquired certain assets of American Can's paper and forest based businesses. The Company's consolidated results of operations include those of Dixie/Northern from July 2, 1982, the effective date of the purchase transaction. The allocation of the purchase price to the assets acquired and the liabilities assumed is subject to adjustment resulting from refinements in the application of purchase method accounting and resolution of certain contingencies.

James River acquired approximately $171,882,556 in working capital and $283,228,205 of property, plant, equipment and other operating assets. The total consideration of approximately $455,110,761 was financed by the issuance of $334,489,000 of debt ($100,000,000 of which was subordinated debt exchangeable for 7,500,000 shares of James River common stock), the assumption of $31,855,361 of long-term debt and other long-term liabilities, cash of $49,766,400 from the sale by James River of 2,880,000 shares of its common stock (4,320,000 shares after giving effect to the three for two stock split on June 20, 1982) to American Can, and the issuance to the seller of preferred stock of Dixie/Northern having a liquidation value of $39,000,000 (exchangeable for 1,300,000 shares of James River common stock).

Included in the purchase were the domestic operations of American Can's DixieR 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 operationns in Halsey, Oregon and has an eleven-year option to purchase the facility for a cash price of $16,700,000. James River and American Can also entered into numerous other lease, service and supply agreements.

If the Dixie/Northern acquisition is assumed to have been made as of April 27, 1981, unaudited pro forma consolidated net sales, net income and earnings per share (computed by adjusting historical operations for acquisition financing and purchase method accounting) would approximate the following for the fiscal years 1983 and 1982, respectively (dollar amounts in millions, except per share data): Net sales—$1,880.0 and $1,881.1; Net income—$57.7 and $42.6; Net income per common share and common share equivalent: Primary—$2.71 and $2.14, Fully diluted—$2.19 and $1.75.

STANHOME INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Acquisition:

In June, 1983, the Company acquired 100% of the shares of Enesco Imports Corp. ("Enesco"), an importer and distributor of family giftware. Enesco's product lines are sold to a diverse group of retailers, including gift stores, card shops, national chains, mail order houses and department stores throughout the U.S. A majority of its products are produced under license agreements such as GARFIELDR, PRECIOUS MOMENTSTM, HUMAN BEANSTM, LUCY AND MER, and DEAR GOD KIDSTM.

The acquisition has been accounted for as a purchase with the purchase price in 1983 amounting to $64,200,000 including broker and related acquisition costs, with $4,900,000 of these acquisition costs payable in the first quarter of 1984. The funds used for the purchase were provided from the liquidation of the Company's short-term investments and incurrence of short-term bank loans. Additional contingent cash payments will be made based on 1984 through 1989 performances of Enesco pre-tax income. The acquisition cost and value assigned to goodwill will increase for any contingent payments made for 1984 through 1989.

The purchase price was allocated to net assets acquired based upon their fair value, as determined by an independent appraisal. The value assigned in excess of acquired book costs for various assets and the amortization life is as follows ($Millions):

Assets	Value	Estimated Life	Method of Amortization
Product lines	$27	33 years	Straight line
Back orders	8	18 months	Fulfillment of orders
Inventory	5	6 months	Inventory turnover
Property, plant & equipment	1	5-10 years	Straight line
Other	3	2-6 years	Straight line
Goodwill	6	40 years	Straight line

The Company's consolidated financial statements for 1983 reflect the acquisition and the operating results since June of Enesco.

The following unaudited pro forma combined results of operations for the years ended December 31, 1983 and 1982 each give effect to the acquisition of Enesco as though it had occurred at the beginning of the year. The pro forma results do not include the amortizations resulting from the allocation of the purchase price to inventories and back orders since these items are not continuing.

	Pro Forma (Unaudited) Year Ended December 31, (in thousands, except per share amounts)	
	1983	1982
Net sales	$312,948	$310,912
Net income	13,360	12,308
Earnings per common share	$5.13	$4.66
Average shares of common stock outstanding	2,605	2,642

STONE CONTAINER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions, Investments and Divestitures (in part)

On October 7, 1983, the Company acquired the stock of Continental Forest Industries, Inc., a subsidiary of The Continental Group, Inc. The acquisition included: unbleached kraft linerboard mills located in Hopewell, Virginia and Port Wentworth, Georgia; an unbleached kraft paper and semichemical corrugating medium mill located in Hodge, Louisiana; fifteen corrugated container plants which convert linerboard and corrugating medium (in the form of corrugated board) into corrugated containers; five bag plants, which convert kraft paper into grocery sacks and bags, multiwall sacks and retail merchandise bags; two short-line railroads; and multi-year wood fibre and chip supply agreements.

The acquisition was financed through the incurrence of $407,600,000 of borrowings under a $600,000,000 bank credit facility, consisting of a term loan and revolving credit agreement, and the assumption of $101,700,000 long-term debt. Proceeds of a December 1983, $100,100,000 Common Stock offering were used primarily to pay down amounts borrowed under the credit agreement.

The acquisition has been accounted for as a purchase; accordingly, the purchase price was allocated to assets and liabilities acquired based upon their estimated fair market value at the date of acquisition. As required by the purchase method of accounting, the excess amount of fair market value of net assets acquired over the purchase price served to reduce the amount assigned to noncurrent assets. The allocation of the purchase price, recorded net of tax benefits as applicable, is summarized as follows:

(dollars in thousands)	
Working capital	$ 72,200
Property, plant and equipment	432,300
Other assets	4,800
Total purchase price	509,300
Less long-term debt	(101,700)
Net	$407,600

The Company's consolidated financial statements for the year ended December 31, 1983 include the results of operations of the acquired facilities after the October 7, 1983 acquisition date.

The following unaudited pro forma results of operations are based on the assumptions that the acquisition and the Common Stock offering occurred at the beginning of each year presented and that the purchase price would have been the same for each year. In addition to combining historical results of operations of the two companies, the pro forma calculations include: adjustments to historical asset and liability values, as required by the purchase accounting method; adjustments to interest expense for rates in effect at the time of the acquisition; and adjustments which reflect anticipated cost savings, primarily resulting from reductions in staff levels and changes in benefits.

Pro forma results of operations (unaudited):

(dollars in thousands except per share) Year ended December 31,	1983	1982
Net sales	$1,055,000	$961,400
Net (loss)	(32,200)	(2,800)
Net (loss) per common share	(2.47)	(.23)

Pro forma financial information presented is not necessarily indicative either of the results of operations that would have occurred had the acquisition been effective on January 1, 1982 or January 1, 1983 or of future results of operations of the combined companies.

TABLE 1-11: CONTINGENCIES AND COMMITMENTS

	Number of Companies			
	1983	1982	1981	1980
Loss Contingencies				
Litigation	340	341	342	354
Guarantee of indebtedness	121	125	127	132
Other guarantees	42	54	62	N/C
Sale of receivables with recourse	75	83	76	71
Possible tax assessment	74	69	73	89
Government regulations	39	43	35	19
Renegotiation of government contracts	6	7	13	23
Other—described	30	22	32	59
Gain Contingencies				
Operating loss carryforward	131	127	86	77
Investment credit carryforward	123	115	84	84
Plaintiff litigation	28	24	22	21
Commitments				
Dividend restrictions	418	434	430	425
Plant expansion	97	103	103	115
Purchase agreements	63	57	67	28
Employment contracts	22	19	13	16
Sale agreements	11	16	11	N/C
Additional payments in connection with an acquisition	14	10	10	4
Other—described	24	12	19	21

N/C—Not Compiled.

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 years 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 1983 annual reports of the survey companies. The balance sheets of 191 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

ANCHOR HOCKING CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 5—Litigation

On December 18, 1979, a former competitor of the Company filed suit in the Federal District Court in Columbus, Ohio, against the Company, another competitor, an international trade union and certain corporate officers and union officials. The complaint seeks damages resulting from plaintiff's inability to consummate a sale of its glass tableware division, alleging, among other things, a conspiracy among the defendants in violation of the Sherman Act to frustrate the sale and an independent violation of the Clayton Act by the Company in connection with its 1979 purchase of a plant from another glassware manufacturer. Plaintiff seeks divestiture of the plant and damages on the various counts of the complaint in the maximum amount, after eliminating duplicate claims, of $150 million.

Management believes the litigation is without merit and is vigorously defending the case. This litigation is still in the discovery stage. Outside counsel for the Company has advised that, at this stage, they cannot give an opinion as to its ultimate outcome, but that the material reviewed by them to date does not cause them to conclude at this point that the claims against the Company are likely to be sustained.

BECTON, DICKINSON AND COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L—Litigation

During 1983, a verdict was rendered against the Company in the amount of $23,000,000 as a result of a suit involving royalties on various products manufactured by the Company.

The Company has appealed this verdict and, while the ultimate outcome of this matter cannot be predicted with certainty at this time, management believes it will not have a materially adverse effect on the Company's financial condition.

CERTAINTEED CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7: Contingencies

At a retrial in 1983 of a suit brought by a former sales agent, the jury returned a damage verdict on contract and fraud claims in the amount of $3.8 million which the Company has appealed. It is the opinion of the Company's outside counsel that the verdict is not supportable and will be vacated and that a new trial will be required. It is management's opinion, based in part upon the opinion of the Company's counsel, that the ultimate outcome of this suit will not materially affect the Company's operations or financial position.

The Company is a party to a number of other legal actions arising in the ordinary course of its business. In management's opinion, the Company has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Company's operations or financial position.

ADOLPH COORS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Commitments and Contingencies

It is generally the policy of the Company to act as a self-insurer for certain insurable risks consisting primarily of physical loss to corporate property, business interruption resulting from such loss, employee health insurance programs and workmen's compensation. Losses and claims are accrued as incurred.

The Company is named as defendant in various actions and proceedings involving marketing and distribution matters. As of December 25, 1983, the lawsuits specifying actual damages claim an aggregate amount of approximately $32,000,000 related to alleged violations of certain federal and state antitrust laws. Damages finally awarded in antitrust matters must, as a matter of law, be trebled. In addition, the Court may allow certain costs and attorney fees. Various other lawsuits and claims are pending against the Company. In all of these cases, the Company is denying the allegations and is vigorously defending against them and in some instances has filed counterclaims. Although the amounts claimed are substantial and management is unable to predict the eventual outcome of the various lawsuits, it is management's opinion these suits will not result in liabilities to such extent that they would materially affect the Company's financial position.

COPPERWELD CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8—Commitments and Contingencies

Purchase commitments for new plant and equipment were approximately $4,600,000 at December 31, 1983.

In 1982, the United States Court of Appeals for the Seventh Circuit affirmed a 1981 jury verdict against the Corporation and its subsidiary, Regal Tube Company, in favor of Independence Tube Corporation (Independence) 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 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. Additional interest of $840,000 was accrued in 1983 by a charge to operations.

In December 1983, arguments were presented before the United States Supreme Court seeking to overturn approximately two-thirds of the assessed damages and all legal costs awarded to Independence. It is anticipated that the Supreme Court decision will be received in the second quarter of 1984 which, at a minimum, will require payment of approximately $3,200,000 which has been reclassified as a current liability.

In a related matter, in 1983 the Corporation was reimbursed by an insurance carrier for certain legal costs incurred in prior years in defense of the Independence litigation. The reimbursement reduced the 1983 net loss by $1,485,000 ($.17 per share).

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.

FORD MOTOR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Litigation and Claims

Various legal actions, governmental investigations and proceedings, and claims are pending or may be instituted or asserted in the future against the Company and certain of its subsidiaries, including those arising out of alleged defects in the Company's products, governmental regulations relating to safety and emissions, and product warranties. Certain of the pending legal actions are, or purport to be, class actions. The investigations include a number that are pending before or may be instituted by the National Highway Traffic Safety Administration relating to alleged safety defects or alleged noncompliance with safety standards with regard to motor vehicles made by the Company. Some of the foregoing matters involve or may involve compensatory, punitive, or antitrust treble damage claims in very large amounts, or recall campaigns or other relief which, if granted, would require very large expenditures.

Litigation is subject to many uncertainties, the outcome of individual litigated matters is not predictable with assurance, and it is reasonably possible that some of the legal actions, governmental investigations and proceedings, and claims referred to above could be decided unfavorably to the Company or the subsidiary involved. Although the amount of liability at December 31, 1983 with respect to these matters cannot be ascertained, the Company believes that any resulting liability should not materially affect the consolidated financial position of the Company and its consolidated subsidiaries at December 31, 1983.

FOREMOST-McKESSON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Other Commitments and Contingent Liabilities

In the ordinary course of business, the company has incurred commitments, including employment contracts, is contingently liable as a guarantor or endorser of notes, leases and contracts, is subject to personal injury and product liability claims and has the usual contractor's obligations for completion of contracts and the usual seller's obligations incurred in connection with sales of realty assets.

The company is also subject to various claims and other pending and possible legal actions for damages and investigations relating to governmental laws and regulations (including contingent liability under the Multiemployer Pension Plan Amendments Act of 1980, environmental matters, and investigations concerning the existence of possible violations of Federal or state liquor laws) and to other matters arising out of the conduct of the company's business.

In March 1983, a class action in the Hawaii state court was filed against a subsidiary of the company, arising primarily out of a recall of milk products distributed on Oahu, ordered by the Hawaii Department of Health in March 1982, due to allegedly excessive levels of pesticide heptachlor found in samples of the products and which plaintiffs allege were contaminated with excessive levels of heptachlor from 1980 to 1982. Plaintiffs seek reimbursement for all monies paid for the purchase of milk over an unspecified time period; actual damages in an unspecified amount; punitive damages of one thousand dollars per plaintiff for what plaintiffs estimate to be more than 250,000 persons; and other monetary and nonmonetary relief.

There is considerable uncertainty inherent in any litigation or governmental proceeding and the evaluation of individual matters is necessarily dependent on the historical experience of the company and others in similar circumstances and the stage of the litigation or proceeding. The company, based upon the opinion of its General Counsel, believes that adequate provision has been made for probable losses. In cases where losses (or the imposition of other sanctions, such as liquor license suspensions or revocations) are possible but not probable, it is the company's belief that their ultimate resolution will not have a material adverse effect on the company's consolidated financial position or the results of its consolidated operations.

GENERAL HOST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14: Litigation and Other Contingencies

In November 1982 the United Food and Commercial Workers International Union, AFL-CIO & CLC (the UFCW) filed a grievance with Cudahy Company, a wholly-owned subsidiary of the Company, on behalf of approximately 1,000 retirees, most of whom were employed by the fresh and processed meat business which was discontinued in 1980, claiming Cudahy is required to continue medical insurance coverage formerly provided to retirees under an expired collective bargaining agreement. In February 1984 the UFCW and certain individual retirees filed a class action lawsuit on behalf of such retirees, seeking to compel arbitration of this issue, reimbursement for unpaid retiree medical costs and reestablishment of the medical insurance program formerly provided to retirees. Cudahy believes any legal obligation to provide such coverage ended with the expiration of the collective bargaining agreement. Cudahy has unilaterally implemented a new contributory program outside of any collective bargaining agreement under which it is, at a cost of approximately $500,000 per year, voluntarily paying a portion of the cost of reduced medical benefits for those retirees who have agreed to participate in the program and contribute toward the cost of their coverage. In the opinion of Cudahy's management there is no continuing obligation to pay any of the costs of these retiree medical insurance benefits. However, due to the present uncertainty of the state of the law and facts which may be found to be relevant, Cudahy could incur additional costs for these benefits in connection with any ultimate resolution of this issue. In the opinion of management the ultimate resolution of this issue should not have a material effect on the consolidated financial position of the Company.

GEORGIA-PACIFIC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. 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 January 13, 1983, the corporation and the other two defendants executed a written settlement agreement pursuant to which plaintiffs would receive $165 million, $99 million of which was payable by the corporation. A nonrecurring charge, including legal fees, in the amount of $56 million, net of a related tax benefit of $48 million, was reflected as an extraordinary item in 1982. During 1983, the corporation paid its portion of the settlement.

The corporation is a defendant in a class action suit containing antitrust allegations involving the corporation's Southeast timber and lumber operations. Management believes that the results of this action will not have a material adverse effect upon the financial condition of the corporation.

Four actions are pending against Georgia-Pacific in Louisiana alleging damages from a February 1981 discharge of phenol into the Mississippi River from Georgia-Pacific's Plaquemine, Louisiana, chemical plant. Three of the suits are private class actions which allege in the aggregate $350 million in damages plus attorneys' fees and other relief and the fourth is a private action with no class allegation. Management believes that the maximum liability, if any, in these actions will not have a material adverse effect on the financial condition of the corporation.

During 1983, the corporation was involved in a number of proceedings with various governmental agencies relating to environmental matters. The corporation paid an aggregate of approximately $92 thousand in fines, 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. The corporation has been notified that it is a potentially responsible party in actions by the U.S. Environmental Protection Agency with respect to five hazardous waste disposal sites and has settled actions related to two of those sites at minimal cost. The corporation may be a potentially responsible party with respect to a sixth site. 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 of such proceedings will have a material adverse effect upon the financial condition of the corporation.

INTERNATIONAL PROTEINS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L (in part)—Commitments and Contingencies

There are presently pending against the Company claims brought by certain employees and former employees aggregating approximately $900,000, which are substantially covered by insurance. However, as a result of the possible inability of one of the insurance carriers to honor its financial commitments under its policies, the Company may incur a loss to the extent not paid by such carrier. The Company and its insurance carriers are defending such claims. To the extent that such claims are not paid by the insurance carriers, the Company believes it may have recourse against third parties. In addition, counsel fees of approximately $200,000 incurred in connection with the defense of such claims have been asserted against the Company subject to the carrier's ability to meet its financial obligations. The Company believes that it may not be liable for legal fees incurred in defending such claims on behalf of the carrier. The Company is of the opinion that the resolution of such contingent liabilities is not likely to have a material effect on the Company's consolidated financial position.

LIBBEY-OWENS-FORD COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9—Litigation

The company and certain subsidiaries are defendants in various lawsuits, including a class action lawsuit in the Federal District court for the Northern District of Illinois alleging sex discrimination in the company's employment practices. In a second sex discrimination case in the same Court, a judgment was entered in April 1982 denying back pay to the class members. On appeal, the judgment of the District Court was affirmed. While the ultimate outcome of these lawsuits cannot be predicted, management is of the opinion, based on the facts now known to it, that the liability, if any, in these lawsuits (to the extent not provided for any insurance or otherwise) will not have a material adverse effect upon the company's consolidated financial position.

During 1981, a lawsuit filed in 1975 against the company and other parties associated with the design and construction of The John Hancock Tower in Boston was settled. The effect of the settlement after insurance proceeds and a charge to the product warranty accrual was to decrease consolidated net income by $3,062,000 ($.28 per share).

NABISCO BRANDS, INC.

NOTES TO FINANCIAL STATEMENTS

Litigation—In December, 1982, the Antitrust Division of the Department of Justice filed a civil complaint against the Company and Archer-Daniels-Midland Company (ADM), seeking to rescind the lease to ADM of the Company's corn wet-milling facilities in Clinton, Iowa, and Montezuma, New York, and to obtain certain other relief.

Liability, if any, in the foregoing and various other legal proceedings and claims pending against the Company, cannot be presently ascertained, but, in the opinion of management and counsel, any ultimate liability from all pending legal proceedings and claims will not materially affect the Company's financial position or the results of its operations.

PRATT-READ CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L—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. The total damages claimed (exclusive of claims now settled) exceeds $4,000,000. The Corporation has insurance coverage of $3,750,000 which it believes to be sufficient. However, the eventual outcome of the actions described cannot be predicted and the ultimate liability, if any, to which the Corporation might be exposed cannot be estimated with accuracy.

RAYTHEON COMPANY

Note J (in part): Commitments and Contingencies

The company's subsidiary, United Engineers & Constructors Inc., is one of approximately 100 defendants in class actions commenced during 1983 on behalf of the purchasers of approximately $2.25 billion of bonds issued by the Washington Public Power Supply System. Liability is asserted under federal and state securities laws and various principles of common law based upon allegedly erroneous and inadequate information provided to bond purchasers by defendants. The actions are in an early stage but the company believes that United Engineers has meritorious defenses to these actions.

Various claims, generally incident to the conduct of normal business, are pending or threatened against the company from time to time. While ultimate liability, if any, is presently indeterminable, in the opinion of management it should have no material adverse effect on the financial condition of the company.

STANDARD OIL COMPANY (INDIANA)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20: Litigation

Suits are pending in various state and federal courts in Illinois and New York against Standard and certain subsidiaries seeking damages for pollution, and in some cases punitive damages, arising out of the stranding of the *Amoco Cadiz* on March 16, 1978, off Portsall, France. The actions allege negligence, and in some cases unseaworthiness, as the cause. The suits are by the Republic of France on its own behalf and on behalf of its citizens, by various French municipalities and governmental departments, by labor and other organizations, and by private citizens.

Amoco Transport Company has filed a complaint for exoneration from or limitation of liability in the U.S. District Court for the Northern District of Illinois. As a result, actions pending in other courts against Amoco Transport Company have been stayed and the various claims have been filed in the limitation proceeding. Actions against Standard and various other subsidiaries are pending in the same court where such actions were consolidated for pretrial proceedings. Claims for pollution damage aggregate about $1.9 billion, but it is believed that they are grossly in excess of actual damages and are duplicative to some extent. In addition, a claim for loss of the cargo has been asserted in the limitation action for about $23 million. Trial of the consolidated cases with respect to liability concluded on November 18, 1982. The court's decision is expected during 1984. The suits are not expected to have a material adverse effect on the company's consolidated financial position.

Several suits are pending in federal and state courts in Utah and Colorado challenging the mineral reservations of subsidiaries of Union Pacific Corporation upon which a substantial number of the company's leasehold interests in those states are based. The U.S. Court of Appeals, Tenth Circuit, has on three occasions affirmed decisions of a Wyoming federal district court sustaining the validity of the mineral reservations involved in those suits and the company's leasehold interests therein. The company is confident that its leasehold titles will continue to be sustained by the courts.

TELEFLEX INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Commitments and Contingencies

The company had various claims and suits pending at December 25, 1983 arising in the ordinary course of its business. One such suit alleged interference by the company with a prospective business relationship. In this matter, subsequent to year end, a verdict in the amount of $2,750,000 plus interest was entered against the company. The company believes, based on the advice of counsel, it has substantial grounds for appeal and is proceeding with this legal process. The company reflected a charge against 1983 income of $1,400,000 before taxes, or $.14 per share representing its estimate of the financial exposure in this matter. Based on the foregoing, management believes the potential additional liability from all these claims and suits, if any, will not have a material adverse effect upon the financial position of the company.

Guarantee of Indebtedness of Others

AFG INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Commitments and Contingent Liabilities

There are a number of claims pending against the Company for which damages are sought. Management believes that the outcome of such claims will not have a material effect on the financial position or results of operations.

There are a number of actions between the Company, its directors, and other parties in connection with the tender offer and the subsequent business combination of Float Inc., a holding company, whose principal asset was 100% of the common stock of Fourco Glass Company, a manufacturer of flat glass. Company's counsel believes that the ultimate outcome will not materially affect the financial statements.

The Company's New Jersey subsidiary sold assets to a firm which required the Company to guarantee the loan obtained by the purchaser. The initial amount of the loan was $587,000, with an outstanding balance at December 31, 1983 of $351,700.

During 1983, the Company entered into a joint venture agreement with Chronar Corporation to construct a plant to commercially produce solar photovoltaic cells. As of December 31, 1983, the Company had advanced no funds to the joint venture but had guaranteed repayment of a $5,000,000 First Mortgage Industrial Revenue Bond obtained by the joint venture.

During 1983, the Company issued an irrevocable letter of credit for $742,841 to secure payment of its workers' compensation premium to an insurance carrier.

The Company's Georgia subsidiary is a guarantor on a loan used to construct a warehouse for the subsidiary. The outstanding balance of this loan as of December 31, 1983 is $549,150.

THE AMERICAN SHIP BUILDING COMPANY

NOTES TO FINANCIAL STATEMENTS

9. Commitments and Contingencies:

The Company has unconditionally guaranteed up to $5 million in indebtedness of Ocean Carriers, Inc. (Ocean), the Houston ship operator which will charter to the Department of the Navy the T-5 tankers which the Company is constructing. The Company is not aware of any failure on the part of Ocean to meet the terms of its obligations, and does not anticipate any losses to be incurred in connection with this guarantee.

BORG-WARNER CORPORATION

NOTES TO FINANCIAL STATEMENTS

Contingent Liabilities

Borg-Warner Corporation has guaranteed $100.0 million of receivables sold to its financial services companies at December 31, 1983 and 1982.

The company has also guaranteed borrowings of $168 million of other unconsolidated subsidiaries and affiliates at December 31, 1983. Included in this amount are $90 million guaranteed jointly and severally by Borg-Warner's partner in a 50% joint venture and $58 million of bank and term loan borrowings of Borg-Warner Acceptance Corporation of Australia, Ltd. Guarantees of unconsolidated subsidiary and affiliate borrowings were $95.5 million at December 31, 1982, which included $60 million guaranteed jointly and severally by Borg-Warner's 50% joint venture partner.

If at any time Borg-Warner Acceptance Corporation's shareholder's equity is below $100 million, the company has agreed to make additional capital contributions.

It is the opinion of management and counsel that various claims and litigation in which Borg-Warner is currently involved will not materially affect the company's financial position or earnings.

W.R. GRACE & CO.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

($ Millions)

Note 4 (in part)—Investments in and Advances to Affiliated Companies

Grace has equity interests ranging from 47.5% to 50% in domestic companies engaged in the development of coal and phosphate properties, the production of phosphoric acid and the production and sale of drilling fluids. Grace also owns a 49% interest in an ammonia producing company in Trinidad.

In 1980, Grace and International Minerals & Chemical Corporation ("IMC") formed a partnership to construct facilities to mine Grace properties containing phosphate rock reserves. Included in dividends, interest and other income for 1983, 1982 and 1981 are gains of $16.1 for each year in connection with contributions by Grace of phosphate rock reserves to the partnership. The final contribution of reserves by Grace took place in January 1983. Grace anticipates that the mine will be operational in early 1985; each partner will receive 50% of production.

* * * *

At December 31, 1983, Grace was the guarantor of obligations totaling $259.9 (1982—$307.2) incurred by affiliated companies, including $155.0 of borrowings of the Grace/IMC partnership. No liability is anticipated under these guarantees, and the guarantees extended in connection with the Grace/IMC partnership borrowings will expire upon completion of the mine.

HILLER AVIATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Commitments and Contingencies

At August 31, 1983, the Company was contingently liable to a bank for approximately $58,936 as a guarantor of customer's bank loan to purchase a helicopter from the Company. The guarantee expires in 1988. In addition, the Company is contingently liable to a bank on letters of credit relating to performance bonds for approximately $1,779,256 for delivery of helicopters, equipment and spare parts to foreign customers.

IPCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Commitments and Contingencies

The Company is contingently liable for a mortgage of approximately $3,932,000 attributable to the Company's former headquarters sold during fiscal 1976. In connection with the sale, the property was conveyed to the buyer, subject to the mortgage on the property.

OGDEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Discontinued Operations

On November 17, 1983, the Board of Directors of Ogden Corporation approved a plan for the distribution of the outstanding common stock of OMI Corp. (formerly Ogden Marine, Inc.), a wholly owned shipping subsidiary of Ogden, to Ogden common shareholders in the form of a special dividend. The basis of the distribution was one share of OMI Corp. stock for each share of Ogden common stock held as of the close of business on December 20, 1983. The OMI Corp. shares were distributed to Ogden shareholders on January 4, 1984. Such distribution is reflected in the accompanying 1983 financial statements.

The results of operations of OMI Corp., presented as a discontinued operation in the Ogden Consolidated Financial Statements (expressed in thousands of dollars), were as follows:

	1983	1982	1981
Revenues and other income	$190,336	$236,526	$214,356
Costs and expenses	(186,838)	(213,138)	(181,705)
Income taxes	(2,975)	(2,747)	(2,821)
Income from discontinued operations	$ 523	$ 20,641	$ 29,830

The Corporation continues as a contingent guarantor of up to $55,000,000 of revolving credit borrowings in connection with OMI's ongoing commercial paper program and under certain circumstances up to $30,000,000 in connection with OMI's financing of the vessel "Ogden Columbia." In addition, the Corporation has indemnified OMI Corp. from liability for payment of any deficiencies in United States income taxes arising out of the operation of OMI Corp. prior to January 4, 1984. At December 31, 1983, OMI Corp. was indebted to the Corporation in the amount of $12,000,000 without interest, $6,000,000 of which is due on or before December 31, 1984, and $6,000,000 due upon 60 days notice by Ogden.

PETTIBONE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unconsolidated Foreign Subsidiaries

In years prior to 1983, the operations of the company's unconsolidated foreign subsidiaries were reported on the equity method of accounting. In the quarter ended December 31, 1982 the company decided to liquidate or discontinue support of these unconsolidated foreign subsidiaries.

As a result of this decision, the company provided for an allowance for anticipated losses in the quarter ended December 31, 1982 in the amount of $5,700,000 which consisted of $2,565,000 operating losses in excess of the company's equity in unconsolidated foreign subsidiaries and $3,135,000 ($1.13 per common share) of anticipated losses on disposition. The most significant portion of the allowance has been attributed to Pettibone de Mexico S. A. de C.V. in the amount of $2,867,000. In addition, the company charged operations with $1,227,000 ($.44 per common share) which represents the reversal of the cumulative foreign currency translation adjustment account for the unconsolidated foreign subsidiaries in accordance with Financial Accounting Standards Board Opinion No. 52.

In addition, as of March 31, 1982, the company had guaranteed certain debts of its foreign unconsolidated subsidiaries of approximately $6,200,000, of which $4,600,000 was attributable to its Mexican subsidiary. During the year ended March 31, 1983, the company reduced its guaranteed debt by making direct payments to the lenders under these guarantees. At March 31, 1983 the remaining guaranteed debt of $243,000 applies solely to the Mexican subsidiary.

Guarantees Other Than Guarantees of Indebtedness

AMERICAN PETROFINA, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Investments in Joint Ventures

On September 1, 1976, the Company and Hercules Incorporated formed Hercofina, a joint venture engaged primarily in the production and worldwide marketing of terephthalates, basic raw materials for polyesters. The Company's ownership interest is 25.85% and is accounted for by the equity method. Investments in and advances to Hercofina were $55,386,000 and $57,342,000 at December 31, 1983 and 1982, respectively. In connection with Hercofina, the Company has guaranteed lines of credit of $8,442,000 at December 31, 1983.

AMERICAN HOIST & DERRICK COMPANY

NOTES TO FINANCIAL STATEMENTS

M. Finance Subsidiaries

The Company's wholly-owned finance subsidiaries' revenues were $11,779,000, $16,983,000 and $15,504,000 for the years ended November 30, 1983, 1982 and 1981, respectively. Net earnings (loss) for the same three years were $(1,487,000), $43,000 and $37,000, respectively, which are included in other revenues of the Company's Statements of Operations. Included in net earnings for 1982 are fees of $1,400,000 from the Parent Company. The finance subsidiaries' statement of financial position is summarized as follows:

	November 30 1983	1982
	(In thousands)	
Assets:		
Cash and cash equivalents	$ 2,612	$ 1,986
Finance receivables	38,314	55,683
Rental equipment	16,916	19,251
Other assets	2,922	3,659
	60,764	80,579
Liabilities:		
Debt payable to banks	53,856	74,379
Debt payable to Parent Company	3,264	1,615
Other liabilities	684	2,159
	57,804	78,153
Stockholder's equity	$ 2,960	$ 2,426

The Company is contingently liable under guarantees totaling $7,592,000 under an $80,000,000 revolving credit agreement of Amhoist Credit Corporation (ACC), a wholly owned finance subsidiary, as of November 30, 1983. Subsequent to November 30, 1983, the Company renegotiated the credit agreement to reduce the maximum borrowings under the agreement to $60,000,000. In connection with the amended agreement the Company agreed to increase the stockholder's equity of ACC from $150,000 to $3,150,000 by November 30, 1984 and modified the minimum net worth requirement of the Company.

During the year ended November 30, 1983, the company contributed $2,028,000 to ACC stockholder's equity. Future increase in ACC stockholder's equity will reduce the Company's guarantees proportionately.

Finance subsidiaries purchase finance receivables and equipment for lease from the Company. For the years 1983, 1982 and 1981 equipment manufactured by and purchased from the Company totaled $6,770,000, $12,999,000 and $8,573,000, respectively.

CONCORD FABRICS INC.

NOTES TO FINANCIAL STATEMENTS

Note L—Contingent Liability:

In connection with certain warehouse space previously leased by the Company, the Company is contingently liable for the landlord's losses up to approximately $350,000 a year if the current tenant fails to fulfill its lease obligations. The contingency could extend to 1996, or expire by 1988 if certain lease renewal conditions are met.

CONSOLIDATED FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS

(dollars in thousands except per share data)

Lease Obligations

The corporation holds certain property and equipment under non-cancelable lease agreements which have original terms up to 27 years and frequently include renewal options of 1 to 20 years. Upon expiration, such leases are generally renewed or replaced by similar leases.

Future minimum annual fixed rentals required under non-cancelable leases having an original term of more than one year as of July 2, 1983, are as follows:

	Capital Leases	Operating Leases
1984	$ 6,491	$ 35,250
1985	5,063	26,934
1986	4,471	21,466
1987	3,669	18,672
1988	3,410	16,635
Later years	26,964	36,575
Total minimum lease payments	50,068	$155,532
Less amount representing interest	(21,215)	
Total obligations under capital leases	28,853	
Less current obligations under capital leases	(3,790)	
Long-term obligations under capital leases	$25,063	

Total rent expense for operating leases, including amounts for leases of one year or less, was approximately $70,700 in 1983, $55,400 in 1982 and $48,400 in 1981. Interest applicable to capital leases, included primarily in cost of sales, amounted to approximately $3,500 in 1983, $3,900 in 1982 and $4,800 in 1981.

The corporation has a contingent liability for long-term leases on properties operated by others. The total minimum annual rentals under these leases average approximately $9,000 annually for years ending in 1984-1988, $5,800 in 1989-1993 and $900 in 1994-1998.

DEAN FOODS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and Contingent Liabilities

At December 31, 1983, the Company was contingently liable for approximately $7,300,000, principally as a result of being guarantor, as a subfranchisor, of lease rental payments for certain retail ice cream stores. No significant loss from the contingent liabilities is anticipated.

GOLDEN ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 (in part): Commitments and Contingencies

In September, 1977, Johnson-Rast & Hays Co., a wholly-owned subsidiary of the Company, sold its net assets and the business of that subsidiary was discontinued. Prior to the sale of its net assets, Johnson-Rast & Hays Co. had borrowed approximately $6,000,000 from AmSouth Bank, N.A. (formerly The First National Bank of Birmingham) under an established line of credit. This line of credit, from its inception, was guaranteed by the Company. As part of the Agreement of Purchase and Sale, as amended (the "Agreement"), the purchaser agreed to pay the entire line by June 1, 1987. Additionally, if the purchaser sells certain of the assets acquired, it has agreed to apply the entire sales proceeds, net of estimated income taxes, to reduce this indebtedness. The Agreement also provides that the purchaser will maintain certain ratios of current assets to current liabilities and minimum net worth and grants a first lien security interest to the Company in real property and other assets. The Company continues to be secondarily liable on this line of credit until it has been paid. At May 31, 1983, the unpaid balance of this line of credit was $2,622,270.

McCORMICK & COMPANY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

13. Contingencies:

At November 30, 1983, the Company, has unconditionally guaranteed credit lines for affiliates in amounts totalling $5,140,000 of which $4,130,000 had been borrowed at year end.

In late 1983 a settlement was reached, subject to final approval by the court, resolving lawsuits filed in 1982 relating to certain accounting practices for years 1976 through 1981. As a result of the settlement, $2,200,000 was charged to expense in 1983.

Certain other actions are pending against the Company or its subsidiaries. While the ultimate outcome of these matters cannot be predicted with certainty at this time, in the opinion of management, after consultation with counsel, these actions will not result in any material adverse effect on the Company's consolidated financial position.

UNITED STATES SHOE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands except share amounts)

Commitments and Contingencies (in part)

Contingencies—The company has guaranteed and is, therefore, contingently liable under leases of facilities expiring between 1984 and 1996 that are operated by certain customers. Minimum rentals guaranteed under such leases range from $5.8 million in fiscal 1984 to $3.6 million in 1988 and aggregate $32.6 million for thirteen years.

Legal Proceedings—Litigation is instituted from time-to-time against the company which involves routine matters incident to the business conducted by the company. In the opinion of management, the ultimate disposition of such litigation will not have a material effect upon the company's consolidated financial statements.

Receivables Sold With Recourse

BETHLEHEM STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

D. Commitments and Contingent Liabilities

Based on its proportionate interest in certain associated raw material enterprises, Bethlehem is entitled to receive its share of the raw materials produced by such enterprises and is committed to pay its share of their costs, including amortization of their long-term debt. Bethlehem's share of such amortization will be approximately $.5 million in 1984. In addition, Bethlehem has guaranteed debt of various enterprises, including that of certain associated enterprises, aggregating $36 million and $39 million at December 31, 1983 and 1982, respectively.

In connection with the financing of the continuous casters to be constructed at the Sparrows Point and Burns Harbor plants, an owner trust will borrow the funds required for construction and will lease the casters to Bethlehem. Bethlehem has agreed to purchase the casters if construction is not completed or certain performance tests are not met. There were no amounts outstanding under this financing at December 31, 1983.

At December 31, 1983, Bethlehem had placed approximately $53 million of purchase orders for additions and improvements to its properties.

During 1983, Bethlehem sold a $21 million long-term note receivable at face value subject to certain recourse provisions. The note was outstanding at December 31, 1983.

Bethlehem, in the ordinary course of its business, is the subject of, or a party to, various pending or threatened legal actions involving governmental agencies or private interests. Bethlehem believes that any ultimate liability arising from these actions should not have a material adverse effect on its consolidated financial position at December 31, 1983.

CORNING GLASS WORKS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (in part): Commitments and Guarantees

At January 1, 1984, guaranteed loans amounted to $25.4 million including $7.0 million of debentures guaranteed jointly and severally by Corning and Dow Chemical Company and $6.1 million of loans guaranteed jointly and severally by Corning and BICC Limited. Receivables sold as of January 1, 1984, primarily by a wholly owned subsidiary, amounted to $27.1 million of which $10.6 million is subject to recourse.

UMC INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Contingent Liabilities

At December 31, 1983 and 1982, the Company and its subsidiaries were contingently liable to the extent of approximately $2,107,000 and $3,165,000, respectively, principally on discounted customers' finance receivables of $12,179,000 in 1983 and $13,440,000 in 1982.

U.S. INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note J—Contingencies

The Corporation and certain subsidiaries are defendants or plaintiffs in lawsuits that have arisen in the normal course of business. While certain of the lawsuits involve substantial amounts, it is the opinion of management, based on the advice of counsel, that the ultimate resolution of such litigation will not have a material adverse effect on the Corporation's financial position.

The Corporation is contingently liable for up to $23.1 million (including $17.9 million relating to discontinued operations) with respect to notes receivable and conditional sales contracts discounted.

WHITE CONSOLIDATED INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L—Contingencies

The Corporation is contingently liable at December 31, 1983, for certain notes receivable (principally secured by title retention contracts or chattel mortgages on equipment) sold with recourse ($6,314,000), for dealer finance repurchase agreements ($20,776,000) and other obligations, all aggregating approximately $32,713,000. In the opinion of management, losses, if any, will be insignificant.

Possible Tax Assessments

BASIC EARTH SCIENCE SYSTEMS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 (in part): Contingencies

In April 1981, the Internal Revenue Service proposed adjustments to the consolidated income tax return for Basic for the year ended March 31, 1973, asserting that Basic understated taxable income of its construction subsidiaries. The primary nature of the understatement involved alleged nondeductible withdrawals by officers, directors and others (who have not been officers, directors or employees of Basic since September 1972, or its subsidiaries since June 1973). The Internal Revenue Service alleges improper payments were made by the subsidiaries prior to their merger with Basic and were improperly deducted as construction costs on the consolidated return with Basic for the year ended March 31, 1973. The deficiencies also involved the filing by Basic of an allegedly improper 1972 tax return for Columbine III, of which it was the general partner, and the taking of excessive bad debt deductions.

The Internal Revenue Service's proposal for tax deficiencies, penalties and interest could approximate $2,800,000 as of March 31, 1983.

Basic has instituted legal action against the responsible individuals for recovery of any loss and damage rising from income tax deficiencies resulting from their acts.

On July 30, 1981, Basic filed a protest as to such claimed deficiencies; the protest is now pending before the Appeals Office of the IRS in Indianapolis, Indiana; a preliminary conference was held with the Appeals Officer on February 8, 1983 and on June 13, 1983 an Amended Brief was filed on behalf of Basic with the Appeals Office.

The outcome of these matters cannot be estimated.

CMI CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Income Taxes

The Company does not provide for Federal income taxes which would become payable upon remission of the DISC subsidiary's earnings because it is the Company's intention to indefinitely reinvest the undistributed earnings, which amounted to approximately $6,500,000 at December 31, 1983.

In 1983, the Company received a notice of proposed adjustments from the Internal Revenue Service amounting to $5,400,000 as a result of the examination of the Federal tax returns for the years 1977 through 1982. Most of the proposed adjustments relate to the timing of income and deductions and result in offsetting adjustments in future years. In the opinion of management, any additional tax liability not currently provided, but ultimately determined to be payable for the years 1977 through 1982, will not have a material effect on the financial position or results of operations of the Company.

CENTRONICS DATA COMPUTER CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 (in part): Income Taxes

In November 1981, the Company received a deficiency notice from the Internal Revenue Service with respect to its 1975 and 1976 fiscal years, assessing approximately $7.5 million of additional taxes, of which $5.5 million is based upon intercompany pricing arrangements between the Company and its Puerto Rico subsidiary in those years. The intercompany pricing issue may be raised in subsequent tax years. However, as indicated above, the Company has net operating loss carrybacks which should be available to the subsequent years should there be any final determination of deficiency. Additionally, $1.5 million of the assessment relates to a matter in which another taxpayer has taken a position contrary to that of the Company.

The Company contested the assessment by filing a petition for redetermination of the deficiency in the U.S. Tax Court. Based upon the Company's analysis of the deficiency notice, the advice of special tax counsel and a favorable opinion rendered in March 1984 by the U.S. Tax Court as to certain aspects of the dispute between the Company and another taxpayer referred to above, the Company believes that the tax liability, if any, which may result from the resolution of the issues will not have a materially adverse impact on the Company's financial position.

In February 1983, the Company received a deficiency notice from the State of New Hampshire, Department of Revenue Administration, with respect to its 1977 through 1980 fiscal years, assessing approximately $1.4 million of additional taxes plus interest based on the taxation of worldwide income under the "Unitary Tax Method."

The Company contested the assessment by filing a petition in the Superior Court of the State of New Hampshire in March 1983. At this time, the Company is unable to predict the final resolution of this matter; however, management believes the Company has meritorious defenses against this assessment and consequently has made no provisions with respect to this matter.

OXFORD INDUSTRIES, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

The Company's income tax returns for fiscal years ended in 1979 and 1980 are currently under examination by the Internal Revenue Service. The Service has proposed several adjustments, the largest of which involves the examining agents' contention that the Company's election of the LIFO method of accounting for inventories should be disallowed. Alternatively, the agents propose changes in the methodology employed by the Company in its LIFO calculations. Disallowance of LIFO, which was elected by the Company for its 1979 and subsequent fiscal years, would result in a total tax deficiency of approximately $4,000,000 for the 1979 and 1980 fiscal years. The proposed changes in the Company's LIFO methodology would result in a significantly smaller deficiency. If LIFO is disallowed for the two years under examination, the Company believes the Service will assert such disallowance for subsequent years until an election meeting the requirements alleged by the examining agents is effected.

The Company has protested the examining agents' findings under the Service's appeals procedures, and intends to contest vigorously the issues raised in this examination. The Company believes its inventory accounting practices supported its LIFO election and were in accordance with generally accepted accounting principles and applicable tax laws.

Disallowance of the use of LIFO for income tax purposes would have no significant effect on the Company's results of operations, since the issue relates to timing differences in the recognition of costs for tax and financial reporting purposes and would not affect the Company's use of the LIFO method of valuing inventories for financial reporting purposes. However, such disallowance would affect the Company's cash and income tax liability accounts.

POLAROID CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 (in part): Contingencies

In June 1980, the Company received a report of an Internal Revenue Service Examining Officer proposing adjustments to the Company's taxable income for the years 1974 and 1975 which would have resulted in additional income taxes for those years of about $30 million, plus interest. About $26 million of that amount was attributable to proposed adjustments resulting from the Examining Officer's reallocation of gross income to the Company from certain of its foreign subsidiaries under Section 482 of the Internal Revenue Code. The proposed Section 482 adjustments were primarily directed to the prices the Company charged its foreign subsidiaries for finished goods and components and the royalties paid to the Company by its foreign manufacturing subsidiaries for use of its patents and other intangibles. The Company filed a protest to the Section 482 adjustments proposed for 1974 and 1975. A settlement was arrived at pursuant to which the proposed finished goods and component adjustments were eliminated entirely and a royalty rate, representing a modest increase to the royalty rate charged, was agreed upon. The settlement reduced the additional income tax attributable to Section 482 issues from about $26 million to about $1.0 million. In May 1982, the Company received a report of an Internal Revenue Service Examining Officer proposing adjustments for 1976 and 1977 under Section 482 which were similar to the adjustments proposed for the two previous years under that section and would have resulted in additional income taxes for 1976 and 1977 aggregating about $33 million, plus interest. The Company filed a protest to the proposed adjustments. In January 1983, an Appeals Officer informed the Company that his office was releasing jurisdiction over the 1976 and 1977 case and returning it to the Office of the District Director as a premature referral. In June 1983, the Company received a Corrected Examination Report which followed the settlement of the 1974 and 1975 tax years in that it eliminated the proposed finished goods adjustment and adopted the royalty rate agreed upon in the settlement but which retained a components adjustment similar to the components adjustment eliminated in the settlement. The Corrected Examination Report reduced the proposed additional tax from about $33 million to about $14 million. The Company's protest continues with respect to the Corrected Examination Report. In July 1983, the Company received a report of an Internal Revenue Service Examining Officer proposing adjustments of the Company's taxable income for the years 1978 and 1979 which would result in additional income taxes for those years of about $7.6 million, plus interest. The Report adopted the royalty rate agreed upon in the settlement of the 1974 and 1975 tax years. It also contained a Section 482 components adjustment similar to that proposed for 1976 and 1977 as well as non-Section 482 adjustments. The Company has filed a protest to the 1978-1979 Examination Report. Its protests to the Examination Reports for the years 1976-1979 are under review by the Office of the Regional Director of Appeals. In the opinion of management and the Company's general counsel the ultimate resolution of the Adjustments currently under review by that office will not have a materially adverse effect on the financial statements of the Company.

UNITED STATES GYPSUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taxes on Income and Deferred Income Taxes (in part)

The Company does not provide for Federal income taxes on the undistributed earnings of foreign subsidiaries, which earnings are intended to be permanently reinvested. The cumulative amount of such undistributed earnings aggregated approximately $117,000,000, $115,000,000 and $112,000,000 at December 31, 1983, 1982 and 1981, respectively.

Federal taxes (including interest) have been substantially paid for all years up through 1977. Deficiencies have been proposed by the IRS for 1978 and 1979 in the amounts of

$3,424,000 and $6,229,000, respectively. The Company disagrees with the proposed deficiencies and a written protest has been filed. Federal income tax returns for the years 1980 and 1981 are under review. Potential liability from the resolution of income tax matters in dispute and similar issues for subsequent years, plus interest, in the opinion of management would have no material adverse effect on the financial position or operations of the Company.

Government Regulations

THE LTV CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and Contingencies (in part)

The Company's steelmaking operation is subject to a number of environmental laws and regulations. The application of these laws and regulations create uncertainties as to their precise financial impact on the Company, with respect to operating costs and capital expenditures as well as the timing of such expenditures.

In January 1983, the U.S. Department of Justice filed motions with U.S. District Courts seeking contempt orders and aggregate fines of over $108 million for alleged violations of consent decrees which had been entered into by LTV during 1981 for the purposes of enforcement of federal environmental laws and regulations at its steelmaking facilities.

An agreement has since been reached among LTV, the U.S. Environmental Protection Agency and the U.S. Department of Justice which would settle substantially all pending litigation with the federal government with respect to environmental matters involving LTV's steelmaking operation. The agreement is subject to public comment and thereafter to approval by the courts exercising jurisdiction over the proceedings. The settlement requires a payment by LTV of approximately $4 million in cash penalties (accrued as of December 31, 1983) and requires LTV to undertake certain environmental control capital projects. The additional capital expenditure requirements associated with such projects at its major steel plants are not expected to be material. The Company currently estimates that the total capital cost of complying with all environmental requirements will be approximately $36 million in 1984, and average approximately $13 million per year for the period 1985–87

The Company, in the ordinary course of business, is the subject of or party to various other pending or threatened litigation. While it is not possible to predict with certainty the outcome of these matters, management of the Company does not believe that they will materially affect the consolidated financial position of the Company.

During 1981 through 1983, LTV generated income from the sale of tax benefits through safe harbor tax leases. Under certain circumstances and events, LTV may be required to repay part or all of the proceeds from these sales.

TEXACO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Contingent Liabilities

Department of Energy Matters—In May, 1979, Texaco received a Proposed Remedial Order from the Department of Energy's (DOE) Office of Special Counsel, superseding an earlier Notice of Probable Violation issued in January, 1978, alleging that Texaco had violated Federal regulations in calculating the proportions of new, old, and stripper oil it produced on properties primarily in Louisiana and Texas from September, 1973, through March, 1979, in the amount of approximately $888 million, including interest.

Texaco has denied and is vigorously contesting the allegations of the Office of Special Counsel that DOE's domestic crude oil price control regulations were improperly applied by the Company. In addition to contesting these allegations in DOE administrative proceedings, Texaco (together with the State of Louisiana) brought an action in the United States District Court for the Western District of Louisiana and obtained a summary judgment against the DOE on certain of these claims. However, this summary judgment was subsequently reversed by the Temporary Emergency Court of Appeals (TECA) in October, 1982 and in April, 1983 the Supreme Court declined to review TECA's decision. As the TECA decision covered only one of Texaco's defenses, the Company has continued to contest the DOE's allegations based on other available defenses.

In January, 1979, the Federal Government, on behalf of DOE, filed a complaint against Texaco in the United States District Court for the District of Columbia. The complaint alleges that Texaco improperly calculated its increased costs under Federal regulations pertaining to price-regulated natural gas liquid products, i.e., propane, butane, and natural gasoline, and that as a result thereof Texaco should remit at least $224 million to the U.S. Treasury. Texaco has denied the allegations, has obtained a stay of the Government suit, and has vigorously contested the Government's position in an action against DOE in the United States District Court for the Northern District of Texas. In December, 1983, that Court granted in part each party's cross motion for summary judgment (the net impact of which appears favorable to Texaco), and cross appeals to TECA have been filed.

Other Contingent Liabilities—The Company and its subsidiary companies were contingently liable in the amount of $127 million as of December 31, 1983, as guarantors, directly or indirectly, on loans outstanding, principally of certain associated companies and notes of others. Also, the Company and certain of its subsidiary companies have guaranteed sufficient revenue, from petroleum processing or shipments, to associated pipe line companies, an offshore oil port, and refining companies, or in lieu thereof have agreed to advance funds sufficient to meet their individual debt obligations. No loss is anticipated by reason of such obligations.

As of December 31, 1983, the states of Arizona, California, Florida, Oregon, and Washington had suits pending against Texaco and several other petroleum companies alleging, among other things, that the defendants combined and conspired to restrain trade in the exploration, production, transportation, and sale of crude oil and the refining, distribution, and marketing of pretroleum products in violation of the antitrust laws of the United States. These suits seek divestiture of certain of Texaco's operations, and treble damages in unspecified amounts. The Company has denied all such allegations, and is vigorously defending against these actions. In 1981, the Federal Trade Commission dismissed its complaint against Texaco and seven other companies involving similar allegations.

In related actions commenced in the Delaware Chancery Court in January, 1984 and in the Houston, Texas, District Court in February, 1984, Pennzoil Company (Pennzoil) has asserted claims totaling $14 billion as a result of its unsuccessful attempt to acquire a minority interest in Getty Oil Company. Pennzoil's earlier attempt in the Delaware action to block Texaco's acquisition of Getty was rejected by the Court. Exercising rights granted under Getty indemnity agreements with the Sarah C. Getty Trust and the J. Paul Getty Museum, Texaco will continue to oppose Pennzoil's claims that those parties and Getty Oil company breached an agreement which it alleges would have resulted in it acquiring the desired minority interest. Similarly, Texaco will continue to vigorously defend Pennzoil's Texas action which is brought on a theory that Texaco tortiously interfered with Pennzoil's alleged contractual rights.

In the opinion of the Company's General Counsel, while it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, claims, guarantees, Federal taxes, Federal regulations including those relating to allocations and pricing of crude oil and products, etc., the aggregate amount of such liability is not anticipated to be materially important in relation to the consolidated financial position of the Company and its subsidiaries.

Letter of Credit

COLECO INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7—Contingencies and Commitments:

The Company is involved in a number of lawsuits incidental to its business. In the opinion of management, such proceedings in the aggregate will not have a material adverse effect on the Company's consolidated financial position.

At December 31, 1983 and 1982, the Company was contingently liable for outstanding letters of credit in the amounts of $4,400,000 and $4,900,000, respectively.

Minimum royalty commitments and guarantees under certain licensing agreements, aggregated approximately $33,365,000 at December 31, 1983, and are payable principally over a five years period.

EVEREST & JENNINGS INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 (in part): Notes Payable to Banks and Long-Term Debt:

At December 25, 1983, the Company was contingently liable for a letter of credit in the amount of $734,000. The Company's German subsidiary was contingently liable for bills of exchange discounted with banks, payable in Deutsche marks aggregating to the amount of $1,710,000.

LYNCH CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D (in part): Long-Term Obligations

Future maturities of long-term debt and the capital lease obligation at December 31, 1983 are summarized as follows:

	Mortgage Note	Equipment Loans	Capital Lease	Total
1984	$11,045	$100,000	$332,943	$ 443,988
1985	11,671	100,000		111,671
1986	10,022	100,000		110,022
1987		100,000		100,000
1988		100,000		100,000
1989 and thereafter		355,000		355,000
	32,738	855,000	332,943	1,220,681
Less interest at 10.15%			20,082	20,082
	32,738	855,000	312,861	1,200,599
Current maturities	11,045	100,000	312,861	423,906
	$21,693	$755,000	$ —	$ 776,693

▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪

The Company is contingently liable under irrevocable letters of credit for approximately $750,000 at December 31, 1983.

Unasserted Claims

BIRD INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 (in part): Additional Financial Information

The Company warrants under certain circumstances that its building materials group products meet certain manufacturing and material specifications. In addition, for marketing considerations, the Company makes elective settlements in response to customer complaints. The Company records the liability for warranty claims and elective customer settlements when it determines that a specific liability exists or a payment will be made. During 1983, 1982 and 1981, the Company recorded approximately $4,800,000, $4,100,000 and $3,300,000 in warranty expenses and elective customer settlements. The Company has not recorded any liability for future unasserted claims or complaints because it does not believe that the aggregate potential liability that may result from future warranty claims can be meaningfully quantified with a reasonable degree of accuracy.

AEL INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 (in part): Contingencies

In April, 1980 the Company was advised by representatives of the U.S. Defense Contract Audit Agency that during a routine audit of a price proposal for a contract in progress in the Company's Emtech Division, certain procedures were observed which suggest possible deficiencies in the division's labor accounting records. The Company has subsequently been served with grand jury subpoenas issued by the U.S. District Court for the Eastern District of Pennsylvania which required the Company to produce certain specified records, primarily relating to the Emtech Division, and certain employees and former employees of the Emtech Division have been subpoenaed to testify before the grand jury. The grand jury proceeding is a continuation of the Government's investigation into this matter. Price negotiations on fixed-price contracts are sometimes based, in part, on labor accounting information supplied by the contractor and deficiencies in such information may entitle the Government to an appropriate recovery. The Company believes, based on its review of the matter, that to the extent any contract price adjustments are required, such adjustments will not have a material adverse effect on the Company's consolidated financial position, but could be material in relation to the earnings of the period in which any such adjustments were to occur. The Company has determined that the possible deficiencies in its labor accounting procedures were not material to previously issued consolidated financial statements. Since the amount of any future contract price adjustments (and related statutory liability, if any) cannot be determined, no provision for any liability that may occur has been recorded in the accompanying financial statements. Because the Government has neither disclosed the results of its investigation into this matter nor asserted any claim, the Company cannot predict whether litigation is likely to result or when final resolution of the matter is likely to occur.

RSC INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(14) Contingencies:

Bergen Cable Technologies, Inc., a subsidiary of the Company, was informed in 1981 that the U.S. Air Force was conducting various tests on certain of Bergen's products to determine if said products did not perform according to specifications, and if the nonperformance in any way contributed to the crashes of various military aircraft. If the Bergen products were deemed to be responsible for such incidents, Bergen could be exposed to material product liability claims. Bergen has never been informed of the results of any tests conducted by the Air Force, but no claims against Bergen arising out of the incidents of the manufacture of the products have been asserted or threatened. The Company believes that the possibility that Bergen will sustain any material liability as a result of these incidents is remote. No provision for any such liability has been made in the financial statements.

Strike

KEYSTONE CONSOLIDATED INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

M (in part): Commitments and Contingencies

UAW Strike

On April 14, 1983, the labor contract between the Company's National MetalCrafters division, Rockford, Illinois, and Local 449 of the UAW expired. On April 16, 1983, Local 449 went on strike against the Company over the issues of job security, wages and employee benefits. Negotiations between the Company and the Union have not produced an acceptable settlement of the issues, and the strike continues. The Company is currently operating, on a limited basis, with replacement workers.

Management hopes to resolve the strike issues and has no intent to close its Rockford operations. Should the strike continue for a prolonged period of time, however, the Company may incur substantial costs in order to settle the issues, or curtail operations. Such costs could include an increase in pension liabilities and a possible acceleration of the funding of pension obligations.

Employee Claims

PENTRON INDUSTRIES, INC. (JUNE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (in part) Litigation and Contingencies:

N.E. Isaacson of Michigan, Inc. Lawsuit

In December, 1977, N.E. Isaacson of Michigan Inc. (Isaacson) filed suit naming the Company as a co-defendant alleging Isaacson was damaged by an improperly constructed sewer system. The suit includes a formal demand of $500,000 from the certifying engineer, the bonding company and the general contractor, Ranney Water systems, a former division of the Company.

During fiscal 1983, the matter was ordered to arbitration. Management estimates the loss from this matter will ultimately range from $40,000 to $125,000. Accordingly, $40,000 was accrued and is included in accrued liabilities in the accompanying June 30, 1983 balance sheet.

Labor Union Lawsuit

On July 29, 1981, the International Association of Machinists and Aerospace Workers, representing employees of a subsidiary whose operations were discontinued during 1982, filed suit against the Company seeking backpay adjustments for approximately fifty employees. The suit was settled in January, 1983 for $3,000 and the case is now concluded.

Self-Insurance Programs

The Company maintains self-insurance programs for hospitalization, medical coverage and workmen's compensation. The hospitalization and medical program is limited to losses of $25,000 per claim and the workmen's compensation is limited to an aggregate loss of $175,000 through the use of stop-loss policies. The Company switched from self-insurance to the State of Ohio workmen's compensation program on July 1, 1983. Although claims incurred after July 1, 1983 will be paid through state insurance, the Company is still liable for unpaid claims incurred before that date. Provisions for such claims, under each program, are accrued based upon the Company's estimate of the aggregate liability for claims made and potential claims. At June 30, 1983, $80,000 and $105,000 have been accrued for workmen's compensation and hospitalization and medical claims, respectively.

GAIN CONTINGENCIES

Operating Loss or Investment Credit Carryforwards

BEEHIVE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

At September 30, 1983, Beehive had tax loss carryforwards and tax credit carryforwards available as follows:

Expiring on September 30	Net Operating Loss	Investment Credit	R&D Credit	Job Credit
	(in thousands)			
1992	$ —	$ 18	$ —	$ —
1993	—	16	—	100
1994	—	31	—	—
1995	—	44	—	—
1996	—	142	70	—
1997	—	98	139	—
1998	30	137	436	—
	$ 30	$ 486	$ 645	$ 100

CHICAGO PNEUMATIC TOOL COMPANY

NOTES TO FINANCIAL STATEMENTS

U.S. and Foreign Income Taxes (in part)

Investment tax credits increased the 1983 and 1982 income tax benefits by $103,000 and $433,000, respectively, and reduced the 1981 income tax provision by $435,000. 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 30, 1983 the amount of undistributed earnings included in retained earnings for which U.S. taxes have not been provided approximated $48,363,000. At December 30, 1983 the Company had book loss carryforwards of approximately $27,400,000 primarily relating to foreign operations and certain preacquisition tax loss carryforwards. Tax loss carryforwards of $32,300,000 will expire as follows: $100,000 in 1984, $1,400,000 in 1985, $4,600,000 in 1986, $800,000 in 1987, $3,200,000 in 1988, $400,000 in 1989, $1,300,000 in 1990, $600,000 in 1993, $4,000,000 in 1994, $2,100,000 in 1995 and $13,800,000 may be carried forward indefinitely.

BEMIS COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Thousands)

Note 9 (in part)

The Company's federal income tax returns for the years prior to 1978 have been audited and completely settled.

For tax purposes, the Company has unused investment tax credits of $12,837 and foreign tax credit of $2,316 which may be used to offset future federal income taxes. All credits have been utilized for financial statement purposes. The credits will expire as shown at right:

At December 31, 1983 the cumulative amount of earnings since acquisition of the companies which the Company controls but does not include in the consolidated federal income tax return was $36,714.

Expiring In	Investment Tax Credits	Foreign Tax Credits
1988		$ 2,316
1995	$ 1,530	
1996	6,308	
1997	3,462	
1998	1,537	
Total	$12,837	$ 2,316

DUAL-LITE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): Income Taxes:

The Company is not eligible to file a consolidated Federal income tax return with all of its subsidiaries and consequently recognizes its tax provision based on the individual operating results of the Company and its subsidiaries.

Substantially all of the operating income of subsidiaries located in Puerto Rico is exempt from United States and Puerto Rican income taxes under tax exemptions from the Puerto Rican government and qualification as Section 936 corporations as defined by the Internal Revenue Code. The terms of the Puerto Rican tax exemption provide for a toll tax on any earnings remitted to the Company prior to the expiration of the exemption except in the event of liquidation. In 1983, retained earnings of Dual-Lite Caribe, Inc. and Dual-Lite of Puerto Rico, Inc. were repatriated in a tax-free liquidation (see Note 9 of Notes to Financial Statements). The Company does not intend to remit the Puerto Rican retained earnings under the current exemption grant prior to the exemption expiration, and accordingly, has not provided for income tax or toll tax related to such earnings. the tax exemption grant on the subsidiary currently operating in Puerto Rico expires in June 2006.

In September 1982, the Company negotiated a settlement of adjustments proposed by the Internal Revenue Service as a result of their examination of the United States Corporate Income Tax returns filed by the Company and certain of its subsidiaries, including Dual-Lite Caribe, Inc. and Dual-Lite International Sales Corp. ("DISC"), for the fiscal years ended June 30, 1973 through June 30, 1981. The proposed adjustments were attributable primarily to the reallocation of income from Dual-Lite Caribe, Inc. and DISC to the Company. The settlement resulted in a 1982 federal and state tax provision of $2,448,000, including interest, as well as a significant reduction in the amount of net operating loss carryforwards for tax reporting purposes which were incurred in prior years and tax credits to be available to offset future taxable income.

The remaining net operating losses to be carried forward for tax purposes and unused tax credits are summarized as follows:

Expiration Year	Net Operating Losses U.S.	Net Operating Losses Canada	Investment Tax Credits	Job Tax Credits
1984		$ 447,000		
1985		850,000		
1986		600,000		
1987		832,000		
1990		726,000		
1992			$ 18,000	
1993			10,000	$ 75,000
1994			43,000	34,000
1995			61,000	
1996	$ 975,000		95,000	
1997	$2,913,000		133,000	
1998	$2,606,000		60,000	
	$6,494,000	$3,455,000	$420,000	$109,000

Net operating loss carryforwards for financial reporting purposes exceed tax loss carryforwards by approximately $1,200,000, consisting principally of state taxes associated with the settlement with the Internal Revenue Service and the provision for loss on disposal of NEC, which loss will not be deductible for tax purposes until after June 30, 1983.

The 1981 tax provision includes reclassification of deferred taxes on DISC.

GENERAL REFRACTORIES COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 (in part): Income Taxes

At December 31, 1983, the Company has available as benefits to reduce future U.S. and foreign income taxes, subject to applicable limitations, the following estimated credits and carryforwards:

Year Expires	Investment Tax Credit	Net Operating Loss Carryforward Domestic	Net Operating Loss Carryforward Foreign	Capital Loss Carryforward Domestic
	(dollars in thousands)			
1984	$ —	$ —	$1.700	$1,300
1986	—	—	400	1,300
1987	—	—	1,300	—
1988	—	—	1,500	4,200
1991 to 1995......	2,200	5,500	—	—
1996 to 1998......	450	42,100	—	—
	$2,650	$47,600	$4,900	$6,800

Domestic net operating loss carryforwards do not reflect the entire provision for restructuring domestic operations which is in general deductible only as incurred. At December 31, 1983 approximately $30,000,000 of these charges have not been deducted for tax purposes. Investment tax credits are recognized as a reduction of U.S. income tax expense under the flowthrough method.

GENESCO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 (in part): Income Taxes

The Company has net operating loss carryforwards available to offset future U.S. taxable income as follows:

Expiration Date	Amount
July 31, 1992	$ 7,303,000
July 31, 1993	18,410,000
July 31, 1996	10,047,000
July 31, 1998	4,342,000
Total Net Operating Loss Carryforwards	$40,102,000

The Company has recorded for financial statement purposes losses and expenses amounting to $51,563,000 which will be deductible for federal income tax purposes in future years. These include pension expense, accounts receivable transactions and provisions for discontinued operations.

PANTRY PRIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands except per share data)

Income Taxes (in part)

The Company and its subsidiaries file a consolidated federal income tax return. At July 30, 1983, the Company and its subsidiaries have available, to reduce future, taxable income, a net operating loss carryforward approximating $318,000 (subject to certain interpretations and restrictive provisions of the Internal Revenue Code) which expires as follows: $9,000 in 1989; $12,000 in 1990; $4,000 in 1991; $126,000 in 1994; $150,000 in 1996; $13,000 in 1997; and $4,000 in 1998. The net operating losses expiring in the years 1989 through 1991 are carried forward from taxable years which have been audited by the Internal Revenue Service; subsequent losses are in taxable years which have not been examined by the Internal Revenue Service. In addition to the net operating loss carryforward, $50,000 has been expensed in the financial statements which is not currently deductible for tax purposes, but is expected to be available to reduce future taxable income.

Investment tax credits of approximately $8,600 are available at July 30, 1983 (subject to certain restrictive provisions of the Internal Revenue Code) for use in federal income tax returns. These investment tax credits expire in varying amounts annually from 1989 through 1998.

Plaintiff Litigation

OAK INDUSTRIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 (in part): Litigation and Contingencies:

Oak/Adec Inc., a wholly owned subsidiary of the Company, designs and installs energy management systems in multi-building facilities under fixed price contracts. Certain contracts at domestic military facilities require the energy management system to meet a complex set of technical standards and operating requirements known as the Tri-Service Specifications. Based upon the experience of the Company and others in the industry, management believes that the Tri-Service Specifications are defective and impossible to meet using available technology. As such, it believes that it will be successful in negotiating a relaxation of these Specifications on existing contracts. In management's opinion, the ultimate outcome of these matters will not have a material adverse effect upon the financial condition of the Company.

The Company has filed a $70 million lawsuit against The Foxboro Company, the previous owners of Oak/Adec Inc., charging them with violations of federal and state securities laws, fraud and negligent misrepresentation in regard to the sale of Adec. The Company also intends to proceed with defective specifications claims on contracts subject to the Tri-Services Specifications. The ultimate outcome of these actions cannot be determined at the present time.

SFM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10—Certain litigation costs:

In August 1982, the Company filed a complaint against a customer charging the customer with breach of contract and fraud in connection with a purchase order contract between the parties.

The Company seeks $1,000,000 in compensatory damages and $3,000,000 in punitive damages, plus costs, based on its claim that the customer failed to accept and pay for certain machine tools manufactured by the Company pursuant to the customer's purchase order. In 1983, the customer filed an amended counterclaim in that action charging the Company with breach of the purchase order contract and fraud. The customer is seeking approximately $480,000 in compensatory damages for expenses it allegedly incurred in the course of performance of the contract, plus punitive damages of $3,000,000, interest, attorney's fees and costs. The parties are conducting discovery and the Company is vigorously defending the customer's amended counterclaim.

Management is of the opinion that the counterclaim is without merit and that the ultimate outcome of the above actions will not have an adverse material effect on the Company. Certain of the costs incurred in connection with this litigation have been separately stated in the consolidated financial statements.

SYBRON CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 16. Other Matters

In the conduct of the Corporation's businesses, it is involved in normal litigation matters. In the opinion of management, the ultimate disposition of such litigation should not have a material adverse effect on the financial position of the Corporation.

The Corporation successfully completed a legal action in the United Kingdom against a competitor and several former employees and in 1983 was awarded $124,700,000 in damages. It is uncertain, however, whether any of the damages will be collected and therefore no income has been recorded.

UNC RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 (in part): Litigation

In connection with its prolonged uranium contract litigation with General Atomic Company (GAC), the Company received $7.8 million in damages and interest owed under a 1978 judgment. Such amount, net of related cost of $2,926,000, is classified as Other revenue in 1983. In a separate but related case, the Company also was party to an arbitration proceeding instituted against it by a public utility. By agreement of the parties, this action was dismissed in 1983.

In May 1982, the Company filed suit against GAC and its two constituent partners, Gulf Oil Corporation and Scallop Nuclear, Inc., in a New Mexico state court. The suit seeks one billion dollars in actual damages and two billion dollars in punitive damages, alleging in general the defendants' wrongful refusal to obey the New Mexico state court orders and judgments which the Company obtained in the prior suit. The case is scheduled for trial in the second quarter of 1984.

In 1983, a New Mexico District Court entered a judgment against Allendale Mutual Insurance Company awarding the Company $24.6 million in compensatory damages, $25 million in punitive damages and interest and attorneys' fees in the amount of $7.9 million. The suit resulted from the Company's claim for reimbursement for certain property damage and business interruption losses it sustained as a result of the collapse of a tailings structure at its Church Rock mill in 1979. Allendale has appealed the judgment to the Supreme Court of New Mexico. The Company is unable to predict the ultimate outcome of this litigation, although the Company and its counsel believe the Company's claim has merit. The Company has instructed counsel to prosecute this action vigorously.

Contingent Tax Benefits

WHITTAKER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Income Taxes

The consolidated financial statements do not reflect significant contingent tax benefits associated with certain tax credits arising out of Whittaker's operations, since realization of such benefits is uncertain. While these credits have thus far been disallowed, the Internal Revenue Service in October 1983 issued regulations which provide significant support for the availability of such credits. If and to the extent the uncertainties regarding such credits are resolved in Whittaker's favor, the associated benefits will be reflected in the consolidated financial statements at the time of resolution. If the entire contingent tax benefit (including the reversal of accrued interest associated therewith) is ultimately realized, net income in the year of recognition would be increased approximately $57,000,000.

Excess Sublease Rentals

FIRST NATIONAL SUPERMARKETS, INC

NOTES TO FINANCIAL STATEMENTS

6. Facilities Closings:

During fiscal 1981, 1982 and 1983, the Company closed 109 stores 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 closed stores have been subleased or sold as of March, 1983. 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 reflected in the financial statements was $975,000 and $1,520,000 at March, 1983 and March, 1982, respectively. The current portion of future costs was $479,000 and $670,000 at March, 1983 and March, 1982, respectively.

The Company recorded in other income gains related to the disposition of closed facilities.

Take or Pay Amounts

PENNZOIL COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 (in part): Commitments and Contingencies–

Take-or-pay Amounts—

A number of Pennzoil's natural gas contracts with its pipeline purchasers contain take or pay provisions that obligate the purchaser to purchase, or (if it does not take) pay for, a specified percentage of gas. During 1983, natural gas purchasers under many of the contracts were deficient, and the company has made claims for substantial amounts under such contract provisions. Pennzoil has conducted intensive negotiations with the pipelines to obtain payment suggesting various solutions, and active discussions continue. If certain of the solutions being negotiated were to be implemented, Pennzoil's financial results could be favorably impacted in 1984. However, since the negotiations have not been completed, no estimate of the impact can be made at this time. The company has not recorded any of these take or pay amounts.

COMMITMENTS

Obligations to Maintain Working Capital or Restrict Dividends

CELANESE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

G (in part): Long-term debt and related restrictions

In June 1983, the Corporation became the sole stockholder of Fiber Industries, Inc. (FII) by purchasing the 37½% interest formerly owned by Imperial Chemical Industries plc. As of December 30, 1983, FII was liquidated, substantially all assets and liabilities of FII were transferred to Celanese and the Corporation assumed the outstanding debt of FII. The former FII debt, as amended and assumed by the Corporation, continues to be secured by land and improvements owned by FII at December 30, 1983.

With the exception of the 10⅞% notes and certain pollution control revenue bonds, substantially all long-term debt matures serially. Total maturities and sinking fund requirements for the next five years are: 1984, $46 million; 1985, $54 million; 1986, $39 million; 1987, $134 million; and 1988, $27 million.

The Corporation has Revolving Credit Agreements with several banks until June 30, 1986, providing for loans of up to $100 million. These credit lines were unused during 1983.

The Corporation's debt instruments include various covenants that require maintenance of working capital and limit creation of funded debt and payment of dividends. Also, additional funded debt may be created only if immediately thereafter consolidated net tangible assets are at least twice consolidated funded debt, as those terms are defined in the debt instruments.

Under the most restrictive of these restrictions and covenants at December 31, 1983, the Corporations consolidated working capital exceeded the required minimum of $160 million by $297 million, and $384 million of stockholders' equity was available for dividend or other restricted payments to common stockholders.

ANDERSON, CLAYTON & CO.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. The following table details the Company's long-term debt:

(in thousands of dollars)	June 30 1983	1982
Four Per Cent Debentures, due July 31, 1988 (less provision for redemptions of $493)	$ 2,458	$ 2,956
Four and One-Quarter Per Cent Debentures, due July 31, 1998	2,647	2,669
*8¾% Notes, due annually through June 1, 1991 (less current installment of $1,625)	11,375	13,000
8.06% Note of Mexican subsidiary due semi-annually through April 1983 (less current installment of $1,391 in 1982)	—	—
Notes of Mexican subsidiary at various interest rates due semi-annually through 1988 (beginning August 1984)	24,000	13,773
Notes of Brazilian subsidiary at various interest rates due semi-annually through 1988 (less current installment of $84 in 1983 and $74 in 1982)	313	194
Various mortgage loans (less current installment of $472 in 1983 and $601 in 1982)	1,713	2,248
	$ 42,506	$ 34,840

*The loan agreements contain certain restrictive covenants, among which are a limitation on cash dividends and requirement for maintenance of minimum working capital. Retained earnings, as defined under the most restrictive covenants, were $369,477,000 at June 30, 1983 and $360,151,000 at June 30, 1982, of which $236,118,000 and $226,718,000, respectively, were unrestricted. Minimum working capital required under the covenants was $60,000,000 at June 30, 1983 and 1982. Comparable actual working capital determined in accordance with the covenants was $197,022,000 and $203,897,000, respectively.

The aggregate amount of maturities of long-term debt outstanding at June 30, 1983 of the Company and its consolidated subsidiaries for each of the succeeding five fiscal years will be $2,674,000 for 1984, $19,325,000 for 1985, $5,996,000 for 1986, $2,653,000 for 1987 and $6,378,000 for 1988.

CHROMALLOY AMERICAN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Long-Term Debt

The Company's loan agreements contain covenants which restrict the declaration or payment of cash dividends and the purchase, redemption or retirement of capital stock. At December 31, 1983 and 1982 all of the Company's reinvested earnings were restricted due to these covenants. The Company has not declared or paid a common stock dividend since the second quarter of 1982. The Company also decided to defer payment of cumulative quarterly preferred dividends commencing with the dividend that would have been payable February 1, 1984. Previous waivers from the Company's lenders permitted the declaration and payment of quarterly preferred dividends during 1983; however, declaration or payment of further dividends cannot be made without additional waivers or until the Company's reinvested earnings return to the level specified in the covenants.

The loan agreements also contain restrictive covenants which, among other things, require the Company to maintain minimum amounts of net worth and working capital, to maintain a specified minimum ratio of current assets to current liabilities and not to exceed stipulated ratios of debt to capitalization, as defined. As of December 31, 1983, the Company and its lenders amended their loan agreements to reduce the restrictions under the above covenants. Under the most restrictive covenants provided in the amended loan agreements, the Company is required to maintain a minimum amount of net worth equal to $250 million through 1984, $260 million in 1985, and further increasing to $400 million in 1989; a minimum amount of working capital of $65 million at December 31, 1983, $100 million at December 31, 1984 and 1985; and a minimum current ratio of 1.3 at December 31, 1983 and 1.5 at December 31, 1984 and 1985. As of December 31, 1983, the Company had $276.8 million of net worth, $111.4 million of working capital and a current ratio of 1.62.

Property and equipment having an aggregate net carrying value of approximately $188.4 million and $227.1 million at December 31, 1983 and 1982, respectively, is pledged as collateral under various loan agreements.

In addition to the above mentioned restrictions imposed on the Company by loan agreements, certain of the Company's consolidated and nonconsolidated subsidiaries are also subject to restrictions. Loans, advances and cash dividends to the parent are limited under covenants contained in their respective loan agreements and to a much lesser extent, foreign government regulations. At December 31, 1983, restricted net assets of the consolidated subsidiaries aggregated approximately $77.9 million.

As of December 31, 1983, the Company amended its revolving credit agreement which reduced the borrowing limit from $140 million to $100 million. The interest rate is equal to the prime rate and annual commitment fees of ½ of 1% on the unused portion of the commitment are required. The Company may borrow up to the $100 million limit until September 1986, at which time all or part of the outstanding balance may be converted into a four year term loan payable in varying amounts through 1990.

The Company intends to refinance $21.9 million of short-term Government Insured Merchant Marine Bonds with proceeds from the issuance of long-term Government Insured Merchant Marine Bonds or by borrowing under its revolving credit agreement. Accordingly, at December 31, 1983, this amount has been classified as long-term debt.

CULBRO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share data)

Note 5–Restrictions on Distribution of Retained Earnings

Certain agreements place restrictions on the Corporation and its consolidated subsidiaries including requirements as to maintenance of minimum levels of working capital and net worth, limitations on payment of dividends, lease commitments, additional indebtedness, prepayment of indebtedness, investments and the purchase of common stock of the Corporation.

Under the terms of the most restrictive provision as to dividends, the Corporation may pay dividends in an amount equal to $1,800 plus 75% of the consolidated net income after 1981 of the Corporation and its restricted subsidiaries (which do not include HF Inc., Eli Witt and the real estate subsidiaries) less the amount of all dividends declared, repurchases of the Corporation's common stock (excluding the repurchase in 1982) and repurchase or redemptions of subordinated debt. At December 31, 1983, the amount available for payment of dividends was $3,713. In calculating consolidated net income for dividend restriction purposes under this provision, utilization of loss carryforwards is not considered.

FLUOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contingencies, Commitments and Restrictions

The company is contingently liable for commitments and performance guarantees arising in the ordinary course of business. Claims arising from engineering and construction contracts have been made against the company by clients, and the company has made certain claims against clients for costs incurred in excess of contract coverage. In the opinion of management, finalization of these matters will not have a material adverse effect on the company's consolidated financial position or results of operations.

At October 31, 1983, approximately $739 million of net assets of subsidiaries have restrictions which affect the ability to transfer them to the parent company in the form of loans, advances, or dividends. Substantially all of these restricted net assets relate to the requirement of the Massey Coal Company joint venture agreement to obtain approval of both parties prior to the transfer of joint venture assets.

INTERNATIONAL MULTIFOODS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Retained earnings are restricted as to payment of cash dividends and other stock payments by terms of long-term debt indentures unless certain financial tests are met. Under the most restrictive of these tests, approximately $25,700,000 of retained earnings was free from such restrictions as of February 28, 1983. There are no restrictions on payment of dividends by consolidated U.S. affiliates. Although there are restrictions on payment of dividends by non-U.S. consolidated affiliates, they are not more restrictive than the Company's policy of repatriating 50% of such affiliates' earnings. There are no material restrictions on affiliates' payments to the parent company in connection with trading and lending activities.

Although there are no material restrictions on the payment of dividends or in connection with trading or lending activities with our unconsolidated affiliate in Mexico, the current availability of dollars in the market place in Mexico is such that receipt of dividends declared or other amounts owed by the affiliate is expected to be limited for an extended period of time.

THE SINGER COMPANY

NOTES TO FINANCIAL STATEMENTS

12 (in part): Long-Term Debt

Restrictive Covenants

The Note Agreement and Note and Warrant Agreement contain substantially the same defined restrictive covenants including restrictions on dividends, working capital, total debt, and investments.

The covenants in the Note and Warrant Agreement are incorporated in an agreement related to the letter of credit securing the Bonds and, subject to renegotiation, will continue upon expiration of the Note and Warrant Agreement for so long as the letter of credit remains outstanding.

The dividend restriction in the Note Agreement permits the Company to declare regular dividends on its outstanding preferred stock up to a total amount of $5.4 million, and on its common stock up to a total annual amount of $2 million at a rate per annum not in excess of 10 cents per share, if the aggregate of all dividends declared since January 1, 1983, does not exceed the sum of $7 million plus 50 percent of net income accrued since January 1, 1983. Dividends in excess of these amounts are permitted only if the Company's ratio of debt to tangible net worth plus debt is 52 percent or less for four consecutive quarters. Thereafter, the Company may declare dividends on its outstanding preferred stock and common stock if the aggregate of all dividends declared since the first day following the fourth such quarter does not exceed 40 percent of net income accrued since January 1, 1983. As of December 31, 1983, the ratio of debt to tangible net worth plus debt was 55 percent.

The Agreements' additional covenants require the Company to maintain a minimum working capital ratio of 140 percent, and a maximum ratio of debt to tangible net worth plus debt of 57 percent and 54 percent commencing December 31, 1983 and 1984, respectively, and 50 percent commencing December 31, 1985.

SPENCER COMPANIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 (in part): Long-Term Debt

The most restrictive terms of the long-term debt agreement impose minimum requirements as to maintenance of consolidated working capital and ratios of consolidated current assets to consolidated current liabilities and restrict the amounts of cash dividends, repurchase of the Company's capital stock, and certain investments, advances and guarantees. At May 28, 1983, the Company was in default of provisions relating to funded debt coverage, lease coverage, and amounts available for restrictive investments and stock payments, including dividends. The lender has waived the defaults, effectively through June 3, 1984, and the Company is currently negotiating amendments to the loan agreement to provide for covenants more compatible with the Company's current operations.

Capital Expenditures

AIR PRODUCTS AND CHEMICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Other Commitments and Contingencies

At the end of fiscal 1983, the company had purchase commitments to spend approximately $37 million for additional plant and equipment.

In the normal course of business the company has commitments, lawsuits, claims and contingent liabilities. However, the company does not expect that any sum it may have to pay in connection with any of these matters would have a materially adverse effect on its consolidated financial position.

BOWNE & CO., Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3—Commitments

The Company's subsidiaries occupy premises and utilize equipment under leases which are classified as operating leases and expire at various dates to 1993. Many of the leases provide for payment of certain expenses and contain certain renewal and purchase options.

Rent expense relating to premises and equipment amounted to $2,186,000 (1983), $1,935,000 (1982) and $1,919,000 (1981).

The minimum annual rental commitments under noncancellable leases as at October 31, 1983 are summarized as follows:

1984	$1,174,000
1985	900,000
1986	818,000
1987	364,000
1988	353,000
1989-1993	961,000
Total	$4,570,000

On October 31, 1983 the Company had purchase orders issued for leasehold improvements and plant equipment. Also, in December of 1983, the Company had agreed to purchase the building, previously leased, for its printing operations in Houston, Texas. These commitments represent approximately $4,540,000.

ETHYL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Contractual Commitments:

Rental expense was $16,460,000 for 1983, $15,780,000 for 1982 and $16,420,000 for 1981.

Following are the rental commitments under all noncancellable leases as of December 31, 1983:

(In Thousands)

Years	Total	Transportation Equipment	Office and Plant Space	Other
1984	$ 7,286	$1,579	$ 4,416	$1,291
1985	5,053	988	3,438	627
1986	3,853	682	3,009	162
1987	2,865	392	2,394	79
1988	2,493	322	2,124	47
Remainder	26,530	735	24,362	1,433
Total	$48,080	$4,698	$39,743	$3,639

Contractual obligations for plant construction and purchase of real property and equipment amounted to approximately $26,000,000 at December 31, 1983.

SAFEWAY STORES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H—Commitments

The company has commitments under contracts for the purchase of property and equipment and for the construction of buildings. Portions of such contracts not completed at year-end are not reflected in the financial statements. These unrecorded commitments amounted to approximately $98 million at year-end 1983.

UNITED FOODS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11—Commitment

The Board of Directors has approved the construction of an operations center in Jackson, Tennessee, and the Industrial Development Board of Jackson has approved up to $5,000,000 in Industrial Revenue Bonds for the financing of the project. As of February 28, 1983, the Company had expended approximately $1,065,000 on the project.

UNITED STATES STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20 (in part): Commitments and Other Contingencies

Contract commitments for capital expenditures for property, plant and equipment totaled $691 million at December 31, 1983, and $604 million at December 31, 1982.

Unconditional Purchase Contracts

GULF CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14—Commitments

The Company leases ocean tankers, service stations, tank cars and other facilities including office space and vehicles under operating lease arrangements. These leases contain various renewal and purchase options (principally for service stations) and escalation clauses. The total rental expense of all operating leases (including tanker spot charters) was $388, $404 and $386 million in 1983, 1982 and 1981, respectively, after being reduced by immaterial sublease rentals. Future minimum rental commitments required under operating leases having initial or remaining noncancelable lease terms in excess of one year at December 31, 1983 and which have been reduced by $85 million due in the future under noncancelable subleases, are shown below.

The Company has contractual commitments to certain companies in which it has equity interests to provide minimum shipping or processing revenues or advance funds which can be applied against future charges. Total payments for normal shipping and processing charges under such arrangements were $67, $29 and $64 million for 1983, 1982 and 1981, respectively. Approximate maximum obligations under these agreements are listed below:

	Millions of Dollars	
	Future Minimum Rental Commitments	Maximum Obligations Under Contractual Commitments
1984	$101	$ 65
1985	77	60
1986	50	52
1987	28	87
1988	20	50
After 1988	108	575
	$384	$889

The Company has contractual commitments in the ordinary course of business for the acquisition or construction of properties and for the purchase of materials, supplies and services. These commitments are not considered significant in relation to the net assets of the Company.

REYNOLDS METALS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H (in part): Contingent liabilities and commitments

In order to assure an adequate supply of certain raw material requirements, the company has committed to pay its proportionate share of annual production charges (including debt service) relating to its interests in an alumina plant and an aluminum reduction plant in West Germany, an alumina plant in Jamaica and a bauxite project in Brazil. During 1983 the company purchased $141 million ($159 million—1982, $190 million—1981) of raw materials under these arrangements. These arrangements include minimum commitments of approximately $25 million annually through 1988 and additional amounts thereafter which together, at present value, aggregate $166 million (including West German mark obligations of DM 226—$84 million) after excluding interest of $93 million and variable operating costs of the plants. The company is also contingently liable for certain bank debt relating to these arrangements totaling $17 million.

TENNECO INC.

NOTES TO FINANCIAL STATEMENTS

12 (in part): Commitments and Contingencies

Joint Ventures

Tenneco has a 30% interest in a joint venture constructing a coal gasification facility in Mercer County, North Dakota ("Great Plains Gasification Associates Project"). The total estimated cost of $2.1 billion is to be financed 25% with equity and 75% from non-recourse debt guaranteed by the U.S. Department of Energy. Initial operations are scheduled for mid-1984 with full production anticipated in 1987. At December 31, 1983, Tenneco had invested approximately $129 million and has entered into a twenty-five year contract to purchase 30% of the plant's estimated production of 125 MMcfd of synthetic gas at prices tied to competitive fuels. On January 17, 1984, Great Plains applied to the United States Synthetic Fuels Corporation ("SFC") for price guarantees for the project. Action on this request is expected during 1984.

At December 31, 1983, Tenneco had invested approximately $167 million in a 50% interest in Cathedral Bluffs Shale Oil Company which plans to construct and operate an oil shale project in Rio Blanco County, Colorado. The project is intended to produce approximately 14,100 barrels per day of commercial crude oil substitute. Current estimate of total costs is $2.3 billion. On July 28, 1983, Cathedral Bluffs and SFC executed a Letter of Intent which provides for a maximum amount of financial assistance of $2.2 billion consisting of $1.8 billion in loan guarantees, convertible into price guarantees, plus $.4 billion of initial price guarantees. Final documentation of this agreement is anticipated by mid-year. On February 8, 1984, it was announced that Tenneco had signed a Memorandum of Intent with Peter Kiewit Sons', Inc. for sale of a 5% interest in the project, thereby reducing Tenneco's ownership to 45%.

At December 31, 1983, Tenneco had invested approximately $61 million in certain joint ventures. In connection with the financing commitments of these ventures, Tenneco has entered into unconditional purchase obligations of approximately $917 million ($550 million on a present value basis).

Tenneco's annual obligations under these agreements are approximately $106 million for 1984 and 1985, and $105 million for each of the years 1986, 1987 and 1988. Payments under such obligations, including additional purchases in excess of contractual obligations, were approximately $89 million, $33 million and $10 million for 1983, 1982 and 1981, respectively.

Other Purchase Contracts

CROWN ZELLERBACH

NOTES TO FINANCIAL STATEMENTS

Commitments (in part)

The Company is obligated to cut timber in 1984 through 1991 under a substantial number of contracts entered into with the federal and certain state governments, at contract prices greater than amounts which could be realized, under current market conditions, from harvesting the timber. Relief from such contracts by multi-year extensions granted by the governments or otherwise, is the subject of pending litigation. The Company believes it has adequately provided for the measurable losses that might be incurred by expected contract performance in 1984 and 1985.

K-TEL INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Commitments and Contingencies

B. Advertising:

During fiscal 1983, one of the Company's foreign subsidiaries made commitments to various television and radio stations to purchase $7,549,000 of advertising time between July 1, 1983 and June 30, 1984. Management believes all of these commitments will be utilized. At June 30, 1982 similar commitments totalled $4,900,000 for the period from July 1, 1982 to December 31, 1982. By December 31, 1982 these commitments had been completely fulfilled.

M. LOWENSTEIN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Commitments and Contingencies

The Company is a defendant in various lawsuits. In the opinion of management, these suits should not result in judgments which in the aggregate would have a materially adverse effect on the Company's financial position.

A subsidiary has agreements with each of its minority shareholders (who are also employees of such subsidiary) to purchase their shares in such subsidiary, principally in varying increments to 1990, or the earlier of death or termination of employment of such shareholders under certain conditions. The purchase price is based on the greater of the subsidiary's book value or a multiple of earnings over a designated period of time. Although the obligation to purchase such shares is expected to arise in future years under varying conditions, if the purchase price of the aggregate minority interest were computed in accordance with the agreements as of December 31, 1983, such purchase price would exceed the recorded amount of such minority interest by approximately $11,600,000. The Company is substituted for the subsidiary if the subsidiary fails to make such purchase.

In 1980, the Company sold a textile plant which was financed by industrial revenue bonds maturing in 1991. The buyer assumed the related lease obligation (aggregating $2,040,000 at December 31, 1983), and the Company is contingently liable if the buyer defaults thereunder.

RCA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 (in part): Leases and Commitments

At December 31, 1983, NBC had commitments of approximately $1.57 billion to acquire broadcast material or the rights to broadcast television programs that require payments within the next six years.

TIME INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Commitments

As part of its Video operations the Company routinely enters into commitments relating to (1) contracts for rights to feature films and sports events which extend for various periods, and (2) contracts to develop cable TV systems under franchise agreements. As of December 31, 1983, aggregate future commitments for these operations were estimated to be $1.5 billion to $2.0 billion.

WAUSAU PAPER MILLS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 (in part): Commitments and Contingencies

The Company has an agreement with Mr. R. L. Radt, President, resulting from a purchase of 140,000 shares of common stock (after split-ups) from the Company, part of which commits the Company to repurchase any or all of those shares at the prevailing market price less $1.985. The repurchase commitment, if exercised on August 31, 1983, would have amounted to $1,665,000. The Company retains sufficient unrestricted consolidated retained earnings for this purpose.

Employment Contracts

AXIA INCORPORATED

Financial Review

Contingency—Compensation Agreements

The Company has entered into compensation continuation agreements with seven officers and employees, whereby each officer agrees not to terminate his employment without 90 days' prior notice to the Company. Should an officer's employment with the Company be terminated within one year following certain events relating to a change in control of the

Company, the officer may serve as Consultant to the Company for a 36-month period. Compensation per month under this agreement is equal to 1/12th of the highest annual compensation (including bonuses and incentive compensation) in any 12-month period prior to termination, reduced by the compensation received by the employee from any other full-time employment. The maximum amount that could be paid under the agreement is $1,350,000, net of tax. At December 31, 1983 no accrual has been made.

ANADITE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part): Commitments

The Company has an employment agreement with an officer which extends to March 31, 1987, that provides for a minimum annual salary (currently $111,000 through April 1, 1984) and annual increases of an amount equal to 10% of the prior year's salary level. The agreement also provides for the accrual of deferred compensation for the benefit of the officer in an amount equal to 50% of the salary paid to the officer each year. At the request of the officer, the 10% increases scheduled April 1, 1982, and April 1, 1983, were not effected (both with respect to the salary and the deferred compensation) and accordingly, the officer's annual salary has remained at $92,000 since April 1, 1981. Further, the agreement provides for an incentive award equal to varying percentages of incentive earnings, as defined. The incentive awards earned in 1982 and 1981 were $25,000 and $86,000, respectively. There were no incentive awards earned in 1983. The award is payable 50% in cash and 50% in common stock, or 100% in cash if the officer so elects.

CENTRONICS DATA COMPUTER CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 (in part): Commitments and contingency:

Employment contracts:

The Company has employment agreements with five of its current executive officers. These agreements expire at various dates through May 1987 and currently provide for salaries ranging from $66,000 to $95,000 per year. The agreements provide for salary continuation for twelve months in the event of total disability or death. In the case of termination without cause, the Company is obligated to pay a sum of money which, depending upon the date of termination, may be as high as the base salary per month multiplied by one-half of the number of months then remaining in the term of the agreement. At January 1, 1984, the remaining commitment under existing employment agreements amounted to approximately $800,000.

ELECTRO-BIOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part): Commitments

The Company has entered into consulting arrangements with two Directors, an Officer and Director, and a former Director and Officer. In addition, in 1983 the Company entered into employment agreements with two Officers. The minimum annual consulting fees and compensation to be paid under these arrangements are as follows:

1984	$610,000
1985	545,000
1986	455,000
1987	225,000
1988	75,000

RAYMARK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(000's omitted)

Note K (in part): Commitments and Contingencies

The Company has an employment agreement with an executive officer that provides for certain benefits including early retirement, supplemental pension and compensation in the event of a change in control of the Company. The maximum amounts payable under this agreement could aggregate $2,000.

The Company has guaranteed the difference between the stated interest rate and the prime rate on a note receivable sold in 1982. The Company is also contingently liable as guarantor with respect to $1,700 financing on a plant sold in 1982.

Sales Agreements

MEREDITH CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Commitments and Contingencies

The Company is committed to spend approximately $1,200,000 on capital projects. The expenditures are for normal equipment replacements and equipment improvements at various company facilities.

The Company has committed to the sale of its radio properties, WOW-AM and KEZO-FM, located in Omaha, Nebraska. WOW-AM is to be sold to Omaha Great Empire Broadcasting Inc., for $2,100,000 in cash and notes. KEZO-FM is to be purchased by Albimar Communications of Boston, Massachusetts, for $3,350,000 in cash and notes. Completion of the sales is pending.

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

Additional Payments Related to Acquisitions

BROCKWAY, INC. (NY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Business Combinations

During 1983 the Company acquired in separate purchase transactions a manufacturer of steel and plastic containers, two regional airlines and a manufacturer of plastic bowls and lids. The purchase prices consisted of $12,486,000 in cash and the assumption of certain debt. The acquired companies are included in the consolidated financial statements.

In connection with the acquisitions of the two airlines, the Company may be required to pay, as additional consideration through 1986, up to 184,640 common shares of the Company and $2 million in cash based upon the acquired companies attaining specified earnings levels as defined in the agreements.

STONE CONTAINER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions, Investments and Divestitures (in part)

Effective November 1, 1982, the Company acquired all of the capital stock of Samson Paper Bag Co., Inc. (Samson), a manufacturer of paper grocery sacks and bags based in Huntington, New York. The acquisition has been accounted for as a purchase; accordingly, the purchase price of $7,400,000 was allocated to assets and liabilities acquired based upon their fair market value, resulting in goodwill of an immaterial amount. In addition, after five years there could be an additional payout, to a maximum of $4,000,000, based on earnings performance, payable in shares of the Company's common stock. In the event an additional payout is earned, the Company has the right, within thirty days, to repurchase such shares at the same value for which they would have been issued. Samson's results of operations have been included in the consolidated financial statements as of November 1, 1982. Pro forma results of operations reflecting the acquisition as if it had occurred January 1, 1982 are not presented, as the acquisition would not have had a significant impact on the Company's consolidated results of operations for that year.

Forward Exchange Contracts

HASBRO INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 (in part) Commitments and Contingencies

The Company had forward exchange contracts outstanding to purchase 111,527 Hong Kong dollars and 2,967,198 Japanese yen at December 25, 1983 (which were adjusted to market value) and 50,500 Hong Kong dollars and 945 french francs at December 26, 1982. The aggregate amounts of gains and losses resulting from these and other foreign currency transactions were insignificant in 1983, 1982 and 1981.

Arrangement for Construction and Lease

MARTIN MARIETTA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L (in part): Commitments and Contingencies

Contracts and purchase order commitments for capital expenditures, principally for expansion at certain Aerospace plants, amounted to approximately $45,000,000 at December 31, 1983.

Martin Marietta at December 31, 1983, was guarantor, with respect to indebtedness of Halco (Mining) Inc., in the total amount of $21,000,000 (subject to certain limitations of exposure from guarantees of an agency of the U.S. Government covering war risk).

The Corporation has entered into an arrangement for construction and long-term lease of an Aerospace production facility scheduled for completion in 1984. Under this arrangement, the Corporation will execute an operating lease upon completion of construction. Before execution of the lease, under certain circumstances the Corporation could become liable for project costs incurred and would then acquire the facility. Project costs incurred by year-end 1983 were approximately $30,000,000, with total project costs expected to be approximately $80,000,000 at completion. Although lease payments have not been established, the Corporation expects the lease term to be 20 years and the present value of lease payments, discounted at the underlying debt rate, to approximate 80% to 90% of project costs.

Litigation Settlement Agreement

STRUTHERS WELLS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 (in part): Commitments and Contingencies

(d) The Company and certain subsidiaries have reached a tentative settlement agreement with The Nestle Company, Inc. and its subsidiary Westreco, Inc. ("Nestle") regarding certain patent litigation. The agreement provides for Nestle to receive $500,000 and a warrant to purchase 50,000 shares of Struthers Wells Corporation common stock at an exercise price of $4.00 per share. This liability has been recognized by the Company as of November 30, 1983 and is included in general and administrative expenses.

Donation

UNITED STATES TOBACCO COMPANY

NOTES TO FINANCIAL STATEMENTS

Other Matters

The Company estimates that capital expenditures aggregating approximately $20 million will be required after December 31, 1983, to complete facilities and equipment purchases authorized.

Commencing January 1, 1980, the Company leased from certain officers of a subsidiary, one of whom was 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 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 included cash of $7.7 million (financed by issuance of short-term debt) and assumption of two mortgage notes with principal balances totaling $6.4 million (see Long-Term Debt note).

During December 1983, the Company entered into an agreement to become a founding sponsor of the program to restore the Statue of Liberty and Ellis Island. In connection therewith, the Company will make payments aggregating $10 million over a ten-year period commencing in 1984.

Payments to Municipalities

WILSON FOODS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 (in part): Commitments and Contingencies

As discussed in Note 2, the consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. The appropriateness of using the going concern basis is dependent upon, among other things, the development of a plan of reorganization which will gain the approval of the creditors and shareholders and confirmation of the Court. Although there can be no assurances that this basis can be maintained, Wilson Foods Corporation believes that it can.

Wilson Foods Corporation has long-term agreements, which arose prior to the filing for Chapter 11 reorganization, to make payments for a fixed number of years to various municipalities in connection with their obtaining financing for construction costs incurred in providing facilities adequate to meet Wilson Foods Corporation's water and sewage needs at several of its plants. Required payments for these services are (in thousands) $479, $479, $480, $480, and $479 for fiscal years 1984 through 1988, respectively, and $5,332 in future years for a total commitment of $7,729 at July 30, 1983, of which $3,290 represents interest. These agreements range from 15 to 30 years in length and expire from 1993 to 2004.

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 on 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 1983 annual reports of the survey companies.

Examples of subsequent event disclosures follow.

Debt Incurred, Reduced or Refinanced

AMPCO-PITTSBURGH CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Borrowing Arrangements

The Corporation had available, at various interest rates, unused short-term lines of credit in the amounts of $21,500,000 in 1983 and $15,500,000 in 1982. In total, the Corporation had borrowing availability at December 31, 1983 of up to $66,500,000 under its several agreements.

Subsequent to 1983, the Corporation reduced its $95,000,000 revolving credit agreement to $70,000,000 and increased its short-term lines of credit by $2,500,000; thereby reducing the Corporation's December 31, 1983 net borrowing availability by $22,500,000.

The Corporation has informal agreements with certain banks, in connection with its revolving loan and short-term credit lines, to maintain compensating balances from zero to 5% of available credit which are not restricted as to withdrawal. The Corporation was in compliance with such agreements during the years ended December 31, 1983 and 1982.

The Corporation's long-term debt agreement requires, among other things, the maintenance of certain financial ratios, including ratios of debt to equity and ratios relating to working capital. Other covenants prohibit, in excess of specified limits, capital expenditures and dividend payments. At December 31, 1983 the Corporation was in compliance with these covenants and approximately $6,700,000 of retained earnings remained available for the payment of cash dividends.

BAXTER TRAVENOL LABORATORIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent event

In February, 1984, a wholly owned subsidiary of the company issued 200,000,000 Deutsche Mark ("DM") 7.25% bonds due in 1994, which are guaranteed by the company. The proceeds were used to purchase an approximate equivalent amount of German government securities maturing in 1994, yielding 8.25%. The company is considering placing these securities in an irrevocable trust from which principal and interest payments would be made on the DM bonds.

BURROUGHS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 (in part): Current and long-term debt

During January 1984, the Company replaced its $321 million of revolving credit agreements with a new four-year $250 million revolving credit agreement. The agreement provides for borrowings at the Company's option at the agent bank's Prime Rate, the London Interbank Offered Rate plus ⅜%, or the agent bank's Certificate of Deposit Rate plus ½%. The Company also maintains $205 million in annually renewable lines of credit, providing for borrowings at rates no greater than the Prime Rate. The Company pays commitment fees on the unborrowed amounts for the revolving credit and lines of credit; there are no compensating balance requirements. The revolving credit and lines of credit are utilized as back-up for commercial paper sold in the U.S. In addition, subsidiaries outside the U.S. maintain short-term credit arrangements with banks in accordance with each country's customary practice.

CONSOLIDATED PACKAGING CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

4 (in part): Long-Term Debt and Lease Obligations

Subsequent to December 31, 1983, the Company obtained increased financing, extended dating on debt of a subsidiary, waiver of defaults, and less stringent debt covenants under the revolving loans. For 1984, the revolving loans, as modified, require a current ratio of not less than .8 to 1; a shareholders' equity that cannot exceed a negative $500,000, and a working capital deficit that cannot exceed $3,000,000. In addition, for the year ended December 31, 1984, the Company may not incur a net loss. The agreements prohibit the payment of any cash dividends.

PALM BEACH INCORPORATED (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except per share amounts)

Note 3 (in part)

Long-Term Liabilities

Long-term liabilities were as follows:

	1983	1982
16⅛% Subordinated Debentures, payable $5,000 annually commencing in 1983 thru 2002, less unamortized discount of $7,939 and $8,071, respectively	$42,061	$41,929
Term-loan, due December 31, 1986 (*)	25,000	15,500
Obligations under capital leases	901	1,161
Other	6,437	2,784
Total	74,399	61,374
Less current maturities	223	923
Net	$74,176	$60,451

(*) In February 1984, the Company refinanced this term-loan, by entering into a five-year senior note private placement with various insurance companies. These notes bear interest at 13½% per annum and are due February 14, 1989.

The Company, during the fourth quarter of 1983, contracted for two issues of $6,500 each of 30-year Industrial Revenue Bonds issued by industrial development authorities as Floating Rate Monthly Demand Industrial Revenue Bonds which bear interest at approximately one-half of prime interest rate. Under the related Indentures of Trust, the Company cannot withdraw funds from the Trustee, until the Company has spent said funds for approved project costs.

During the fiscal years ending 1988, annual maturities of long-term liabilities exclusive of obligations under capital leases will be as follows: 1984, $92; 1985, $46; 1986, $49; 1987, $35; 1988, None.

McGRAW-EDISON COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Long-Term Debt

At December 31, 1983 and 1982, long-term debt consists of the following:

In millions	1983	1982
Notes payable under revolving credit and term loan agreements	$ 15.8	$ 15.8
Promissory note, 10.6% due in 1984	25.0	—
Senior promissory notes, 11.75% due in 2000	195.0	195.0
Eurodollar notes, 13.5% due in 1985	—	75.0
Sinking fund debentures, 9.35% due in 2003	59.5	69.1
Sinking fund debentures, 7.5% due in 1996	—	18.0
Capital lease obligations	38.4	43.2
Other long-term debt	37.2	45.8
	370.9	461.9
Less—Current portion	21.0	8.1
	$349.9	$453.8

Notes payable under revolving credit and term loan/revolving credit agreements have various maturity dates and interest rates. At December 31, 1983, borrowings consist of $.8 million under a revolving credit agreement that matures in March, 1987, and $15.0 million under a term loan/revolving credit agreement that matures in January, 1987. The $15.0 million was repaid in January, 1984 and, accordingly is classified with current liabilities. Various borrowing options are available under the revolving credit agreement, including interest rates that range from 103 percent of prime to 105 percent of prime, or ½ to ⅝ percent over the London Interbank Offered Rate (LIBOR), the Federal Funds Rate or the Euro-Canadian rate, during the remaining term of the agreement. The interest rate under the term loan/revolving credit agreement was fixed at 12 percent through 1983. At December 31, 1983, the company had $129 million of unused lines of credit under revolving credit agreements to be drawn upon as needed through 1987. The company pays commitment fees ranging from ¼ to ½ percent on the unused portions of revolving lines of credit.

TABLE 1-12: SUBSEQUENT EVENTS

	Number of Companies			
	1983	1982	1981	1980
Debt incurred, reduced or refinanced	42	42	47	22
Business combinations pending or effected	40	42	46	36
Capital stock issued or retired	17	22	20	14
Stock splits or dividends	12	17	5	20
Sale of assets	25	32	28	19
Litigation	25	29	18	10
Other—described	43	41	57	24

NORTH AMERICAN PHILIPS CORPORATION(DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 (in part): Long-Term Debt and Available Credit

	December 31, 1983	1982
	(Thousands)	
12% notes, due January 21, 1988 (a)	$125,000	$ —
11% notes, due June 1, 1987 (b)	100,000	100,000
9¾% debentures, due August 1, 2000 (c)	50,024	75,000
10% note, due in two installments of $26,325,000 January 21, 1983 and 1984 (d)	—	52,649
12.05% note due January 21, 1988 (d)	26,325	—
4% subordinated debentures due June 1, 1992 (e)	2,258	2,383
Term loan, paid in full during 1983	—	17,000
4.75% sinking fund debentures, due $44,000 in 1985, and $8,000,000 in 1986	8,044	8,702
Obligations under industrial revenue construction bonds due in various annual installments	36,157	31,052
Other, due in various annual installments	7,250	13,978
	355,058	300,764
Less current maturities	4,216	31,588
	$350,842	$269,176

▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪

(d) On January 21, 1984, the 10% note of $26,325,000 due on that date, together with accrued interest of $2,632,000 to January 21, 1984 was refinanced as a 12.05% note due January 21, 1988. Such note may be prepaid in whole or in part after January 21, 1986 at a premium of 2% and after January 21, 1987 at a premium of 1% and after June 21, 1987 at par.

UNITED FOODS, INC. (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12—Subsequent Events

On May 19, 1983, the Company obtained a $5,000,000 First Mortgage Loan from the Industrial Development Board of the County of Cumberland, Tennessee, to finance the acquisition of approximately 3,200 acres of farmland, equipment and land improvements described in Note 3. The loan is collateralized by such land and equipment and is to be repaid in 72 consecutive quarterly installments of $69,444 beginning August 1, 1985. During the first year 8½% interest is payable quarterly beginning August 1, 1983, and for each year thereafter the interest rate will be the higher of 8½% or 80% of prime. The Trustee has retained approximately $1,500,000 of the proceeds for payment of equipment acquisitions, land improvements and up to $300,000 of interest.

In addition, on May 24, 1983, the Company obtained a $5,000,000 First Mortgage Loan from the Industrial Development Board of Rhea County, Tennessee, to finance the acquisition of approximately 3,800 acres of farmland, equipment, and land improvements described in Note 3. The loan is collateralized by such land and equipment and is to be repaid in 72 consecutive quarterly installments of $69,444 beginning August 1, 1985. During the first year 9% interest is payable quarterly beginning August 1, 1983, and for each year thereafter the interest rate will be the higher of 9% or 80% of prime. The Trustee has retained approximately $2,500,000 of the proceeds for payment of equipment acquisitions, land improvements and up to $300,000 of interest.

Business Combinations

ADAMS-MILLIS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent Events

On January 6, 1984, the Company acquired all of the common stock of Silver Knit Industries, Inc., and affiliated companies, marketers and manufacturers of high quality hosiery products, for $25.3 million, 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 Silver Knit and affiliated companies as though the combination had occurred on January 3, 1983, giving effect to depreciation and amortization of assets on the accounting basis recognized in recording the purchase, and interest on the debt incurred to effect the purchase.

Net Sales	$111,996,000
Earnings from continuing operations	5,807,000
Net earnings	7,184,000
Earnings per share from continuing operations	2.53
Net earnings per share	3.13

An unaudited pro forma combined balance sheet as of January 1, 1984 follows:

Assets	
Current assets	$49,165,000
Property, plant and equipment—net	36,040,000
Other assets	3,312,000
Liabilities and Shareholders' Investment	
Current liabilities	22,921,000
Long-term debt	24,560,000
Deferred income taxes	4,738,000
Shareholders' investment	36,298,000

BANGOR PUNTA CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14: Subsequent Event

On December 11, 1983 the Company entered into an agreement with Lear Siegler, Inc. (LSI) for the merger of the Company into a wholly owned subsidiary of LSI. The price for each share of the Company's common stock outstanding and not held by LSI at the time of the merger will be $27.50 in cash. A cash tender for the Company's common stock at $27.50 will begin as soon as practicable. The Company's preference stock, which is convertible at 2.11 common shares, will be purchased under the tender offer for $58.03, with any outstanding shares remaining at the time of the merger being paid for at a proportionate price. The agreement includes certain limitations on the Company until the merger, including, among other things, the incurrence of additional indebtedness, the sale of assets, and the purchase and redemption of stock, and restricts the declaration of dividends to the present rate.

AMERICAN STANDARD INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2: Merger with The Trane Company

On December 1, 1983, American Standard and The Trane Company ("Trane") entered into an agreement and plan of merger pursuant to which Trane would be merged into a wholly owned subsidiary of American-Standard. The principal business of Trane is the development, manufacture, and sale of air conditioning equipment.

In connection with that plan, American-Standard purchased 2,519,800 shares, or 24.2 percent, of Trane Common Stock on December 28, 1983. To finance the purchase of these shares, American-Standard established a long-term revolving credit agreement with commercial banks. (See Note 7 on Debt.)

On February 24, 1984, after favorable votes by the stockholders of American-Standard and The Trane Company, the merger was consummated. Under the terms of the merger, each share of Trane Common Stock outstanding immediately prior to the merger, other than those held by American-Standard, was converted into the right to receive 1.45 shares of American-Standard Common Stock. Approximately 11,600,000 shares of American-Standard stock will be issued.

The merger will be treated as a purchase for accounting purposes. Accordingly, Trane's results of operations will be included in American-Standard's consolidated results of operations after February 24, 1984, and for the period ending that date and beginning December 28, 1983, American-Standard will recognize its 24.2 percent equity interest in Trane's results.

The market value of the American-Standard Common Stock issued in the merger was $316,000,000 and the amount paid in cash for the 2,519,800 shares of Trane Common Stock was $145,675,000. These amounts will be allocated to Trane's assets and liabilities based on their fair market values.

The following are unaudited summarized pro forma combined results of operations for the year ended December 31, 1983, assuming the merger had occurred as of January 1, 1983. For purposes of calculating the adjustments for the pro forma financial statements, the cost in excess of the historical book values has been allocated to the various assets acquired and liabilities assumed on the basis of preliminary estimates of their fair market values. These preliminary estimates are the same as those used in the joint merger proxy statement of American-Standard and Trane, except for the effect of adjusting the purchase price to the market value of American-Standard Common Stock on the day of the merger. The pro forma results are not necessarily indicative of what would have occurred had the acquisition been consummated as of January 1, 1983, or of future operations of the combined companies.

	In millions, except per-share amounts		
	Year ended December 31, 1983		
	American Standard Inc.	The Trane Company	Pro Forma Combined For Merger (unaudited)
Sales	$2,181.5	$1,073.0	$3,254.5
Net income	$ 62.6	$ 32.6	$ 81.8
Net income per Common share	$ 2.27	$ 3.16	$ 2.09
Average outstanding Common shares	27.6		39.2

BRISTOL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent Event

On February 23, 1984, the Board of Directors of the company voted unanimously to approve an Agreement of Merger among the company, W-H Corporation and W-H Acquisition, Inc., a wholly owned subsidiary of W-H Corporation. This agreement provides, among other things, for the merger of W-H Acquisition, Inc. into the company pursuant to which each outstanding share of common stock of the company will be converted into the right to receive $16.00 in cash. The merger will be presented for adoption by the shareholders of the company at the annual meeting of shareholders scheduled for May 1, 1984.

GUILFORD MILLS, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Additional Investment in Guilford Kapwood Limited:

On September 2, 1983, the Company agreed in principle, subject to approval by certain third parties, to acquire the remaining 50% interest of Guilford Kapwood Limited (see Note 2) and to purchase the long-term debt due to the other 50% owner of Guilford Kapwood. The funds required to purchase the 50% interest and long-term debt are estimated to be $19,200,000, of which management estimates approximately $12,000,000 will be financed by working capital of, and borrowings in the United Kingdom by, Guilford Mills Europe Limited and Guilford Kapwood. Since this transaction will result in the Company owning 100% of Guilford Kapwood, future consolidated financial statements of the Company will include all accounts of Guilford Kapwood. Assuming the acquisition had been made as of the beginning of the year, unaudited pro forma consolidated net sales, net income and earnings per share of the Company for the year ended July 3, 1983 would be $302,128,000, $16,820,000 and $2.33, respectively.

LEGGETT & PLATT, INCORPORATED (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

M—Subsequent Event

In January 1984, the Company acquired all of the outstanding capital stock of Gordon Manufacturing Company in exchange for 502,115 shares of the Company's common stock. Gordon is a manufacturer of chair controls and steel bases, primarily for use in office furniture. The transaction will be accounted for as a pooling of interests in 1984, and accordingly, historical financial data included in future reports will be restated to include the accounts of Gordon.

The following summarizes, on an unaudited basis, the combined results of operations of the Company and Gordon as though the acquisition had occurred on January 1, 1983 (in thousands, except per share data):

Net Sales	$369,496
Net Earnings	17,083
Net Earnings per Share:	
Primary	1.96
Fully-diluted	1.89

LIBBEY-OWENS-FORD COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2-Subsequent Event

Effective January 1, 1984, the company acquired the net assets of the Vickers Business (a manufacturer of fluid power systems) from Sperry Corporation. Under Terms of the purchase agreement, the initial purchase price of $265,400,000 is subject to adjustment based upon, among other things, the value of the net assets of the Vickers Business at December 31, 1983, as determined by audit. On January 6, 1984, $213,400,000 was paid in cash, of which $110,000,000 was borrowed from banks under short-term credit agreements (see note 5); additionally, 9% Deferred Purchase Notes, expiring no later than December 31, 1984, in the amount of $52,000,000 were issued to Sperry Corporation. This acquisition will be accounted for by the purchase method.

NATIONAL CAN CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

P. Subsequent Event (Unaudited):

On March 5, 1984, the Corporation announced that NVF Company (NVF), which owns approximately 37.2% of the outstanding voting securities of National Can, had submitted an offer providing for the merger of National Can with a newly formed subsidiary of NVF pursuant to which the holders of common stock of National Can would receive $40.00 per common share in cash, or an aggregate of approximately $410 million based on the number of presently outstanding shares of common stock, convertible securities and stock options. The offer was submitted to a special committee of independent directors of National Can for evaluation and recommendation.

The proposed transaction is subject to negotiation of a definitive merger agreement, arranging for the requisite financing, an evaluation as to the fairness of the proposal by the special committee of independent directors of National Can, the cooperation and participation of the current management of National Can and the obtaining of all necessary approvals of stockholders, lenders and regulatory authorities.

The proposed transaction is in the preliminary stage, and there can be no assurance that it will be completed.

THE PILLSBURY COMPANY (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part) Acquisitions and dispositions:

On July 11, 1983, subsequent to year end, the company acquired the net assets, including cash and marketable securities of $11 million, and operations of the Haagen-Dazs companies for $75.0 million in cash and notes. The acquisition will be accounted for as a purchase and, accordingly, Haagen-Dazs' results of operations will be included in the consolidated statements of earnings from July 1, 1983. Haagen-Dazs, a manufacturer and distributor of premium quality ice cream and franchisor of 244 "dipping stores," had net sales of $76 million and net earnings of $7 million for the 12 months ended December 31, 1982.

BAUSCH & LOMB INCORPORATED (DEC)

NOTES TO FINANCIAL STATEMENTS

Subsequent Event

On February 16, 1984, the company acquired the Common stock of The Charles River Breeding Laboratories, Inc. in exchange for 4,669,702 shares of the company's Common stock. Charles River is the largest commercial producer and supplier of laboratory animals specially bred for use in biomedical research. The acquisition of Charles River will be accounted for on a pooling of interests basis and, accordingly, the company's historical consolidated financial statements presented in future reports will be restated to include the accounts and results of operations of Charles river.

The following table summarizes, on a quarterly pro forma basis, the combined unaudited results of operations as though Charles River had been acquired on December 29, 1980:

Dollar Amounts in Thousands—Except Per Share Data	Net Sales	Continuing Operations Operating Earnings	Earnings	(Loss) from Discontinued Operations	Net Earnings	Net Earnings Per Share
1983						
First	$132,453	$ 16,556	$ 7,956	$ —	$ 7,956	$ .27
Second	148,779	20,757	11,464	—	11,464	.39
Third	155,462	25,286	14,203	—	14,203	.47
Fourth	174,539	28,686	14,765	—	14,765	.50
Total	$611,233	$91,285	$48,388	$ —	$48,388	$1.63
1982						
First	$136,574	$ 24,440	$11,012	$ —	$11,012	$ .37
Second	145,943	25,992	13,255	—	13,255	.45
Third	140,915	17,916	9,909	—	9,909	.34
Fourth	132,997	14,095	1,480	—	1,480	.05
Total	$556,429	$82,443	$35,656	$ —	$35,656	$1.21
1981						
First	$135,040	$ 24,830	$10,081	$ (8,166)	$ 1,915	$ .06
Second	149,533	35,444	14,724	(72)	14,652	.50
Third	150,636	33,489	14,992	(1,422)	13,570	.46
Fourth	144,164	26,704	12,923	(27,697)	(14,774)	(.50)
Total	$579,373	$120,467	$52,720	$(37,357)	$15,363	$ .52

KANEB SERVICES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Subsequent Event (Unaudited)

In March 1984, in a transaction accounted for as a pooling of interests, Kaneb acquired all of the outstanding capital stock of Moran Energy Inc., of Houston, in exchange for 11,588,777 shares of Kaneb Common Stock. Moran is primarily engaged in oil and gas exploration and production and has historically utilized the "Full Cost" method of accounting for its oil and gas operations rather than the "Successful Efforts" method used by Kaneb in reporting operating results in this Annual Report. As a result of the merger, Kaneb will use the "Full Cost" method to account for its oil and gas operations because Moran, the operations of which will constitute the major portion of Kaneb's exploration and production activities after the merger, follows such method.

The following table summarizes, on a pro forma basis, the combined operating results of Kaneb and Moran, under the "Full Cost" accounting method, for the years ended December 31, 1983, 1982 and 1981.

	Year Ended December 31,		
	1983	1982	1981
Revenues	$665,708,000	$689,443,000	$643,800,000
Operating income	$ 89,181,000	$131,955,000	$139,663,000
Income from continuing operations	$ 54,780,000	$ 65,613,000	$ 83,627,000
Income (loss) from discontinued operations	(1,658,000)	6,991,000	(5,674,000)
Net income	53,122,000	72,604,000	77,953,000
Dividends applicable to preferred stock	2,878,000	2,020,000	2,038,000
Net income applicable to common stock	$ 50,244,000	$ 70,584,000	$ 75,915,000
Earnings (loss) per common share— primary:			
Continuing operations	$ 1.44	$ 1.76	$ 2.26
Discontinued operations	(.04)	.19	(.15)
	$ 1.40	$ 1.95	$ 2.11
Earnings (loss) per common share— fully diluted:			
Continuing operations	$ 1.41	$ 1.76	$ 2.25
Discontinued operations	(.05)	.19	(.15)
	$ 1.36	$ 1.95	$ 2.10
Average number of common and common equivalent shares:			
Primary	37,470,000	37,332,000	37,081,000
Fully diluted	39,787,000	37,376,000	37,125,000

Use of the "Full Cost" accounting method in the pro forma combined statements resulted in an increase in net income of $3,427,000, $9,510,000 and $7,976,000 for the years ended December 31, 1983, 1982 and 1981, respectively, from historical amounts reported. Earnings per common share were increased by $.09, $.25, and $.22 for the three respective years as a result of the accounting change.

Capital Stock Transactions Other Than Business Combinations

BLUE BELL, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Subsequent Event

On November 17, 1983, the Company repurchased 1,898,100 shares of its outstanding common stock from Bass Brothers Enterprises and affiliated parties (Bass Group). The net purchase price consisted of cash of $32,130,000 plus an 8% promissory note for $58,001,000 due January 4, 1984. The Company also acquired an option to repurchase from certain members of the Bass Group their remaining 1,083,500 shares for cash of $54,175,000 in March 1984. If the Company does not exercise its option, an agreement with the Bass Group includes an option exercisable in April 1984 for them to repurchase 1,898,100 shares for $94,905,000.

The repurchase will be financed by use of existing short-term investments, with the balance provided by interest-bearing debt.

The pro forma effect of the repurchase, assuming the entire transaction had occurred at September 30, 1983, is summarized below (in thousands, except per share amounts):

		Repurchase of Shares	
	As Reported	Pro Forma Adjustments	Pro Forma
		(Unaudited)	
Working capital	$370,539	$(144,306)	$226,233
Shareholders' equity	$454,504	$(144,306)	$310,198
Book value per share	$ 35.44		$ 31.51
Number of shares outstanding	12,825	(2,982)	9,843

The pro forma effect of the repurchase on 1983 operations, assuming the entire transaction had occurred at the beginning of the 1983 fiscal year, is summarized below (in thousands, except per share amounts). Pro forma adjustments consist only of increased net interest expense, related income tax effects, and reduction of the number of outstanding shares.

		Repurchase of Shares	
	As Reported	Pro Forma Adjustments	Pro Forma
		(Unaudited)	
Income from continuing operations	$50,397	$(6,620)	$43,777
Net income	$47,562	$(6,620)	$40,942
Earnings per share:			
Income from continuing operations	$3.95		$4.47
Discontinued operation	(.22)		(.29)
Net income	$3.73		$4.18
Average number of shares outstanding	12,768	(2,982)	9,786
Dividends declared	$23,014	$(5,367)	$17,647

NATIONAL GYPSUM COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Subsequent Events (in part)

Purchase of Treasury Stock: On January 6, 1984, the Company purchased 1,996,100 shares of its common stock for $38⅜ per share, the closing market price on January 4, 1984. The shares will be included in treasury stock at cost. Funds for the purchase came from working capital and issuance of commercial paper.

SCOA INDUSTRIES INC. (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and contingencies (in part)

Subsequent to the balance sheet date, the Company announced its intention to purchase, from time to time, up to 1,500,000 shares of its common stock, equivalent to 8% of the shares outstanding as of January 28, 1984, and up to $10,000,000 principal amount of its 10% Convertible Subordinated Debentures.

SCHOLASTIC INC. (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except shares and per share data)

11. Subsequent Event

During June, 1983, the Company sold 300,000 shares of Common stock in a public offering. Of the approximate $9,769 net proceeds from the issuance, $3,500 was used to repay a portion of the Company's long-term debt (see Note 4). The remainder of the net proceeds will be used to reduce seasonal borrowings in the near term, and provide working capital for the anticipated growth of the Company's computer software and computer-related publishing businesses.

Stock Splits

BEMIS COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17—Subsequent Event:

On February 7, 1984 the Company's board of directors declared a two-for-one split of the common stock effected in the form of a 100% stock dividend on outstanding stock to be distributed on March 30, 1984, to holders of record on February 21, 1984. Accordingly, the balance sheet and statement of stockholders' equity present the stock split as of December 31, 1983; all other common share and per share data included in the financial statements and footnotes 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 was credited to common stock and a like amount charged to capital in excess of par.

NCR CORPORATION (DEC)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 16—Subsequent Event. On January 18, 1984, the Board of Directors recommended a 4 for 1 split of NCR's Common Stock, subject to shareholder approval at NCR's Annual Meeting of Shareholders to be held on April 18, 1984. If the shareholders approve the recommended stock split, it would become effective on April 18, 1984, which would be the record date for the determination of shareholders entitled to the new stock.

In connection with the stock split, the Board of Directors on the above same date recommended an increase in the number of authorized shares of NCR's Common Stock from 80,000,000 shares to 275,000,000 shares, again subject to shareholder approval on April 18, 1984.

No effect has been given in the financial statements to the above recommendations because these are subject to shareholder approval.

Sale of Assets

ARMCO (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 12: Subsequent Events

On January 20, 1984, we announced the signing of a definitive agreement for the sale of our West Virginia coal properties to Peabody Holding Company, Inc. for $257,000,000. Armco will receive $142,000,000 cash and a 10% note for the balance due not later than December 31, 1984. Armco will recognize a gain on the sale of approximately $165,000,000. In connection with the sale, Armco signed a contract with Peabody to supply Armco with substantially all of our annual requirements over the next ten years, a minimum of 15,000,000 tons, of high volatile metallurgical coal. Also, see Note 2.

CROWN CENTRAL PETROLEUM CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note M—Subsequent Event—Sale of Long Island Properties

On January 6, 1984, the Company signed a letter of intent with Amerada Hess Corporation (Hess) wherein Hess will acquire twenty-nine (29) service station properties and one (1) service station site from the Company, all located on Long Island, New York.

The anticipated sales price is in excess of the Company's net investment. Finalization of the sale is scheduled for late in the first quarter and the applicable gain will be reflected in the first quarter of 1984 results of operation.

PANTRY PRIDE, INC. (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands except per share data)

Subsequent Events

On August 5, 1983, the Company entered into an agreement with Super Valu Stores, Inc. to sell its distribution facility and inventory in Miami, Florida and granted Super Valu an option to purchase its distribution facility and inventory in Jacksonville, Florida. Under the agreement, Super Valu will create a wholesale grocery division at the Miami distribution facility, which will supply groceries and other food products to the Company's Miami region stores, as well as independent stores.

The closing of the Miami sale involving land, building, equipment and inventory valued for book purposes at approximately $15,000, occurred on October 1, 1983. The gain on the sale will be reflected in the financial statements for the first quarter of fiscal 1984.

As a part of its asset redeployment program, effected as a result of the Super Valu agreement, the Company announced, on August 25, 1983, that it would close 24 stores located in the Miami region. The stores were closed due to their eroding sales base and failure to meet minimum profit goals over the last few years. The provision for closedown costs will be reflected in the financial statements for the first quarter of fiscal 1984 and, along with the gain on the sale of the Miami distribution facility to Super Valu, should not have a material impact on the financial statements.

WEST CHEMICAL PRODUCTS, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Subsequent Events

Sale of Business:

On March 12, 1984, the Company sold to Alfa-Laval, Inc., substantially all of the assets of its dairy-related cleansing and sanitizing business. The selling price was $7,965,000 of which $7,200,000 was paid in cash and $765,000 through the assumption of a 12½% equipment note (See Note 9). The sales contract requires the Company to place $625,000 in escrow for 12 months and $625,000 for 18 months. These escrowed funds will be used to satisfy any indemnification to which the buyer is entitled and any adjustment to the purchase price for the value of the assets sold. Also, on that date, the Company entered into a series of agreements with Alfa-Laval AB for the licensing and assigning of numerous patents, trademarks and formulas related to the dairy-related business in the United States, Canada and several foreign countries for which it received $5,300,000 in cash. The Company anticipates its gain on these transactions to be approximately $4,700,000 before income taxes.

Litigation

ARMADA CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Subsequent Events

On March 8, 1984 the Company entered into an agreement with Leonard Friedman and M. Larry Lawrence, directors of the Company, under which Armada will purchase approximately 575,000 shares of Armada common stock owned directly and indirectly by them and their affiliates as of December 31, 1983 for a purchase price of $18.00 per share. The purchase will reduce Armada's outstanding shares from 1,535,848 to approximately 960,000 and is subject to the Company obtaining satisfactory financing.

On March 12, 1984 a class action law suit was filed against the Company and each of the directors in connection with the purchase of common stock from Messrs. Friedman and Lawrence. The suit alleges breach of directors fiduciary duties and seeks monetary damages from all defendants and an injunction against completion of the transaction as well as other relief.

On March 13, 1984, the Board of Directors granted Beztak Company an option to purchase 500,000 shares of the Company's common stock. Beztak Company is a real estate development company controlled by Jerry D. Luptak, Chairman of the Board and President of the Company, and Harold Beznos, a Director of the Company.

KOPPERS COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Litigation—In 1981, Inland Steel Company filed an action against the Company asserting a claim in the amount of $100 million for damages under a construction contract. The Company filed a counterclaim against Inland to recover $17 million representing fees on the contract. A trial began on January 17, 1984, and the jury rendered a verdict on February 21, 1984 for Inland on its claim in the amount of $74 million and for the Company on its counterclaim in the amount of $10 million. While the ultimate outcome of this litigation is not presently determinable, the Company believes that it has meritorious defenses to Inland's claim and it will take all legal action, including appeals, to set aside this verdict or obtain a new trial.

McDONALD'S CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Litigation

In 1977, Central Ice Cream Company, Inc. filed a suit against the Company in the Circuit Court of Cook Country, Illinois, which, as subsequently amended, alleged breach of contract and fraudulent misrepresentation in connection with the development of an ice cream product for possible sale in McDonald's restaurants. On January 20, 1984, the jury found in favor of the plaintiff and a judgment was entered against the Company in the amount of $52 million. Management believes, after consultation with counsel, that the Company will be successful in having the judgment reversed and, accordingly, no provision for any liability relating to this matter has been made in the accompanying consolidated financial statements.

WHITTAKER CORPORATION (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Commitments and Contingencies

During 1983, Whittaker entered into an agreement with Wright Energy Corporation, an independent oil producer, whereby Whittaker is committed to make certain advances amounting to $10,000,000 and has provided loan guaranties of $3,000,000 to enable Wright to conduct a test waterflood project for secondary oil recovery in Kentucky. Whittaker has an option to acquire Wright or its Kentucky property for an additional investment of approximately $22,000,000.

In December 1983, Whittaker was served with a summons and complaint, naming Whittaker, its directors and certain of its officers as defendants, alleging that Whittaker violated Federal securities law and common law obligations by purportedly failing to make full and accurate disclosure concerning a contract entered into February 6, 1983 extending its Saudi Arabian healthcare program. The complaint seeks damages on behalf of a purported class in an amount to be determined. In addition, there are various other claims and suits pending against Whittaker. Based on an evaluation which included consultation with counsel concerning the legal and factual issues involved, management is of the opinion that the foregoing claims and suits will not have a material adverse effect on Whittaker's financial position.

Whittaker has guaranteed certain financing agreements and, in connection therewith, was contingently liable for approximately $12,000,000 at October 31, 1983.

WINN-DIXIE STORES, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Litigation.

There are pending against the Company various claims and lawsuits arising in the normal course of business, including suits charging violations of certain antitrust and civil rights laws. Some of these suits purport to be class actions and seek substantial damages.

Fourteen antitrust suits alleging price fixing in the purchase and sale of meat have been consolidated for pre-trial proceedings in the United States District Court in Dallas. All claims for damages in the 14 cases have been dismissed by District Court, and on July 25, 1983 the U.S. Court of Appeals for the Fifth Circuit unanimously affirmed the judgments of dismissal of District Court. The plaintiffs have petitioned for a rehearing before the Court of Appeals.

Although the amount of liability with respect to all claims and lawsuits cannot be ascertained, management is of the opinion that any resulting liability will not have a material effect on the Company's consolidated earnings or financial position.

Leveraged Buy Out

AXIA INCORPORATED (DEC)

FINANCIAL REVIEW

Subsequent Event

On February 17, 1984 the Company announced that it had entered into a definitive merger agreement with a private investor group to include Merrill Lynch Capital Markets, certain key members of Management and various financial institutions. The merger agreement is subject to receipt of definitive financing commitments and stockholder approval, and provides that AXIA stockholders will receive $26 in cash for each share of common stock. At a Special Meeting of the Board of Directors held on February 16, 1984, the directors who will not participate in the investment group approved the merger agreement.

Sale of Subsidiary Stock

AMERICAN CAN COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of dollars)

20. Subsequent Events

On February 1, 1984, Fingerhut Companies, Inc., a wholly-owned subsidiary of the Company, announced that it intends to sell in an initial public offering up to four million shares of its common stock (approximately a 20 percent interest). Assuming the offering is successfully completed, the net proceeds, expected to be approximately $70 to $85 depending upon market conditions, will be used to repay a portion of Fingerhut's outstanding indebtedness incurred principally to pay a dividend in the amount of $143 to the Company on January 30, 1984. The Company also anticipates recording an after-tax gain of approximately $45 to $55 representing the increase in the Company's share of the underlying equity of Fingerhut.

On February 2, 1984, the Company announced that it had reached an agreement in principle to sell its Canadian and United Kingdom packaging operations for approximately $235 in cash and equivalents. Included are metal food and beverage container manufacturing operations in Canada and the United Kingdom as well as plastic tube operations in Canada. Subject to customary closing conditions, including approval of both companies board of directors, the sale is expected to be completed in the first quarter of 1984, and is not expected to result in a significant gain or loss. Revenues and business operating income of these businesses, which are included in international packaging in the Business Segment Information on pages 30 and 31, were approximately $378 and $39 for 1983, $394 and $46 for 1982, and $394 and $55 for 1981, respectively.

Subsidiary Transactions

AMERICAN MAIZE-PRODUCTS COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Subsequent Events

a. In February 1984, American Fructose Corporation ("AFC") sold 2,875,000 shares of its previously unissued common stock to the public at $8.00 per share. Net proceeds to AFC were approximately $20,375,000. As a result of the stock sale, the Company's ownership of AFC was reduced to 67.8% and the Company will record a gain in the first quarter of 1984 of approximately $6,300,000. In addition, warrants to purchase 218,250 additional shares of AFC, exercisable at $9.60 per share for a period commencing one year and ending five years from their issuance, were sold at a nominal price to the underwriters of the offering.

b. The Company's $15,000,000 bank term loan (see Note 4) and related accrued interest was repaid in full in February 1984 from the proceeds of the stock sold by AFC.

c. Upon completion of the public offering, AFC obtained $10,000,000 through borrowings under a ten-year term loan with two banks. Under this loan agreement, interest is at prime, escalating to prime plus 1/4 of 1% on June 30, 1985 and to prime plus 1/2 of 1% on June 30, 1989; however, under certain conditions, AFC has the option to pay interest at a rate which is tied to the banks' cost of funds which could be lower than the prime rate calculations. Principal payments are due in equal semi-annual installments beginning June 30, 1985, with specified mandatory prepayment provisions in the event AFC's net income in any year exceeds $10,000,000. AFC is required to maintain compensating balances of 6 5/8% of the outstanding loan balance or to pay fees of 0.46% per annum on the outstanding loan balance.

The agreement, among other things, will require AFC to maintain certain current and quick ratios and certain levels of working capital and tangible net worth. In addition, it will place limits on dividends and funded debt of AFC. Under the most restrictive of these covenants, AFC is required to maintain tangible net worth of $40,000,000 to December 31, 1985; $50,000,000 from January 1, 1986 to December 31, 1989 and $60,000,000 thereafter. Consolidated tangible net worth of AFC at December 31, 1983 after giving pro forma effect to the public offering would have been $43,364,000.

d. Also in February 1984, a new $15,000,000 revolving credit and term loan agreement between AFC and two banks became effective. Under this agreement, the outstanding balance on September 30, 1986 is convertible into a term loan payable in eight equal semi-annual installments beginning March 31, 1987. The agreement requires AFC to pay a commitment fee of 1/2 of 1% on the unused portion of the facility, and to either maintain a compensating balance of 7% of the total commitment or pay a fee of 0.475% per annum on the total commitment.

The provisions of the $15,000,000 revolving credit and term loan agreement regarding interest rates and other covenants are substantially similar to those of the $10,000,000 term loan agreement above except for the interest escalation dates.

Death of Officer

J. MICHAELS, INC. (MAR)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(8) Subsequent Event

Due to the death of the President of the Company subsequent to March 31, 1983, the incentive compensation as described in note 5 will be awarded to his beneficiary, in accordance with the terms of the agreement.

In addition, in lieu of any future incentive compensation to be paid under this agreement, the company is obligated to pay the sum of $360,000 to the beneficiary of the President in twelve equal installments, each without interest. The first installment is to be paid July 1, 1983 and annually thereafter.

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 1983, 154 survey companies disclosed related party transactions. Examples of related party disclosures follow.

Transactions Between Affiliated Companies

AFG INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Related Party Transactions

The Company leases an aircraft from an affiliate. This lease required annual payments of $232,000 for the years ended December 31, 1983, 1982, and 1981.

The Company has an engineering consulting contract with a 50% owned affiliate. During 1983, the Company paid fees of approximately $2,259,000 to this affiliate. The Company is indebted to this affiliate in the amount of approximately $362,000 as of December 31, 1983.

H.B. FULLER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(8) Related Party Transactions

The company and its consolidated subsidiaries conduct certain types of business transactions with unconsolidated subsidiaries. Intercompany transactions are recorded at manufactured cost plus markup.

Transactions for the years ended November 30, are as follows:

(In Thousands)	1983	1982	1981
Sales and technical service fees .	$ 3,160	3,862	3,929

Amounts due from or to unconsolidated subsidiaries at November 30, are as follows:

(In Thousands)	1983	1982
Receivables and advances	$ 5,462	6,238
Accounts payable	91	588

JAMES RIVER CORPORATION OF VIRGINIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Related Party Transactions:

American Can owns 4,605,714 shares, or approximately 18.7%, of the Company's outstanding common stock, as well as shares of a subsidiary's preferred stock which may be exchanged for 1,300,000 shares of the Company's common stock.

At the time of the acquisition of the Dixie/Northern assets from American Can, American Can and James River entered into numerous lease, service and supply agreements, the majority of which agreements specify the use of fair market prices of the services or commodities exchanged. These agreements involve the supply of services between facilities acquired by Dixie/Northern and those retained by American Can, the purchase of computer services, wood, pulp and packaging from American Can, the supply of certain pulp by-products and engineering and technical services to American Can, and the lease to Dixie/Northern of temporary office facilities and certain fixed assets at a papermaking and converting mill in Oregon. No significant transactions occurred prior to fiscal 1983.

Pursuant to the terms of these agreements with American Can, the Company received $9.7 million and paid $66.7 million during fiscal 1983. Included in the amount paid to American Can are $33.1 million for the purchase of pulp, $13.5 million for flexible packaging, $4.3 million in rentals, and $4.7 million in dividends.

Several insurance companies hold subordinated debt of a subsidiary which is exchangeable into 7,181,250 shares of the Company's common stock. Only one of these companies is considered to be a related party, and James River has had no material financial and business dealings with that company.

Transactions Between Company and Management or Stockholders

GRANGER ASSOCIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Related Party

Certain products, aggregating $3,959,000 in 1983 $981,000 in 1982 and $796,000 in 1981, are purchased from a supplier which has two directors in common with the Company. In addition, one of the directors is an officer of each company. The two directors are also associated in an investment banking firm that participated in underwriting the public offerings. Purchases from this supplier are under standard purchase contracts and management believes that they are at substantially the same prices as those charged by the supplier to unrelated customers for similar products.

PENTRON INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Related Parties:

The Company uses the services of a freight company controlled by a member of the Company's Board of Directors. Amounts paid to this freight company were $32,912 in 1983, $51,486 in 1982 and $49,560 in 1981.

PRAB ROBOTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Related Party Transactions:

The Company has entered into stock purchase agreements with certain officers whereby the Company has sold and the parties have purchased a specified number of shares of the Company's common stock as set forth by the following:

Date of Agreement	Number of Shares	Price Per Share
January 4, 1980	10,000	$1.50
March 14, 1980	17,110	$1.50
April 1, 1981	100,000	$2.50
April 23, 1981	30,000	$4.60

During July of 1981, the above shares were issued in exchange for promissory notes aggregating $428,665. Payment of the notes, which bear interest at 7% per annum and mature within five years of the date of the agreements, is secured by a pledge of the stock issued for the notes.

During 1983, 1982 and 1981, the Company issued 2,114, 5,808 and 55,000 shares respectively, to its profit-sharing plan. The amounts received by the Company approximated market value of the shares on the respective dates of issuance.

A director of the Company is President and majority shareholders of Robot Research Corp., a supplier of the Company. The Company owns 20% of the outstanding capital stock of Robot Research Corp. In fiscal 1983, 1982, and 1981, respectively, the Company paid Robot Research Corp. $1,526,854, $1,379,014 and $1,251,299, representing purchases of industrial robots and related services. The current agreement between the Company and this affiliate dated July 17, 1981 (the "Manufacturing Agreement"), provides that the affiliate shall manufacture and sell certain Prab model robots exclusively to the Company. While the Company is not obligated to purchase all of its requirements for such robots from the affiliate, the parties annually determine by negotiation the number of robots and prices therefor to be supplied. The Manufacturing Agreement terminates on July 1, 1984, and will be automatically renewed for an additional term of five years unless either party objects to such renewal.

A director of the Company is a vice-president, director and a shareholder of the investment banking firm which has provided underwriting and brokerage services to the Company. During 1983, the Company paid $120,000 to the firm as brokerage fees related to the issuance of convertible notes.

A director of the Company is President, a shareholder, and director of the law firm which has been general legal counsel to the Company since 1961. During the fiscal years ended in 1983, 1982 and 1981, the Company paid the law firm $80,008, $92,320, and $116,306 for legal fees and costs. Amounts paid in fiscal 1981 include $57,065 in connection with the Company's initial public offering of common stock.

Transactions Between Company and Employee Benefit Plan Trusts

LEAR SIEGLER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part)

On November 30, 1983, the Company transferred certain lease interests in real property to the Lear Siegler, Inc. Pension Plan (Plan) to satisfy a portion of the Company's accrued contribution to the Plan for the fiscal year ended June 30, 1982. The value assigned to the leases, as determined by an independent appraisal, approximated $5,590,000. The transaction was approved by the U.S. Department of Labor and resulted in a gain before income taxes of approximately $4,376,000.

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 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 1983, 462 survey companies presented inflation information of which 171 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

CATERPILLAR TRACTOR CO. (DEC)

NOTES

(Dollar amounts in millions except those stated on a per share basis)

18. Changing price levels (unaudited supplementary information)

The following information on the approximate effects of changing prices on the company's consolidated profit and other financial data addresses two different aspects of an inflationary environment: first, the effects of general inflation on the purchasing power of the U.S. dollar and, second, the effects of changes in specific prices of resources used by the company.

The following explanations are provided to assist in understanding and interpreting this supplementary information:

Historical costs as reported (nominal dollars)—This is the basis on which the company's financial statements on pages 32 through 34 have been prepared, as required by generally accepted accounting principles. Transactions have been reported at the historical amounts received or paid at the time of the transaction. No recognition has been given to the fact that a dollar in 1979, for instance, had more purchasing power than a 1983 dollar.

Adjustments for general inflation (constant dollars)—These adjustments are made to historical cost amounts to recognize changes in the general purchasing power of the dollar, as measured by the Consumer Price Index for all Urban Consumers (CPI-U). Through these adjustments, reported amounts for each year are intended to be made comparable by restating them in constant dollars.

Adjustments for changes in specific prices (current cost)—Specific prices paid by the company for goods and services change at different rates than general inflation as measured by the CPI-U. Differences arise from several factors, such as technological change, economies of scale, and the forces of supply and demand. Therefore, adjustments are made to reported amounts to reflect the current cost of resources. These current cost measurements are made by applying to historical costs appropriate published and company-developed indices. They include adjustments to recognize the effect of technological change on the amounts the company would spend currently to acquire machinery and equipment with the same service potential available in assets owned.

Adjustments to Results of Operations

Most revenues and expenses, by occurring relatively uniformly throughout each year, are assumed to be the same in that year's nominal dollars, constant average dollars, and current cost. This assumption usually applies to cost of goods sold because of the company's use of the "last-in, first-out" method of inventory valuation. For 1983 and 1982, however, nominal dollar cost of goods sold includes certain prior years' costs because "last-in, first-out" inventory decrements occurred. As a result, cost of goods sold for 1983 and 1982 have been adjusted to reflect cost levels of each respective year.

The only other component of profit or loss requiring restatement is depreciation. Each year's depreciation, based on the original nominal dollar costs of buildings, machinery, and equipment acquired over a number of years, has been adjusted for changing prices. Restated depreciation is based upon the same methods, useful lives, and salvage values used for nominal dollar depreciation. No depreciation, therefore, is ascribed to fully depreciated assets. The provision for income taxes has not been restated since current tax laws do not permit adjustments to recognize the effects of general inflation or current costs.

Within the limits of generally accepted accounting principles, the company's financial accounting policies and methods generally tend to match current levels of costs with revenues of the period. As a result, except for the effect of the significant "last-in, first-out" inventory decrement, the adjustments to restate the consolidated loss in 1983 dollars are relatively moderate. In addition, the purchasing power gain on monetary items discussed below can be viewed as a favorable effect which would mitigate the adjustments for additional depreciation and cost of goods sold.

Purchasing Power Gain on Monetary Items

When prices are increasing, the holding of cash and claims to cash results in a loss of general purchasing power because a given amount of money will buy less at the end of a year than it would have bought at the beginning of the year. Similarly, liabilities are associated with a gain of general purchasing power because the amount of money required to settle the liability represents a decreasing amount of purchasing power. These gains and losses of purchasing power (net) are computed using the CPI-U and are shown below as "Gain from decline in purchasing power of net monetary liabilities."

Adjustments for changing prices for 1983

(Loss) for year—consolidated (as reported)		$(345)
Adjustments to restate costs for the effects of general inflation:		
Cost of goods sold	$(233)	
Depreciation	(174)	(407)
(Loss) adjusted for general inflation		(752)
Adjustments for the effects of the differences between general inflation and changes in specific prices (current cost):		
Cost of goods sold	$(29)	
Depreciation	28	(1)
(Loss) adjusted for changes in specific prices		$(753)
Gain from decline in purchasing power of net monetary liabilities		$ 69
Increase in specific prices of inventories, land, buildings, machinery, and equipment held during year*		$ 63
Effect of increase in the general price level		317
Excess of increase in the general price level over increase in specific prices		$254

*At year-end, current cost of inventory was $3,433 and current cost of land, buildings, machinery, and equipment—net was $4,361.

Five-Year Summary

The following information has been adjusted for general inflation and current costs to restate nominal dollars to constant average 1983 dollars. Adjustments have been made to nominal dollar net assets for inventories, land, buildings, machinery, and equipment. Differences between values for the other components of net assets expressed in nominal dollars, constant dollars, and current costs are not significant.

Selected Financial Data Adjusted for the Effects of Changing Prices

	1983	1982	1981	1980	1979
(Dollar amounts in constant average 1983 dollars except those on an as-reported basis)					
Sales:					
As reported	$5,424	$6,469	$ 9,154	$ 8,598	$ 7,613
Adjusted for general inflation	5,424	6,677	10,028	10,395	10,450
Income (loss)—consolidated:					
As reported	(345)	(180)	579	565	492
Adjusted for general inflation	(752)	(421)	453	522	552
Adjusted for changes in specific prices	(753)	(361)	466	514	518
Income (loss) per share of common stock:					
As reported	(3.74)	(2.04)	6.64	6.53	5.69
Adjusted for general inflation	(8.15)	(4.78)	5.19	6.04	6.39
Adjusted for changes in specific prices	(8.16)	(4.11)	5.34	5.93	6.00
Dividends per share of common stock:					
As reported	1.50	2.40	2.40	2.33	2.10
Adjusted for general inflation	1.50	2.48	2.63	2.82	2.88
Net assets at year-end:					
As reported	3,337	3,496	3,857	3,432	3,065
Adjusted for general inflation	6,861	7,459	7,963	7,714	7,369
Adjusted for changes in specific prices	6,570	7,318	7,944	7,783	7,538
Gain from decline in purchasing power of net monetary liabilities	69	82	161	200	211
Excess of increase in the general price level over increase in specific prices—inventories, land, buildings, machinery, and equipment held during year	254	158	298	240	349
Market price per share of common stock at year-end:					
As quoted	47¼	40⅛	55½	58	54
Adjusted for general inflation	46⅜	40⅞	58¾	67	70
Average CPI-U (1967: 100.0)	298.4	289.1	272.4	246.8	217.4

FOREMOST-McKESSON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Supplemental Information on Inflation and Changing Prices (Unaudited)

Financial statements prepared under generally accepted accounting principles do not attempt to measure the impact of inflation on the operations or financial condition of the company. Reported earnings and amounts shown for assets and liabilities reflect dollars paid at the time the transactions occurred. Increases in costs due to changes in the purchasing power of the dollar and changes in specific prices are not reflected in the financial statements until new assets are acquired. Thus, financial statements prepared on an historical cost basis reflect assets and expenses at yesterday's cost and not at today's value. The difference is considered to be inflation.

In an effort to provide the reader of the financial statements with an indication of the impact of inflation, the following tables of supplementary financial information show the results of adjustments of the historical data for the effect of changes in general price levels and of changes in specific prices. This illustration of the economic effect of inflation involves approximations and assumptions that are not normally present in financial reports stated at historical cost. The resulting information should, therefore, be considered an estimate rather than a precise indication of the effect of inflation on the operations and financial position of the company.

The "constant dollar" method of accounting provides earnings information adjusted for the general effect of inflation using the Consumer Price Index for all Urban Consumers. The objective of this method is to restate historical cost dollars into constant dollars of equivalent purchasing power so that current revenues are matched with expenses with both expressed in a common unit of measure.

The "current cost" method of accounting adjusts for specific changes which have been experienced by the company in prices of inventories and property, plant and equipment. These assets are stated at their most recent, or replacement, cost rather than at historical cost.

Under the current cost method of accounting, income after taxes from continuing operations is 87% of the historical cost amount. Total income including the gain in purchasing power of net monetary liabilities is 111% of the historical cost amount. This implies that the historical cost financial statements reflect most of the effects of inflation.

Under both methods of accounting for operations, only cost of sales and depreciation have been adjusted for general inflation or changes in specific prices. Revenues, other operating expenses, interest expense and taxes on income are considered to reflect average price levels for the year and, therefore, have not been adjusted.

Cost of sales under both methods of accounting is approximately the same as that shown in the historical financial statements because of the application of the LIFO method of accounting to substantially all of the company's inventories. This is an indication that the company's inflation rate in product cost is essentially the same as the national inflation rate. Depreciation expense computed under both the constant dollar and current cost accounting methods is essentially the same because the rate of inflation experienced by the company during the year is approximately the same as the general rate of inflation.

For purposes of this supplementary information, taxes on income should be the same as those charged against income from continuing operations in the primary financial statements. This is appropriate because inflation adjustments related to the increased cost of plant and equipment are not deductible under present income tax regulations. The tax regulationis do, however, recognize the real cost of inflation on inventories for those companies, like Foremost-McKesson, which use the LIFO method of accounting for financial reporting purposes.

The caption "Gain in purchasing power of net monetary liabilities" shows the net effect of inflation on those assets and liabilities which represent fixed monetary amounts. As the general purchasing power of the dollar declines during inflationary periods, companies with a net monetary liability position sustain an unrealized gain because of their ability to repay the liabilities with dollars of lesser value.

The data on dividends per common share and market price at year end indicate that the significant increases in dividends and capital appreciation which the company's stockholders have experienced in the past five years have been seriously eroded by inflation. In terms of historical dollars, the common stock dividend has increased 94% and the market price at year end 132% since 1979. However, in terms of dollars adjusted for general inflation, the increase is a still substantial 33% for common stock dividend and 59% for market price at year end.

Supplemental Financial Data Adjusted for Changing Prices for the Year Ended March 31, 1983 (Unaudited)

Statement of Consolidated Income (in thousands except per share amounts)	As Reported (Historical Cost)	Adjusted For General Price Changes (Constant Dollar)	Adjusted For Specific Price Changes (Current Cost)
Revenues	$4,081,481	$4,081,481	$4,081,481
Cost of sales, excluding depreciation	3,348,012	3,344,781	3,349,038
Depreciation expense	30,488	38,938	37,760
Other operating expenses, excluding depreciation	556,603	556,603	556,603
Interest expense	31,565	31,565	31,565
Taxes on income	51,605	51,605	51,605
Total	4,018,273	4,023,492	4,026,471
Income after taxes from continuing operations	63,208	57,989	54,910
Gain in purchasing power of net monetary liabilities		15,360	15,360
Total	$ 63,208	$ 73,349	$ 70,270
Fully diluted earnings per common share from continuing operationss	$3.44	$3.17	$3.02
Purchasing power gain per share		.78	.78
Total	$3.44	$3.95	$3.80
Primary earnings per common share from continuing operations	$3.76	$3.45	$3.26
Purchasing power gain per share		.93	.93
Total	$3.76	$4.38	$4.19
Other Financial Information			
Increase in general price level of inventories and net property, plant and equipment held during the year			$30,179
Effect of increase in current cost			10,701
Excess of increase in general price level over increase in current cost			$19,478
Net assets—at year end			
Inventories	$418,993	$521,236	$521,949
Property, plant and equipment	250,218	332,277	339,758
Other assets	703,601	703,601	703,601
Liabilities	(862,529)	(862,529)	(862,529)
Net	$510,283	$694,585	$702,779

Five-Year Summary (unaudited)

(in thousands except per share amounts	1983	1982	1981	1980	1979
Historical Cost Information					
Revenues	$4,081,481	$3,823,958	$3,460,074	$3,040,188	$2,681,139
Income from continuing operations	62,208	65,824	55,682	43,779	45,196
Earnings per common share—continuing operations					
Fully diluted	3.44	3.72	3.11	2.50	2.59
Primary	3.76	4.10	3.46	2.85	3.13
Net assets at year-end	510,283	481,539	480,217	424,390	378,017
Dividends per common share	2.40	2.24	2.00	1.67	1.24
Market price per common share at year-end	43.00	31.00	36.50	23.375	18.50
Constant Dollar Information					
Revenues	$4,081,481	$4,021,083	$3,983,045	$3,944,941	$3,908,487
Income from continuing operations	57,989	51,221	31,618	5,984	
Earnings per common share—continuing operations					
Fully diluted	3.17	2.94	1.79	.26	
Primary	3.45	3.18	1.93	.26	
Net assets at year-end	694,585	673,714	664,553	649,334	
Dividends per common share	2.40	2.36	2.30	2.17	1.81
Market price per common share at year-end	43.00	32.60	42.02	30.33	26.97
Average consumer price index—fiscal year	292	277	253	225	200
Current Cost Information					
Income from continuing operations	$ 54,910	$ 53,297	$ 46,257	$ 37,289	
Earnings per common share—continuing operations					
Fully diluted	3.02	3.05	2.59	2.14	
Primary	3.26	3.31	2.86	2.41	
Excess of increase in general price level over increase in current cost	19,478	(1,732)	17,500	13,611	
Gain in purchasing power of net monetary liabilities	15,360	26,252	42,050	51,188	
Net assets at year-end	702,779	683,591	687,601	681,045	

MAGIC CHEF, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Supplementary Financial Data Adjusted for the Effect of Changing Prices (Unaudited)

The Financial Accounting Standards Board (FASB) has issued Statement No. 33 which requires presentation within this report of unaudited supplementary information on an experimental basis to show the effects of both general price level changes and the price changes in the cost of specific assets. Such data is presented on the following page.

The effects of general inflation were determined by use of the constant dollar method. This method restates certain historical costs into equal units of general purchasing power.

Current cost of sales was determined using the LIFO inventory method which is used in the financial statements for substantially all of the Company's inventories. The current cost of inventories was determined using standard costs which approximate current costs as of fiscal year end.

The current cost of property, plant and equipment was estimated using appraisals and other direct pricing methods and by the application of published indices. Current cost depreciation expense was calculated on the basis of the estimated current cost of property, plant and equipment using the same rates and methods used in the financial statements.

No adjustments were made to income tax expense for any deferred income taxes which might be deemed to arise because of the differences for tax purposes. The income tax for the year is, therefore, as shown in the primary financial statements.

In recognition of the fact that there is a definite lack of consensus among users and preparers of financial statements as well as the FASB itself regarding the best way of measuring the effect of inflation upon an enterprise, readers of these supplementary statements should be cautioned about making finite conclusions from these statements alone. Rather than being reviewed as the sole data for judging an entity's financial strength and stability in these times of inflation, they should be considered as a tool to be used in conjunction with other financial and economic indicators.

Supplementary Statement of Operations and Other Financial Data Adjusted for Changing Prices (Unaudited)

For the Year Ended July 2, 1983 (Amounts, except per share amounts, are in thousands)	Reported	Adjusted for General inflation	Adjusted for Specific Price Changes
Statement of Operations:			
Revenue	$754,399	$754,399	$754,399
Cost of sales (excluding depreciation)	615,034	615,596	614,259
Depreciation expense	12,676	16,976	16,611
Other operating expenses (excluding depreciation)	76,110	76,110	76,110
Interest expense	10,289	10,289	10,289
Other income—net of other expenses	5,126	4,820	5,880
Provision for income taxes	19,973	19,973	19,973
Net income	25,443	20,275	23,037
Preferred dividend requirements	3,731	3,731	3,731
Earnings available to common shareholders	$ 21,712	$ 16,544	$ 19,306
Earnings per common share	$ 2.71	$ 2.07	$ 2.41

Historical Cost Data Adjusted for General Inflation (Constant Dollar) and Changes in Specific Prices (Current Cost)(1)
(Amounts, except per share amounts, are in thousands)

Fiscal Years Ended	1983	1982	1981	1980	1979
Net sales—as reported	$754,399	$663,399	$674,274	$636,359	$409,662
As adjusted for general inflation	754,399	692,109	764,472	804,614	587,142
Net income (loss)—as reported	25,443	9,100	16,270	5,114	16,014
As adjusted for general inflation	20,275	(789)	10,299	(655)	—
As adjusted for changes in specific prices	23,037	545	11,760	(315)	—
Earnings (loss) per share of common stock—as reported	2.71	.78	1.72	.31	2.01
As adjusted for general inflation	2.07	(.49)	.96	(.43)	—
As adjusted for changes in specific prices	2.41	(.32)	1.15	(.31)	—
Dvidends per share of common stock—as reported	.51	.48	.38	.53	.575
As adjusted for general inflation	.51	.50	.43	.67	.82
Net assets at year end—as reported	196,539	125,986	123,628	113,018	114,660
As adjusted for general inflation	277,921	204,218	188,509	155,769	—
As adjusted for changes in specific prices	253,216	186,477	169,739	146,293	—
Purchasing power gain (loss) on net monetary items	(651)	5,034	7,171	11,262	—
Increase in general price level of inventory and property over increases in specific prices	9,219	(1,077)	9,308	13,259	—
Market price per common share at year end—unadjusted	35.00	9.75	14.25	6.63	9.50
As adjusted for general inflation	35.00	10.00	15.66	7.98	13.07
Inventory as adjusted for changes in specific prices	152,046	162,375	166,540	152,626	—
Property, plant and equipment (net of depreciation) as adjusted for changes in specific prices	$127,371	$125,613	$112,011	$110,111	—
Average consumer price index	294.1	281.9	259.4	232.6	205.2

(1) Adjusted data has been determined by applying the Consumer Price Index—Urban to the data with 1967 (CPI-100) as the base year as specified by SFAS No. 33. Depreciation has been determined on a straight-line basis for this calculation.

THE CESSNA AIRCRAFT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Changing prices (unaudited)

The general inflation data presented below are provided as required by Statement of Financial Accounting Standards Board No. 33, "Financial Reporting and Changing Prices." The data have been adjusted for general inflation using the Consumer Price Index for All Urban Consumers as prescribed by the Financial Accounting Standards Board. These inflation adjusted data should be used with care as they are subject to varying interpretations and reflect one of a number of methods for evaluating the effects of inflation on the financial statements.

The inflation adjustments to manufacturing and engineering costs, depreciation expense, and to net assets at year-end have been derived by restating historical costs in terms of constant 1983 dollars. Net sales and other expenses are considered to reflect the average price levels for the current year and, accordingly, are not adjusted. Application of this methodology does not provide for adjusting income taxes.

The purchasing power gain on net monetary liabilities reflects the theoretical repayment of liabilities in excess of assets with dollars having a lesser value than at the beginning of the year. Monetary items include all the Company's assets and liabilities other than inventories, property and equipment, deferred tooling, and other assets.

The current cost method adjusts historical data for changes in specific prices using the LIFO method of inventory valuation and Company prepared indices for the specific types of plant and equipment owned by the Company.

	As Reported	Adjusted for General Inflation	Current Costs
	(Thousands of dollars)		
Net sales and other income	$558,300	$558,300	$558,300
Manufacturing and engineering costs	465,700	465,033	460,538
Depreciation	12,639	18,758	20,951
Sales and administrative expense	111,367	111,367	111,367
Interest expense	6,039	6,039	6,039
Provision for income taxes	(18,600)	(18,600)	(18,600)
Net (loss)	$(18,845)	$(24,297)	$(21,995)
Gain from decline in purchasing power			$ 1,837
Increase in current cost of inventories and property, plant and equipment held during the year			$ 80,135
Effect of increase in general price level			65,841
Excess of increases in current costs over increases in the general price level			$ 14,294

The following five-year summary reflects the adjustments to 1983 data described above and, in addition, sales and certain per share data for years 1979 through 1982 have been restated to average 1983 dollars.

	1983	1982	1981	1980	1979
	(Thousands of dollars except per share data)				
Net sales	$524,395	$861,796	$1,178,722	$1,234,975	$1,317,665
Historical cost information adjusted for general inflation:					
Net income (loss)	$(24,297)	$ 17,996	$ 59,409	$ 12,605	—
Net income (loss) per share	$ (1.27)	$ .94	$ 3.13	$ .68	—
Net assets at year-end	$393,623	$413,609	$ 395,764	$ 330,949	—
Current cost information:					
Net income (loss)	$(21,995)	$ 11,315	$ 54,178	$ 22,631	—
Net income (loss) per share	$ (1.15)	$ .59	$ 2.85	$ 1.21	—
Excess of increase in current costs over increase in the general price level	$ 14,294	$ 44,156	$ 39,280	$ 48,040	—
Net assets at year-end	$407,917	$457,765	$ 435,044	$ 378,930	—
Gain from decline in purchasing power of net assets owned	$ 1,837	$ 3,488	$ 9,863	$ 12,474	—
Cash dividend per share	$ .40	$ .62	$ .67	$ .73	$ 1.07
Market price per share at year-end	$ 23.38	$ 18.26	$ 23.23	$ 23.38	$ 25.89
Average Consumer Price Index	296.0	285.6	266.2	239.7	211.0

Caution is urged in use of these data, which are theoretical. Because the data contained in the disclosures are highly subjective in nature, it is highly improbable that they will be comparable from one company to another.

Current Cost Information Only

AMERADA HESS CORPORATION

SUPPLEMENTARY INFORMATION ON FINANCIAL IMPACT OF CHANGING PRICES .

The following information on changing prices is presented in compliance with Statement of Financial Accounting Standards (FAS) No. 33, Financial Reporting and Changing Prices, as amended. The primary financial statements of the Corporation are based on actual historical dollar transactions in accordance with generally accepted accounting principles, and therefore do not reflect the effects of changes in specific prices. FAS No. 33 requirements are experimental and are intended to provide supplementary information indicating the impact of inflation and its effect on business trends. FAS No. 33 generally requires the presentation of two types of supplementary data, one measuring the effects of general inflation (constant dollar method) and the other dealing with the effects of changes in the prices of resources used by the Corporation (current cost method). Financial data determined under the constant dollar method are not presented herein as permitted by FAS No. 70, because the Corporation measures a significant part of its operations in functional currencies other than the U.S. dollar (see Note 1 to consolidated financial statements).

The accounting policies applicable to depreciation, depletion, amortization and lease impairment utilized to determine the historical amounts in the Corporation's primary financial statements also were used to determine the current cost data. The impact of changes in specific prices on the Corporation's results of operations and financial position shown in the following tabulations is based on the application of the experimental techniques prescribed by FAS No. 33. The information presented required the use of estimates, hypothetical assumptions and substantial subjective judgments, and therefore should not be considered as a reliable indication of the effects of changing prices on the Corporation's results of operations and financial position.

In determining net income under the current cost method, only the cost of products sold and depreciation, depletion, amortization and lease impairment charges are adjusted to reflect changes in specific prices. Revenues and other costs and expenses are considered to reflect the average price level for the period, and consequently are not adjusted.

Although the Corporation's income is reduced substantially by increased charges for the items referred to above, FAS No. 33 does not permit the provision for income taxes to be adjusted which results in distorted effective income tax rates.

FAS No. 33 also requires separate disclosure of the loss or gain resulting from restatement of the net monetary assets or liabilities to reflect changes in the purchasing power of the dollar. The change in purchasing power is based on the Consumer Price Index for all Urban Consumers (CPI-U) published by the U.S. Department of Labor. The Corporation's monetary assets consist principally of cash (including cash equivalents) and accounts receivable. Monetary liabilities consist principally of current liabilities, long-term debt and deferred liabilities. The Corporation was in a net monetary liability position (excess of total liabilities, including long-term debt, over monetary assets) for the five years ended December 31, 1983 which results in an unrealized gain for each year because such net monetary liabilities will be repaid with dollars that presumably will have a lower purchasing power. The unrealized gain is not reflected in adjusted net income in accordance with FAS No. 33.

The current cost data was developed by estimating the specific costs of replacing the Corporation's inventories and properties, plant and equipment. The current costs of the Corporation's refining, marketing and transportation assets are based on estimates derived generally from independent appraisals, appropriate external indices and current vendor quotes. In accordance with FAS No. 69 and 70, the current costs of properties, plant and equipment relating to oil and gas mineral resource assets are calculated using the CPI-U or a foreign functional currency inflation index. The translation adjustment for 1983 represents the effect on current cost net assets of fluctuations in foreign currency exchange rates applicable to operations with functional currencies other than the U.S. dollar.

Statement of Consolidated Income Adjusted for Changing Prices

For the Year Ended December 31, 1983 (in millions)	As reported in primary financial statements	Adjusted for changes in specific prices (current costs)
Revenues		
Sales (excluding excise taxes) and other operating revenues	$8,369	$8,369
Dividends, interest and other revenues	53	53
Total revenues	8,422	8,422
Costs and expenses		
Cost of products sold and operating expenses	6,483	6,455
Crude oil windfall profits tax	146	146
Exploration expenses, including dry holes	136	136
Selling, general and administrative expenses	337	337
Interest expense	167	167
Depreciation, depletion, amortization and lease impairment	406	650
Provision for income taxes	542	542
Total costs and expenses	8,217	8,433
Net income (loss)	$ 205	$ (11)
Gain from decline in purchasing power of net monetary liabilities (not reflected in net income above)		$ 103
Effect of increase in general inflation (based on the CPI-U)		$ 234
Less increase in specific prices (current costs) of inventories and properties, plant and equipment		163
Excess of increase in general inflation over increase in specific prices		$ 71
Translation adjustment		$ (29)

Balance Sheet Data Adjusted for Changing Prices

At December 31, 1983 (in millions)	As reported in primary financial statements	Adjusted for changes in specific prices (current costs)
Inventories	$1,362	$1,370
Properties, plant and equipment—net	3,721	5,900
Total	$5,083	$7,270

Five-Year Comparison of Selected Supplementary Financial Information Adjusted for Changing Prices

	Years Ended December 31				
(in millions, except per share data)	1983	1982	1981	1980	1979
Historical Information					
As reported in primary financial statements					
Sales (excluding excise taxes) and other operating revenues	$8,369	$8,343	$ 9,396	$7,869	$6,770
Net income	205	169	213	540	507
Net income per share	2.43	2.00	2.53	6.44	6.08
Net assets (stockholders' equity) at year-end	2,526	2,571	2,491	2,357	1,900
Dividends per share of common stock					
Cash	1.10	1.10	1.10	1.00	.65
Common stock	—	—	—	100%	2½%
Market price per share of common stock at year-end	29.00	25.00	24.13	43.38	24.38
Historical Information Adjusted for Changes in Specific Prices (in Average 1983 Dollars)					
Net income (loss)	$ (11)	$ (85)	$ (44)	$ 125	$ (35)
Net income (loss) per share	(.13)	(1.00)	(.53)	1.49	(.42)
Gain from decline in purchasing power of net monetary liabilities	103	109	244	332	294
Net assets (stockholders' equity) at year-end	4,636	4,747	4,924	4,941	4,812
Excess of increase in general inflation over increase in specific prices (net decrease)	71	28	(18)	24	(830)
Translation adjustment	(29)	—	—	—	—
Supplemental Information Adjusted for General Inflation (in Average 1983 Dollars)					
Sales (excluding excise taxes) and other operating revenues	$8,369	$8,611	$10,293	$9,514	$9,292
Cash dividends per share of common stock	1.10	1.14	1.20	1.21	.89
Market price per share of common stock at year-end	28.51	25.52	25.58	50.09	31.64
Average consumer price index	298.4	289.1	272.4	246.8	217.4

EMERSON ELECTRIC CO.

SUPPLEMENTARY FINANCIAL INFORMATION

The Effects of Inflation on Financial Reporting

The accompanying inflation-adjusted financial information is presented in accordance with the requirements of the Financial Accounting Standards Board (FASB). The FASB requires that certain historical financial information be adjusted for the effects of specific price changes (current cost) and other information, such as historical dollar sales, dividends and common stock prices, be adjusted for general inflation by applying the Consumer Price Index for All Urban Consumers (CPI-U). As acknowledged by the FASB, the methods used to prepare this data are experimental and, because of necessity, are based on assumptions, estimates and subjective judgments. They should be viewed, therefore, as approximations rather than precise measurements.

The "current cost" method is intended by the FASB to measure the impact of specific price changes. It assumes that the Company purchased or produced, at current costs, the same inventories and acquired property, plant and equipment of the same productive efficiency as were owned at the end of the current fiscal year. The current cost of inventories and the cost of sales were estimated based on a combination of internally developed and externally available indices. Current acquisition and construction costs of property, plant and equipment were estimated using externally available indices and composite indices developed by independent consultants.

The Company believes that the current cost methodology fails to reflect the actual impact of inflation on Emerson. Specifically, current cost calculations do not consider the efficiencies or cost savings that might be realized by replacing existing assets with new, more efficient or more technologically advanced assets even though this is the avenue that Emerson pursues relentlessly in its capital expenditures programs.

For financial reporting purposes, the Company employs accelerated depreciation methods; however, for current cost calculations, the straight-line depreciation method has been applied to avoid overstating the impact of inflation.

In accordance with FASB requirements, inflation-adjusted net earnings do not reflect an adjustment to historical income tax expense, because present tax laws do not allow deductions for increased depreciation and cost of sales due to inflation. As a result, the effective tax rate increases substantially as compared with the historical financial statements.

Net assets increased as a result of the revaluation of inventories, property, plant and equipment, and net monetary items. When assessing the overall impact of inflation on its operations, the Company believes that this increase should be considered a potential adjustment in the calculation of inflation-adjusted net earnings. The FASB, however, does not permit this adjustment to be included in the calculations, even though the components of the increase are required disclosures.

In our complex economic environment, it is extremely difficult to make an accurate assessment of the impact of inflation. Nonetheless, Emerson is responsive to potential effects of inflation by stressing cost reduction, productivity improvements and effective asset management in its programs and planning in order to mitigate the effects of inflation. The Company believes that its past performance record, measured in terms of earnings and dividend growth, demonstrates a proven ability to cope with inflation.

The following data should not be construed to be indicative of the impact of inflation on Emerson, but rather, as a best-estimate calculation (stated in average 1983 dollars) based on the guidelines set forth by the FASB.

Supplementary Statement of Earnings Adjusted for Changing Prices—Year Ended September 30, 1983

(Dollars in Millions Except Per Share Amounts)

	As Reported in the Consolidated Statement of Earnings	Adjusted for Specific Price Changes (Current Cost)
Net sales	$3,476	3,476
Costs and expenses:		
Cost of sales excluding depreciation	2,190	2,213
Depreciation	100	124
Other	648	648
	2,938	2,983
Earnings before income taxes	538	491
Income taxes	235	235
Net earnings	$ 303	256
Earnings per common share	$ 4.42	3.73
Effective income tax rate	43.7%	47.9%
Purchasing power loss on net monetary items		$ (3)
Translation adjustments		$ (12)
Increase in general inflation of inventories and net property, plant and equipment during the year		$ 52
Effect of increase in specific prices		50
Excess of general inflation over specific price increases		$ 2

The current costs of inventories and net property, plant and equipment, stated in 1983 year-end dollars, were $931 and $1,013, respectively, at September 30, 1983.

Supplementary Five-Year Information Adjusted for Effects of Changing Prices

(Dollars in Millions Except Per Share Amounts)

	Years Ended September 30,				
	1983	1982	1981	1980	1979
Current cost data:					
Net earnings	$ 256	262	234	212	
Earnings per common share	$ 3.73	3.82	3.39	3.10	
Net assets at year end	$2,030	1,955	1,893	1,883	
Increase in general inflation over increase in specific prices of inventories and net property, plant and equipment	$ 2	26	83	145	
Other information adjusted for general inflation:					
Net sales	$3,476	3,625	3,979	3,939	3,976
Purchasing power gain (loss) on net monetary items	$ (3)	(1)	9	16	
Dividends paid per common share	$ 2.10	2.07	1.96	1.98	2.02
Market price of common stock at year end	$60.20	50.08	44.24	43.51	46.70
Average consumer price index	296.0	286.0	266.2	239.7	211.0

Mineral Reserve Information

INTERNATIONAL MINERALS & CHEMICAL CORPORATION (JUN)

INFLATION-ADJUSTED DATA

Supplementary Information on Financial Reporting and Changing Prices

The Financial Accounting Standards Board (FASB) has issued standards that require the disclosure of financial information about the effects of changing prices on historical cost-based financial statements. The FASB's required disclosures attempt to portray some of the effects of inflation on such financial statements under two different approaches.

The first approach is the constant dollar method. Under that method, the historical cost of property, plant, and equipment, inventories, depreciation and depletion, and cost of goods sold have been adjusted for the effects of general inflation as measured by the U.S. Department of Labor's Consumer Price Index for All Urban Consumers. The second approach is the current cost method. Under that method, those same historical costs have been adjusted by specific indexes. The objective of the latter method is to measure and report certain assets and expenses in terms of current cost at the balance sheet date or at the date of use or sale. Under both approaches, assets involved in IMC's coal operations prior to their sale early in fiscal 1982 have been included at their realizable value. Assets of IMC's chemical operations discontinued in 1982 have been excluded from these remeasurements.

Purchasing power gains are based on IMC's net monetary liabilities at the beginning and end of each year, restated into average 1983 dollars. Although that gain has not been included in the determination of either current cost or constant dollar earnings from continuing operations, it should be considered in the evaluation of the effect of inflation on IMC. If that gain had been included in those determinations, 1983 earnings from continuing operations on a constant dollar basis would have been $37 million. On a current cost basis, 1983 earnings from continuing operations would have been $29 million.

Although restated costs and expenses are higher on the constant dollar and current cost bases as compared with historical cost-based amounts, there is no related reduction of taxes on income because income tax laws require deductions to be based on historical costs. As a result, the historical cost effective tax rate of 34.3 percent in 1983 increases to 57.5 percent when income is determined on the constant dollar basis, and 64.6 percent when income is determined on the current cost basis.

Inflation-Adjusted Supplemental Statement of Earnings

(In millions of dollars except per share amounts) Year ended June 30, 1983	As Reported (Historical Cost)	General Inflation (Constant Dollars)	Specific Prices (Current Cost)
Revenues			
Net sales	$1,462	$1,462	$1,462
Interest earned and other income, net	17	17	17
	1,479	1,479	1,479
Costs and expenses			
Cost of goods sold*	1,088	1,089	1,089
Selling, administrative, and general expenses*	115	115	115
Depreciation and depletion	112	161	169
Interest charges	41	41	41
	1,356	1,406	1,414
Earnings from continuing operations before income taxes	123	73	65
Provision for income taxes	42	42	42
Earnings from continuing operations	$ 81	$ 31	$ 23
Earnings per common and common equivalent shares from continuing operations	$ 3.02	$ 1.13	$ .85
Purchasing power gain on net amounts owed		$ 6	$ 6
Effect of increase in general inflation			$ 20
Increase in specific prices (current cost) of inventories and property, plant, and equipment held during the year**			19
Excess of increase in general inflation over specific prices			$ 1

*Exclusive of depreciation and depletion.

**At June 30, 1983, current cost of inventories was $288 million and current cost of property, plant, and equipment, net of accumulated depreciation and depletion, was $1,741 million.

Five-Year Comparison of Selected Supplementary Financial Data

(In millions of dollars except per share amounts)

Years ended June 30	1983	1982	1981	1980	1979
Net sales					
Historical dollars	$1,462	1,561	1,824	1,619	1,330
Average 1983 dollars	1,462	1,624	2,062	2,041	1,900
Earnings from continuing operations					
Historical dollars	$ 81	122	149	147	
Average 1983 dollars	31	78	111	107	
Current cost*	23	63	91	86	
Net assets					
Historical dollars	$1,024	1,010	975	881	
Average 1983 dollars	1,609	1,631	1,656	1,618	
Current cost*	1,624	1,691	1,875	1,909	
General inflation over specific prices	$ 1	25	98	24	
Purchasing power gain on net amounts owed	$ 6	38	68	84	
Earnings per common share from continuing operations					
Historical dollars	$ 3.02	4.56	5.47	5.43	
Average 1983 dollars	1.13	2.89	4.09	3.94	
Current cost*	.85	2.34	3.35	3.18	
Dividends per share					
Historical dollars	$ 2.60	2.60	2.46	2.16	1.87
Average 1983 dollars	2.60	2.70	2.78	2.72	2.67
Market price per share (at year end)					
Historical dollars	$40.13	26.50	42.50	33.75	32.33
Average 1983 dollars	40.10	27.56	48.04	42.54	46.19
Average Consumer Price Index	293.2	281.9	259.4	232.6	205.2

*Stated in average 1983 dollars.

Mineral Reserves and Operating Statistics

Information relating to the Company's major proved mineral reserves, mining production, and representative product prices follows:

(Millions of tons)	1983	1982	1981	1980
Phosphate (Florida)				
Reserves at year end	202	188	186	141
Bone phosphate of lime	69%	69%	69%	69%
Reserves acquired	17	12	52	22
Reserve revaluation	6		6	2
Phosphate rock mined	9	10	13	13
Bone phosphate of lime	69%	69%	69%	70%
Potash (Canada)				
Reserves at year end	1,354	1,361	1,367	1,375
Average K_2O content	25%	25%	25%	26%
Ore mined	7	6	8	8
Average K_2O content	25%	25%	25%	25%
Muriate of potash produced	3	2	3	3
Potash (New Mexico)				
Reserves at year end	198	203	208	214
Average combined K_2O content (langbeinite plus sylvinite)	11%	11%	11%	11%
Ore mined	5	5	6	5
Average combined K_2O content (langbeinite plus sylvinite)	10%	10%	10%	10%
Potash produced	1	1	1	1
Average Realized Prices				
Phosphate rock per ton	$20	23	23	20
Potash per ton	50	70	77	61

The table above does not reflect the Company's 50 percent interest in the IMC/Grace joint venture. The joint venture owns 90 million tons of phosphate reserves in West Central Florida, with an estimated bone phosphate of lime content of 67 percent. Construction activities at this mine are expected to be completed in early calendar 1984.

IMC also owns or controls phosphate deposits about 40 miles distant from current mining operations. These deposits are estimated to contain approximately 225 million tons with a bone phosphate of lime content of about 65 percent. There have been no changes in these estimated deposits during the four years ended June 30, 1983. (Deposits are ore bodies which required additional economic and mining feasibility studies.)

IMC has mining interests in a number of other reserves, including feldspar, nepheline syenite, fuller's earth, chrome ore, bentonite, fluorespar, and olivine. None of these reserves is significant in relation to IMC's aggregate mining interests.

NATIONAL GYPSUM COMPANY (DEC)

EFFECTS OF CHANGING PRICES (UNAUDITED)

General: The following unaudited disclosures are required by the Financial Accounting Standards Board (FASB) and are intended to quantify the impact of inflation on earnings and production facilities. The inflation-adjusted data is presented under two measurement methods mandated by the FASB: general inflation (constant dollar) and specific price changes (current costs). Only those items most affected by inflation have been adjusted; that is, inventories and property, plant and equipment, and related costs of products sold and depreciation and depletion expense. Although the resulting measurements cannot be used as precise indicators of the effect of inflation, they do highlight the hidden tax burdens inherent in an inflationary environment. Because these estimates are necessarily imprecise, extreme care should be taken in using them for investment or analytical purposes.

A brief explanation of the constant dollar and current cost methods is presented below.

Constant Dollar: The constant dollar method provides data adjusted for general inflation using the Consumer Price Index. Since 81 percent of the Company's inventories is valued under the LIFO method, cost of products sold for these inventories already approximates average 1983 constant dollars. Cost of products sold applicable to remaining inventories has been adjusted to reflect constant dollars. Constant dollar depreciation and depletion expense exceeds the historical cost amount because the historical costs of property, plant and equipment have been indexed to adjust original acquisition costs for the effect of general inflation.

Current Costs: The current cost method adjusts historical costs to reflect changes in specific prices. Cost of products sold included in the current cost statement of earnings is higher than the corresponding historical amount. Again, this is due to minor adjustments for current costs relative to inventories valued at average cost. The current cost of inventories was $206 million at December 31, 1983. Current cost depreciation and depletion expense exceeds the corresponding historical amount because the Company's property, plant and equipment costs, including mineral resource assets, have been adjusted, using the Department of Commerce indices, to reflect the estimated current cost of replacing those assets. The estimated current cost of property, plant and equipment—net was $756 million at December 31, 1983. During 1983, increases in general inflation were greater than increases in the specific prices of inventories and property, plant and equipment by $17.1 million.

Gain from Decline in Purchasing Power of Net Amounts Owed: When prices are increasing, the holding of monetary assets (e.g., cash and receivables) results in a loss of general purchasing power. Similarly, liabilities are associated with a gain of general purchasing power because the amount of money required to settle the liabilities represents dollars of diminished purchasing power. The net gain in purchasing power is shown separately in the accompanying supplemental data. The amount has been calculated based on the Company's average net monetary liabilities for the year multiplied by the change in the Consumer Price Index for the year.

Income Taxes: The provision for income taxes included in the statements of earnings adjusted for changing prices is the same as reported in the primary financial statements. Present tax laws do not allow deductions for the higher current costs of depreciation due to the effects of inflation.

Five-Year Data: In addition to the statements of earnings adjusted for changing prices, supplementary data have been adjusted for each of the last five years in terms of average 1983 dollars as measured by the Consumer Price Index.

Mineral Resources: The following supplemental information on mineral resources is required by FASB Statement No. 39. The gypsum reserves exclude reserves held by the Company's French gypsum affiliate. Gypsum reserves of the French affiliate are more than adequate to assure its ability to continue its operations and are not otherwise significant to National Gypsum Company.

Proven and probable reserves:

	December 31	
	1983	1982
	(Millions of tons)	
Gypsum	977	983
Limestone	790	803
Cement clay	531	532

Mined:

	Year Ended December 31	
	1983	1982
	(Millions of tons)	
Gypsum	5.5	4.0
Limestone	3.5	2.6
Cement clay	0.7	0.5

Mineral resources are mined primarily for use in manufacturing processes. As a minor part of operations, however, the Company sells both gypsum and limestone rock to unrelated third parties at prices determined by market conditions, location and amount of processing prior to sale. In 1983 the Company sold 1.1 million tons of gypsum rock at prices ranging from $4.00 to $12.00 per ton. During 1983, fewer than 200,000 tons of limestone were sold to third parties as crushed limestone at prices ranging from $8.00 to $24.00 per ton. Because the volume of sales of rock to third parties would not be expected to change appreciably in the event of a significant change in sales prices, any attempt to correlate the market prices to mineral reserves produces information which is probably irrelevant and could be misleading as to the value of these mineral resources.

Statements of Earnings from Continuing Operations Adjusted for Changing Prices

	For the Year Ended December 31, 1983		
	Historical Costs Included in the Primary Statements	Adjusted for General Inflation (Constant Dollar)	Adjusted for Changes in Specific Prices (Current Costs)
	(Thousands except per share amounts)		
Net sales and other revenues	$1,139,596	$1,139,596	$1,139,596
Cost of products sold	854,624	856,013	857,657
Depreciation and depletion expense	45,490	61,357	91,812
Other expenses	137,547	137,547	137,547
Interest expense	15,888	15,888	15,888
Income before taxes and extraordinary item	86,047	68,791	36,692
Taxes on income	36,700	36,700	36,700
Earnings (Loss) before extraordinary item	$ 49,347	$ 32,091	$ (8)
Earnings per common share before extraordinary item	$ 3.01	$ 1.96	$ —
Gain from decline in purchasing power of net amounts owed		$ 4,208	$ 4,208
Effect of increase in general price level			$ 38,680
Increases in specific prices of inventories and property, plant and equipment held during the year			21,581
Excess of increase in the general price level over the increase in specific prices			$ 17,099
Stockholders' equity	$ 524,484	$ 951,314	$ 905,710

Five-Year Comparison of Selected Supplemental Financial Data Adjusted for Effects of Changing Prices (In Average 1983 Dollars)

	Year Ended December 31				
	1983	1982	1981	1980	1979
	(Thousands except per share amounts)				
Net sales and other revenues adjusted for general inflation	$1,139,596	$969,645	$1,074,921	$1,219,197	$1,424,934
Earnings (Loss) from continuing operations before extraordinary item:					
Adjusted for general inflation	32,091	(18,099)	6,823	51,686	93,051
Adjusted for changes in specific prices	(8)	(38,924)	(6,184)	37,814	84,700
Earnings (Loss) from continuing operations before extraordinary item per common share:					
Adjusted for general inflation	1.96	(1.14)	.43	3.12	5.64
Adjusted for changes in specific prices	—	(2.45)	(.38)	2.27	5.14
Excess of increase in the general price level over the specific prices of inventories and properties	17,099	(20,951)	(1,402)	53,962	61,214
Gain from decline in purchasing power of net amounts owed	4,208	6,871	5,807	283	194
Stockholders' equity at year-end:					
Adjusted for general inflation	951,314	935,032	1,012,760	1,045,461	1,091,392
Adjusted for changes in specific prices	905,710	911,700	956,504	997,360	1,033,230
Cash dividends declared per common share	1.52	1.52	1.61	1.63	1.67
Market price per common share at year-end	36.81	27.82	22.80	25.24	28.56
Average consumer price index	298.5	289.1	272.4	246.9	217.4

NATIONAL INTERGROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note P—Accounting for Inflation (Unaudited)

The statements on page 34 are the result of an experiment to present the effects of inflation on the value of the Corporation's assets and liabilities and on the purchasing power of the Corporation's earnings. The statement of income on page 34 compares the audited results with results restated in constant dollars by adjusting historical amounts for changes in the consumer price index (CPI) and also restatements in current dollars based on specific changes in price or cost of selected items.

Since net sales and most of the Corporation's expenses are incurred evenly during the year, no restatement of these items is required. Also, since the Corporation values most of its inventories on the LIFO basis, the "Cost of products sold" already reflects the impact of 1983's inflation. However, since some LIFO inventories were liquidated during the year, it has been necessary to restate those amounts to current cost.

Restatements of depreciation expense are based on the CPI index and specific construction cost indexes. Income tax credits remain unadjusted because the impacts of inflation are not reflected in present tax law.

Also shown in this statement is the theoretical "Gain from decline in purchasing power of net amounts owed." This calculation reflects the fact that, like many companies, the Corporation has monetary debts in excess of its monetary assets and that this net debt can be repaid in dollars with less purchasing power than in prior years.

The five-year comparison statement on page 34 uses the changes in the CPI to restate sales, cash dividends, and common stock prices in constant dollars over a five-year period in order to indicate the degree to which general inflation has affected changes in these items over time and forms the basis for indicating trends on these items in the future.

Major Raw Materials Statistics

	Iron Ore and Iron Ore Pellets (Gross Tons)	Metallurgical Coal (Gross Tons)	Limestone (Gross Tons)
Proven and probable reserves at December 31,			
1983	455,600,000	302,500,000	93,365,000
1982	460,000,000	365,000,000	95,100,000
1981	463,000,000	368,000,000	95,600,000
Production for the year			
1983	6,239,000	2,736,000	1,212,000
1982	4,359,000	2,886,000	889,000
1981	7,826,000	4,080,000	1,597,000
Average transfer price for finished product			
1983	$38.59GT	$40.66NT	$3.38GT
1982	$38.81GT	$49.57NT	$3.48GT
1981	$37.44GT	$49.11NT	$3.27GT

Investments accounted for by the equity method represented 48% in 1983, 70% in 1982 and 62% in 1981 of the production and 27% in 1983 and 1982 and 37% in 1981 of the reserves of iron ore and pellets. All of the above limestone data is represented by equity investments.

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

	1983	1982	1981	1980
Balance Sheet	549	546	545	544
Statement of Financial Position	39	42	43	45
Statement of Financial Condition	12	12	12	11
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

	1983	1982	1981	1980
Account form	302	320	333	358
Report form	294	276	263	235
Financial position form	4	4	4	7
Total Companies	**600**	**600**	**600**	**600**

TABLE 2-3: CASH—BALANCE SHEET CAPTIONS

	1983	1982	1981	1980
Cash	293	321	359	384
Cash and Equivalents	86	75	60	38
Cash includes certificates of deposit or time deposits	59	62	63	71
Cash combined with marketable securities	162	142	118	107
Total Companies	**600**	**600**	**600**	**600**

CASH

As shown in Table 2-3, many survey companies present the balance sheet caption *Cash* but, in recent years, the number of survey companies presenting such a balance sheet caption has decreased materially. Of the 162 companies showing a balance sheet caption combining cash and marketable securities, 66 disclosed separate amounts either parenthetically on the balance sheet or in a note to the financial statements. Thirty-five 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.

AFG INDUSTRIES, INC. (DEC)

	1983	1982
Current assets:		
Cash and temporary investments	$23,809,000	$ 37,768,000
Accounts and notes receivable (less allowance for doubtful accounts of $1,764,000 and $2,034,000)	33,318,000	31,781,000
Inventories	34,798,000	30,751,000
Prepaid expenses	687,000	359,000
Total current assets	92,612,000	100,659,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Cash and Temporary Investments

Cash and temporary investments include certificates of deposit totaling $22,028,000 and $37,498,000 at December 31, 1983 and 1982, respectively. Temporary investments are valued at cost, which approximates market.

AIR PRODUCTS AND CHEMICALS, INC. (SEP)

	1983	1982
	($000)	
Current Assets		
Cash and cash items	$23,564	$74,109
Short-term investments, at cost which approximates market	21,771	27,997

AMERADA HESS CORPORATION (DEC)

	1983	1982
	($000)	
CURRENT ASSETS		
Cash	$ 41,018	$ 56,460
Time deposits and certificates of deposit	57,655	35,156
Short-term marketable securities—at cost, which approximates market value	22,300	8,029
Accounts receivable		
Trade (less allowance for doubtful accounts of $2,736 in 1983 and $1,896 in 1982)	689,711	476,254
Other	40,721	31,012
Inventories	1,361,542	1,418,137
Prepaid expenses	86,990	77,785
Total current assets	2,299,937	2,102,833

ANCHOR HOCKING CORPORATION (DEC)

	1983	1982
Current assets:		
Cash, including time deposits of $26,400,000 in 1983	$ 44,199,000	$ 15,252,000
Marketable securities, at cost plus accrued interest (approximates market)	4,427,000	2,688,000
Accounts and notes receivable, less allowance for doubtful items of $3,546,000 (1982—$2,905,000)	78,746,000	98,525,000
Inventories:		
Raw materials and manufacturing supplies	33,944,000	36,323,000
Semi-finished and finished products	79,437,000	82,074,000
Deferred income taxes	8,741,000	4,656,000
Other current assets	5,424,000	11,732,000
Total current assets	254,918,000	251,250,000

THE BARDEN CORPORATION (OCT)

	1983	1982
Current Assets:		
Cash, including $6,000,000 (1983) and $3,000,000 (1982) of certificates of deposit	$6,578,457	$4,227,296
Temporary cash investments at cost (approximates market value)	7,816,414	6,568,399

BRUNSWICK CORPORATION (DEC)

	1983	1982
	($000)	
Current assets		
Cash, including bank time deposits of $56,246 and $13,886	$ 76,513	$ 31,981
Marketable securities, at cost, which approximates market	35,584	—
Accounts and notes receivable, less allowances of $12,567 and $12,785	116,021	127,512
Inventories	201,325	218,921
Prepaid income taxes	41,300	61,300
Prepaid expenses	6,778	7,628
Current assets	477,521	447,342

COMPUGRAPHIC CORPORATION (SEP)

	1983	1982
	($000)	
Current assets:		
Cash, including interest-bearing deposits of $16,006 in 1983 and $14,331 in 1982	$ 18,424	$ 16,986
Marketable securities, at cost which approximates market	26,808	7,755
Accounts receivable, less allowances of $2,997 in 1983 and $3,547 in 1982	48,063	58,926
Note receivable	4,000	—
Refundable federal income taxes	1,720	1,540
Current investment in sales-type leases, net	6,113	1,617
Inventories:		
Finished goods	22,980	21,409
Work-in-process	17,442	18,167
Purchased parts	24,545	26,127
Total inventories	64,967	65,703
Prepaid federal income taxes	5,946	3,292
Prepaid expenses and advances	7,425	4,834
Total current assets	183,466	160,653

DIGITAL EQUIPMENT CORPORATION (JUN)

	1983	1982
	($000)	
Current Assets		
Cash and temporary cash investments (Note D)	$ 556,209	$ 764,647
Accounts receivable, net of allowance of $29,299 and $26,651	1,125,037	807,559
Inventories (Note A):		
Raw materials	320,820	232,794
Work-in-process	557,509	381,806
Finished goods	475,501	522,838
Total Inventories	1,353,830	1,137,438
Prepaid expenses	38,484	38,392
Net deferred Federal and foreign income tax charges	127,799	131,503
Total Current Assets	3,201,359	2,879,539

Note D—Cash and Temporary Cash Investments

The Company's policy is to invest cash in income-producing temporary cash investments. Accordingly, uninvested cash balances are kept at minimum levels. Temporary cash investments are valued at cost, which approximates market, and principally include certificates of deposit and time deposits.

IPCO CORPORATION (JUN)

	1983	1982
	($000)	
Current Assets		
Cash (including certificates of deposit of $10,582,000 in 1983 and $2,200,000 in 1982).................	$13,675	$ 5,405
Accounts and notes receivable, less allowance for doubtful accounts of $1,750,000 in 1983 and $2,099,000 in 1982.................	15,708	14,414
Inventories	24,139	23,805
Prepaid expenses and other current assets	973	1,113
Total Current Assets................	54,495	44,737

MARTIN MARIETTA CORPORATION (DEC)

	1983	1982
	($000)	
Current Assets:		
Cash and short-term investments	$ 24,675	$ 25,494

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Investments Valuation: Short-term investments are carried at cost which approximates market value. Investments in all nonconsolidated subsidiaries and joint ventures and in associated companies are accounted for by the equity method wherever the Corporation is able to exercise significant influence over operating and financial matters. Other investments are carried at cost less valuation allowances where appropriate.

Note C: Cash and Short-term Investments

Cash and short-term investments are comprised principally of money market instruments of less than one-year maturity.

Cash in excess of operating requirements, including amounts required to fund the Corporation's outstanding checks when presented for payment, is invested in short-term instruments. As of December 31, book cash balances amounted to net overdrafts of $23,150,000 in 1983 and $30,640,000 in 1982, which are attributable to the float of the Corporation's outstanding checks.

MELVILLE CORPORATION (DEC)

	1983	1982
Current assets:		
Cash and short-term investments	$182,776,861	$122,365,483
Accounts receivable, net.........	52,755,331	31,871,578
Inventories	673,929,076	579,685,995
Prepaid expenses.................	24,341,639	13,820,753
Total current assets	933,802,907	747,743,809

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Short-Term Investments

Short-term investments are stated at cost which approximates market. Short-term investments of $139,182,981 at December 31, 1983 consisted entirely of U.S. Treasury securities. Short-term investments of $80,950,000 at December 31, 1982 consisted of U.S. Treasury securities of $65,050,000 and secured repurchase agreements of $15,900,000.

Accounts Receivable

Accounts receivable at December 31, 1983 and 1982 consisted of the following:

	1983	1982
Trade accounts.......................	$33,579,624	$20,394,255
Due from licensors	10,616,034	880,855
Other	10,005,740	12,340,572
	54,201,398	33,615,682
Less allowance for doubtful accounts.............................	1,446,067	1,744,104
	$52,755,331	$31,871,578

THE PENN TRAFFIC COMPANY (JAN)

	1984	1983
	($000)	
CURRENT ASSETS:		
Cash and short-term investments (Note 2)	$ 7,553	$10,535
Accounts and notes receivable (less allowance for doubtful accounts of $131,000 and $134,000, respectively)..................................	6,257	5,347
Inventories	27,397	23,628
Prepaid expenses.........................	1,192	1,789
	42,399	41,299

Note 2: Cash and Short-Term Investments:

Cash and short-term investments consisted of the following:

	January 28, 1984	January 29, 1983
	(In thousands)	
Cash on hand and demand deposits........	$3,979	$ 1,808
Temporary cash investments	3,574	8,727
	$7,553	$10,535

Short-term investments are stated at cost which approximates market value.

The Company does not maintain any significant formal or informal compensating balance arrangements with financial institutions.

TRIANGLE INDUSTRIES, INC. (DEC)

	1983	1982
Current assets		
Cash	$ 9,055,000	$ 6,621,000
Time deposits	20,000,000	—
Marketable securities	21,649,000	—
Notes and accounts receivable, less allowance for doubtful accounts (1983—$4,148,000; 1982—$2,932,000)	42,571,000	38,316,000
Refundable Federal income taxes	2,376,000	—
Inventories	50,624,000	47,578,000
Prepaid expenses and other current assets	732,000	770,000
Total current assets	147,007,000	93,285,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Marketable securities: Marketable securities are carried at cost which in the aggregate approximates market. The cost of marketable securities sold is determined in accordance with the specific identification method and realized gains and losses are recognized in operations.

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. Examples of marketable security presentations follow.

TABLE 2-4: MARKETABLE SECURITIES—VALUATION

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Cost				
Approximates market	255	254	251	251
No reference to market	21	20	23	22
Market value disclosed	3	5	4	14
Lower of cost or market	34	35	36	31
Market value	3	4	—	3

Cost Which Approximates Market

ACTION INDUSTRIES, INC. (JUN)

	1983	1982
Current Assets		
Cash	$ 231,099	$ 337,609
Short-term investments—at cost, which approximates market	13,387,186	—
Trade accounts receivable, less allowances for doubtful accounts and customer credits of $641,720 at June 25, 1983 and $791,000 at June 26, 1982	12,989,701	11,497,881
Refundable income taxes	—	454,520
Inventories:		
Merchandise held for resale	27,188,051	17,207,963
Work in process and raw materials	867,265	1,081,906
	28,055,316	18,289,869
Prepaid expenses	736,881	817,922
Total Current Assets	55,400,183	31,397,801

ANHEUSER-BUSCH COMPANIES, INC. (DEC)

	1983	1982
	(In millions)	
CURRENT ASSETS:		
Cash (including certificates of deposit of $20.9 in 1983 and $8.1 in 1982)	$ 32.6	$ 21.5
Marketable securities, at cost which approximates market	185.8	—
Accounts and notes receivable, less allowance for doubtful accounts of $2.9 in 1983 and $2.7 in 1982	283.6	243.5
Inventories—		
Raw materials and supplies	196.5	197.5
Work in process	61.1	67.9
Finished goods	41.2	42.4
Other current assets	96.8	119.0
Total current assets	897.6	691.8

BARRY WRIGHT CORPORATION (DEC)

	1983	1982
	(Dollars in thousands)	
Current Assets		
Cash	$ 2,222	$ 1,596
Short-term investments (Note C)	25,254	17,610
Accounts receivable, less allowances of $463 and $483 for doubtful accounts	30,375	23,062
Inventories		
Finished products	4,975	5,526
Work in process and subassemblies	11,247	10,685
Raw materials and supplies	3,479	2,490
	19,701	18,701
Prepaid expenses	994	739
Total Current Assets	78,546	61,708

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part) Accounting Policies

Short-term investments are carried at cost which approximates market.

Note C: Short-Term Investments

Short-term investments consist of the following:

December 31	1983	1982
	(Dollars in thousands)	
Time and certificates of deposit	$16,009	$ 9,150
Bankers acceptances and commercial paper	7,939	4,763
Money market funds	1,306	1,697
Adjustable rate preferred stock		2,000
	$25,254	$17,610

FAFCO, INC. (DEC)

	1982	1983
Current Assets:		
Cash	$ 277,200	$ 110,000
Short-term investments	882,700	378,700
Accounts receivable, less allowance for doubtful accounts of $190,000 in 1982 and $112,100 in 1983	1,202,400	948,300
Current portion of long-term notes receivable	234,000	
Inventories	898,700	961,700
Income taxes recoverable	838,400	
Prepaid expenses	130,500	54,000
Total current assets	4,463,900	2,452,700

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Short-Term Investments

At December 31, 1983, short-term investments consisted of funds deposited in money market funds with variable interest rates. These investments are stated at cost which approximates market value.

CPC INTERNATIONAL INC. (DEC)

	1983	1982
	($ Millions)	
Current assets		
Cash	$ 32.1	$ 50.1
Temporary investments at cost (approximates market)	34.3	15.1
Notes and accounts receivable:		
Notes and drafts receivable	16.6	15.5
Accounts receivable—trade	375.1	358.6
—other	60.7	58.1
Allowances for doubtful accounts	(10.5)	(10.6)
Inventories:		
Finished and in process	306.3	307.1
Raw materials	143.8	152.0
Manufacturing supplies and mechanical stores	73.9	75.4
Prepaid expenses	10.9	12.5
Total current assets	1,043.2	1,033.8

INFOTRON SYSTEMS CORPORATION (DEC)

	1983	1982
Current Assets:		
Cash and cash equivalents	$ 2,886,000	$ 613,000
United States Treasury bills (Note 1)	13,366,000	—
Accounts receivable, net of allowance for doubtful accounts of $558,000 in 1983 and $220,000 in 1982	12,819,000	7,660,000

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

United States Treasury bills: United States Treasury bills, including accrued interest of $399,000, are carried at cost which approximates market value. The entire amount accrues interest at a weighted average rate of 9.1% with terms varying from daily to 12 months.

LYNCH CORPORATION (DEC)

	1983	1982
CURRENT ASSETS		
Cash	$ 347,101	$ 305,915
Short-term investments	8,636,073	8,516,394
Trade accounts receivable, less allowances of $36,000 in 1983 and $45,000 in 1982	2,156,274	1,333,286
Other accounts receivable	408,149	662,391
Inventories		
Raw material and supplies	678,090	686,396
Work in process	640,489	632,372
Finished goods	1,503,833	1,692,331
	2,822,412	3,011,099
Deferred income taxes	370,000	440,000
Prepaid expenses	101,320	90,601
TOTAL CURRENT ASSETS	14,841,239	14,359,686

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Note A) Accounting and Reporting Policies

Short-Term Investments: Short-term investments consist principally of certificates of deposit, U.S. Treasury obligations and commercial paper and are stated at cost plus accrued interest, which approximates market.

McDERMOTT INTERNATIONAL, INC. (MAR)

	1983	1982
	(In thousands)	
Current Assets:		
Cash	$ 12,746	$ 26,865
Short-term investments, principally time deposits at cost which approximates market	130,812	507,594

MOSINEE PAPER CORPORATION (DEC)

	1983	1982
Current assets:		
Cash	$ 1,072,137	$ 464,851
Short term investments	9,407,264	13,416,394
Receivables:		
Trade accounts, less allowances of $892,000 (1983), $75,000 (1982)	12,128,914	5,672,748
Other	199,275	1,248,566
Inventories	23,742,592	9,846,395
Other current assets	1,340,659	634,242
Total current assets	47,890,841	31,283,196

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3—Short Term Investments

Short term investments consist principally of interest bearing certificates of deposit, commercial paper, and United States government obligations scheduled to mature within one year. All such investments are stated at cost which approximates market.

THE PROCTER & GAMBLE COMPANY (JUN)

	1983	1982
	($ Millions)	
CURRENT ASSETS		
Cash	$ 23	$ 14
Marketable securities	917	564

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Marketable Securities: Substantially all of the marketable securities are government and corporate debt instruments which are carried at cost which approximates market.

NORTON COMPANY (DEC)

	1983	1982
	(In thousands)	
Current assets:		
Cash	$ 8,830	$ 7,715
Marketable securities, at cost which approximates market (Note 7)	130,694	36,480

Note 7: Marketable Securities

Marketable securities at December 31, 1983 consist of the following (in thousands):

Description	Principal	Cost	Market Value
Securities of the United States government and its agencies	$ 85,306	$ 85,605	$ 85,525
Certificates of deposit	28,544	28,716	28,719
Commercial paper	6,500	6,452	6,450
Obligations of U.S. municipal governments	5,000	5,049	5,011
Other	4,872	4,872	4,872
	$130,222	$130,694	$130,577

SCHLUMBERGER LIMITED (DEC)

	1983	1982
	(in thousands)	
CURRENT ASSETS		
Cash	$ 21,564	$ 20,267
Short-term investments	3,167,077	2,302,316
Receivables less allowance for doubtful accounts (1983 — $27,083; 1982 — $32,327)	1,089,599	1,125,981
Inventories	602,330	676,095
Other current assets	73,181	89,549
	4,953,751	4,214,208

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies (in part)

Short-Term Investments

Short-term investments are stated at cost plus accrued interest, which approximates market, and comprised mainly U.S. dollar time deposits and U.S. Government obligations.

SYKES DATATRONICS, INC. (FEB)

	1983	1982
Current Assets:		
Cash	$ 373,038	$ 491,236
Short-term investments (Note 1)	1,550,000	2,893,985

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Short-Term Investments: Short-term investments are stated at cost, which approximates market value, and consist of investments in bank Repurchase Agreements in fiscal 1983 and United States Treasury Bills in fiscal 1982.

WESTMORELAND COMPANY (DEC)

	1983	1982
	(in thousands)	
Current Assets:		
Cash	$ 7,693	$ 4,706
Short-term investments	36,305	20,055
Receivables:		
Coal sales	49,207	49,729
Merchandise sales	4,712	5,763
Other	3,335	2,489
	57,254	57,981
Less allowance for doubtful accounts	494	1,237
	56,760	56,744
Inventories:		
Mine supplies	17,057	19,138
Coal	8,035	14,347
Merchandise	5,857	6,737
	30,949	40,232
Other current assets	2,016	1,121
Total current assets	133,723	122,858

Summary of Significant Accounting Policies

Short-Term Investments

Short-term investments consist of Eurodollar time deposits and repurchase agreements carried at cost which approximates market value.

Lower of Cost or Market

PHILIP A. HUNT CHEMICAL CORPORATION (DEC)

	1983	1982
	($000)	
Current assets		
Cash and marketable securities	$ 9,883	$10,718

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Cash and Marketable Securities

(in thousands of dollars)	December 31, 1983	January 1, 1983
Cash and equivalents	$ 1,350	$ 4,874
Commercial paper	3,450	3,872
Other marketable securities	5,083	1,972
Total	$ 9,883	$10,718

Commercial paper and marketable securities are stated at the lower of cost or market. Dividend and interest income are accrued as earned.

INTERNATIONAL BUSINESS MACHINES CORPORATION (DEC)

	1983	1982
	(Dollars in millions)	
Current Assets:		
Cash	$ 616	$ 405
Marketable securities, at lower of cost or market	4,920	2,895

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Marketable Securities

(Dollars in millions)	December 31, 1983	December 31, 1982
U.S. Government securities	$1,745	$1,167
Time deposits and other bank obligations	2,314	1,388
Non-U.S. government securities and other fixed-term obligations	861	340
Total	$4,920	$2,895
Market value	$4,929	$2,899

LAMAUR INC. (DEC)

	1983	1982
	($000)	
Current Assets		
Cash and short-term investments	$ 3,696	$ 7,337
Marketable securities	3,296	—
Receivables (less allowances of $265)	13,919	10,657
Inventories	5,419	3,558
Other current assets	193	374
Total Current Assets	26,523	21,926

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. Marketable Securities

Marketable securities are stated at the lower of cost or market at the balance sheet date and consist of mutual funds. Dividends are accrued as earned. The aggregate cost of the marketable securities was $3,337,000 at December 31, 1983.

THE WILLIAMS COMPANIES (DEC)

	1983	1982
	(Millions)	
Current assets:		
Cash and short-term investments (Note 4)	$ 78.4	$197.2
Receivables less allowance of $3.2 ($2.6 in 1982)	513.5	145.6
Inventories	347.6	246.8
Other	36.7	5.8
Total current assets	976.2	595.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Investments: Current and noncurrent portfolios of marketable equity securities are each carried at the lower of cost or aggregate market. Changes in market value of current marketable equity securities are reflected in income while changes in the valuation allowance, which reduces the carrying amount of noncurrent securities to market, are charged or credited directly to stockholders' equity. Other investments, including those carried in current assets but excluding companies accounted for under the equity method of accounting, are carried at cost. Interest and dividends are recorded on the accrual basis. Realized gain or loss is recognized based on first-in, first-out cost upon disposition of securities.

4 (in part): Investing activities

(Millions)	1983	1982
Cash and short-term investments:		
Cash	$36.3	$ 20.6
Cash equivalents	26.4	172.4
Marketable equity securities, at lower of cost or market*	15.7	4.2
Total cash and short-term investments	$78.4	$197.2

*Carried at market in 1983 (cost $16.5 million) and cost in 1982 (market $7.4 million); difference represents gross unrealized losses and gains, respectively.

THE PITTSTON COMPANY (DEC)

	1983	1982
	(In thousands)	
Current Assets:		
Cash	$ 24,947	23,833
Short-term investments (Note 2)	27,693	8,462
Accounts receivable:		
Trade	194,670	248,899
Other	12,003	9,047
	206,673	257,946
Less estimated amount uncollectible	4,665	3,986
	202,008	253,960
Inventories:		
Coal	28,834	49,188
Other	11,968	13,574
	40,802	62,762
Prepaid expenses	5,769	7,560
Net current assets of discontinued operations	—	54,797
Total Current Assets	301,219	411,374

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Short-Term Investments: Short-term investments are carried at the lower of cost or market value.

Note 2: Short-Term Investments

Consist of the following:

	As of December 31	
	1983	1982
	(In thousands)	
Marketable equity securities, at market (cost $867,000 in 1983 and 1982)	$ 688	743
Other investments:		
Certificates of deposit and time deposits	1,164	1,825
U.S. Government obligations acquired under repurchase agreements	19,400	4,250
Canadian Treasury Bills	5,519	—
Private Export Funding Corporation obligations	922	1,644
Total Short-Term Investments	$27,693	8,462

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

ACF INDUSTRIES, INCORPORATED (DEC)

	1983	1982	1981
	(Dollars in thousands)		
Current Assets:			
Cash	$ 14,507	$ 13,108	$ 12,012
Marketable securities	—	—	9,881
Receivables—less allowance for doubtful accounts of $2,514 (1982—$2,684; 1981—$1,990)	82,639	86,930	130,856
Refundable income taxes	5,997	3,912	—
Inventories:			
Raw materials and supplies	48,607	51,511	88,705
Work-in-process	38,120	42,417	77,512
Finished goods	111,307	119,639	106,032
	198,034	213,567	272,249
Prepaid expenses	4,678	8,246	5,143
Total current assets	305,855	325,763	430,141

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Estimated Tax Expense (Credit)

In 1983 the Company recognized $1,189,000 (14 cents per share) of tax benefits of operating loss carryforwards of certain foreign operations. At December 31, 1983 the Company has approximately $2,000,000 of additional foreign operating loss carryforwards to offset future income, the tax benefits of which have no expiration dates.

In 1983 the Company incurred a domestic tax loss which gave rise to a refund claim of $5,997,000. In addition, $14,987,000 of investment tax credits, $680,000 of foreign income tax credits and $900,000 of statutory depletion tax

TABLE 2-5: CURRENT RECEIVABLES

	1983	1982	1981	1980
Trade Receivable Captions				
Accounts receivable	207	199	199	209
Receivables	162	152	155	153
Accounts and notes receivable	118	112	121	128
Trade accounts receivable	113	137	125	110
Total Companies	**600**	**600**	**600**	**600**
Receivables Other Than Trade Receivables		**Number of Companies**		
Tax refund claims	91	112	71	51
Contracts	64	47	48	31
Investees	35	36	35	37
Installment notes or accounts	20	20	18	19
Employees	10	7	5	N/C
Sale of Assets	9	6	5	N/C

N/C—Not Compiled.

benefits have been carried forward for tax purposes. The investment tax credits will expire as follows: $2,531,000 by 1995, $4,416,000 by 1996, $5,672,000 by 1997 and $2,368,000 by 1998. Foreign income tax credits expire in 1988. Depletion can be carried forward indefinitely. For accounting purposes, $16,567,000 of deferred tax credits have been eliminated by the Company. These deferred tax credits will be reinstated to the extent the respective tax benefit carryovers are utilized.

It is the policy of the Company not to accrue U.S. income taxes on earnings of international subsidiaries since such earnings are expected to be permanently reinvested.

INGERSOLL-RAND COMPANY (DEC)

	1983	1982
	($000)	
Current assets:		
Cash	$ 26,904	$ 27,167
Short-term securities, cost which approximates market	193,766	56,656
Refundable income taxes	66,000	28,000
Accounts and notes receivable, less allowance for doubtful accounts of $15,968 in 1983 and $13,805 in 1982	497,757	580,643
Inventories	700,362	856,360
Prepaid expenses	18,705	22,162
	1,503,494	1,570,988

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Income Taxes:

Deferred income taxes are provided in recognition of timing differences between financial and tax reporting of income and expense items. Deferred tax provisions relating to foreign timing differences amounted to a reduction of $312,000 and $2,199,000 in 1983 and 1981, respectively, and an increase of $408,000 in 1982. Refundable income taxes in the consolidated balance sheet result principally from the carryback of the 1983 net tax loss, refunds relating to an unconsolidated subsidiary and refunds of estimated tax payments. The (benefit) provision for income taxes is less than the amount of income tax determined by applying the applicable U.S. statutory income tax rate to pretax (loss) earnings as a result of the following differences:

Contracts

DOVER CORPORATION (DEC)

	1983	1982
Current assets:		
Cash and cash equivalents	$ 85,407,026	$ 85,316,914
Receivables (less allowance for doubtful accounts of $5,671,880 in 1983 and $4,485,077 in 1982)	182,590,489	169,285,183
Inventories	148,993,937	137,576,568
Prepaid expenses	3,902,470	3,714,504
Total current assets	420,893,922	395,893,169

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Accounts Receivable:

Accounts receivable include retainage which has been billed, but which is not due pursuant to retainage provisions in elevator construction contracts until completion of performance and acceptance by the customer. This retainage aggregated $18,324,000 at December 31, 1983, and $21,634,000 at December 31, 1982. Substantially all retained balances are collectible within one year.

MORTON THIOKOL, INC. (JUN)

	1983	1982
	($000)	
Current Assets		
Cash	$ 4,705	$ 524
Short-term investments	11,078	306,534
Receivables	222,681	101,855
Inventories	195,359	86,221
Prepaid expenses	14,024	20,613
Total Current Assets	447,847	515,747

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sales and Receivables

Sales to commercial customers are recorded upon shipment of products. Sales of the Aerospace Group segment under cost-type contracts are recognized as costs are incurred and include a proportion of the earnings expected to be realized in the ratio that costs incurred bear to estimated total costs, while sales under fixed-price-type contracts are recognized generally when deliveries are made or work is performed. Cost or performance incentives are incorporated in certain contracts and are recognized when awards are earned or penalties are incurred. Provisions for estimated losses on contracts are recorded when identified.

The components of receivables are as follows:

(in thousands)	June 30 1983	1982
Receivables under U.S. Government contracts and subcontracts:		
Amounts billed	$ 26,880	$ —
Recoverable costs and accrued profits not billed	15,937	—
Amounts withheld, due upon completion of contracts	15,707	—
Total receivables under U.S. Government contracts and subcontracts	58,524	—
Commercial receivables	158,921	97,830
Less allowances for uncollectable receivables	(5,212)	(2,900)
Other current receivables	10,448	6,925
Totals	$222,681	$101,855

Recoverable costs and accrued profits not billed will be billed on the basis of contract terms and delivery schedules.

Cost and incentive-type contracts and subcontracts are subject to Government audit and review. It is not anticipated that refunds, if any, with respect to determination of reimbursability of costs under cost or incentive-type contracts and subcontracts, will have a material effect on the Company's income or financial position as reported through June 30, 1983.

U.S. Government contracts and subcontracts are by their terms subject to termination by the Government or the prime contractor either for convenience or for default. The Company does not have any of its major contracts and subcontracts in a termination status.

STERLING DRUG, INC. (DEC)

	1983	1982
	($000)	
Current Assets:		
Cash	$ 20,530	$ 15,424
Short-term investments	313,427	213,093
Accounts receivable	357,989	325,643
Inventories	284,937	302,324
Prepaid expenses	54,436	59,087
Total Current Assets	1,031,319	915,571

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable

(in thousands of dollars)	December 31, 1983	1982
Trade receivables	$333,258	$306,067
Non-trade receivables	29,746	24,865
Contract receivables	17,528	18,160
Allowance for doubtful accounts and sales returns	(22,543)	(23,449)
	$357,989	$325,643

Included in trade receivables at December 31, 1983 and 1982 are retainages under various contracts of $1,471,000 and $4,833,000, respectively. Contract receivables represent recoverable costs and profits relating to long-term contracts which are not complete.

UMC INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Current Assets		
Cash	$ 3,335	$ 2,246
Short-term investments, at cost (approximates market)	16,308	12,626
Notes and accounts receivable, less allowances of $1,177 in 1983 and $1,334 in 1982	49,290	48,796
Inventories	53,515	56,801
Prepaid expenses, including deferred income taxes	6,517	6,996
Total current assets	128,965	127,465

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 $12,359,000 at December 31, 1983 and $11,179,000 at December 31, 1982 of which approximately 93% and 82%, respectively, were attributable to U.S. Government contracts. Accounts receivable includes unreimbursed costs and accrued profits to be billed of $8,211,000 and $5,201,000 at December 31, 1983 and 1982, respectively. Long-term contract inventories, net of progress payments of $2,843,000 and $4,123,000, amounted to $4,568,000 and $2,354,000 at December 31, 1983 and 1982, respectively, and include general and administrative expenses relating to U.S. Government contracts of $862,000 and $789,000, respectively.

Receivables from Investees

CORNING GLASS WORKS

	1983	1982
	($ Millions)	
Current Assets		
Cash	$ 32.0	$ 25.4
Short-term investments, at cost, which approximates market value	109.1	80.1
Accounts receivable, net of doubtful accounts and allowances—$16.8/1983; $16.6/1982	226.9	237.8
Notes receivable	24.5	79.7
Inventories	229.5	212.3
Prepaid expenses including deferred taxes on income	79.9	49.0
Total current assets	701.9	684.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Investments

Amounts due from affiliated companies, included in receivables in the Consolidated Balance Sheets, were approximately $13 million and $17 million at January 1, 1984, and January 2, 1983, respectively.

FEDERATED DEPARTMENT STORES, INC. (JAN)

	1984	1983
	($000)	
Current Assets:		
Cash	$ 64,505	$ 54,634
Accounts receivable	1,427,220	1,266,194
Merchandise inventories	1,128,476	943,932
Supplies and prepaid expenses	35,729	35,095
Total Current Assets	2,655,930	2,299,855

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Accounts Receivable

Accounts receivable include:

(millions)	January 28, 1984	January 29, 1983
Due from customers:		
30-day	$ 91.5	$ 91.0
Deferred payment	1,308.1	1,156.8
Other	86.8	73.7
Gross receivables	1,486.4	1,321.5
Less:		
Allowance for doubtful accounts	30.9	27.4
Deferred service charges	6.2	5.9
Accounts sold to finance subsidiary less company's equity	171.2	171.1
	208.3	204.4
	1,278.1	1,117.1
Due from finance subsidiary	149.1	149.1
Net receivables	$1,427.2	$1,266.2
Allowance for doubtful accounts as % of gross receivables	2.1%	2.1%

Sales through credit plans of Federated divisions in 1983 rose to $3.5 billion, up 10.6% from 1982. The sales for 1982 had increased 7.3% from 1981 and sales for 1981 had increased 14.4% from 1980.

Finance charge revenues, which are included in net sales in the Consolidated Statement of Income, amounted to $176.2 million in 1983, $153.9 million in 1982 and $125.0 million in 1981.

CELANESE CORPORATION (DEC)

	1982	1983
	(millions)	
Current assets:		
Cash and marketable securities	$ 104	$ 196
Receivables (note D)	454	438
Inventories	420	445
Prepaid expenses	9	17
Total current assets	987	1,096

NOTES (MILLIONS, EXCEPT PER SHARE)

D. Receivables

	1982	1983
Trade	$351	$412
Affiliates	9	4
Income tax refund	66	—
Other	57	48
Sub-total	483	464
Less: Allowance for doubtful accounts	(29)	(26)
Total receivables	$454	$438

Installment Receivables

NCR CORPORATION (DEC)

	1983	1982
	(000 omitted)	
Current assets		
Cash and short-term investments	$516,941	$411,924
Accounts receivable, net	910,690	934,841

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6—Accounts Receivable.

Accounts receivable consisted of the following amounts:

	December 31 1983	1982
	(000 omitted)	
Accounts receivable	$691,446	$671,205
Installment accounts	306,462	355,732
Less unearned financing income	46,887	52,087
	259,575	303,645
	951,021	974,850
Less allowance for doubtful accounts	40,331	40,009
	$910,690	$934,841

Installment accounts included receivables due after one year of $131,400,000 in 1983 and $192,100,000 in 1982. At December 31, 1983, interest rates on installment accounts generally ranged from 5% to 18%.

Due From Factor

SPENCER COMPANIES, INC. (MAY)

	1983	1982
Current assets:		
Cash, and short-term investments of $600,000 in 1983 and $125,000 in 1982	$ 1,227,901	$ 2,020,526
Cash from leased departments received in June	690,682	795,810
Due from factor without recourse, net (Note 2)	1,120,979	198,889
Marketable securities, at cost	135,345	390,273
Accounts and notes receivable, net (Note 4)	1,493,351	1,464,930
Income taxes recoverable and refundable	345,000	1,263,500
Inventories	18,994,008	20,141,818
Prepaid expenses	255,757	263,600
Total current assets	24,263,023	26,539,346

Note 2. Due from Factor Without Recourse

	1983	1982
Due from factor without recourse	$1,412,873	$483,167
Less—allowance for returns, allowances and discounts	(291,894)	(284,278)
	$1,120,979	$198,889

One of the Company's subsidiaries sells substantially all its accounts receivable to a factor. Interest at 1¾% above prime is charged for the period between the factor's disbursement of funds and the liquidation date of the accounts.

Note 4. Accounts and Notes Receivable

	1983	1982
Customers—trade	$ 771,710	$ 923,906
Leased departments and miscellaneous	561,228	394,734
Current portion of long-term receivables	45,254	45,358
Notes receivable	118,750	117,930
	1,496,942	1,481,928
Less—allowance for bad debts and discounts	(3,591)	(16,998)
	$1,493,351	$1,464,930

Sale of Assets

HELDOR INDUSTRIES, INC. (OCT)

	1983	1982
Current assets:		
Cash	$ 467,000	$ 907,000
Notes receivable	1,493,000	—
Accounts receivable, less allowance for doubtful accounts of $840,000 in 1983 and $1,235,000 in 1982	9,074,000	6,131,000
Inventories	24,427,000	26,530,000
Income taxes recoverable	809,000	1,895,000
Other current assets	712,000	224,000
Total current assets	36,982,000	35,687,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 (in part): Property, Plant and Equipment

In October, 1983, the Company sold the former headquarters and manufacturing facility in Richardson, Texas. The gain on the sale of $1,849,000 is included in other income. The proceeds were received on an installment basis in October and November, 1983, thus the balance due at October 31, 1983 of $1,493,000 is shown as notes receivable on the balance sheet. Due to recording the Richardson Industries, Inc. acquisition by the purchase method of accounting, the book value of the property was reduced to zero.

ICOT CORPORATION (JUL)

	1983	1982
	(In thousands)	
Current Assets:		
Cash and cash investments	$ 4,473	$ 85
Trade accounts receivable (less allowance of $76,000 in 1983 and $12,000 in 1982)	2,025	3,673
Receivable from sale of product line	2,800	—
Inventories		
Finished goods	1,870	1,117
Work in process	1,277	1,268
Purchased and service parts	1,387	4,837
Other	734	455
Total Current Assets	14,566	11,435

NOTES TO FINANCIAL STATEMENTS

Note 3: Sale of Micrographic Product Line

During 1983, the Company sold the net assets of its micrographic equipment product line and related service operations for $2,800,000 which was received subsequent to year end. The Company incurred a loss of $2,799,000 on the transaction. Net sales related to the micrographic equipment product line were approximately $7,878,000 in 1983, $12,090,000 in 1982 and $15,930,000 in 1981.

Pension Plan Termination

BOBBIE BROOKS, INCORPORATED (APR)

	1983	1982
	($000)	
Current assets:		
Cash	$ 501	$ 1,465
Short-term investments	187	—
Receivable from pension plan (Note 4)	5,336	—
Due from factor	8,360	3,064
Accounts receivable, net of allowance for doubtful accounts of $613 in 1982	147	3,331
Inventories	9,804	19,805
Advances to suppliers	933	4,780
Prepaid expenses and other current assets	1,365	2,484
Total current assets	26,633	34,929

Note 4 (in part): Pension Plans

During fiscal 1983, management of the Company terminated the Bobbie Brooks Retirement Plan which covered certain salaried and commission basis employees. The Company has received all necessary approvals.

Because of the termination of the Plan, the accumulated benefits of all participants have become fully vested. The trustee of the Plan has purchased annuity contracts which provide for the payment of the accumulated benefits to the participants. The remaining assets of the Plan which had an estimated realizable value of $5,336,000 as of April 30, 1983, will be refunded to the Company.

MATTEL, INC. (JAN)

	1984	1983
	($000)	
Current Assets		
Cash	$168,500	$ 17,628
Accounts receivable, less allowance of $7,915,000 in 1984 and $16,800,000 in 1983	72,261	238,474
Inventories	79,499	265,840
Refundable Federal income taxes	24,600	—
Receivable from pension plan termination	12,000	—
Net assets of discontinued operations	168,180	—
Prepaid expenses and other current assets	10,723	32,375
Deferred income tax benefits	16,465	39,262
Total current assets	552,228	593,579

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 (in part): Employee Benefits

Recent tax regulations have resulted in favorable tax treatment for certain employee contributions to defined contribution pension plans. In connection therewith, the Company restructured its benefit plans for domestic employees not covered by collective bargaining agreements effective October 31, 1983. The pension plan for domestic salaried employees was terminated and replaced by a defined contribution Mattel Personal Investment Plan. Under the Personal Investment Plan, the Company contributes to a trust based upon specified percentages of employee compensation and a matching percentage for employee voluntary contributions. The fiscal 1984 cost of the new plan, attributable to continuing operations and covering the three months since inception, was $1.3 million.

Accumulated plan benefits and plan net assets for the Company's continuing domestic hourly pension plan determined as of January 1, 1984 and 1983, respectively are presented below:

(In thousands)	1984	1983
Actuarial present value of accumulated plan benefits—		
Vested	$5,193	$4,894
Non-vested	176	161
	$5,369	$5,055
Market value of assets available for benefits	$4,415	$3,731

The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7 percent.

Upon termination of the Salaried Pension Plan all participants became fully vested and entitled to receive their plan benefits. The Company has received regulatory approval of the Pension Benefit Guaranty Corporation and the Internal Revenue Service for discontinuance of this plan. Salaried pension plan assets in excess of vested benefits are approximately $12 million; and, upon liquidation of the Salaried Pension Plan assets, the Company will receive a cash payment of the overfunding. This pension refund, along with the reversal of accrued pension liabilities, resulted in a $9.4 million extraordinary gain, net of an income tax provision of $8.6 million.

Insurance Claims

TOSCO CORPORATION (DEC)

	1983	1982
	($000)	
Current assets		
Cash and equivalents	$ 16,949	$ 60,763
Trade accounts receivable, less allowance for uncollectibles of $4,180,000 (1983) and $3,017,000 (1982)	99,481	183,312
Insurance claim receivable	47,337	
Miscellaneous receivables	5,341	11,464
Income taxes receivable	54,162	
Inventories	76,571	293,412
Prepaid expenses and other assets	16,402	19,114
Total current assets	316,243	568,065

NOTES TO FINANCIAL STATEMENTS

20. Insurance Claims

In January, 1984, Tosco settled its property damage and business interruption claims with its insurance carriers. The claims resulted from the April 7, 1983 fire to the Avon fluid catalytic cracking (FCC) unit and, in a separate incident, the April 1983 power outage to the Avon coker unit. The coker unit resumed service in the second quarter. The FCC unit, which resumed service in late August resulted in significant loss of gasoline production which was not fully insured because of the normal deductible provisions of Tosco's business interruption insurance. In the fourth quarter of 1983, Tosco accrued, in addition to amounts previously recorded, $6.2 million of business interruptions proceeds pursuant to the final settlement agreement with its insurance carriers.

RECEIVABLES USED FOR FINANCING

Table 2-6 shows that the 1983 annual reports of 121 survey companies disclosed either the sale of receivables or the pledging of receivables as collateral. The reporting and disclosure requirements of FASB *Statement of Financial Accounting Standards No. 77* apply to receivables sold with recourse after December 31, 1983.

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 to Independent Entities

FABRI-CENTERS OF AMERICAS, INC. (JAN)

	1984	1983
Current Assets:		
Cash and cash equivalents	$ 7,455	$ 5,741
Trade receivables, less allowances of $249 and $281, respectively (Note 9)	1,480	4,073
Merchandise inventories, at the lower of first-in, first-out cost or market	58,454	51,967
Prepaid expenses	1,313	1,296
Total current assets	68,702	63,077

Note 9. Accounts Receivable:

Effective November 27, 1983, the Company discontinued extending credit under its private label charge program to substantially all of its customers. In connection therewith, in November, 1983, the Company received $2,900,000 for the sale of $3,200,000 of its accounts receivable to a bank. The sale agreement provides for the repurchase by the Company of certain receivables which become delinquent subsequent to the date of sale. As of January 28, 1984, $2,114,000 of the receivables sold to the bank remain uncollected.

THE BF GOODRICH COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Note T (in part): Commitments and Contingencies

In December 1983, Goodrich sold $75.0 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.

TABLE 2-6: RECEIVABLES USED FOR FINANCING

	1983	1982	1981	1980
Receivables sold to finance subsidiary	57	63	53	50
Receivables sold to independent entity	39	33	39	35
Receivables used as collateral	34	26	22	25
Total References	**130**	**122**	**114**	**110**
Reference to receivable financing	121	112	108	102
No reference to receivable financing	479	488	492	498
Total Companies	**600**	**600**	**600**	**600**

THE RYMER COMPANY (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Receivables

Receivables are net of an allowance for doubtful accounts of $1,013,000 in 1983 and $165,000 in 1982.

Certain receivables were sold in conjunction with the disposal of businesses which the Company must repurchase if not collected by June, 1984. At October 29, 1983, the Company was contingently liable for $682,000 of such receivables.

UNITED STATES STEEL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Commitments and Other Contingencies

Contract commitments for capital expenditures for property, plant and equipment totaled $691 million at December 31, 1983, and $604 million at December 31, 1982.

Guarantees by the Corporation of the liabilities of other companies totaled $871 million at December 31, 1983, and $870 million at December 31, 1982. The respective 1983 and 1982 amounts include guarantees of the debt of unconsolidated leasing and finance subsidiaries of $323 million and $350 million and the pro rata share of obligations of affiliates secured by throughput and deficiency agreements of $285 million and $287 million.

The Department of Energy, as a result of continuous audits of Marathon's records since 1974, has alleged violations aggregating approximately $370 million, plus interest. The Corporation believes it substantially complied with the Department's regulations. The Corporation is also the subject of, or a party to, a number of pending or threatened legal actions involving a variety of matters. In the opinion of management, any ultimate liability arising from these actions to the extent not otherwise provided for, should not have a material adverse effect on the Corporation's consolidated financial position.

Marathon sells certain of its accounts receivable to financial institutions. These accounts receivable sold are transferred subject to defined recourse provisions. Marathon collects the proceeds from the accounts receivable and collection transfers are made in accordance with provisions of the agreements. 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, 1983, and December 31, 1982, amounted to $260 million and $417 million, respectively, of which $173 million and $304 million, respectively, were subject to recourse.

TONKA CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note C—Sale of Accounts Receivable

In December 1983, accounts receivable of approximately $14,558,000 were sold to a bank under an agreement without recourse which provided for replacement in certain circumstances. Net proceeds to the Company were approximately $14,306,000.

Receivables Sold to Finance Subsidiary

CHICAGO PNEUMATIC TOOL COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments in Companies Not Consolidated (in part)

Finance Subsidiary: The Chicago Pneumatic Credit Corporation is a wholly-owned domestic finance subsidiary. The finance subsidiary purchases receivables arising from sales of Company products. In addition, through its wholly-owned subsidiary, Mechanics Acceptance Corp., it also purchases receivables from MATCO and finances purchase contracts of the end-user mechanics. Purchases of receivables amounted to $20,794,000 in 1983, $29,819,000 in 1982, and $24,125,000 in 1981. During 1983 the finance company accrued $1,018,000 (1982—$2,390,000, 1981—$1,765,000) of interest income from the Company. Revenues amounted to $4,643,000 in 1983, $5,51ᴦ.000 in 1982, and $3,714,000 in 1981. Amounts due from the Company were $2,297,000 at December 30, 1983 and $2,812,000 at December 31, 1982. The Company was contingently liable for $26,231,000 and $24,150,000 of the finance subsidiary's receivables at December 30, 1983 and December 31, 1982, respectively. Amounts due from the Company are currently settled on a monthly basis.

THE GOODYEAR TIRE & RUBBER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Accounts and Notes Receivable

(In millions)	1983	1982
Accounts and notes receivable	$1,833.3	$1,799.5
Less:		
Allowance for doubtful accounts	36.3	47.0
Receivables sold to Goodyear Financial Corporation, less 5% holdback	269.6	320.8
	$1,527.4	$1,431.7
Long term accounts and notes receivable	$ 55.7	$ 39.5
Less allowance for doubtful accounts	5.0	5.0
	$ 50.7	$ 34.5

Goodyear Financial Corporation

Goodyear Financial Corporation (GFC), a wholly-owned subsidiary, purchases certain receivables from Goodyear and its domestic subsidiary companies. GFC's pretax income is included in the consolidated income statement as a reduction of interest expense, thus offsetting the interest charges from GFC included therein. Its provision for income taxes is included in the consolidated income tax provision.

The pretax income and income tax provision for GFC follow:

(In millions)	1983	1982	1981
Pretax income	$6.8	$23.2	$28.6
Income tax provision	3.1	10.7	13.1

The condensed balance sheet for GFC at December 31, follows:

(In millions)	1983	1982
Assets:		
Customer receivables purchased from The Goodyear Tire & Rubber Company and domestic subsidiary companies without recourse	$283.8	$337.7
Prepaid discount on commercial paper	—	.3
	$283.8	$338.0
Liabilities and Equity:		
Notes payable and commercial paper	$ 66.8	$ 63.4
Borrowings under revolving credit agreements	—	81.1
Bank term loan, 11% due 1986	50.0	30.0
5% holdback on receivables purchased, pending collections	14.2	16.9
Accrued interest and taxes	3.6	4.1
Loans from an affiliated company	9.6	6.6
Equity of The Goodyear Tire & Rubber Company	139.6	135.9
	$283.8	$338.0

Refer to note on Credit Arrangements for discussion of GFC borrowing arrangements.

XEROX CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investment in Financial Services Businesses, at equity (in part)

Xerox Credit Corporation

The Company's investment in Xerox Credit Corporation (XCC) is carried at underlying equity, as shown in XCC's consolidated financial statements. XCC's results of operations are included in equity in net income of financial services businesses in the Company's consolidated statements of income.

The condensed financial data set forth below have been summarized from the audited consolidated financial statements of XCC for each of the years ended December 31, 1983, 1982 and 1981 and as of December 31, 1983 and 1982.

(In millions)	1983	1982	1981
Summary of Operations			
Total earned income	$218.6	$177.9	$110.1
Operating expenses	145.7	121.0	69.5
Income before income taxes	72.9	56.9	40.6
Income taxes	20.9	17.5	15.3
Net income	$ 52.0	$ 39.4	$ 25.3

(In millions)	1983	1982
Assets		
Cash and short-term investments	$ 7.0	$ .3
Investments, net	1,459.2	1,175.7
Due from Xerox Corporation	33.7	28.8
Other assets	17.0	7.1
Total assets	$1,516.9	$1,211.9
Liabilities and Shareholder's Equity		
Notes payable to Xerox Corporation	$ —	$ 39.2
Short-term debt	255.6	104.0
Accounts payable and accrued liabilities	33.6	23.3
Long-term debt	759.4	705.7
Deferred income taxes	188.2	114.4
Shareholder's equity	280.1	225.3
Total liabilities and shareholder's equity	$1,516.9	$1,211.9

XCC is engaged principally in financing accounts receivable arising out of equipment sales by the Company and is also engaged in the business of financing leases for third parties. Receivables were sold by the Company to XCC during the years ended December 31, 1983, 1982 and 1981 for $591.9 million, $436.4 million and $524.3 million, respectively.

The operating agreement between the Company and XCC specifies that XCC shall retain an allowance for losses on receivables purchased from the Company at an amount which is intended to protect against future losses on the portfolio. The amount of the allowance is determined principally on the basis of past collection experience.

In addition, the terms of a support agreement with XCC provide that the Company will make income maintenance payments, to the extent necessary, so that XCC's earnings shall not be less than one and one-quarter times XCC's fixed charges. No Income maintenance payments were required in 1983, 1982 or 1981. The support agreement also requires that the Company retain 100% ownership of XCC's voting capital stock.

THE STANDARD OIL COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D: Sohio Finance Company

Under the terms of an agreement, Sohio Finance Company (Finance), a wholly owned unconsolidated subsidiary, utilizes commercial paper borrowings to purchase customer accounts receivable from the Company at a discount which provides earnings of at least 1.25 times Finance's fixed charges. Summarized financial information of Finance (formed in July 1982) is as follows:

Millions of Dollars	1983	1982
Purchased accounts receivable outstanding at December 31	$223	$622
Commercial paper borrowings outstanding at December 31	60	524
Interest expense on commercial paper borrowings	20	12
Income before income taxes	10	6
Net income	5	3

Receivables Used as Collateral

MILLER TECHNOLOGY & COMMUNICATIONS CORPORATION (SEP)

	1983	1982
Current assets		
Cash	$ 144,359	$ 75,613
Receivables, net (note 4)	3,294,888	4,926,843
Inventory	54,256	19,095
Other assets	58,094	144,057
Total current assets	3,551,597	5,165,608

Note 4: Notes Payable

Notes payable consist of the following:

	1983	1982
Loan under bank credit agreement, principal due December 31, 1983, with interest payable monthly at prime plus 1%, collateralized by contracts and notes receivable. Maximum borrowing is $1,250,000. Interest rate at September 30, 1983, was 12%	$ 930,000	$125,000
Mortgage note payable, bearing interest at prime plus ½%, principal of $8,333 plus interest due in monthly installments through March, 1988. Interest rate at September 30, 1983, was 11.5%	441,667	—
	1,371,667	125,000
Less current portion	1,030,000	125,000
	$ 341,667	$ —

The Company is a guarantor to a $10,000,000 bank line of credit of American Student Loan, Inc. which had an outstanding balance at September 30, 1983, of $2,851,657.

HILLER AVIATION, INC. (AUG)

	1983	1982
CURRENT ASSETS		
Cash	$ 25,613	$ 47,638
Receivables, less allowance for possible losses of $90,000 and $80,000—Note 3	689,845	1,287,481
Refundable income taxes	270,068	270,068
Inventories—Note 3:		
Finished helicopters	381,391	1,119,137
Work-in-process	2,027,513	1,613,425
Parts and components	5,054,339	5,267,584
	7,463,243	8,000,146
Prepaid expenses and other assets	204,748	90,856
TOTAL CURRENT ASSETS	8,653,517	9,696,189

Note 3 (in part): Borrowings

	August 31, 1983	August 31, 1982
Long-term debt consisted of:		
Note payable to bank collateralized by the FH-1100 Product Line including inventory, tooling, drawings and all rights, note in default, payable $27,778 monthly plus interest at prevailing rate (11.0% at August 31, 1983) to June 1983	$ 83,334	$277,778
Note payable to bank collateralized by receivables, inventory and tooling, note in default, payable $9,028 monthly plus interest at prevailing rate plus 2¼% (13¼% at August 31, 1983) to March 1986	325,000	—
Note payable collateralized by certain FAA Supplemental Type Certificates, engineering data and plans & tooling related to the 12E turbine conversion, payable $18,750 monthly plus interest at prevailing rate plus 1¾%, adjusted quarterly (12¼% at August 31, 1983) to June 1986	637,500	—
Notes payable collateralized by equipment, payable $505 monthly, including interest, through February 1987	17,126	—
	$1,062,960	$277,778
Less current maturities	(637,540)	(277,778)
Total long-term debt	$ 425,420	$ —

UNITED FOODS, INC. (FEB)

	1983	1982
CURRENT ASSETS		
Cash	$ 584,672	$ 4,122,962
Bond retirement funds held by trustee	147,576	191,496
Notes and accounts receivable, less allowance of $141,286 and $137,497 for possible losses (Note 4)	19,601,572	14,244,172
Recovery of excess funding on terminated pension plan	5,119,080	—
Inventories	53,019,678	25,524,129
Prepaid expenses	2,279,076	1,391,346
Refundable income taxes	—	147,365
TOTAL CURRENT ASSETS	80,751,654	45,621,470

Note 4 (in part): Long-Term Debt

Long-term debt consists of the following:

	February 28, 1983	1982
Notes and contracts:		
Revolving credit note to bank collateralized by trade receivables and inventories; due October, 1986 with interest at the bank's base rate plus 1½% (currently 12%)	$53,160,473	$18,136,895
7 to 10% mortgage notes due to 1989	4,977,226	5,466,166
7¾% note due to 1989 to former owner of acquired company, collateralized by letter of credit	766,174	884,601
Deferred compensation contracts with interest to 10.3%	730,820	720,283
13.8% installment note due August, 1985	6,451	10,729
Total notes and contracts	59,641,144	25,218,674

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.

TABLE 2-7: DOUBTFUL ACCOUNT CAPTIONS

	1983	1982	1981	1980
Allowance for doubtful accounts	285	286	288	267
Allowance	145	144	136	135
Allowance for losses	30	31	32	37
Allowance for uncollectible accounts	11	9	10	11
Reserve	21	23	23	27
Reserve for doubtful accounts	8	9	9	8
Other caption titles	14	17	15	13
	514	519	513	498
Receivables shown net	11	10	12	15
No reference to doubtful accounts	75	71	75	87
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 thirty-eight 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-eight 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.

LIFO

ALLIED CORPORATION (DEC)

	1983	1982
	($ Millions)	
Current assets:		
Cash and short-term securities and time deposits, at cost approximating market	$ 81	$ 176
Accounts and notes receivable	1,220	728
Inventories	1,212	647
Prepaid expenses and other current assets	101	73
Assets held for disposal	127	—
Total current assets	2,741	1,624

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions except per share amounts)

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

Inventories are valued at the lower of cost or market using the last-in, first-out (LIFO) method for a significant portion of all qualifying domestic inventories and the first-in, first-out (FIFO) or the average cost method for other inventories. Inventories related to fixed-price contracts are stated at the accumulated cost of material, labor, and manufacturing overhead, less costs proportionate to amounts billed, but not in excess of amounts estimated to be recoverable. Titles to certain assets included in inventories are vested in the federal government under contractual arrangements by which progress payments were received from the government.

Accounts and Notes Receivable

December 31	1983	1982
Trade	$1,064	$625
Other	213	135
	1,277	760
Less—Allowance for doubtful accounts and refunds	(57)	(32)
	$1,220	$728

Inventories

December 31	1983	1982
Raw materials	$ 249	$143
Work in process	813	148
Finished products	598	476
Supplies and containers	120	149
	1,780	916
Less—		
Progress payments	(361)	—
Reduction to LIFO cost basis	(207)	(269)
	$1,212	$647

Inventories valued at LIFO amounted to $331 million at December 31, 1983, and $183 million at December 31, 1982, which were below estimated replacement cost by $209 and $248 million, respectively.

In 1983, 1982 and 1981, inventory reductions resulted in liquidations of LIFO inventory quantities carried at the lower costs prevailing in prior years. The effect of the inventory reductions was to increase income from continuing opera-

TABLE 2-8: INVENTORY COST DETERMINATION

	Number of Companies			
	1983	1982	1981	1980
Methods				
Last-in first-out (lifo)	408	407	408	396
First-in first-out (fifo)	366	373	371	382
Average cost	235	238	241	238
Other	52	53	52	57
Use of LIFO				
All inventories	31	28	26	26
50% or more of inventories	204	206	210	205
Less than 50% of inventories	93	88	89	94
Not determinable	80	85	83	71
Companies Using LIFO	**408**	**407**	**408**	**396**

tions by $13 million, or $.26 a share, in 1983, $22 million, or $.67 a share, in 1982, and $9 million, or $.27 a share, in 1981.

As a result of applying the purchase method of accounting to acquired companies with LIFO inventories, the financial accounting basis of inventories exceeded their tax basis by approximately $65 million for continuing operations and $33 million for discontinued operations at December 31, 1983. Cost of goods sold and the operating losses for discontinued operations for 1983 included in the income statement exceeds the amount allowable for federal income tax purposes by approximately $0.4 million and $5 million, respectively.

AMERICAN CAN COMPANY (DEC)

	1983	1982
	($ Millions)	
Current assets		
Inventories	$327.9	$391.9

NOTES TO FINANCIAL STATEMENTS

(In millions of dollars except per share amounts)

1 (in part): Summary of Significant Accounting Policies

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

5. Inventories

	1983	1982
Finished product	$219.1	$244.1
Work in process	42.0	47.0
Raw materials and supplies	66.8	100.8
	$327.9	$391.9

Inventories stated on the last-in, first-out (LIFO) basis represented 58% and 55% of total inventories (before LIFO valuation allowance) at December 31, 1983 and 1982, respectively. The current replacement cost of these inventories exceeded their LIFO cost basis by $199.3 at December 31,

TABLE 2-9: INDUSTRY CLASSIFICATION OF COMPANIES USING LIFO

	1983		1982	
	No.	%*	No.	%*
Foods:				
Meat products	4	50	3	38
Dairy products	2	40	1	25
Canning, etc.	3	60	4	67
Packaged and bulk	10	56	10	56
Baking	—	—	—	—
Sugar, confections, etc.	5	100	5	100
Beverages	4	67	5	83
Tobacco products	4	80	4	80
Textiles	17	68	19	73
Paper products	16	89	15	88
Printing, publishing	8	53	8	57
Chemicals	26	100	25	96
Drugs, cosmetics, etc.	14	52	13	48
Petroleum	28	91	26	90
Rubber products	7	88	8	90
Shoes—manufacturing, merchandising, etc.	4	57	4	57
Building:				
Cement	1	33	1	33
Roofing, wallboard	10	91	10	91
Heating, plumbing	3	75	3	75
Other	14	82	13	72
Steel and iron	15	94	16	90
Metal—nonferrous	12	75	12	75
Metal fabricating	18	100	19	95
Machinery, equipment and supplies	28	72	28	78
Electrical equipment, appliances	11	58	11	61
Electrical, electronic equipment	12	41	13	43
Business equipment and supplies	6	33	6	38
Containers	9	100	9	100
Autos and trucks (including parts, accessories)	15	68	17	74
Aircraft and equipment, aerospace	6	46	7	50
Railway equipment, shipbuilding, etc.	3	50	3	60
Controls, instruments, medical equipment, watches and clocks, etc.	12	71	10	62
Merchandising:				
Department stores	8	100	8	100
Mail order stores, variety stores	2	100	2	100
Grocery stores	17	85	15	79
Other	4	67	4	67
Motion pictures, broadcasting	—	—	—	—
Widely diversified, or not otherwise classified	50	56	50	53
Total Companies	**408**	**68**	**407**	**68**

*Percent of total number of companies for each industrial classification included in the survey.

1983 and $205.4 at December 31, 1982. As a result of continuing programs to improve inventory productivity and the 1981 withdrawal from the domestic three-piece beverage can business, LIFO inventory reductions in 1983, 1982 and 1981 decreased product cost by $10.0, $16.4 and $38.1, respectively, and increased net income in 1983 by $5.4 ($.27 per share), decreased net loss in 1982 by $8.4 ($.45 per share) and increased net income in 1981 by $19.4 ($1.00 per share).

AMSTAR CORPORATION (JUN)

	1983	1982
	($000)	
Current assets		
Inventories	$148,233	$204,322

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Inventories

Substantially all sugar inventories, the industrial products inventories and some of the technical products inventories are valued at cost under the last-in, first-out method (LIFO). These inventories at June 30, 1983, amounted to $81,254,000 which is approximately $101,895,000 less than current costs. The difference at June 30, 1982, was $106,397,000.

All other inventories are valued at the lower of cost, as determined under the first-in, first-out or average cost method, or market.

During the year ended June 30, 1983, sweetener and industrial and technical products inventories were reduced. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of 1983 purchases, the effect of which increased pre-tax income by approximately $10,679,000 for the sweetener business and $4,522,000 for industrial and technical products. Partially offsetting this credit was a charge of approximately $4,000,000 representing the underabsorption of fixed costs due to reduced production volumes at beet sugar factories. Production at our beet factories in the spring of 1983 was adversely affected by bad weather conditions. At other locations inventory levels were reduced because of decreased business activity.

Inventories on June 30, 1983 and 1982, consisted of the following:

	1983	1982
	(thousands of dollars)	
Raw cane sugar	$ 16,341	$ 23,163
Stock in process		
Cane sugar	7,713	10,451
Beet sugar	983	2,111
Finished cane sugar products	18,471	19,871
Finished beet sugar products	16,824	37,548
Cane and beet materials and supplies	31,993	35,727
Corn refining inventories	5,934	5,185
Industrial and technical products inventories	49,974	70,266
	$148,233	$204,322

BETHLEHEM STEEL CORPORATION (DEC)

	1983	1982
	($ Millions)	
Current Assets:		
Cash	$ 38.5	$ 49.0
Marketable securities, at cost (approximating market)	94.8	71.4
Receivables, less allowances of $5.5 and $10.5	596.1	497.6
Inventories (Note H)	529.1	810.9
Total Current Assets	$1,258.5	$1,428.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part) Accounting Policies

Inventories—Inventories are predominantly valued at cost as determined by the last-in, first-out (LIFO) method. All other inventories are valued at the lower of cost or market, cost being determined primarily by the first-in, first-out (FIFO) method. Contract work in progress is valued at cost less billings, adjusted for estimated partial profits and losses. Generally, partial profits are recognized on a pro-rata basis after a contract has reached 75% completion; losses are recognized when first apparent.

H. Inventories

	December 31	
(dollars in millions)	1983	1982
Raw materials and supplies	$ 578.6	$ 748.6
Finished and semi-finished products	698.6	942.1
Contract work in progress less billings rendered of $592.4 and $620.8	31.6	43.3
Total at replacement cost	$1,308.8	$1,734.0
Less excess of replacement cost over LIFO values	779.7	923.1
Total inventories	$ 529.1	$ 810.9

Inventory values are based on the following accounting methods:

	December 31	
(dollars in millions)	1983	1982
LIFO	$ 384.1	$ 609.7
FIFO	119.6	161.7
Contract work in progress less billings rendered	25.4	39.5
Total inventories	$ 529.1	$ 810.9

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 $104 million, $151 million and $47 million in 1983, 1982 and 1981, respectively.

BLUE BELL, INC. (SEP)

	1983	1982
	($000)	
Current Assets:		
Cash	$ 3,667	$ 7,735
Short-term investments	87,001	102
Receivables—principally trade, less allowances (1983, $2,899; 1982, $3,183)	235,310	257,153
Inventories (Note 3)	222,615	280,368
Prepaid and other	15,215	19,129
Assets of discontinued operation	3,622	32,834
Total Current Assets	567,430	597,321

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Short-term Investments consist primarily of certificates of deposit and repurchase agreements carried at cost plus accrued interest, which approximates market value.

Inventories are stated at the lower of cost or market. For inventories in the United States, cost is generally determined using the dollar value last-in, first-out method; cost for other inventories is determined principally using the first-in, first-out method.

3. Inventories

Inventories are summarized by major classification as follows:

	September 30		
	1983	1982	1981
	(In thousands)		
Finished goods	$134,083	$176,602	$226,254
Work in process	27,172	29,572	38,659
Raw materials	61,360	74,194	93,026
Total	$222,615	$280,368	$357,939

Inventories priced using the last-in, first-out (LIFO) method of determining cost comprised approximately 57% of consolidated inventories at September 30, 1983, 60% at September 30, 1982, and 58% at September 30, 1981. If inventories priced using the LIFO method had been stated at the lower of replacement cost or cost using the first-in, first-out (FIFO) method, they would have been higher by $51,904,000 at September 30, 1983, $56,459,000 at September 30, 1982, and $62,843,000 at September 30, 1981. Due to intensified efforts to control inventories and disposal of an operation whose inventories were valued using the LIFO method, there were reductions of inventory quantities carried at prior year LIFO costs. The effect of this was to increase income from continuing operations in 1983 by $3,825,000 or $.30 per share.

Although the LIFO method of inventory valuation is considered more appropriate for domestic inventories, the following table indicates what income (in thousands) and earnings per share for continuing operations would have been had the Company used the FIFO method for all inventories, adjusted only for income taxes at the United States statutory tax rate and applicable market write-downs; this supplemental information enables comparison with companies using the FIFO method of inventory valuation:

	1983	1982	1981
Income	$48,051	$39,168	$55,559
Earnings per share	$3.76	$3.07	$4.40

BROWN GROUP, INC. (OCT)

	1983	1982
	($000)	
Current Assets		
Cash and cash investments	$ 10,345	$ 23,314
Receivables, net of allowances of $8,426 in 1983 and $8,382 in 1982	166,442	164,744
Inventories, net of adjustment to last-in, first-out cost of $79,646 in 1983 and $77,452 in 1982	289,468	271,064
Prepaid expenses and other current assets	22,198	22,946
Total Current Assets	488,453	482,068

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Inventories

Substantially all inventories are valued at the lower of cost or market, determined under the last-in, first-out (LIFO) method.

Note D: Inventories

Inventories are valued at the lower of cost, determined principally by the last-in, first-out (LIFO) cost method, or market and consist of the following:

	October 29 1983	October 30 1982
	(000's omitted)	
Finished products	$245,209	$222,061
Work in process	12,732	15,338
Raw materials and supplies	31,527	33,665
	$289,468	$271,064

If the first-in first-out (FIFO) cost method had been used, inventories would have been $79,646,000 and $77,452,000 higher at October 29, 1983 and October 30, 1982, respectively.

BURLINGTON INDUSTRIES, INC. (SEP)

	1983	1982
	($000)	
Current assets:		
Cash	$ 41,061	$ 28,621
Short-term investments, at cost, which approximates market	97,543	32,530
Customer accounts receivable after deduction of $21,690 in 1983 and $20,152 in 1982 for doubtful accounts, discounts, returns and allowances	510,044	457,277
Sundry notes and accounts receivable	14,815	46,728
Inventories (Note B)	438,225	381,097
Prepaid expenses	8,263	6,000
Deferred income taxes	12,720	20,116
Total current assets	1,122,671	972,369

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part) Summary of Significant Accounting Policies

Inventories: Inventories are valued at the lower of cost or market. Cost of all components of textile inventories in the United States is determined using the "dollar value" Last-in, First-out (LIFO) method. All other inventories are valued principally at average cost.

Note B—Inventories

Inventories are summarized as follows (in thousands):

	1983	1982
Inventories at average cost:		
Raw materials	$ 89,180	$ 87,146
Stock in process	154,974	142,399
Produced goods	333,048	303,121
Dyes, chemicals and supplies	41,311	39,159
	618,513	571,825
Less excess of average cost over LIFO	180,288	190,728
Total	$438,225	$381,097

Inventories valued using the LIFO method comprised approximately 71% of consolidated inventories at October 1, 1983 and 68% at October 2, 1982.

In fiscal 1983, the decrease in the excess of average cost over LIFO of $10,440,000 was due to lower costs.

In fiscal 1982, inventory reductions resulted in liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years. The effect of these reductions was to increase fiscal 1982 net earnings by approximately $3,913,000 (14 cents per share).

THE CESSNA AIRCRAFT COMPANY (SEP)

	1983	1982
Current assets:		
Inventories (Notes 1c and 3)	$220,021,418	$252,898,143

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

The following is a summary of the Company's significant accounting policies.

c. Inventories—Inventories are stated at the lower of cost or estimated realizable values with cost determined on the last-in, first-out method for substantially all inventories.

3. Inventories

Major classes of inventories were as follows:

	1983	1982	1981
At current costs:			
Finished airplanes	$ 63,903,087	$130,177,415	$103,397,476
Work-in-process	265,436,149	216,112,843	261,175,504
Raw materials and purchased parts	81,159,349	82,086,386	77,223,380
Spare parts	13,298,351	14,464,835	15,082,334
	423,796,936	442,841,479	456,878,694
Allowance to reduce current costs to LIFO costs	203,775,518	189,943,336	156,683,343
	$220,021,418	$252,898,143	$300,195,351

As a result of decreases in unit sales, certain LIFO inventory quantities carried at lower costs prevailing in prior years as compared with costs of current purchases were liquidated. The effect of these inventory reductions was to favorably affect income (loss) before income taxes by approximately $22 million in 1983.

GIANT FOOD INC. (FEB)

	1983	1982	1981
	Thousands of dollars		
CURRENT ASSETS:			
Inventories (Note 2)	$101,620	$98,892	$84,924

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Inventories: Inventories are valued at the lower of cost or market. The last-in, first-out (LIFO) method is used for determining the cost of grocery, drug, cosmetic and non-food inventories. The first-in, first-out (FIFO) method is used for determining the cost of other inventories, primarily perishable items.

2. Inventories

	1983	1982	1981
	Thousands of dollars		
At lower of cost or market (principally FIFO method):			
Grocery, drug, cosmetic, and non-food inventories.........	$ 96,075	$ 93,294	$78,978
Other, primarily perishable items..........................	34,281	32,954	30,339
	130,356	126,248	109,317
Allowance to reduce inventories to cost using the LIFO method.	(28,736)	(27,356)	(24,393)
	$101,620	$ 98,892	$84,924
Percentage of inventory valued using the LIFO method..........	66.3%	66.7%	64.3%

MAGIC CHEF, INC. (JUN)

	1983	1982	1981
		($000)	
Current:			
Cash and Certificates of Deposit	$ 46,772	$ 27,155	$ 15,249
Trade and Other Receivables—less allowance for discounts and uncollectible accounts: $3,078 in 1983; $2,409 in 1982; and $2,376 in 1981	126,315	103,540	117,195
Inventories (Note 4)...........	124,555	133,245	142,147
Deferred Income Taxes	16,560	12,626	8,841
Other Current Assets...........	849	1,739	1,857
Total Current Assets.........	315,051	278,305	285,289

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories:

Inventories are generally stated at last-in, first-out cost (LIFO) which is not in excess of market. (See Note 4 to the consolidated financial statements.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Inventories and Cost of Sales

The components of inventories are as follows:

	1983	1982	1981
		(000 Omitted)	
Finished goods	$ 78,049	$ 87,014	$ 84,594
Work-in-process	7,462	8,220	10,672
Raw materials and supplies.......	39,044	38,011	46,881
Total	$124,555	$133,245	$142,147

Use of the LIFO method increased net income by $187,000 ($.02 per share) in 1983 and reduced net income by $4,343,000 ($.56 per share) and $4,506,000 ($.58 per share) in 1982 and 1981, respectively. During 1983, 1982 and 1981, certain inventory quantities were reduced. Such reductions resulted in the liquidation of certain LIFO inventories carried at lower costs prevailing in prior years as compared with 1983, 1982 and 1981 costs, the effect of which increased net income by approximately $699,000 ($.09 per share) in 1983, $1,785,000 ($.23 per share) in 1982 and $541,000 ($.07 per share) in 1981. The net effect of the above was to increase net income by $2,558,000 ($.33 per share) and $3,965,000 ($.51 per share) in 1982 and 1981, respectively. Had the Company's inventories been valued on the FIFO method, inventories would have been $27,491,000, $29,130,000 and $24,393,000 higher at July 2, 1983, July 3, 1982 and June 27, 1981, respectively.

PALL CORPORATION (JUL)

	1983	1982
CURRENT ASSETS:		
Cash	$ 4,709,000	$ 4,476,000
Short-term investments, at cost, which approximates market ..	33,195,000	18,705,000
Accounts receivable, net of allowance for doubtful accounts of $1,034,000 and $864,000, respectively.......	52,595,000	40,766,000
Inventories	46,993,000	43,525,000
Prepaid expenses.................	1,524,000	1,322,000
Other current assets..............	2,369,000	2,302,000
TOTAL CURRENT ASSETS......	141,385,000	111,096,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Inventories: In the fourth quarter of fiscal 1981, the Company's principal operations (excluding the aerospace and aerospace-related companies and the Company-produced filter media inventories) switched from FIFO to LIFO for valuing inventories. The non-LIFO inventories are valued at the lower of first-in, first-out, or market. The Company made this change to LIFO to achieve a better matching of current costs and revenues under present inflationary conditions. There is no cumulative effect on prior years because beginning-of-the-year inventories valued at FIFO are the opening inventories on a LIFO basis.

Note 2—Inventories

The major classes of inventory are as follows:

	1983	1982	1981
			(000 omitted)
Principally at FIFO cost:			
Raw materials and components	$27,114	$24,647	$23,216
Work-in-process	10,765	10,608	11,894
Finished goods	12,371	11,285	10,040
	50,250	46,540	45,150
Less-reduction to LIFO cost	3,257	3,015	2,191
Total inventory.....................	$46,993	$43,525	$42,959

Approximately 49%, 48% and 56% of total inventories at July 30, 1983, July 31, 1982 and August 1, 1981, respectively, were accounted for by the LIFO method. Had the FIFO method been used for all inventories, they would have been higher at those dates by $3,257,000, $3,015,000, and $2,191,000, respectively. The use of LIFO reduced earnings by $174,000 (1¢ per share) in 1983; by $385,000 (2¢ per share) in 1982; and by $844,000 (5¢ per share) in 1981.

FIFO

ABBOTT LABORATORIES (DEC)

	1983	1982	1981
		(dollars in thousands)	
Current Assets:			
Cash and cash items (including marketable securities, at cost which approximates market, of $42,184 in 1983, $20,015 in 1982, and $15,341 in 1981)	$ 213,035	$ 115,530	$ 129,675
Trade receivables, less allowances of $17,934 in 1983, $17,926 in 1982, and $16,637 in 1981	481,820	427,653	376,452
Inventories—			
Finished products ...	240,007	226,704	225,857
Work in process	87,623	77,209	77,506
Materials	102,208	127,194	114,653
Total inventories....	429,838	431,107	418,016
Prepaid expenses and other receivables	168,147	148,805	131,274
Total Current Assets...	1,292,840	1,123,095	1,055,417

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Inventories—Inventories are stated at the lower of cost (first-in, first-out basis) or market. Cost includes material and applicable conversion costs.

ALPHA INDUSTRIES, INC. (MAR)

	1983	1982
	($000)	
Current assets		
Cash	$ 707	$ 615
Temporary investments at cost (approximates market).........................	16,139	16,189
Accounts receivable, trade, less allowance for doubtful accounts of $246 and $252..............................	9,740	9,574
Inventories (Note 4)......................	9,164	7,274
Prepayments and other current assets .	420	246
Total current assets	36,170	33,898

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Inventories: Inventories are stated at the lower of cost, determined on first-in, first-out basis, or market.

4. Inventories

Inventories consisted of the following:

	March 31,	
In thousands	1983	1982
Raw materials....................................	$2,675	$2,647
Work-in-process	5,321	3,744
Finished goods	1,168	883
	$9,164	$7,274

CMI CORPORATION (DEC)

	1983	1983 pro forma unaudited (notes 2 and 3)	1982
Current assets:			
Cash	$1,150,108	1,150,108	3,918,347
Receivables:			
Current portion of trade notes and installment contracts receivable........	1,616,393	1,616,393	2,578,717
Trade accounts...	9,485,246	9,485,246	13,676,142
Refundable income taxes....	—	—	2,350,000
	11,101,639	11,101,639	18,604,859
Less allowance for doubtful accounts..........	1,666,865	1,666,865	2,080,494
Net receivables	9,434,774	9,434,774	16,524,365
Inventories (note 4)	73,887,336	73,887,336	98,656,229
Prepaid expenses...	230,314	230,314	731,422
Proceeds expected from sale of plant	2,953,000	2,953,000	—
Total current assets.......	87,655,532	87,655,532	119,830,363

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Inventories

Inventories of finished equipment, work-in-process and raw materials and parts are stated at the lower of cost, under the first-in, first-out method, or market (net realizable sales value).

Note 4: Inventories

Inventories at December 31, are summarized as follows:

	1983	1982
Raw materials and parts............	$43,421,155	56,122,843
Work-in-process	7,870,346	8,599,612
Finished equipment	16,729,236	26,229,531
Equipment owned for lease to others, net	5,866,599	7,704,243
	$73,887,336	98,656,229

The cost of equipment owned for lease to others was $8,979,376 at December 31, 1983 and $10,127,289 in 1982. Amortization (included in cost of goods sold) amounted to $2,178,359 in 1983, $2,423,046 in 1982 and $3,565,598 in 1981.

CRADDOCK-TERRY SHOE CORPORATION (SEP)

	1983	1982
Current Assets		
Cash	$ 1,664,000	$ 882,000
Trade receivables, less allowances of $1,275,000 in 1983 ($1,025,000 in 1982)	25,192,000	24,396,000
Inventories—Note B	23,079,000	26,667,000
Prepaid expenses	2,213,000	3,046,000
Total Current Assets	52,148,000	54,991,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Inventories: Inventories are stated at the lower of cost (first-in, first-out or average methods) or market.

Note B—Inventories

Inventories are comprised of the following:

	1983	1982
Finished goods	$17,943,000	$21,783,000
Goods in process	1,271,000	1,413,000
Materials and supplies	3,865,000	3,471,000
	$23,079,000	$26,667,000

KNAPE & VOGT MANUFACTURING COMPANY (JUN)

	1983	1982
CURRENT:		
Cash, including cash investments of $1,845,382 and $1,464,880	$ 2,415,774	$ 1,929,706
Accounts receivable, less allowance of $154,000 and $151,000 for doubtful accounts and cash discounts	7,610,233	6,649,158
Inventories (Note 1)	10,056,497	11,328,846
Prepaid expenses	733,582	712,126
TOTAL CURRENT ASSETS	20,816,086	20,619,836

SUMMARY OF ACCOUNTING POLICIES

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Maintenance and office supplies are expensed as purchased.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Inventories

Inventories are summarized as follows:

		June 30,	
	1983	1982	1981
Finished products	$ 5,100,544	$ 6,719,516	$ 5,655,574
Work in process	969,718	847,592	910,468
Raw materials and supplies	3,986,235	3,761,738	4,354,751
Total	$10,056,497	$11,328,846	$10,920,793

LEAR SIEGLER, INC. (JUN)

	1983	1982
CURRENT ASSETS		
Cash	$ 18,687,000	$ 20,108,000
Short-term investments—at cost which approximates market	43,584,000	13,286,000
Notes and accounts receivable (net of allowances for doubtful collections of $7,549,000 and $11,577,000)	239,196,000	257,196,000
Inventories:		
Raw materials	69,929,000	84,107,000
Work in process	57,551,000	69,221,000
Finished goods	74,570,000	79,583,000
Costs recoverable under contracts (net of progress billings of $68,531,000 and $53,276,000)	29,213,000	33,902,000
	231,263,000	266,813,000
Prepaid expenses	17,822,000	11,767,000
Total current assets	550,552,000	569,170,000

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories of raw materials, work in process and finished goods are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method, except for inventories of certain acquired operations which are costed principally by the last-in, first-out (LIFO) method and aggregated $32,079,000 and $35,715,000 at June 30, 1983 and 1982, respectively. The excess of current cost over stated LIFO cost at June 30, 1983 and 1982 was approximately $16,380,000 and $16,440,000, respectively.

NATIONAL SEMICONDUCTOR CORPORATION (MAY)

	1983	1982
	($000)	
Current assets:		
Cash	$ 6,981	$ 10,955
Receivables	190,982	189,884
Inventories	173,990	177,518
Prepaid expenses	15,890	14,142
Deferred income taxes	51,278	46,472
Total current assets	439,121	438,971

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Inventories: Inventories are stated at the lower of standard cost which approximates current actual cost (on a first-in, first-out basis) or market (net realizable value).

2. Receivables

At May 31 (in thousands)	1983	1982
Trade	$205,858	$196,534
Other	8,042	12,193
Total	213,900	208,727
Less allowances:		
Doubtful accounts	6,584	4,792
Returns and allowances	16,334	14,051
Total	22,918	18,843
Net receivables	$190,982	$189,884

3. Inventories

At May 31 (in thousands)	1983	1982
Raw materials	$ 41,461	$ 42,171
Work in process	71,896	64,064
Finished goods	60,633	71,283
Total	$173,990	$177,518

Average Cost

AMP INCORPORATED AND PAMCOR, INC. (DEC)

	1983	1982
	($000)	
Current Assets:		
Cash and time deposits	$ 21,299	$ 40,908
Marketable securities, at cost, which approximates market	127,643	134,650
Receivables, less allowances of $9,274 and $8,959	279,371	201,083
Inventories—		
Finished goods and work in process	131,359	117,911
Purchased and manufactured parts	111,234	100,177
Raw materials	65,166	50,861
Total inventories	307,759	268,949
Other current assets	29,707	15,501
Total current assets	765,779	661,091

NOTES TO COMBINED FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Principles

Inventories—Inventories, consisting of material, labor and overhead, are stated at the lower of cost, principally average, or market.

BELDING HEMINWAY COMPANY, INC. (DEC)

	1983	1982
	($000)	
Current Assets:		
Cash	$ 1,853	$ 2,648
Short term investments (at cost which approximates market)	232	1,300
Accounts receivable—trade (less allowances of $1,137 and $1,144)	19,461	16,146
Merchandise inventories (Note D)	22,530	20,032
Other current assets	650	925
Total Current Assets	44,726	41,051

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

2. Merchandise Inventories:

Merchandise inventories are stated at the lower of cost (principally average cost) or market.

Note D

The components of merchandise inventories are as follows:

(in thousands)	1983	1982
Raw material and greige goods	$ 5,684	$ 4,822
Manufacturing supplies	870	815
Work in process	3,165	2,506
Finished goods	12,811	11,889
	$22,530	$20,032

THE FIRESTONE TIRE & RUBBER COMPANY (OCT)

	1983	1982
	($ Millions)	
Current assets		
Inventories	$455	$490

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Significant Accounting Policies (in part)

Inventories—Inventories are stated at the lower of cost or market. Substantially all domestic inventories are valued by the last-in, first-out (LIFO) cost method. Inventories not valued by the LIFO method are principally valued by the average-cost method.

Inventories

Inventories consist of the following:

As of October 31	1983	1982
Raw materials and supplies	$113	$107
Work in process	47	51
Finished goods	295	332
	$455	$490

At October 31, 1983 and 1982 $216 and $246, respectively, of consolidated inventories were valued by use of the LIFO cost method and $239 and $244, respectively, were valued principally by the average cost method. If the average cost method were used for all inventories, the reported inventories would have been increased by $211 and $308 at October 31, 1983 and 1982, respectively. Reductions of inventory quantities during the three years ended October 31, 1983, resulted in partial liquidations of LIFO costs which are lower than current costs. The effect was to decrease cost of goods sold by $55 in 1983, $38 in 1982, and $25 in 1981. Gains from liquidations of LIFO inventories of $22, $20 of which was realized in 1983, reduced the 1982 provision for phase-outs and realignments.

PUROLATOR, INC. (DEC)

	1983	1982
Current assets:		
Cash and cash equivalents	$ 11,416	$ 27,165
Short-term investments at cost, which approximates market value	50,934	17,925
Accounts receivable, less allowance for doubtful accounts of $4,151 in 1983 and $6,202 in 1982	102,385	93,824
Inventories (note 4)	36,279	35,782
Prepaid expenses	13,549	6,627
Net assets held for sale	8,163	—
Total current assets	222,726	181,323

4. Inventories

Inventories, which are valued at the lower of average cost or market, include appropriate elements of material, labor and manufacturing overhead costs and consist of the following:

	(Dollars in thousands)	
December 31	1983	1982
Finished goods	$21,777	$19,676
Work in process	3,860	3,105
Parts and raw materials	10,642	13,001
	$36,279	$35,782

SYNTEX CORPORATION (JUL)

	1983	1982
	($000)	
Current Assets:		
Cash and cash equivalents	$274,900	$166,167
Trade receivables (less allowance for doubtful accounts: 1983, $4,138; 1982, $4,191)	138,437	127,430
Inventories	164,431	169,714
Other	16,891	16,413
Total current assets	594,659	479,724

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part) Summary of Significant Accounting Policies

Inventories—Inventories are stated generally at the lower of standard cost, which approximates average cost, or market.

5. Inventories

Inventories consist of the following (dollars in thousands):

	1983	1982
Finished goods	$ 55,215	$ 52,608
In process	36,094	40,801
Raw materials and supplies	73,122	76,305
Total	$164,431	$169,714

INTERNATIONAL HARVESTER COMPANY (OCT)

	1983	1982
	($000)	
Current Assets		
Cash and cash equivalents	$ 11,761	$ 40,691
Marketable securities, at cost which approximates market	379,858	218,761
Receivables, net (Note 10)	254,796	305,467
Inventories (Note 11)	618,943	758,704
Realizable value of net assets being divested	79,558	390,594
Other assets	42,640	53,843
Total current assets	1,387,556	1,768,060

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Accounting Policies

Inventory Valuation

Inventories are valued at the lower of cost or market. In the first quarter of 1983, the company changed its method of determining cost for domestic inventories to the average cost method from the last-in, first-out (LIFO) method. Prior period financial statements have been restated to reflect this change. In response to a very adverse operating environment, the Company has undertaken or completed various financial restructurings and substantially completed an operational restructuring which have resulted in an unusual and substantial shrinkage of its operations. In connection with these restructuring plans, the Company's current financial condition is the primary concern of the many constituencies who support the Company. Under these circumstances, the average cost method of inventory valuation is the preferable method because inventories are presented in the Company's Statements of Consolidated Financial Condition at cost values that more closely reflect the inventories' current worth. Under the previously used LIFO method, domestic inventories were included in the Statements of Consolidated Financial Condition at dollar amounts significantly less than their current values determined by using the average cost method. (See Note 11.)

Inventories of foreign subsidiaries continue to be accounted for on either the first-in, first-out method or the average cost method.

Market is considered to be replacement value which, with respect to labor and overhead, is the cost considered attainable under normal operating conditions.

10. Receivables

Receivables at October 31 by major classifications are as follows:

	1983	1982
	(Millions of dollars)	
Trade notes	$ 30	$ 29
Less unearned finance charges	(1)	(1)
Sub-total	29	28
Trade accounts	130	115
Nonconsolidated companies	69	108
Refundable income taxes	2	2
Other	50	78
Total	280	331
Less allowance for losses	(25)	(26)
Receivables, net	$255	$305

Sales finance subsidiaries purchase nearly all notes receivable and some accounts receivable arising from sales by operations in Canada, Great Britain, and the United States and some receivables arising from sales by other affiliated companies.

11. Inventories and Cost of Sales

Inventories at October 31 are summarized as follows:

	1983	1982
	(Millions of dollars)	
Finished products	$317	$455
Work in process	108	103
Raw materials and supplies	194	201
Total	$619	$759

In 1983, the Company changed its method of determining cost for domestic inventories to the average cost method from the LIFO method (See Note 1). As a result of this change in accounting method, inventories and retained earnings were increased by $111.8 million at the beginning of fiscal 1983 and by $211.7 million at the beginning of fiscal 1982. The effect of this change in accounting method on income of prior fiscal years is as follows:

	Income (Loss) Before Discontinued Operations and Extraordinary Income				Net Income (Loss)			
	Amount		Per Share		Amount		Per Share	
Year	Previously Reported	Restated	Previously Reported	Restated	Previously Reported	Restated	Previously Reported	Restated
	(Millions of dollars)				(Millions of dollars)			
1982	$(1,266)	$(1,322)	$(39.88)	$(41.61)	$(1,638)	$(1,738)	$(51.39)	$(54.48)
1981	(568)	(524)	(18.34)	(16.97)	(393)	(351)	(12.90)	(11.69)
1980	(283)	(219)	(9.24)	(6.93)	(397)	(297)	(12.91)	(9.71)
1979	346	386	11.23	12.55	370	427	12.01	13.88

During 1983, domestic inventories were substantially reduced resulting in charges to cost of sales at prior years LIFO values which were significantly less than restated average cost values for the year. The restatement also increased the book value of inventories, and a larger writedown was required in 1982 for those inventories subject to writedown in connection with the operational restructuring. As a result, the effect of the restatement was to increase the loss reported for fiscal year 1982.

Production Cost

FMC CORPORATION (DEC)

	1983	1982
	($000)	
Current assets		
Inventories (Note 4)	$282,301	$460,416

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Principal Accounting Policies

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, except for most domestic inventories which exclude depreciation, factory administration, property taxes and certain other fixed expenses.

Note 4: Inventories

Inventories are recorded at the lower of cost or market value. The current replacement cost of inventories exceeded their recorded values by approximately $314.8 million at December 31, 1983 and $368.5 million at December 31, 1982. During 1983 and 1982, the company reduced LIFO inventories which were carried at lower than prevailing costs. This reduction had the effect of reducing cost of goods sold and increasing pre-tax income by $69.1 million in 1983 and $53.6 million in 1982.

Inventories at December 31, 1983 included approximately $405.5 million ($525.5 million in 1982) of inventoried costs, at cost or realizable value, relating to long-term contracts. Costs normally associated with general and administrative functions are expensed as incurred. There were no material amounts in inventory at December 31, 1983 relating to the excess of production cost of delivered units over the estimated average cost of all units expected to be produced under long-term contracts, or other nonrecurring costs for which ultimate recovery may be uncertain.

Progress payments deducted from inventories amounted to $342.4 million at December 31, 1983 and $368.2 million at December 31, 1982.

ROCKWELL INTERNATIONAL CORPORATION (SEP)

	1983	1982
	(In millions)	
Current assets		
Inventories	$813.8	$948.0

NOTES TO FINANCIAL STATEMENTS

3. Inventories

Inventories at September 30 are summarized as follows (in millions):

	1983	1982
Finished goods	$ 207.7	$ 249.1
Inventoried costs related to long-term contracts and programs principally with the United States Government	248.1	318.0
Work in process	373.8	431.3
Raw materials, parts and supplies	336.3	321.5
Total	1,165.9	1,319.9
Less allowance to adjust the carrying value of certain inventories to a last-in, first-out (LIFO) basis	140.6	163.5
Remainder	1,025.3	1,156.4
Less progress payments received on long-term contracts and programs	211.5	208.4
Inventories	$ 813.8	$ 948.0

Inventories are stated at the lower of cost (using LIFO, FIFO or average methods) or market (determined on the basis of estimated realizable values), less progress payments received. Title to all inventories related to those United States Government contracts that provide for progress payments vests in the United States Government.

There were liquidations of LIFO inventories carried at lower prior-year costs which decreased cost of sales by $29.6 million in 1983, $32.7 million in 1982 and $10.4 million in 1981, and increased net income in those years by $15 million, $16.6 million and $5 million, respectively. These liquidations occurred in the company's Automotive and General Industries businesses (see Note 21).

Inventoried costs related to United States Government fixed-price-type contracts and other long-term contracts and programs of the Aerospace and Electronics businesses are stated generally at the total of the direct costs of manufacturing, engineering and tooling, and overhead costs applicable thereto; less costs relieved based on items delivered or percent of completion (cost-to-cost) and reductions, where applicable, to estimated realizable values. Generally, such overhead costs include general and administrative expenses (including bidding expenses and independent research and development costs) allowable in accordance with United States Government procurement practices. In accordance with industry practice, such inventoried costs include amounts which are not expected to be realized within one year.

At September 30, 1983 and 1982 inventoried costs do not include any significant amounts of unamortized tooling, learning curve and other deferred costs, or claims or other similar items subject to uncertainty concerning their realization.

General and administrative expenses related to United States Government contracts incurred and charged to inventoried costs were $442.9 million, $408.3 million and $310.9 million in 1983, 1982 and 1981, respectively. General and administrative expenses remaining in inventoried costs are estimated at $41 million and $44.9 million at September 30, 1983 and 1982, respectively. Such estimates assume that general and administrative expenses for each contract have been relieved from inventories on a basis proportional to total costs charged to inventories.

Market

CENTRAL SOYA COMPANY, INC. (AUG)

	1983	1982
	($000)	
Current assets:		
Cash and temporary investments	$ 13,021	$ 17,595
Receivables, less allowances of $6,425 ($5,976 in 1982)	127,173	137,539
Inventories	155,647	144,084
Other current assets	2,922	6,358
Net assets of businesses subject to disposition	48,647	—
Total current assets	347,410	305,576

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All tabular dollar amounts are in thousands, except as otherwise indicated.)

Summary of Significant Accounting Policies (in part)

Inventory Valuation—Grain, soybeans and soybean oil and meal are valued at market adjusted for hedges and undelivered contracts. The policy of hedging grain and soybean positions is followed to minimize the risk of market fluctuations. Feeds, special soybean products, seed corn and poultry are valued at the lower of average processed cost or net realizable value (market). Other inventories are valued principally at the lower of first-in, first-out cost or market.

Inventories

Inventories consist of the following:

	1983	1982
Grain, soybeans, crude soybean oil and meal	$ 97,976	$ 56,909
Poultry	—	17,553
Feeds, ingredients, farm supplies and seed corn	24,910	42,369
Food, refined soybean oil and special soybean products	24,051	17,024
Supplies and other	8,710	10,229
	$155,647	$144,084

GULF+WESTERN INDUSTRIES, INC. (JUL)

	1983	1982
	($000)	
Current Assets		
Cash and cash equivalents	$ 134,142	$ 142,675
Marketable securities (market value $100,853,000 at July 31, 1983)	57,041	339,204
Trade receivables	$ 671,987	$ 838,748
Less allowances for doubtful accounts	31,293	36,595
	$ 640,694	$ 802,153
Inventories—Notes A and C	700,513	1,193,031
Net assets of discontinued operations—current	88,341	
Prepaid expenses, income taxes and other	557,630	493,542
Total Current Assets	$2,178,361	$2,970,605

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Inventories: Inventories are generally determined using the lower of cost (first-in, first-out or average cost method) or net realizable value.

Inventories produced for theatrical and television distribution (which include production and direct exploitation costs) are stated at the lower of cost less amortization or market. Such inventories are amortized on an individual product basis in the proportion that current revenues bear to estimated total revenues. Revenues arising from television licensing agreements are recognized on the date the license period commences. The Company has classified inventories (primarily amounts allocated to secondary markets) which are not expected to be realized within twelve months as a non-current asset.

Inventories of sugar sold but not shipped are stated at estimated sales price less estimated costs of disposal.

Note C—Inventories

Inventories as described in Note A are stated as follows:

July 31	(000 omitted) 1983	1982
Current		
Lower of cost or net realizable value		
Finished goods	$309,712	$ 497,588
Work in process	104,970	178,078
Materials and supplies	162,533	323,904
	$577,215	$ 999,570
Theatrical and television productions	83,502	118,880
Sugar sold but not shipped	39,796	74,581
	$700,513	$1,193,031
Non-current		
Theatrical and television productions	150,199	115,682
	$850,712	$1,308,713

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			
	1983	1982	1981	1980
Prepaid expenses	245	258	272	267
Prepaid expenses and other current assets	91	92	90	95
Prepaid expenses and deferred taxes	23	18	23	28
Prepaid expenses and advances	8	8	10	9
Prepaid expenses and other receivables	8	9	9	9
Prepaid expenses and supplies	8	8	8	8
Other captions indicating prepaid expenses	20	27	28	31

CASTLE & COOKE, INC. (JUN)

	1983	1982
	($000)	
Current assets		
Prepaid expenses	$59,216	$74,644

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies (in part)

Agricultural Costs: Generally, the costs of growing crops are charged to operations as incurred. Costs in excess of revenues relating to new major agricultural developments of pineapples and bananas are deferred during the formative stage and amortized usually over the length of various growing agreements. The costs of growing crops for fresh vegetables and sugar are included in prepaid expenses until the crops are harvested.

HAMMERMILL PAPER COMPANY (DEC)

	1983	1982
	($000)	
Current assets		
Cash	$ 10,152	$ 7,859
Short-term investments, at cost, which approximates market	934	1,169
Accounts receivable, less allowances of $5,402 and $4,612, respectively	180,074	135,939
Refundable income taxes	—	11,806
Inventories (see detail)	157,476	148,427
Prepaid insurance and other expenses	4,243	3,731
Total current assets	352,879	308,931

THE MAYTAG COMPANY (DEC)

	1983	1982
CURRENT ASSETS		
Cash	$ 6,576,257	$ 4,265,964
Short-term investments	59,144,053	45,762,986
Prepaid pension contribution	8,500,000	12,000,000
Accounts receivable, less allowance—$440,000	47,891,129	38,614,622
Inventories	75,647,997	64,477,399
TOTAL CURRENT ASSETS	197,759,436	165,120,971

JOHNSON PRODUCTS CO., INC. (AUG)

	1983	1982
Current assets:		
Cash and certificates of deposit	$ 1,418,000	$ 1,324,000
Receivables:		
Trade less allowance for doubtful accounts of $500,000 in 1983 and $271,000 in 1982 (Note 7)	11,120,000	9,962,000
Other	183,000	232,000
Refundable income taxes	—	1,170,000
Inventories	6,579,000	6,850,000
Prepaid expenses (Note 3)	594,000	544,000
Total current assets	19,894,000	20,082,000

Note 3: Prepaid Expenses:

Prepaid expenses are summarized as follows:

	1983	1982
Advertising and promotion	$193,000	$ 61,000
Inventories of promotional materials	46,000	102,000
Insurance	194,000	309,000
Supplies inventories	86,000	—
Other	75,000	72,000
	$594,000	$544,000

RUBBERMAID INCORPORATED (DEC)

	1983	1982
	($000)	
Current assets:		
Cash	$ 761	$ 619
Temporary cash investments, at cost which approximates market (note 5)	48,765	42,947
Receivables, less allowance for doubtful accounts of $907 in 1983 and $973 in 1982	70,218	56,831
Inventories	46,254	31,703
Prepaid expenses (note 8)	10,402	324
Total current assets	176,400	132,424

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

($000 except per share amounts)

8 (in part): Employee Benefit and Retirement Plans

During 1983, the Company established a Voluntary Employee Beneficiary Association (VEBA). The VEBA is a trust created to provide for payment of certain employee benefits. Tax-deductible contributions deposited in the trust were $10,825, of which $9,884 is included in prepaid expenses in the accompanying 1983 Consolidated Balance Sheet.

SWIFT INDEPENDENT CORPORATION (OCT)

	1983	1982
	($000)	
Current assets:		
Cash	$ 1,981	$ 3,196
Temporary investments	8,843	24,669
Receivables, net	101,893	104,288
Due from Esmark, Inc.	1,203	1,200
Inventories	64,378	63,345
Prepayments and other	6,882	8,237
Total current assets	185,180	204,935

NOTES TO FINANCIAL STATEMENTS

Working Capital

Checks outstanding in excess of certain cash balances totaling $3,365,000 ($8,061,000 in 1982) are included in accounts payable.

Temporary investments, principally investments in Eurodollar time deposits, are stated at cost which approximates market value.

Receivables have been reduced by an allowance of $600,000 for doubtful accounts in 1983 and 1982.

Due from Esmark, Inc. includes $155,000 of accrued interest in 1982.

Inventories include $3,908,000 ($3,488,000 in 1982) of supply inventories. It is not practicable to classify product inventories by stage of completion.

Prepayments and other include $4,929,000 ($6,408,000 in 1982) related to active employe medical benefits.

Accrued liabilities include payrolls and related costs of $9,241,000 ($11,003,000 in 1982).

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.

Deferred Income Tax

INTERNATIONAL PAPER COMPANY (DEC)

	1983	1982
	($ Millions)	
Current Assets		
Cash and temporary investments, at cost, which approximates market	$ 225.7	$ 677.4
Accounts and notes receivable, less allowances of $24.1 million in 1983 and $26.9 million in 1982	517.8	435.7
Refundable federal income taxes	53.4	
Inventories	360.2	336.3
Deferred income taxes (Note 2)	27.8	40.2
Other current assets	16.3	12.3
Total Current Assets	1,201.2	1,501.9

Note 2 (in part): Income Taxes

The principal items giving rise to deferred income taxes are:

In millions	1983	1982	1981
Accelerated depreciation	$54.7	$ 1.7	$117.6
Sales of businesses and properties	33.9	(109.3)	87.3
Foreign subsidiary dividends		(8.4)	
Sale of tax benefits			65.8
Facility closings	12.4	(2.0)	(8.8)
DISC	(31.2)		
Other, net	(8.0)	5.8	13.4
Total	$61.8	$(112.2)	$275.3

In prior years, the Company had provided $31.2 million in deferred taxes on earnings of its Domestic International Sales Corporation (DISC). The Company now considers these earnings to be permanently reinvested. Thus, the deferred taxes were reversed and the tax provision was reduced in 1983.

Current assets include deferred income taxes of $27.8 million and $40.2 million at December 31, 1983 and 1982, respectively. These result from items expensed for financial reporting purposes which have not yet been taken as tax deductions ("timing differences"). The tax effects of these timing differences are classified as current since they are attributable to current assets and liabilities and are expected to be taken as tax deductions in the near-term.

Non-current deferred income taxes, $397.3 million and $341.0 million at December 31, 1983 and 1982, respectively, relate primarily to accelerated depreciation of plant and equipment for tax purposes.

TABLE 2-11: OTHER CURRENT ASSET CAPTIONS

	Number of Companies			
	1983	1982	1981	1980
Nature of Asset				
Deferred income taxes	120	122	114	91
Property held for sale	46	34	35	27
Unbilled costs	27	28	26	28
Advances or deposits	10	14	12	14
Other—identified	33	36	31	25
Other current assets	142	131	116	105

NOBILITY HOMES, INC. (OCT)

	1983	1982
Current Assets:		
Deferred income tax charges (Notes 1 and 2)	$122,200	$140,500

Note 1 (in part)

Income Taxes

Deferred income taxes included in the accompanying financial statements are primarily the result of (1) different depreciation/amortization methods between financial reporting and tax reporting for property, plant and equipment and leased property under capital leases (classified as a noncurrent asset) and (2) estimated finance expenses, estimated warranty costs and the allowance for doubtful accounts being accrued for financial reporting purposes while the deduction for tax reporting purposes is limited to actual expenses incurred (classified as a current asset).

Investment tax credits are accounted for using the flow-through method which reduces the provision for income taxes in the year in which the related assets are placed in service.

A. E. STALEY MANUFACTURING COMPANY (SEP)

	1983	1982
Current assets		
Cash	$ 4,803,000	$ 3,988,000
Receivables		
Trade—less allowances of $2,569,000 in 1983 and $2,344,000 in 1982	94,412,000	76,713,000
Other	34,885,000	21,375,000
Total receivables	129,297,000	98,088,000
Inventories	162,043,000	114,076,000
Deferred income taxes	9,690,000	4,086,000
Prepaid expenses	3,378,000	2,763,000
Total current assets	309,211,000	223,001,000

Property Held for Sale

BIRD INCORPORATED (DEC)

	1983	1982
Current Assets:		
Cash and equivalents	$ 4,431,000	$ 1,610,000
Accounts and notes receivable, less allowances—$1,035,000 in 1983 and $896,000 in 1982	34,416,000	28,036,000
Recoverable federal and state income taxes	1,123,000	1,053,000
Inventories	45,689,000	44,445,000
Assets held for sale at estimated realizable value	847,000	1,470,000
Prepaid expenses	1,982,000	1,748,000
Total current assets	88,488,000	78,362,000

DIAMOND SHAMROCK CORPORATION (DEC)

	1983	1982	1981
		($000)	
Current Assets			
Assets held for sale	$160,000	—	—

FINANCIAL SUMMARY

Assets Held for Sale

Assets held for sale at December 31, 1983 are comprised of all of the United States oil and gas producing and non-producing properties, excluding Federal offshore leases, of Natomas North America, Inc., a subsidiary of the Company. Such assets are valued at their estimated realizable value, based upon an agreement in principle for their sale.

PENNWALT CORPORATION (DEC)

	1983	1982
	(Thousands of Dollars)	
Current assets		
Cash, including certificates of deposit of $88,787,000 and $8,197,000	$ 96,213	$ 14,669
Receivables, net of allowance for doubtful accounts of $4,365,000 and $4,000,000:		
Trade	154,915	133,609
Other	48,254	13,805
Inventories	131,824	140,968
Prepaid pension costs and other expenses	6,709	15,604
Net current assets of discontinued operations	22,001	30,786
Total current assets	459,916	349,441

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Discontinued Operations

During the first quarter of 1981, the Company sold its CVI operations and decided to shut down the Vondelingenplaat Dyestuffs operations. Late in the fourth quarter of 1981, the Company decided to sell its S.S. White dental operations. As of December 31, 1981, all of those operations were considered discontinued, including those offered for sale. Net sales of discontinued operations aggregated $126,011,000 in 1981.

■ ■ ■ ■

At December 31, 1983 and 1982, the estimated net realizable value of the remaining assets of discontinued operations is shown in the Consolidated Balance Sheet captions "Net current assets of discontinued operations" and "Net noncurrent assets of discontinued operations."

JOY MANUFACTURING COMPANY (SEP)

	1983	1982
	($000)	
Current Assets		
Net assets to be sold (Note 4)	$30,746	—

Note 4: Net Assets to be Sold

As of September 30, 1983, the assets, net of any liabilities, that were part of the portable compressor and track drill product lines that the Company was negotiating to sell, along with the assets of the Company's discontinued operations that have not been sold, were segregated on the balance sheet. These net assets, which were stated at their net realizable value, included working capital of $10,052,000 and property, plant and equipment of $20,687,000.

Unbilled Costs

ASHLAND OIL, INC. (SEP)

	1983	1982
	($000)	
Current assets		
Cash and short-term securities	$ 166,355	$ 281,577
Accounts receivable (less allowances for doubtful accounts of $19,099,000 in 1983 and $18,875,000 in 1982)	913,442	992,131
Construction completed and in progress—at contract prices	56,001	58,645
Inventories	386,340	358,522
Deferred taxes and other current assets	82,551	75,601
	1,604,689	1,766,476

HARRIS CORPORATION (JUN)

	1983	1982
Current Assets		
Cash (including time deposits of $17,433,000 in 1983 and $14,445,000 in 1982)	$ 38,430,775	$ 31,617,404
Short-term securities, lower of cost or market	254,358,730	25,529,927
Trade accounts and notes receivable:		
Accounts receivable	215,625,739	183,609,168
Installment notes (including $15,813,000 in 1983 and $9,357,000 in 1982 due after one year)	24,108,662	14,906,463
	239,734,401	198,515,631
Less deferred interest income ($5,197,000 in 1983 and $2,885,000 in 1982) and allowances for collection losses	11,843,803	9,724,266
Total Trade Accounts and Notes Receivable	227,890,598	188,791,365
Unbilled costs and accrued earnings on fixed price contracts based on percentage-of-completion accounting (less progress payments of $438,707,000 in 1983 and $356,913,000 in 1982)	134,869,088	160,682,716
Inventories:		
Work in process and finished products	130,600,553	137,100,108
Raw materials and supplies	105,971,979	103,069,371
	236,572,532	240,169,479
Total Current Assets	892,121,723	646,790,891

RAYTHEON COMPANY (DEC)

	1983	1982
	In thousands	
Current assets		
Cash	$ 38,310	$ 42,839
Marketable securities	782,619	777,006
Accounts receivable, less allowance for doubtful accounts: 1983 — $22,177,000; 1982 — $14,950,000	600,292	594,599
Contracts in process (notes A and C)	284,577	294,476
Inventories	708,271	680,250
Prepaid expenses	13,280	12,218
Total current assets	2,427,349	2,401,388

NOTES TO FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Contracts in Process

Sales under long-term contracts are recorded under the percentage of completion method, wherein costs and estimated gross margin are recorded as sales as the work is performed. Costs include direct engineering and manufacturing costs, applicable overheads and special tooling and test equipment. Estimated gross margin provides for the recovery of allocable research, development (including bid proposal), marketing and administration costs and for accrued income. Accrued income is based on the percentage of estimated total income that incurred costs to date bear to estimated total costs after giving effect to the most recent estimates of cost and funding at completion. When appropriate, increased funding is assumed based on expected adjustments of contract prices for increased scope and other changes ordered by the customer. Some contracts contain incentive provisions based upon performance in relation to established targets to which applicable recognition has been given in the contract estimates. Since many contracts extend over a long period of time, revisions in cost and funding estimates during the progress of work have the effect of adjusting in the current period earnings applicable to performance in prior periods. When the current contract estimate indicates a loss, provision is made for the total anticipated loss. In accordance with these practices, contracts in process are stated at cost plus estimated profit but not in excess of realizable value.

Note C: Contracts in Process

Contracts in process consist of the following at December 31, 1983:

	Cost Type	Fixed Price Type	Total
		In thousands	
U.S. Government end use contracts			
Billed	$ 56,424	$ 53,421	$ 109,845
Unbilled	20,368	1,014,917	1,035,285
Less progress payments	—	935,344	935,344
Total	76,792	132,994	209,786
Other customers			
Billed	29,930	5,026	34,956
Unbilled	31,876	74,878	106,754
Less progress payments	—	66,919	66,919
Total	61,806	12,985	74,791
	$138,598	$ 145,979	$ 284,577

Contracts in process consist of the following at December 31, 1982:

	Cost Type	Fixed Price Type	Total
		In thousands	
U.S. Government end use contracts			
Billed	$ 53,118	$ 55,602	$108,720
Unbilled	28,412	771,388	799,800
Less progress payments	—	702,424	702,424
Total	81,530	124,566	206,096
Other customers			
Billed	43,003	9,633	52,636
Unbilled	34,434	69,022	103,456
Less progress payments	—	67,712	67,712
Total	77,437	10,943	88,380
	$158,967	$135,509	$294,476

The U.S. Government has a security title to unbilled amounts associated with those contracts which provide for progress payments.

Unbilled amounts are recorded on the percentage of completion method and are recoverable from the customer upon shipment of the product, presentment of billings or completion of the contract. It is anticipated that substantially all of these unbilled amounts, net of progress payments, will be collected during 1984.

Billed and unbilled contracts in process include retentions arising from contractual provisions. At December 31, 1983, retentions amount to $11,468,000 and are anticipated to be collected as follows: 1984 — $3,239,000; 1985 — $4,023,000 and the balance thereafter.

TEMTEX INDUSTRIES, INC. (AUG)

	1983	1982
CURRENT ASSETS		
Cash	$ 1,051,671	$ 881,712
Accounts receivable		
Trade receivables, less allowance for doubtful accounts: 1983 — $536,670 and 1982 — $517,217	4,453,622	3,709,397
Other	127,780	62,875
Fixed-price contracts in progress, less progress payments: 1983 — $897,851 and 1982 — $702,487 — Note B	1,078,790	182,299
Inventories	5,278,502	6,694,340
Recoverable federal income taxes	—	237,241
Deferred federal income taxes	40,936	—
Prepaid expenses	244,985	241,570
TOTAL CURRENT ASSETS	12,276,286	12,009,434

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Fixed-Price Contracts in Progress: Sales and costs of sales (including general and administrative expenses) on fixed-price contracts are generally recorded when units are delivered based on the profit rates anticipated on the contracts at completion. Profits expected to be realized on contracts are based on estimates of total sales value and cost at completion. These estimates are reviewed and revised periodically throughout the lives of the contracts and adjustments to profits resulting from such revisions are made cumulative to the date of change. Losses on contracts are recorded in full as they are identified.

Note B—Fixed-Price Contracts in Progress

Amounts receivable from the U.S. Government of $436,000 are included in trade receivables at August 31, 1983. There were no such receivables in 1982.

Cost elements included in fixed-price contracts in progress at August 31, 1983 and 1982 are as follows:

	1983	1982
Production cost consisting primarily of material, labor and overhead:		
Initial tooling costs	$ 277,457	$711,546
Currently in process	1,586,790	103,266
General and administrative costs.	112,394	69,974
	1,976,641	884,786
Less: progress payments	(897,851)	(702,487)
	$1,078,790	$182,299

Due From Broker

DYNAMICS CORPORATION OF AMERICA (DEC)

	1983	1982
	($000)	
Current Assets:		
Cash and cash equivalents	$13,939	$ 818
Marketable securities (at lower of cost or market) cost $2,325 and $202	2,219	101
Accounts receivable, less allowances of $1,024 and $1,158	18,287	22,140
Inventories	22,207	24,292
Other current assets—Note 3	8,031	966
Deferred income taxes	807	1,262
Total Current Assets	65,490	49,579

Note 3 (in part): Other Current Assets and Liabilities:

Other current assets include an amount due from a broker for the sale of marketable securities of $5,650,000 at December 31, 1983, which was subsequently received.

Rental Automobiles and Television Program Costs

RCA CORPORATION (DEC)

	1983	1982
	(In millions)	
Current assets		
Cash and equivalents	$ 97.5	$ 76.1
Receivables, less allowance for doubtful accounts of $47.8 million (1982 — $53.5)	1,287.9	1,234.9
Inventories (Note 4)	645.9	610.5
Rental automobiles of Hertz, at cost less accumulated depreciation of $133.7 million (1982 — $158.1)	990.6	851.3
Television program costs	393.4	355.7
Prepaid expenses and other	141.5	214.6
Total current assets	3,556.8	3,343.1

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Television Program Costs. The National Broadcasting Company, Inc. (NBC) capitalizes program costs, including the rights to broadcast, when paid or when the program is available for broadcast, if earlier. These costs are amortized based upon projected revenues or expensed when a program is determined not to be usable.

Depreciable Assets. Plant and equipment, rental automobiles, and other revenue-earning equipment are generally depreciated using the straight-line method over their estimated useful lives or, in the case of leasehold improvements, over the term of the lease, if shorter. Expenditures for repairs and maintenance are expensed, while those for renewals and betterments are capitalized. Upon disposal of rental automobiles and other revenue-earning equipment, depreciation expense is adjusted for the difference between net proceeds from sale and the remaining book value. Rental automobiles are held for approximately one year and accordingly are classified as current assets.

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

BORG-WARNER CORPORATION

Balance Sheet

December 31

	1983	1982
	(millions of dollars)	
Total current assets	$ 994.9	$ 883.2
Investments and advances	625.0	600.9
Property, plant and equipment	843.6	832.8
Other assets and deferred charges	153.6	145.7
	$2,617.1	$2,462.6

Statement of Earnings

Year ended December 31

(millions of dollars)	1983	1982	1981
Costs and expenses:			
Cost of sales	$2,675.2	$2,438.9	$2,425.2
Depreciation	108.9	99.7	89.9
Selling, general and administrative expenses	503.7	469.0	443.5
Interest expense	29.5	45.6	34.0
Finance charges from related companies	13.8	15.9	19.1
Minority interests	5.5	4.8	5.1
Provision for income taxes	85.7	43.7	66.8
	3,422.3	3,117.6	3,083.6

SUMMARY OF ACCOUNTING POLICIES

Property, Plant and Equipment and Depreciation

Property, plant and equipment is valued at cost less accumulated depreciation. Expenditures for maintenance, re-

TABLE 2-12: LAND CAPTIONS

	1983	1982	1981	1980
Land	399	400	396	404
Land and improvements	106	101	98	102
Land and buildings	25	28	29	29
Land combined with other identified assets	14	15	16	15
No caption with term *land*	13	15	17	15
	557	559	556	565
Line of business classification	43	41	44	35
Total Companies	**600**	**600**	**600**	**600**

TABLE 2-13: DEPRECIABLE ASSET CAPTIONS

	1983	1982	1981	1980
Buildings				
Buildings	271	274	275	284
Buildings and improvements	192	186	180	177
Buildings and land or equipment	62	62	68	71
Buildings combined with other identified assets	12	12	9	10
No caption with term *buildings*	17	18	23	16
	554	552	555	558
Line of business classification	46	48	45	42
Total Companies	**600**	**600**	**600**	**600**
Other Depreciable Asset Captions	**Number of Companies**			
Machinery and/or equipment	443	440	446	447
Machinery and/or equipment combined with other assets	86	82	91	100
Construction in progress	244	244	243	232
Leasehold improvements	114	120	120	128
Leased assets	111	116	118	123
Automobiles, marine equipment, etc.	77	74	76	79
Furniture, fixtures, etc.	50	52	49	55
Assets leased to others	16	18	23	19

pairs and renewals of relatively minor items are generally charged to earnings as incurred. Renewals of significant items are capitalized.

Depreciation is computed generally on a straight-line basis over the estimated useful lives of related assets. For income tax purposes, accelerated methods of depreciation are generally used.

NOTES TO FINANCIAL STATEMENTS

Property, Plant and Equipment

Following is a summary of Borg-Warner's property, plant and equipment at December 31:

(millions of dollars)	1983	1982
Land	$ 18.2	$ 18.0
Buildings	260.5	265.2
Machinery and equipment	688.3	673.5
Subscribers' installations	180.1	146.3
Construction in progress	44.6	43.3
Capital leases	81.8	85.8
	1,273.5	1,232.1
Less accumulated depreciation	429.9	399.3
Net property, plant and equipment	$ 843.6	$ 832.8

Amortization of capital lease assets has been included in depreciation expense. Accumulated capital lease amortization amounted to $36.5 million and $30.0 million at December 31, 1983 and 1982, respectively.

FOOTE MINERAL COMPANY

Consolidated Balance Sheets

(In Thousands)

	December 31 1983	1982
Property, Plant and Mine Development, at cost:		
Land and mineral rights	$ 2,078	$ 2,056
Buildings	24,210	24,145
Machinery and equipment	131,237	130,660
Construction in progress	323	264
	157,848	157,125
Less: Accumulated depreciation	107,382	98,954
Net property and plant	50,466	58,171
Mine development costs, net of amortization	9,181	9,244
Net property, plant and mine development	59,647	67,415

Consolidated Statements of Income

(In Thousands Except Earnings Per Share)

	Year Ended December 31 1983	1982	1981
Costs and expenses:			
Operating costs and expenses exclusive of items shown separately	$125,201	$112,052	$149,903
Depreciation and amortization	8,783	8,631	8,299
Selling, general and administrative expenses	8,167	8,895	9,377
Employees' retirement plans	2,722	4,111	3,744
Interest expense	2,567	2,471	3,024
Provision (benefit) for Federal income taxes	(4,698)	(6,706)	4,577
	142,742	129,454	178,924

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1983, 1982 and 1981

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Mine Development. Expenditures for new facilities or expenditures which extend the useful lives of existing plant and equipment are capitalized. Maintenance and repair costs are expensed as incurred. Depreciation is provided using the straight-line method (for $135,640,000 of assets) and an accelerated method (for $17,456,000 of assets) over the estimated useful lives of depreciable assets.

Mine development costs incurred either to expand the capacity of operating mines or to develop new ore bodies are deferred and charged to operations on the unit-of-production method based on the estimated ore reserves to be recovered.

GANNETT CO., INC.

Consolidated Balance Sheets

	Dec. 25, 1983	Dec. 26, 1982
Property, Plant and Equipment:		
Land	$ 42,090,000	$ 42,926,000
Buildings and improvements	229,495,000	223,329,000
Advertising display structures	162,990,000	161,758,000
Machinery, equipment and fixtures	573,698,000	496,801,000
Construction in progress	22,710,000	17,923,000
	1,030,983,000	942,737,000
Non-operating properties	2,062,000	2,437,000
	1,033,045,000	945,174,000
Less accumulated depreciation	(357,073,000)	(319,207,000)
Net Property, Plant and Equipment	675,972,000	625,967,000

Consolidated Statements of Changes in Financial Position

Fiscal Year Ended	Dec. 25, 1983	Dec. 26, 1982	Dec. 27, 1981
Sources of Working Capital:			
Net income	$191,665,000	$180,507,000	$172,506,000
Add (deduct) income charges (credits) not affecting working capital:			
Depreciation	67,012,000	56,237,000	46,966,000
Amortization of intangibles	14,392,000	12,996,000	11,186,000
Gain on sale of certain assets	(11,218,000)	(927,000)	(995,000)
Deferred income taxes	15,212,000	15,806,000	18,872,000
Other	3,762,000	5,751,000	3,113,000
Working capital provided by operations	280,825,000	270,370,000	251,648,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Property and Depreciation—Property, plant, and equipment is recorded at cost; and depreciation is provided generally on a straight-line basis over the estimated useful life. The principal estimated useful lives are: buildings and improvements, 10 to 40 years; machinery, equipment, and fixtures, 3 to 25 years; outdoor advertising display structures, 5 to 30 years. Major renewals, betterments, relocation of outdoor advertising structures and interest incurred during the construction period of major property, plant, and equipment expenditures are capitalized. Expenditures for the removal of outdoor advertising structures, maintenance, repairs, and minor renewals are charged to expense as incurred. When depreciable assets are retired or sold, the cost and related allowance for depreciation are removed from the accounts; and the resulting gain or loss is reflected in earnings.

HAZELTINE CORPORATION

Consolidated Balance Sheet

(Dollars in Thousands)

	December 31 1983	1982
Total Current Assets	$ 73,491	$ 66,640
Property, Plant and Equipment At Cost, less Accumulated Depreciation of $24,943 and $22,650	31,246	26,537
Other Assets	230	2,240
	$104,967	$ 95,317

Consolidated Statement of Changes in Financial Position

(Dollars in Thousands)

	For the Year Ended December 31 1983	1982	1981
Funds From Continuing Operations			
Income From Continuing Operations	$ 2,620	$ 7,500	$ 6,318
Items Not Affecting Funds			
Depreciation of Plant and Equipment	3,903	2,634	2,081
Deferred Income Taxes	(2,908)	—	738
Other	644	51	41
Funds Provided From Continuing Operations	4,259	10,185	9,178

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Thousands Except Per Share Amounts)

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

Property, Plant and Equipment—Property, plant and equipment is recorded at cost. Depreciation for substantially all plant and equipment is provided for by using the straight-line method over the estimated useful lives. The estimated useful lives for computing depreciation are as follows:

TABLE 2-14: ACCUMULATED DEPRECIATION

	1983	1982	1981	1980
Accumulated depreciation...	293	292	296	291
Accumulated depreciation and amortization..........	162	161	165	167
Accumulated depreciation, amortization and depletion.........................	35	35	32	34
Accumulated depreciation and depletion..............	18	22	21	19
Allowance for depreciation .	30	25	24	27
Allowance for depreciation and amortization..........	28	31	24	23
Allowance for depreciation and depletion..............	9	10	6	7
Other captions	25	24	32	32
Total Companies.............	**600**	**600**	**600**	**600**

	Estimated Useful Lives (Years)
Buildings and improvements........................	10 to 40
Furniture and office equipment.....................	5 to 10
Machinery and equipment	5 to 7
Automobiles and trucks	4

Leasehold improvements are amortized over the remaining term of the applicable leases or their useful lives, whichever is shorter. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed in the year incurred.

Note 5. Property, Plant and Equipment

	December 31 1983	1982
Land	$ 2,323	$ 2,633
Buildings and improvements...................	14,859	14,427
Machinery and equipment	28,474	22,837
Furniture and office equipment................	8,816	7,180
Automobiles and trucks	315	288
Leasehold improvements........................	1,402	1,822
	56,189	49,187
Less accumulated depreciation	24,943	22,650
	$31,246	$26,537

JAMES RIVER CORPORATION OF VIRGINIA

Consolidated Balance Sheet

April 24, 1983 and April 25, 1982

	1983	1982
Property, plant and equipment:		
Land	$ 13,255,638	$ 4,284,745
Buildings	73,014,067	36,153,493
Machinery and equipment	483,304,968	190,451,335
Construction in progress	31,140,747	18,772,332
	600,715,420	249,661,905
Less accumulated depreciation ..	65,613,632	34,815,811
	535,101,788	214,846,094
Timber and timberlands, net of accumulated cost of timber harvested	38,770,927	38,506,100
Net property, plant and equipment	573,872,715	253,352,194

Consolidated Statement of Changes in Financial Position

For the Years Ended April 24, 1983, April 25, 1982 and April 26, 1981

	1983	1982	1981
Sources of working capital:			
Operations:			
Income before extraordinary charge	$ 55,147,780	$22,352,805	$21,355,905
Charges to income not affecting working capital:			
Depreciation and cost of timber harvested.	32,095,947	14,305,038	9,286,190
Deferred income taxes......	23,272,835	7,457,825	5,221,454
Amortization and other.	1,083,154	221,293	155,828
Working capital from operations excluding extraordinary charge	111,599,716	44,336,961	36,019,377

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

C) Property, Plant and Equipment: Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes based on management's estimate of remaining useful lives at acquisition (generally 20 to 45 years for buildings and 12 to

20 years for machinery and equipment). Cost of timber harvested is recorded as timber is cut and at rates which are determined annually based on the relationship of unamortized timber costs to the estimated volume of recoverable timber.

FUNCTIONAL CLASSIFICATION

CABOT CORPORATION

Consolidated Balance Sheets

September 30 Dollars in thousands	1983	1982
Property, plant and equipment (Note E)	1,105,391	1,055,442
Accumulated depreciation, depletion and amortization	448,497	391,008
Net property, plant and equipment	656,894	664,434

Consolidated Statements of Changes in Financial Position

Years ended September 30 Dollars in thousands	1983	1982	1981
Funds Provided from (Used for)			
Operations			
Net income	$ 64,162	$ 88,007	$110,167
Charges (credits) to income not affecting working capital:			
Depreciation, depletion and amortization	75,141	56,640	48,032
Deferred income taxes	12,580	32,436	31,962
Equity in earnings of affiliated companies, net of dividends received	(534)	3,131	(4,688)
Other, net	3,350	2,169	1,451
Working capital provided from operations	154,699	182,383	186,924

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Significant Accounting Policies

Property, Depreciation and Amortization: Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation of property, plant and equipment is provided primarily by the straight-line method, using lives of ten to twelve years for substantially all machinery and equipment, and twenty-five years for buildings and improvements.

In connection with its oil and gas operations, the Company uses the successful efforts method of accounting, consistent with FASB Statement No. 19. Exploration costs (consisting of dry hole costs, delay rentals, abandoned leases and other exploration costs) are charged to expense. Tangible and intangible productive well drilling costs are capitalized. Amortization of capitalized intangible drilling costs, depletion and a portion of the depreciation of producing oil and gas properties are computed by the unit-of-production method.

Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized. Upon retirement or sale of assets, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to income.

E. Property, Plant and Equipment

The cost of property, plant and equipment, by industry segment, was as follows:

September 30 Dollars in thousands	1983	1982
Energy	$ 528,563	$ 502,077
Engineered Products	258,854	238,683
Performance Chemicals	295,794	293,761
General corporate assets	22,180	20,921
Total	$1,105,391	$1,055,442

CROWN CENTRAL PETROLEUM CORPORATION

Consolidated Balance Sheets

	December 31 1983	1982
	(thousands of dollars)	
Property, plant and equipment		
Land	$ 38,503	$ 19,329
Oil and gas properties (successful efforts method)	186,176	179,516
Refinery and petrochemical plant	217,960	204,068
Marketing facilities	127,200	63,128
Pipelines and other equipment	13,521	13,262
	583,360	479,303
Less allowances for depreciation, depletion and amortization	224,967	171,624
Total property, plant and equipment	358,393	307,679

Consolidated Statements of Income

	Year Ended December 31 1983	1982	1981
	(thousands of dollars except per share data)		
Costs and expenses:			
Costs and operating expenses	$1,521,243	$1,653,438	$1,369,187
Selling and administrative expenses	85,968	62,072	70,207
Depreciation, depletion and amortization	37,737	36,220	31,802
Production and other operating taxes	19,728	21,289	23,904
Interest	11,849	7,609	7,332
Sales, abandonments and involuntary conversions of property, plant and equipment	(7,267)	15,571	27,695
	1,669,258	1,796,199	1,530,127

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Description of Business and Summary of Accounting Policies

Property, Plant and Equipment: Property, plant and equipment is carried at cost. Depreciation and amortization of plant and equipment are primarily provided using the straight-line method over estimated useful lives.

Upon sale or retirement, the costs and related accumulated depreciation or depletion are eliminated from the respective accounts and the resulting gain or loss is included in income.

Routine current maintenance, repairs and replacement costs are charged against income. Turnaround costs, which consist of complete shutdown and inspection of significant units of the refinery at intervals of two or more years for necessary repairs and replacements, are deferred and amortized over the related period. Expenditures which materially increase values, change capacities or extend useful lives are capitalized.

Lease acquisition costs and drilling and development costs of producing oil and gas properties are capitalized and depleted by the unit-of-production method. The Company historically has utilized the successful efforts method of accounting for exploration and development costs. Under that method, exploratory costs, including geophysical and geological expenses, lease rentals and intangible drilling costs related to nonproducing wells are charged to expense.

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			
	1983	1982	1981	1980
Equity	345	340	332	335
Cost	127	123	100	106
Cost less allowances for losses	12	12	17	14
Lower of cost or market	23	30	27	20

Equity Method

AMERON, INC.

Consolidated Balance Sheets

November 30	1983	1982
Total current assets	$105,502,000	$107,620,000
Investments, Advances and Equity in Undistributed Earnings of Affiliated Companies	56,236,000	45,014,000

Consolidated Statements of Income

Year ended November 30	1983	1982	1981
Income of Consolidated Companies	$3,003,000	$ 6,529,000	$ 7,251,000
Equity in Earnings of Affiliated Companies	5,400,000	7,519,000	8,435,000
Net Income	8,403,000	14,048,000	15,686,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Affiliated Companies

The Company's principal investments which have been accounted for by the equity method are summarized as follows:

Business Segment	Affiliate	Ownership Interest
Concrete Pipe Products	Gifford-Hill-American, Inc.	50%
	Ameron Saudi Arabia, Ltd.	30%
	Ameron Jubail, Ltd.	30%
Steel Products	Tamco	50%

	Concrete Pipe Products Segment	Steel Products Segment	Other Segments	Total
	(In thousands)			
Investment, November 30, 1983				
Cost	$ 5,960	$ 8,482	$3,901	$18,343
Accumulated equity in undistributed earnings	32,634	2,100	659	35,393
Long term advances		2,500		2,500
	$38,594	$13,082	$4,560	$56,236

The Company provides U.S. income taxes on its equity in earnings of affiliated companies to the extent that such earnings are expected to be distributed or repatriated to the Company. The approximate accumulated amount of undistributed earnings for which no tax has been provided at November 30, 1983 was $5,554,000.

Summarized financial information for affiliates in the Concrete Pipe Products segment follows:

	1983	1982
	(In thousands)	
Financial Condition		
Current assets	$118,984	$124,034
Noncurrent assets	79,727	64,938
	$198,711	$188,972
Current liabilities	$ 61,187	$ 45,724
Noncurrent liabilities	15,007	39,973
Stockholders' equity	122,517	103,275
	$198,711	$188,972

	1983	1982	1981
		(In thousands)	
Results of Operations			
Net sales	$234,703	$235,673	$175,880
Gross profit on sales	$ 74,222	$ 82,341	$ 69,853
Income before cumulative effect of accounting change	$ 38,515	$ 47,002	$ 40,256
Cumulative effect on prior years of change in method of revenue recognition			(2,334)
Net income	$ 38,515	$ 47,002	$ 37,922

The Company's investment in Gifford-Hill-American, Inc., which manufactures concrete pressure pipe, is recorded based on audited consolidated financial statements as of December 31, 1982 and unaudited consolidated financial statements as of October 31, 1983.

The Company's investment in Ameron Saudi Arabia, Ltd., a concrete pressure pipe manufacturer, is recorded based on audited financial statements as of September 30, 1983. Ameron Saudi Arabia, Ltd. is exempt from paying income taxes in Saudi Arabia until October, 1988.

The Company's investment in Ameron Jubail, Ltd., a prestressed concrete pressure pipe manufacturer, is recorded based on audited financial statements as of September 30, 1983. Ameron Jubail, Ltd. is exempt from paying income taxes in Saudi Arabia until March, 1991. The Saudi Arabian Amiantit Co., Ltd. (Amiantit) presently holds 97% of the outstanding capital stock of Ameron Jubail, Ltd. An agreement between the Company and Amiantit provides that Amiantit will transfer 30% of the capital stock of Ameron Jubail, Ltd. to Ameron no later than June 30, 1984 and that until such transfer is effected, Ameron is entitled to all privileges and rights of share ownership.

Sales of equipment and technical services by the Company to these affiliates in the Middle East were $12,991,000 in 1983, $14,887,000 in 1982 and $9,399,000 in 1981, and receivables aggregated $880,000 and $713,000 at November 30, 1983 and 1982. The cost of the investments and accumulated equity in undistributed earnings in the Saudi Arabian affiliates is approximately $25.1 million at November 30, 1983.

Summarized financial information for Tamco based on audited financial statements as of November 30 follows:

Financial Condition	1983	1982
	(In thousands)	
Current assets	$13,164	$ 4,973
Noncurrent assets	27,861	24,908
	$41,025	$29,881
Current liabilities	$ 8,693	$ 4,092
Noncurrent liabilities	13,579	15,328
Stockholders' equity	18,753	10,461
	$41,025	$29,881

Results of Operations	1983	1982	1981
		(In thousands)	
Net sales	$37,956	$27,914	$41,502
Gross profit on sales	$ 2,479	$ 3,475	$ 5,084
Net income (loss)	$ (708)	$ 526	$ 674

In February, 1983, the Company, together with the other stockholders, completed a restructuring of Tamco, a producer of steel products. The restructuring included the contribution by Ameron of its steel rolling mill business and equipment to Tamco and additional cash capital contributions by all the owners. Ameron purchases of steel products from Tamco aggregated approximately $12,217,000 in 1983, $23,114,000 in 1982 and $32,300,000 in 1981.

The Company and other stockholders of Tamco have jointly and severally guaranteed Tamco's obligations under a leverage lease agreement. Annual lease payments are approximately $1,100,000 and the present value of remaining lease payments at November 30, 1983 is $6,071,000.

Receivables from all affiliated companies approximate $7.4 million at November 30, 1983.

CONAGRA, INC.

Consolidated Balance Sheets

Dollars in thousands

	May 29, 1983	May 30, 1982
Other assets		
Investments in unconsolidated 50% or less owned companies (Note 3)	$27,924	$ 6,643
Sundry investments, deposits and noncurrent receivables	20,181	6,280
Total other asssets	48,105	12,923

Consolidated Statements of Earnings

In thousands except per share amounts

	Fiscal years ended		
	May 29, 1983	May 30, 1982	May 31, 1981
Revenues			
Net sales	$2,319,973	$1,709,599	$1,381,701
Equity in earnings (loss) of unconsolidated 50% or less owned companies (Note 3)	4,918	(1,233)	300
	2,324,891	1,708,366	1,382,001

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Columnar dollar amounts in thousands except per share amounts.

1 (in part): Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of ConAgra, Inc. and its subsidiaries. All significant intercompany investments, accounts and transactions have been eliminated.

The accounts of a wholly-owned subsidiary, United Agri-Products, Inc., have been consolidated on the basis of a year ended February 28. Such fiscal period corresponds with that Company's business year.

The investment in and operating results of 50% or less owned companies are included in the statements on the basis of the equity method of accounting. The operations of foreign companies are not material to the Company.

3. Investments in and Advances to Unconsolidated 50% or Less Owned Companies

The Company has 50% equity interests in Country Poultry, Inc., a domestic processor of poultry products (see Note 2), and Bioter-Biona, S.A., a food company in Spain. A summary of financial information of these companies is set forth below:

	1983	1982
Current assets	$126,528	$ 28,206
Noncurrent assets	55,603	24,966
Total assets	182,131	53,172
Current liabilities	76,871	31,567
Noncurrent liabilities	49,412	8,319
Total liabilities	126,283	39,886
Net assets	$ 55,848	$ 13,286
ConAgra's investment	$ 27,924	$ 6,643
Net sales	$925,547	$139,419
Net income (loss)	$ 9,836	$ (2,466)
ConAgra's equity in earnings (loss)	$ 4,918	$ (1,233)

During fiscal year 1983 the Company charged these companies management fees of $4,000,000, administrative fees of $2,075,000 and rent of $1,004,000. The Company also in the ordinary course of business sells feed to the Country Poultry, Inc. operations. Sales in 1983 amounted to $19,338,000 and were transacted at terms comparable to those obtained from other parties.

FAIRCHILD INDUSTRIES, INC.

Consolidated Balance Sheets

(In thousands of dollars)

	December 31	
	1983	1982
Total Current Assets	$553,495	$515,962
Notes Receivable	70,290	70,413
Investments in Affiliates	84,057	79,793

Consolidated Statements of Earnings

(In thousands of dollars, except per-share amounts)

	Year ended December 31		
	1983	1982	1981
Revenue:			
Sales	$891,592	$1,093,261	$1,338,905
Gain from sale of Bunker Ramo Corporation stock	—	—	31,317
Other income (expense) — net	(2,589)	6,709	5,013
Equity in earnings of affiliated companies	6,785	3,640	3,441
	895,788	1,103,610	1,378,676

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments in Affiliates

Investments in affiliates, which are carried at cost plus equity in undistributed earnings or losses, consist of (in thousands):

	December 31	
	1983	1982
American Satellite Company (50 percent partnership interest)	$64,477	$62,789
SPACECOM (50 percent partnership interest)	3,302	52
Fairchild Credit Corporation	3,854	5,345
Other affiliates	12,424	11,607
	$84,057	$79,793

Equity in earnings (losses) were as follows:

	Year ended December 31		
	1983	1982	1981
American Satellite Company	$1,608	$ 973	$(1,845)
SPACECOM	3,180	52	—
Fairchild Credit Corporation	165	1,184	—
Other affiliates	1,832	1,431	5,286
	$6,785	$3,640	$3,441
Dividends received (recorded as a reduction of the carrying value of the related investment)	$ 245	$ 237	$1,234

AMERICAN SATELLITE COMPANY—The Company and Continental Telecom Inc. ("Continental"), through subsidiaries, are partners in American Satellite Company which provides satellite communications services. The partners share equally in capital contributions, financial results and management of the partnership.

Following is a summary of the operating results and financial position of American Satellite (in thousands):

	Year ended December 31		
	1983	1982	1981
Operations:			
Revenues	$54,482	$44,132	$25,418
Costs and expenses	51,266	42,186	29,107
Earnings (losses) before income taxes	$ 3,216	$ 1,946	$(3,689)

	December 31	
	1983	1982
Financial Position:		
Property and equipment—net	$217,290	$129,850
Other assets	12,706	9,700
Notes payable to banks	(76,000)	—
Other liabilities	(21,291)	(10,060)
Net assets	$132,705	$129,490

SPACECOM—In June 1980, the Company, through a subsidiary, became a 25-percent partner in Space Communications Company (SPACECOM) along with subsidiaries of Western Union Corporation (50 percent) and Continental (25 percent). SPACECOM's primary business is a contract with the National Aeronautics and Space Administration (NASA) for the construction and operation of the Tracking and Data Relay Satellite System (TDRSS). On July 1, 1983, SPACECOM received $35,000,000 from NASA in connection with changes in the contract. On July 6, 1983, SPACECOM paid Western Union $29,000,000 to liquidate its interest in the partnership with the resulting partnership now owned 50 percent by the Company and 50 percent by Continental. The $6,000,000 remaining from the NASA payment was advanced equally to the two remaining partners in return for demand notes bearing interest at current market rates.

In 1983, SPACECOM achieved the first significant performance milestones on the TDRSS contract and, on the percent-of-completion method of accounting, recognized $5,900,000 of income on the contract.

Following is a summary of the operating results and financial position of SPACECOM (in thousands):

	Year ended December 31		
	1983	1982	1981
Operations:			
Revenues	$671,592	$1,767	$1,291
Costs and expenses	665,241	1,626	1,189
Earnings before income taxes	$ 6,351	$ 141	$ 102

	December 31	
	1983	1982
Financial Position:		
Construction costs net of contract advances and accrued interest	$ (403)	$ 8,053
Accounts receivable	6,261	402
Notes receivable from partners	6,000	—
Other assets	4,155	2,997
Total liabilities	(9,417)	(11,207)
Net assets	$6,596	$ 245

BUNKER RAMO CORPORATION—On June 15, 1981, the Company sold to Allied Corporation all of its 20-percent stock interest in Bunker Ramo at a price of $55 per share for a total of $70,217,000. The proceeds were in the form of a note from Allied payable on January 2, 1985 and bearing interest at an annual rate which is the greater of 12¾ percent or the prime lending rate. The sale of the stock resulted in a gain of $31,317,000.

FAIRCHILD CREDIT CORPORATION—In late 1982, Fairchild Credit Corporation (FCC), a wholly owned subsidiary of Fairchild Industries, Inc., was formed for purposes of providing financial services in support of the sale of Company-manufactured products. Operations consist primarily of debt financing for and leasing of turboprop aircraft manufactured by a subsidiary of the Company. The investment in FCC is carried at underlying equity, adjusted for the elimination of intercompany profits. Following is a summary of the operating results and financial position of FCC for 1983 and 1982 (in thousands):

	Year ended December 31	
	1983	1982
Operations:		
Revenues	$3,335	$ 108
Operating expenses	(6,077)	(229)
Interest income—Fairchild Industries	308	—
Credit for income taxes	2,599	1,305
Net earnings	$ 165	$1,184

	December 31	
	1983	1982
Financial Position:		
Demand note receivable—Fairchild Industries	$ 9,741	$ —
Leased assets—net	18,000	15,546
Installment receivables	6,016	8,201
Other assets	1,246	20
Notes payable to banks	(19,000)	(15,000)
Advances from Fairchild Industries	—	(6,607)
Other liabilities	(9,418)	(974)
Net assets	$ 6,585	$ 1,186

FCC has a bank revolving credit facility with an operating agreement under which the Company agrees to the maintenance of certain minimum financial ratios of the finance company. In addition, the Company has guaranteed certain payments under FCC operating leases aggregating $5,552,000 over the next five years.

FCC is included in the consolidated tax return of the Company. Under a tax allocation agreement, FCC charges or credits the Company for its allocated portion of a consolidated tax provision.

MEREDITH CORPORATION

Consolidated Balance Sheets

June 30	1983	1982
	(in thousands)	
Total Current Assets	$131,829	$154,011
Property, Plant and Equipment (at cost)	137,852	153,734
Less accumulated depreciation	45,536	63,315
Net Property, Plant and Equipment	92,316	90,419
Investment in 50%-Owned Printing Operations (Note 14)	53,569	24,368

Consolidated Statements of Earnings

Years ended June 30	1983	1982	1981
		(in thousands)	
Income from Operations	$44,107	$48,759	$41,417
Gain from Sale of Broadcasting Properties	5,361	—	—
Equity in 50%-Owned Printing Operations (Note 14)	5,777	788	3,055
Interest Income	3,947	4,649	2,551
Interest Expense	3,623	3,754	3,608
Earnings Before Income Taxes	55,569	50,442	43,415

Note 14 (in part): Printing Operations

On February 8, 1983, the Company, through its wholly-owned subsidiary MerPrint Company, contributed the assets less current liabilities (valued at $23,424,000) of its Des Moines printing operation to Meredith/Burda Company, Limited Partnership. The Company also contributed $7,500,000 in notes of Meredith/Burda Corporation and has a 50 percent interest in the partnership. The Burda interest of Offenburg, West Germany, the other 50 percent partners, contributed cash, notes, printing equipment and notes of Meredith/Burda Corporation. The method of investment will provide funds for new printing equipment over the next few years without the necessity of the Company contributing cash for capital expenditures. Revenues and operating results prior to the investment are included in the Consolidated Financial Statements. Operating earnings since the date of investment are included in the "Equity in 50%-Owned Printing Operations."

At June 30, 1983, the Company's investment in printing operations consisted of 50 percent of the common stock of Meredith/Burda Corporation, which has printing operations in Lynchburg, Virginia, and Newton, North Carolina, and a 50 percent partnership interest in Meredith/Burda Company, Limited Partnership, with printing operations in Des Moines, Iowa.

Summarized combined financial data for these companies at June 30, 1983, 1982 and 1981 are as follows (Net income of Meredith/Burda Company, Limited Partnership, does not include a provision for income tax expense):

Balance Sheet Data:

	1983	1982	1981
		(in thousands)	
Current Assets	$ 60,958	$ 31,683	$ 29,962
Property, Plant and Equipment, net of accumulated depreciation	148,165	91,353	88,301
Other assets	31,601	5,310	4,012
	$240,724	$128,346	$122,275
Current Liabilities	31,179	18,443	20,801
Long-Term Debt (excluding debt to shareholders/partners	46,803	49,280	55,199
Deferred Income Taxes	7,123	3,690	4,115
Net Assets	$155,619	$ 56,933	$ 42,160

Income Statement Data:	1983	1982	1981
		(in thousands)	
Revenues	$199,409	$127,671	$ 95,000
Costs and Expenses	189,296	126,094	$ 88,980
Net Income:			
Meredith/Burda Company, Limited Partnership	$ 6,021	$ —	$ —
Meredith/Burda Corporation	4,092	1,577	6,110
	$ 10,113	$ 1,577	$ 6,110

The presentation, in the Consolidated Financial Statements, of the Equity in Earnings of 50 percent-owned printing operations has been reclassified from the prior years' presentation.

Included in the Company's operating expenses are purchases from the printing operations of $22,154,000 in 1983, $19,804,000 in 1982 and $10,937,000 in 1981.

Included in the Company's retained earnings were undistributed earnings from the printing operations of $14,756,000 in 1983, $10,368,000 in 1982 and $9,580,000 in 1981.

The following table summarizes the status and results of the Company's investments for the years ended June 30, 1983, 1982 and 1981.

	1983	1982	1981
		(in thousands)	
Beginning Investment	$ 24,368	$ 21,080	$ 18,025
Equity in Income	5,777	788	3,055
Additional Investment	23,424	2,500	—
Ending Investment	$ 53,569	$ 24,368	$ 21,080

GUILFORD MILLS, INC.

Consolidated Balance Sheets

As of July 3, 1983 and June 27, 1982

	1983	1982
OTHER ASSETS:		
Investment in 50% owned affiliate (Notes 2 and 9)	$ 5,459,000	$ 4,496,000
Cost in excess of underlying value of net assets acquired (Note 2)	7,995,000	7,275,000
Other	3,184,000	2,754,000
	16,638,000	14,525,000

Consolidated Statements of Income

For the Years Ended July 3, 1983, June 27, 1982 and June 28, 1981

	1983 (53 weeks)	1982 (52 weeks)	1981 (52 weeks)
OTHER INCOME (EXPENSE):			
Interest, net	$ (221,000)	$(1,301,000)	$(1,273,000)
Equity in earnings (loss) of 50% owned affiliate (Note 2)	1,606,000	1,014,000	(250,000)
Other, net	41,000	(30,000)	400,000
	1,426,000	(317,000)	(1,123,000)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Description of Business and Summary of Significant Accounting Policies:

Investments—The Company's investments in affiliates are accounted for by the equity method. The Company's share of the income of Guilford Kapwood Limited is based on translation of the financial statements as of the end of May each year, as set forth in Statement of Financial Accounting Standards No. 52. Translation gains or losses are charged to the foreign currency translation account in the stockholders' investment section of the accompanying balance sheets.

2 (in part): Investments:

Guilford Kapwood Limited—During April 1981, Guilford Mills Europe Limited acquired 50% of the common stock of Guilford Kapwood Limited (formerly Carrington Viyella Knitting Limited) for $4,304,000 in cash. The other 50% is owned by Carrington Viyella plc., which is a subsidiary of Vantona Viyella plc., a textile company in the United Kingdom (see Note 9).

Unaudited condensed financial information for Guilford Kapwood, under U.S. accounting practices, is as follows (in thousands)—

Balance Sheet Information	June 4, 1983	May 29, 1982
Current assets	$22,235	$23,014
Property, plant and equipment, net	6,477	5,782
	$28,712	$28,796
Current liabilities	$ 6,315	$ 7,976
Other liabilities	11,479	11,828
Stockholders' investment	10,918	8,992
	$28,712	$28,796

Income Statement Information	53 Weeks Ended June 4, 1983	52 Weeks Ended May 29, 1982	8 Weeks Ended May 31, 1981
Net sales	$48,678	$53,935	$9,645
Gross profit on sales	$ 9,165	$ 8,063	$1,301
Net income (loss)	$ 3,212	$ 2,027	$ (315)

In 1982 and 1981, net income did not include a provision for United Kingdom income taxes due to the utilization of loss carryforwards. During 1983, the remaining loss carryforwards were recognized for financial accounting purposes and a provision of $940,000 was made for deferred income taxes.

Long-term debt of Guilford Kapwood, which has not been guaranteed by the Company, with interest imputed at a 13% rate, is payable to the other 50% owner in installments, including principal and interest, of $2,160,000 in 1984, $2,041,000 in 1985, $1,921,000 in 1986, $1,801,000 in 1987, $1,681,000 in 1988 and $8,902,000 thereafter through 1992, based on translation of the related obligations using rates in effect on June 4, 1983.

Sales by the Company to Guilford Kapwood were $1,125,000 in 1983, $3,097,000 in 1982 and, subsequent to the date of acquisition, $2,610,000 in 1981. Profit on these sales is deferred until the fabric is sold to outside customers. No dividends have been paid by Guilford Kapwood.

PACIFIC RESOURCES, INC.

Consolidated Balance Sheets

(In Thousands)	December 31, 1983	1982	1981
Investment In and Advances ($8,000 at December 31, 1983) to Unconsolidated Affiliate	$17,373	$21,758	—
Other Assets	10,048	6,325	5,629

Consolidated Statements of Income

(In thousands except for per share amounts)	1983	1982	1981
Income Before Equity in Loss of Unconsolidated Affiliate and Income Taxes	$23,640	$12,376	$22,815
Equity in Loss of Unconsolidated Affiliate	(17,926)	(528)	—
Income Before Income Taxes	5,714	11,848	22,815

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of Pacific Resources, Inc. (PRI) and all subsidiaries. Material intercompany balances and transactions are eliminated in consolidation. The Company's investment in Pacific Oasis (a 50% owned partnership formed in 1982) is reported on the equity basis.

Note 3 (in part): Investment In and Advances to Unconsolidated Affiliate

Investment in and advances to unconsolidated affiliate and equity in the loss of unconsolidated affiliate consist of amounts related to the Company's one-half interest in Pacific Oasis, a petroleum refining and marketing partnership established in late 1982. Summarized financial information for the partnership as of December 31, 1983 follows (in thousands):

Financial Condition (Unaudited):	
Current Assets	$ 67,460
Property and Other Assets	50,830
Total	$118,290
Current Liabilities	93,515
Long-Term Debt	6,029
Equity	18,746
	$118,290
Results of Operations (Unaudited):	
Sales	$410,959
Cost of Sales	424,208
Expenses	22,603
Net Loss	$(35,852)

Results of the partnership's operations for the period ended December 31, 1982 were a loss of $1.1 million. The Company's investment and equity in partnership losses for 1983 are recorded based on audited financial statements as of October 31, 1983 and unaudited financial statements as of and for the two-month period ended December 31, 1983. During 1983, sales of crude petroleum by the Company to the partnership were $156 million, and $27.3 million was due to the Company from the partnership at December 31, 1983 from such petroleum sales.

RANCO INCORPORATED (SEP)

Consolidated Balance Sheet

	1983	1982
Total Current Assets	$63,612,000	$61,730,000
Investments:		
Affiliate	10,984,000	8,504,000
Long-term, at cost which approximates market	1,903,000	706,000
	12,887,000	9,210,000

Consolidated Statement of Income

	1983	1982	1981
Income before taxes on income and equity in earnings of affiliate.	$5,884,000	$3,231,000	$8,465,000
Taxes on income (benefit)	2,578,000	(980,000)	3,693,000
Income before equity in earnings of affiliate.	3,306,000	4,211,000	4,772,000
Equity in earnings of affiliate	512,000	565,000	405,000
Net income	$3,818,000	$4,776,000	$5,177,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Principles:

Principles of Consolidation: The consolidated financial statements include the accounts of Ranco Incorporated and its subsidiaries, all of which are wholly-owned. The Company accounts for its investment in Ranco Japan Limited, a 45%-owned affiliate, by the equity method of accounting. Significant intercompany accounts and transactions have been eliminated in consolidation.

3. Investment in Affiliate:

The amount of investment in Ranco Japan Limited (See Note 1) included in the accompanying consolidated balance sheets approximates the Company's equity in net assets of the affiliate. The Company's equity in net earnings of the affiliate is determined in accordance with the translation policy described in Note 1, reduced by the tax consequences to the Company of receiving as a dividend its share of the undistributed earnings. The cumulative equity in the undistributed earnings of the affiliate at September 30, 1983 approximates $9,900,000. Dividends received from Ranco Japan Limited were $83,000 in 1983, $93,000 in 1982 and $130,000 in 1981.

Condensed financial data relating to Ranco Japan Limited follows:

(Dollars in thousands)		
Balance Sheet as of September 30	1983	1982
Current assets	$26,797	$25,768
Other assets (principally plant and equipment)	11,141	6,426
	$37,938	$32,194
Current liabilities	$ 7,837	$ 7,071
Long-term liabilities	3,968	3,172
Equity	26,133	21,951
	$37,938	$32,194

Statement of Income for Year Ended September 30	1983	1982	1981
Net sales	$25,759	$25,319	$24,823
Costs and expenses	22,678	22,132	22,538
	3,081	3,187	2,285
Taxes on income	1,816	1,791	1,341
Net income	$ 1,265	$ 1,396	$ 944

Cost Method

BOWNE & CO., INC. (OCT)

	1983	1982
Total current assets	$73,091,661	$70,851,512
Other marketable securities and investments	20,258,761	7,013,467

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4—Other Marketable Securities and Investments

Investment in other marketable securities and investments are stated at cost. A summary of the Company's investment portfolio at October 31, 1983 and 1982 is shown below:

	October 31, 1983		October 31, 1982	
	Cost	Market Value	Cost	Market Value
Other marketable securities:				
General Telephone & Electronics	—	—	$2,762,523	$4,000,000
Public utilities	$ 6,171,727	$ 6,963,928	2,236,036	2,710,309
Other	3,178,206	4,103,563	421,577	712,856
Total marketable securities	9,349,933	11,067,491	5,420,136	7,423,165
Other investments:				
Tax exempt bonds	8,549,250	8,354,935	599,248	414,000
Other	2,359,578	3,353,940	994,083	994,083
Total marketable securities and other investments	$20,258,761	$22,776,366	$7,013,467	$8,831,248

Net unrealized gains on other marketable equity securities aggregated $1,717,558 and $2,003,029, respectively, at October 31, 1983 and 1982. Unrealized losses are insignificant in both years.

Realized gains on a specific identification basis amounted to $1,568,830 (1983), $791,173 (1982) and $101,259 (1981).

BROCKWAY, INC. (NY)

	1983	1982
	(in thousands)	
Total current assets	$166,942	$149,206
Investments, at cost (Note 6)	6,747	6,749

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Investments—Investments consist principally of a 15% (19% at December 31, 1982) common stock interest in Consumers Glass Company Limited and a 20% common stock interest in Productos de Vidrio, S.A. These investments are carried at cost because, in the opinion of management, the Company does not have significant influence over the operations of either company.

6. Noncurrent Marketable Equity Securities

The following information is presented with respect to noncurrent marketable equity securities included in investments at December 31, 1983 and 1982:

	1983	1982
	(in thousands)	
Aggregate market value	$21,028	$13,142
Aggregate cost (carrying value)	4,056	4,056
Gross unrealized gains	$16,972	$ 9,086

There were no sales of marketable equity securities during the periods.

CENTRONICS DATA COMPUTER CORP. (DEC)

	1983	1982	1981
			($000)
Total current assets	$72,040	$88,975	$97,990
Property and equipment, net	29,555	29,836	32,938
Investments in marketable debt securities at cost (approximate market value 1984, $16,600; 1983, $16,300; 1982, $19,500) (Note 4)	16,566	16,319	31,877

Note 4: Investments in Marketable Debt Securities:

Prior to November 1982, investments in marketable debt securities consisted primarily of U.S. Government guaranteed notes and Puerto Rico government bonds reported at cost since management intended at that time to hold these securities until maturity. During November 1982, management made the decision to sell these marketable debt securities for approximately $25 million in cash. The loss on sale amounted to approximately $6.9 million and is reported as an unusual item in the six month period ended January 2, 1983. (See Note 15)

The Company utilized approximately $8 million of the sales proceeds to reduce its long-term obligations under its bank credit agreement. In addition, the Company invested the balance of the proceeds (approximately $16.5 million) in obligations of the U.S. Treasury. At January 1, 1984, all of these marketable debt securities were pledged as collateral for long-term obligations payable by the Company. (See Note 8)

FOREMOST-McKESSON, INC. (MAR)

	1983	1982	1981
		(in thousands)	
Foreign companies	$34,634	$36,219	$36,984
Other (Note 5)	59,853	29,024	8,085
Total	94,487	65,243	45,069

Note 5: Other Investments

Other investments include approximately $22,000,000 representing the company's depreciated cost of real estate contributed to a joint venture with Baldwin-United Corporation. The net book value of the real estate was transferred from property, plant and equipment and no gain was recognized on the transaction. Baldwin contributed $42,000,000 of 14% cumulative preferred stock of its Balunit, Inc. subsidiary, an amount equal to the appraised value of the real estate. The company leased the real estate from the joint venture for a minimum term of 20 years. The joint venture agreement provides that the rentals are allocable to Baldwin, and that future appreciation of the property may be shared by the partners in accordance with a formula. The agreement also provides that the preferred dividends are allocable to the company. Such dividends are recorded in the quarter received.

The company believes that its continued use of the leased properties will not be impaired. However, the value of the joint venture investment may be affected if Baldwin is unable to resolve its reported financial problems satisfactorily.

INTERNATIONAL MULTIFOODS CORPORATION (FEB)

	1983	1982
		($000)
Other assets:		
Intangibles, less accumulated amortization, $3,411 in 1983; $3,126 in 1982	$15,948	$16,812
Investments in unconsolidated affiliates (page 23)	8,696	11,329
Miscellaneous receivables and other assets	25,444	19,549
Total other assets	50,088	47,690

Investments in unconsolidated affiliates 20-50 percent owned at February 28, 1983 consists of:

Mexicana de Inversiones Femac, S.A. de C.V. (Mexico)	45% owned
Misr Foods Company (Egypt)	25% owned
Kinsman Lines, Inc. (U.S.)	25% owned

Misr Foods and Kinsman have been accounted for by the equity method for all years presented. Femac was accounted for by the equity method during 1981, 1982 and the first three quarters of 1983. Due to the lack of exchangeability of the Mexican peso, the Company wrote down the carrying value of the investment by $931,000 and began accounting for the investment using the cost method. Under this method, the Company will defer recognition of its equity in results of operations of Femac until such time as the exchangeability for the peso is restored.

Sumarized financial information for unconsolidated affiliates, principally Femac (Mexico), is shown below.

Amounts included for Femac are as of November 30, 1982 (in thousands):

	1983	1982	1981
Current assets	$18,392	$ 29,505	
Noncurrent assets	7,441	6,894	
Current liabilities	(5,545)	(11,362)	
Noncurrent liabilities	(2,880)	(3,917)	
Net assets	$17,408	$ 21,120	
Net sales	$72,415	$145,680	$90,333
Cost of sales	61,480	115,031	73,423
Net earnings	931	13,110	4,804
Multifoods' equity in net earnings	$ (469)*	$ 4,523**	$ 2,162
Multifoods' equity in undistributed earnings	$ 5,951	$ 7,761	$ 8,205
Dividends received by Multifoods	$ 726	$ 452	—
Intangibles included in Multifoods' consolidated assets	$ —	$ 931	

*Includes writedown of carrying value in Femac (Mexico).
**Includes provision for loss on disposal of joint venture in Brazil.

NUCLEAR SUPPORT SERVICES, INC. (SEP)

	1983	1982
Municipal bonds (Note 3)	$3,236,939	$3,393,155
Other assets	13,577	13,738

Note 3 (in part): Marketable Securities and Municipal Bonds

Municipal bonds represent units in a municipal bond fund. Municipal bonds are carried at cost, since it is the present intention of management to hold these securities beyond one year. The bonds had an approximate market value at September 30, 1983, of $3,778,000.

UNIVERSAL LEAF TOBACCO COMPANY, INCORPORATED (JUN)

	1983	1982
	($000)	
Total current assets	$224,247	$245,958
Investments and Advances		
Equity in net assets of unconsolidated affiliates	36,587	32,245
Advances to unconsolidated affiliates	3,384	3,584
Other investments—at cost	1,562	1,598
	41,533	37,427

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies: Principles of Consolidation

The financial statements include the accounts of all United States and Canadian subsidiaries. All material intercompany items and transactions have been eliminated.

The Company uses the equity method of accounting for its investments in unconsolidated domestic and foreign affiliates owned 20% or more. However, due to the inaccessibility of financial information, our affiliate in Zimbabwe is accounted for under the cost method. A Mexican affiliate is also accounted for under the cost method since the Company does not exercise significant influence over its financial and operating policies. The Zimbabwian and Mexican investments are not material.

7. Other Investments

Other investments had a market value on June 30, 1983 of approximately $7.7 million.

Lower of Aggregate Cost or Market Value

AMERICAN MAIZE-PRODUCTS COMPANY (DEC)

	1983	1982
Excess of cost over net assets of acquired companies, less accumulated amortization of $277,000 in 1983 and $215,000 in 1982	3,131,000	3,193,000
Marketable equity securities (Note 9)	2,491,000	—
Other assets	7,581,000	6,250,000

Note 9 (in part):

Certain marketable equity securities, purchased at a cost of $2,755,000 during 1983, are presented on the balance sheet as noncurrent assets since the Company presently intends to hold such securities for at least one year. During 1983, a valuation allowance of $264,000, representing the unrealized loss on these securities, was established by a charge to stockholders' equity to reduce the carrying amount of these securities to their December 31, 1983 market value.

Additional marketable equity securities were purchased and sold during 1983 with the realized loss of $296,000 included in other expense, net. The cost basis of the securities sold was based on the actual purchase price of each security.

HECLA MINING COMPANY (DEC)

	1983	1982
Total current assets	$51,181,279	$18,909,796
Investments (Note 6)	5,307,550	1,159,471

NOTES TO FINANCIAL STATEMENTS

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

d. Investments—The Company follows the equity method of accounting for non-consolidated subsidiaries and investments in common stock of operating companies 20% to 50% owned. Investments in non-operating companies that are not intended for resale or not readily marketable are valued at the lower of cost or net realizable value. The carrying value of marketable equity securities is based on the lower of cost or quoted market value. The cost of investments sold is determined by specific identification.

6. Investments:

Investments consisted of the following components at December 31, 1983 and 1982:

	Carrying Value	Cost	Market Value
1983			
Marketable equity securities	$3,379,993	$3,710,104	$3,381,231
Other investments	1,927,557	1,927,557	—
Total	$5,307,550	$5,637,661	
1982			
Marketable equity securities	$ 95,952	$ 95,952	$ 149,200
Other investments	1,063,519	1,063,519	—
Total	$1,159,471	$1,159,471	

The portfolio of marketable equity securities includes gross unrealized gains of $6,801 and unrealized losses of $336,912 at December 31, 1983. The other investments are principally large blocks of common and preferred stock in several inactive companies, and an investment in a partnership mining venture. The securities are generally restricted as to trading or marketability although some of the shares are frequently traded on the over-the-counter market in Spokane, Washington. At December 31, 1983 and 1982, the shares of some of these companies that were traded on this market were quoted at values substantially in excess of the Company's cost basis.

SUNSHINE MINING COMPANY (DEC)

	1983	1982
	($000)	
Total current assets	$47,391	$25,091
Investments, at lower of cost or market	67,161	6,158
Investment in and note receivable from affiliate	2,237	3,466

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Investments: Current marketable securities and noncurrent investments are carried at the lower of cost or market value. Unrealized losses on current marketable securities are charged to operations. Unrealized losses on noncurrent investments are recorded directly in a separate stockholders' equity account. Realized gains and losses are determined on the average cost basis.

3. Investments:

Investments are comprised of the following noncurrent marketable securities at December 31, 1983 (dollar amounts in thousands):

Issuer	Number of Shares	Cost	Market
Gulf Corporation	1,374,502	$61,470	$59,282
Consolidated Silver Corporation	1,512,387	1,361	6,050
Other mining company stocks	4,999,658	4,279	2,928
Other corporate stocks	4,444	51	70
		$67,161	$68,330

At December 31, 1982, investments were comprised of current and noncurrent marketable securities with a cost of

$7,067,000 and $6,158,000, respectively, and market value of $4,601,000 and $8,807,000, respectively.

Realized gain on the sale of marketable securities was $1,570,000 in 1983. Realized and unrealized losses on marketable securities totaled $5,534,000 in 1982. Unrealized losses on marketable securities totaled $10,267,000 in 1981.

The shares of Gulf Corporation, which represent less than 1% of the total shares of Gulf outstanding, were purchased by the company as a participant in the Gulf Investors Group. On March 7, 1984 Standard Oil Company of California (SOCAL) commenced a tender offer to purchase all outstanding shares of common stock of Gulf for $80 per share pursuant to an agreement with Gulf. The company would realize an estimated profit of $45,000,000 before income taxes if the transaction is completed. If the SOCAL-Gulf transaction is not consummated, the company has committed additional funds totaling approximately $14,000,000 to purchase additional Gulf shares pursuant to a tender offer by the Gulf Investors Group dated February 23, 1984. Market values of Gulf shares of common stock were $43.125 at December 31, 1983 and $64.75 at March 7, 1984.

TABLE 2-16: NONCURRENT RECEIVABLES

	1983	1982	1981	1980
Caption Title				
Long-Term Receivables ...	35	33	33	36
Notes Receivable	30	30	38	35
Notes and accounts receivable combined	9	15	15	14
Accounts Receivable	7	9	12	10
Other	35	35	31	34
Receivables combined with other investments, deposits, etc.	65	76	58	67
Total Presentations..........	**181**	**198**	**187**	**196**
Number of Companies				
Presenting noncurrent receivables	178	193	180	185
Not presenting noncurrent receivables	422	407	420	415
Total Companies.............	**600**	**600**	**600**	**600**

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.

BEMIS COMPANY, INC. (DEC)

	1983	1982
	($000)	
Other assets:		
Long-term receivables........................	$ 476	$ 1,152
Deferred charges and other investments ...	2,333	2,720
Excess of cost of investments in subsidiaries over assets acquired	10,424	10,570
	13,233	14,442

CULLINANE DATABASE SYSTEMS, INC. (APR)

	1983	1982
Excess of cost over the value of net assets acquired, net (Notes 1 and 9)	$2,852,000	$ 222,000
Accounts and notes receivable, net (Note 4)	6,587,000	4,125,000
Other assets..........................	506,000	491,000

Note 4: Long Term Accounts and Notes Receivable

Long term accounts and notes receivable consist principally of revenues from initial license fees issued for a period of one year, but payable in monthly installments over a period of between one and five years. Interest and administrative fees on installment receivables are recognized when earned. The following sets forth the maturity schedule of these receivables:

	Year ended April 30, 1983	1982
1984	$ —	$2,810,000
1985	4,454,000	1,884,000
1986	2,872,000	1,434,000
1987	1,935,000	658,000
1988	866,000	—
	10,127,000	6,786,000
Less: Unearned interest............	(2,397,000)	(1,978,000)
Allowance for doubtful accounts......................	(1,143,000)	(683,000)
Total	$6,587,000	$4,125,000

EMPIRE-CROWN AUTO, INC. (DEC)

	1983	1982
Other Assets		
Installment contract, less current maturities (Note 2)	$ 700,133	$ 0
Goodwill, less amortization of $84,023 and $73,503, respectively...............................	336,776	347,296
Bond reserve fund	130,524	127,500
Deferred income tax charges........	283,500	282,500
Other	74,249	138,217
	1,525,182	895,513

Note 2. Installment Contract

During the year, the Company sold Interstate Automotive Products (see Note 10) to Automotive Industries, Inc. for cash and an installment note. The terms of the note are summarized below.

Interest at prime plus 1%, with monthly payments of $17,080 plus interest, maturing June, 1988	$905,103
Less current maturities	204,970
	$700,133

The note is collateralized by the inventories and equipment sold, along with the personal guarantees of owners of Automotive Industries, Inc.

MAGNETIC TECHNOLOGIES CORPORATION (JUN)

	1983	1982
Other Assets		
Notes receivable (amounts due after one year)	$158,398	$251,692
Excess of cost over net assets acquired (net of accumulated amortization, 1983 — $98,775; 1982 — $47,863)	118,543	119,455
Net other assets applicable to discontinued operations	128,240	255,941
Other assets	34,524	68,398
Total other assets	439,705	695,486

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes Receivable

Notes receivable at July 31, 1983 and 1982 consist of the following:

	1983	1982
Sale of Ironcrafter equipment, in equal monthly installments of $1,327, including interest at 16% per annum. Final payment due June 25, 1984. Equipment sold is collateral	$ 22,393	$ 47,772
Polysilicon Research Associates, payable within one year, including interest at 10% per annum. The notes are unsecured	27,911	105,805
Sale of Ironcrafter product line, payable in equal quarterly installments of $43,969 with interest at 15% per annum. Final payment due July 22, 1984. Assets sold are collateral. This note was refinanced during 1983 and the new terms are discussed below	-0-	430,500
Sale of Ironcrafter product line, payable in equal quarterly installments of $18,320, with interest payable quarterly at prime, not to exceed 15% nor be less than 8% per annum. Final payment is due July 25, 1986. Assets sold are collateral	219,843	-0-
Total	270,147	584,077
Less amounts due within one year	111,749	332,385
Amounts due after one year	$158,398	$251,692

NORTH AMERICAN PHILIPS CORPORATION (DEC)

	1983	1982
	(Thousands)	
Notes and accounts receivable, due after one year, less estimate for doubtful accounts — $764,000 ($3,419,000 — 1982)	$11,962	$26,535
Other assets	17,178	17,828

SPERRY CORPORATION (MAR)

	1983	1982
	(in millions of dollars)	
Total Current Assets	$2,422.9	$2,628.6
Long-Term Receivables (Note 9)		
Sales-type leases, less allowance for unearned income: 1983, $259.4; 1982, $261.1	1,354.5	1,320.5
Other, less allowance for doubtful accounts: 1983, $2.1; 1982, $2.1	175.9	120.7
	1,530.4	1,441.2

NOTES TO FINANCIAL STATEMENTS

9. Long-Term Receivables and Operating Leases

At March 31, 1983 long-term receivables under sales-type leases before allowance for unearned income were collectible by fiscal years as follows: 1985, $551.8 million; 1986, $466.0 million; 1987, $345.0 million; 1988, $200.7 million; thereafter, $50.4 million. Interest rates on all long-term receivables ranged from 9% to 23% per annum. Other long-term receivables included $110.0 million and $50.0 million at March 31, 1983 and 1982, respectively, due between 1990 and 1991 from the wholly-owned finance company with interest ranged from 14% to 15% per annum.

Rental income to be received under noncancellable operating leases was as follows: 1984, $108.5 million; 1985, $58.5 million; 1986, $35.0 million; 1987, $21.3 million; 1988, $9.5 million.

STRUTHERS WELLS CORPORATION (NOV)

	1983	1982
OTHER ASSETS:		
Noncurrent receivables (Notes 3 and 8)	$ 477,252	$ 735,359
Deferred charges	1,205,442	1,262,640
Other	280,013	409,211
	1,962,707	2,407,210

Note 3. Receivables

Accounts receivable are stated net of an allowance for doubtful accounts of $34,000 at November 30, 1983. No allowance for doubtful accounts was considered necessary at November 30, 1982.

Accounts receivable include retainages of approximately $644,000 and $358,000 at November 30, 1983 and 1982, respectively. Noncurrent receivables include retainages of approximately $170,000 and $403,000 at November 30, 1983 and 1982, respectively.

Note 8 (in part): Shareholders' Equity

Noncurrent receivables include $307,000 and $344,000 at November 30, 1983 and 1982, respectively, due from the president of the Company, comprised of 4% promissory notes collateralized by 66,000 shares of the Company's common stock and a $112,500 noninterest-bearing advance to exercise stock options for which the Company received $258,750 in income tax benefits. Such advance will be repaid out of future compensation. The current portion of the notes was $37,000 and $25,000 at November 30, 1983 and 1982, respectively.

SUPER VALU STORES, INC. (FEB)

	1983	1982
Total Current Assets................	$387,108,000	$360,420,000
Other assets and deferred charges	17,478,000	15,026,000
Investment in direct financing leases less current portion..............	61,718,000	67,130,000
Investment in and advances to unconsolidated subsidiaries.........	12,421,000	2,625,000
Long term notes receivable (Note C)	27,557,000	27,182,000

Note C. Long Term Notes Receivable:

Long term notes receivable relate to fixture and other financing relative to independent retail food operations. The majority of such notes range in length from one to seven years and may be non-interest bearing or bear interest rates ranging from 5 percent to 17¾ percent. Such notes were reduced for unearned financing charges of $2,839,000, $3,135,000 and $2,369,000 for 1983, 1982 and 1981 respectively. Unearned financing charges are amortized to earnings using the sum-of-the-years-digits method.

Included in receivables are amounts due within one year totaling $7,289,000 for 1983, $8,346,000 for 1982 and $5,045,000 for 1981.

SQUIBB CORPORATION (DEC)

	1983	1982	1981
		($000)	
Total current assets ...	$1,063,554	$1,025,459	$1,059,486
Investments and Long-Term Receivables...	230,273	316,012	344,295

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments and Long-Term Receivables

	1983	1982	1981
		(Amounts in thousands)	
Time deposits	$ 2,072	$ 3,140	$ 6,800
Marketable notes and bonds, at cost ($88,000, $100,000 and $89,000 at market)............	114,004	127,734	125,542
Investments by trustees, at cost (approximates market).........	32,628	11,412	13,011
Other investments, principally at cost	11,882	32,915	33,263
Long-term receivables............	69,687	140,811	165,679
	$230,273	$316,012	$344,295

Long-term receivables include interest bearing notes in the principal amounts of $55,000,000 in 1983, $130,000,000 in 1982 and $155,000,000 in 1981 received in connection with the sale of a business. During 1983, the Corporation sold several of these notes with an aggregate principal value of $75,000,000, leaving $25,000,000 due in 1987 and the remainder due in 1988.

Investments by trustees represent the proceeds remaining from issuance of the Corporation's notes, which can only be used to finance the construction or modification of pharmaceutical products research, manufacturing and warehousing facilities 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 $1,600,000 at December 31, 1983.

SUPREME EQUIPMENT & SYSTEMS CORP. (JUL)

	1983	1982
Other Assets		
Notes due from officers—Note 4	$730,511	$ —
Noncurrent receivables, net—Note 2...	6,215	114,045
Other	128,461	366,257
Total Other Assets........................	865,187	480,302

Note 2—Allowances for Doubtful Accounts

Receivables have been reduced by allowances for doubtful accounts as follows:

	1983	1982
Accounts receivable, current	$532,473	$558,100
Noncurrent receivables......................	145,953	150,000
Total allowances..........................	$678,426	$708,100

Note 4—Employee Loan Program

The Company has implemented an Employee Loan Program that provides low interest loans to the Company's senior officers and other key employees. The total amount available for such loans is $950,000 on a revolving basis for a term of five years and the maximum loan amount to any individual is $300,000. The loans are repayable for up to five years and bear interest at an annual rate of 10% below the prime rate then in effect at The Chase Manhattan Bank, N.A., but in no event will the rate be below 4% per annum or in excess of 8% per annum.

For the year ended July 31, 1983 loans evidenced by notes were made totalling $794,038 with interest at 4% per annum. The notes are collateralized by the common stock of the Company owned by the officers and/or certain real estate mortgages and are substantially guaranteed by their spouses and other officer/borrowers. In addition, the Company is the beneficiary of insurance policies on the lives of the borrowers in amounts in excess of their loans. Most of the notes are due in equal monthly installments through January 1988 with a balloon payment on maturity in February 1988.

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.

TABLE 2-17: INTANGIBLE ASSET VALUATION

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Assets Being Amortized				
Goodwill recognized in a business combination	270	267	277	266
Patents, patent rights	50	50	52	56
Trademarks, brand names, copyrights	21	20	20	22
Licenses, franchises, memberships	23	24	20	21
Other—described	11	13	16	18
Intangible assets (not otherwise described)	24	33	26	24
Assets Not Being Amortized				
Goodwill recognized in a business combination	111	129	135	143
Trademarks, brand names, copyrights	6	8	7	8
Other—described	2	3	2	5
Intangible assets (not otherwise described)	4	6	3	6
Other Bases				
Nominal value	2	4	3	4
Basis not determinable	22	21	18	17

Goodwill

CENTRAL SOYA COMPANY, INC. (AUG)

	1983	1982
	(In thousands)	
Total current assets	$347,410	$305,576
Property, plant and equipment, less accumulated depreciation of $146,990 ($155,748 in 1982)	172,776	197,072
Cost in excess of net assets of subsidiaries, less accumulated amortization of $6,235 ($8,425 in 1982)	29,305	38,124
Other assets	2,326	2,870
	$551,817	$543,642

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Cost in Excess of Net Assets of Subsidiaries—Costs in excess of the net assets of purchased subsidiaries are amortized, on a straight-line basis, over periods not exceeding 40 years.

DIAMOND SHAMROCK CORPORATION (DEC)

		December 31,	
	1983	1982	1981
		(dollars in thousands)	
Properties and Equipment, less depreciation and depletion	$4,448,847	$2,114,436	$1,765,651
Investments	247,960	193,306	182,521
Intangible Assets, less amortization	132,584	70,822	82,835
Deferred Charges	27,587	26,872	22,045

FINANCIAL SUMMARY

(dollar amounts in tables are in thousands, except per share)

Significant Accounting Policies (in part)

Depreciation, Depletion and Amortization. Properties and equipment are depreciated generally on the straight-line basis over their estimated useful lives. Coal, oil, gas, geothermal and other raw material resources are depleted on the unit-of-production basis generally over estimated aggregate recoverable reserves. Intangible assets are amortized on a straight-line basis over their legal or estimated useful lives, not to exceed 40 years. Goodwill amounts which resulted from acquisitions prior to 1970 ($17,436,000 at December 31, 1983) are not amortized.

Intangible Assets

		December 31,	
	1983	1982	1981
Intangibles resulting from acquisitions—excess of cost over fair value of net assets acquired	$105,611	$ 31,481	$ 38,643
Patents, trademarks, formulae, processes, etc., purchased	67,341	76,615	85,063
	$172,952	$108,096	$123,706
Less—Amortization	40,368	37,274	40,871
	$132,584	$ 70,822	$ 82,835

The provision for amortization was $6,280,000 in 1983, $7,256,000 in 1982 and $7,358,000 in 1981.

ICOT CORPORATION (JUL)

	1983	1982
	(In thousands)	
Other Assets:		
Goodwill (net of amortization of $423,000 in 1983 and $375,000 in 1982)	$ 56	$104
Notes receivable	89	159
	145	263

NOTES TO FINANCIAL STATEMENTS

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

Goodwill

Goodwill is amortized using the straight-line method over a ten year period.

LONE STAR INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Cost in excess of net assets of businesses acquired, net	$23,018	$26,309
Other assets and deferred charges	37,976	29,728

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cost in Excess of Net Assets of Businesses Acquired—The excess of the cost of purchased businesses over the fair value of net assets at dates of acquisition is amortized using the straight-line method over periods not to exceed forty years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Cost in Excess of Net Assets of Businesses Acquired

Cost in excess of net assets of businesses acquired and accumulated amortization are as follows (in thousands):

	1983	1982
Cost in excess of net assets of businesses acquired	$25,619	$28,370
Less accumulated amortization	2,601	2,061
	$23,018	$26,309

RICHARDSON-VICKS INC. (JUN)

	1983	1982
	(dollars in millions)	
Net property, plant and equipment	$241.6	$247.0
Intangible Assets, less accumulated amortization of $26.6 (1982-$22.8)	206.4	91.3
Other Assets	21.4	7.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions except per-share data)

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

Intangible Assets: Intangible assets represent the excess of cost over net tangible assets at the time of acquisition of products and companies acquired since 1954 and have been adjusted for products and companies disposed of after that date.

In accordance with Accounting Principles Board Opinion No. 17, the cost of intangible assets acquired in transactions initiated after October 31, 1970 is being amortized on the basis of their estimated lives but not to exceed forty years.

Note 7: Amortization of Intangible Assets

Intangible assets of $175.4 acquired in transactions initiated after October 31, 1970, the effective date of Opinion No. 17 of the Accounting Principles Board, are being amortized by the straight-line method over various periods up to 40 years. Also, based on the continuing evaluation by management, $20.6 of intangible assets acquired prior to November 1, 1970, is being amortized over periods of up to ten years. The balance of intangible assets of $37.0 continues to be carried at cost.

METROCARE, INC. (JAN)

	1984	1983
	(000's omitted)	
Property, plant and equipment, net	$11,000	$8,995
Unamortized goodwill (Note 7)	1,540	1,590

Note 7—Unamortized Goodwill

The excess of cost over the net tangible assets of businesses acquired is being amortized on a straight-line basis over a forty year period. Amortization of intangible assets charged to operations totaled $50,000 in fiscal 1984 and $88,000 in fiscal 1983 and 1982, respectively. Accumulated amortization credited to the excess of costs over the net tangible assets of businesses acquired was $756,000, $706,000, and $618,000 at January 31, 1984, 1983 and 1982, respectively.

Patents

CERTAINTEED CORPORATION (DEC)

	1983	1982
	($000)	
Intangible Assets, principally patents, at amortized cost	$3,188	$4,528

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Intangible Assets: Costs of purchased patents are amortized by the straight-line method over the legal lives of the patents. Preoperating expenses related to new facilities are expensed in the year incurred. Goodwill is insignificant.

SAB HARMON INDUSTRIES, INC. (DEC)

	1983	1982
Patents, net of amortization of $105,625 in 1983 and $71,458 in 1982	$219,375	$253,542
Other assets	252,645	156,078

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Patents: The cost of patents acquired is being amortized on a straight-line basis over the estimated remaining economic lives of the respective patents, which is less than the statutory life of each patent.

Trademarks

CHATTEM, INC. (MAY)

	1983	1982
OTHER ASSETS:		
Trademarks, net of amortization	$3,106,000	$ 51,000
Excess of cost over value of net assets of businesses acquired (Note 1)	363,000	800,000
Other	2,955,000	2,336,000
Total other assets	6,424,000	3,187,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Intangible Assets—The excess of cost over the value of net assets of businesses acquired (goodwill) at May 31, 1983 includes approximately $316,000 incurred prior to November 1, 1970 which is not being amortized. The remaining costs, as well as trademarks, are being amortized on a straight-line basis over a period up to 40 years.

STERLING DRUG INC. (DEC)

	1983	1982
	($000)	
Trademarks and Goodwill	$33,045	$34,968
Other Assets and Deferred Charges	39,793	25,883

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies (in part)

Intangibles. Trademarks and goodwill acquired subsequent to October 31, 1970 are amortized on a straight-line basis over appropriate periods not in excess of 40 years. Trademarks and goodwill acquired prior to that date are not being amortized because, in the opinion of management, there has been no diminution in value.

Franchise Costs

GENERAL HOST CORPORATION (DEC)

	1983	1982
	($000)	
Total current assets	$198,525	$163,928
Property, plant and equipment, less accumulated depreciation and amortization of $56,185 and $50,755	186,489	112,321
Intangibles, less accumulated amortization of $8,225 and $6,117	28,101	28,014
Long-term receivables	26,538	11,717
Other assets	17,934	10,773

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Intangibles, including costs in excess of net assets of acquired businesses, are amortized over the estimated periods of related benefit, ranging from 5 to 40 years, using the straight-line method.

Note 8: Intangibles

(In thousands)	Dec. 31, 1983	Dec. 25, 1982
Costs in excess of net assets of acquired businesses	$19,556	$18,083
Franchise agreements and other intangibles	16,770	16,048
	36,326	34,131
Less accumulated amortization	8,225	6,117
	$28,101	$28,014

McDONALD'S CORPORATION (DEC)

	1983	1982
	($000)	
Net property and equipment	$3,183,172	$2,765,473
Intangible assets, net	144,092	109,701

Summary of Significant Accounting Policies

Intangible assets: Costs allocated to unlimited term franchise rights reacquired prior to November 1970 are not being amortized. All other costs allocated to reacquired franchise rights are being amortized on the straight line method over periods up to 40 years.

Intangible Assets, Net

Set forth below is the composition of intangible assets at December 31, 1983 and 1982:

	1983	1982
	(In thousands of dollars)	
Unlimited term franchise rights, not being amortized	$ 10,952	$ 10,754
Other franchise rights	131,291	96,943
Other intangible assets	1,849	2,004
Intangible assets, net	$144,092	$109,701

JERRICO, INC. (JUN)

	1983	1982
Other assets—net of accumulated amortization		
Reacquired limited-term franchise rights	$3,593	$3,905
Goodwill	7,956	8,204

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Reacquired Limited-Term Franchise Rights: The Company and its subsidiary, Long John Silver's, Inc., have acquired certain franchised operations. The aggregate purchase price in excess of the amount allocated to equipment, leasehold improvements and other assets has been classified as reacquired limited-term franchise rights which are being amortized over 15 to 20 years using the straight-line method. The related accumulated amortization as of June 30, 1983 and 1982 amounted to $3,470,000 and $3,397,000, respectively.

Goodwill: Goodwill is being amortized on a straight-line basis over 40 years. The related accumulated amortization at June 30, 1983 and 1982 amounted to $1,989,000 and $1,741,000, respectively.

Software

THE DUN & BRADSTREET CORPORATION (DEC)

	1983	1982
Other Assets		
Deferred Charges	$ 3,814,000	$ 6,200,000
Purchased Computer Software	48,330,000	21,625,000
Other Intangibles	30,165,000	30,313,000
Goodwill	122,907,000	105,677,000
Total Other Assets	205,216,000	163,815,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Other Assets. Purchased computer software ($48,330,000), certain other intangibles ($24,222,000) and goodwill ($100,869,000) are being amortized, using the straight-line method, over five to seven years, 12 to 40 years and 40 years, respectively. Remaining intangibles, principally goodwill, which arose from acquisitions initiated prior to October 31, 1970, are considered to have continuing value and are not being amortized.

MANAGEMENT SCIENCE AMERICA, INC. (DEC)

	1983	1982	1981
Software packages, less accumulated amortization (Note 2)	$9,170,008	$4,656,320	$1,449,473
Other assets	1,564,898	404,234	392,346

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Software packages—The cost of purchased software or software acquired through business combinations is amortized using the straight-line method over periods from three to seven years for financial reporting purposes and from three to five years for income tax purposes. Accumulated amortization of software packages was $2,471,000, $2,573,000, and $1,854,000 at December 31, 1983, 1982, and 1981 respectively. All costs associated with development and enhancement of software products are expensed as incurred.

Licenses

HELEN OF TROY CORPORATION (DEC)

	1983	1982
Furniture, fixtures and equipment, net of accumulated depreciation of $426,639 in 1983 and $318,645 in 1982—partially pledged	$ 570,067	$ 263,831
License agreement, at cost less amortization of $137,855 in 1983 (note 5)	2,816,174	2,879,702
Other assets, at cost	260,278	122,018

Note 5: License Agreement

During 1981, 1982 and 1983 approximately 65%, 78% and 86%, respectively, of the Company's net sales were subject to a license agreement which runs through 1992 and provides the Company with two ten-year renewal options. The cost of the license agreement attributable to a reduction in percentage royalty rate applicable to certain of the licensed appliances sold during the period 1984 to 1986 will be amortized over such period; the balance will be amortized on the straight-line method over ten years.

JB'S RESTAURANTS, INC. (SEP)

	1983	1982
Intangible assets		
Lease acquisition costs, less accumulated amortization	$1,288,000	$1,139,000
License rights, at cost, less accumulated amortization	472,000	475,000
Excess cost of investments over net assets of acquired business, less accumulated amortization	430,000	416,000
	2,190,000	2,030,000

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Intangible Assets: Intangible assets are carried at cost, less accumulated amortization. Amortization is provided on assets acquired subsequent to October 31, 1970, using the straight-line method based upon the following lives:

Type of Asset	Life
License rights	Life of license rights, not to exceed 40 years
Lease acquisition costs	3½ to 25 years
Excess cost of investments over net assets of acquired business	40 years

2. License Rights

The Company owns the license rights to operate restaurants and sell products using the Big Boy trademark in certain areas. The license rights for Maricopa County, Arizona, expire in July 1988. The terms of the licenses for all other licensed areas are renewable for unlimited periods or are perpetual. The license rights require payment of 1% to 2% of gross sales and for certain states require the development of a minimum number of restaurants.

THE VENDO COMPANY (DEC)

	1983	1982
	(In thousands)	
Total current assets	$28,238	$29,966
Equity in and advances to VFC Acceptance Corporation, less allowances of $541,000 and $567,000	1,032	1,286
Prepaid license	1,000	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies:

Prepaid License: In 1983 the Company acquired a perpetual license to manufacture and market certain purified water vending machines throughout most of the world. Consideration for the license was cancellation of a $1,000,000 account receivable. The license will be amortized over three years commencing January 1, 1984.

Product Rights

ASHTON-TATE (JAN)

	1983	1984
Total current assets	$5,230,486	$23,107,738
Investments in affiliates companies		615,000
Net property, plant and equipment	578,625	2,454,426
Intangible assets (Note 8)		5,079,986
Note receivable from related party		114,615
Other	43,635	38,337

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Summary of Significant Accounting Policies

Intangible Assets: Intangible assets consist principally of acquired product rights which are stated at cost net of accumulated amortization. Amortization is provided on the basis of net unit shipments made during the applicable period to total anticipated net unit shipments. The annual amortization expense at a minimum will not be less than 20% of the original cost of the acquired product rights.

Note 8. Intangible Assets

Intangible assets consisted of the following at January 31, 1984:

Acquired product rights (Note 15)	$5,806,000
Other	153,449
	5,959,449
Less: Accumulated amortization	879,463
	$5,079,986

Note 15 (in part): Sales of Assets and Purchase of Product Rights

As of August 25, 1983, the Company consummated an earlier agreement in principle to acquire all rights to dBASE II and RunTime from their author who is an officer of the Company in exchange for $150,000 in cash, a note for $6,350,000, bearing interest at prime, and 392,000 shares of AshtonTate common stock valued at $2,100,000. The note is interest free for six months and is repayable at $150,000 per month, plus interest with $3,250,000 due upon closing of the Company's public offering which commenced on November 30, 1983. At January 31, 1984, $2,451,760 remained outstanding, of which $1,800,000 was current. The note is collateralized by all of the rights purchased. The Company also agreed to compensate the seller for 50% of the sales tax, if any, which may be claimed to be due on this transaction. The applicability of sales tax to this transaction is still pending. The aggregate value of the foregoing consideration after a charge of approximately $2,520,000 to royalty and research and development expense for the period through the date of acquisition was $5,806,000.

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

CONROY, INC. (AUG)

	1983	1982
	($000)	
Other assets:		
Industrial Development Revenue Bond fund (Note 4)	$326	$ 624
Cost in excess of net assets of business acquired, less accumulated amortization of $1,050,000 in 1983 and $700,000 in 1982	—	350
Other	616	582
	942	1,556

Note 4 (in part): Lease Commitments

The Company is obligated under operating leases for certain property, plant and equipment. Rent expense under these leases during the years ended August 31, 1983, 1982, and 1981 amounted to $340,000, $596,000, and $717,000, respectively.

The Company also capitalized a non-cancellable lease for property, plant and equipment which expires in 1994. The leased facilities were constructed and purchased with the proceeds of an Industrial Development Revenue Bond granted by the Industrial Development Authority of the City of Lamar, Missouri. The gross amount of assets recorded under the lease totals $4,972,000 and the accumulated depreciation related thereto was $795,000 in 1983 and $484,000 in 1982. Of the original proceeds of $5,000,000, $326,000 remains to be expended subsequent to August 31, 1983.

TABLE 2-18: OTHER NONCURRENT ASSETS

	Number of Companies			
	1983	1982	1981	1980
Property held for sale	50	56	46	32
Segregated cash or securities	47	64	51	59
Assets leased to others	29	29	33	35
Debt issue costs	14	17	13	19
Deferred income taxes	13	16	17	27
Start up costs	9	8	9	6
Cash surrender value of life insurance	8	7	8	11
Prepaid expenses	7	12	12	14
Employee benefits	5	9	7	9
Other identified noncurrent assets	60	68	63	57
Deferred charges or *Other Noncurrent assets*—not described	527	524	528	521

INLAND STEEL COMPANY (DEC)

	1983	1982
	($000)	
Deferred charges and other assets	$48,894	$40,309
Unexpended industrial revenue bond funds held by trustees	3,971	9,112
Excess of cost over net assets of businesses acquired	12,220	16,228

KUHLMAN CORPORATION (DEC)

	1983	1982
OTHER ASSETS:		
Restricted Industrial Revenue Bond proceeds (Note 2)	$2,547,500	$ —
Mortgage note receivable	931,075	950,429
	3,478,575	950,429

Note 2 (in part): Long-Term Debt

During 1983, the Company borrowed $3,000,000 under Industrial Revenue Bonds. These borrowings are available for and restricted to the purchase of certain equipment. The balance not yet spent as of December 31, 1983, has been classified as restricted Industrial Revenue Bond proceeds on the consolidated balance sheet.

MET-PRO CORPORATION (JAN)

	1984	1983
Restricted cash from construction financing—Note 5	$500,000	$500,000
Costs in excess of net assets of businesses acquired	615,655	616,856
Other assets	299,652	414,624

Note 5 (in part): Long-Term Debt

During December 1982, the Company received a tax-exempt loan of $500,000 through the Chester County Development Authority. The proceeds of the loan will be used to pay for the construction of a new plant facility upon completion of the project (see Note 4). Funds for the project are currently being expended from operations. The loan will be repaid in equal monthly installments of $4,167. Interest is payable monthly at 72% of the prime rate, with the interest rate to be renegotiated after 60 months of occupancy.

At January 31, 1984 and 1983, the proceeds of the loan were in a bank account restricted for construction expenditures. These funds are restricted until the project is completed.

OAK INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Other Assets:		
Notes receivable	$ 8,686	$ 13,368
Prepaid expenses and other assets	8,454	17,045
Intangible assets, less amortization (Note 1)	50,935	48,841
Subscription television development costs, less amortization (Note 1)	2,918	3,950
Investments in and advances to affiliated companies (Note 1)	25,241	32,915
Certificates of deposit (Note 2)	871	1,249
Patents and debenture expense, less amortization	4,211	5,155
Total other assets	$101,316	$122,523

Note 2 (in part): Indebtedness

The capitalized lease obligations represent a method of financing some of the subscription television decoders used in its over-the-air subscription television business. The leases have seven year terms and obligate the Company to pay property taxes, insurance and maintenance. One of the lease agreements requires that certificates of deposit ($871,000 at December 31, 1983) be maintained at a bank as collateral against the lease payments.

THE TIMKEN COMPANY (DEC)

	1983	1982
	($000)	
Investments and Other Assets		
Investments in affiliated companies—at equity	$ 4,122	$ 4,135
Restricted bond funds	24,580	
Miscellaneous receivables and other assets	14,450	14,031
Deferred charges and prepaid expenses	2,503	2,742
	45,655	20,908

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Restricted Bond Funds: During 1983, a subsidiary of the Company entered into an agreement for the issuance of State of Ohio Revenue Bonds, the proceeds of which are to be used for construction of air and water pollution control facilities. The principal amount of these bonds issued is included in Long-Term Debt, and the unused proceeds reported as Restricted Bond Funds are invested in interest-bearing securities until used for such construction.

Property Held For Sale

ACME-CLEVELAND CORPORATION (SEP)

	1983	1982
Assets Held for Sale	$7,011,273	$ 494,895
Investments in Affiliates	7,931,065	7,524,444
Other Assets	8,371,186	6,593,141

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Accounting Policies and Practices

Assets Held for Sale—Assets held for sale include assets that have been identified as excessive and are in the process of being sold. These assets are included at fair market value.

Note I (in part): Leases

The Corporation leases certain land, buildings, and equipment which are used in manufacturing, warehousing, and research operations. Property, plant, and equipment includes the following amounts for capital leases:

	September 30	
	1983	1982
Land	$ 480,736	$ 696,849
Buildings	6,895,315	9,278,339
Machinery and equipment	10,509,722	17,112,613
	17,885,773	27,087,801
Less allowance for depreciation and amortization	4,131,046	6,570,203
	$13,754,727	$20,517,598
Assets held for sale	$ 5,984,000	$ -0-

The majority of this property is leased under Industrial Revenue Bonds. In 1983 the Corporation decided to sell a number of assets that are leased under Industrial Revenue Bonds. These assets have been classified on the Balance Sheet as Assets Held for Sale and written down to fair market value.

NL INDUSTRIES, INC. (DEC)

	1983	1982
	(In thousands)	
Total current assets	$ 696,902	$ 812,632
Investments—Unconsolidated partially-owned companies, at equity, and other investments, at cost	169,045	170,506
Property, plant and equipment, at cost, less accumulated depreciation and depletion of $529,858,000 in 1983 and $494,399,000 in 1982	811,809	926,945
Net assets of discontinued operations (Note 1)	40,016	149,280
Other assets	209,501	222,494
	$1,927,273	$2,281,857

1 (in part): Discontinued Operations

At December 31, 1983, the estimated net realizable value of the operations which have not been disposed of are shown in the consolidated balance sheet caption "Net Assets of Discontinued Operations" and includes net working capital, net property, plant and equipment and other assets.

THE STOP & SHOP COMPANIES, INC. (JAN)

	1984	1983
	($000)	
Net property, plant and equipment	$316,120	$237,579
Net assets of discontinued operations, held for disposal	6,214	6,214
Other assets	35,061	9,088

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Discontinued Operations

The Company approved a plan in September, 1980, to discontinue the operation of its unprofitable meat processing facility located in Marlboro, Massachusetts. The plan provided for the discontinuance of operations and the disposal of facility assets by sale or lease.

Net assets from discontinued operations at January 28, 1984 consisted of property, plant and equipment, net of accumulated depreciation and amortization, less an allowance for the potential losses on disposal.

GULF RESOURCES & CHEMICAL CORPORATION (DEC)

	1983	1982
Total current assets	$217,750,160	$193,959,835
Net assets of discontinued operations (Note 2)	16,559,585	12,867,729

Note 2 (in part): Discontinued Operations:

For 1983 and 1982, the assets and liabilities of the discontinued operations have been reclassified on the balance sheets from the historic classifications to separately identify them as net assets of discontinued operations. Condensed balance sheet information for Bunker Hill as of December 31, 1983 and 1982 is as follows (in thousands):

	1983	1982
Current assets	$ 922	$ 920
Property, plant and equipment, net	7,008	7,008
Notes receivable and other assets	10,421	10,627
	$18,351	$18,555
Current liabilities	$ 607	$ 3,995
Other liabilities	1,184	1,692
	$ 1,791	$ 5,687
Net assets of discontinued operations	$16,560	$12,868

Debt Issue Costs

COMPUTER CONSOLES, INC. (DEC)

	1983	1982
Debt Issuance Costs, net of accumulated amortization of $203,421 (Note 1)	$2,632,845	$ —
Other Assets	1,521,152	1,443,555

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

Depreciation and Amortization

Depreciation is computed using the straightline method over the following estimated useful lives:

Building and improvements	20 years
Machinery and equipment	2-8 years

Leasehold improvements are depreciated over the term of the lease.

Unamortized debt issuance costs, aggregating $2,632,845 at December 31, 1983, have been deferred and are being amortized on the effective interest method over the term of the convertible subordinated debentures.

MOSINEE PAPER CORPORATION (DEC)

	1983	1982
Other assets:		
Unamortized refinancing expense	$491,376	$527,137
Excess of cost over net assets acquired	281,680	292,080
Other intangibles	48,283	152,529
Other	178,407	155,529
Total other assets	999,746	1,127,275

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Unamortized Refinancing Expense—Refinancing expense is being amortized on a straight-line basis over the term of the related long-term debt.

Deferred Income Taxes

BOWNE & CO., INC. (OCT)

	1983	1982
Cash surrender value of insurance on lives of key employees	$1,076,948	$876,333
Deferred income taxes	192,793	—
Deposits and sundry	376,559	91,508

■ ■ ■ ■ ■ ■ ■ ■

	1983	1982
Total current liabilities	$17,278,925	$11,257,359
Deferred employee compensation and benefits	1,732,842	707,728
Deferred income taxes	—	622,4[illegible]

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Accounting Policies

Income taxes

The Company and its subsidiaries file a consolidated Federal income tax return. Provisions for income taxes are calculated on pre-tax income reported for financial statement purposes. Such provisions differ from amounts currently payable because certain items of income and expense are reported in the income statement in periods different from those in which they are reported for income tax purposes. The tax effects of these timing differences, primarily depreciation, deferred employee compensation and benefits and capital gain on investment exchange, are reflected as deferred income taxes.

Cash Surrender Value

JOHNSON PRODUCTS CO., INC. (AUG)

	1983	1982
Other assets:		
Cash value, officers' life insurance (Note 5)	$339,000	$ 90,000
Investments	244,000	244,000
Miscellaneous receivables	57,000	49,000
Unamortized excess cost over net assets of business acquired	41,000	61,000
	681,000	444,000

Note 5. Cash Value, Officers' Life Insurance:

The Company maintains life insurance policies on certain of its officers and employees. The policies are of two types, split-dollar insurance and key-man insurance. Under the split-dollar insurance, the Company pays the premium and receives upon termination of the policy, or the death of the insured, the cash surrender value of the policy and the insured designates a beneficiary to receive the balance of benefits paid. Under the key-man insurance, the Company receives the cash surrender value if the policy is terminated, and upon the death of the insured receives all benefits payable.

In 1983 and 1982, cash surrender values have been reduced by $1,674,000 and $1,588,000, respectively, in outstanding policy loans, since the Company has no current intention of repayment.

The face amount and net cash surrender value relating to key-man insurance were $4,595,000 and $158,000 in 1983 and $4,228,000 and $59,000 in 1982, respectively.

Program Products

INTERNATIONAL BUSINESS MACHINES CORPORATION (DEC)

	1983	1982
	(Dollars in millions)	
Investments and Other Assets	$3,831	$1,964

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (in part)

Program Products:

Costs related to the conceptual formulation and design of licensed programs are expensed as research and development. Costs incurred subsequent to a design verification test to produce the finished product are generally capitalized as program products assets. The assets are amortized over the estimated revenue-producing life of the program, but not in excess of five years. Ongoing costs to support or service licensed programs are expensed.

Investments and Other Assets	December 31, 1983	December 31, 1982
	(Dollars in millions)	
Program products, less accumulated amortization (1983, $1,045; 1982, $763)	$1,287	$1,010
IBM Credit Corporation	525	290
U.S. fixed income securities, at cost (market value $502)	501	—
Other investments and sundry assets	1,518	664
Total	$3,831	$1,964

Included in other investments and sundry assets are 1983 investments in Intel and ROLM Corporations amounting to $843 million.

Realty Assets

AXIA INCORPORATED (DEC)

	1983	1982	1981
		($000)	
Total current assets	$108,683	$92,530	$99,081
Total Realty Assets	5,028	8,893	8,996

FINANCIAL REVIEW

Realty Operations

The Company's realty operations differ from the other operations in that they have a business cycle extending over several years and the assets are held primarily for investment purposes. Accordingly, all the assets and liabilities of these operations are presented under separate realty captions.

Land and related costs are stated at the lower of cost or market. Realty sales are recorded when the buyer has a significant and continuing cash equity in the property. Real estate taxes and interest costs are expensed as they are incurred. Development costs are capitalized. Costs are allocated to the various parcels of individual projects based upon either the relative value method or specific identification of costs to parcels.

Included in 1983 results are revenues and cost of sales for land of $6,000,000 and $3,519,000, respectively. These amounts were not material in 1982 and 1981.

Investment in Tax Leases

PEPSICO, INC. (DEC)

	1983	1982
	($000)	
Long-term Receivables and Investments		
Long-term receivables and other investments	$164,354	$148,351
Investment in tax leases	77,941	77,914
	242,295	226,265

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part) Summary of Significant Accounting Policies

Tax Leases The investment in Tax Leases represents the unamortized cost of tax leases purchased under the "safe harbor" leasing provisions of the Economic Recovery Tax Act of 1981, plus income accrued on the outstanding investment. The investment is reduced as tax credits and tax savings from accelerated depreciation deductions equal to the purchase cost are realized. These tax benefits are not included in PepsiCo's tax provision (see Note 7). The remaining unrecovered cost is amortized by an interest method over the periods during which the company has the use of additional temporary tax savings.

Service Parts

WANG LABORATORIES, INC. (JUN)

	1983	1982
	($ MILLIONS)	
Other assets:		
Long-term marketable securities	$48.1	$
Rental equipment, less accumulated depreciation ($26.7 in 1983 and $27.1 in 1982)	36.9	39.5
Service parts, less accumulated depreciation ($63.3 in 1983 and $36.7 in 1982)	157.3	115.8
Lease installments receivable	89.7	52.0
Miscellaneous	48.6	13.5
	380.6	220.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B—Accounting for Service Parts

During the year ended June 30, 1983, the Company retroactively adopted a change in accounting treatment for repairable service parts used in the maintenance of customer and internally used equipment. These parts were previously classified as inventories, with usage and provisions for obsolescence recognized as incurred. The new method of accounting results in the classification of service parts as noncurrent assets, with associated costs being depreciated over a period of seven years on a straightline basis. In the opinion of Management the new treatment presents a more appropriate balance sheet classification of the asset. Since the depreciation resulting from the new method is substantially equal to usage and obsolescence recognized under the prior method of accounting, there is no cumulative effect of the change presented in the statement of consolidated earnings and the change is not expected to materially affect future results of operations.

Excess Interest Retained by Bank

JOHN FLUKE MFG. CO., INC. (SEP)

	1983	1982
	($000)	
Property, Plant and Equipment	$57,318	$55,336
Other Assets	3,599	3,512

NOTES TO FINANCIAL STATEMENTS

Note 5 (in part): Long Term Debt

The 10% senior notes payable to banks require the Company to pay interest at 115% of the prime rate with the amount in excess of the 10% rate returned to the Company after payment of the entire loan balance. The excess interest retained by the bank is $2,009,000 ($1,782,000 in 1982) and is included in the Company's other assets.

Film Costs

THE COCA-COLA COMPANY (DEC)

	1983	1982
	($000)	
Investments, Film Costs and Other Assets		
Investments, at cost	$241,780	$221,909
Unamortized film costs	252,612	211,460
Other assets	240,880	241,395
	735,272	674,764

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting Policies. The major accounting policies and practices followed by the Company and its subsidiaries are as follows:

Inventories and Unamortized Film Costs

Inventories are valued at the lower of cost or market. The last-in, first-out (LIFO) method of inventory valuation generally is used for sugar and other sweeteners used in beverages in the United States, for certain major citrus concentrate products, for substantially all inventories of United States bottling subsidiaries and for certain other operations. All other inventories are valued on the basis of average cost or first-in, first-out (FIFO) methods. The excess of current costs over LIFO stated values amounted to approximately $59 million and $72 million at December 31, 1983 and 1982, respectively.

Unamortized film costs include film production, print, prerelease and other advertising costs expected to benefit future periods, estimated profit participations, and capitalized interest. The individual film forecast method is used to amortize these costs based on the revenues recognized in proportion to management's estimate of ultimate revenues to be received.

The costs of feature and television films are classified as current assets to the extent such costs are expected to be recovered through the respective primary markets. Other costs relating to film production are classified as noncurrent.

Revenues from theatrical exhibition of feature films are recognized on the dates of exhibition. Revenues from television licensing agreements are recognized when films are available for telecasting.

2. Inventories and Unamortized Film Costs are comprised of the following (in thousands):

	December 31, 1983	1982
Finished goods	$217,329	$219,000
Work in process	15,173	96,305
Raw materials and supplies	366,000	368,730
Unamortized film costs (includes in process costs of $60,669 in 1983 and $23,260 in 1982)	145,605	124,764
	$744,107	$808,799
Non current—Unamortized film costs:		
Completed	$147,697	$113,527
In process	104,915	97,933
	$252,612	$211,460

Lease Acquisition Costs

KINDER-CARE LEARNING CENTERS, INC. (AUG)

	1983	1982
Excess cost over net assets of subsidiaries acquired	$ 520,216	$ 768,478
Marketable investment securities	64,592,336	32,752,613
Equity in unconsolidated subsidiary	3,703,886	3,116,991
Lease acquisition costs, less amortization	7,078,405	6,591,343
Debt issue costs, less amortization	3,869,005	1,839,217
Other assets	1,008,254	338,268

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(d) Lease Acquisition Costs

Costs of acquiring and developing leased day care center locations, consisting of the cost of purchased leaseholds and the direct costs (including costs of the Company's real estate staff) of selecting sites for and supervising construction of day care centers, are deferred and amortized, on a straight-line basis, over the periods covered by the leases (generally twenty years).

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

AEL INDUSTRIES, INC. (FEB)

	1983	1982
	($000)	
Current liabilities:		
Notes payable to banks (Note 9)	$ 3,375	$ 2,425
Accounts payable	2,991	3,868
Advance deposits	1,418	17
Accrued salaries, wages and employee benefits	3,145	2,624
Other accrued liabilities	3,635	1,768
Current portion of long-term debt	1,048	875
Total current liabilities	15,612	11,577

Note 9. Line of Credit

Subsequent to year end, the Company's credit agreement with two participating banks was amended and extended through June 30, 1984 to provide increased borrowing availability from $6 million to $8 million (subject to the level of outstanding receivables) and to permit an increase of approximately $5 million in the principal amount of advances, excluding accrued and unpaid interest, to UltraCom from the $8.1 million principal amount outstanding at year end. Accordingly, $3.9 million of net current liabilities of UltraCom have been classified as noncurrent in the net liabilities of the business held for sale. The borrowing rate has been increased one-half percent to 1¼% over prime, plus a fee of ½ of 1% per annum on the principal amount of advances to UltraCom exceeding $7.4 million. A commitment fee of ½ of 1% of the unused portion of the line of credit and a deficiency fee, to the extent that compensating balances averaging 5% of the line and 5% of the outstanding loans are not maintained, are payable quarterly. Borrowings under the line of credit are collateralized by receivables, inventories and certain properties of the Company. 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 credit agreement for the years ended February 25, 1983 and February 26, 1982.

	1983	1982
	(Dollars in thousands)	
Maximum amount outstanding at any month-end	$4,600	$14,000
Average amount outstanding	$3,175	$ 3,562
Weighted average interest rate	18.2%	23.1%

BURROUGHS CORPORATION (DEC)

	1983	1982
	($ Millions)	
Current liabilities		
Notes payable	$ 110.3	$ 150.6
Current maturities of long-term debt	10.8	18.6
Accounts payable	525.8	423.6
Other accrued liabilities	402.5	414.2
Dividend payable	29.5	27.4
Estimated income taxes	166.7	96.6
Total	1,245.6	1,131.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 (in part): Current and Long-Term Debt

Notes payable represent borrowings from banks of subsidiaries outside the U.S. Interest rates on these borrowings are dependent primarily upon the countries in which the subsidiaries operate and averaged 11.5% and 12.6% at December 31, 1983 and 1982, respectively.

DIGITAL EQUIPMENT CORPORATION (JUN)

	1983	1982
	($000)	
Current Liabilities		
Loans payable to banks (Note F)	$ 14,897	$ 12,341
Accounts payable	213,728	142,049
Federal, foreign and state income taxes	221,820	244,207
Salaries, wages and related items	194,035	152,712
Deferred revenues and customer advances	103,523	82,984
Current portion of long-term debt	1,371	1,352
Other current liabilities	74,993	62,706
Total Current Liabilities	824,367	698,351

Note F—Short-Term Debt

Short-term debt and related interest rates were as follows:

(in thousands)	July 2, 1983	Average Interest Rate	July 3, 1982	Average Interest Rate
Loans payable to banks	$14,897	13.4%	$12,341	21.1%

The maximum aggregate short-term debt outstanding at any month-end was $18,163,000 during fiscal 1983, and $28,328,000 during fiscal 1982. Average short-term borrowings during these years, computed on a month-end basis, were $11,520,000 and $15,260,000, respectively. The average interest rate based on a weighted average of the stated month-end rates was 22.3% in fiscal 1983 and 26.5% in fiscal 1982. Short-term debt was principally denominated in foreign currencies. The short-term debt interest rates for fiscal 1983 and fiscal 1982 were significantly impacted by the high interest rate on Brazilian short-term debt.

The Company has revolving credit agreements totaling $150,000,000. These commitments are available on a revolving basis until March, 1985, converting at such time to term loans with final maturities in March, 1989. Borrowing rates under these commitments vary with the prime rate, domestic

TABLE 2-19: SHORT-TERM DEBT

	1983	1982	1981	1980
Description				
Notes or Loans				
Payee indicated	128	131	141	137
Payee not indicated	170	184	190	199
Short-term debt or borrowings	96	89	91	78
Commercial paper	52	55	54	29
Other	28	25	22	24
Total Presentations	**474**	**484**	**498**	**467**
Number of Companies				
Showing short-term debt	413	422	429	424
Not showing short-term debt	187	178	171	176
Total Companies	**600**	**600**	**600**	**600**

money market rates or the London Interbank Offer Rate. Although there are no compensating balance requirements under these agreements, commitment fees on the unused portion of the commitment approximate 3% compensating balances. These credit arrangements were unused at July 2, 1983.

Unused lines of credit for short-term financing were $93,604,000 at July 2, 1983 and $92,758,000 at July 3, 1982. At July 2, 1983, $21,000,000 of these lines of credit required the payment of facility fees. Although there are no compensating balance requirements under these agreements, facility fees on the unused portion of the commitment approximates 3% compensating balances.

None of the cash reflected in the balance sheets at July 2, 1983 and July 3, 1982 was required as compensating balances.

THE PARKER PEN COMPANY (FEB)

	1983	1982
	($000)	
CURRENT LIABILITIES:		
Payable to banks	$ 22,305	$ 17,727
Accounts payable	22,111	20,258
Accrued liabilities	56,216	49,976
Income taxes	11,523	17,418
Current maturities of long-term debt	924	1,391
Total current liabilities	113,079	106,770

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Payable to Banks and Bank Lines of Credit

Payable to banks consists primarily of borrowings by international subsidiaries. Information concerning borrowings follows:

(In thousands)	1983	1982	1981
Notes payable to banks	$12,755	$ 8,099	$5,086
Average interest rate	15.2%	20.0%	24.1%
Borrowings under bank overdraft	$ 9,550	$ 9,628	$2,524
Average interest rate	13.6%	16.3%	13.3%
Maximum short-term borrowings	$43,062	$17,727	$9,470
Average short-term borrowings	$28,230	$10,956	$6,870
Weighted average interest rate on borrowings during the year	12.9%	23.7%	17.3%

The maximum and average short-term borrowings and the weighted average interest rates were calculated on borrowings outstanding at the end of each month. Certain borrowings in hyperinflationary countries, which because of inflation have much higher interest rates, account for the increased average borrowing rate in 1982.

The Company and its subsidiaries have lines of credit available totaling $64,000,000 at February 28, 1983, of which $46,000,000 was unused. Certain of the credit arrangements require the Company to maintain compensating balances on the total lines of credit and loans outstanding. At February 28, 1983, compensating balances under lines of credit and outstanding loans totaled $100,000. These arrangements are on a best-effort basis and do not restrict the use of such balances when needed for general corporate purposes.

PETTIBONE CORPORATION (MAR)

	1983	1982
	($000)	
CURRENT LIABILITIES		
Notes payable to banks	$ 25,659	$ 13,692
Current maturities of long-term obligations	17,996	11,646
Long-term obligations classified as current	76,317	—
Accounts payable	18,128	36,880
Accrued liabilities		
Restructuring costs	5,537	—
Salaries, wages and other compensation	3,022	4,899
Property, payroll and other taxes	1,726	1,707
Other	4,359	4,917
Total current liabilities	152,744	73,741

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes Payable to Banks

Since the company is not in compliance with certain covenants of both short-term notes and long-term obligations (see the footnote entitled Long-Term Obligations), the short-term borrowings under unsecured lines of credit are due on demand at March 31, 1983.

The following table summarizes such credit lines and borrowings thereunder for the three years ended March 31:

	1983	1982	1981
	(in thousands)		
Available unsecured lines of credit	$25,659	$43,708	$60,765
Amount borrowed at March 31	25,659	13,692	42,085
Average amount of short-term borrowing during year	26,663	11,704	29,604
Maximum amount of short-term borrowing at any month end	32,649	34,731	42,085
Weighted average stated interest rate:			
During the year (computed on a daily basis)	13.92%	18.52%	15.54%
At March 31	11.37%	16.50%	17.47%

Compensating balance agreements exist between the company and the banks on certain of the unsecured lines of credit. Compensating balances are expected to be maintained at varying levels, ranging from 7% of the maximum amount which may be borrowed to 20% of average bank balances maintained over a period of time rather than fixed balances constantly maintained on deposit. The compensating balance arrangements impose no restrictions upon the company's free withdrawal of funds on deposit.

PHILIP MORRIS INCORPORATED (DEC)

	1983	1982
	($ Millions)	
Notes payable	$ 293.9	$ —
Current portion of long-term debt	266.3	—
Accounts payable	437.3	416.4
Accrued liabilities:		
Taxes, except income taxes	368.8	300.2
Employees' retirement and profit-sharing plans	130.7	120.5
Other	430.7	387.7
Income taxes payable	317.0	309.3
Dividends payable	91.6	75.5
Total current liabilities	2,336.3	1,609.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Short-Term Borrowing Arrangements:

At December 31, the company's short-term borrowings and related average interest rates consist of the following:

(in millions of dollars)	1983		1982	
	Amount Outstanding	Average Interest Rate	Amount Outstanding	Average Interest Rate
Bank loans	$199.7	8.9%	$193.6	10.4%
Commercial paper obligations	160.1	10.0%	596.8	9.3%
Amount reclassified to long-term debt	(65.9)		(790.4)	
	$293.9		$ —	

The company has credit facilties with a number of lending institutions amounting to approximately $1.4 billion at December 31, 1983. Approximately $1.2 billion of these facilities remained unused at December 31, 1983. These facilities are primarily maintained to support the company's commercial paper borrowings. The company maintains bank balances of approximately $60 million to support $300 million of the unused facilities and compensate the banks for services. Commitment fees, ranging from ¼ to ⅜ of 1 percent, are paid to the banks as compensation for $400 million of the unused facilities.

The company's credit facilities include revolving credit agreements and other arrangements which mature after 12 months and enable the company to refinance short-term borrowings on a long-term basis. Accordingly, $65.9 million of short-term borrowings at December 31, 1983, and $850.2 million of short-term borrowings and current portion of long-term debt at December 31, 1982, intended to be refinanced, have been reclassified to long-term debt.

RCA CORPORATION (DEC)

	1983	1982
	($000)	
Current liabilities		
Notes payable, except Hertz (Note 6)	$ 343.5	$ 303.4
Notes payable of Hertz (Note 7)	260.2	465.9
Accounts payable	728.5	622.7
Accrued compensation	274.3	231.9
Other accrued liabilities	1,168.6	1,052.4
Income taxes	143.8	164.0
Total current liabilities	2,918.9	2,840.3

Note 6 (in part): Debt, Except Hertz

Debt of RCA and consolidated subsidiaries, other than Hertz, consisted of the following at December 31:

	(In millions) 1983	1982
Current		
Commercial paper, weighted average 10.1% (1982 — 9.6%)	$152.0	$175.1
Notes due banks — foreign, weighted average 19.5% (1982 — 15.5%)	166.8	105.5
Current portion of long-term debt	24.7	22.8
Total	$343.5	$303.4

Note 7 (in part): Debt of Hertz

The debt of Hertz, which has not been assumed or guaranteed by RCA, consisted of the following at December 31:

	(In millions) 1983	1982
Current		
Commercial paper, weighted average 10.1% (1982 — 9.7%)	$ 66.4	$213.0
Demand and other short-term notes, weighted average 11.7% (1982 — 11.8%)	93.2	167.4
Current portion of long-term debt	100.6	85.5
Total	$260.2	$465.9

SPENCER COMPANIES, INC. (MAY)

	1983	1982
Current liabilities:		
Note payable—bank (Note 8)	$ 750,000	$ 2,250,000
Bankers' acceptances (Note 8)	1,607,208	507,679
Current maturities of long-term debt	505,130	537,350
Accounts payable	6,854,862	8,557,376
Accrued taxes	600,155	454,057
Accrued payroll, interest and other	933,717	1,114,991
Total current liabilities	11,251,072	13,421,453

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Note Payable—Bank and Bankers' Acceptances

In 1983, the short-term borrowings from banks averaged approximately $807,000 at an average interest rate of approximately 13.90% during the year. The maximum amount of short-term borrowings at any month-end was $2,050,000.

In 1982, the short-term borrowings from banks averaged approximately $980,000 at an average interest rate of approximately 16.65% during the year. The maximum amount of short-term borrowings at any month-end was $2,750,000.

Bankers' acceptances at May 28, 1983, mature in various amounts through August 15, 1983 with interest being charged at approximately 9%.

STERLING DRUG INC. (DEC)

	1983	1982
	($000)	
Current Liabilities:		
Notes and loans payable	$114,890	$ 42,598
Accounts payable	90,868	91,824
Accrued expenses	151,564	149,855
Accrued income taxes	31,163	41,824
Total Current Liabilities	388,485	326,101

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Debt (in part):

Notes and loans payable consist of the following:

(in thousands of dollars)	December 31, 1983	1982
Bank loans	$ 39,920	$38,599
Commercial Paper	70,032	96
Current portion of long-term debt	4,938	3,903
	$114,890	$42,598

The weighted average interest rate on short-term debt was 22.5 percent during 1983, 16.6 percent during 1982 and 18.9 percent during 1981. The composite interest rates on short-term debt outstanding at December 31, 1983, 1982 and 1981 were 24.9, 15.9 and 21.5 percent, respectively. The increases in 1983 were attributable mainly to hedging activities in Brazil and Mexico. Exclusive of these activities, the weighted average interest rate on short-term debt would have been 11.9 percent and the composite interest rate 13.0 percent. The highest amounts of short-term debt outstanding during 1983, 1982 and 1981 were $182,081,000, $92,188,000 and $93,427,000, respectively. The average amounts of short-term debt outstanding during 1983, 1982 and 1981 were $125,193,000, $59,803,000 and $57,699,000, respectively.

UNITED STATES STEEL CORPORATION (DEC)

	1983	1982
	($ millions)	
Current liabilities:		
Notes payable (Note 6, page 32)	$ 297	$ 362
Accounts payable	1,684	1,498
Payroll and benefits payable	585	733
Accrued taxes	472	356
Accrued interest	195	190
Long-term debt due within one year	77	278
Current portion of estimated costs attributable to shutdown of facilities	199	65
Current portion of redeemable preferred stock of consolidated subsidiary	—	55
Total current liabilities	3,509	3,537

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Notes Payable

(In millions) December 31	1983	1982	1981
Unconsolidated subsidiary	$ —	$ —	$ 18
Interest rate	—	—	16.8%
Banks (principally demand basis)	$297	$362	$120
Average interest rate year-end	7.5%	9.0%	13.0%
Total	$297	$362	$138
Maximum aggregate amount at any month-end	$508	$362	$138
Weighted daily average:			
Borrowing	$267	$229	$ 89
Interest rate (a)	6.0%	10.0%	16.4%

(a) Computed by relating interest expense to average daily borrowing.

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 usually described as *Accounts Payable* or *Trade Accounts Payable*.

ACME-CLEVELAND CORPORATION (SEP)

	1983	1982
Current Liabilities		
Notes payable to banks	$ 387,538	$ 932,665
Current portion of long-term obligations	4,295,402	4,600,629
Accounts payable	12,616,488	11,168,665
Other accrued expenses	14,543,137	13,060,689
Salaries, wages, other employment costs, and payroll taxes	19,276,060	18,824,335
Other accrued taxes	2,425,190	3,983,127
Income taxes	572,820	5,117,103
Total Current Liabilities	54,116,635	57,687,213

TABLE 2-20: CURRENT LIABILITIES—TRADE CREDITORS

	1983	1982	1981	1980
Description				
Accounts payable	402	403	538	485
Trade Accounts Payable	109	111		
Accounts payable combined with accrued liabilities or accrued expenses	68	67	51	102
Other captions	21	19	11	13
Total Companies	**600**	**600**	**600**	**600**

ADAMS-MILLIS CORPORATION (DEC)

	1983	1982
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 193,000	$ 56,000
Accounts payable	3,607,000	2,283,000
Accrued salaries and wages	1,086,000	715,000
Accrued pension	429,000	649,000
Accrued interest and other	291,000	252,000
Income taxes	839,000	212,000
Total Current Liabilities	6,445,000	4,167,000

AMERICAN STORES COMPANY (JAN)

	1984	1983
	($000)	
Current Liabilities		
Current maturities of long-term debt	$ 1,535	$ 1,041
Current obligations under capital leases	10,292	9,251
Trade accounts payable	341,344	305,871
Other accrued liabilities	142,944	115,586
Accrued wages payable	88,729	83,899
Federal and state income taxes	31,850	31,738
Total current liabilities	616,694	547,386

ASARCO INCORPORATED (DEC)

	1983		1982	
	($000)			
Current Liabilities:				
Notes payable:				
Bank loans	$ 36,309		$ 40,926	
Long-term debt due within one year	11,504	$ 47,813	41,164	$ 82,090
Accounts payable:				
Trade	236,172		242,132	
Nonconsolidated associated companies	9,187		6,147	
Other	36,027	281,386	37,308	285,587
Accrued liabilities:				
Salaries and wages	13,227		14,602	
Taxes on income	19,988		17,904	
Other taxes	13,156	46,371	11,827	44,333
Other current liabilities		27,625		20,518
Total Current Liabilities		403,195		432,528

ARMCO (DEC)

	1983	1982
	($ Millions)	
Current liabilities		
Notes payable	$ 180.6	$ 351.2
Accounts payable		
Trade	277.8	210.7
Other	104.6	125.7
Accrued taxes	93.5	123.2
Accrued salaries, wages and commissions	99.9	133.9
Other accruals	213.9	160.8
Current portion of long-term debt and lease obligations	43.0	21.0
Total current liabilities	1,013.3	1,126.5

CLAROSTAT MFG. CO., INC. (DEC)

	1983	1982
Current liabilities:		
Payable to suppliers and others	$ 615,363	$ 554,724
Accrued payrolls and other expenses	919,436	728,591
Federal income taxes	104,358	
Current portion of long-term debt	25,000	25,000
Dividend payable		142,828
Total current liabilities	1,664,157	1,451,143

E. I. DU PONT DE NEMOURS AND COMPANY (DEC)

	1983	1982
	($ Millions)	
Current Liabilities		
Accounts Payable (Note 11)	$2,529	$2,636
Short-Term Borrowings and Capital Lease Obligations	390	319
Income Taxes	830	426
Other Accrued Liabilities	1,310	1,413
Total Current Liabilities	5,059	4,794

NOTES TO FINANCIAL STATEMENTS

(Dollars in millions, except per share)

11—Accounts Payable

	December 31 1983	1982
Trade	$1,900	$2,035
Payables to banks	370	254
Compensation awards payable within one year	79	61
Other	180	286
	$2,529	$2,636

Payables to banks represent checks issued on certain disbursement accounts but not presented to the banks for payment.

GUARDIAN INDUSTRIES CORP. (DEC)

	1983	1982
	($000)	
Current liabilities:		
Short-term bank borrowings	$ 4,675	$15,714
Current maturities of long-term debt	8,906	11,966
Accounts payable, including amounts due unconsolidated subsidiary of $4,118 in 1983 and $3,088 in 1982	27,403	29,016
Dividends payable	1,590	1,362
Accrued liabilities	21,728	17,606
Income taxes	1,855	1,530
Total current liabilities	66,157	77,194

A. C. NIELSEN COMPANY (AUG)

	1983	1982
	($000)	
Current Liabilities:		
Trade accounts payable	$ 18,965	$ 14,433
Drafts payable	15,117	10,222
Accounts payable, customer services	35,482	21,212
Loans payable	3,293	5,645
Accrued salaries and wages	13,154	12,984
Accrued retirement and profit sharing	34,514	30,300
United States and foreign income taxes	14,798	7,443
Other current liabilities	31,811	25,165
Deferred revenue on uncompleted contracts	36,402	36,380
Total current liabilities	203,536	163,784

J.P. STEVENS & CO., INC. (OCT)

	1983	1982
	($000)	
Current Liabilities		
Current installments of long-term debt	$ 26,219	$ 30,733
Accounts payable—trade	131,495	115,120
Accrued and other liabilities	97,203	73,614
Accrued costs of plan for asset redeployment	626	16,313
Income and other taxes	10,734	9,812
Total current liabilities	266,277	245,592

EMPLOYEE RELATED LIABILITES

Table 2-21 shows the nature of employee related liabilities disclosed by the survey companies as current liabilities. Examples of captions describing employee related liabilities follow.

TABLE 2-21: EMPLOYEE RELATED LIABILITIES

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Description				
Salaries, wages, payrolls, commission	324	331	342	272
Compensation and/or *Benefits*	123	114	103	64
Withholdings, payroll taxes.	14	24	21	25
Pension or profit-sharing contributions	123	126	125	104
Other	69	67	55	46
Number of Companies				
Disclosing employee related liabilities	484	476	468	373
Not disclosing	116	124	132	227
Total Companies	**600**	**600**	**600**	**600**

AMETEK, INC. (DEC)

	1983	1982
Current liabilities:		
Notes payable to bank	$ —	$ 7,000,000
Accounts payable	22,336,903	18,752,118
Income taxes	5,486,094	—
Accrued employee compensation and benefits	20,485,082	18,141,305
Other accrued liabilities	13,661,055	13,703,409
Current portion of long-term debt	4,161,000	2,816,000
Total current liabilities	66,130,134	60,412,832

AMSTED INDUSTRIES INCORPORATED (SEP)

	1983	1982
	($000)	
Current Liabilities		
Accounts payable	$44,074	$54,519
Accruals:		
Payrolls	13,582	16,934
Taxes on income	4,010	3,627
Other taxes	5,276	5,027
Total Current Liabilities	66,942	80,107

HARRIS CORPORATION (JUN)

	1983	1982
Current Liabilities		
Short-term debt	$ 10,747,292	$ 9,974,192
Trade accounts payable	81,223,262	82,311,478
Compensation and benefits	85,102,157	77,205,533
Other accrued items	57,236,097	49,399,346
Advance payments by customers	47,010,457	54,429,520
Income taxes	107,071,223	49,067,257
Total Current Liabilities	388,390,488	322,387,326

ANCHOR HOCKING CORPORATION (DEC)

	1983	1982
Current liabilities:		
Notes payable	$ 329,000	$ 13,394,000
Current maturities of long-term debt, less debentures repurchased	3,217,000	3,818,000
Accounts payable	38,832,000	45,434,000
Accrued expenses	24,555,000	27,375,000
Accrued compensation and employee benefits	38,764,000	42,877,000
Accrued retirement contributions	12,567,000	16,584,000
Income taxes	4,957,000	758,000
Total current liabilities	123,221,000	150,240,000

GRANGER ASSOCIATES (AUG)

	1983	1982
	($000)	
Current liabilities:		
Notes payable to bank	$ —	$ 4,707
Trade payables	3,799	2,898
Accrued compensation	1,614	818
Accrued commissions	622	526
Income taxes	588	438
Current portion of capital lease obligations	222	350
Other current liabilities	1,190	1,138
Total current liabilities	8,035	10,875

KNAPE & VOGT MANUFACTURING COMPANY (JUN)

	1983	1982
CURRENT LIABILITIES:		
Accounts payable	$2,055,315	$1,395,990
Accruals:		
Income taxes	580,538	39,854
Other taxes	456,176	405,341
Compensation	790,733	623,284
Retirement plan contributions.	263,613	126,428
Miscellaneous	298,096	330,256
TOTAL CURRENT LIABILITIES	4,444,471	2,921,153

PALL CORPORATION (JUL)

	1983	1982
CURRENT LIABILITIES:		
Notes payable to banks	$42,217,000	$28,304,000
Accounts payable—trade	11,679,000	9,376,000
Accrued liabilities:		
Salaries and commissions	6,080,000	4,857,000
Payroll taxes	2,035,000	2,080,000
Income taxes	13,371,000	10,187,000
Interest	349,000	339,000
Pension and profit sharing plans	4,544,000	4,112,000
Other	4,929,000	4,291,000
	31,308,000	25,866,000
Dividends payable	1,620,000	1,416,000
Current portion of long-term debt	1,818,000	2,088,000
TOTAL CURRENT LIABILITIES	88,642,000	67,050,000

SUPREME EQUIPMENT & SYSTEMS CORP. (JUL)

	1983	1982
Current Liabilities		
Loans payable, bank	$ 500,000	$ —
Current portion of long-term debt	133,786	86,955
Current portion of deferred compensation—Note 8	46,850	—
Accounts payable	2,734,113	2,563,903
Accrued liabilities:		
Salaries, wages and commissions	802,256	862,229
Taxes other than income	83,439	233,966
Other	248,230	348,842
Accrued income taxes		
Current	600,186	596,412
Deferred	720,684	1,194,937
Customer advances	326,350	1,101,415
Deferred service contract income	563,489	546,193
Total Current Liabilities	6,759,383	7,534,852

Note 8—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, 1983, 1982 and 1981 was approximately $56,000, $103,000 and $60,000, respectively. For income tax purposes, a deduction is allowed at the time compensation is paid to the participants.

WILSON FOODS CORPORATION (JUL)

	1983	1982
	($000)	
CURRENT LIABILITIES		
Note payable to bank	$12,897	$ —
Accounts payable	13,362	29,027
Accrued wages and salaries	23,717	20,160
Other accrued expenses—Note 7	18,849	19,700
Accrued pension costs	12,675	13,486
Accrued plant closing costs	—	1,120
Current portion of long-term debt and capitalized lease obligations	657	4,175
TOTAL CURRENT LIABILITIES	82,157	87,668

Note 7—Other Accrued Expenses

Other accrued expenses included in current liabilities are the following (in thousands):

	1983	1982
Accrued employee medical benefits	$ 5,250	$ 5,109
Accrued marketing expenses	4,434	1,721
Accrued taxes other than income taxes	2,803	1,855
Accrued estimated Chapter 11 expenses	2,577	—
Accrued interest expense	2,420	1,443
Accrued workers' compensation benefits	2,055	1,716
Miscellaneous accrued expenses	8,557	7,856
	28,096	19,700
Less amount included as Liabilities Subject to Chapter 11 Proceedings—Note 3	(9,247)	—
	$18,849	$19,700

INCOME TAX LIABILITIES

Table 2-22 summarizes the descriptive balance sheet captions used to describe the current liability for income taxes.

TABLE 2-22: CURRENT INCOME TAX LIABILITY

	1983	1982	1981	1980
Income taxes	353	359	367	366
Taxes—type not specified	37	39	33	34
Federal income taxes	30	24	28	35
Federal, state, and foreign income taxes	17	20	27	29
Federal and state income taxes	28	24	31	33
Federal and foreign income taxes	19	19	23	21
U. S. and foreign income taxes	21	21	23	27
Other captions	26	22	17	19
	531	528	549	564
No caption for taxes payable	69	72	51	36
Total Companies	**600**	**600**	**600**	**600**

ANHEUSER-BUSCH COMPANIES, INC. (DEC)

	1983	1982
	(In millions)	
CURRENT LIABILITIES:		
Short-term borrowings	$ —	$ 25.0
Accrued interest payable	29.9	29.8
Accounts payable	327.8	306.2
Due to customers for returnable containers	31.1	27.2
Accrued salaries, wages and benefits	142.5	131.1
Accrued taxes, other than income taxes	64.3	62.7
Estimated income taxes	48.4	26.4
Other current liabilities	78.5	37.6
Total current liabilities	722.5	646.0

CURTISS-WRIGHT CORPORATION (DEC)

	1983	1982
	($000)	
Accounts payable	$ 6,100	$ 9,482
Accrued compensation	3,318	5,047
Other accrued expenses	14,545	11,426
Federal and foreign income taxes payable	3,854	2,356
Deferred federal and foreign income taxes	4,631	4,311
Advances and billings in excess of costs	2,328	2,304
Other current liabilities	8,968	6,930
Total current liabilities	43,744	41,856

ICOT CORPORATION (JUL)

	1983	1982
	(In thousands)	
Current Liabilities:		
Notes payable	$2,150	$ 978
Current maturities of long-term debt	169	1,051
Trade accounts payable and accrued expenses	1,449	2,289
Customer advances	49	112
Employee compensation	432	661
State income taxes payable	34	56
Total Current Liabilities	4,283	5,147

THE MAYTAG COMPANY (DEC)

	1983	1982
CURRENT LIABILITIES		
Accounts payable	$20,133,238	$12,594,567
Compensation to employees	11,546,750	10,375,680
Accrued liabilities	14,054,323	10,193,963
Federal and state taxes on income	7,896,455	3,260,554
Deferred federal taxes on income	1,772,000	2,598,700
TOTAL CURRENT LIABILITIES	55,402,766	39,023,464

INSILCO CORPORATION (DEC)

	1983	1982
	($000)	
Current Liabilities		
Short-term borrowings	$ 59,825	$ 69,737
Accounts payable	38,781	38,459
Accrued expenses	29,657	37,961
Customer deposits	12,177	12,287
Salaries and wages payable	7,738	6,610
Current portion of long-term debt and lease obligations	7,863	4,313
Income taxes		
Currently payable	10,157	823
Deferred	4,072	—
Total current liabilities	170,270	170,190

OUTBOARD MARINE CORPORATION (SEP)

	1983	1982
	($000)	
CURRENT LIABILITIES:		
Accounts payable—		
Trade	$ 50,657	$ 40,599
Other	7,083	6,716
	57,740	47,315
Accrued liabilities—		
Compensation	16,879	16,898
Pension programs	7,689	7,449
Taxes, other than income taxes	3,612	3,591
Other, including interest of $6,329 in 1983 and $6,163 in 1982	46,713	47,467
	74,893	75,405
Accrued income taxes—		
Federal	11,443	2,431
State	4,442	1,973
Foreign	3,651	1,232
	19,537	5,636
Deferred income taxes	101	2,172
Current maturities and sinking fund requirements of long-term debt	6,585	4,885
Total current liabilities	158,856	135,413

PRATT-READ CORPORATION (JUN)

	1983	1982
Current Liabilities:		
Accounts payable	$2,023,812	$1,256,508
Dividends payable	158,638	158,638
Accrued flood damage expenses (Note B)	—	1,230,000
Accrued salaries and wages	616,511	604,787
Other accrued liabilities	563,196	526,128
Federal and state income taxes	55,778	264,296
Current portion of long-term debt	97,132	44,527
Total current liabilities	3,515,067	4,084,884

SCOVILL INC. (DEC)

	1983	1982
	($000)	
Current Liabilities		
Notes payable	$ 6,145	$ 26,621
Accounts payable	68,443	59,923
Accrued wages and other expenses	38,776	32,276
Employee benefits	14,279	14,683
Federal, foreign and state taxes on income	8,915	1,477
Current maturities of non-current debt and leases	7,286	10,621
Total Current Liabilities	143,844	145,601

STANDARD MOTOR PRODUCTS, INC. (DEC)

	1983	1982
	($000)	
Current liabilities:		
Notes payable—banks	$ 4,050	—
Accounts payable	12,391	$ 8,321
Current portion of long-term debt	1,917	1,195
Taxes based on earnings	5,973	6,471
Taxes (other than based on earnings)	943	857
Payroll and commissions	3,516	3,505
Sundry payables and accrued expenses	3,766	4,072
Total current liabilities	32,556	24,421

TALLEY INDUSTRIES, INC. (MAR)

	1983	1982
Current liabilities:		
Notes payable	$ 1,132,000	$ 2,460,000
Current maturities of long-term debt	1,448,000	1,669,000
Realty debt	4,296,000	4,951,000
Accounts payable	11,937,000	16,161,000
Accrued expenses	24,295,000	27,317,000
United States and foreign income taxes	4,675,000	—
Total current liabilities	47,783,000	52,558,000

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.

ALCO STANDARD CORPORATION (SEP)

	1983	1982
	($000)	
Current Liabilities		
Current portion of long-term debt	$ 14,900	$ 12,064
Notes payable	54,293	5,560
Trade accounts payable	233,039	197,357
Accrued salaries, wages and commissions	26,411	30,280
Other accrued expenses	64,321	52,861
Accrued income taxes	8,217	1,315
Total current liabilities	401,181	299,437

CERTAINTEED CORPORATION (DEC)

	1983	1982
	($000)	
Current Liabilities:		
Trade accounts payable	$ 92,258	$ 70,596
Accrued Federal income taxes	1,344	-0-
Accrued liabilities	50,616	43,889
Current installments of long-term debt	7,899	8,221
Total current liabilities	152,117	122,706

INTERCO INCORPORATED (FEB)

	1983	1982	1981
	(Dollars in thousands)		
Current liabilities:			
Notes payable	$ —	$ 3,568	$ —
Current maturities of long-term debt	14,529	14,053	12,958
Current maturities of capital lease obligations	5,953	5,952	5,845
Accounts payable	130,923	148,071	161,692
Accrued employee compensation	36,983	35,583	34,088
Other accrued expenses	31,810	33,842	32,243
Income taxes	18,010	17,211	25,208
Total current liabilities	238,208	258,280	272,034

K MART CORPORATION (JAN)

	1984	1983
	($ millions)	
Current Liabilities:		
Long-term debt due within one year	$ 3.2	$ 5.1
Obligations under capital leases due within one year	70.6	65.7
Accounts payable—trade	1,717.2	1,513.4
Accrued payrolls and other liabilities	294.0	263.0
Taxes other than income taxes	172.9	163.1
Dividends payable	34.0	31.1
Income taxes	228.9	135.0
Total current liabilities	2,520.8	2,176.4

TABLE 2-23: CURRENT AMOUNT OF LONG-TERM DEBT

	Number of Companies			
	1983	1982	1981	1980
Description				
Current *portion* of long-term debt	212	196	196	189
Current *maturities* of long-term debt	193	188	181	175
Long-term debt *due* or *payable* within one year	79	80	80	83
Current *installment* of long-term debt	40	44	46	46
Current amount of long-term leases	66	71	80	87
Other captions	6	3	6	6

KAISER ALUMINUM & CHEMICAL CORPORATION (DEC)

	1983	1982
	($ Millions)	
Current Liabilities:		
Accounts payable	$223.9	$171.8
Accrued wages, interest, and other liabilities	302.7	291.0
Income taxes payable	24.5	102.8
Payable to affiliates	100.3	71.0
Notes payable	116.0	239.0
Long-term debt—current portion	33.8	38.6
Total current liabilities	801.2	914.2

KINDER-CARE LEARNING CENTERS, INC. (AUG)

	1983	1982
Current liabilities:		
Current installments of long-term debt	$ 5,653,799	5,183,293
Accounts payable	3,111,693	2,370,513
Accrued expenses:		
Payroll	196,897	196,897
Taxes, other than income taxes	1,150,489	635,710
Interest	1,310,521	1,867,754
Other	932,039	407,036
Total current liabilities	12,355,438	10,661,203

STAUFFER CHEMICAL COMPANY (SEP)

	1983	1982
	($000)	
Current Liabilities		
Notes Payable	$105,622	$ 87,850
Accounts Payable	115,420	99,441
Income Taxes Payable	8,306	11,835
Accrued Expenses	41,830	46,988
Other Liabilities	60,873	60,800
Long-term Debt Due within One Year	8,855	25,715
Total Current Liabilities	340,906	332,629

BORDEN, INC. (DEC)

	1983	1982
	($000)	
Current Liabilities		
Debt payable within one year	$166,276	$122,698
Accounts and drafts payable	318,254	301,904
Income taxes	43,826	16,582
Other current liabilities	156,237	163,176
	684,593	604,360

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Debt, Lease Obligations and Commitments

Debt outstanding at December 31, 1983 and 1982 is as follows:

	1983		1982	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
Sinking Fund Debentures:				
4⅜% due 1991	$ 14,000	$ 2,000	$ 16,000	$ 3,975
5¾% due 1997	48,750	3,750	52,500	3,750
8½% due 2004	100,000		100,000	
9⅜% due 2009	150,000		150,000	
Debentures repurchased	(56,167)	(3,761)	(31,250)	(3,823)
Other borrowings (at an average rate of 12.7% and 12.1%, respectively)	121,100	11,171	130,203	25,365
Convertible Debentures:				
6¾% due 1991			10,043	
5% due 1992			7,380	
Current Maturities of Long-Term Debt		13,160		29,267
Short-Term Debt:				
Commercial paper (at an average rate of 10.0%)		100,600		
Other (primarily Foreign Bank Loans at an average rate of 32.7% and 29.1%, respectively)		52,516		93,431
Total Debt	$377,683	$166,276	$434,876	$122,698

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			
	1983	1982	1981	1980
Taxes not combined with Federal income taxes	204	205	215	165
Interest	112	111	113	98
Dividends payable	93	101	109	103
Customer advances, deposits	67	64	69	71
Deferred taxes	67	61	53	47
Estimated costs related to discontinued operations	60	56	38	14
Warranties	37	34	32	23
Deferred revenue	22	21	21	16
Due to affiliated companies	22	24	26	19
Billings on uncompleted contracts	24	23	22	24
Insurance	35	20	22	N/C
Advertising	22	13	15	N/C
Other — Described	75	87	80	67

N/C—Not Compiled.

Taxes Not Combined With Federal Income Taxes

AMERICAN HOSPITAL SUPPLY CORPORATION (DEC)

	1983	1982
	($ millions)	
Current liabilities:		
Notes payable to banks	$ 10.0	$ 23.9
Commercial paper	156.6	108.3
Current maturities on long-term obligations	25.5	7.0
Accounts payable	340.7	320.9
Commissions, salaries and withholdings	72.3	67.1
Retirement and other benefit plans	19.1	17.2
Taxes other than federal income taxes	21.9	21.5
Federal income taxes	27.2	48.0
Total current liabilities	673.3	613.9

CYCLOPS CORPORATION (DEC)

	1983	1982
	($000)	
Current liabilities:		
Short-term loans	$ 8,000	$ —
Current portion of long-term debt	4,400	2,972
Accounts payable	67,257	41,408
Employment costs	54,248	51,226
Taxes other than income taxes	9,072	8,719
Other	15,657	12,979
Total current liabilities	158,634	117,304

LEAR SIEGLER, INC. (JUN)

	1983	1982
CURRENT LIABILITIES		
Notes payable	$ 1,823,000	$ 26,923,000
Current maturities of long-term obligations	15,806,000	22,744,000
Accounts payable	108,516,000	103,837,000
Income taxes	17,041,000	3,691,000
Accrued liabilities:		
Salaries, wages and commissions	33,810,000	36,940,000
Property, payroll and other taxes	13,961,000	13,556,000
Other	70,810,000	68,631,000
Total current liabilities	261,767,000	276,322,000

PENTRON INDUSTRIES, INC. (JUN)

	1983	1982
Current liabilities:		
Notes payable, bank	$1,500,000	$ 900,000
Accounts payable	1,348,450	1,137,900
Accrued liabilities (Note 8)	1,106,904	1,120,596
Current maturities of long-term debt	920,941	1,335,199
Total current liabilities	4,876,295	4,493,695

8. Accrued Liabilities:

Accrued liabilities consist of the following at June 30:

	1983	1982
Salaries, wages and commissions	$ 343,666	$ 276,680
Property and other taxes	298,010	277,884
Interest and other expenses	448,577	421,182
Other current liabilities	16,651	144,850
	$1,106,904	$1,120,596

Current Advances/Deposits

COMPUGRAPHIC CORPORATION (SEP)

	1983	1982
Current liabilities:		
Notes payable to banks	$15,678	$10,720
Current portion of long-term debt	2,845	1,122
Accounts payable	12,364	14,820
Customer deposits	2,377	2,229
Accrued expenses	35,016	25,452
Total current liabilities	68,280	54,343

ANALOGIC CORPORATION (JUL)

	1983	1982
Current liabilities:		
Notes payable, bank		$ 229,138
Current portion of indebtedness to related parties	$ 207,628	180,876
Accounts payable, trade	8,034,425	4,953,562
Accounts payable, construction	250,000	2,819,284
Accrued expenses:		
Salaries, wages and commissions	2,631,999	2,133,468
Other	1,544,134	1,026,320
Customer deposits	4,504,834	3,037,639
Income taxes	710,886	2,453,492
Total current liabilities	17,883,906	16,833,779

COOPER INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Current Liabilities		
Short-term debt	58,569	37,605
Accounts payable and accrued liabilities	323,887	345,267
Accrued income taxes	16,391	14,378
Current maturities of long-term debt	9,546	11,461
	408,393	408,711

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, 1983	1982
	(000 omitted)	
Trade accounts	$ 97,676	$111,889
Salaries, wages and related fringe benefits	62,197	67,285
Contributions payable to pension trusts and supplemental unemployment benefits	48,476	47,626
Accruals for estimated costs of plant relocations and other nonrecurring items	39,551	42,619
Accrued warranty costs	9,479	8,352
Advances received on contracts	3,280	12,313
Taxes other than income taxes	6,339	6,482
Dividends	20,492	18,665
Other	36,397	30,036
	$323,887	$345,267

HONEYWELL INC. (DEC)

	1983	1982
	($ millions)	
Current Liabilities		
Accounts payable	$ 246.7	$ 245.5
Short-term debt	139.0	115.9
Customer advances	87.8	121.4
Income taxes	126.6	95.3
Accrued compensation and benefit costs	319.0	305.0
Other accrued liabilities	430.6	383.4
	1,349.7	1,266.5

PABST BREWING COMPANY (DEC)

	1983	1982
Current Liabilities:		
Accounts payable	$ 54,143,000	$45,905,000
Accrued wages and benefits	15,022,000	13,790,000
Federal excise and other taxes	10,189,000	6,803,000
Federal and state income taxes	8,970,000	654,000
Accrued and other current liabilities	—	4,237,000
Current portion of long-term liabilities	1,566,000	5,277,000
	89,890,000	76,666,000
Liability to customers for returnable containers	14,595,000	13,700,000
	104,485,000	90,366,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Properties and Related Depreciation

Property, plant, equipment and cooperage are stated at cost. Provisions for depreciation are made on the straight-line method at rates based on the estimated useful lives of the various classes of depreciable property.

The cost and accumulated depreciation applicable to assets retired or otherwise disposed of are eliminated from the related accounts and the gain or loss on disposal is credited or charged to income. Expenditures for new facilities and those which substantially increase the useful lives of existing plants and equipment are capitalized. Maintenance, repairs and minor renewals are charged to expense as incurred.

Bottles and boxes are stated at cost; cost being determined on the last-in, first-out (LIFO) method for quantities on hand and at average cost for quantities held by customers.

The Company uses the deposit method for recording cooperage and returnable bottles and boxes shipped to customers. Deposit amounts charged to customers for the returnable containers held by them which are expected to be returned to the Company are included in the balance sheet as liability to customers for returnable containers.

Capital leases are recorded as assets and obligations. Depreciation is recognized on the straight-line method over the life of the leases.

ROCKWELL INTERNATIONAL CORPORATION (SEP)

	1983	1982
	(In millions)	
Current liabilities		
Short-term debt	$ 24.8	$ 24.6
Accounts payable—trade	597.0	531.9
Advance payments from customers	150.9	144.0
Accrued payroll	268.2	239.4
Accrued retirement plan costs	132.9	151.9
Accrued income taxes	36.5	28.2
Deferred income taxes	866.4	829.7
Other current liabilities	355.8	394.7
Total current liabilities	2,432.5	2,344.4

Product Warranties

DRESSER INDUSTRIES, INC. (OCT)

	1983	1982	1981
	In Millions of Dollars		
Current Liabilities			
Short-term debt	$ 57.5	$134.6	$ 84.5
Accounts payable	170.9	188.0	275.5
Accrued compensation	67.4	74.8	83.3
Accrued warranty costs	53.9	64.8	66.5
Accrued taxes other than income taxes	37.0	29.4	25.0
Advances from customers on contracts	28.0	52.9	83.5
Other accrued liabilities	217.9	210.1	164.2
Income taxes	16.8	29.4	96.0
Current portion of long-term debt	44.5	20.6	31.7
Total Current Liabilities	693.9	804.6	910.2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Warranty Costs

All significant performance warranty costs are provided at the time of sale of the warranted product.

MAGIC CHEF, INC. (JUN)

	1983	1982	1981
	(Amounts are in thousands)		
Current:			
Trade Accounts Payable	$ 38,229	$36,281	$ 47,146
Notes Payable to Banks	6,915	5,123	5,226
Current Maturities of Long-Term Debt	5,604	5,625	3,973
Accrued Taxes	9,771	8,106	11,948
Accrued Salaries and Wages	8,797	7,245	7,878
Product Warranty	18,411	16,115	13,901
Other Accrued Liabilities	24,983	20,998	17,054
Total Current Liabilities	112,710	99,493	107,126

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Product Waranty:

Estimated warranty costs are provided for in the year of sale. Accrued costs applicable to warranty obligations beyond one year are classified as a long-term liability.

PENRIL CORP. (JUL)

	1983	1982
Current Liabilities:		
Current portion of long-term debt	$ 136,093	$ 21,343
Accounts payable	2,476,575	2,179,140
Accrued compensation and commissions	1,049,454	1,158,608
Accrued income taxes	159,015	149,207
Accrued interest	994,082	172,989
Accrued warranty and other expenses (Note 1)	657,137	679,654
Total Current Liabilities	5,472,356	4,360,941

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Warranties: The Company's products are under warranty against defects in material and workmanship for periods ranging from one to ten years from the date of shipment. The Company has established an accrual for these warranty costs.

Costs/Liabilities Related to Discontinued Operations

COLT INDUSTRIES INC. (DEC)

	1983	1982
	($000)	
Current Liabilities		
Notes payable to banks	$ 1,492	$ 2,605
Current maturities of long-term debt	12,573	15,385
Accounts payable	97,097	72,553
Accrued expenses—		
Salaries, wages, and employee benefits	56,027	40,322
Taxes	68,257	56,065
Interest	3,058	4,131
Other	31,796	21,101
	159,138	121,619
Current portion of liability for facility disposition (Note 2)	50,662	51,764
Total current liabilities	320,962	263,926

NOTES TO FINANCIAL STATEMENTS

2. Discontinued Operations

In 1982, the company closed the Crucible Stainless and Alloy Division in Midland, Pennsylvania and entered into an agreement for the purchase of this steelmaking facility by Jones & Laughlin, a unit of LTV Corporation. The purchase was completed in February, 1983. Consolidated results in 1982 included a $243,900,000 loss, after an income tax benefit of $182,273,000, for the discontinued steelmaking operations.

The liability for facility disposition primarily represents pension and other employee benefits of the former employees of the discontinued steelmaking facility, stated in accordance with generally accepted accounting principles, at present value. These benefits are scheduled to be paid over periods of up to 40 years.

Net sales of discontinued operations were $180,299,000 in 1982 and $510,201,000 in 1981.

MATTEL, INC. (JAN)

	1984	1983
	($000)	
Current Liabilities		
Term loan payable to domestic banks	$349,000	$ —
Notes payable to foreign banks	48,141	44,900
Current portion of long-term liabilities	916	9,529
Accounts payable	36,607	92,036
Accrued liabilities	65,705	159,319
Liabilities of discontinued operations	84,966	—
Income taxes payable	12,898	25,198
Total current liabilities	598,233	330,982

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Discontinued Operations

Liabilities and accrued expenses of the discontinued businesses at January 28, 1984 are included in the accompanying Consolidated Balance Sheets under the caption Liabilities of Discontinued Operations, as follows:

(In thousands)	
Current	
Accounts payable	$17,606
Accrued liabilities	36,749
Income taxes payable	3,669
Lease commitment cost, net	7,496
Other	51
Accrued discontinuance costs	19,395
	$84,966
Long-Term	
Lease commitment cost, net	$ 7,362
Accrued discontinuance costs and other non-current liabiilties	4,591
	$11,953

Lease commitments costs, pertaining to office facilities which were to be used primarily for the electronics business, are net of estimated sublease recoveries and consist of estimated future lease commitments discounted to present value.

Accrued discontinuance costs consist primarily of the following:

—Employee related cost, including benefits payable to terminated personnel and costs to relocate other personnel.

—Contractual obligations cost, including warranty and royalty commitments.

—Administrative overhead cost, including staffing and support cost.

—Facilities closing cost, including estimated holding costs of idle facilities until the facilities are expected to be sold or subleased.

LOUISVILLE CEMENT COMPANY (DEC)

	1983	1982
Current Liabilities		
Accounts payable	$2,895,553	$2,211,413
Employee vacation and compensation	1,478,964	1,129,990
Pension expense	697,653	722,956
Estimated plant closing expense—Note C	516,550	2,896,622
Taxes, other than income taxes	574,525	566,585
Income taxes	1,031,535	118,480
Current maturities of long-term debt		588,000
Total Current Liabilities	7,194,780	8,234,046

Note C (in part): Plant Closing and Sale of Assets

During the third quarter of 1982, the Company permanently closed its Bessemer, Pennsylvania plant. Accordingly, a provision for the costs and expenses expected to result from the plant closing, estimated to approximate $4,550,000 ($1.88 loss per share after income tax benefit), was included in the results of operations for 1982. In the opinion of management, the liability for estimated plant closing expense at December 31, 1983 ($516,550) is adequate to provide for remaining costs relating to the plant closing. Assets held for sale at December 31, 1982, principally land, mineral reserves, buildings, and equipment, were stated at their estimated net realizable value.

Deferred Revenue

AM INTERNATIONAL, INC. (JUL)

	1983	1982
	($000)	
Current liabilities:		
Bank loans and current portion of long-term debt	$ 13,474	$ 17,434
Accounts payable	36,524	32,351
Service contract deferred income	45,508	43,616
Income taxes	727	968
Payroll related expenses	42,568	46,306
Other	29,095	23,914
Liabilities of discontinued operations	2,494	4,993
Total current liabilities	170,390	169,582

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Service Contract Deferred Income—Amounts billed for service contracts are credited to Service Contract Deferred Income and reflected in operating revenue over the term of the contract, which is generally one year.

DOW JONES & COMPANY, INC. (DEC)

	1983	1982
	($000)	
Current Liabilities:		
Current maturities of long-term debt ...	$ 3,290	$ 5,213
Accounts payable—trade	20,978	18,632
Other payables	15,285	13,644
Accrued wages, salaries and commissions	30,471	21,825
Royalties to authors	6,002	6,110
Taxes	3,717	3,487
Profit sharing and other retirement plan contributions payable	11,623	9,836
Federal and state income taxes	32,012	21,557
Unexpired subscriptions (Note 1)	106,334	97,298
Total current liabilities	229,712	197,602

NOTES TO FINANCIAL STATEMENTS

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

Subscription revenue is recorded as earned, pro rata on a monthly basis, over the life of the subscriptions. Costs in connection with the procurement of subscriptions are charged to expense as incurred.

MACMILLAN, INC. (DEC)

	1983	1982
	($000)	
Current liabilities		
Notes payable	$ 1,095	$ 198
Accounts payable	18,964	17,700
Deferred revenues	22,422	20,429
Income taxes—current	20,121	6,086
Income taxes—deferred	12,118	13,377
Payrolls and commissions	8,028	8,676
Accrued royalties	15,609	13,264
Other accrued expenses	28,666	20,607
Total current liabilities	127,023	100,337

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Deferred revenues. Deferred revenues arise from the prepayment of fees for classroom instruction and from the sale of subscriptions of specialized directories.

MSI DATA CORPORATION (MAR)

	1983	1982
Current liabilities:		
Notes payable	$ —	$ 886,000
Accounts payable	1,996,000	1,523,000
Accrued payroll and related expenses	2,192,000	2,677,000
Taxes based on income	1,197,000	1,678,000
Current portion of deferred revenues	918,000	488,000
Other accrued liabilities	981,000	1,014,000
Total current liabilities	7,284,000	8,266,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Field service agreements: Substantially all of the Company's products are sold with field service maintenance agreements which provide revenues that generally offset the cost of both direct repair work and maintenance work performed by the Company. When such revenues are received prior to providing repair and maintenance service, they are deferred and recognized over the term of the related agreements.

NATIONAL SEMICONDUCTOR CORPORATION (MAY)

	1983	1982
	($000)	
Current liabilities:		
Short-term borrowings	$ 13,620	$ 40,425
Accounts payable	87,719	90,012
Accrued expenses	108,231	89,981
Income taxes	6,784	4,491
Deferred income on shipments to distributors	55,370	48,960
Other current liabilities	10,795	13,036
Total current liabilities	282,519	286,905

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Revenue Recognition

Income on shipments to distributors is deferred until products are sold by the distributors. Computer product revenues are generally recognized upon installation of related equipment. Revenue on all other shipments is generally recognized when products are shipped with a provision for estimated returns and allowances recorded at time of shipment.

WANG LABORATORIES, INC. (JUN)

	1983	1982
	($ Millions)	
Current Liabilities		
Notes payable to banks	$ 34.3	$ 21.3
Accounts payable, other payables and accruals	188.8	156.7
Unearned service revenues	48.5	37.1
Income taxes	6.2	6.0
Dividends payable to stockholders	3.2	1.7
Portion of long-term debt due within one year	27.7	20.5
Total Current Liabilities	308.7	243.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Significant Accounting Policies

Revenue Recognition and Related Costs—Revenues from equipment sales, non-recourse sales under third party agreements (Note E), and non-cancellable sales-type leases are recognized at the time equipment is shipped.

The Company leases certain equipment to customers for an initial term of generally one year, after which time the leases are cancellable by the lessee. Such leases are accounted for as operating leases and, accordingly, rental income is earned over the term of the lease and the cost of the equipment is amortized over the estimated useful life of seven years by use of the double-declining balance method. Rental equipment is continuously reviewed for remarketability and unamortized cost is written off when appropriate.

Service revenues are recognized ratably over the contract period or as the services are performed.

Insurance

GEARHART INDUSTRIES, INC. (JAN)

	1984	1983
	($000)	
Current liabilities		
Notes payable	$ 4,899	$ 2,577
Accounts payable	15,587	13,638
Income taxes payable	6,893	2,346
Accrued liabilities (Note 5)	21,302	25,012
Current maturities of long-term debt	2,108	2,180
Total current liabilities	50,789	45,753

Note 5. Accrued Liabilities

Accrued liabilities consist of the following:

	January 31, 1984	1983
	(In thousands)	
Accrued compensation and related taxes	$ 5,862	$ 6,893
Insurance	5,932	5,598
Profit sharing contributions	2,945	3,775
Dividends payable	1,602	1,620
Interest	1,544	1,013
Royalties, taxes and other expenses	3,417	6,113
	$21,302	$25,012

TECUMSEH PRODUCTS COMPANY (DEC)

	1983	1982
CURRENT LIABILITIES:		
Accounts payable, trade	$42,427,000	$37,131,000
Income taxes payable	10,579,000	3,292,000
Dividend payable	—	4,376,000
Accrued liabilities:		
Employee compensation	11,719,000	11,078,000
Product warranty and self-insured risks	13,088,000	12,450,000
Other	10,251,000	9,015,000
TOTAL CURRENT LIABILITIES	88,064,000	77,342,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Product Warranty—Provision is made for the estimated cost of maintaining product warranties at the time the product is sold.

Self-Insured Risks—Provision is made for the estimated costs of known and anticipated claims under the deductible portions of the Company's liability and workers' compensation insurance policies.

Billings in Excess of Related Costs

WESTINGHOUSE ELECTRIC CORPORATION (DEC)

	1983	1982
	($ Millions)	
Short-term debt	$ 953.2	$ 650.1
Accounts payable	549.3	527.6
Billings on uncompleted contracts in excess of inventoried costs (note 5)	1,198.7	1,312.9
Other current liabilities	1,450.9	1,556.3
Total current liabilities	4,152.1	4,046.9

Note 5: Inventories and Progress Billings

The excess of production cost over the cost of inventories valued on the LIFO basis was approximately $555 million and $770 million at December 31, 1983 and 1982. Cost of sales was reduced by $123 million in 1983 and $69 million in 1982 due to decreases in inventories valued on the LIFO method.

Raw materials, work in process and finished goods included costs relating to short- and long-term contracts of approximately $655 million and $720 million at December 31, 1983 and 1982. All costs in long-term contracts in process, progress payments to subcontractors and recoverable engineering and development costs were contract-related.

Inventories
(in millions)

	1983	1982
Raw materials	$ 134.2	$ 140.5
Work in process	721.9	773.4
Finished goods	237.7	256.6
	1,093.8	1,170.5
Long-term contracts in process	1,335.0	1,352.6
Progress payments to subcontractors	138.1	146.3
Recoverable engineering and development costs	315.0	279.1
	2,881.9	2,948.5
Less: inventoried costs related to contracts with progress billing terms	2,026.1	2,015.4
Inventories	$ 855.8	$ 933.1

Costs and Billings on Uncompleted Contracts
(in millions)

	1983	1982
Costs included in inventories	$ 747.5	$ 648.9
Less: progress billings on contracts	574.1	433.2
Costs of uncompleted contracts in excess of related billings	$ 173.4	$ 215.7
Progress billings on contracts	$2,477.3	$2,679.4
Less: costs included in inventories	1,278.6	1,366.5
Billings on uncompleted contracts in excess of inventoried costs	$1,198.7	$1,312.9

Inventories not expected to be realized within one year were not material. Inventory costs do not exceed realizable values.

Customer Contract Claims

DYNAMICS CORPORATION OF AMERICA (DEC)

	1983	1982
	($000)	
Current Liabilities:		
Current installments of long-term debt	$ 383	$ 1,893
Accounts payable	4,919	5,493
Accrued expenses and sundry liabilities—Note 3	17,395	11,327
Federal income taxes payable	3,553	2,181
Total Current Liabilities	26,250	20,894

Note 3 (in part): Other Current Assets and Liabilities:

Accrued expenses and sundry liabilities consist of the following:

	1983	1982
	(in thousands)	
Salaries, wages, commissions and employee benefits	$ 4,661	$ 3,291
Taxes, other than Federal income taxes	1,447	1,317
Advertising	1,049	1,116
Insurance	3,038	2,355
Customer contract claims, including price adjustments	3,822	515
Warranties	836	874
Other	2,542	1,859
	$17,395	$11,327

The amounts for customer contract claims include the maximum amounts claimed by a customer and are being contested by the Company.

Checks Outstanding

SUPER VALU STORES, INC. (FEB)

	1983	1982
Current Liabilities:		
Accounts payable	$218,646,000	$195,419,000
Notes payable	14,904,000	25,000,000
Checks outstanding, net (Note A)	50,941,000	16,488,000
Contributions under retirement plans	7,880,000	7,931,000
Accrued compensation	22,578,000	20,024,000
Property, payroll and sales taxes	10,882,000	8,806,000
Federal and state income taxes	12,777,000	11,870,000
Payments due within one year on long-term notes payable	5,861,000	4,654,000
Payments due within one year under capital leases .	9,942,000	8,828,000
Dividends payable	5,158,000	4,393,000
Total Current Liabilities ...	359,569,000	303,413,000

NOTES TO FINANCIAL STATEMENTS

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

Checks outstanding, net: Checks outstanding, net comprises the amount of checks which have been issued and have not cleared the Company's bank accounts, reduced by deposits made but not collected by the Company's depository banks.

Reclamation Costs

GNC ENERGY CORPORATION (MAR)

	1983	1982
Current liabilities:		
Notes payable	$13,001,881	$12,723,446
Current maturities of long-term debt	7,994,236	5,920,034
Current portion of capitalized lease obligation	352,862	287,470
Accounts payable	3,606,026	4,737,959
Accrued expenses	1,045,871	564,168
Accrued interest expense	891,763	1,091,400
Estimated cost of reclamation ...	848,004	642,800
Total current liabilities	27,740,643	25,967,277

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Estimated reclamation costs: The estimated cost of reclamation in connection with strip mining operations is accrued on the unit-of-production method as the estimated recoverable coal reserves are mined.

Tax Benefit Liability

NATIONAL SERVICE INDUSTRIES, INC. (AUG)

	1983	1982
	($000)	
Current Liabilities:		
Current maturities of long-term debt ...	$ 1,138	$ 1,546
Notes payable	—	17,000
Accounts payable	39,569	30,144
Accrued income taxes	—	3,636
Accrued salaries, commissions, and bonuses	21,999	19,184
Tax benefit liability	13,909	—
Other accrued liabilities	25,250	25,331
Total Current Liabilities	101,865	96,841

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Investment in Tax Benefits

During fiscal 1982, the Company acquired Federal tax benefits under the safe harbor leasing provisions of the Economic Recovery Tax Act of 1981 from Oglethorpe Power Corporation for $31,500,000. The tax benefits consisted of investment tax credits and Accelerated Cost Recovery System (ACRS) deductions on $180,000,000 of power generating equipment. In October, 1983, an additional payment of $13,909,000 was made based on the receipt of energy tax credits and more favorable depreciation deductions. Further payments of approximately $5,961,000 are due in 1990. The purchase has been recorded as an investment in tax benefits. The net gain from the purchase of investment tax credits and energy 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. The amortization of this net gain totaled $2,767,000 in 1983 and $1,660,000 in 1982. 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.

TABLE 2-25: LONG-TERM DEBT

	Number of Companies			
	1983	1982	1981	1980
Unsecured				
Notes	440	467	470	461
Debentures	285	289	289	312
Loans	95	106	119	139
Collateralized				
Capitalized leases	444	442	440	430
Mortgages	182	185	185	187
Notes or loans	99	90	82	86
Convertible				
Debentures	161	165	164	168
Notes	23	20	20	22

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.

AIR PRODUCTS AND CHEMICALS, INC. (SEP)

	1983	1982
	($000)	
Total current liabilities	$456,276	$492,186
Long-Term Debt (Note 2)	414,124	519,338
Deferred Income and Other Noncurrent Liabilities	66,300	63,164
Deferred Income Taxes	211,929	186,596
Other Financings	23,272	27,834

Note 2. Long-Term Debt

The following table shows what the company owed at the end of fiscal 1983 and 1982 for money it borrowed. It does not include any portion of the debt to be paid back within a year.

Some debt agreements are secured by mortgages on gas generating or chemical plants located on or near the property of customers with whom the company has long-term sale-of-product agreements and by the revenues from these contracts. At 30 September 1983, these facilities had an original cost of $314.1 million.

Certain U.S. debt agreements include restrictions on the following: the amount of money that can be borrowed in the future, including long-term lease commitments; the amount of cash dividends that can be paid to shareholders; the ability to buy Treasury Stock; additional investments in certain subsidiaries; the ability to guarantee the borrowings of certain subsidiaries; the ability to mortgage plant and equipment to borrow additional funds; and the level of domestic working capital.

At year end approximately sixty percent of retained earnings is restricted from payment as cash dividends. The company maintained more domestic working capital than the minimum required by the most restrictive of the debt agreements.

During fiscal 1982 the company exchanged 1,011,736 shares of its Common Stock for $30.0 million of its 11⅝% debentures plus $1.3 million of interest owed to the holders of the debt. This exchange resulted in an extraordinary tax-free gain of $2.8 million. The original debentures which are due on 15 May 2010 require the company to make annual "sinking fund" payments beginning 15 May 1991. This means that an installment of $4.0 million must be paid every year beginning in 1991. As a result of the above exchange, for the first seven years, the company will not have to make cash payments. Instead it can use the $30.0 million of debentures acquired in the exchange to satisfy the sinking fund payments.

The company has obtained the commitment of several commercial banks to lend money at market rates whenever needed by the company. For Air Products and its U.S. subsidiaries, the total commitment of the banks at 30 September 1983 amounted to $210.0 million. At year end, no borrowings were outstanding under these commitments. These committed lines of credit are also used to support the issuance of commercial paper. At the end of the year, European subsidiaries had unused committed credit lines of $16.8 million.

A currency swap is a transaction in which one kind of currency is exchanged for another with an agreement to re-exchange the same amounts in the future. Such transactions provide a means of hedging currency exposures that extend beyond the conventional forward exchange markets. In several exchanges, the company swapped $37.5 million with third parties for certain amounts of pounds sterling and deutsche marks. At the end of fiscal 1983, the U.S. dollar value of the foreign currencies that the company owed under these swaps was $27.0 million. Since these agreements include the right of offset, under which the re-exchange need not take place, only the net difference between the two amounts is included on the balance sheet.

The company has guaranteed repayment of borrowings of two unconsolidated affiliated companies accounted for on the equity method. At year end, these guarantees totalled $5.1 million.

Over the next five years, the company will pay the following amounts on long-term debt: $46.2 million in 1984; $40.9 million in 1985; $37.7 million in 1986; $132.0 million in 1987; and $27.9 million in 1988.

	Latest Year of Maturity	Weighted Average Interest Rate	30 September 1983	1982
		(in thousands)		
Notes and Mortgage Loans				
United States	1994	9.7%	$ 40,476	$ 28,514
Foreign	1988	9.5%	5,422	9,339
			45,898	37,853
Unsecured				
United States				
Debentures, net of unamortized discount of $365 in 1983 and $387 in 1982, effective interest rate 11.7%	2010	11.6%	69,685	69,663
Notes, net of unamortized discount of $383 in 1983 and $483 in 1982, effective interest rate 14.8%	1987	14.6%	99,617	99,517
Promissory Notes	1990	9.4%	49,329	74,663
Pollution Control and Industrial Revenue Bonds	2012	7.7%	22,294	19,000
Revolving Credit			—	60,000
Commercial Paper		9.6%	80,668	115,528
Other	1992	7.9%	9.704	4,804
Foreign	1998	9.2%	16,271	21,329
			348,238	464,504
Capital Lease Obligations				
United States	2012	8.8%	19,479	16,104
Foreign	1987	9.8%	509	877
			19,988	16,981
			$414,124	$519,338

CONSOLIDATED PACKAGING CORPORATION (DEC)

	1983	1982
Total current liabilities	$19,950,000	$15,847,000
Long-term debt and lease obligations, less current portion	19,076,000	16,339,000
Liabilities of terminated operations	399,000	424,000

NOTES TO FINANCIAL STATEMENTS

4. Long-Term Debt and Lease Obligations

Long-term debt and lease obligations at December 31, 1983 and 1982 consist of the following:

	1983	1982
Revolving loans, interest at prime rate plus 2¾%, maturities to 1986	$15,883,000	$10,035,000
Installment notes payable, interest ranging from 11¾% to 16%, maturities to 1987	2,642,000	3,459,000
Loans payable, interest at prime rate plus 2¾%, monthly payments to 1988	2,874,000	2,123,000
Obligations under capital leases, interest ranging from 5¾% to 25%, maturities to 2010	2,981,000	2,477,000
Mortgage notes, interest of 5½%.		27,000
	$24,380,000	$18,121,000

Aggregate long-term debt and lease obligations mature as follows:

1984	$ 5,304,000
1985	4,099,000
1986	12,502,000
1987	2,257,000
1988	99,000
1989 to 2010	119,000
	$24,380,000

Inventories, customers' receivables and substantially all property, plant and equipment are pledged as collateral for the aforementioned borrowings.

Subsequent to December 31, 1983, the Company obtained increased financing, extended dating on debt of a subsidiary, waiver of defaults, and less stringent debt covenants under the revolving loans. For 1984, the revolving loans, as modified, require a current ratio of not less than .8 to 1; a shareholders' equity that cannot exceed a negative $500,000, and a working capital deficit that cannot exceed $3,000,000. In addition, for the year ended December 31, 1984, the Company may not incur a net loss. The agreements prohibit the payment of any cash dividends.

BAKER INTERNATIONAL CORPORATION (SEP)

	1983	1982
	($000)	
Total current liabilities	$412,567	$456,345
Long-term debt (Note 4)	533,078	608,607
Deferred income taxes	145,495	158,334
Other long-term liabilities	18,688	20,783
Minority interests in subsidiary companies	5,672	5,839

Note 4. Indebtedness:

Long-term debt at September 30, 1983 and 1982 consisted of the following:

In thousands of dollars	1983	1982
Loans under bank credit agreements due through 1988		$ 79,250
Commercial paper and master notes with an average interest rate of 9.38% at September 30, 1983, effectively due, because of unused lines of credit, through 1988	$207,963	212,324
Zero Coupon Guaranteed Notes due 1992 with an effective interest rate of 14.48%, net of unamortized discount of $155,328 ($164,420 in 1982)	69,672	60,580
6.00% Debentures due 2002 with an effective interest rate of 14.66%, net of unamortized discount of $123,152 ($124,440 in 1982)	101,848	100,560
7.55% Notes due 1987	25,000	25,000
7.80% Debentures due through 1997 with minimum annual sinking fund payments of $1,100	14,500	15,600
8.75% Senior Notes due through 1987 with minimum annual installments of $3,300	10,100	13,400
9.25% Senior Notes due through 1994 with minimum semi-annual installments of $670	12,630	13,970
10.20% Notes due 1990	60,000	60,000
Other indebtedness with an average interest rate of 10.30% at September 30, 1983 due $12,108 through 1989 and $19,257 thereafter	31,365	27,923
Total long-term debt	$533,078	$608,607

At September 30, 1983, the Company's principal domestic bank credit agreements provide for borrowings of up to $205,000,000 as revolving credit with a maturity date of June 30, 1988. The rate of interest on borrowings under these agreements is, at the Company's option, the prime rate or ⅜% in excess of the London Interbank Offered Rate (LIBOR) for U.S. dollar deposits (until June 30, 1986 and ½% in excess thereafter) or ½% in excess of the Domestic Certificate of Deposit Rate (until June 30, 1986 and ⅝% in excess thereafter). At September 30, 1983, there were no borrowings outstanding under these agreements. The provisions of the revolving credit agreements require a commitment fee of ⅜% per annum on the unused portion of the first $102,500,000 of the facility and ¼% per annum on the second $102,500,000 portion of the facility.

Additional bank lines of credit at September 30, 1983 include the following:

(A) $200,000,000 as revolving credit which bears interest at ⅜% to ½% over LIBOR, has no requirement for compensating balances and is repayable in 1987. A commitment fee is payable at a rate of ⅜% per annum on the unused portion of the first $100,000,000 of the facility and at ⅛% per annum on the second $100,000,000 portion. At September 30, 1983, there were no borrowings outstanding under this agreement.

(B) $17,000,000 in revolving credits which bear interest at the prime rate, have undrawn balances of $17,000,000, have informal compensating balance arrangements of $850,000 and mature in 1985.

(C) $150,000,000 in uncommitted short-term lines of credit available in connection with bankers' acceptance financing. At September 30, 1983, there were no borrowings outstanding under these facilities.

(D) $75,000,000 of short-term lines of credit available on an as-offered basis. There are no requirements for commitment fees or compensating balances in connection with these agreements. At September 30, 1983, there were no borrowings outstanding under these agreements.

In addition, the Company issues master notes under several agreements with bank trust departments which provide for the issuance of up to $60,000,000 of the Company's unsecured demand promissory notes at a variable rate of interest. At September 30, 1983, $40,000,000 was outstanding under these agreements at an average rate of 9.57%.

The Company maintains, at all times, unused committed bank lines of credit at least equal to the principal amount of its outstanding commercial paper and master note borrowings. Accordingly, outstanding commercial paper and master note borrowings have been classified as long-term debt in the accompanying consolidated financial statements.

Redemption of the 7.55% notes, issued in July 1977, may be made at the option of the Company, in whole or in part, on or after July 15, 1984 at par plus accrued interest. Redemption of the 10.20% notes, issued in June 1980, may be made at the option of the Company, in whole or in part, on or after June 15, 1986 at par plus accrued interest. Redemption of the zero coupon notes due 1992 and the 6% debentures due 2002 may be made at the option of the Company, in whole or in part, at any time at par plus accrued interest. Furthermore, the zero coupon notes due 1992 may be redeemed prior to maturity at prices (expressed as a percentage of principal amount) beginning with 24.70% and scaling upward over time to 86.95% (in each case, together with accrued amortization of original issue discount) in the event of certain changes affecting United States or Netherlands Antilles taxation. Other than through required sinking fund payments, redemption of the 7.80% debentures, the 8.75% senior notes and the 9.25% senior notes can occur (generally without premium) by prepaying additional amounts up to an amount equal to the normal periodic installments. Redemption of the 7.80% debentures may be further accelerated by paying a premium which decreases proportionately from 3.51% at September 30, 1983 until it is eliminated in March 1992. Redemption of the 9.25% senior notes may be further accelerated by paying a premium which decreases proportionately from 4.70% at September 30, 1983 until it is eliminated in 1993. Redemption of the 8.75% senior notes may be further accelerated by paying a premium which decreases proportionately from 1.94% at September 30, 1983 until it is eliminated in 1985. All such prepayments with premium cannot be made, directly or indirectly, from proceeds of any indebtedness having an interest rate less than the rate applicable to the indebtedness being redeemed.

The provisions of the notes, debentures, senior notes and unsecured credit agreements have an effect on the ability of the Company to, without prior written consent, among other things, incur borrowings, sell certain assets, pay cash dividends, acquire other businesses and purchase the Company's capital stock. At September 30, 1983, retained earnings of approximately $158,750,000 were not limited thereunder as to payment of cash dividends and purchases of the Company's capital stock.

At September 30, 1983, long-term debt was due in aggregate annual installments of $23,879,000, $10,103,000, $10,146,000, $35,534,000 and $208,409,000 in each of the five years ending September 30, 1988.

During 1983 and 1982, the maximum aggregate short-term borrowings outstanding at any month-end were $52,102,000 and $70,129,000, respectively; the average aggregate short-term borrowings outstanding based on quarter-end balances were $23,994,000 and $46,982,000, respectively; and the weighted average interest rates were 17.4% and 14.2% respectively. The average interest rate on short-term borrowings outstanding at September 30, 1983 and 1982 was 16.3% and 15.8% respectively. Throughout the year and at September 30, 1983, substantially all of the Company's short-term borrowings were outside of the United States and denominated in currencies other than the U.S. dollar. A significant portion of such borrowings were in high inflation rate countries in Latin America and Africa where such borrowings are incurred as a hedge of a net asset position.

CRADDOCK-TERRY SHOE CORPORATION (SEP)

	1983	1982
Total Current Liabilities	$13,420,000	$17,343,000
Long-Term Debt—Note C	17,070,000	18,000,000
Deferred Income Taxes	1,795,000	1,610,000

Note C—Financing Arrangements

Line of credit arrangements with banks provide for short-term borrowings of up to $11,000,000 ($4,000,000 outstanding at October 1, 1983) with interest based upon the prime rate and on such other terms as the Corporation and the banks may mutually agree upon. For certain line of credit arrangements, the Corporation has agreed to maintain approximately 5% of the outstanding loans as compensating balances ($225,000 at October 1, 1983) which are not subject to withdrawal restrictions. The Corporation had other short-term borrowings from banks of $500,000 and also has credit arrangements to support the issuance of letters of credit aggregating approximately $2,500,000, however, no such amounts were outstanding at October 1, 1983.

Long-term debt consists of the following:

	1983	1982
Revolving notes payable, interest at lender's commercial rate plus 2.25%; due March, 1985.......	$ 8,000,000	$ 8,000,000
Note payable to insurance company, interest at 7.875%; due through November, 1989	5,550,000	6,100,000
Capitalized lease obligations, interest at 5% to 16%; due through 2004—Note G....................	2,832,000	3,129,000
Mortgage notes payable and other, interest at 6% to 11%; due through 2000	1,620,000	1,685,000
	18,002,000	18,914,000
Less current maturities.............	932,000	914,000
	$17,070,000	$18,000,000

Long-term debt matures in fiscal years ending after October 1, 1983 as follows:

	Revolving Notes and Note Payable to Insurance Company	Capitalized Lease Obligations	Mortgage Notes Payable and Other
1984	$ 550,000	$ 312,000	$ 70,000
1985	8,650,000	325,000	75,000
1986	650,000	289,000	79,000
1987	650,000	366,000	84,000
1988	650,000	311,000	89,000
1989 and thereafter	2,400,000	1,229,000	1,223,000
	$13,550,000	$2,832,000	$1,620,000

The credit agreement governing the terms of the revolving notes payable requires payment of outstanding notes on March 31, 1984. The agreement also provides for extension of the maturity date or for the Corporation to convert the revolving notes at March 31, 1985 to a term note payable over three years; subject to the Corporation satisfying certain conditions.

The debt agreements applicable to certain of the Corporation's indebtedness require, among other things, the Corporation to maintain specified amounts of working capital, maintain a current ratio of 2.5 to 1, and also contain restrictions on payment of dividends and purchase of the Corporation's capital stock. At October 1, 1983, the retained earnings not so restricted amounted to approximately $1,490,000.

Capitalized lease obligations and mortgage notes payable are collateralized by property, plant and equipment with a net book value of approximately $2,850,000 and $2,070,000, respectively, at October 1, 1983.

GEORGIA PACIFIC CORPORATION (DEC)

	1983	1982
	($ Millions)	
Long-term debt, excluding current portion....	$1,453	$1,618
Deferred income taxes..........................	605	550
Employee stock purchase plan..................	13	6

Note 7. Indebtedness

Long-term debt consists of the following:

(Millions)	1983	1982
Banks		
8¼% term loans, payable in equal annual installments, 1986 through 1988..............	$ 150	$ 150
10½% term loans, payable in equal semiannual installments through 1984..............	1	3
Other—average interest rate 12.4% payable in varying installments through 1991........	17	63
Commercial paper	279	398
Notes		
7¼% due 1985..................................	100	100
10.10% due 1990..............................	150	150
Floating rate, currently 10.35% maturing at holders' option in 1984, due 1987..........	150	150
14⅝% due 1987................................	65	65
15% due 1990..................................	38	—
15.37% due 1988..............................	75	75
Insurance companies		
5¾% term loans................................	—	30
6⅝% term loans, payable in annual installments through 1989...........................	6	13
9⅜% term loan, payable in annual installments through 1997.................................	8	8
10½% term loans, payable in semi-annual installments through 1996......................	4	5
10⅔% term loans, payable in semi-annual installments through 1996....................	38	39
Revenue bonds, average interest rate 6.5% with varying annual payments to 2004.............	116	120
Purchase contracts and other, average interest rate 7.2% with varying payments to 2016....	84	94
5¼% convertible subordinated debentures.......	103	119
12¼% sinking fund debentures due 2013........	100	—
Litigation settlement................................	—	99
	1,484	1,681
Less current portion................................	31	63
	$1,453	$1,618

The scheduled payments of long-term debt are $31 million in 1984, $145 million in 1985, $112 million in 1986, $223 million in 1987 and $260 million in 1988.

At December 31, 1983, the corporation had two Revolving Credit and Term Loan Agreements (a domestic agreement and a foreign agreement) totaling $650 million and separate arrangements with a number of banks providing for revolving lines of credit aggregating $280 million. In early 1984, these agreements were replaced with a revolving credit and term loan agreement, a foreign credit agreement and a regional bank agreement providing for future aggregate lines of credit of $700 million.

The revolving credit and term loan agreement is with 9 domestic money center banks and establishes a $390 million unsecured revolving line of credit until January 20, 1987, at which time the outstanding balance will be converted to a term loan repayable in eight equal semiannual installments beginning on June 30, 1987. Commitment fees during the revolving loan period will be ¼ of 1 percent of the daily average unused available credit. The interest rates associated with this agreement are based on either the prime rate, certificate of deposit rate or the offshore rate.

The foreign credit agreement with 10 foreign banks establishes an unsecured revolving line of credit totaling $210 million until January 27, 1986. Commitment fees during the revolving loan period will be ¼ of 1 percent of the daily average unused available credit. The agreement provides for borrowings to have an interest rate, at the corporation's option, based on the prime rate, the Federal fund rate or the Eurodollar interbank offered rate.

The regional bank agreement is with 5 banks and establishes a $100 million unsecured revolving line of credit until January 20, 1986. Commitment fees during the loan period will be ¼ of 1 percent on the daily average unused available credit. The interest rates associated with this agreement are based on either the prime rate or certificate of deposit rate.

The corporation will use these three new agreements to support commercial paper and master note borrowings. At December 31, 1983, the corporation had classified $279 million of commercial paper with an interest rate of 10.02% as long-term debt. It is the corporation's intention to refinance the commercial paper with long-term debt.

In 1983, the corporation registered up to $250 million of debt with the Securities and Exchange Commission under a shelf registration statement. Of this amount, $100 million of 12¼% sinking fund debentures were sold during 1983. The debentures are unsecured, unsubordinated obligations maturing in 2013. The debentures require the corporation to make sinking fund payments commencing in 1994 and are redeemable (subject to certain restrictions) at any time at the option of the corporation.

The $150 million floating rate notes are convertible by the holder, prior to April 1, 1987, into 8½% debentures due 2009. The notes are not redeemable prior to October 1, 1984. On and after such date, the notes are redeemable in whole or in part, at the option of the corporation. At any time prior to April 1, 1987, the corporation may convert the notes into fixed rate debentures due 2009 at a defined premium over the yield on 30-year Treasury securities, but not less than 8½%. The conversion by the corporation is subject to the election by the holder to have the notes mature on the specified conversion date. The interest rate on the notes is adjustable semiannually to a rate based upon the six-month treasury bill rate plus a specified premium.

In April 1982, the corporation, through a wholly-owned subsidiary, issued $65 million 14⅝% notes due April 15, 1987, with warrants (130 thousand) to purchase $130 million 15% notes due April 15, 1990. As of December 31, 1983, $38 million of the 15% notes have been issued. During 1983, the corporation repurchased 5 thousand warrants which results in 87 thousand warrants being outstanding at December 31, 1983. The warrants expire on April 15, 1984.

In May 1982, the corporation, through a wholly-owned subsidiary, received $75 million from a Swiss Franc loan with two European banks. The loan has an effective interest rate of 15.37% and is due December 1, 1988. The loan has been fully hedged for currency fluctuations.

The 5¼% convertible subordinated debentures mature in 1996. The debentures are convertible into common stock at $30.87 per share at December 31, 1983. Additionally, the

Indenture provides for a sinking fund for the redemption on April 1, in each of the years 1984 through 1995, of not less than 5% nor more than 10% of debentures outstanding on April 1, 1981.

At December 31, 1983, $140 million of long-term debt was collateralized by property and timber with a net book value of $190 million, including $85 million (original cost $205 million) relating to certain manufacturing and pollution control facilities which were financed with the proceeds from revenue bonds issued by governmental units and guaranteed by the corporation. The corporation leases such facilities from the governmental units and pays all cost incidental to ownership of the properties.

Certain loan agreements place a limitation on cash dividends that can be paid. The amount of retained earnings available for cash dividends under the most restrictive covenants of the loan agreements is approximately $426 million. In addition, certain agreements require the corporation to maintain a minimum of $250 million of consolidated working capital and impose limitations on additional borrowings.

GULF+WESTERN INDUSTRIES, INC. (JUL)

	1983	1982
	($000)	
Total Current Liabilities	$1,124,493	$1,309,227
Deferred Liabilities	393,490	336,707
Long-Term Debt, net of current maturities—Note E	991,706	1,874,892
Minority Interest		122,427
Redeemable Preferred Stock, $5.75 Sinking Fund Preferred Stock, recorded at liquidation and mandatory redemption price of $100.00 a share	14,563	27,199

Note E—Long-Term Debt

	(000 omitted)	
July 31	1983	1982
Long-term debt includes:		
Notes payable to institutional investors, interest 5¾% to 9.55%, averaging 8.67%, due 1984 to 1999	$ 274,072	$ 282,417
6% subordinated debentures due 1985 to 1988	13,492	28,913
7% subordinated debentures due 2003, net of unamortized discount of $71,634,000 at July 31, 1983 and $72,627,000 at July 31, 1982 (effective average interest rate of 11%)	159,855	158,862
Eurodollar notes and debentures, interest 8¼% to 9¾%, effective average interest rate of 9.10%, due 1984 and 1985	84,854	84,707
5½% convertible notes, due 1984 to 1987, convertible into Common Stock of the Company at $36.60 a share, may be redeemed at 101.38% of face	12,500	14,000
Notes payable to banks due 1984 to 2015		
Interest at variable short-term market rates	116,000	838,172
Interest 5¾% to 14%, averaging 8.26%	119,209	197,584
Other notes and debentures, interest 3% to 12.1%, averaging 7.59%, due 1984 to 2027	85,649	104,579
Commercial paper supported by unused long-term revolving loan agreements	184,567	177,617
Obligations under capital leases	70,971	116,171
	$1,121,169	$2,003,022
Less current maturities	129,463	128,040
	$ 991,706	$1,874,982

Maturities of long-term debt (including the present value of obligations under capital leases as set forth in Note J) during the five years ending July 31, 1988 are:

	(000 omitted)
1984	$129,463
1985	110,902
1986	88,360
1987	68,142
1988	74,265

At July 31, 1983, the Company had $115,433,000 of unused long-term revolving loan agreements in addition to the amount used to support the commercial paper balance shown above.

The Company has complied with restrictions and limitations required under terms of various loan agreements. Consolidated retained earnings unrestricted as to the payment of cash dividends was $311,000,000 at July 31, 1983.

At July 31, 1983, approximately $549,000,000 of net assets of subsidiaries, including $158,000,000 of the retained earnings of the Company's unconsolidated finance subsidiary, were restricted as to the payment of dividends and loans to the Company, primarily as the result of these subsidiaries' debt agreements.

MAPCO INC. (DEC)

	1983	1982
	($000)	
Total current liabilities	$269,784	$309,995
Long-Term Debt, excluding amounts payable within one year (Note 5)	514,412	624,984

Note 5: Long-Term Debt

Long-term debt consists of the following:

	December 31, 1983	1982
	(In Thousands)	
10% Convertible Subordinated Debentures, payable $6,587,000 in 1994, $7,000,000 annually 1995 through 2004 and a final payment of $35,000,000 in 2005	$111,587	$140,000
8.7% Senior Notes, payable $8,000,000 annually through 1996 and a final payment of $6,000,000 in 1997	110,000	118,000
10¾% Subordinated Sinking Fund Debentures, payable $5,625,000 annually 1989 through 1998 and a final payment of $18,750,000 in 1999	75,000	75,000
11¾% Debentures, payable $5,000,000 annually 1994 through 2002 and a final payment of $15,000,000 in 2003	60,000	—
Commercial Paper: 1983 — 8.425-10.325%; 1982 — 9-16.5%	39,492	183,734
9⅝% Senior Notes, payable $1,300,000 annually 1984 through 1986, $2,500,000 annually 1987 through 1992 and $3,700,000 annually 1993 through 1995	30,000	30,000
Adjustable Rate Convertible Subordinated Notes, maturing in 2003, adjustable interest rate, 1983-9.008%	25,591	—
8¼% Senior Note, payable $2,400,000 annually through 1993	24,000	26,400
7.85% Senior Note, payable $2,400,000 annually through 1991 and a final payment of $2,760,000 in 1992	21,960	24,360
Economic Development Revenue Bonds, fluctuating interest rate, 1983 — 7.35-8.05%; 1982 — 8.05-10.15%, payable $2,166,000 in 1984, $4,332,000 in 1985 and 1986 and $2,170,000 in 1987	13,000	13,000
11¾% Note, Series A, payable $1,153,846 annually through 1991	9,231	10,385
11% Note, Series B, payable $1,153,846 annually through 1988 and a final payment of $661,000 in 1989	6,430	7,584
Other	11,597	17,545
	537,888	646,008
Less—Current portion	(22,085)	(20,652)
Unamortized discount	(1,391)	(372)
Long-term debt	$514,412	$624,984

MAPCO has a bank credit agreement providing for a revolving line of credit of $100,000,000 ($200,000,000 at December 31, 1982). The agreement expires on December 1, 1985 and is convertible on that date into a 5-year term loan. Borrowings under the revolving credit loan are subject to interest at the adjusted certificate of deposit rate plus ⅝ of 1%, the greater of the prime rate or base certificate of deposit rate plus ½ of 1% or the adjusted rate offered by the London branch of the agent to leading banks in the London Interbank Market plus ½ of 1%. Borrowings under the term loan are subject to interest at the adjusted certificate of deposit rate plus ¾ of 1%, the greater of prime rate plus ¼ of 1% or the base certificate of deposit rate plus ½ of 1% or the adjusted rate offered by the London branch of the agent to leading banks in the London Interbank Market plus ⅝ of 1%. A commitment fee of ½ of 1% is paid to maintain the unused portion of the line of credit. MAPCO has not borrowed under the credit agreement.

In February 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 aggregate offering price of the Notes over the $27,500,000 payable at maturity or upon redemption was recorded as "Capital in excess of par value." The Notes are subordinated in right of payment to all senior indebtedness of MAPCO as provided in the Indenture. The debt proceeds were used to reduce outstanding commercial paper borrowings.

In May 1983, MAPCO sold $60,000,000 principal amount of 11¾% Debentures Due 2003. The debt is redeemable at the option of MAPCO as a whole or in part at a decreasing premium price through April 30, 1998 and at 100% thereafter. A mandatory sinking fund requires a payment of $5,000,000 annually 1994 through 2002 with a final payment of $15,000,000 in 2003. Interest is payable semi-annually. The debt proceeds were used to reduce outstanding commercial paper borrowings.

In March 1983, MAPCO retired $28,363,000 principal amount of its 10% Convertible Subordinated Debentures (Note 7).

Commercial paper outstanding at December 31, 1983 and 1982 was recorded as long-term debt since MAPCO has the intent and the ability to convert such obligations into long-term debt.

Although the repayment of a portion of the long-term debt is not fixed, the estimated amounts to be paid on these obligations (including capital leases) during the next five years are: 1984 — $22,085,000, 1985 — $23,545,000, 1986 — $22,289,000, 1987 — $20,439,000, 1988 — $18,507,000.

Under the most restrictive provisions of the various loan agreements, consolidated retained earnings available for cash dividends or stock purchases totaled $49,825,000 at December 31, 1983. MAPCO must have at least $80,000,000 in consolidated working capital after any such payment. The senior note agreements also limit the amount of additional indebtedness that may be incurred.

SPERRY CORPORATION (MAR)

	1983	1982
	(Millions)	
Total Current Liabilities	$1,628.3	$1,785.8
Long-Term Liabilities (Note 12)	857.3	716.8
Deferred Income Taxes	445.8	456.0

Note 12. Long-Term Liabilities

March 31	1983	1982
Payable in U.S. dollars		
Commercial paper, 9.2% weighted average interest rate at March 31, 1983	$100.0	$100.0
10½% Notes, due 6/15/87	200.0	200.0
13⅞% Notes, due 10/1/92	150.0	—
15% Notes, due 9/1/89	100.0	—
Notes payable to banks	—	200.0
8.20% Sinking fund debentures, due 6/1/96 ($5.0 million payable annually; at March 31, 1983, $31.2 million principal amount had been purchased and applied toward future sinking fund payments)	43.8	44.0
4¼% Convertible subordinated debentures, due 2/15/88 (convertible into common stock of the Company at $51.50 per share)	38.9	38.9
Other, due 1985-2011, weighted average interest rate of 12.5% at March 31, 1983	6.1	9.3
Payable in other currencies (weighted average interest rates at March 31, 1983 in parentheses)		
Deutsche marks, due 1985-1990 (8.3%)	57.2	22.5
Swiss francs, due 1990 (7.0%)	48.0	—
Belgian francs, due 1985-1988 (12.9%)	21.3	13.1
Australian dollars, due 1985-1990 (15.2%)	20.8	25.2
Brazilian cruzeiros, due 1985-1989 (144.3%)	10.6	5.1
French francs, due 1985-1993 (10.3%)	5.8	9.5
Other currencies, due 1985-1998 (13.4%)	7.5	8.8
Total long-term debt	810.0	676.4
Other long-term liabilities	47.3	40.4
	$857.3	$716.8

The aggregate amount of maturities and sinking fund requirements of long-term liabilities during each of the five years following March 31, 1983 are: 1984, $33.5 million; 1985, $74.6 million; 1986, $38.6 million; 1987, $76.0 million; 1988, $284.4 million.

The Company intends to maintain beyond March 31, 1984 short-term commercial paper borrowings of $100.0 million which are supported by long-term credit lines. Accordingly, these borrowings have been classified as long-term debt.

At March 31, 1983 the Company had unused credit lines for long-term borrowings totalling $633.3 million providing for interest generally above prime rates and commitments fees of 3/16 to 1/2 of 1% on the unused lines.

TRIANGLE INDUSTRIES, INC. (DEC)

	1983	1982
Total current liabilities	$38,386,000	$29,379,000
Long-term debt, less current portion shown above	70,957,000	27,061,000
Obligations under capital leases, less current portion shown above	3,669,000	3,978,000
Deferred Federal income taxes	2,692,000	2,180,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Term Debt and Obligations Under Capital Leases

Long-term debt and obligations under capital leases as of December 31, 1983 and 1982 consist of the following:

	(in thousands)	
	1983	1982
Long-term debt		
Subordinated debentures, principal amount of $90,000,000, bearing interest at 11½%, due September 1, 2003, payable in annual redemptions through a mandatory sinking fund of $7,500,000 from 1994 through 2002 and balance of $22,500,000 payable in 2003, net of $6,480,000 allocated to the detachable warrants issued with the debentures and of $13,113,000 of unamortized discount at December 31, 1983	$70,407	$ —
Revolving credit agreements notes refinanced	—	24,500
Convertible notes, 7.10%, repaid in 1984	1,811	1,988
Economic Development Authority Bonds, bearing interest at 70% of floating prime rate (effectively 7.70% at December 31, 1983), due September 1, 1987, payable in quarterly installments of $50,000	750	950
Obligations under capital leases		
Industrial Revenue Bonds, bearing interest at rates of 13.25% to 15% depending on maturity date, due October 1, 1991, payable in annual installments of $50,000 in 1984, $75,000 in 1985, $100,000 in 1986, $150,000 in 1987 to 1990 and $175,000 in 1991	1,000	1,050
Industrial Revenue Bonds, 8%, due April 1, 1990, payable in annual installments of $200,000 from 1986 through 1990	1,000	1,000
General Obligation Bonds, 6%, due April 1, 1985, payable in annual installments of $100,000 through 1985	200	300
Other capitalized lease obligations	1,778	1,924
	76,946	31,712
Less amounts due within one year included in current liabilities		
Long-term debt	2,011	377
Obligations under capital leases	309	296
	$74,626	$31,039

In September 1983, the Company issued 90,000 units aggregating $90,000,000 principal amount of subordinated debentures due 2003 and detachable warrants to purchase 1,080,000 Company common shares. The $1,000 units were issued at a price of $850 resulting in proceeds of

$76,500,000 net of original issue discount ($13,500,000) but before deducting deferred expenses. A portion ($6,480,000) of such proceeds was allocated to the warrants and credited to additional paid-in capital. Interest on the debentures is payable semi-annually at 11½%. The debt indenture contains certain restrictive covenants which, among other items, restrict the payment of cash dividends to $3,000,000 plus (less) consolidated net income (loss) subsequent to January 1, 1983 and, with certain limitations, proceeds from sales or issuances of Company stock or indebtedness. Consolidated retained earnings available for dividends amount to $336,000 at December 31, 1983 plus future earnings and other proceeds set forth above.

In connection with a 1982 restructuring of certain of the Company's debt, the Company entered into a Revolving Credit and Term Loan Agreement (Credit Agreement) effective as of December 30, 1982 with several banks to provide the Company with long-term refinancing. At December 31, 1982 long-term debt included $24,500,000 of borrowings under the Credit Agreement. A portion of the proceeds from the subordinated debenture units issued in 1983 was utilized to repay all of the Company's obligations under the Credit Agreement.

The Company has lines of credit for short-term financing with several banks which are subject to withdrawal at the option of each of the banks. Unused lines of credit at December 31, 1983 and 1982 aggregated $7,000,000 and $5,500,000, respectively.

Principal payments on long-term debt during the next five years are as follows:

	(In thousands)
1984	$2,011
1985	200
1986	200
1987	150
1988	—

VULCAN MATERIALS COMPANY (DEC)

	1983	1982
	($000)	
Total current liabilities	$97,895	$102,662
Long-term debt (Note 5)	77,626	87,167
Long-term capitalized lease obligations	7,347	7,914
Deferred income taxes	86,306	76,346
Deferred management incentive and other compensation	6,446	6,358

Note 5. Long-term Debt

Long-term debt, exclusive of current maturities, at December 31 is summarized as follows (in thousands of dollars):

	1983	1982
10¼% sinking fund debentures	$43,832	$46,338
8⅞% notes payable to insurance company	10,600	12,050
6⅝% pollution control revenue bonds	6,800	6,800
8% pollution control revenue bonds	4,800	4,8000
Notes payable to bank in United Kingdom	1,380*	5,350*
Other notes and bonds	10,214	11,829
Total	$77,626	$87,167

*Translated at December 31 exchange rate of $1.4525/pounds in 1983 and $1.620/pounds in 1982.

The 10¼% debentures are due in 2000 and are subject to annual sinking fund requirements of $3,000,000 in the years 1984-1999. The $2,506,000 reduction of debt in 1983 reflected purchases of debentures in the open market. The 1984 sinking fund requirement will be satisfied by bonds held in treasury.

The 8⅞% notes are payable in annual installments of $1,450,000 in the years 1984-1990 with the balance of $1,900,000 maturing in 1991. The 6⅝% pollution control revenue bonds issued on behalf of the company in 1978 are payable in installments of $1,000,000 in the years 1998 and 1999 and installments of $1,200,000 in the years 2000-2003; and the 8% pollution control revenue bonds issued in 1980 are payable in annual installments of $900,000 in the years 2006 through 2009 with the balance of $1,200,000 payable in 2010.

Notes payable in the United Kingdom were reduced in 1983 by the retirement of a term note in the principal amount of 2,355,000 pounds through an exchange of 55,955 shares of the company's common stock. This sterling loan was originally taken to provide an economic hedge for exposure to foreign exchange fluctuations referable to the company's British detinning operations. Management determined in 1983 that this hedge was no longer needed. The retirement of the sterling loan resulted in a $1,846,000 realized foreign currency gain. The remaining United Kingdom note in the amount of $1,380,000 is payable in installments of 135,714 pounds in the years 1984-1990. The interest rate on this obligation is based on the three- or six-month domestic sterling or bank-accepted bill of exchange rate. The interest rate with respect to this obligation is subject to change and may be for longer or shorter periods, as mutually agreed.

Other notes and bonds include various obligations with interest rates ranging from 5% to 12.92%, which relate principally to acquisitions of properties and issuance of pollution control revenue bonds on behalf of the company.

The aggregate principal payments for the five years subsequent to December 31, 1983 are (assuming the application of the acquired debentures to the earliest sinking fund requirements): 1984 — $3,123,000; 1985 — $2,820,000; 1986 — $4,608,000; 1987 — $5,799,000 and 1988 — $5,836,000.

Under various financing arrangements, the company has agreed to restrict the aggregate amount expended for cash dividends and purchases of its stock to certain specified limits. Under the most restrictive of these agreements, $293,179,000 and $279,869,000 of retained earnings at December 31, 1983 and 1982, respectively, were free of this restriction. In addition, the company has agreed to certain restrictions on the amount of indebtedness and to certain minimum consolidated working capital requirements that, among other things, have the effect of further reducing the amount available for the payment of cash dividends and purchases of its stock.

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 commitments disclosures follow.

TABLE 2-26: CREDIT AGREEMENTS

	1983	1982	1981	1980
Disclosing credit agreement	538	547	544	514
Not disclosing credit agreement	62	53	56	86
Total Companies	**600**	**600**	**600**	**600**
Compensating Balances	259	297	330	317

ANADITE, INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Long-Term Debt and Credit Agreements

During 1982, the Company entered into a ten year revolving credit and term loan agreement with two banks which provides for maximum aggregate borrowings of $5,000,000. The agreement provides that revolving credit borrowings (during the first four years of the agreement) will bear interest at the prime rate and that the Company will have the option at any time during the revolving credit period to convert such borrowings into a term note bearing interest at the prime rate plus ¼% and payable in 24 equal quarterly installments. Throughout the period of the agreement, the Company may elect to have the interest rate fixed pursuant to procedures set forth in the agreement. The Company has agreed to pay a commitment fee of ⅜ of 1 percent per annum on the daily unused portion of the commitment and bank balances equal to 5% of the available revolving credit. The agreement contains restrictive convenants similar to those under the loan agreement with the insurance company described above. There have been no borrowings under this agreement.

At October 31, 1983, the Company also has unsecured lines of credit available from banks aggregating $4,500,000. The lines are subject to review annually and provide for borrowings at prime. There were no borrowings under these lines during 1983 and 1982. During 1981 the Company borrowed $1,000,000 under these lines for approximately 18 days at an interest rate approximating 19%.

CABOT CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

G (in part): Debt

Under the terms of a revolving credit agreement with a group of banks, the Company may borrow up to $150,000,000. The principal amounts borrowed are required to be repaid no later than September 1, 1987, or may be converted to term loans to be repaid in semiannual installments through March 1, 1991. The Company may elect to borrow under the credit agreement in the form of Eurodollar borrowings or domestic dollar borrowings. Depending upon the form of borrowing elected, interest will be payable based on (1) the floating prime rate of the lending bank, (2) the Fixed Certificate of Deposit Rate of the lending bank or (3) the Interbank Offering Rate of the lending bank. The Company had no amounts outstanding under the revolving credit agreement at September 30, 1983 and 1982.

A subsidiary of the Company has a multicurrency credit agreement with a group of banks for $30,000,000. The agreement provides for borrowings through March 1, 1986, on which date all amounts outstanding are to be repaid. Borrowings under this agreement bear interest based on the London Interbank Offering Rate. No borrowings were outstanding under this agreement at September 30, 1983 and 1982.

During fiscal 1983, TUCO INC., a wholly owned subsidiary of the Company, entered into a short-term credit agreement providing for committed bankers acceptance financing up to $40,000,000 through March 1985 and, thereafter, increasing to $55,000,000 through February 1988.

Terms of the foregoing credit agreements include commitment fees based on the unused portion of the bank credit.

DAYTON HUDSON CORPORATION (JAN)

NOTES TO FINANCIAL STATEMENTS

(Thousands of Dollars, Except Per-Share Data)

Lines of Credit

We had no commercial paper or short-term notes payable outstanding at January 28, 1984. During the year, the average amount of commercial paper outstanding was $53,346, at a weighted average interest rate of 9.0%. We maintained $75,500 of unsecured lines of credit with 14 banks. Borrowings under these lines are at the prime interest rate or at other rates agreed upon at the time of the borrowings. We compensate the banks for the lines of credit through the payment of fees. During 1983, our line agreements required us to pay fees of $324. We were not required to maintain any compensating balances under any of the agreements during 1983.

At year-end, we also had additional credit available in the form of two annually renewable, three-year revolving-credit agreements: one for $185,000 with 12 lending institutions, and one for $65,000 with four lending institutions. In each case, we pay a fee for this availability and have the option of borrowing at the prime rate, at a premium over the London Inter-Bank Offered Rate, or at a premium over domestic certificate-of-deposit rates. During 1983, we paid fees of $642 under our revolving-credit agreements. Any balance outstanding under the agreements at the end of the three-year period may be converted at our option into a four-year term loan. There were no balances outstanding at January 28, 1984.

CYCLOPS CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4—Credit Agreements

On March 31, 1983, the Company entered into a Revolving Credit and Term Loan Agreement with five major banks which enables the Company to borrow up to $100,000,000 on or before March 31, 1987, at the prevailing prime interest rate or, at the Company's option, at a rate based on a function of either the prevailing certificate of deposit rate or the prevailing London Interbank Offered Rate plus a commitment fee of ½ of 1% on the average daily unborrowed amount. This replaces the January 8, 1980 agreement which had a maximum borrowing limit of $65,000,000. On March 31, 1987, the Company will have the option of converting any loans outstanding under this agreement to term loans to be repaid in fifteen equal quarterly installments of $4,000,000 through December 31, 1990 with a final installment on March 31, 1991 of the remaining unpaid principal. The interest rate on any term loans will be ¼ of 1% above the prevailing prime rate through March 31, 1989, and thereafter ½ of 1% above the prime rate.

The Company also has line-of-credit arrangements with two major banks. The lines of credit provided a short-term borrowing potential, at rates on an as offered basis or prime, of $14,000,000 at December 31, 1983.

Borrowing under the lines of credit and/or Revolving Credit and Term Loan Agreement during 1983 and 1982 averaged $52,924,000 and $40,324,000 at average interest rates of 10.32% and 14.12%, respectively. The maximum borrowings under the lines of credit and Revolving Credit and Term Loan Agreement were $85,000,000 and $69,550,000 during 1983 and 1982, respectively. The interest rates on the amounts outstanding were 11% at December 31, 1983 and 1982. The amounts payable under the Revolving Credit and Term Loan Agreement as of December 31, 1983 and 1982 are included in long-term debt.

GRANGER ASSOCIATES (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Notes Payable

In August 1983, the Company replaced its prior credit agreement with a $30,000,000 revolving credit agreement with three banks. The revolving credit agreement extends through November 1986. Borrowings may be in the form of domestic or Eurodollar loans, or acceptance financing. Interest rates on borrowings are at the banks' prime rate for domestic loans, at the London interbank rate plus ½ of 1% for Eurodollar loans, or at the market rate for acceptance financing.

At the expiration of the revolving credit agreement, the Company may replace all of the revolving credit notes then outstanding (or such lesser amount thereof as the Company may request) with term notes which are payable in twelve quarterly installments.

The credit agreement provides for the payment of a commitment fee of ⅜ of 1% per annum on the daily average unused amount of the commitment. The credit agreement is unsecured, and there are no compensating balance requirements. The Company is required to maintain certain financial ratios and a minimum tangible net worth.

The Company also has $16,000,000 in standby letter of credit lines with two banks. One agreement for $6,000,000 expires on December 31, 1984. There are no compensating balance requirements. Commitment fees of up to ¾ of 1% are charged on $6,000,000 of the line. At August 31, 1983, commitments under standby letters of credit amounted to $2,419,000.

At August 31, 1983, no borrowings under the revolving credit agreement were outstanding. A summary of borrowing follows:

(in thousands)

Fiscal year	Maximum short term borrowing	Average borrowings	Average interest rate
1983	$5,794	$2,236	11.5%
1982	5,623	1,940	16.7%
1981	5,450	2,841	19.7%

INLAND STEEL COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2: Borrowing Arrangements

On December 31, 1983, credit facilities available to the Company totaled approximately $235 million. These facilities consisted of $105 million of unsecured lines of credit and $100 million under a revolving credit agreement with various banks, plus approximately $30 million of supplier-provided construction financing for the new No. 2 BOF Shop Caster Project. Since $47 million was borrowed from these sources or was required to back outstanding commercial paper and bankers' acceptances, unused credit availability totaled approximately $190 million.

The unsecured lines of credit are subject to the usual bank terms and conditions and are typically reviewed annually. There were no withdrawal restrictions on any collected balances maintained at these banks. The Company is expected to provide average compensating balances of approximately $5 million for these lines.

The revolving credit agreement contains standard covenants relating to net worth and indebtedness. These covenants would not restrict the Company's use of this credit facility even if 1984 results approximated those of 1983. The Company pays a commitment fee on the unused amount of such available credit. During the revolving loan period, interest on any debt outstanding is payable at a rate which would not exceed the prime rate of the agent bank.

In October 1983, the Company reduced its revolving credit/term loan agreement from $200 million to $100 million and at the same time extended the revolving loan period to November 1, 1986, and the final term loan maturity to November 1, 1990. This action reflects the more favorable outlook for the Company and recognizes establishment of a separate $250 million credit agreement for the Company's new caster project.

The $250 million credit agreement for the No. 2 BOF Shop Caster facility is a project loan commitment, usable in part or in whole at the Company's option. It is provided by certain suppliers of caster components and is contingent upon the Company's purchase of specific equipment from these suppliers. The agreement provides for a first mortgage on the caster facility in favor of the lender. These funds may be drawn only as required to fund expenditures. Of the total $250 million, $30 million was available on December 31, 1983 and the remainder will become available as construction progresses to completion in early 1986. This agreement provides both fixed and floating rate construction financing and fixed rate long-term financing, all at competitive rates. The debt provided may be used in a leveraged lease transaction. In connection with this agreement, the Company will pay a commitment fee on the unused portion of the credit facility until the completion date of the project.

REXNORD INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Thousands Except Per Share Data)

Note 4—Credit Facilities

At October 31, 1983, the company had lines of credit with various domestic banks aggregating $27,000 and a $48,000 credit agreement. At that date, there were no outstanding borrowings under either credit facility. In addition, certain international subsidiaries had credit facilities aggregating $40,000, of which $1,111 was outstanding at October 31, 1983. The company pays fees in lieu of compensating balances on domestic credit facilities; compensating balances maintained for credit lines outside the United States are negligible.

WINNEBAGO INDUSTRIES, INC. (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3: Bank Agreements

On January 13, 1983, the Company renewed its revolving credit agreement dated January 18, 1982, with two banks. Under the new agreement, the amount was increased from $12,500,000 to $22,500,000. The terms of the new agreement require interest to be ½% over the prime interest rate with a commitment fee of ¼% on the first $12,500,000 and ⅜% on the unused portion of $10,000,000 above the $12,500,000. The agreement allows the payment of dividends up to 30 percent of consolidated net income for the fiscal year immediately preceding the year in which any such dividend is paid. The agreement is an unsecured line of credit, but requires the Company to maintain stated minimum working capital and net worth amounts, plus specific liquidity and long-term solvency ratios. The agreement extends through January 12, 1984.

The agreement also provides for a reduction of the commitment by the amount outstanding from time to time of commercial paper notes of Winnebago Industries, Inc., and/or Winnebago Acceptance Corporation ($19,630,000 at August 27, 1983) supported by stand-by letters of credit issued by one of the banks. The Company has guaranteed the bank against any loss pursuant to such letters of credit.

The Company entered into a foreign financing agreement with the Banque Nationale De Paris and Bank of America which provides a credit line of 97,750,000 French francs ($12,203,110 at the August 27, 1983, exchange rate) available through September 30, 1984, for use in financing purchases of chassis components and engines from Renault. Terms of the agreement call for loan repayments over a two year period with an interest rate of 9.833 percent, a commitment fee of 4/10% on the unused portion of the credit line and a management fee of 4/10% on the total credit line. The balance outstanding at August 27, 1983 was $9,467,000.

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 lessee leases, shows the nature of information most frequently disclosed by the survey companies for capitalized and noncapitalized lessee leases. Forty-three survey companies reported lessor leases.

Examples of long term lease presentations and disclosures follow.

Lessee—Capital Leases

THE KROGER CO. (DEC)

	1983	1982
	($000)	
Current liabilities		
Current portion of long-term debt	$ 6,084	$ 42,674
Current portion of obligations under capital leases	6,057	5,805
Accounts payable	814,620	762,746
Other current liabilities	418,600	379,389
Accrued income taxes	52,262	19,855
Total current liabilities	1,297,623	1,210,469
Long-term debt	665,386	604,007
Obligations under capital leases	212,406	194,195
Deferred income taxes	232,201	176,835
Employees' benefit fund	21,810	21,810
Total Liabilities	2,429,426	2,207,316

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All dollar amounts are in thousands except per share amounts.

Accounting Policies (in part)

The following is a summary of the significant accounting policies followed in preparing the financial statements which are not presented elsewhere in the notes.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Deprecia-

TABLE 2-27: LONG-TERM LEASES

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Information Disclosed as to Noncapitalized Leases				
Rental expense				
Basic	454	454	446	437
Contingent	103	109	118	107
Sublease	101	102	105	105
Minimum rental payments				
Schedule of	436	439	431	424
Classified by major categories of property	28	35	34	39
Renewal or purchase options	137	135	139	145
Information Disclosed as to Capitalized Leases				
Minimum lease payments	263	268	275	270
Imputed interest	242	256	257	256
Leased assets by major classifications	142	151	148	151
Executory costs	69	74	80	81
Number of Companies				
Capitalized and noncapitalized leases	367	362	357	351
Noncapitalized leases only	105	107	107	118
Capitalized leases only	74	80	83	79
No leases disclosed	54	51	53	52
Total Companies	**600**	**600**	**600**	**600**

tion and amortization, which include the amortization of assets recorded under capital leases, are computed principally on the straight-line basis. Buildings and land improvements are depreciated based on lives varying from 10 to 40 years and equipment based on lives varying from three to fifteen years. Leasehold improvements are amortized over their useful lives which generally approximate twelve and one-half years.

Leases

The Company operates principally in leased premises. Lease terms generally range from 10 to 25 years with options of renewal for additional periods. Options provide in some cases for reduced rentals and/or the right to purchase. Certain of the leases provide for contingent payments based upon a percent of sales.

Rent expense (under operating leases) consists of:

	1983	1982	1981
Minimum rentals, net of minor sublease rentals	$190,822	$173,034	$145,133
Contingent payments	17,572	19,080	18,646
Total	$208,394	$192,114	$163,779

Assets recorded under capital leases consist of:

	1983	1982
Distribution and manufacturing facilities	$115,944	$128,508
Store facilities	153,545	118,946
Less accumulated amortization	(78,498)	(71,751)
	$190,991	$175,703

Minimum annual rentals, net of subleased rentals under operating leases of $248,065, for the five years subsequent to 1983 and in the aggregate are:

	Capital Leases	Operating Leases
1984	$ 30,634	$ 212,667
1985	30,055	206,927
1986	29,190	199,987
1987	29,084	194,678
1988	28,850	192,062
1989 and thereafter	412,744	2,180,629
	560,557	$3,186,950
Less estimated executory costs included in capital leases	(35,148)	
Net minimum lease payments under capital leases	525,409	
Less amount representing interest	(306,946)	
Present value of net minimum lease payments under capital leases	$218,463	

PNEUMO CORPORATION (NOV)

	1983	1982
	($000)	
Current liabilities		
Accounts payable	$ 53,825	$ 63,144
Accrued liabilities	54,724	50,139
Income taxes currently payable	2,314	137
Deferred income taxes	54,906	6,216
Current portion of long-term debt and capitalized lease obligations	5,787	4,689
Total current liabilities	171,556	124,325
Long-term debt	79,831	83,657
Capitalized lease obligations	20,060	20,830

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Properties, Depreciation, and Amortization: Depreciation and amortization of assets are being provided by use of the straight-line method. This method has been used in a manner intended to amortize the cost of assets over their estimated useful lives.

The present values of capital lease obligations are classified as long-term debt or capitalized lease obligations and the related assets are classified as property, plant, and equipment. Amortization of the assets is included in depreciation expense. Capital subleases are accounted for as direct financing subleases and classified as accounts receivable and other assets.

Debt discount and issuance expense are amortized by use of the interest method.

Note E—Lease Commitments

The Company and its subsidiaries lease production, office, and retail facilities, and machinery and equipment. Certain leases provide for contingent rent based on sales and many have renewal options.

Property, plant, and equipment include the following amounts for capital leases:

(In thousands)	November 30 1983	1982
Land and land improvements	$ 245	$ 729
Buildings and building equipment	28,642	31,661
Machinery and equipment	11,671	10,198
	40,558	42,588
Less allowances for amortization	18,005	15,968
	$22,553	$26,620

Minimum lease payments are due as follows:

(In thousands)	November 30, 1983 Capital Leases	Operating Leases
1984	$ 4,173	$ 6,819
1985	4,154	5,755
1986	4,047	4,675
1987	3,518	4,145
1988	3,381	3,814
After 1988	20,149	16,067
Total minimum lease payments	39,422	$41,275
Executory costs	(2,278)	
Amounts representing interest	(15,281)	
Present value of net minimum lease payments	$21,863	

The above summary excludes the present values of net minimum lease payments in connection with the Industrial Development Revenue Bonds included in long-term debt.

Total minimum lease payments for capital and operating leases have not been reduced by minimum sublease rent of $1,644,000 and $3,131,000, respectively, due in the future under noncancellable subleases. Contingent rent that may be paid under certain leases is also excluded. Contingent rent under capital leases amounted to $1,612,000 in 1983, $1,500,000 in 1982, and $1,326,000 in 1981.

Total rent expense for operating leases amounted to:

(In thousands)	Year Ended November 30 1983	1982	1981
Minimum	$7,358	$6,862	$6,012
Contingent	1,629	1,550	1,615
Sublease	(1,008)	(984)	(884)
	$7,979	$7,428	$6,743

THE SOUTHLAND CORPORATION

Consolidated Balance Sheets

	December 31 (Dollars in thousands) 1983	1982
Current liabilities:		
Commercial paper and notes payable to banks	$ 26,438	$ 11,696
Accounts payable and accrued expenses	908,802	420,294
Income taxes	8,913	43,490
Long-term debt due within one year	42,813	12,052
Capital lease obligations due within one year	15,065	15,805
Total current liabilities	1,002,031	503,337
Deferred credits and other liabilities	106,819	52,589
Long-term debt	940,878	386,304
Capital lease obligations	184,765	196,676

Consolidated Statements of Changes in Financial Position

	Year ended December 31 (Dollars in thousands) 1983	1982	1981
Internally generated funds:			
Net earnings	$131,768	$108,051	$ 92,860
Expenses not requiring the use of cash or short-term investments:			
Depreciation and amortization	127,800	102,964	79,944
Amortization of capital leases	17,305	18,737	20,887
Deferred income taxes	15,722	(1,459)	13,518
Equity in (earnings) loss of affiliates in excess of dividends received	(471)	(603)	82
	292,124	227,690	207,291

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Leases:

Certain of the property, plant and equipment used in the Company's business is leased. Generally, real estate leases are for primary terms of from 14 to 20 years with options to renew for additional periods, and equipment leases are for terms of from 5 to 10 years. The leases do not contain restrictions which have a material effect on the Company's operations.

The composition of capital leases reflected as assets in the consolidated balance sheets is as follows:

(000's omitted)	December 31 1983	1982
Buildings	$266,798	$269,359
Equipment	66,492	72,606
	333,290	341,965
Accumulated amortization	(180,858)	(173,553)
	$152,432	$168,412

The present value of future minimum lease payments for capital lease obligations is reflected in the consolidated balance sheets as current and noncurrent capital lease obligations. The amount representing imputed interest necessary to reduce net minimum lease payments to present value has been calculated generally at the Company's incremental borrowing rate at the inception of each lease.

Future minimum lease payments for years ending December 31 are as follows:

(000's omitted)	Capital leases	Operating leases
1984	$ 34,965	$ 75,244
1985	33,008	72,943
1986	30,388	69,266
1987	28,484	65,536
1988	27,509	61,613
1989 and thereafter	229,941	514,972
	384,295	$859,574
Estimated executory costs	(7,913)	
Amount representing imputed interest	(176,552)	
Present value of future minimum lease payments	$199,830	

Rent expense on operating leases in the years ended December 31, 1983, 1982 and 1981, totaled $79,114,000, $67,057,000 and $57,252,000.

Leases With Profit Sharing

During 1983, 1982 and 1981, Profit Sharing purchased 129, 130 and 108 7-Eleven or Chief Auto Parts stores from the Company for $41,372,000, $40,660,000 and $28,268,000, which include the Company's direct and indirect costs. The stores were simultaneously leased to the Company at annual rentals approximating market rates. At December 31, 1983, Profit Sharing owned 899 stores leased to the Company under capital leases (net unamortized amount of $42,152,000) and 587 stores leased to the Company under operating leases.

VF CORPORATION (DEC)

	1983	1982
Current Liabilities		
Short-term borrowings	$ 2,483,000	$ 2,126,000
Accounts payable	40,577,000	38,267,000
Salaries, wages and other compensation	13,021,000	11,413,000
Federal and state income taxes	24,088,000	30,792,000
Other current liabilities	9,975,000	6,289,000
Current portion of capitalized leases and long-term debt	12,809,000	2,727,000
Total Current Liabilities	102,953,000	91,614,000
Capitalized Leases and Long-Term Debt		
Capitalized lease obligations	31,001,000	29,045,000
Notes payable	13,350,000	5,305,000
	44,351,000	34,350,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note C—Leases

The Company leases certain manufacturing facilities and related equipment under capital leases, which contain bargain purchase or renewal options. Certain other manufacturing facilities, office sites and equipment are leased under noncancellable operating leases.

Property, plant and equipment includes the following amounts for capital leases:

	1983	1982
	(Thousands of Dollars)	
Land and land improvements	$ 1,695	$ 1,521
Buildings	36,428	34,811
Machinery and equipment	20,636	9,334
	58,759	45,666
Less allowances for amortization	13,831	10,717
	44,928	34,949
Construction in progress	1,180	2,546
	$46,108	$37,495

Lease amortization is included in depreciation expense.

Future minimum payments under capital leases and noncancellable operating leases consisted of the following at December 31, 1983:

	Capital Leases	Operating Leases
	(Thousands of Dollars)	
1984	$14,264	$ 3,261
1985	8,967	2,610
1986	9,144	2,098
1987	7,715	1,250
1988	4,970	661
Thereafter	31,145	3,640
Total minimum lease payments	76,205	$13,520
Amounts representing interest	(34,213)	
Present value of net minimum lease payments	$41,992	

Total rental expense under operating leases approximated $8,180,000 in 1983, $7,593,000 in 1982 and $6,895,000 in 1981.

Lessee—Operating Leases

ADAMS-RUSSELL CO., INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 (in part): Commitments and Contingent Liabilities

(a) Rentals

The Company and its subsidiaries lease various plant and office facilities under operating leases ranging from one to ten years with options to renew for up to thirty additional years. The renewal options provide for increases in rentals ranging from 4% compounded annually up to amounts based on increases in the Consumer Price Index. Substantially all leases require payment of property taxes, insurance, and maintenance costs in addition to rental payments.

As at September 30, 1983, the Company was committed to pay aggregate rentals, net of sublease income, under these leases as follows:

Year Ending September 30,	Amount
1984	$ 699,200
1985	923,800
1986	882,900
1987	658,500
1988	550,000
1989-1993	1,216,200

Rental expense charged to operations, net of sublease income of $287,000, $208,000, and $28,000, and including payments made under short-term leases, amounted to $1,382,200, $969,600, and $1,075,000 for 1983, 1982, and 1981, respectively.

AVNET, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Long-Term Leases

The Company leases a portion of its operating facilities and is also committed under lease agreements for transportation and operating equipment. Rent expense charged to continuing operations for the three years ended June 30, 1983 is as follows:

(Thousands)	Buildings	Equipment	Total
1983	$8,009	$4,951	$12,960
1982	7,159	4,780	11,939
1981	5,735	2,897	8,632

Aggregate future minimum lease commitments, exclusive of taxes, insurance and maintenance expenses where payable by the Company, for all noncancelable operating leases at June 30, 1983 are as follows:

(Thousands)	Buildings	Equipment	Total
1984	$7,271	$1,373	$8,644
1985	5,839	1,770	7,609
1986	4,342	834	5,176
1987	3,031	70	3,101
1988	2,276	4	2,280
Thereafter	3,953	21	3,974

BROWN GROUP, INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note G: Leases

The Corporation's property held under capital leases, included with owned property in the balance sheet, consists of:

	October 29 1983	October 30 1982
	(000's omitted)	
Buildings and leasehold improvements	$10,782	$11,564
Machinery and equipment	2,556	2,556
	13,338	14,120
Allowances for amortization	(6,187)	(6,144)
	$ 7,151	$ 7,976

Lease amortization is included in depreciation expense. Capital leases for buildings generally contain renewal and purchase options.

Future minimum payments under capital leases and noncancelable operating leases with an initial term of one year or more were as follows at October 29, 1983:

	Capital Leases	Operating Leases
	(000's omitted)	
1984	$ 1,105	$ 40,239
1985	997	35,840
1986	960	32,535
1987	786	28,909
1988	784	24,079
Thereafter	17,296	92,756
Total minimum lease payments	21,928	$254,358
Amount representing interest	10,912	
Present value of net minimum lease payments	$11,016	

Operating lease commitments have been reduced for rental income from noncancelable sub-leases by approximately $5,068,000 in 1984 and lesser amounts thereafter (total reductions $29,381,000). Substantially all operating leases relate to retail store buildings and leased departments.

Rent expense for operating leases amounted to:

	1983	1982	1981
	(000's omitted)		
Minimum rentals	$49,556	$44,349	$37,424
Contingent rentals	47,194	43,637	41,627
	96,750	87,986	79,051
Less estimated portion applicable to utilities and other services received from lessors of retail departments	29,209	26,551	25,272
	$67,541	$61,435	$53,779

Rent expense has been reduced by rental income from sub-leases of $5,199,000 in 1983, $4,717,000 in 1982 and $4,216,000 in 1981.

Contingent rentals relate principally to sales volume of retail stores and leased departments.

Approximately one-fifth of retail store leases are subject to renewal options for varying periods. Leases for retail departments are generally renewed on a year to year basis.

BURLINGTON INDUSTRIES, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Minimum commitments for rental expenditures under noncancellable operating leases are presented for future fiscal years in the following table (in thousands):

1984	$12,022
1985	10,313
1986	9,046
1987	7,332
1988	4,897
Later years	22,383
	65,993
Less sublease income	2,468
Total minimum lease payments	$63,525

Capital lease commitments are not significant. Approximately 80% of the operating leases pertain to real estate. The remainder covers a variety of machinery and equipment. Certain operating leases, principally for office facilities, contain escalation clauses for increases in operating costs, property taxes and insurance. Rental expense for all operating leases was $30,844,000 in 1983, $29,524,000 in 1982 and $26,957,000 in 1981. Sublease income was $3,474,000 in 1983, $3,518,000 in 1982 and $3,454,000 in 1981.

GENESCO INC. (JUL)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Commitments Under Long-Term Leases

Operating Leases

Rental expense under operating leases of continuing operations for the three years ended July 31 was as follows:

	1981	1982	1983
Minimum rentals.	$19,925,000	$23,875,000	$27,554,000
Contingent rentals	5,786,000	5,486,000	5,015,000
Sublease rentals.	(1,224,000)	(1,198,000)	(635,000)
Totals	$24,487,000	$28,163,000	$31,934,000

Minimum rental commitments payable in future years under noncancelable long-term leases of continuing operations are as follows:

Fiscal Year	
1984	$ 24,195,000
1985	23,682,000
1986	19,511,000
1987	15,055,000
1988	13,643,000
Later years	49,604,000
Total	$145,690,000

Minimum payments have not been reduced by minimum sublease rentals of $1,097,000 due in the future under noncancelable subleases. In addition to minimum rentals, some leases provide for the Company to pay real estate taxes and other expenses and, in many cases, contingent rentals based on sales. Approximately 30 percent of the Company's leases contain renewal options.

HAMMERMILL PAPER COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Leasing Activities (in part)

The company leases a variety of assets used in operations, principally warehouse and office facilities and transportation equipment. These leases expire at various dates through 2011 with, in some instances, renewal privileges and purchase options. Certain leases provide for escalation of the lease payments as maintenance costs and taxes increase.

Operating Leases

Lease arrangements which are not classified as capital leases are considered operating leases. Minimum rental payments for years after 1983 under leases having an initial or remaining noncancelable term in excess of 12 months are as follows:

(Thousands of dollars)	
1984	$ 9,926
1985	10,300
1986	10,934
1987	9,573
1988	8,309
1989 and subsequent	76,968
Total	$126,010

Included in the minimum rental payments amount is the obligation under a 1983 cogeneration facility lease at the Lock Haven plant aggregating $87,110,000.

Total rental expense for operating leases was $9,687,000 in 1983, $7,859,000 in 1982 and $6,529,000 in 1981.

SCOPE INDUSTRIES (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Lease Commitments

The Company occupies certain facilities under long-term leases. Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year, as of June 30, 1983, are:

Year Ending June 30,	
1984	$ 373,400
1985	267,500
1986	255,800
1987	201,400
1988	95,700
Thereafter	275,000
Total minimum lease payments required	$1,468,800

The composition of total rental expense for all operating leases is:

	Year Ended June 30,		
	1983	1982	1981
Minimum rentals	$464,547	$413,736	$284,916
Contingent rentals	27,084	18,369	11,363
Less sublease rentals	(61,220)	(57,682)	(49,167)
	$430,411	$374,423	$247,112

Certain leases obligate the Company to pay maintenance and repair costs. Certain leases also contain renewal provisions. The Company is not obligated under any capital leases at June 30, 1983.

Lessor Leases

DATA CARD CORPORATION (MAR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Equipment Lease Transactions

The Company leases certain of its products to customers under long-term noncancellable leases which are subject to purchase options. The present value of the minimum rentals to be received under such leases is recorded currently as net sales revenue. The difference between the gross rentals to be received and the present value of the rentals is recorded as unearned finance income and is amortized into income over the lease term using the declining-balance method. The cost or book value, if different, of the leased property less the unguaranteed residual value is charged against income at the time the sale is recorded. The present value of the rentals to be received under such leases plus the estimated unguaranteed residual value of the leased property is recorded as net investment in leases.

Equipment rentals under short-term leases held by the Company are accounted for using the operating method. Leased equipment is generally depreciated over a seven year life using accelerated methods.

2 (in part): Other Financial Statement Data

	1983	1982
Net investment in equipment leases consists of the following:		
Due in fiscal years:		
1983	$ —	$ 3,530,219
1984	4,199,926	2,951,389
1985	3,708,504	2,380,369
1986	2,479,421	1,420,396
1987	1,052,176	464,133
1988	504,139	—
Lease payments receivable	11,944,166	10,746,506
Estimated residual value of leased equipment	539,870	670,864
Less unearned finance income	(2,519,681)	(2,246,380)
Net investment in equipment leases	9,964,355	9,170,990
Less current portion	3,261,369	2,964,453
Long-term portion	$ 6,702,986	$ 6,206,537

Earned finance income of $1,140,000, $892,000, and $504,000 is included in interest income for fiscal 1983, 1982, and 1981, respectively.

THE PILLSBURY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Investments as Lessor:

Restaurant subsidiaries lease restaurant buildings and land to franchisees. The building portions of the leases are direct financing leases while the land portions are operating leases. Substantially all leases are for 15 to 20 years, provide for minimum and contingent rentals, and require the franchisee to pay executory costs.

Minimum future lease payments to be received during the fiscal periods ending May 31	Direct financing leases	Operating leases
	(In millions)	
1984	$ 26.3	$ 21.2
1985	25.9	21.0
1986	25.6	20.3
1987	25.5	20.2
1988	25.5	20.3
Later	274.5	231.8
	$403.3	$334.8

Rental income amounted to $41.7 million in fiscal 1983, $34.4 million in fiscal 1982 and $30.1 million in fiscal 1981 of which $21.5 million, $19.3 million and $16.6 million, respectively, were minimum rentals and $20.2 million, $15.1 million and $13.5 million, respectively, were contingent rentals on both owned and leased property under direct financing and operating leases.

Net investment in direct financing leases at May 31	1983	1982
	(In millions)	
Minimum lease payments receivable	$403.3	$395.0
Less allowance for uncollectables	(3.7)	(3.7)
Net minimum lease payments receivable	399.6	391.3
Estimated unguaranteed residual value	4.3	4.4
Less unearned amount representing interest	(219.9)	(218.4)
Net investment	184.0	177.3
Less current portion included in receivables	(5.3)	(5.6)
Net investment in direct financing leases	$178.7	$171.7

RAYTHEON COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note E: Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31:

	1983	1982
	In thousands	
Land	$ 26,382	$ 26,732
Buildings and leasehold improvements	423,779	365,009
Machinery and equipment	1,203,186	1,078,048
Equipment leased to others	339,172	321,751
	1,992,519	1,791,540
Less accumulated depreciation and amortization	1,056,134	906,506
	$ 936,385	$ 885,034

Accumulated depreciation of equipment leased to others is $190,911,000 and $152,211,000 at December 31, 1983 and 1982, respectively.

Future minimum lease payments from noncancelable operating leases consist of the following at December 31, 1983:

	In thousands
1984	$49,023
1985	18,863
1986	6,996
1987	1,654

SCAN-OPTICS, INC. (DEC)

	1983	1982
Equipment Leased to Customers	608,413	900,048
Less allowance for depreciation	131,758	437,901
	476,655	462,147
Plant and Equipment:		
Equipment	2,977,740	2,474,123
Leasehold improvements	544,680	350,612
Office furniture and fixtures	502,818	311,721
	4,025,238	3,136,456
Less allowance for depreciation and amortization	1,296,293	1,023,068
	2,728,945	2,113,388
Other Assets:		
Investment in sales-type leases, net—Note C	7,230,569	2,693,252
Other assets	42,110	703
	7,272,679	2,693,955

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Accounting Policies

Equipment Leased to Customers: The Company leases its equipment to customers for various lease terms. The leases are accounted for under the operating method or as leases equivalent to sales in accordance with Financial Accounting Standards Board Statement No. 13.

Under the operating method, rental revenues from leases are recognized over the life of the lease and the related rental equipment is depreciated over its estimated useful life.

If the transaction is recorded as a sales-type lease, the transaction is accounted for as the equivalent of a sale with the present value of the lease revenues recorded as a net sale, and the cost (less the residual value) of the equipment charged against income. The deferred finance income applicable to these leases is recognized over the terms of the leases in decreasing amounts which provide a level rate of return on the unrecovered investment.

Under specific agreements with banks and financial institutions, certain operating and sales-type leases have been financed with nonrecourse notes which are collateralized only by future rentals and the equipment on lease. Such financing of operating leases is being amortized to income over the life of the lease and the related financing cost is recognized over the term of the leases in decreasing amounts which provide a level rate of return on the unrecovered investment. Other financing on sales-type leases is accounted for as a reduction of receivables originating from sales-type leases in an amount equivalent to the maturity value of the financing.

Note C: Investment in Sales-Type Leases, Net

Investment in sales-type leases consists of the following:

	December 31	
Long-term portion of receivables from sales-type leases	$9,463,014	$3,615,428
Allowance for receivables	(200,000)	—
Residual value of equipment	648,312	537,098
Deferred finance income	(2,680,757)	(1,459,274)
	$7,230,569	$2,693,252

Finance income on sales-type leases has been amortized into income in the amounts of $1,431,110, $1,107,132 and $422,874 for each of the three years ended December 31, 1983 respectively, and is included in the Lease and service revenue amounts in the Consolidated Statements of Income.

The following is a schedule of minimum future noncancellable lease receipts as of December 31, 1983:

Year ending December 31	Sales-Type Leases	Operating Leases
1984	$ 4,837,721	$270,136
1985	4,005,265	46,734
1986	3,612,246	19,500
1987	1,607,953	234
1988	237,550	—
	$14,300,735	$336,604

XEROX CORPORATION (DEC)

	1983	1982
	($ Millions)	
Total current assets	3,654.7	3,814.1
Trade Receivables Due after One Year	274.5	235.2
Rental Equipment and Related Inventories At cost (less accumulated depreciation: 1983 — $2,458.5; 1982 — $2,554.8)	1,528.5	1,641.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leasing Arrangements (in part)

As Lessor

The Company's operating lease terms vary, generally from one to thirty-six months. Minimum future rental revenues on noncancelable operating leases with terms of one year or longer are (in billions): 1984—$1.3; 1985—$.4; 1986—$.1; and in the aggregate—$1.8. Total contingent rentals, principally usage charges in excess of minimum rentals for operating leases, amounted to (in billions): 1983—$.8; 1982—$.9; and 1981—$1.2.

The components of the Company's net investment in sales-type leases as of December 31, 1983 and 1982 were:

(In millions)	1983	1982
Total minimum lease payments receivable	$501.9	$418.6
Less amount representing executory costs	(8.2)	(6.5)
Net minimum lease payments	493.7	412.1
Less: Unearned income	(117.3)	(105.5)
Allowance for doubtful receivables	(13.4)	(10.1)
Net investment in sales-type leases	$363.0	$296.5

Total minimum lease payments receivable are collectible as follows (in millions): 1984 — $179.0; 1985 — $131.6; 1986 — $99.5; 1987 — $56.4; 1988 — $31.7; thereafter — $3.7.

POSTAL INSTANT PRESS (JUN)

NOTES TO FINANCIAL STATEMENTS

Note 5. Investment in Leveraged Lease

The Company is the lessor in a leveraged lease agreement entered into in June, 1981 under which a jet aircraft, having an estimated economic life of between twelve and eighteen years, was leased for a term of 10 years. The Company's equity investment represented 35 percent of the purchase price. The remaining 65 percent was furnished by third party secured financing in the form of long term debt which provides for no recourse against the Company. At the end of the lessee term the lessee will have the option to renew the lease or purchase the asset based upon the then fair market value. The residual value at that time is estimated to be 25 percent of the original cost. For Federal income tax purposes, the Company received the investment tax credit and has the benefit of tax deductions for depreciation on the entire leased asset and for interest on the long term debt and certain other expenses.

The Company's net investment in the leveraged lease is composed of the following elements:

	1983	1982
Rentals receivable (net of principal and interest on the nonrecourse debt)	$ 524,000	$ 524,000
Estimated residual value of leased equipment	837,000	837,000
Less unearned and deferred income	(196,000)	(236,000)
Investment in leveraged lease	1,165,000	1,125,00
Less deferred taxes arising from leveraged lease	(990,000)	(669,000)
Net investment in leveraged lease	$ 175,000	$ 456,000

RSC INDUSTRIES, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(5) Other Assets:

Under a 10-year, leveraged lease agreement dated November 15, 1978, the Company is the lessor of standard, steel shipping container equipment having an estimated economic life of 12 to 15 years. The Company's equity investment represents 32% of the purchase price; the remaining 68% was furnished by third-party financing in the form of long-term debt that provides for no recourse against the Company and is secured by a first lien on the equipment. At the end of the lease term, the residual value is estimated to be 10% of the cost. For Federal income tax purposes, the Company receives investment tax credits and has the benefit of tax deductions for depreciation and interest on the long-term debt which exceed lease rental income in the early years of the lease. In the later years of the lease, rental income will exceed the deductions and taxes will be payable. Deferred taxes are provided to reflect this difference between financial and tax reporting.

The Company's net investment in the leveraged lease is composed of the following:

	1983	1982
Rental receivable (net of principal and interest on the nonrecourse debt)	$163,338	$164,410
Estimated share of residual value of leased equipment	171,899	173,028
Less: Unearned income	(15,609)	(22,382)
Investment in leveraged lease	319,628	315,056
Less: Deferred taxes arising from leveraged lease	(305,771)	(366,121)
Net investment in leveraged lease	$ 13,857	($ 51,065)

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

FORD MOTOR COMPANY (DEC)

	1983	1982
	($ Millions)	
Total current liabilities	$10,315.9	$10,424.0
Long-Term Debt	2,712.9	2,353.3
Other Liabilities	2,054.4	1,922.7
Deferred Income Taxes	1,103.2	1,054.1
Minority Interests in Net Assets of Consolidated Subsidiaries	137.2	130.1

Note 5 (in part): Income Taxes

Deferred income taxes result from timing differences in the recognition of revenues and expenses between financial statements and tax returns. The principal sources of these differences and the related effect of each on the Company's provision (credit) for income taxes were as follows (in millions): 1983 — $(197.3) for depreciation and amortization, $(83.4) for dealer and customer allowances and claims, $177 for credits utilized in determination of taxes; 1982 — $60.9 for depreciation and amortization, $45.1 for employee benefit plans, $30.9 for foreign taxes on anticipated dividends, $(34.8) for inventory adjustments and foreign inventory inflation allowances; 1981 — $(144.4) for inventory adjustments and foreign inventory inflation allowances, $(51.6) for foreign taxes on anticipated dividends, $88.7 for depreciation and amortization, $32 for dealer and customer allowances and claims.

At December 31, 1983 and 1982, deferred tax assets totaling $655.2 million and $605.7 million, respectively, were included in other current assets on the Consolidated Balance Sheet. Deferred tax liabilities, as shown on the Consolidated Balance Sheet, were $1,103.2 million and $1,054.1 million at December 31, 1983 and 1982, respectively.

TABLE 2-28: OTHER NONCURRENT LIABILITIES

	Number of Companies			
	1983	1982	1981	1980
Deferred income taxes	504	506	502	487
Minority interest	137	137	138	150
Production payments	11	10	12	14
Employee Liabilities				
Pension or retirement plan	57	67	62	72
Deferred compensation, bonus, etc.	59	61	61	81
Other — described	31	32	27	20
Estimated losses or expenses				
Discontinued operations	31	31	23	19
Warranties	10	10	7	9
Insurance	12	9	7	8
Other — described	46	51	44	39
Deferred credits				
Payments received prior to rendering service	7	8	10	10
Deferred profit on sales	6	5	4	5
Excess of acquired net assets over cost	4	4	3	3
Other — described	9	6	8	6

HERSHEY FOODS CORPORATION (DEC)

	1983	1982
	($000)	
Total current liabilities	$151,634	$148,893
Long-Term Debt	127,990	140,250
Other Long-Term Liabilities	22,367	9,350
Deferred Income Taxes (Note 2)	85,916	73,766

Note 2 (in part): Income Taxes

The provision for Federal and state income taxes is based on income as reported in the financial statements. The provision has been reduced by allowable investment and other tax credits.

Deferred income taxes are provided to reflect timing differences in reporting results of operations for financial statement and income tax purposes. Timing differences result primarily from the use of accelerated depreciation for income tax purposes, and beginning in 1983, the income tax effect of deferred gains on the sale and leaseback transactions. Such gains are taxable in 1983 but are amortized over the lease terms for financial statement purposes. The provision for income taxes is as follows:

	1983	1982	1981
	(in thousands of dollars)		
Paid and currently payable	$77,035	$65,308	$65,385
Deferred	12,150	12,067	9,195
Provision for income taxes	$89,185	$77,375	$74,580

UNITED STATES GYPSUM COMPANY (DEC)

	1983	1982
	($000)	
Total current liabilities	$175,447	$168,387
Long-Term Debt	118,430	118,562
Deferred Income Taxes	155,600	143,100

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taxes on Income and Deferred Income Taxes (in part)

Deferred income taxes result from certain items which are recognized differently for financial reporting and tax purposes. The principal difference results from the use of shorter lives and accelerated methods for computation of tax depreciation. The tax effect of such differences is summarized as follows:

(All dollar amounts in thousands)	1983	1982	1981
Accelerated depreciation	$19,700	$20,100	$ 9,700
Other, net	(4,000)	—	5,100
Total deferred provision	15,700	20,100	14,800
Current deferrals	(3,200)	2,800	(2,400)
Increase in deferred taxes	12,500	22,900	12,400

Minority Interests

EMERSON RADIO CORP. (MAR)

	1983	1982
Total current liabilities	$13,770,000	$16,926,000
Long-term debt	10,455,000	8,597,000
Deferred income taxes		745,000
Minority interest in consolidated subsidiary	806,000	
Total liabilities	25,031,000	26,268,000

THE GREYHOUND CORPORATION (DEC)

	1983	1982
	($000)	
TOTAL CURRENT LIABILITIES	$385,365	$367,192
LONG-TERM DEBT, including subordinated debt of $31,191 and $61,232	346,030	417,028
OTHER LIABILITIES AND DEFERRED ITEMS:		
Pension and other benefits	34,465	54,894
Deferred income taxes	28,823	16,263
Other	38,266	28,496
	101,554	99,653
MINORITY INTERESTS—Greyhound Lines of Canada	24,010	21,341

HALLIBURTON COMPANY (DEC)

	1983	1982
	($000)	
Total current liabilities	$1,283,483	$1,124,295
Deferred Income Taxes	227,402	212,110
Long-Term Debt, less current maturities	730,244	745,285
Minority Interest in Consolidated Subsidiaries	21,138	17,729

PACIFIC RESOURCES, INC. (DEC)

	1983	1982	1981
		(In Thousands)	
Total Current Liabilities	$310,881	$272,092	$156,570
Long-term Debt	144,368	151,664	139,612
Deferred Income Taxes	35,196	32,103	24,497
Minority Interests	2,679	2,802	2,909

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Minority Interests

Minority interests consist primarily of four series of cumulative preferred stock of Gasco, Inc. issued and outstanding. Dividend rates range from 4.9% to 9% (7.8% weighted average) and the dividends are included in interest expense. Annual mandatory redemptions for all issues amount to $169,000 in each of the years 1984 through 1988. An additional 375,000 undesignated preferred shares may be issued by Gasco's Board of Directors on such terms and with such provisions as it may determine, subject to the approval of the Public Utilities Commission of the State of Hawaii.

PFIZER INC. (DEC)

	1983	1982	1981
		(millions of dollars)	
Total current liabilities	$1,127.0	$1,105.5	$1,127.6
Long-term debt	483.7	520.5	691.5
Deferred taxes on income	71.5	77.0	60.3
Other non-current liabilities	39.5	39.7	38.6
Minority interests	33.6	41.7	37.5
Total liabilities	1,755.3	1,784.4	1,955.5

SFN COMPANIES, INC. (APR)

	1983	1982
	($000)	
Total current liabilities	$55,160	$50,070
Deferred Income Taxes and Other Long-Term Liabilities	6,362	5,946
Minority Interest (Note 1)	5,472	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all wholly- and majority-owned subsidiaries. All significant intercompany transactions and balances of consolidated subsidiaries have been eliminated. The Company owns a 67.8% interest in ABC Industries, Inc. The minority interest in ABC Industries, Inc. is shown on the balance sheet at the option price for the purchase by the Company of the remaining shares. Gage Publishing Limited, a Canadian Corporation which is 21% owned by a subsidiary of the Company, is accounted for using the equity method.

PHELPS DODGE CORPORATION (DEC)

	1983	1982	1981
		(In thousands of dollars)	
Current liabilities	$225,513	$192,914	$ 290,791
Long-term debt	600,263	667,212	579,493
Deferred income taxes	45,932	88,092	125,366
Other liabilities and deferred credits	36,092	39,398	11,451
	907,800	987,616	1,007,101
Minority Interest in Subsidiary	6,000	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Minority Interest in Subsidiary

A subsidiary, Burro Chief Copper Company, received $6 million from the issuance of redeemable preferred shares in 1983 in connection with the construction of the solvent extraction-electrowinning plant referred to in Note 10.

Employee Related Liabilities

ADDSCO INDUSTRIES, INC. (JUN)

	1983	1982
Other Liabilities		
Deferred income taxes	$ 652,403	$ 133,524
Accrued pension costs, not to be funded currently	251,438	154,000
Deferred compensation	358,924	452,788
Accrued workmen's compensation claims	2,282,061	1,315,003
Estimated liability for damage claims	868,003	2,414,878
Total Other Liabilities	4,412,829	4,470,193

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accrued Workmen's Compensation Claims

The Company has chosen not to purchase insurance against risk of loss that may result from workmen's compensation claims up to $500,000. Current and non-current provisions for these claims are as follows:

	June 30, 1983	June 30, 1982
Current workmen's compensation claims	$ 134,648	$ 351,269
Non-current workmen's compensation claims	2,282,061	1,315,003
	$2,416,709	$1,666,272

The provisions of the U.S. Longshoremen and Harbor Workers Compensation Insurance Act require that the Company restrict certain assets for payments of workmen's compensation claims. These restricted assets, the majority of which are on deposit with the Federal Reserve Bank of Atlanta, Georgia, are included in the Company's financial statements as restricted cash and investments with an aggregate cost of $1,271,417 and $765,540 on June 30, 1983 and 1982, respectively.

ALPHA INDUSTRIES, INC. (MAR)

	1983	1982
	($000)	
Long-term debt (Note 5)	$ 4,398	$ 2,700
Deferred income taxes	1,811	1,199
Commitments and contingencies		
Stockholders' equity		
Common stock par value $.25 per share: authorized 20,000,000 shares; issued 7,302,925 and 7,271,828 shares	1,826	1,818
Additional paid-in capital	24,603	24,020
Retained earnings	19,409	14,545
	45,838	40,383
Less		
Treasury shares at cost — 297,854 and 318,224	213	228
Debt guarantee in connection with funds used to acquire Company shares by Employee Stock Ownership Trust (Notes 5 and 10)	44	87
Total stockholders' equity	45,581	40,068

5 (in part): Long-Term Debt

Long-term debt consisted of the following:

In thousands	March 31, 1983	1982
9½% Mortgage note payable (a)	$ 560	$ 600
Guaranteed debt to the Employee Stock Ownership Trust (b)	44	88
Industrial Revenue Bonds (c)	4,050	2,218
	4,654	2,906
Less current maturities	256	206
	$4,398	$2,700

(a) The mortgage note payable is collateralized by land and buildings having a net book value of $5,652,000. Principal installments of $3,333, plus interest, are due monthly until March 1997.

(b) The loan to the Employee Stock Ownership Trust (ESOT), guaranteed by the Company, is payable in annual installments of $43,750, through June 1983. Interest is payable quarterly at 1% above prime interest rate. (Note 10).

10. Employee Stock Ownership Plan

The Company has an Employee Stock Ownership Plan. Based on profits, the Company contributes annually to a trust created to acquire shares of the Company's common stock and other assets for the exclusive benefit of the participants. During fiscal 1979, the ESOT borrowed $218,750 (see Note 5) and acquired 150,000 shares of the Company's outstanding common stock.

The charges to income for the years ended March 31, 1983, 1982 and 1981 were $415,000, $339,000 and $267,800, respectively. The contributions include the fair market value of common shares contributed from treasury stock and payments on the ESOT indebtedness of $52,300, $62,953 and $68,483 in fiscal years 1983, 1982 and 1981, respectively (which included $8,550, $19,203 and $24,733 of interest). Contributions are determined by the Board of Directors.

AMERICAN BUILDING MAINTENANCE INDUSTRIES (OCT)

	1983	1982
	($000)	
Total current liabilities	$31,338	$26,866
Long-term debt less current portion	520	4,347
Deferred income taxes	550	390
Retirement plans	1,255	1,111

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): Employee Benefit Plans

a) Retirement Plans

The company has unfunded retirement plans for certain senior executives. The plans provide for annual benefits for periods of up to ten years commencing with the respective retirement dates of the executives currently covered under the plans. Benefits will range in the aggregate from $25,000 to $185,000 annually. The benefits expected to be paid are being accrued, with interest. The expense for 1983, 1982, and 1981 amounted to $144,000; $133,000 and $159,000 respectively.

DRESSER INDUSTRIES, INC. (OCT)

	1983	1982	1981
	In Millions of Dollars		
Total Current Liabilities	$693.9	$804.6	$910.2
Long-Term Debt	471.3	390.1	317.7
Deferred Compensation—Note I	65.3	64.6	63.9
Other Liabilities and Deferred Credits	62.0	32.4	56.9

Note I—Deferred Compensation and Employee Stock Purchase Plan

A portion of the incentive compensation for officers and key employees is deferred for payment after retirement or termination of employment, either in common shares of the Company or in cash at the equivalent market value of the common shares. The accrued deferred compensation liability may be satisfied by the future issuance of authorized but unissued common shares or treasury shares.

Under the terms of the employee stock purchase plan, salaried employees working in the United States and United States citizens working outside the United States for certain foreign subsidiaries, except officers and directors of the Company and certain employees represented by a union or participating in other thrift or savings plans, may purchase the Company's common stock through payroll deductions. Discounts from market price of up to 15% are allowed depending on the employee's length of service. The difference between the employee's purchase price and current market value is paid by the Company.

At October 31, 1983, 979,638 treasury shares were available to satisfy obligations under the Deferred Compensation Plan and other employee benefit programs.

EMHART CORPORATION (DEC)

	1983	1982	1981
		($ Millions)	
Total current liabilities	$288.1	$281.1	$481.8
Long-term debt	131.1	140.3	24.5
Unfunded pension liabilities	39.6	46.7	50.5
Deferred income taxes	36.5	34.8	34.5
Other liabilities	10.9	15.0	16.0
Total liabilities	506.2	517.9	607.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 (in part): Pension Plans

Unfunded pension liabilities in the statement of financial position include the accruals for pensions provided by international subsidiaries which do not have funded plans and the obligations, net of taxes, for unfunded vested pension benefits arising from acquisitions accounted for as purchases. The balance of the obligations for such unfunded vested benefits approximated $10.0 million at December 31, 1983.

HARNISCHFEGER CORPORATION (OCT)

	1983	1982
	($000)	
Long-Term Obligations		
Long-term debt payable to:		
Unaffiliated lenders	$139,092	$ 4,515
Finance subsidiary	5,400	—
Capitalized lease obligations	8,120	8,579
	152,612	13,094
Deferred Liabilities and Income Taxes		
Accrued pension costs	19,098	—
Other deferred liabilities	7,777	—
Deferred income taxes	134	3,275
	27,009	3,275
Minority Interest	2,405	2,913

FINANCIAL NOTES

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

Pension Plans—The Corporation has pension plans covering substantially all of its employees. Pension expenses of the principal plans consist of current service costs of such plans and amortization of the prior service costs over periods of thirty and thirty-five years. The Corporation's policy has been to fund accrued U.S. pension costs. The Corporation has deferred funding substantially all of 1982 and 1983 accrued pension contributions for both of its principal pension plans through the application of accumulated credits to the funding standard account under ERISA and for one of the plans by a waiver of the minimum funding standard which was granted by the Internal Revenue Service for 1982 and 1983.

Note 10 (in part): Pension Plans

As indicated in Note 1, the Corporation has deferred the payment of certain pension contributions accrued in 1982 and 1983. The deferred pension costs of $19,098,000 at October 31, 1983 included $5,055,000 in pension contributions for which a waiver was obtained from the Internal Revenue Service, which amount will be amortized by annual installments of $591,000 over fifteen years, and $2,400,000 in pension accruals of certain foreign subsidiaries, which do not fund pension costs.

The Corporation's foreign pension plans are not required to report to U.S. governmental agencies pursuant to ERISA and do not determine the actuarial present value of accumulated benefits or net assets available for benefits as calculated and shown above. For those plans, the total of the plans' pension funds and balance sheet accruals approximated the actuarially computed value of vested benefits at both October 31, 1983 and 1982.

MOSINEE PAPER CORPORATION (DEC)

	1983	1982
Total current liabilities	$26,440,126	$10,880,602
Long-term debt	20,598,885	13,372,100
Deferred compensation	539,290	389,641
Deferred income taxes	12,366,587	10,997,587
Vested pension	1,819,750	—
Other non-current liabilities	268,945	187,478
Total liabilities	62,033,583	35,827,408

6 (in part): Retirement Plans

The excess of vested benefits over pension fund assets, net of applicable income taxes, of The Sorg Paper Company at the date of acquisition is reported in the consolidated balance sheet as vested pension liability and is being amortized over ten years.

The companies have deferred compensation or supplemental retirement agreements with certain present and past key officers and employees. The principal cost of such plans is being or has been accrued over the period of active employment from the contract date. Certain payments, insignificant in amount, are charged to expense when paid. Costs charged to operations approximated $49,000, $60,000, and $45,000 for 1983, 1982, and 1981 respectively.

PRAB ROBOTS, INC. (OCT)

	1983	1982
Total current liabilities	$2,438,117	$3,601,621
Long-term debt, less current portion	8,020,972	2,078,114
Deferred compensation (Note 6)	99,585	122,785
Deferred income taxes	178,000	71,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Deferred Compensation Plan:

The company has entered into deferred compensation and salary continuation agreements with several key employees calling for periodic payments totaling $396,000 at the retirement or death of the employees. The normal retirement dates occur between 1980 and 2022. The liability has been accrued each year using the present value method. The Company has purchased life insurance policies which it intends to use to finance this liability.

SULLAIR CORPORATION (DEC)

	1983	1982
Other Liabilities:		
Long-term debt	$37,488,119	$46,844,452
Obligation to Employee Stock Ownership Trust	609,436	877,292
Other	1,079,299	2,589,914
	39,176,854	50,311,658
Shareholders' Interest:		
Preferred stock, no par value: Class A 500,000 shares authorized and Class B 500,000 shares authorized	—	—
Common stock, no par value: 25,000,000 shares authorized 9,698,980 shares outstanding in 1983 and 9,689,001 shares outstanding in 1982	44,638,494	44,561,961
Retained earnings	(5,419,520)	12,038,904
Cumulative translation adjustment	(1,050,426)	(999,061)
	38,168,548	55,601,804
Value assigned to unearned compensation	(609,436)	(877,292)
	37,559,112	54,724,512

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Benefit Plans (in part)

Employee Stock Ownership Plan

Substantially all of the employees of the Company and its domestic subsidiaries are covered under the "Sullair Corporation Employee Stock Ownership Plan" (ESOP) and Trust.

Under the ESOP, the Company makes an annual contribution to the Trust for the benefit of eligible employees (substantially all employees). The contribution may be in the form of cash or common shares of the Company. The amount of the annual contribution is at the discretion of the Board of Directors of the Company.

In February 1980, the Trust borrowed $1,875,000 from a bank. The proceeds of this loan were used to purchase common shares from the Company. Under the loan agreement, the Company guaranteed the loan and is obligated to make annual contributions sufficient to enable the Trust to repay the loan, including interest. The loan is repayable in quarterly installments of $66,964 through December 31, 1986, with interest at a rate equal to the higher of (a) 1¼ percent above the bank's prime rate or, (b) 1¾ percent above the latest three-week moving average interest rate payable on three month certificates of deposit. This obligation of the Trust, guaranteed by the Company, is recorded as a liability and, a like amount, considered unearned compensation, is recorded as a separate reduction of shareholders' interest. Both the obligation and the unearned compensation are reduced by the amount of any payment by the Trust of the loan and by the amount of any current accrual of contributions by the Company.

The ESOP is noncontributory and there is no past service liability in connection with the Plan. The Company's provisions were $366,000 in 1983, $464,000 in 1982 and $281,000 in 1981.

Estimated Losses or Expenses

THE CHARTER COMPANY (DEC)

	1983	1982
	($000)	
Long-term debt, excluding current installments	$111,134	$133,086
Long-term debt payable to unconsolidated, wholly-owned subsidiaries	94,000	91,000
Subordinated debt, net of discount, excluding current installments	189,261	154,200
Net liabilities of discontinued operations	20,554	—
Deferred income taxes	32,504	16,068
Deferred credits and other	50,864	52,242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Discontinued Operations

During recent years, Charter and certain subsidiaries decided to terminate or dispose of certain segments of their business. In 1981, a plan was adopted to phase-out a subsidiary's printing operations, and a pre-tax provision for loss on disposal of $40,700,000 was recorded. During the phase-out period, the actual losses have been $10,600,000 less than anticipated, and such amount was reversed in 1982. On January 29, 1982, a subsidiary ceased publication of a newspaper and a provision for loss on disposal of $20,400,000 was recorded in 1981. During 1983 and 1982, additional provisions of $1,950,000 and $2,577,000, respectively, were recorded due to the actual losses being greater than anticipated including the sales price ($13,000,000 in cash) of a building in 1983 being less than anticipated.

During 1982, Charter sold a subsidiary engaged in marketing special purpose data processing equipment and recorded a $2,308,000 pre-tax loss on disposal; sold its magazine publishing business, subscription fulfillment operation and its one-third interest in a subscription marketing operation for an aggregate pre-tax gain of $25,466,000; recorded a $7,065,000 pre-tax loss on disposal of its remaining publishing operations; and sold one radio station for a pre-tax gain of $2,349,000. During 1983, Charter sold its six remaining radio stations for $26,250,000 in cash and $4,210,000 in notes, which resulted in no pre-tax gain or loss.

In management's opinion, the adjusted provisions for losses on disposal of the printing operations, the newspaper and the remaining publishing operations are adequate, and the final realization of the net assets and settlement of certain claims, including substantial contingent liabilities relating to litigation and arbitration proceedings that have been initiated or threatened by groups representing former employees of the newspaper, will not have a material adverse effect on the consolidated financial position and results of operations of Charter.

The results of operations of these segments have been reclassified as discontinued operations and are summarized as follows (in thousands except per share amounts):

	1983	1982	1981
Loss from operations:			
Revenues	$ —	93,312	338,282
Loss before income taxes	$ —	(1,417)	(29,025)
Net loss	$ —	(881)	(11,343)
Primary and fully diluted loss per share	$ —	(.03)	(.40)
Gain (loss) on disposal:			
Gain (loss) before income taxes	$(1,950)	26,465	(61,100)
Net gain (loss)	$(1,950)	6,311	(34,517)
Primary and fully diluted gain (loss) per share	$ (.09)	22	(1.23)

The following assets and liabilities are included in net assets (liabilities) of discontinued operations in the accompanying consolidated balance sheets (in thousands):

	1983	1982
Cash, receivables and inventories	$ 2,352	17,099
Property, plant and equipment, net	10,609	36,905
Other assets	550	23,992
Accounts payable and accrued expenses	(3,990)	(9,256)
Debt	(10,100)	(14,951)
Other liabilities	(7,364)	(5,018)
Estimated future operating and disposal losses	(12,611)	(22,489)
Net assets (liabilities) of discontinued operations	$(20,554)	26,282

DAYCO CORPORATION (OCT)

	1983	1982
Total current liabilities	$109,151,000	$97,965,000
Senior debt	85,350,000	98,319,000
Convertible subordinated debt	76,422,000	81,312,000
Plant closing and other accrued liabilities—Note E	16,608,000	15,794,000
Deferred federal income taxes	7,838,000	7,721,000

Note E (in part): Long-Term Obligations

Estimated costs relating to certain plant closings and other accrued liabilities primarily represent estimated pension, worker's compensation, health care and life insurance benefits relating to plant closings (which management expects will be paid over the next 20 to 30 years) and the long-term portion of estimated insurance claims payable.

LIBBEY-OWENS-FORD COMPANY (DEC)

	1983	1982
	($000)	
Total Current Liabilities	$165,621	$174,772
Deferred income taxes	27,842	22,091
Long-term liabilities—plant closings (note 3)	10,191	11,690
Long-term debt (note 5)	141,451	144,655

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3-Plant Closings and Resizing of Operations

In 1981, the company decided to phase out a glass laminating plant, realign certain inventories and close a small plastics plant. As a result, $33,700,000 was provided for estimated costs and expenses relating to the disposal and abandonment of plant, equipment and inventories, operating losses subsequent to the decision date and other related expenses, thereby reducing consolidated net income by $17,197,000 ($1.55 per share). During 1982, the company continued the evaluation of productive capacity and inventory levels at its glass facilities. As a result, it was determined in 1982 that accruals provided in 1981 were adequate to cover the costs for disposal and abandonment of additional plant, equipment and inventories estimated at $6,900,000 for the continued resizing of glass operations.

FIRST NATIONAL SUPERMARKETS, INC. (MAR)

	1983	1982
	($000)	
Total current liabilities	94,667	88,374
Long-term debt	20,517	27,208
Obligations under capital leases	44,999	37,505
Litigation settlement obligation	7,440	7,847
Accrued costs related to facilities closings	496	850
Other long-term liabilities	2,242	2,323

NOTES TO FINANCIAL STATEMENTS

8 (in part): Litigation

Legal Proceedings Finalized

In fiscal 1982, the Federal District Court of Cleveland, Ohio 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 was $800,000 and $1,493,000 at March, 1983 and March, 1982, respectively.

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.

Production Payments

DRAVO CORPORATION (DEC)

	1983	1982
	($000)	
Total current liabilities	$216,194	$205,168
Long-term notes	65,332	86,995
Deferred income taxes	28,544	42,776
Other liabilities	22,832	18,133
Deferred revenue from future mineral production	43,302	46,774

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9: Deferred Revenue from Future Mineral Production

Dravo Lime Company has conveyed mineral reserves and assigned proceeds of lime sales contracts for advance production payments of $60 million, of which $43.3 million remains as of December 31, 1983. Repayment with interest at 9.58% is scheduled semi-annually through 1991. During this period the related contract revenues are expected to exceed $275 million.

LONE STAR INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Total current liabilities	$176,931	$141,416
Long-term debt	403,606	460,849
Deferred income taxes	60,211	87,636
Production payments	123,250	133,500
Other liabilities	45,071	41,934

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. 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 a rate not exceeding the prime interest rate for $75,000,000 of unremitted production payments, at prime plus ¼% for $37,500,000 of unremitted production payments and at a rate of 10% for $21,000,000 of unremitted production payments. As of December 31, 1983, the company expects to remit payments as follows: 1984, $10,250,000; 1985, $10,250,000; 1986, $16,250,000; 1987, $17,250,000; 1988, $18,250,000; 1989-1994, $61,250,000.

Deferred Credits

PANTRY PRIDE, INC. (JUL)

	1983	1982
	($000)	
Total current liabilities	$77,209	$83,434
Long-term debt	22,055	36,100
Capitalized lease obligations	29,246	30,478
8¾% Convertible exchangeable subordinated debentures, due 1998	42,500	
Pension termination liability	10,055	11,078
Other liabilities	1,763	1,592
Deferred income	2,966	3,203

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Deferred Income

Deferred income represents the unrecognized gains resulting from the renegotiation of certain lease obligations which are amortized over the terms of the renegotiated leases.

PENNWALT CORPORATION (DEC)

	1983	1982
	($000)	
Total current liabilities	$163,799	$184,137
Long-term debt	176,324	166,442
Deferred income taxes	42,447	40,105
Deferred credit from sale of leasehold interest	11,335	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Sale, Retirement and Revaluation of Certain Assets

The pre-tax gain of $21,667,000 in the fourth quarter of 1983 included a portion of the profit realized from the sale of the Company's leasehold interest in its headquarters building. The gain was reduced by provisions of $9,349,000 for the writedown of certain assets related to previously discontinued businesses and for the retirement of certain idle production facilities.

The remaining portion of the profit on the sale of the leasehold interest is related to floor space occupied by the Company under a ten-year operating lease which was entered into concurrently with the sale. It has been reflected as a deferred credit and is being amortized over the term of the lease. Proceeds from the sale of the leasehold interest include a $34,400,000, 12% note anticipated to be collected during 1984.

The pre-tax loss of $21,452,000 in 1981 was a result of the decision to shut down the Company's chlor-caustic operation at its Calvert City, Kentucky plant.

AMES DEPARTMENT STORES, INC. (JAN)

	1984	1983	1982
		($000)	
Total Current Liabilities	$50,107	$29,785	$30,056
Deferred Compensation and Income	1,650	1,471	1,552
Capital Lease Obligations	28,145	23,540	20,621
Long-Term Debt	15,365	14,872	16,450
Excess of Acquired Net Assets Over Purchase Price	9,415	11,397	10,448

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(j) Excess of acquired net assets over purchase price:

The excess of acquired net assets over purchase price represents the excess of the fair market value of Neisner Brothers, Inc. (Neisner) assets acquired less liabilities assumed over the cost of the acquisition. The excess is being amortized on a straight-line basis over ten years, which approximated the weighted average remaining life of Neisner store leases.

4. Interest and Other Income:

	(000's Omitted) Fiscal Year Ended		
	January 28, 1984	January 29, 1983	January 30, 1982
Interest income	$1,159	$2,081	$1,461
Amortization of excess of acquired net assets over purchase price	1,982	2,010	1,571
Other	3,353	2,313	1,056
	$6,494	$6,404	$4,088

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 1983 annual reports of the survey companies.

TABLE 2-29: USE OF TERM "RESERVE"

	Number of Companies			
	1983	**1982**	**1981**	**1980**
To describe deductions from assets for				
Reducing inventories to LIFO cost	47	45	33	18
Doubtful accounts	29	32	32	35
Accumulated depreciation	7	8	8	6
Other — described	8	3	5	7
To describe accruals for				
Estimated expenses relating to property abandonments or discontinued operations	15	15	11	6
Employee benefits or compensation	11	10	11	9
Insurance	6	5	4	6
Other — described	15	20	14	13
Other — not described	13	13	15	15

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.

TABLE 2-30: TITLE OF STOCKHOLDERS' EQUITY SECTION

	1983	**1982**	**1981**	**1980**
Stockholders' Equity	228	230	243	253
Shareholders' Equity	226	226	224	218
Common Stockholders' Equity	24	23	26	30
Common Shareholders' Equity	24	20	17	16
Shareholders' Investment	21	22	24	25
Shareowners' Equity	17	18	19	21
Stockholders' Investment	8	9	8	7
Other or no title	52	52	39	30
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

	1983	1982	1981	1980
Common stock with:				
No preferred stock	381	378	386	387
One class of preferred stock	157	150	140	133
Two classes of preferred stock	47	55	54	57
Three or more classes of preferred stock	15	17	20	23
Total Companies	**600**	**600**	**600**	**600**
Companies included above with two or more classes of common stock	22	18	16	16

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

	1983	1982	1981	1980
Par value stock shown at par value	508	506	495	496
Par value stock shown at amount in excess of par share per value	24	27	26	31
Par value stock shown at assigned value per share	20	14	17	14
No par value stock shown at assigned value per share	17	21	22	22
No par value stock shown at assigned value — per share value not disclosed	53	50	56	53
Issues Outstanding	**622**	**618**	**616**	**616**

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.

Examples of preferred stock presentation follow.

TABLE 2-33: PREFERRED STOCK

	Number of Companies			
	1983	1982	1981	1980
Par Value Stock				
Shown at par value	100	112	116	117
Shown at liquidation or redemption value	20	24	19	14
Shown at assigned value per share	11	7	9	6
Other	17	15	13	11
No Par Value Stock				
Shown at assigned value per share	41	45	49	43
Shown at liquidation or redemption value	31	27	27	19
No assigned value per share	29	22	19	22
Other	11	10	8	12
Number of Companies				
Preferred stock outstanding	219	226	223	215
No preferred stock outstanding	381	374	377	385
Total Companies	**600**	**600**	**600**	**600**

Preferred Stock Extended at Par Value

ANADITE, INC. (OCT)

	1983	1982
SHAREHOLDERS' EQUITY		
3½% Cumulative Convertible Preferred Stock, $50 par value:		
Authorized — 100,000 shares		
Issued — 5,773 shares in 1983 and 1982	$ 289,000	$ 289,000
Common Stock, $.10 par value:		
Authorized — 5,000,000 shares		
Issued — 2,180,257 shares in 1983 and 1982	218,000	218,000
Additional paid-in capital	10,790,000	10,737,000
Retained earnings	17,712,000	18,869,000
	29,009,000	30,113,000
Treasury stock, at cost, 414,091 and 272,826 common shares in 1983 and 1982, respectively	(3,199,000)	(1,971,000)
Reduction of shareholders' equity applicable to Employee Stock Incentive Plan	(856,000)	(833,000)
TOTAL SHAREHOLDERS' EQUITY	24,954,000	27,309,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part): Capital Stock

As of October 31, 1983, 12,888 shares of common stock were reserved for conversion of the 3½% cumulative convertible preferred stock at a conversion rate of 2.2325 shares of common for each share of cumulative convertible preferred stock. 30,000 common shares were reserved for the Company's nonqualified stock option agreement described below.

BIRD INCORPORATED (DEC)

	1983	1982
Stockholders' Equity—Note 5:		
5% cumulative preferred stock, par value $100. Authorized and issued — 15,000 shares (liquidating preference $110 per share, aggregating $1,650,000)	$ 1,500,000	$ 1,500,000
Preference stock, par value $1. Authorized 1,500,000 shares; issued 800,000 shares of $1.85 cumulative convertible preference stock (liquidating preference $20 per share, aggregating $16,000,000)	800,000	—
Common stock, par value $4. Authorized 9,000,000 shares in 1983 and 6,000,000 in 1982; issued 4,587,755 shares	18,351,000	18,351,000
Other capital	15,584,000	1,748,000
Retained earnings	37,949,000	37,895,000
	74,184,000	59,494,000
Less—		
Treasury stock, at cost:		
5% preferred — 4,579 shares	(269,000)	(269,000)
Common — 320,616 shares in 1983 and 365,279 in 1982	(2,231,000)	(2,542,000)
Cumulative foreign currency translation adjustment	(190,000)	(240,000)
Restricted stock bonus	(12,000)	(24,000)
	71,482,000	56,419,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Stockholders' Equity:

At a special meeting in lieu of the annual meeting of stockholders held on Mary 10, 1983, amendments to the Company's Articles of Organization were adopted to increase the number of authorized shares of common stock from 6,000,000 shares to 9,000,000 shares and to authorize 1,500,000 shares of preference stock, $1 par value. These shares may be issued for general corporate purposes without further stockholder approval.

On May 12, 1983, 800,000 shares of $1.85 cumulative convertible preference stock were issued in connection with a public offering at $20.00 per share less an underwriting discount of $1.20 per share and other issuance costs amounting to $595,000. The convertible preference stock has a liquidation value of $20 per share and is convertible at the option of the holder into common stock of the Company at a conversion price of $22.25 per share, subject to adjustment in certain events. Dividends are cumulative from the date of issue and are payable quarterly, commencing August 15, 1983. The excess of the proceeds from the sale of the convertible preference stock over its par value has been credited to other capital.

The convertible preference stock is redeemable, in whole or in part, at the option of the Company, at redemption prices declining to $20.00 on and after May 15, 1993. However, the convertible preference stock is not redeemable prior to May 15, 1985 unless the closing price of the Company's common stock has equaled or exceeded 150% of the conversion price per share then in effect for at least 20 consecutive trading days immediately prior to the date of the notice of redemption. The Company's 5% cumulative preferred stock ranks senior to the convertible preference stock as to dividends and upon liquidation.

Under the 1982 stock option plan described in Note 6, 314,600 shares of common stock are reserved for issuance upon exercise of options and stock appreciation rights. It is the Company's intention to issue these shares from treasury stock.

Under the terms of the new revolving credit agreement described in Note 2, no cash dividends may be paid without the banks' consent on the Company's common stock and annual cash dividends on the Company's preference stock, par value $1, are limited to $1,550,000. Redemptions of common and preference stock are prohibited without the banks' consent. Cash dividends and redemptions in respect of the Company's 5% cumulative preferred stock are limited to $110,000 annually in the aggregate.

GULF RESOURCES & CHEMICAL CORPORATION (DEC)

Stockholders' investment:		
Preferred stock, $1 par, authorized 4,000,000 shares aggregate involuntary liquidating preference of $9,227,105 at December 31, 1983 (Note 7)		
Series A	$ 58,451	$ 62,406
Series B	375,765	386,292
Common stock, $.10 par, authorized 20,000,000 shares, outstanding 9,125,395 and 9,071,087 shares (Note 8)	912,529	907,109
Common stock purchase warrants (Note 8)	1,645,417	1,645,417
Capital in excess of par	75,542,382	74,957,704
Cumulative foreign translation losses	(2,461,213)	(1,606,260)
Retained earnings	26,304,218	14,494,126
	$102,377,559	$ 90,846,794

Note 7. Preferred Stock:

All of GRE's outstanding Preferred Stock is cumulative and convertible. Additional description of Preferred Stock as of December 31, 1983, is as follows:

	Shares Outstanding	Involuntary Liquidating Preference	Designated Annual Cash Dividend	Conversion Rate to Common Stock (a)
Series A	58,451	$ 584,510	$ .20	2 for 1 (b)
Series B	375,765	8,642,595	1.30	1.25 for 1

(a) Subject to adjustment under certain conditions.
(b) Upon payment to GRE of $10 for each share tendered.

The Preferred Stock is redeemable by GRE at any time for $50.00 per share, plus accrued and unpaid dividends; however, such redemption is not mandatory.

Note 8 (in part): Common Stock and Warrants:

At December 31, 1983, shares of GRE's Common Stock were reserved for issuance as follows:

Conversion of—	
Series A Preferred Stock	116,902
Series B Preferred Stock	469,706
Exercise of—	
Common stock options	103,648
Warrants	975,000
Isssuance of stock pursuant to future stock options	400,000
	2,065,256

At December 31, 1983, GRE had exercisable warrants outstanding to purchase 524,800 shares of its Common Stock at $10.00 per share and 175,000 shares at $15.00 per share (both subject to adjustment). As a result of the refinancing of a portion of GRE's senior installment notes in 1980, the warrant agreements were amended to extend the expiration dates of certain of the warrants to January 1, 1990. Also, as a result of the refinancing, special warrants becoming exercisable on January 1, 1984, and expiring on January 1, 1990 were issued to purchase an additional 88,000 shares of Common Stock at prices of $19.00 and $23.00 per share. Warrants to purchase 187,200 shares of Common Stock at $10.00, which were to expire at December 31, 1983 by their original terms, are in the process of being extended until December 31, 1984 and the exercise price increased to $11.50 per share.

COOPER INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Shareholders' Equity		
Series B Preferred stock, without par value; $2.50 cumulative convertible voting stock (liquidating value at December 31, 1983 — $1,370)	$ 747	$ 815
Preferred stock, $1 par value; $2.90 Series cumulative convertible voting stock (liquidating value at December 31, 1983 — $180,961)	5,483	5,480
Common stock, $5 par value; 44,104,653 and 44,104,651 shares issued	220,523	220,523
Capital in excess of par value	256,551	262,799
Retained earnings	845,534	855,405
Translation component	(31,512)	(21,051)
Common stock held in treasury, at cost; 1,155,561 and 1,376,745 shares	(46,677)	(58,325)
	1,250,649	1,265,646

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12: Common and Preferred Stock

At December 31, 1983, 125,000,000 shares of Common

Stock were authorized, 1,811,240 shares of Series B Preferred were authorized, and an aggregate of 15,000,000 Preferred shares were authorized, of which 5,560,130 shares were authorized as $2.90 Series Preferred. Each share of Series B Preferred stock (stated value $30 per share) is convertible into 7.2 common shares and has a liquidating preference of $55 per share. At December 31, 1983, the Series B Preferred stock was redeemable by the Company at $56 per share decreasing to $52.50 per share on October 31, 1987, and thereafter. Each share of $2.90 Preferred stock is convertible into .946 common shares and has a liquidating preference of $33 per share. The $2.90 Preferred stock may not be redeemed prior to October 1, 1984. On or after October 1, 1984, the $2.90 Preferred stock will be redeemable at the option of the Company, at a price which decreases in equal increments from $34.45 to $33.00 between October 1, 1984, and October 1, 1989, and at $33.00 thereafter. At December 31, 1983, 5,483,677 shares (5,480,356 in 1982) of $2.90 Series Preferred and 24,907 shares (27,166 in 1982) of Series B Preferred stock were outstanding.

HURCO MANUFACTURING COMPANY, INC. (OCT)

	1983	1982	1981
Redeemable preferred stock...	$1,750,000	$1,750,000	$1,750,000
Shareholders' equity:			
Common stock, $.10 stated value per share; 5,000,000 shares authorized.....	232,000	165,000	150,000
Additional paid-in capital..........	22,439,000	12,628,000	10,567,000
Retained earnings (deficit)	(2,652,000)	1,208,000	2,737,000
Foreign currency translation adjustment....	(771,000)	(231,000)	—
Total shareholders' equity....	19,248,000	13,770,000	13,454,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Redeemable Preferred Stock:

The Company has authorized, issued and outstanding 17,500 shares of Class A Series I Cumulative Preferred Stock all of which were issued in 1980 under a private placement financing agreement. The preferred stock has a par value of $100 per share and a 10.5% dividend rate. It is redeemable over a five-year period commencing December, 1985, at $350,000 annually, with prepayment at the option of the Company. The private placement financing agreement includes certain covenants, the most significant of which restricts dividends and requires that certain financial ratios be maintained.

During 1981, the 2,500 shares of Class A Series II Convertible Cumulative Preferred Stock, par value $100 per share, with a 10.5% dividend rate, were converted into 55,000 shares of common stock. The converted shares were canceled in 1982.

In addition to the above described redeemable preferred stock, the Company has 40,000 authorized but unissued shares of preferred stock having a par value of $100 per share.

INTERNATIONAL MULTIFOODS CORPORATION (FEB)

	1983	1982
	($000)	
Redeemable preferred stock; redemption value $5,103 in 1983; $6,264 in 1982 (page 27)................................	$ 4,860	$ 5,966
Common stockholders' equity: (page 27)		
Common stock. Shares issued: 8,193,997 in 1983; 8,193,751 in 1982..................................	819	8,194
Capital in excess of par value..........	31,439	23,494
Equity adjustment from foreign currency translation............................	(29,155)	(11,384)
Retained earnings........................	215,812	193,477
Treasury stock, at cost. Shares on hand: 73,622 in 1983; 29,000 in 1982...	(2,127)	(633)
Total common stockholders' equity...	216,788	213,148

Capital stock is comprised of both common and preferred issues. The Company has authorized 10,000,000 shares of common stock, summarized as follows:

	Last Day of February		
	1983	1982	1981
Shares issued	8,193,997	8,193,751	8,078,758
Treasury shares.............	(73,622)	(29,000)	(40,607)
Shares issued and outstanding	8,120,375	8,164,751	8,038,151
Shares reserved for:			
Stock option incentive plans...................	170,505	215,805	225,005
Salaried Employees' Voluntary Investment and Savings Plan (VISA) ...	83,423	94,838	94,838
Robin Hood Multifoods Inc. Stock Purchase Plan....................	45,000	45,000	45,000
Total shares reserved.......	298,928	355,643	364,843

The Company has authorized 200,000 shares of Cumulative Redeemable Sinking Fund First Preferred Capital Stock, $100 par value per share, which is redeemable at the option of the Company at $105 per share plus accrued dividends. There is a semiannual sinking fund requirement equal to $1 for each share then outstanding which may be satisfied by repurchases not in excess of the redemption price or by call for redemption. The holders of outstanding shares are entitled to elect one-third of the Company's directors in the event of default in the payment of eight quarterly dividends or in providing four semiannual sinking fund installments.

During 1983, 1982 and 1981, the Company repurchased 11,057 shares, 2,445 shares and 321 shares, respectively, for sinking fund requirements. The maximum combined aggregate amounts of sinking fund requirements for all issues for each of the next five fiscal years is immaterial. Share amounts issued and outstanding were as follows:

	1983	1982	1981
Par value (in thousands):			
4% Series A	$1,578	$2,244	$2,335
4¼% Series C	535	565	565
4½% Series D	950	1,188	1,188
5¼% Series E	1,797	1,969	2,122
Total	$4,860	$5,966	$6,210
Number of shares	48,600	59,657	62,102

The Company has authorized 500,000 shares of Preferred Capital Stock, $1 par value per share, which may be designated and issued as convertible into common shares. None of such shares was outstanding during the three years ended February 28, 1983.

WHITE CONSOLIDATED INDUSTRIES, INC. (DEC)

	1983	1982
	($000)	
Redeemable Preferred Stock	$ 30,919	$ 48,577
Common Stockholders' Equity:		
Common Stock—par value $1 a share: Authorized 50,000,000 shares; Issued 15,728,960 shares at December 31, 1983 and 13,802,772 shares at December 31, 1982	15,729	13,804
Other capital	224,030	145,448
Foreign currency translation adjustment	(5,331)	(4,421)
Retained income	360,039	333,766
Less cost of 436,500 shares of Common Stock in treasury	—	(6,129)
	594,467	482,468

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note G—Redeemable Preferred Stock

Serial Preferred Stock, par value $50 a share, consists of:

	December 31, 1983		December 31, 1982	
	Shares	Amount (In Thousands)	Shares	Amount (In Thousands)
Authorized	655,649		1,030,963	
Outstanding:				
Series A	94,751	$ 4,737	103,866	$ 5,193
Series B	31,548	1,577	33,680	1,684
Series C	505,112	25,256	549,219	27,462
Series D	—	—	319,960	15,998
		31,570		50,337
Less current maturities		651		1,760
		$30,919		$48,577

The Serial Preferred Stock is entitled to one vote per share and to receive cumulative cash dividends at the rate of $3.00 a share (Series A, B and C) and $4.75 a share (Series D) per annum before any dividends are paid upon or set apart for Common Stock. Upon involuntary liquidation, the holder of each share is entitled to $50 plus accumulated unpaid dividends and such shares are redeemable, at the option of the Corporation, at $50 a share. After giving effect to shares acquired on the open market, the annual redemption requirements for the several years following 1983 are: 1984 — $651,000; 1985 — $1,770,000; 1986 — $3,855,000; 1987 — $3,939,000; 1988 — $3,939,000. For the years ended December 31, 1983 and 1982, 375,314 shares (including a repurchase on September 30, 1983, of all the outstanding shares of Series D) and 94,318 shares respectively were redeemed.

The Corporation also has 1,500,000 authorized shares of Serial Preference Stock, par value $50 per share, of which no shares are outstanding.

Note H—Issuance of Common Stock

On May 5, 1983, the Corporation received $82,060,000 from the sale of 2,200,000 shares of its Common Stock. Newly-issued shares accounted for 1,763,500 of the 2,200,000 sold while 436,500 shares came from the Corporation's treasury. The excess of proceeds received over the par value of the newly-issued shares and over the cost of the treasury shares was credited to other capital.

U AND I INCORPORATED (FEB)

	1983	1982
Shareholders' Equity		
Voting Preferred Stock, 5.5% cumulative — par value $23 per share, callable at $25 per share; authorized 100,000 shares in each class:		
Class A—issued and outstanding 75,473 shares in 1983 and 98,420 shares in 1982	$ 1,736,000	$ 2,263,000
Class B—issued and outstanding 92,172 shares in 1983 and 98,425 shares in 1982	2,120,000	2,264,000
Common Stock — par value $5 per share: authorized 5,000,000 shares; issued 2,870,950 shares in 1983 and 2,373,000 shares in 1982, including shares held in the treasury	14,355,000	11,865,000
Paid-in Capital	5,548,000	4,000
Retained earnings	8,336,000	29,366,000
	32,095,000	45,762,000
Cost of 131,608 shares in 1983 and 124,212 shares in 1982 of Common Stock held in the treasury	(1,882,000)	(1,790,000)
Total Shareholders' Equity	30,213,000	43,972,000

THE H.J. HEINZ COMPANY (APR)

	1983	1982
	($000)	
Shareholders' Equity:		
Capital stock:		
3.65% cumulative preferred, $100 par value	$ 903	$ 958
Third cumulative preferred, $1.70 first series, $10 par value	2,559	5,766
Common stock, $1.50 par value	71,769	70,629
	75,231	77,353
Additional capital	98,298	89,528
Retained earnings	1,077,294	940,201
Cumulative translation adjustments	(106,793)	(77,252)
	1,144,030	1,029,830
Less treasury shares, at cost	4,420	—
	1,139,610	1,029,830

NOTES TO FINANCIAL STATEMENTS

3. 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 April 30, 1980	12,864	1,710,228	45,574,312	707,502
Reacquired	(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	(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	—
Reacquired	(558)	—	—	111,729
Converted to common stock	—	(320,725)	481,086	—
Issued on exercise of stock options	—	—	278,620	(1,429)
Balance April 27, 1983	9,025	255,873	47,845,833	110,300
Authorized—April 27, 1983	9,025	255,873	80,000,000	—

The 3.65% cumulative preferred stock is redeemable through the sinking fund at $102.75 per share. Payments (or open market purchases of such stock) aggregating $200,000 are required to be made to the sinking fund on or before October 1 of each year.

Each share of the third cumulative preferred stock, $1.70 first series is convertible into one and one-half shares of common stock at any time or may be redeemed by the company at $30.50 per share at present and at decreasing prices until December 1, 1986, when it may be redeemed at $28.50 per share. Each share entitles the holder to one-half vote.

At April 27, 1983, there were authorized, but unissued, 2,200,000 shares of third cumulative preferred stock for which the series had not been designated.

As of April 27, 1983, there were 3,365,130 shares of common stock reserved for conversion of convertible preferred stock outstanding and in connection with the employees' stock option plans.

Preferred Stock Extended at Stated Value

THE CONTINENTAL GROUP, INC. (DEC)

	1983	1982
	($ Millions)	
Redeemable Preference Shares	$ 249	$ 275
Preferred and Common Stockholders' Equity		
$4.25 cumulative preferred stock	5	5
Common stock (issued: 1983 — 49,239,000 shares; 1982 — 48,940,000 shares adjusted for three-for-two stock split)	49	33
Paid-in capital	343	347
Common stock in treasury	(219)	—
Net unrealized investment gains	72	40
Foreign currency adjustments	39	55
Retained earnings	1,243	1,149
	1,532	1,629

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Redeemable Preference Shares

At December 31, preference shares, stated at involuntary liquidation value, were as follows:

(in millions)	1983	1982
$2.00 cumulative convertible, series A, $1 par value (authorized: 1983 — 6.4 million shares, 1982 — 6.6 million shares, outstanding: 1983 — 6.3 million shares, 1982 — 6.6 million shares)	$156	$160
$2.10 cumulative convertible, series B, $1 par value (authorized: .5 million shares, outstanding: .4 million shares)	10	11
$4.50 cumulative, series C, $1 par value (authorized: 2.1 million shares, outstanding: 1983 — 1.7 million shares, 1982 — 2.1 million shares)	83	104
Undesignated (authorized: 3 million shares)	—	—
	$249	$275

Series A and B shares are subject to mandatory redemption through 40 year sinking funds beginning June 30, 1983 and June 30, 1984, respectively. The Company's purchase of 250,000 shares of series A for $5 million exceeded the series A sinking fund requirements for 1983. Redemption requirements for the series A and B shares through 1987 are $2 million in 1984 (included in current liabilities), and $4 million in each of the next three years.

Series C shares are subject to mandatory redemption through a 40 year sinking fund beginning June 30, 1985. The Company purchased 412,000 shares for $16 million in 1983, 39,000 shares for $1 million in 1982 and 285,000 shares for $9 million in 1981, which are available to satisfy the sinking fund requirements through 1996.

Subject to certain conditions, series A and B shares are redeemable at the option of the Company at prices declining from $26.50 to $25 per share. Series C shares are redeemable at the option of the Company at prices declining from $53.55 to $50 per share beginning June 30, 1987.

In the event of liquidation, after satisfying preferred stockholders' liquidation rights, series A and B stockholders are entitled to $25 per share plus accrued dividends and series C stockholders are entitled to $50 per share plus accrued dividends.

Series A and B shares are convertible into one-half and three-fourths of a common share, respectively. During 1983, 11,000 shares of series A and 56,000 shares of series B were converted into common stock. Series C shares are not convertible. Series A and B stockholders are entitled to three-eighths of one vote per share. Series C stockholders are entitled to three-fourths of one vote per share. The conversion rates and votes per share reflect adjustments for the three-for-two stock split.

Preferred and Common Shares

At December 31, 1983, preferred shares authorized were 150,000 of which 51,000 were outstanding. Preferred stock is redeemable, in whole or in part, at the option of the Company, at $110 per share plus accrued dividends.

At December 31, 1983, common shares authorized were 50,000,000 of which 42,428,000 were outstanding after adjustment for the three-for-two stock split. At December 31, common shares reserved under employee benefit plans were as follows:

	1983	1982
Stock plans	1,328,000	1,423,000
Deferred compensation contracts	58,000	64,000
Long-term incentive plans	76,000	85,000

PRATT-READ CORPORATION (JUN)

	1983	1982
Shareholders' Equity (Note I):		
Capital stock		
Preferred, Series A, $.66 cumulative, convertible, $12 stated value, authorized 450,000 shares, issued 268,498 shares	$ 3,221,976	$ 3,221,976
Common, par value $1.50, authorized 2,500,000 shares, issued 1,555,609 shares	2,333,413	2,333,413
Additional paid-in capital	619,500	619,500
Retained earnings	12,028,755	11,877,813
	18,203,644	18,052,702
Less: shares in treasury at cost, Common (11,736) and Preferred (8,844)	126,376	126,376
Total shareholders' equity	18,077,268	17,926,326

Note I (in part): Common Stock Reservations

As of June 30, 1983, 342,562 shares of common stock were reserved for issuance upon the conversion of preferred stock and the exercise of stock options as follows:

Preferred Stock Series A—218,109 shares

Each share of preferred stock is convertible into 84/100ths of one share of common stock and is redeemable at $12.00 at the option of the Corporation.

BETHLEHEM STEEL CORPORATION (DEC)

	1983	1982
	($ Millions)	
Stockholders' Equity (Note L):		
Preferred Stock — $1 par value—		
Authorized 20,000,000 shares; issued:		
$5.00 Cumulative Convertible Preferred Stock, at $50.00 stated value, 2,500,000 shares	$ 125.0	$ —
$2.50 Cumulative Convertible Preferred Stock, at $25.00 stated value, 4,000,000 shares	100.0	—
Common Stock—$8 par value—		
Authorized 80,000,000 shares; issued 48,308,516 and 45,987,118 shares	620.9	576.0
Retained Earnings	528.7	729.6
	1,374.6	1,305.6
Less: 2,059,012 and 2,305,201 shares of Common Stock held in treasury, at cost.	61.5	68.8
Total Stockholders' Equity	1,313.1	1,236.8

Note L (in part): Stockholders' Equity

Each share of the $5.00 Cumulative Convertible Preferred Stock and the $2.50 Cumulative Convertible Preferred Stock issued in 1983 is convertible into Common Stock at conversion prices of $28.25 and $29.75, respectively, subject to certain events.

OAK INDUSTRIES INC. (DEC)

	1983	1982
	($000)	
Stockholders' Investment		
Cumulative convertible preferred stock.	$ 45	$ 54
Common stock, $1 par value; authorized 40,000,000 shares; issued 16,428,394 shares and 16,402,355 shares at December 31, 1983 and 1982, respectively	16,428	16,402
Paid-in capital	159,588	159,281
Retained earnings	(77,165)	89,932
Less—		
Cumulative translation adjustment	(12,454)	(11,521)
Treasury stock, at cost (80,689 and 88,985 shares of common stock at December 31, 1983 and 1982, respectively)	(27)	(33)
Total stockholders' investment	86,415	254,115

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Cumulative Convertible Preferred Stock:

At December 31, 1983 there were 4,988,064 shares of authorized preferred stock at a stated value of $5 per share. There were 8,939, 10,743 and 14,455 shares of Series C preferred stock issued and outstanding at December 31, 1983, 1982 and 1981, respectively.

Dividends on the Series C preferred stock are cumulative at an annual rate of $1.75 per share. The last quarterly dividend paid by the Company on its Series C preferred stock was for the first quarter of 1983. There are $11,732 of Series C dividends in arrears at December 31, 1983. No dividends can be paid on the Company's common stock until the dividends in arrears are paid.

The Series C preferred stock is redeemable at the option of the Company at $25 per share. Beginning in March 1988, the Company will be required to redeem annually 6,765 shares of the Series C preferred stock at a redemption price of $25 per share ($169,000 annually). Based on the 8,939 shares outstanding at December 31, 1983, the total redemption price of the Series C preferred stock would be $223,475. The Series C preferred stock is convertible at a rate of 6.51 shares of common stock for each share of preferred stock outstanding. Each share of Series C preferred stock is entitled to ½ vote. A total of 58,207 shares of common stock at December 31, 1983 were reserved for issuance in connection with the possible conversion of the Series C preferred stock.

Conversions of preferred stock into common stock during the past three years are as follows:

	1983	1982	1981
Preferred shares converted	1,804	3,712	3,512
Common shares issued	11,742	24,163	22,850

STAUFFER CHEMICAL COMPANY (SEP)

	1983	1982
	($000)	
Redeemable Preference Stock	$ 16,231	$ —
Stockholders' Equity		
Common Stock:		
$1.25 Par — 70,000,000 Shares Authorized; Issued: 1983 — 44,818,013; 1982 — 44,798,763; Outstanding: 1983 — 44,159,087; 1982 — 44,068,126	56,023	55,999
Other Capital	99,899	98,560
Retained Earnings	882,140	941,653
Deferred Translation Adjustment	(6,780)	(4,373)
Reacquired Common Shares—at Cost: 1983 — 658,926; 1982 — 730,637	(6,462)	(7,165)
Stockholders' Equity	1,024,820	1,084,674

NOTES TO FINANCIAL STATEMENTS

Redeemable Preference Stock

At September 30, 1983, there were 1,500,000 shares of no par value preference stock authorized, of which 162,310 shares, designated as Series A Convertible Preference Stock, were issued and outstanding. Each Series A share has a stated and fair value of $100 and entitles its holder to receive quarterly cumulative cash dividends of $2.625. The shares are not redeemable prior to July 1, 1986 and are subject to mandatory redemption during the years 1990 to 1993 at $100 per share. The preference stock is convertible, at the option of the holder, into shares of the Company's common stock at the conversion price of $30 per share. In addition, through July 1986, the preference stock may be exchanged for common stock at the lower of $30 or the then current market price of the common stock, subject to a minimum exchange price of $24.50 per common share. Either the holder or the Company may require conversion of the preference stock during this period.

Preferred Stock Extended at Redemption or Liquidating Value

ASHLAND OIL, INC. (SEP)

	1983	1982
	($000)	
Redeemable preferred stock (1983 redemption value—$357,719,000) — Note G......	$ 343,764	$ 352,579
Common stockholders' equity		
Common stock, par value $1.00 per share		
Authorized — 60,000,000 shares		
Issued — 27,880,000 shares in 1983 and 26,834,000 shares in 1982........................	27,880	26,834
Paid-in capital........................	203,211	169,030
Retained earnings....................	869,348	862,295
Deferred translation adjustments...	(10,404)	(5,749)
Common shares in treasury—at cost (252,000 shares in 1983 and 251,000 shares in 1982)...	(5,211)	(5,179)
	1,084,824	1,047,231

Note G—Redeemable Preferred Stock

Ashland has 15,000,000 authorized shares of cumulative redeemable preferred stock, without par value, issuable in series. At September 30, 1983, 6,665,000 shares were outstanding as follows: $3.96 Series, 3,480,000 shares; 8.375% Series, 35,000 shares; 8.50% Series, 44,000 shares; and $4.50 Series, 3,106,000 shares. Except for the $4.50 Series, all shares are voting.

(In thousands)	Convertible		Nonconvertible		
	$3.96 Series	8.375% Series	8.50% Series	$4.50 Series	Total
Balance at October 1, 1980........	$ —	$42,500	$50,000	$152,872	$245,372
Issued 3,482,000 shares in the acquisition of Integon........	121,859				121,859
Purchased 171,000 shares........				(7,713)	(7,713)
Redeemed 2,500 shares........		(2,500)			(2,500)
Amortization of discount and other changes........	772				772
Balance at September 30, 1981........	122,631	40,000	50,000	145,159	357,790
Redeemed 5,625 shares........		(2,500)	(3,125)		(5,625)
Purchased 20,000 shares........				(887)	(887)
Converted 1,000 shares........	(33)				(33)
Amortization of discount........	1,334				1,334
Balance at September 30, 1982........	123,932	37,500	46,875	144,272	352,579
Redeemed 5,625 shares........		(2,500)	(3,125)		(5,625)
Purchased 100,000 shares........				(4,491)	(4,491)
Converted 1,000 shares........	(30)				(30)
Amortization of discount........	1,331				1,331
Balance at September 30, 1983........	$125,233	$35,000	$43,750	$139,781	$343,764

Preferred stocks are carried at redemption value except for the $3.96 Series. The $3.96 Series was recorded at its $35 per share fair value at the date of issuance. The difference between the fair value and the redemption value of $40 per share is being amortized over the life of the issue. Shares of this issue are convertible into common stock on a one for one basis.

Mandatory redemption requirements for the $4.50 Series begin in 1992. Annual mandatory redemption requirements for the remaining preferred issues are $5,625,000 through 1986, $12,509,000 in 1987 and $12,588,000 in 1988.

Ashland also has 15,000,000 authorized shares of cumulative preference stock, without par value, issuable in series. None of these shares have been issued at September 30, 1983.

Note H—Common Stockholders' Equity

In 1983, Ashland issued 693,000 shares of common stock in exchange for $29,363,000 outstanding principal amount of long-term debt issues. The prepayment of such debt issues resulted in an extraordinary nontaxable gain of $6,196,000 ($.23 per share) which represents the excess of the carrying amount of the long-term debt (after deducting unamortized debt expense and expenses of the exchange) over the fair market value of the common stock issued.

At September 30, 1983, 4,300,000 shares of common stock are reserved for conversion of the 4¾% Convertible Subordinated Debentures and $3.96 Cumulative Preferred Stock and for issuance under outstanding incentive stock options.

GENERAL REFRACTORIES COMPANY (DEC)

	1983	1982
	($000)	
Preferred Shares—First Series, without par value, $5 cumulative convertible, stated at redemption value of $105 per share, shares authorized 63,865, outstanding 4,937 in 1983 and 6,301 in 1982	$ 518	$ 662
Serial Preference Shares, without par value, issuable in series, authorized 2,000,000 shares, none issued	—	—
Common Shareholders' Equity		
Common shares, par value $.50 in 1983 and $5.00 in 1982, authorized 10,000,000 shares, issued 3,804,009 shares	1,902	19,020
Paid-in capital	35,538	18,485
Accumulated deficit	(23,488)	(20,401)
Foreign currency translation adjustment	(3,327)	894
	10,625	17,998
Less 6,000 treasury shares, at cost	83	83
Common shareholders' equity	10,542	17,915

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Redeemable Preferred Shares

The Preferred Shares—First Series are convertible into five common shares and are subject to mandatory redemption provisions. Pursuant to the terms of the outstanding Preferred Shares—First Series, the Company was required on December 31, 1982 to redeem 6,293 shares at a price of $105 per share. The Company did not redeem the shares at that time. During 1983, the Company redeemed 1,364 shares at $105 per share. The Company previously had obtained the agreement of the holders of the remaining 4,937 outstanding shares to defer redemption until December 31, 1984 in consideration of an increase in cash dividends from $5 to $12 per share annually.

Dividends paid in 1983 were charged against paid in capital because of the accumulated deficit. Dividends paid in 1982 and 1981 were charged to retained earnings.

14 (in part): Capital Stock and Stock Purchase Options and Warrants

During 1983, the shareholders voted to reduce the par value of the Company's common stock from $5 to $.50 per share. This resulted in a reclassification of $17,118,000 from par value of common shares to paid-in capital in the balance sheet. Total shareholders' equity was not affected by the reduction in par value.

During 1983, in connection with obtaining improved terms under its second domestic bank credit agreement, the Company issued to certain of the banks warrants to acquire up to 195,000 shares of the Company's common stock at a price of $3 per share (Note 11). One-third of the warrants are exercisable currently, one-third becomes exercisable after June 15, 1984 and the balance after June 15, 1985. All of the warrants expire on June 15, 1989.

CERTAINTEED CORPORATION (DEC)

	1983	1982
	($000)	
Redeemable Preferred Stock:		
Series D, $1 par value, issued and outstanding 1,440,000 and 1,600,000 shares ($25 per share liquidation preference and mandatory redemption price)	$ 36,000	$ 40,000
Nonredeemable Preferred Stock:		
Series C Convertible, $1 par value, issued and outstanding 1,000,000 shares in 1982	-0-	1,000
Common Stock:		
$1 par value, authorized 40,000,000 shares, issued and outstanding 18,968,587 and 14,317,703 shares	18,969	14,318
Capital in Excess of Par Value	188,957	120,077
Cumulative Translation Adjustments	(8,676)	(8,676)
Retained Earnings	188,749	160,737

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8: Redeemable Preferred Stock

A total of 4,000,000 shares is authorized collectively for all series of preferred stock. The Series D Preferred Stock is entitled to one vote per share. Dividends are cumulative at an annual rate of 7⅝% and payable quarterly. The mandatory redemption requirements are $4 million annually on each January 1 in the years 1984 through 1987, and the remaining $20 million on January 1, 1988. The Company's parent, Compagnie de Saint-Gobain ("Saint-Gobain"), owns 55% of these shares.

GREAT NORTHERN NEKOOSA CORPORATION (DEC)

	1983	1982
	($ Millions)	
Shareowners' investment:		
Preferred stock (6,000,000 shares authorized, 800,000 shares of $4.75 convertible exchangeable outstanding as of December 31, 1983)	$ 40.0	$ —
Common stock ($5 par value, 36,000,000 shares authorized, 24,840,212 and 24,445,857 shares outstanding as of December 31, 1983 and 1982)	124.2	122.2
Additional paid-in capital	59.4	52.3
Reinvested earnings	678.6	630.9
Total shareowners' investment	902.2	805.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 (in part): Shareowners' Investment

In 1983, the company issued 800,000 shares of $4.75 convertible exchangeable preferred stock at $50 a share. Each preferred share is entitled to one vote, an annual dividend of $4.75 (cumulative) and a preference of $50 in liquidation, and is convertible into 1.38581 shares of common stock. The company may redeem the preferred stock at $50 a share plus a specified declining premium, but prior to March 31, 1986, only if certain conditions are met. Beginning March 31, 1985, the company may exchange the preferred shares for 9½% convertible subordinated debentures due 2013 at a rate of $50 principal amount per debenture for each preferred share exchanged.

Authorized and unissued shares of the company's common stock were reserved for:

	December 31,		
	1983	1982	1981
Conversion of debentures	17,543	22,278	25,157
$4.75 convertible exchangeable preferred stock	1,108,648	—	—
Stock options granted, but not exercised	901,409	831,627	666,869
Stock options authorized, but not granted	750,234	1,052,319	343,518

Fair Value

ANHEUSER-BUSCH COMPANIES, INC. (DEC)

	1983	1982
	($ Millions)	
Convertible redeemable preferred stock (liquidation value $300.0)	$ 286.0	$ 285.0
Common stock and other shareholders equity:		
Preferred stock, $1.00 par value, authorized 32,498,000 shares in 1983 and 1982; none issued	—	—
Common stock, $1.00 par value, authorized 200,000,000 shares in 1983 and 100,000,000 shares in 1982; issued 48,514,214 and 48,416,087 shares, respectively	48.5	48.4
Capital in excess of par value	167.2	162.7
Retained earnings	1,555.4	1,316.4
Foreign currency translation adjustment	(3.7)	—
	1,767.4	1,527.5
Less cost of 119,552 shares in 1983 and 124,452 shares in 1982 of treasury stock	.9	.9
	1,766.5	1,526.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 (in part): Acquisition 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.

10. Preferred Stock

In connection with the acquisition of Campbell Taggart, the company issued 7,500,766 shares of convertible redeemable preferred stock, par value $1. The convertible redeemable preferred stock has a redemption value of $40, requires dividend payments at a rate of $3.60 per year, is non-callable for five years and subject to mandatory redemption at the end of fifteen years. The preferred shares are also convertible into .645 of a share of the company's common stock and have voting rights in this ratio. The difference between the redemption value and the carrying value is being amortized over fifteen years.

SYNTEX CORPORATION (JUL)

	1983	1982
	($000)	
Redeemable Preferred Stock	$ 9,612	$ 11,155
Common Shareholders' Equity:		
Common stock	41,370	41,370
Capital in excess of par value	18,671	17,191
Retained earnings	716,512	613,269
Cumulative translation adjustments	(22,483)	
Common stock in treasury—at cost	(142,124)	(81,666)
Total common shareholders' equity	611,946	590,164

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Redeemable Preferred Stock

During 1981, the outstanding shares of Class A preferred stock were converted into common stock or redeemed.

Class B and Class C preferred stock each have a redemption value of $11.25 per share. Class B preferred shares are each convertible into .57672 of a common share at any time. Class C preferred shares are not convertible. Both Class B and Class C preferred shares are redeemable at the company's option after May 31, 1984, but not to exceed 499,000 shares per year except under certain circumstances. In each of the five years subsequent to May 31, 1984, 150,000 shares of Class C preferred must be redeemed. The remaining shares of Class B preferred must be redeemed by May 31, 1989. The Class B and Class C preferred shares have no voting rights unless the company is in default on three consecutive quarterly preferred dividends. The annual dividend rate is $.75 per share on Class B and $1.00 per share on Class C preferred shares. Dividends are cumulative.

Class B and Class C preferred shares rank equally and are ranked ahead of common shares in liquidation and dissolution. This preference is limited to the shares' respective redemption values plus accrued and unpaid dividends. No dividend may be declared or paid on common shares unless accrued preferred share dividends have been paid.

The preferred shares have been recorded at their fair value at the date of issuance. The difference between the fair value and the redemption price of Class C shares is regarded as an imputed dividend and amortized over the period the shares are expected to be outstanding.

A summary of preferred stock activity for fiscal years 1983, 1982 and 1981 follows (dollars in thousands):

	Class A		Class B		Class C	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized	212,448		1,500,000		1,500,000	
Outstanding August 1, 1980	138,935	$4,810	719,731	$8,097	748,814	$7,925
Shares converted to common stock	(115,090)	(4,026)	(298,422)	(3,357)		
Shares returned from escrow	(19,099)	(668)				
Shares redeemed	(4,746)	(167)				
Other		51				93
Outstanding July 31, 1981	—	—	421,309	4,740	748,814	8,018
Shares converted to common stock			(145,931)	(1,642)		
Other						39
Outstanding July 31, 1982	—	—	275,378	3,098	748,814	8,057
Shares converted to common stock			(145,343)	(1,635)		
Other						92
Outstanding July 31, 1983	—	—	130,035	$1,463	748,814	$8,149
Redemption value:						
July 31, 1983				$1,463		$8,424
July 31, 1982				$3,098		$8,424

TESORO PETROLEUM CORPORATION (SEP)

	1983	1982
	($000)	
$2.20 Redeemable Cumulative Convertible Preferred Stock; $1 stated value; 2,875,000 shares outstanding; redemption and liquidation value of $58,291 (Note K)	$ 57,170	$ —
Nonredeemable Preference Shares, Common Shares and Other Stockholders' Equity (Note L):		
Preferred stock, no par value; authorized 5,000,000 shares including redeemable preferred shares:		
8% convertible preferred stock; $100 stated value; 1,000 shares outstanding; liquidation preference of $102	100	100
$2.16 cumulative convertible preferred stock; $1 stated value; 1,323,562 shares outstanding (1,331,864 in 1982); liquidation preference of $33,327 ($33,536 in 1982)	1,324	1,332
Common stock, par value $.16⅔; authorized 50,000,000 shares; issued and outstanding 13,723,745 shares (13,669,190 in 1982)	2,287	2,278
Additional paid-in capital	84,609	84,195
Retained earnings	348,141	311,779
	436,461	399,684
Less deferred compensation	1,163	1,583
	435,298	398,101

Note K—Redeemable Preferred Stock (mandatory)

On March 2, 1983, the Company sold 2,875,000 shares of a series of redeemable preferred stock at $20 per share to two life insurance subsidiaries of The Charter Company. Subject to certain conditions, the Charter life insurance subsidiaries have agreed that for a period of up to ten years they will not purchase more than 30 percent of the Company's voting shares without consent of the Company's Board of Directors. Also, consistent with the size of the investment in the Company, the Company has agreed that the Charter life insurance subsidiaries will be entitled to two seats on the Company's Board of Directors. In May 1983, one of the life insurance subsidiaries sold all of its holdings in the Company's redeemable preferred stock to another life insurance subsidiary of The Charter Company, which remains bound by the aforementioned agreement. At September 30, 1983, the Charter life insurance subsidiaries owned 25.1% of the Company's voting shares made up of redeemable preferred stock and common stock holdings.

The new class of stock, of which there were 2,875,000 shares authorized, issued and outstanding at September 30, 1983, has been designated the $2.20 Redeemable Cumulative Convertible Preferred Stock. This series has one vote per share, is convertible into .8696 shares of common stock for each share of preferred stock, has a stated value of $1 per share, a liquidation price of $20 per share and is redeemable at the option of the Company after February 15, 1988, at $21 per share, declining $.20 annually to $20 per share plus in each case accrued and unpaid dividends. Beginning February 15, 1994 and each year following as long as shares are outstanding, the Company is required to set aside an amount sufficient to effect the mandatory redemption of the shares outstanding at the rate of 6⅔% per year.

The redeemable preferred stock was recorded at fair value on the date of issuance less issue costs. The excess of the redemption value over the carrying value is being accreted by periodic charges to retained earnings over the life of the issue.

Note L (in part)—Nonredeemable Preference Shares, Common Shares And Other Stockholders' Equity

The Company has designated a class of preferred stock, of which there were 1,323,562 and 1,331,864 shares outstanding at September 30, 1983 and 1982, respectively, and 200,000 shares reserved for the granting of options under a stock option plan of the Company. This class, designated the $2.16 Cumulative Convertible Preferred Stock, has voting rights, is convertible into common stock at the rate of 1.7241 shares of common stock for each share of preferred stock, has a stated value of $1 per share, a liquidation value or repurchase price of $25 per share, and is repurchasable at the option of the Company after January 1, 1980, at $27.50 per share, declining $.50 annually to $25 per share.

The Company has designated a class of preferred stock, of which there were 1,000 shares outstanding at September 30, 1983 and 1982, which have a stated and liquidation value of $100 per share, voting rights, a cumulative dividend rate of 8%, are convertible at $12.50 per common share, subject to adjustment in certain cases, and are repurchasable at the option of the Company after February 1, 1978, at stated value.

The Company purchased 5,000,000 shares of its common stock (approximately 24% of the outstanding shares on a fully diluted basis) at $22 per share in cash on August 27, 1982, and subsequently cancelled those shares.

TABLE 2-34: ADDITIONAL PAID-IN CAPITAL—CAPTION TITLE

	1983	1982	1981	1980
Additional paid-in capital	214	208	194	187
Capital in excess of par or stated value	158	160	169	170
Capital surplus	47	50	56	62
Additional capital, or other capital	46	49	49	48
Paid-in capital, or other paid-in capital	36	32	35	30
Paid-in surplus	10	13	12	13
Other captions	17	18	12	13
	528	530	527	523
No additional paid-in capital account	72	70	73	77
Total Companies	**600**	**600**	**600**	**600**

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.

AMERICAN MAIZE-PRODUCTS COMPANY (DEC)

	1983	1982
Stockholders' equity:		
Capital stock:		
Common, Class A, $.80 par value; authorized 8,750,000 shares; issued 3,643,857 shares in 1983 and 3,631,870 shares in 1982	$ 2,915,000	$ 2,906,000
Common, Class B, $.80 par value; authorized 2,500,000 shares; issued 1,809,282 shares in 1983 and 1982	1,447,000	1,447,000
Capital in excess of par value of common stock	16,884,000	16,764,000
Retained earnings	93,975,000	92,893,000
	115,221,000	114,010,000
Less, Common stock in treasury, at cost: Class A, 185,259 shares in 1983 and 188,885 shares in 1982; Class B, 50,925 shares in 1983 and 1982	2,042,000	2,072,0900
Less, Unrealized loss on noncurrent marketable equity securities	264,000	—
Total stockholders' equity	112,915,000	111,938,000

EASCO CORPORATION (DEC)

	1983	1982
	($000)	
Common shareholders' equity		
Common stock, $2.50 par value, authorized 10,000,000 shares; issued 6,799,216 and 5,483,350 shares	16,997	9,139
Paid-in capital in excess of par value	31,846	14,745
Retained earnings	68,510	64,787
Less: 57,157 shares of common stock in treasury at cost	(536)	(536)
Total common shareholders' equity	116,817	88,135

PETTIBONE CORPORATION (MAR)

	1983	1982
	($000)	
COMMON STOCKHOLDERS' EQUITY		
Common stock—authorized, 10,000,000 shares of $10 par value; issued, 3,189,546 in 1983 and 3,186,268 in 1982	$31,895	$31,863
Additional contributed capital	6,542	6,505
	38,437	38,368
Retained earnings	12,290	60,390
Foreign currency translation adjustment	(164)	—
	50,563	98,758
Less common stock reacquired and held in treasury—at cost; 403,613 shares in 1983 and 1982	3,148	3,148
Total common stockholders' equity	47,415	95,610

PFIZER INC. (DEC)

	1983	1982	1981
	(millions of dollars)		
Shareholders' Equity			
Preferred stock, without par value; 2,000,000 shares authorized, none issued	$ —	$ —	$ —
Common stock $.10 par value; 300,000,000 shares authorized; issued 1983 — 159,847,269; 1982 — 157,715,756; 1981 — 153,866,096	16.0	15.8	15.4
Capital paid-in, in excess of par value	453.5	391.0	295.3
Retained earnings	1,848.2	1,591.8	1,406.4
Currency translation adjustment	(132.8)	—	—
	2,184.9	1,998.6	1,717.1
Less common stock in treasury, at cost: 1983 — 275,166 shares; 1982 — 535,176 shares; 1981 — 732,446 shares	4.1	2.0	.8
Total shareholders' equity	2,180.8	1,996.6	1,716.3

SUNDSTRAND CORPORATION (DEC)

	1983	1982
	($000)	
Stockholders' Equity		
Common Stock, par value $1; authorized 50,000,000 shares; issued 1983 — 18,550,215 shares, 1982 — 18,550,216 shares	$ 18,550	$ 18,550
Additional contributed capital	115,646	115,646
Retained earnings	389,221	377,914
Foreign currency translation adjustment	(8,619)	(7,397)
Treasury Common Stock at cost; 1983 — 256,966 shares, 1982 — 250,346 shares	(7,825)	(7,506)
Unamortized value of restricted stock issued	(6,574)	(8,206)
	500,399	489,001

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.

ARMADA CORPORATION (DEC)

	1983	1982
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par: Authorized: 1,000,000 shares Outstanding: None		
Common stock, $1 par: Authorized: 4,000,000 shares Outstanding: 1,535,848 shares.	$ 1,536,000	
1,535,855 shares.		$ 1,536,000
Additional paid-in capital	10,951,000	10,951,000
Earnings retained for use in the business	18,425,000	18,124,000
Cumulative foreign currency adjustment	(187,000)	(170,000)
	30,725,000	30,441,000

EX-CELL-O CORPORATION (NOV)

	1983	1982
	($000)	
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value: Authorized and unissued — 5,000,000 shares	$ —	$ —
Common stock, par value $3 a share: Authorized — 50,000,000 shares Issued — 15,363,535 shares	46,091	46,091
Additional paid-in capital	57,648	57,343
Earnings reinvested in the business	364,237	337,103
Foreign currency translation adjustment	(12,423)	—
	455,553	440,537
Less cost of treasury stock — 1,191,739 shares in 1983; 1,050,876 shares in 1982	28,218	24,633
Total shareholders' equity	427,335	415,904

TABLE 2-35: RETAINED EARNINGS—CAPTION TITLE

	1983	1982	1981	1980
Retained Earnings	481	482	484	474
Retained earnings with additional words	17	22	24	27
Earnings with additional words	52	54	57	54
Income with additional words	20	20	19	24
Earned Surplus	3	3	2	3
Companies with deficits	27	19	14	18
Total Companies	**600**	**600**	**600**	**600**

THE KROGER CO. (DEC)

	1983	1982
	($000)	
SHAREOWNERS' EQUITY		
Convertible preferred capital stock	$ —	$ 50,000
Common capital stock, par $1, at stated value Issued: 1983 — 47,392,142 shares 1982 — 47,134,665 shares	357,408	350,628
Accumulated earnings	820,944	792,641
Common stock in treasury, at cost 1983 — 2,647,451 shares 1982 — 2,635,824 shares	(99,203)	(98,749)
Net unrealized loss on marketable equity securities	(6,297)	(8,175)
Total Shareowners' Equity	1,072,852	1,086,345

NATIONAL INTERGROUP, INC. (DEC)

	1983	1982
	($000)	
Stockholders' Equity		
Common Stock, par value $5 per share — authorized 30,000,000 shares, issued — 1983 — 20,780,539 shares and 1982 — 19,780,555 shares	$103,903	$ 98,903
Capital in excess of par value	147,363	134,689
Income retained for use in the business	636,417	805,008
	887,683	1,038,600
Less cost of common stock held in treasury — 1983 — 462,554 shares, 1982 — 1,136,811 shares	12,758	31,353
	874,925	1,007,247

RALSTON PURINA COMPANY (SEP)

	1983	1982
	($ Millions)	
Shareholders Equity		
Preferred stock, $1 par value, authorized 6,000,000 shares — None outstanding		
Common stock, $.41⅔ par value, authorized 180,000,000 shares — Issued 112,015,371 shares in 1983 and 108,182,395 in 1982	$ 46.7	$ 45.1
Capital in excess of par value	144.3	87.8
Earnings invested in the business	1,251.6	1,077.9
Cumulative translation adjustment	(40.8)	(25.6)
Common stock in treasury, at cost — 16,903,420 shares in 1983 and 6,702,556 in 1982	(297.7)	(85.1)
Total Shareholders Equity	1,104.1	1,100.1

REVERE COPPER AND BRASS INCORPORATED (DEC)

	1983	1982
	($000)	
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50 Authorized — 10,000,000 shares; issued — 5,694,937 shares Outstanding — 5,694,372 shares (1982 — 5,691,572)	$50,584	$50,556
Retained earnings (deficit)	(3,891)	(18,933)
Total stockholders' equity	46,693	31,623

J.P. STEVENS & CO., INC. (OCT)

	1983	1982
	($000)	
Shareowners' Equity		
Preferred stock— no par value: Authorized 10,000,000 shares Issued None		
Common stock—par value $7.50 a share: Authorized 40,000,000 shares (1983); 20,000,000 shares (1982) Issued 18,669,300 shares (1983); 15,139,166 shares (1982)	$140,020	$113,544
Capital in excess of par value	134,857	89,111
Accumulated earnings	291,729	293,587
	566,606	496,242
Less: Cost of common stock in treasury, 412,076 shares in 1983; 673,203 shares in 1982	5,624	9,001
Total shareowners' equity	560,982	487,241

SIMPLICITY PATTERN CO. INC. (DEC)

	1983	1982
	($000)	
SHAREHOLDERS' EQUITY		
Preferred stock, $1.00 par value		
Authorized — 10,000,000 shares		
Issued — None	$ —	$ —
Common stock, 8-1/3 cents par value		
Authorized — 30,000,000 shares		
Issued — 13,733,229 shares	1,144	1,144
Capital in excess of par value	48,122	48,122
Earnings retained in business	89,320	79,731
	138,586	128,997
Less treasury stock, at cost (1,919,000 and 1,609,600 common shares)	14,742	11,487
	123,844	117,510

UNIVERSAL VOLTRONICS CORP. (JUN)

	1983	1982
Shareholders' Equity:		
Common stock—$.05 par value:		
Authorized — 10,000,000 shares in 1983		
Issued — 2,682,838 shares in 1983 and 1,912,838 shares in 1982	$ 134,142	$ 95,642
Additional paid-in capital	3,995,920	502,668
Retained earnings (deficit)	(1,222,047)	418,467
Treasury stock, at cost—28,880 shares	(3,304)	(3,304)
Total Shareholders' Equity	2,904,711	1,013,473

STOCK OPTION AND STOCK PURCHASE PLANS

Chapter 13B of *ARB 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.

Recently, it has become common for companies to either grant stock options in tandem with stock appreciation rights or to convert stock options into incentive stock options. *FASB Interpretation No. 28* discusses stock appreciation rights while *FASB Technical Bulletin 82-2* discusses the conversion of stock options into incentive stock options.

Five hundred twenty-seven companies disclosed the existence of stock option plans. Examples of stock option and stock purchase plans follow.

STOCK OPTION PLANS

ANDERSON, CLAYTON & CO. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 1983, June 30, 1982 and June 30, 1981 is tabulated as follows:

(Shares)		June 30	
	1983	1982	1981
Under option	304,713	361,501	353,105
Exercisable	118,825	130,180	133,043
Exercised during the year	60,688	51,839	55,437
Granted during the year	24,000	92,550	154,300
Expired	—	—	61,700
Cancelled	20,100	32,315	17,513
Available for option	238,696	247,646	323,671

Price per share of shares under option was $9.00 to $31.375 at June 30, 1983, $9.00 to $28.125 at June 30, 1982 and 9.00 to $23.75 at June 30, 1981. Price per share of options exercised during the year was $9.00 to $23.75 in 1983, $9.00 to $23.625 in 1982 and $9.00 to $20.50 in 1981.

There were 7,000 stock appreciation rights issued during 1983 at $31.375, none in 1982 and 26,750 in 1981 at $22.125 to $22.50. Stock appreciation rights of 13,950 and 8,250 which had been issued in 1981 and 1979, respectively, were cancelled in 1982 upon conversion of the corresponding stock options into Incentive Stock Options under the Economic Recovery Tax Act of 1981. Stock appreciation rights on 600 shares were exercised during 1983 at $20.50, 1,000 shares during 1982 at prices of $20.50 and $22.125 and none in 1981. Stock appreciation rights on 3,700 shares in 1983, 5,500 shares in 1982 and 750 shares in 1981 were cancelled. Rights exercisable were 13,100 at June 30, 1983, 11,137 at June 30, 1982 and 12,375 at June 30, 1981.

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.

AVNET, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Stock Incentive and Option Programs

Under the stock incentive program, a total of 616,628 shares are still available for award based on operating achievements. Delivery of incentive shares is spread equally over a 4-year period and is subject to the employee's continuance in Avnet's employ. The program will terminate on October 31, 1985 but may be terminated by the Board of Directors at any time. Charges against continuing operations for 1983, 1982 and 1981 were $1,200,000, $1,075,000 and $1,620,000, respectively.

The stock option plan adopted by the shareholders of the Company in December 1979 provides for the granting of non-qualified options at prices which must be at least 50% of the fair market value at the date of grant. The excess of the fair market value over the exercise price of the option is considered deferred compensation which is amortized and charged to income as it is earned. Charges against continuing operations for 1983, 1982 and 1981 were $964,000, $889,000 and $482,000, respectively. The plan also provides for the granting of stock appreciation rights, but through June 30, 1983 none have been granted. Options are exercisable starting one year from the date of grant to the extent of 25% a year on a cumulative basis and expire five years after the date of grant.

In November 1981, the shareholders of the Company adopted the Avnet 1981 Stock Option Plan providing for the granting of incentive stock options under the Internal Revenue Code. The plan provides for the granting of options at a purchase price of at least 100% of the fair market value on the date the options are granted. Options granted under the 1981 plan may be exercisable in whole or in installments on a cumulative or noncumulative basis. Options will expire not later than ten years after the date of grant.

Under the 1979 and 1981 stock option plans, a total of 702,543 shares are still available for grant. Pertinent information covering the plans follows:

	1983	1982*	1981*
At June 30			
Shares under options:			
Number of shares	547,408	497,628	553,190
Option prices per share	$6.82-42.13	$6.82-12.50	$6.82-12.50
Market prices per share when granted	$11.16-42.13	$6.91-24.80	$6.91-24.80
Shares issuable under exercisable options	221,287	143,658	103,404
During the year			
Shares issued under options granted	53,799	80,280	21,930
Option prices per share	$8.64-11.50	$6.82-8.64	$6.91-8.64

*After giving effect to the 2-for-1 stock split and 10% stock dividend declared in 1983 and 1981, respectively.

COLLINS & AIKMAN CORPORATION (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, except per share data)

5. Stock Options

The Company has stock option plans in effect for officers and key employees. In June 1982, the stockholders approved a new stock option plan (the "1982 Plan") under which an aggregate of 300,000 shares of common stock may be issued as incentive stock options or options which will not be qualified as incentive options (non-qualified options). Under the previously approved 1974 and 1971 Stock Option Plans, an aggregate of 350,000 shares and 200,000 shares, respectively, of common stock were authorized to be issued upon the exercise of non-qualified options. In January, 1982, the 1974 and 1971 Plans were amended to provide for granting of incentive stock options and the conversion of certain existing non-qualified options into incentive stock options as permitted by the Economic Recovery Tax Act of 1981.

Options granted under the 1982 and 1974 Plan may include a stock appreciation right, either at the time of grant or by amendment. Options may be granted at amounts not less than market value at date of grant and are exercisable for a period not exceeding ten years from the date of grant. No option may be exercised during the first year following the grant. Options may no longer be granted under the 1971 Plan.

The changes in the number of common shares under option for 1983 are summarized as follows:

	Number of Shares	Price Range
Outstanding at beginning of year	299,500	$ 8.00 to $11.94
Granted	105,500	$11.56 to $22.00
Exercised	(149,888)	$ 8.00 to $10.50
Stock appreciation rights exercised	(60,912)	$ 8.00 to $ 9.25
Outstanding at end of year	194,200	$ 8.00 to $22.00
Exercisable at end of year	88,700	
Available for grant at beginning of year	23,200	
Available for grant at end of year	217,700	

During 1982, 39,500 options and 30,000 stock appreciation rights were exercised at prices ranging from $8.00 to $9.25 and $7.31 to $8.06, respectively. No options or stock appreciation rights were exercised in 1981.

COMPUGRAPHIC CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Stock Options and Warrants

1977 Stock Option Plan

Under the terms of the Company's non-qualified 1977 Stock Option Plan (the "1977 Plan"), options may be granted at not less than fair market value as of the date of the grant and must be exercised within five years of the date of grant. The options are exercisable each year starting one year from the date of grant, on a cumulative basis at the annual rate of 25 percent of the total number of shares covered by the option. In 1982, optionees exchanged substantially all outstanding options granted under the 1977 plan for new options under the Company's 1981 Stock Option Plan (the "1981 Plan").

1981 Stock Option Plan

On January 22, 1982, the Company's shareholders approved the 1981 Plan, which permits the Company to grant new options for 250,000 shares of common stock. Also approved was the Company's proposal to exchange options for up to 357,000 shares of common stock previously granted under the 1977 Plan for new options to be granted under the 1981 Plan. Under the terms of the 1981 Plan, the Company may grant "incentive stock options" or "non-qualified options" at not less than the fair market value as of the date of grant. Both "incentive" and "non-qualified" options must be exercised within five years of the date of grant.

Options granted pursuant to the exchange proposal are exercisable at the date of grant for 25 percent of the shares, with the balance to become exercisable cumulatively in three installments of 25 percent each year thereafter. Options subsequently granted under the 1981 Plan are exercisable cumulatively in four installments of 25 percent each year beginning one year after the date of grant.

Activity and price information regarding both plans follows:

	Shares	Stock Options Price Range
Outstanding September 27, 1980..	290,348	$ 9.44-20.31
Granted	158,900	17.50-28.00
Exercised	(38,515)	9.44-19.88
Cancelled or expired	(34,927)	9.44-28.00
Outstanding, October 3, 1981	375,806	$12,19-23.38
Granted	324,665	10.00-15.00
Cancelled, expired or exchanged ..	(392,951)	12.19-23.38
Outstanding, October 2, 1982	307,520	$10.00-15.00
Granted	165,600	17.63-24.13
Exercised	(51,352)	12.25-13.88
Cancelled	(11,517)	13.88-20.00
Outstanding, October 1, 1983	410,251	$12.25-24.13

Stock options exercisable were 94,316 on October 1, 1983, 76,105 on October 2, 1982, and 161,618 on October 3, 1981. Shares reserved but unissued under the stock option plans at October 1, 1983 and October 2, 1982 were 196,924 and 351,007, respectively.

Options exercisable at October 1, 1983 had an average price of $13.88.

Accounting for Options

No accounting recognition is given to stock options until they are exercised, at which time the proceeds are credited to the capital accounts. With respect to non-qualified options, the Company recognizes a tax benefit upon exercise of these options in an amount equal to the difference between the option price and the fair market value of the common stock. With respect to incentive stock options, tax benefits arising from disqualifying dispositions are recognized at the time of disposition. Tax benefits related to stock options are credited to capital in excess of par value.

Warrants

In connection with the 1975 sale of 11 percent subordinated notes by Graphic Credit, the Company sold warrants to purchase 240,000 shares of the Company's common stock for $10 per share. Warrants for the purchase of 60,000 common shares have been exercised. As of October 1, 1983, 180,000 shares have been reserved for issuance upon exercise of the warrants outstanding.

GENERAL FOODS CORPORATION (MAR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Stock Option Plans

Under a stock option plan approved in July 1982, selected employees may be granted options to purchase General Foods common stock for periods not exceeding ten years at a price that is not less than 100 per cent of fair market value on the date of grant. Options granted under the plan become exercisable over a two-year period commencing one year following the date of grant. A grantee's previously acquired shares of the company's common stock will be accepted by the company as a form of payment upon exercise of the option. The plan also provides for the granting of stock appreciation rights applicable to options, subject to certain conditions and limitations. Stock appreciation rights entitle an employee to receive payment in cash, shares of common stock or a combination of the two at the company's discretion, in exchange for the surrender of related unexercised stock options. The excess, if any, of the market value over the option price of the stock appreciation rights is accrued periodically as a charge to income. Options granted under the 1972 and 1977 plans have terms similar to the 1982 plan, except that no further grants may be made from those plans. Stock option activity under all plans during fiscal 1983 was as follows:

	Number of Shares	Option Price Per Share	Option Price Aggregate (In thousands)
Options outstanding April 3, 1982	1,116,880	$17-36	$33,272
Options granted	206,100	$40	8,168
	1,322,980		41,440
Deduct:			
Options exercised	196,506	$17-36	5,386
Options canceled	60,699	$26-36	1,876
	257,205		7,262
Options outstanding April 2, 1983 (676,393 shares exercisable)	1,065,775	$17-40	$34,178

At April 2, 1983 approximately 200,000 stock appreciation rights were outstanding to selected employees under related stock option grants; no rights were granted during fiscal 1983. The amount charged to expense during fiscal 1983, 1982 and 1981, as a result of appreciation in value for the rights outstanding, was $1.4, $.2, and $.2 million, respectively.

The proceeds from sale of common stock for options exercised are credited to the common stock account at par and the excess over par is credited to additional paid-in capital. The difference between option price and market value on dates of exercise approximated $2.7 million for shares issued during fiscal 1983. At April 2, 1983 there were 793,900 shares available for options which may be granted through July 15, 1987.

JOY MANUFACTURING COMPANY (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14: Stock Option and Stock Purchase Plans

Stock Option Plan

The Company has two stock option plans: the 1982 Stock Option Plan, approved by shareholders on January 20, 1982, and the 1974 Stock Option Plan, which was suspended as to future grants upon shareholder approval of the 1982 Plan. The Plan authorizes the grantings of options at not less than 100% of market value of the shares on the date the options are granted. Non-qualified options may provide for the surrender of all or a portion of the option for cash, shares of common stock or a combination of both, equal to the difference of the fair market value on the date surrendered over the option price of the surrendered shares. Stock options under the 1982 Plan may be exercised by payment of the option price in shares of stock (subject to certain holding requirements) or in cash, or combination of both. Payment of the option price by the delivery of previously-owned shares subject to certain options under the 1974 Plan is subject to approval by the shareholders at the Annual Meeting on January 18, 1984.

The difference between the fair market value of non-qualified stock options and the option price results in a charge against or a credit to income, as applicable. In 1983 and 1981, $945,000 and $1,333,000, respectively, were charged against income for the change in fair market value of non-qualified stock options and conversion of certain non-qualified stock options to incentive stock options. In 1982, $1,936,000 was credited to income.

Changes in stock options are shown below:

	Number of Shares	Option Price Per Share
Outstanding at September 26, 1980	303,500	$13.16 to $48.38
Granted	49,500	54.75 to 55.88
Exercised	(99,100)	13.16 to 48.38
Canceled or expired	(7,700)	30.44 to 43.25
Outstanding at May 11, 1981	246,200	$19.88 to $55.88
50% stock distribution	123,100	
Granted	29,000	36.50 to 38.44
Exercised	(13,025)	20.29 to 25.08
Canceled or expired	(7,650)	20.29 to 37.25
Outstanding at September 25, 1981	377,625	$13.25 to $38.44
Granted	208,500	21.94 to 30.69
Exercised	(28,550)	13.25 to 25.96
Canceled or expired	(16,200)	20.29 to 38.44
Outstanding at September 24, 1982	541,375	$13.25 to $38.44
Granted	170,000	21.88 to 28.88
Exercised	(20,825)	13.25 to 25.96
Canceled or expired	(25,850)	20.29 to 38.44
Outstanding at September 30, 1983	664,700	$13.25 to $38.44
Exercisable at September 30, 1983	351,105	$13.25 to $38.44
Reserved for granting:		
September 24, 1982	543,000*	
September 30, 1983	379,000*	

*Excludes 354,058 shares at September 24, 1982 and 373,908 shares at September 30, 1983 under suspended plan, which terminates as to such shares on January 14, 1984.

Stock Purchase Plan

Rights to purchase 4,493, 6,869 and 10,492 shares of Joy Common Stock at prices ranging from $9.50 to $13.95 were outstanding at September 30, 1983, September 24, 1982, and September 25, 1981, respectively. No purchase rights have been granted since 1977 and no future grants are anticipated.

DAYTON HUDSON CORPORATION (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except per share data)

Stock Options, Performance Shares and Stock Appreciation Rights

We have four stock options plans for key employees. The 1981 Executive Long-Term Incentive Plan is the only one under which new grants can now be made. New grants can be for stock options, performance shares or both. The options can be Incentive Stock Options, Non-Qualified Stock Options or a combination of both. Incentive Stock Options have tax advantages for the employee, but can be exercised only in the order in which they were granted. Twelve months after the grant date, 25% of any options granted become exercisable and another 25% after each succeeding 12 months. The options are cumulatively exercisable and expire no later than 10 years after the date of the grant. The performance shares pay cash and stock if certain selected performance goals are met at the end of a four-year period. The 1976 Executive Long-Term Incentive Plan is essentially the same as the 1981 plan except that Incentive Stock Options were not available.

Two earlier plans, the 1972 Employees' Stock Option Plan and the Mervyn's 1976 Tandem Plan, offered stock appreciation rights in conjunction with the stock options granted. These rights allow the employees to surrender some of their options in exchange for shares of Dayton Hudson Common stock. The number of shares of stock which they can receive is based on the difference between the price of the options and the market price of our Common Stock on the day the exchange takes place. At January 28, 1984, outstanding options for 6,105 shares had stock appreciation rights attached. The 1972 Plan grants expire 10 years from the date of the grant, and the 1976 Mervyn's Plan grants expire eight years from the date of the grant.

We base our expense accrual for stock appreciation rights on the relative likelihood that our employees will elect to exercise the rights rather than the related options. We record expense on performance shares based on the current market price of our Common Stock, and the extent to which the performance goals are being met. We recorded compensation expense of $1,808, $2,262 and $561 in 1983, 1982 and 1981, respectively. When employees exercise options, the total option price is credited to Common Stock and additional paid-in capital, and no expense is incurred.

The number of shares of unissued Common Stock reserved for future grants under all the plans was 1,737,331 at the end of 1983 and 2,022,000 at the end of 1982.

Options and Performance Shares Outstanding

	Options		Shares	Performance Shares
	Number or Shares	Price Per Share	Exer-cisable	Outstand-ing (a)
1981				
Outstanding, beginning of year	1,985,332	\$ 1.99-\$12.36	1,014,072	269,900
Granted	349,474	13.41- 15.08		
Cancelled	(204,244)	7.13- 14.30		
Exercised	(465,928)	1.99- 12.36		
1982				
Outstanding, beginning of year	1,664,634	1.99- 15.08	863,720	222,000
Granted	271,584	17.44- 27.13		
Cancelled	(78,582)	9.32- 17.44		
Exercised	(459,928)	1.99- 14.60		
1983				
Outstanding, beginning of year	1,397,708	1.99- 27.13	679,116	206,152
Granted	285,380	33.88- 37.34		
Cancelled	(29,621)	9.97- 33.88		
Exercised	(348,642)	2.61- 17.44		
Outstanding, end of year	1,304,825	\$ 1.99-\$37.34	611,913	177,682

(a) Excludes performance shares issued in conjunction with options.

THE PITTSTON COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7: Stock Options

The 1979 Stock Option Plan for Key Employees of The Pittston Company and its Subsidiaries provides for the granting of options to purchase Common Stock at 100% of quoted market value. The plan provides for the granting of ten-year "non-qualified options" and ten-year "incentive stock options" (ISO's). Options are exercisable in instalments of up to 25% annually beginning one year from date of grant or, alternatively, are exercisable in full one year from date of grant, depending on the terms of the specific option granted. An ISO may not be exercised while any previously granted ISO's are outstanding.

The Company's 1969 Stock Option Plan expired on February 26, 1979, except as to options theretofore granted, and no options may be granted after that date.

The Committee of the Board of Directors which administers the plans may, at its discretion, grant stock appreciation rights (SAR's) with respect to one or more options. Upon exercise of such rights the optionee surrenders the exercisable portion of the option in exchange for payment (in cash and/or common stock valued at its fair market value on the date of surrender) of the spread between the aggregate option price and the aggregate fair market value on the date of surrender of the exercisable portion of the option. Shares as to which options are so surrendered are not available for the granting of further options.

In 1983 and 1981, there were no SAR's granted or exercised. In 1982, SAR's were granted and exercised with respect to 4,478 shares under option. The value of the SAR's exercised was \$21,000 and was paid in cash.

The table below summarizes the activity in both plans. The data have been adjusted, in accordance with the plans' antidilution provisions, for all stock dividends.

		Aggregate	
	No. of Shares	Option Price	Market Value (a)
		(In thousands)	
Outstanding:			
12/31/83	712,760	\$15,922	15,922
12/31/82	735,862	17,819	17,819
Granted:			
In 1983	150,100	2,130	2,130
In 1982	153,700	3,211	3,211
In 1981	120,700	3,084	3,084
Became Exercisable:			
In 1983	173,288	4,008	2,523
In 1982	121,250	2,790	2,276
In 1981	113,188	2,648	2,994
Exercised:			
In 1983	5,982	79	98
In 1982	14,438	203	275
In 1981	24,359	465	687

(a) At dates granted for options outstanding and granted; at dates exercisable for options becoming exercisable; and at dates exercised for options exercised.

At December 31, 1983, there were 1,252,435 shares reserved for issuance under the plans, including 539,675 shares reserved for future grants.

TYSON FOODS, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Stock Options

During 1983, the Company's stockholders approved a qualified (400,000 shares authorized) and a non-qualified (100,000 shares authorized) stock option plan, both providing for the granting of options for shares of common stock at a price which is not less than market value at the time of the grant. No options had been granted under the non-qualified plan as of October 1, 1983. On September 2, 1983, options for 190,976 shares were granted under the qualified plan at a price of $10.75 per share, none of which were exercisable prior to October 1, 1983; these options are exercisable over a period of up to ten years.

JIM WALTER CORPORATION (AUG)

NOTES TO FINANCIAL STATEMENTS

Note 7—Stock Options and Stock Appreciation Rights

Under an incentive stock option plan approved by stockholders, options have been granted to certain officers and other employees to purchase shares of common stock. Changes in stock options for the three years ended August 31, 1983 are as follows:

		Shares		1983 Purchase price
	1983	1982	1981	per share
Outstanding at beginning of year	140,350	6,500	179,150	$18.25
Granted	113,350	142,200	—	35.50
Exercised	(24,439)	—	—	18.25
Cancelled	(7,546)	(8,350)	(172,650)	18.25-35.50
Outstanding at end of year	221,715	140,350	6,500	18.25-35.50
Exercisable at end of year	22,127	—	5,000	18.25

The options are exercisable over various periods expiring through 1988. At August 31, 1983 3,846 shares of unissued common stock were reserved for the granting of options under the plan.

The Company's Stock Appreciation Rights Plan of 1980 provides that up to 500,000 rights may be granted, but not more than 150,000 in any fiscal year, nor more than 30,000 to any participant, and no right shall be granted after August 31, 1985. Each right is for a period not to exceed ten years, but not beyond age 65, and vests based on years of service in relation to the award period. Full vesting also occurs upon cessation of employment at age 62 or older or because of death or disability. The value of a right is measured by the increase in book value of the Company's common stock during the award period or until earlier termination of employment. Vested appreciation in a right is credited with interest at the lesser of 10% or the prime rate from the expiration of the award period until payment of the benefit begins or earlier termination of employment, but no interest is payable if termination of employment occurs before expiration of the award period. Benefits will be paid in cash annually over a five year period beginning when the grantee reaches age 65 or upon death or disability, and interest will be paid annually on any balance remaining during the payout period. The increase in value of rights is a charge against income each year. There was no increase in book value during 1982 and 1981 and therefore no charge to earnings. In 1983 an amount of $1,010,000 was accrued, of which approximately 20% was vested.

Changes in stock appreciation rights for the three years ended August 31, 1983 are as follows:

	1983	1982	1981
Outstanding at beginning of year.	195,750	110,000	—
Granted	126,500	107,000	113,000
Cancelled	(11,000)	(21,250)	(3,000)
Outstanding at end of year	311,250	195,750	110,000

STOCK PURCHASE PLANS

BAKER INTERNATIONAL CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): Stock Option and Stock Purchase Plans:

The Company also has an Employee Stock Purchase Plan under which there remains available for sale to employees an aggregate of 1,358,905 shares of the Company's common stock out of 4,550,000 shares authorized by the stockholders. The maximum number of shares subject to each option under the Plan is determined on the date of grant and equals the sum of the payroll deductions authorized by each participating employee (up to 10 percent of regular pay) divided by 85 percent of the fair market value of a share of common stock at the date of grant. Grants of options under the Plan are made annually, and each option is exercised one year from the date of grant at a price equal to 85 percent of the lower of the fair market value of the Company's common stock on the date of grant or the date of exercise. Under this Plan, 810,196, 324,652 and 378,704 shares were issued at $15.83, $15.82 and $31.,56 per share during 1982, 1982 and 1981, respectively. Based on the market price of common stock on the date of grant, the Company estimates that approximately 715,000 shares will be purchased under the Plan on July 31, 1984 at $18.81 per share.

The Company also has a plan which provides for the sale of convertible debentures to officers and certain key employees. An aggregate of $20,000,000 principal amount of debentures may be issued under the plan which are convertible into shares of common stock after one year. At September 30, 1983, a total of $8,266,000 principal amount of debentures are outstanding and convertible into 377,853 shares of common stock at $21.88 per share. The outstanding convertible debentures are included in long-term debt.

INLAND STEEL COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 (in part): Stock Purchase and Options Plans

Under the Inland 1981 Employee Stock Purchase Plan, common stock is available for purchase by eligible employees at six-month intervals at 90 percent of fair market value at the end of each six-month period. Under the plan, 1,059,915 shares of common stock were issuable at the beginning of 1983. During the year, approximately 3,900 employees (including one officer) purchased stock under the plan out of a total of approximately 32,600 who were eligible to become participants. In 1983, 226,210 shares were issued at an average price of $24.59 per share, while on December 31, 1983, 833,705 shares of common stock were reserved for future issuance.

MILTON ROY COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Purchase Plan

The Company has an employee stock purchase plan which provides for the purchase of up to 472,500 common shares by eligible employees at an offering price of 90% of the lower of the market value on either the opening or closing date in any offering period. In 1983, employees purchased 20,282 shares at prices of $13.50 and $15.75 with an aggregate offering value of $295,470. At December 31, 1983, 93,411 shares remained available for future sales under this plan and 208 out of 806 eligible employees were participating.

THE STANLEY WORKS (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note G (in part): Stock Plans

Employee Stock Purchase Plan

The Employee Stock Purchase Plan enables substantially all employees in the United States and Canada to subscribe to shares of Common Stock on annual offering dates at a purchase price of 85% of the fair market value of the shares on the offering date or, if lower, 100% of the fair market value of the shares on the exercise date. A maximum of 2,750,000 shares are authorized for subscription over a ten-year period. During 1983, 1982 and 1981, shares totaling 233,420, 243,985 and 235,027, respectively, were issued under the Plan at average prices of $14.91, $14.00, and $14.85 per share, respectively. At December 31, 1983, subscriptions were outstanding for 198,487 shares at $17.69 per share.

UNIROYAL INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Stock Purchase Plan

On October 19, 1983 the Board of Directors adopted the 1984 Employee Stock Purchase Plan, subject to approval of the company's stockholders. Under the Plan domestic employees have the right to purchase 515,303 shares of the company's common stock at a price of $16.8125 per share, the average price on the New York Stock Exchange Composite Tape on December 15, 1983. The maximum purchase by employees was limited to an amount equal to 10 percent of their annual rate of compensation at year-end 1983. Funds from employees for the purchase of the shares are being provided by payroll deductions over the life of the Plan and will accrue interest to the participants at the prime rate. At January 31, 1986 the Plan terminates and participating employees may then elect to purchase the shares.

VARIAN ASSOCIATES, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Option and Purchase Plans (in part)

As of September 30, 1983, the Company had reserved 530,000 common shares for an employee stock purchase plan, which covered substantially all the employees of the parent company and its domestic subsidiaries. The participants' purchase price is 85% of the closing market price, New York State Exchange, on the first trading day after the end of the fiscal quarter in which the stock is purchased by the employees. The 15% discount is treated as equivalent to the cost of issuing stock for financial reporting purposes. For tax purposes, it is treated as compensation to the employee, and the resulting tax benefit to the Company is credited to Capital in Excess of Par Value of Common Stock. During fiscal 1983, 1982, and 1981, 111,000 shares, 218,000 shares, and 230,000 shares were purchased for $3.3 million, $2.8 million, and $2.6 million, respectively.

THE L. S. STARRETT COMPANY (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employees' Stock Purchase Plan:

During fiscal 1983, the Company authorized the granting of up to 400,000 shares of common stock under the 1982 Stock Purchase Plan and cancelled all unoptioned shares under the 1977 Plan. Under these plans, the purchase price of the optioned stock outstanding is 85% of the market price on the date the option is granted or 85% of the market price two years from that date, whichever is lower. Options become exercisable exactly two years from the date of grant and expire if not exercised. Under the 1977 Plan, the average purchase prices of the optioned stock outstanding at the end of 1983, 1982 and 1981 were $18.68, $18.08 and $16.75, respectively, per share. Under the 1982 Plan, the average purchase price of the optioned stock outstanding at the end of 1983 was $21.48. Changes under the plans were as follows:

	Shares	
	On Option	Unoptioned
Balance, July 1, 1980	83,469	76,946
Two-For-One Stock Split	80,903	60,217
Options Granted	61,144	(61,144)
Options Exercised (at prices from $11.59-$12.70)	(51,239)	—
Options Cancelled	(12,328)	12,328
Balance, June 30, 1981	161,949	88,347
Options Granted	121,339	(121,339)
Options Exercised (at prices from $11.69-$12.53)	(80,254)	—
Options Cancelled	(59,372)	59,372
Balance, June 30, 1982	143,662	26,380
Granted Under The 1982 Plan	53,921	346,079
Cancellation of 1977 Plan Unoptioned Shares	—	(47,147)
Options Exercised (at prices from $16.37-$23.17)	(37,140)	—
Options Cancelled	(27,523)	27,523
Balance, June 30, 1983	132,920	352,835

At June 30, 1983, 485,755 shares of common stock were reserved for the plans. The 132,920 shares of optioned stock at June 30, 1983 includes the following:

Expiration Date	Number of Shares	85% of Market Price on Date of Grant
November 17, 1983	62,581	$18.91
April 12, 1984	23,174	18.07
December 1, 1984	31,865	20.72
May 2, 1985	15,300	23.06
	132,920	

TREASURY STOCK

Chapter 1B of *ARB 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

ACTION INDUSTRIES, INC. (JUN)

	1983	1982
Shareholders' Investment		
Common stock, $0.10 par value; authorized 10,000,000 shares; issued 5,188,329 shares	$ 518,833	$ 518,833
Capital contributed in excess of par	6,945,682	6,945,682
Retained earnings	13,225,060	7,515,063
	20,689,575	14,979,578
Less treasury stock at cost: 1983 — 817,587 shares; 1982 — 106,214 shares	1,045,194	96,831
Total Shareholders' Investment	19,644,381	14,882,747

ADOLPH COORS COMPANY (DEC)

	1983	1982
	($000)	
Shareholders' Equity:		
Capital stock:		
Class A common stock, voting, $1 par value, authorized and issued 1,260,000 shares	$ 1,260	$ 1,260
Class B common stock, non-voting, no par value, authorized and issued 46,200,000 shares	11,000	11,000
	12,260	12,260
Paid-in capital	2,011	2,011
Retained earnings	872,403	795,396
	886,674	809,667
Less—cost of 12,448,376 Class B common treasury shares (Note 6)	26,455	26,455
Total shareholders' equity	860,219	783,212

Note 6: Stock Option Plan

In March 1983, a Non-Qualified Stock Option Plan (the Plan) was adopted by the Company. Options to purchase an aggregate of 2,285,000 shares of Class B Common Stock have been granted (at prices ranging from $15.00 to $26.00 per share) to certain key employees. The Company has reserved 2,500,000 treasury shares for distribution under the Plan. The Plan provides that options be granted at exercise prices equal to market value on the date the option is granted. Options granted are for ten years and are generally not exercisable for period of two years after date of grant. No options may be granted after March 17, 1993. As of December 25, 1983, there were 2,213,200 options outstanding at an average exercise price of $15.40 per share. No options were exercisable during 1983.

The Plan also provides that the Company, if requested, will arrange financial assistance to participants not to exceed the exercise price plus 20% of the difference between the exercise price and the market value on the date of exercise. Loans may be made for this purchase by the Company or arranged through a commercial lender.

INGERSOLL-RAND COMPANY (DEC)

	1983	1982
	($000)	
Shareowners' equity:		
$2.35 Preference stock, no par value, authorized 10,000,000 shares; issued: 1983 — 2,663,495; 1982 — 2,665,202 (liquidating preference — $48,510)	$ 5,434	$ 5,437
Common stock, $2 par value, authorized 30,000,000 shares; issued and outstanding: 1983 — 19,834,831; 1982 — 19,823,474	39,670	39,647
Capital in excess of par value	159,849	159,357
Earnings retained for use in the business	939,361	1,108,782
	1,144,314	1,313,223
Less—$2.35 Preference stock in treasury—at cost, 238,000 shares	10,381	10,381
—foreign currency equity adjustment	103,372	87,231
Shareowners' equity	1,030,561	1,215,611

WINN-DIXIE STORES, INC. (JUN)

	1983	1982
	($000)	
STOCKHOLDERS' EQUITY:		
Common stock of $1 par value. Authorized 28,318,309 shares; issued 27,489,419 shares (27,489,421 shares in 1982)	$ 27,489	$ 27,489
Capital in excess of par value of common stock	2,549	—
Retained earnings	615,095	561,487
	645,133	588,976
Less cost of common stock held for employees' stock purchase plan and other corporate purposes, 2,363,511 shares (2,759,001 shares in 1982).	62,310	74,358
Total stockholders' equity	582,823	514,618

LEAR SIEGLER, INC. (JUN)

	1983	1982
SHAREHOLDERS' EQUITY		
Preferred stock, cumulative and convertible—authorized 4,000,000 shares without par value; issued 317,108 and 386,932 shares; outstanding 309,011 and 378,835 shares (liquidation preference of $14,000,000 at June 30, 1983)	$ 793,000	$ 967,000
Common stock—authorized 50,000,000 shares of $1 par value; issued 16,754,264 and 16,524,971 shares; outstanding 16,633,757 and 16,404,468 shares	16,754,000	16,525,000
Additional capital	21,885,000	20,669,000
Retained earnings	460,257,000	422,070,000
Foreign currency translation adjustment	(15,387,000)	(18,747,000)
Cost of treasury stock—8,097 preferred shares; 120,507 and 120,503 common shares	(2,209,000)	(2,209,000)
	482,093,000	439,275,000

WM. WRIGLEY JR. COMPANY (DEC)

	1983	1982
	($000)	
Stockholders' equity:		
Capital stock, no par value—		
Preferred stock		
Authorized—2,000,000 shares		
Issued—None		
Common stock		
Authorized—20,000,000 shares		
Issued—8,000,000 shares	$ 19,200	$ 19,200
Retained earnings	264,684	244,330
	283,884	263,530
Foreign currency translation adjustment	(20,121)	(12,590)
Common stock in treasury, at cost	(25,113)	(4,445)
Total stockholders' equity	238,650	246,495

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Repurchase of Common Stock

In July, 1983 the Company agreed to an unsolicited offer by American Home Products Corporation (AHP) to sell to the Company AHP's entire holdings of Wrigley Company common stock. The shares of common stock are being purchased in four equal installments of 189,000 shares at prices determined in accordance with a formula based on the market price of Wrigley common stock during the respective installment periods. As of December 31, 1983, 378,000 shares were acquired for $19,711,000. The third installment purchase of 189,000 shares occurred on January 17, 1984 for $10,029,000. The fourth and final installment purchase is

TABLE 2-36: TREASURY STOCK—BALANCE SHEET PRESENTATION

	1983	1982	1981	1980
Common Stock				
Cost of treasury stock shown as stockholders' equity deduction	339	353	341	336
Par or stated value of treasury stock deducted from issued stock of the same class	38	37	41	40
Cost of treasury stock deducted from stock of the same class	19	17	14	16
Cost of treasury stock shown as noncurrent asset	3	4	4	6
Other	4	6	4	6
Total Presentations	**403**	**417**	**404**	**404**
Preferred Stock				
Cost of treasury stock shown as stockholders' equity deduction	14	19	17	20
Par or stated value of treasury stock deducted from issued stock of the same class	4	4	7	6
Other	5	4	4	3
Total Presentations	**23**	**27**	**28**	**29**
Number of Companies				
Disclosing treasury stock	408	421	410	408
Not disclosing treasury stock	192	179	190	192
Total Companies	**600**	**600**	**600**	**600**

scheduled for April 16, 1984 subject to the conditions of the agreement.

Prior to the AHP agreement in 1983, the Company purchased 21,700 shares of its common stock in the open market for $957,000.

All of the acquired shares are held as common stock in treasury for internal purposes. Following is a summary of the activity in the common stock in treasury:

	Number of shares	Cost in thousands of dollars
Balance at December 31, 1981	126,064	$ 1,502
Additions in 1982	85,400	2,943
Balance at December 31, 1982	211,464	4,445
Additions in 1983	399,700	20,668
Balance at December 31, 1983	611,164	$25,113

Par Value of Treasury Stock Deducted from Issued Stock

CLAROSTAT MFG. CO., INC. (DEC)

	1983	1982
Shareowners' equity		
Common stock, $1 par value:		
Authorized — 750,000 shares		
Outstanding — 476,094 shares (after deducting 103,409 shares in treasury)	$ 476,094	$ 476,094
Capital in excess of par value	841,815	841,815
Retained earnings	7,987,483	6,862,146
	9,305,392	8,180,055

GULF+WESTERN INDUSTRIES, INC. (JUL)

	1983	1982
	($000)	
Convertible Preferred and common Stockholders' Equity		
Cumulative Convertible Preferred Stock, recorded at $2.50 par value		$ 5,031
Common Stock, recorded at $1.00 par value; 300,000,000 shares authorized; shares outstanding 77,253,060 at July 31, 1983 (excluding 8,988,460 shares held in treasury) and 74,007,392 at July 31, 1982 (excluding 6,636,130 shares held in treasury)	$ 77,253	74,007
Paid-in capital	589,931	596,523
Retained earnings	1,264,605	1,563,865
Net unrealized loss on marketable equity securities of unconsolidated finance subsidiary	(237)	(1,435)
Unrealized foreign currency translation adjustments	(37,628)	(61,281)
	$1,893,924	$2,176,710

SPARTON CORPORATION (JUN)

	1983	1982
Shareowners' equity:		
Preferred stock, serial, no par value; 200,000 shares authorized, none outstanding	$ —	$ —
Common stock, $1.25 par value; 6,000,000 shares authorized, 3,420,244 shares outstanding (3,413,094 in 1982) after deducting 510,220 shares in treasury	4,275,305	4,266,367
Capital in excess of par value	83,533	30,341
Retained earnings	44,090,822	37,067,317
Total shareowners' equity	48,449,660	41,364,025

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 Statements 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

TABLE 3-1: INCOME STATEMENT TITLE

	1983	1982	1981	1980
Income	329	342	362	367
Earnings	167	172	174	175
Operations	98	79	59	56
Other	6	7	5	2
Total Companies	600	600	600	600

Operations

AMERICAN BILTRITE INC.

Consolidated Statement of Operations and Retained Earnings

BAIRD CORPORATION

Consolidated Statements of Operations

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

	1983	1982	1981	1980
Single-step Form				
Federal income tax shown as separate last item	291	306	306	310
Federal income tax listed among operating items...	23	22	27	36
Multiple-step Form				
Costs and expenses deducted from sales to show operating income	155	144	147	137
Costs deducted from sales to show gross margin	131	128	120	117
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

AM INTERNATIONAL, INC. (JUL)

	1983	1982	1981
	(Dollars in thousands)		
Revenues			
Net sales	$408,352	$464,552	$495,733
Service and rentals	149,687	137,444	138,981
Total revenues	558,039	601,996	634,714

BAIRD CORPORATION (SEP)

	1983	1982	1981
Net sales (note 1).....	$44,260,676	$42,082,535	$45,233,971
Cost and expenses:			
Cost of sales	27,631,468	27,462,447	28,000,852
Selling, general and administrative expense	11,684,367	11,514,717	11,434,621
Research and development	2,263,681	2,373,787	3,016,937
Depreciation	784,379	676,569	589,960
Interest expense, net of income of $236,456 ($245,064 in 1982, $540,714 in 1981)	585,395	695,685	224,557
Total cost and expenses	42,949,290	42,723,205	43,266,927
Income (loss) before income taxes	1,311,386	(640,670)	1,967,044

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

D. Revenue Recognition: In general, the Company and its subsidiaries recognize revenues on equipment sales when

TABLE 3-3: REVENUE CAPTION TITLE

	1983	1982	1981	1980
Net Sales				
Net sales	368	372	375	376
Net sales and operating revenues	9	8	9	10
Net sales combined with other terms	11	12	14	16
Sales				
Sales	94	92	89	93
Sales and operating revenue	22	21	23	25
Sales combined with other terms	18	22	19	19
Other Captions				
Revenue	72	66	63	53
Gross Sales, income, billings, shipments, etc.	6	7	8	8
Total Companies	**600**	**600**	**600**	**600**

units are shipped. Shipment of a completed unit is sometimes delayed at the customer's request. However, in such instances, revenues are recognized when the customer accepts the related billing. With respect to large multiyear fixed price contracts principally with the United States Government, the Company uses the percentage of completion method of accounting.

In those instances where the Company is responsible for installing equipment, the estimated cost for such services are accrued when revenue is recognized.

With respect to cost reimbursement type contracts with the United States Government, the Company recognizes revenue on the basis of allowable monthly incurred costs plus fee.

DEERE & COMPANY (OCT)

	1983	1982	1981
	(in thousands of dollars)		
Sales and Other Incomes			
Net sales	$3,697,934	$4,608,226	$5,446,720
Finance and interest income earned (includes net interest received from unconsolidated subsidiaries and affiliates of $12,007 in 1983, $18,384 in 1982 and $13,714 in 1981)	99,309	97,853	91,209
Foreign exchange gain		46,870	61,789
Miscellaneous income	49,547	17,593	21,112
Total	4,116,790	4,770,542	5,620,830

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Sales are generally recorded by the company when products and service parts are shipped to independent dealers. Provisions for dealer incentives and returns and allowances are made at the time of sale. Costs related to retail sales incentives are recognized as a sales deduction when the incentive programs are announced. Waiver of finance charges allowed retail customers on retail notes receivable are recognized at the time of the retail sale. There is a time lag, that varies based on the timing and level of retail demand, between the date the company records a sale and when the dealer sells the equipment to a retail customer.

CORNING GLASS WORKS (DEC)

	1983	1982	1981
	($ Millions)		
Net Sales	$1,589.4	$1,578.7	$1,714.1
Cost of sales	1,063.9	1,117.9	1,217.4
Gross Margin	525.5	460.8	496.7

Sales

AMF INCORPORATED (DEC)

	1983	1982	1981
	(in thousands of dollars)		
Sales	$935,693	$1,018,625	$1,115,376
Rentals	34,826	35,593	36,428
Total Revenue	970,519	1,054,218	1,151,804

RCA CORPORATION (DEC)

	1983	1982	1981
	(In millions)		
Sales			
Electronic and other products	$4,356.3	$3,885.2	$4,017.6
Broadcasting, communications, transportation, and other services	4,621.0	4,130.8	$3,781.1
Total sales	8,977.3	8,016.0	7,798.7

TABLE 3-4: GAINS

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Interest	268	262	252	201
Disposition of assets	133	122	120	95
Equity in earnings of investees	116	112	113	107
Foreign currency	66	66	81	84
Early retirement of debt	21	59	N/C	N/C
Dividends	54	52	49	40
Royalties	28	36	38	34
Sale of tax benefits	18	36	N/C	—
Rentals	18	15	8	15

N/C—Not Compiled.

Revenue

ACF INDUSTRIES, INCORPORATED (DEC)

	1983	1982	1981
	(Dollars in thousands)		
Revenues:			
Manufacturing operations	$404,451	$603,991	$773,907
Railroad car rentals and services	151,517	153,905	144,160
Gas and oil operations	20,665	27,327	21,028
Other	7,156	6,278	9,251
Total revenues	583,789	791,501	948,346

ALCO STANDARD CORPORATION (SEP)

	1983	1982	1981
	(in thousands)		
Revenues	$2,785,938	$2,576,210	$2,258,929
Costs and Expenses			
Cost of goods sold .	2,261,677	2,098,041	1,842,037
Selling and administrative	384,095	340,549	294,395
Depreciation	25,486	18,821	15,575
Interest	19,620	25,241	18,747
	2,690,878	2,482,652	2,170,754
Income before taxes from continuing operations	95,060	93,558	88,175

THE TIMES MIRROR COMPANY (DEC)

	1983	1982	1981
	(In thousands of dollars)		
Revenues			
Operating revenues	$2,478,533	$2,200,399	$2,130,756
Other income	12,643	10,084	25,214
	2,491,176	2,210,483	2,155,970

WARNER COMMUNICATIONS INC. (DEC)

	1983	1982	1981
	(Thousands)		
Operating revenues ...	$3,425,272	$4,090,651	$3,293,748
Operating costs and expenses:			
Cost of revenues ...	2,963,219	2,756,866	2,230,143
Selling, general and administrative expenses	787,251	809,885	626,393
Total operating costs and expenses	3,750,470	3,566,751	2,856,536
Operating income (loss)	(325,198)	523,900	437,212

GAINS

Interest Income

FMC CORPORATION (DEC)

	1983	1982	1981
	(In thousands)		
Revenue			
Sales	$3,498,162	$3,498,792	$3,366,744
Equity in net earnings of affiliates	10,792	9,087	1,985
Interest income	49,913	40,215	41,177
Other income	13,136	17,155	13,369
Total revenue	3,572,003	3,565,249	3,423,275

FOSTER WHEELER CORPORATION (DEC)

	1983	1982	1981
	(In Thousands of Dollars)		
Revenue	$1,540,853	$1,626,398	$1,702,671
Cost of revenues	1,346,008	1,417,705	1,482,992
	194,845	208,693	219,679
Selling, general and administrative expenses	134,908	130,599	137,118
Earnings from operations	59,937	78,094	82,561
Other income (including interest: 1983—$25,964; 1982—$24,330; 1981—$28,953	36,928	33,993	34,929
	96,865	112,087	117,490
Other deductions (including interest: 1983—$4,711; 1982—$5,425; 1981—$7,554	20,867	12,152	18,291
Earnings before provision for income taxes	75,998	99,935	99,199

SYNTEX CORPORATION (JUL)

	1983	1982	1981
	(dollars in thousands)		
Net sales	$870,200	$813,281	$710,882
Costs of goods sold	261,018	259,694	250,130
Gross profit on sales	609,182	553,587	460,752
Operating expenses and research:			
Selling, general and administrative	331,677	312,570	273,423
Research and development	99,758	83,611	65,516
Total	431,435	396,181	338,939
Income from operations	177,747	157,406	121,813
Nonoperating income (expense):			
Interest income	31,926	36,110	26,069
Interest expense	(26,671)	(28,020)	(27,736)
Other	(2,546)	(463)	3,095
Total	2,709	7,627	1,427
Income before taxes on income ..	180,456	165,033	123,240

RUBBERMAID INCORPORATED (DEC)

	1983	1982	1981
		($000)	
Net sales	$436,437	$376,045	$357,138
Cost of sales and operating expenses:			
Cost of sales	291,552	251,418	240,245
Selling, general and administrative expenses	77,154	69,723	65,707
	368,706	321,141	305,952
Operating earnings	67,731	54,904	51,186
Other changes (credits), net:			
Interest expense:			
Long-term debt	2,556	1,757	1,704
Other	179	275	437
	2,735	2,032	2,141
Interest income	(4,680)	(2,825)	(2,332)
Miscellaneous, net	3,255	2,612	1,156
	1,310	1,819	965
Earnings before income taxes	66,421	53,085	50,221

Gain On Sale of Assets

THE CLEVELAND-CLIFFS IRON COMPANY (DEC)

	1983	1982	1981
Revenues			
Products and royalties	$133,102,000	$101,180,000	$188,974,000
Services	177,564,000	167,906,000	211,771,000
Interest and dividends	1,319,000	2,350,000	4,588,000
Equity in income (loss) of associated companies	6,831,000	(4,521,000)	2,654,000
Gain on sale of marketable securities — Note H	14,258,000	—0—	—0—
Other income	4,125,000	2,982,000	4,485,000
Total Revenue	337,199,000	269,897,000	412,472,000

Note H—Marketable Securities

Securities were carried at the lower of aggregate cost or market. On March 2, 1983, the Company sold its entire 641,481 shares of Inland Steel Company common stock and 100,000 shares of Republic Steel Corporation common stock. On May 3, 1983, the Company sold the remaining 292,228 shares of Republic Steel Corporation common stock. These transactions resulted in an after-tax gain of $7.4 million or $.60 per share. In 1982 and 1981, the aggregate cost of securities was written down $1.5 million and $9.6 million, respectively, relating to the Company's investment in McLouth Steel Corporation (see Note J).

MEREDITH CORPORATION (JUN)

	1983	1982	1981
		(in thousands)	
Revenues (less returns and allowances)	$447,755	$449,143	$403,425
Operating Costs and Expenses:			
Production, distribution and editorial	231,038	240,068	217,882
Selling, general and administrative	160,053	147,895	132,096
Depreciation and amortization	12,557	12,421	12,030
Total Operating Costs and Expenses	403,648	400,384	362,008
Income from Operations	44,107	48,759	41,417
Gain from Sale of Broadcasting Properties (Note 12)	5,361	—	—
Equity in 50%-Owned Printing Operations	5,777	788	3,055
Interest Income	3,947	4,649	2,551
Interest Expense (Note 13)	3,623	3,754	3,608
Earnings Before Income Taxes	55,569	50,442	43,415

Note 12: Sale of Broadcasting Properties

On June 21, 1983, the Company sold its radio stations KCMO-AM and KCEZ-FM, Kansas City, Missouri, to Fairbanks Broadcasting Company of Kansas City, Inc., Indianapolis, Indiana, for cash and notes totaling $7,500,000.

The sale contributed a post-tax earnings increase of $3,802,000 or 41 cents per share of common stock.

Had the sale occurred at the beginning of the year, the impact on the Company's consolidated revenues and earnings would not have been significant.

WALGREEN CO. (AUG)

	1983	1982	1981
		(Dollars in Thousand)	
Net Sales	$2,360,614	$2,039,496	$1,743,471
Costs and Deductions:			
Cost of sales	1,637,133	1,416,941	1,231,009
Selling, occupancy and administration	601,623	534,531	453,131
	2,238,756	1,951,472	1,684,140
Other Income (Expense):			
Interest income	3,544	3,836	6,663
Interest expense	(6,132)	(6,158)	(5,996)
Gains from sale of assets	1,279	—	1,800
	(1,309)	(2,322)	2,467
Earnings from U.S. operations before income taxes	120,549	85,702	61,798

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Gains from Sale of Assets:

Gains from sale of assets for the fiscal year ended August 31, 1983 resulted from the disposition of a security investment carried on the cost method. Gains for fiscal 1981 resulted from the sale of the Company's investment in the Schnucks-Walgreen partnership, which operated combination food store/drug store units.

UNOCAL CORPORATION (DEC)

	1983	1982	1981
	(dollars in millions)		
Revenues			
Sales and operating revenues (including consumer excise taxes of $480.5 in 1983, $342.8 in 1982 and $358.0 in 1981)	$10,546.1	$10,733.2	$11,103.9
Interest, dividends and miscellaneous income	72.6	105.2	119.3
Equity in earnings of affiliated companies	40.3	17.7	18.5
Gains on sales of assets	31.5	43.0	54.5
Total revenues	10,690.5	10,889.1	11,296.2

NORTON COMPANY (DEC)

	1983	1982	1981
		In thousand	
Net sales	$1,127,780	$1,264,070	$1,334,626
Cost and expenses:			
Cost of sales	738,368	828,416	839,334
Selling, general and administrative	332,425	353,269	317,402
European restructuring costs		20,100	
	1,070,793	1,201,785	1,156,736
Income from operations	56,987	62,285	177,890
Other income (expense):			
Interest expense	(29,889)	(37,788)	(39,534)
Interest and dividend income	11,316	5,057	9,254
Gain from partial sales of businesses (Note 2)	29,968		
Gain on sale of property, plant and equipment	1,331	8,063	607
Income from associated companies	3,175	6,857	11,665
Income (loss) from foreign exchange	2,620	(2,278)	3,735
Other, net	(3,960	1,371	2,932
	14,561	(18,718)	(11,341)
Income before income taxes	71,548	43,567	166,549

Note 2: Partial Sales of Businesses

In January 1983, the company completed the sale of its Safety Products business to Siebe Gorman Holdings PLC, a British manufacturer of industrial safety products. Norton Company has retained a 26% equity interest in Siebe Norton, Inc., a new company formed to operate this Safety Products business. The company recorded a pre-tax gain of $15,071,000 related to the partial sale of this business in the first quarter of 1983.

In December 1983 the company sold a 50% interest in its Proppants business to the Aluminum Company of America (Alcoa). Concurrent with this partial sale, the company formed a partnership with Alcoa to continue the manufacture and expand the capacity of the production of proppants. The company recorded a pre-tax gain of $14,897,000 related to the partial sale of its Proppants business in the fourth quarter of 1983.

Equity In Income Of Investees

PHILLIPS PETROLEUM COMPANY (DEC)

	1983	1982	1981
	(Millions of Dollars)		
Revenues			
Sales and other operating revenues	$15,249	15,698	15,966
Equity in earnings of affiliated companies	46	10	97
Other revenues	116	184	225
Total Revenues	15,411	15,892	16,288

SUNDSTRAND CORPORATION (DEC)

	1983	1982	1981
	(Amounts in thousands)		
Net sales	$909,318	$961,573	$1,045,687
Costs and expenses			
Costs of product sold (includes $17,903,000 and $10,053,000 charge for idle capacity costs in 1983 and 1982, respectively)	620,401	653,235	685,056
Marketing and administration	208,815	204,392	188,681
	829,216	857,627	873,737
Earnings before other income (deductions)	80,102	103,946	171,950
Other income (deductions)			
Royalties and commissions	4,359	5,705	5,000
Interest expense	(23,141)	(24,497)	(29,417)
Interest and dividend income	10,537	5,763	8,992
Equity in income (loss) of unconsolidated companies	2,465	5,371	(249)
Gain on sale of insurance subsidiary	—	11,884	—
Unclassified, net	(3,759)	(2,821)	265
	(9,539)	1,405	(15,409)
Earnings before income taxes	70,563	105,351	156,541

REICHHOLD CHEMICALS, INC. (DEC)

Years ended December 31,	1983	1982	1981
	(Dollars in thousands)		
Net sales	$747,263	$786,479	$916,365
Operating costs and expenses:			
Cost of goods sold	605,874	667,280	780,688
Selling, administrative and technological expenses	106,875	104,720	100,599
	712,731	772,000	881,287
Operating income	34,532	14,479	35,078
Other income (deductions):			
Asset redeployment/divestiture program	2,187	(3,076)	—
Equity in net income (loss) of affiliated companies	2,221	1,142	(60)
Minority interest in net (income) loss of consolidated subsidiaries	(163)	1,161	373
Interest expense—principally on long-term debt	(5,022)	(7,621)	(8,547)
Interest income	2,466	2,223	1,912
Sundry—net	2,469	1,933	1,389
	4,158	(4,238)	(4,933)
Income before income taxes and extraordinary item	38,690	10,241	30,145

Foreign Currency Gains

THE DOW CHEMICAL COMPANY (DEC)

	1983	1982	1981
	(in millions)		
Net sales	$10,951	$10,618	$11,873
Operating costs and expenses			
Cost of sales	9,446	9,310	10,019
Selling and administrative	989	952	938
	10,435	10,262	10,957
Operating income	516	356	916
Other income (expense)			
Equity in earnings:			
Nonconsolidated subsidiaries (excluding translation)	12	14	13
Losses on translation—nonconsolidated subsidiaries		(10)	(2)
20%—50% owned companies	84	140	132
Interest income	113	108	102
Interest and amortization of debt discount and expense	(431)	(514)	(532)
Gains on exchange and translation—consolidated subsidiaries	66	47	7
Gains on sale of investments	101	214	
Provision for plant closings and cancelled projects	(58)	(102)	
Sundry income—net	43	60	104
Income before provision for taxes on income	446	313	740

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign Currency Translation

Effective January 1, 1983, foreign currency transactions and financial statements are translated in accordance with Statement of Financial Accounting Standards No. 52 (SFAS No. 52). The United States dollar is used as the functional currency throughout the world except for operations in Germany, Japan and Dow Banking Corporation, for which local currencies are used. Where the United States is used as the functional currency, foreign currency gains and losses are reflected in income currently. Translation gains and losses of those operations that use local currencies as the functional currency, the effects of exchange rate changes on transactions designated as hedges of net foreign investments, and foreign currency intercompany transactions are included as a separate component of stockholders' equity.

Financial statements for 1982 and 1981 have not been restated under SFAS No. 52 as the effect on income was not material.

Royalty Income

BIRD INCORPORATED (DEC)

	1983	1982	1981
Net sales	$260,775,000	$233,037,000	$276,624,000
Cost of sales	215,543,000	203,504,000	255,869,000
Selling, general and administrative expenses	39,437,000	45,157,000	46,821,000
	254,980,000	248,661,000	302,690,000
	5,795,000	(15,624,000)	(26,066,000)
Other income (charges):			
Interest expense	(5,428,000)	(7,406,000)	(8,881,000)
Royalties	412,000	306,000	688,000
Provision for gain (loss) on disposal of certain operations	599,000	737,000	(13,622,000)
Other income	648,000	2,354,000	146,000
	(3,769,000)	(4,009,000)	(21,669,000)

THE LUBRIZOL CORPORATION (DEC)

	1983	1982	1981
		($000)	
Revenues:			
Net sales	$789,546	$801,284	$878,291
Royalties and other revenues	10,757	10,963	20,870
Total	800,303	812,247	899,161

E. I. DU PONT DE NEMOURS AND COMPANY (DEC)

	1983	1982	1981
	(Dollars in millions)		
Sales	$35,378	$33,331	$22,810
Other Income (Note 1)	391	273	252
Total	35,769	33,604	23,062

NOTES TO FINANCIAL STATEMENTS

1—Other Income

	1983	1982	1981
	(Dollars in millions, except per share)		
Royalty income	$ 74	$ 73	$ 61
Interest income, net of miscellaneous interest expense	118	103	136
Equity in earnings of affiliates	70	67	16
Settlement of claim against Iran	42	—	—
Miscellaneous income and expenses—net	87	30	39
	$391	$273	$252

Dividends received from equity affiliates were $85 in 1983, $84 in 1982 and $42 in 1981.

Sale of Tax Benefits

AIR PRODUCTS AND CHEMICALS, INC. (SEP)

	1983	1982	1981
	(in thousands of dollars)		
Sales and Other Income			
Sales, net of direct costs of construction and maintenance contracts of $1,332,134 in 1983, $1,164,200 in 1982 and $478,160 in 1981	$1,634,246	$1,568,916	$1,570,115
Other income (Note 12)	45,107	1,940	25,922
	1,679,353	1,570,856	1,596,037

Note 12 (in part): Supplementary Information

Other Income (Expense)

This table gives a breakdown of the items included in other income:

	1983	1982	1981
	(in thousands)		
Sale of tax benefits	$27,635	$ —	$ —
Revaluation of chemical production facilities	—	(18,642)	(44,200)
Settlement of litigation	—	(4,000)	43,427
Interest income	6,567	7,904	9,549
Gain on sale of assets	1,794	5,331	9,236
Royalty and technology income	4,184	5,021	1,872
Income from unconsolidated affiliates before foreign exchange effects	4,815	3,075	5,212
Miscellaneous	112	3,251	826
	$45,107	$1,940	$25,922

The company sold tax benefits which generated net cash proceeds of $27.6 million. The net income effect of this sale was $7.9 million. This includes $3.8 million of investment tax credits which would have had a favorable impact on 1983 earnings in any case.

In 1981 and in 1982, the company revalued its chemical production facilities in Calvert City, Kentucky.

In fiscal 1982 the company paid $4.0 million in settlement of industrial gas antitrust litigation in a federal district court. In fiscal 1981, final settlement of litigation was reached with a supplier of natural gas to the company's New Orleans complex.

Sale of Notes Receivable

AMPCO-PITTSBURGH CORPORATION (DEC)

	1983	1982	1981
Net sales	$244,414,669	$314,876,759	$463,289,570
Operating costs and expenses:			
Cost of products sold	197,992,750	256,680,678	386,960,026
Selling and administrative expenses	42,543,742	46,352,244	44,961,757
Depreciation	8,897,550	8,978,657	8,783,215
	249,434,042	312,011,579	440,704,998
Income (loss) from operations	(5,019,373)	2,865,180	22,584,572
Other income and (expense):			
Gain on sale of notes receivable for Contested Shares	3,531,546	—	—
Reduction in unfunded pension liabilities	3,478,903	—	—
Gain on sale of securities	—	40,523	8,028,567
Interest and other income	3,051,680	2,677,752	2,832,148
Interest expense	(16,118,048)	(18,806,507)	(16,352,225)
Provision for plant closing costs	(3,492,100)	—	—
	(9,548,019)	(16,088,232)	(5,491,510)
Income (loss) before income taxes	(14,567,392)	(13,223,052)	17,093,062

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4—Gain on Sale of Notes Receivable for Contested Shares:

On December 29, 1983 the Corporation sold its notes receivable for Contested Shares acquired in connection with the acquisition of BFC (see Note 3). At the conclusion of the litigation surrounding these notes, they were sold to provide part of the resources used to satisfy the judgment. These notes, which were discounted when recorded to a present value reflecting the then prevailing interest rate, were sold to a bank at their face value and as a result the Corporation realized a gain on the sale in the amount of $3,531,546 or $0.88 per share.

The notes were sold without recourse. The Corporation has indemnified the bank for any amount by which the 9% interest on the notes falls below a fluctuating rate equal to the bank's prime rate plus ¾ of 1%; the bank in turn has agreed to refund to the Corporation the amount by which 9% exceeds such fluctuating rate. These interest differentials have been fully provided for (assuming an average rate of 12% over the life of the Ogden notes) in arriving at the gain on the sale of the notes. Differences in interest rates from that used in determining the gain on the notes will be reported as charges or credits to the Corporation's subsequent income.

Change in Reporting Date of Brazilian Subsidiary

CHAMPION INTERNATIONAL CORPORATION (DEC)

	1983	1982	1981
Net Sales	$4,263,999	$3,737,378	$4,004,027
Cost of products sold	3,676,184	3,260,062	3,399,274
Selling, general, and administrative expenses	432,881	415,701	415,343
Income from Operations	154,934	61,615	189,410
Interest and debt expense	65,755	74,693	81,403
Other (income) expense—net (Note 11)	(40,576)	(50,277)	(47,473)
Income Before Income Taxes	129,755	37,199	155,480

NOTES TO FINANCIAL STATEMENTS

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

A. Consolidation

The consolidated financial statements include the accounts of the company and all of its domestic and foreign subsidiaries, except for the wholly-owned real estate affiliates. Real estate and 50% or less owned affiliates are reflected on the equity method. In 1983, the company changed the reporting for its Brazilian subsidiary from November 30 to December 31. The additional one month's net income is included in other (income) expense. (Note 11.)

Note 11. Other (Income) Expense–Net:

Other (income) expense—net includes the following:

Years Ended December 31 (in thousands of dollars)	1983	1982	1981
Interest income	$(21,433)	$(20,677)	$(18,977)
Foreign currency losses—net	4,107	2,907	2,061
Minority interest in income of subsidiaries	2,324	(3,486)	1,165
Equity in net income of unconsolidated affiliates	(4,814)	(10,822)	(10,544)
Royalty, rental, and commission income	(4,514)	(4,237)	(4,728)
Net gain on disposal of fixed assets and timberlands	(8,195)	(12,390)	(8,189)
Net income of the Brazilian subsidiary for the month of December, 1983	(1,917)	—	—
Miscellaneous—net	(6,134)	(1,571)	(8,261)
	$(40,576)	$(50,277)	$(47,473)

Liability for Restructuring Reduced

THE BF GOODRICH COMPANY (DEC)

	1983	1982	1981
	(Dollars in millions)		
Sales	$3,191.7	$3,005.3	$3,184.6
Income from sale of tax benefits	—	8.8	72.6
Gain on sales of investments in associate and subsidiary companies	—	.2	29.3
Equity in earnings (losses) of foreign associate companies	8.1	(14.2)	14.4
Other income (loss)—net	(2.1)	(2.4)	(3.8)
	3,197.7	2,997.7	3,297.1
Cost of products sold	2,438.5	2,311.4	2,454.8
Selling and general administrative expenses	657.9	643.4	631.4
Charge (credit) related to dispositions or restructing of operations—Note D	(5.6)	27.2	(11.7)
Interest expense—net	82.1	84.0	60.4
	3,172.9	3,066.0	3,134.9
Income (loss) before income taxes, minority interests and extraordinary gain	24.8	(68.3)	162.2

Note D: Dispositions

In 1981, the sale of investments in three subsidiaries (BF Goodrich Philippines, Ciago, B.V. and BF Goodrich Liberia) and stock holdings in Yokohama Rubber Company and a Taiwanese firm resulted in a $29.3 pretax gain, $14.1 after tax.

In addition, Goodrich has disposed of or provided for restructing or terminating certain operations. In recent years, the industrial products business in the Engineered Products segment has been incurring operating losses. In an effort to make this business viable, Goodrich has undertaken a program to restructure the operations, which includes discontinuance of certain products and consolidation or disposition of certain manufacturing facilities. A pretax provision of $35.3 was made in 1982, principally to cover the estimated costs, losses and expenses associated with the restructuring program. During 1983, $21.3 of costs were charged to the accrued liability. In addition, the accrued liability was reduced and pretax income was increased by $3.5 based on revised estimates for completion of the program. The remaining accrued liability for restructuring amounted to $10.5 at December 31, 1983. Pretax gains from other dispositions during the past three years amounted to $2.1, $8.1 and $11.7 in 1983, 1982 and 1981, respectively. Such dispositions included sales of a surplus facility in 1983, an isoprene plant in 1982 and a synthetic rubber facility in 1981. The pretax and after tax amounts related to dispositions or restructuring of operations are summarized in the following table:

Year ended December 31,	1983	1982	1981
(Charge) credit related to dispositions or restructing of operations	$5.6	$(27.2)	$11.7
Less income taxes	(1.9)	11.6	(3.8)
	$3.7	$(15.6)	$7.9

Sales included in the Consolidated Statement of Income related to disposed operations and subsidiaries were $36.6 and $199.3 in 1982 and 1981, respectively.

Gain on Exchange of Assets

HERCULES INCORPORATED (DEC)

	1983	1982	1981
	(Dollars in thousand)		
Net sales	$2,628,954	$2,621,859	$2,856,938
Cost of sales	2,065,891	2,136,776	2,287,366
Selling, general and administrative expenses (Includes research and development expenses: 1983—$73,925; 1982—$74,173; 1981—$64,784)	379,829	349,311	337,032
	2,445,720	2,486,087	2,624,398
Income from operations	183,234	135,772	232,540
Nonoperating income			
Interest	16,580	22,375	11,291
Gain on exchange of assets	75,995	—	—
Miscellaneous	9,713	7,081	11,195
	102,288	29,456	22,486
Nonoperating expenses			
Interest and debt expense	38,066	53,073	50,100
Miscellaneous	25,232	8,817	7,395
	63,298	61,890	57,495
Income before taxes on income	222,224	103,338	197,531

NOTES TO FINANCIAL STATEMENTS

(Dollars in thousands)

1 (in part): Significant Events

(a) HIMONT Incorporated

On November 1, 1983 Hercules and Montedison S.p.A. consummated the formation of a joint venture (HIMONT), 50% owned by each, to engage in the worldwide manufacture and sale of polypropylene resins. Both Hercules and Montedison contributed their respective polypropylene resin assets, technology and businesses while Montedison also contributed its polypropylene fiber, aluminum alkyls and catalyst assets and businesses. To equalize the respective contributions Hercules received $80 million, in cash, long-term notes and an additional 5% interest in Erbamont, N.V., a Montedison subsidiary, see (c). Hercules also contributed $70 million of working capital to the joint venture in exchange for a note payable in five years. As a result of the transaction, Hercules realized a before tax gain of $43 million or $.35 per share.

Hercules' equity in the net assets of HIMONT at date of formation exceeded its investment cost by $45 million. This excess of equity over cost of investment will be amortized to income on a straight-line basis over a 10-year period. The investment in HIMONT will be accounted for on an equity basis.

The businesses contributed by Hercules generated sales and profit from operations in 1983 (10 months) of $363 million and $21 million and in 1982 of $416 million and $(11) million. Sales in 1981 were $429 million and profit from operations was break-even.

(c)Erbamont, N.V.

On June 20, 1983 Hercules exchanged its 50% interest in Adria Laboratories Inc. for 3,426,778 shares in Erbamont, N.V., an international pharmaceutical company. As a result of the exchange, Hercules realized a before tax gain of $32 million or $.40 per share.

On November 1, 1983 Hercules acquired an additional 2,196,498 shares in connection with the formation of HIMONT Incorporated. Hercules' total interest in Erbamont is approximately 13%.

Litigation Settlement

INTERSTATE BAKERIES CORPORATION (MAY)

	1983	1982	1981
Net sales	$666,378,000	$668,314,000	$628,515,000
Other revenues	2,328,000	1,075,000	1,620,000
	668,706,000	669,389,000	630,135,000
Cost of products sold	383,251,000	383,538,000	366,896,000
Selling, delivery and administrative expenses	263,743,000	255,152,000	237,912,000
Depreciation expense	12,230,000	12,071,000	11,236,000
Minority interest	35,000	35,000	20,000
	659,259,000	650,796,000	616,064,000
Operating income	9,447,000	18,593,000	14,071,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Other Revenues and Accrued Liabilities

The components of other revenues are as follows:

	Fifty-Two Weeks Ended May 28, 1983	May 29, 1982	May 30, 1981
Gain on sales of property and other assets	$1,349,000	$ 31,000	$ 853,000
Interest	721,000	881,000	645,000
Settlement of legal action	209,000	—	—
Other	49,000	163,000	122,000
	$2,328,000	$1,075,000	$1,620,000

Non-recurring Gain

VARIAN ASSOCIATES, INC. (SEP)

	1983	1982	1981
	(Dollars in thousand)		
Sales	$760,250	$691,199	$638,357
Operating Costs and Expenses			
Cost of sales	498,904	460,579	438,862
Research and development	50,197	41,315	38,647
Marketing	84,692	85,108	81,683
General and administrative	58,603	51,033	41,655
Total operating costs and expenses	692,396	638,035	600,847
Operating earnings	67,854	53,164	37,510
Interest expense	(12,012)	(14,107)	(20,386)
Interest income	12,011	1,783	1,258
Earnings from continuing operations before non-recurring credits (charges) and taxes (benefits)	67,853	40,840	18,382
Non-recurring credits (charges)	4,538	—	(19,452)
Earnings (loss) from continuing operations before taxes (benefits)	72,391	40,840	(1,070)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Non-Recurring Gain for Fiscal 1983

During the first quarter of fiscal 1983, the company sold its 18% interest in Benson S.A., a French company, and this resulted in a net gain of $2.8 million after income taxes of $1.7 million. This non-recurring net gain increased earnings per share for the year by $.13.

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 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 3-5 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

	1983	1982	1981	1980
Single Amount				
Cost of sales	225	232	234	230
Cost of goods sold	129	128	130	135
Cost of products sold	123	129	126	127
Elements of cost	14	15	14	15
Other captions	77	67	65	69
	568	**571**	**569**	**576**
More Than One Amount	32	29	31	24
Total Companies	**600**	**600**	**600**	**600**

EXPENSES

Cost of Goods Sold

ABBOTT LABORATORIES

	1983	1982	1981
		(dollars in thousands)	
Net Sales	$2,927,873	$2,602,447	$2,342,524
Cost of products sold	1,517,629	1,420,471	1,299,405
Research and development	184,533	136,967	113,655
Selling, general and administrative	621,435	555,140	513,913
Total Operating Cost and Expenses	2,323,597	2,112,578	1,926,973
Operating Earnings	604,276	489,869	415,551

ALPHA INDUSTRIES, INC. (MAR)

	1983	1982	1981
		($000)	
Sales	$52,219	$45,371	$34,571
Cost of sales	33,437	28,332	21,563
Selling and administrative expenses	11,094	9,378	6,993
	44,531	37,710	28,556
Operating income	7,688	7,661	6,015

COOPER INDUSTRIES, INC. (DEC)

	1983	1982	1981
		($000)	
Revenues	$1,850,280	$2,393,989	$2,866,031
Cost and Expenses			
Cost of sales	1,250,359	1,642,279	1,864,738
Depreciation and amortization	67,909	63,816	56,598
Selling and administrative expenses	363,101	401,878	429,207
Interest expense	28,460	44,202	56,712
	1,709,829	2,152,175	2,407,255
Income from continuing operations before income taxes	140,451	241,814	458,776

HONEYWELL INC. (DEC)

	1983	1982	1981
		(Dollars in Millions)	
Costs and Expenses			
Cost of sales	$3,331.5	$3,053,6	$2,917.0
Cost of computer rental and service revenue	483.3	488.0	505.2
Research and development	428.6	396.9	368.8
Selling, general and administrative	1,172.8	1,206.7	1,145.6
	5,416.2	5,145.2	4,936.6

KNAPE & VOGT MANUFACTURING COMPANY (JUN)

	1983	1982	1981
Net Sales	$57,155,805	$51,927,067	$56,501,094
Cost of Sales	42,567,645	39,012,134	41,483,808
Gross profit on sales	14,588,160	12,959,933	15,017,286

MAGIC CHEF, INC. (JUN)

	1983	1982	1981
		(Amounts are in thousand)	
Net Sales	$754,399	$663,399	$674,274
Cost of Sales	625,640	585,644	583,989
Gross Margin	128,759	77,735	90,285

TABLE 3-6: EXPENSES—OTHER THAN COST OF GOODS SOLD

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Selling, general and administrative	319	319	321	323
Selling and administrative or general	176	173	173	176
General and/or administrative	94	91	90	86
Selling	23	25	26	27
Interest	576	577	576	572
Research, development, engineering, etc.	296	297	294	286
Maintenance and repairs	98	103	99	83
Taxes other than income taxes	84	100	105	103
Advertising	55	67	65	59
Bad debts	38	35	27	17
Exploration, dry holes, abandonments	26	24	24	22

PITNEY BOWES INC. (DEC)

	1983	1982	1981
	(Dollars in thousands)		
Revenue from:			
Sales	$1,069,212	$ 927,249	$ 952,212
Rentals	322,445	292,598	255,028
Service	214,797	201,585	183,836
Total revenue	1,606,454	1,421,432	1,391,076
Costs and expenses:			
Cost of sales	571,122	488,422	490,055
Cost of rentals	56,518	49,689	50,390
Selling, service, and administrative	760,513	708,555	681,238
Research and development	35,581	29,499	28,710
Interest expense	18,766	22,723	22,881
Interest income	(15,128)	(13,029)	(7,783)
Total costs and expenses	1,427,372	1,285,859	1,265,491
Income from continuing operations before taxes and equity income	179,082	135,573	125,585

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Costs and expenses. Operating expenses of field sales and service offices are included in selling, service, and administrative expenses because no meaningful allocation of such expenses to cost of sales, rentals, or service is practicable.

H. H. ROBERTSON COMPANY (DEC)

	1983	1982	1981
	(Thousands)		
Revenues:			
Net product sales	$445,577	$497,168	$515,962
Construction and other services	103,983	132,826	128,454
Total	549,560	629,994	644,416
Cost and expenses:			
Product	344,465	368,335	375,441
Construction and other services	90,348	117,494	118,288
Cost of sales	434,813	485,829	493,729
Selling, general and administrative	81,833	82,265	81,889
Product research and development	4,485	3,816	4,097
Total (including depreciation: 1983, $9,551; 1982, $8,767; 1981, $8,276	521,131	571,901	579,715
Income from operations	28,429	58,084	64,701

TABLE 3-7: LOSSES

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Foreign currency	134	166	138	128
Discontinued operations other than segment disposals	76	88	56	50
Disposition of assets	28	23	19	22
Write-down of assets	38	37	30	18
Minority interest	33	35	41	33
Equity in losses of investees	25	30	18	11

THE UPJOHN COMPANY (DEC)

	1983	1982	1981
	(Dollar amounts in thousands)		
Operating revenue:			
Net sales of products	$1,832,622	$1,699,962	$1,698,431
Revenue from services	153,484	128,768	199,903
Other	7,136	6,895	4,714
Total	1,993,242	1,835,625	1,903,048
Operating costs and expenses:			
Products sold	778,165	756,335	752,238
Services sold	99,903	83,153	121,715
Research and development	229,206	195,772	171,606
Marketing and administrative	634,367	603,367	613,301
Total	1,741,741	1,638,627	1,658,860
Operating income	251,501	196,998	244,188

WARNER-LAMBERT COMPANY (DEC)

	1983	1982	1981
	(Thousands of dollars)		
Costs and Expenses:			
Cost of goods sold	$1,216,891	$1,416,468	$1,595,299
Marketing	1,067,712	1,080,698	1,105,030
Administrative and general	280,390	289,536	267,632
Research and development	174,996	145,391	114,789
Interest	74,087	87,683	73,295
Total costs and expenses	2,814,076	3,019,776	3,156,045

WINN-DIXIE STORES, INC. (JUN)

	1983	1982	1981
	Amounts in thousand		
Net sales	$7,018,605	6,764,472	6,200,167
Cost of sales, including warehousing and delivery expenses	5,477,971	5,307,186	4,891,905
Gross profit on sales	1,540,634	1,457,286	1,308,262

Interest Expense

PFIZER INC. (DEC)

	1983	1982	1981
	(millions of dollars)		
Net sales	$3,750.0	$3,496.0	$3,280.9
Operating costs and expenses			
Cost of goods sold	1,543.4	1,554.3	1,567.8
Marketing, distribution and administrative expenses	1,221.8	1,132.7	1,019.6
Research and development expenses	227.2	199.4	178.6
Income from operations	757.6	609.6	514.9
Interest expense	(95.2)	(115.4)	(132.6)
Interest income	79.4	82.4	70.0
Other deductions	(76.6)	(75.6)	(54.1)
Other income	35.2	49.3	44.1
Non-operating income (deductions)—net	(57.2)	(59.3)	(72.6)
Income from continuing operations before provision for taxes on income and minority interests	700.4	550.3	442.3

SPERRY CORPORATION (MAR)

	1983	1982	1981
	(in millions of dollars)		
Revenue			
Net sales of products	$3,639.9	$4,195.0	$4,239.8
Rentals and services	1,436.1	1,376.4	1,187.4
Total	5,076.0	5,561.4	5,427.2
Other Income	67.0	54.4	42.7
	5,143.0	5,625.8	5,469.9
Costs and Expenses			
Cost of sales of products	2,404.0	2,687.5	2,598.9
Cost of rentals and services	761.6	745.2	666.5
Selling, general and administrative expenses	1,169.4	1,146.6	1,118.5
Research and development	397.1	397.6	336.5
Interest (Note 3)	246.8	294.1	211.6
	4,978.9	5,271.0	4,932.0
Income before Taxes on Income	164.1	354.8	537.9

NOTES TO FINANCIAL STATEMENTS

(in millions of dollars unless otherwise indicated)

3. Interest Expense

Years ended March 31	1983	1982	1981
Discount on sale of receivables to Sperry Financial Corporation	$143.5	$235.0	$153.0
Less, pretax income of nonconsolidated finance companies	(63.2)	(112.4)	(73.6)
Interest on borrowings	166.5	171.5	132.2
	$246.8	$294.1	$211.6

THE STANDARD OIL COMPANY (AN OHIO CORPORATION)

	1983	1982	1981
	(Millions of Dollars)		
Revenues			
Sales and operating revenue (including excise taxes)	$12,067	$13,529	$14,140
Interest Income	148	313	527
	12,215	13,842	14,667
Costs and Expenses			
Costs of products sold and operating expenses	5,342	5,810	5,601
Windfall profit tax	169	620	1,438
Other taxes, excluding income taxes	1,343	1,432	1,406
Depreciation, depletion and amortization	767	727	625
Oil and gas exploration expenses, including amortization of unproved properties	834	486	368
Selling, general and administrative expenses	703	757	634
Interest expense	402	613	573
	9,560	10,445	10,645
Income before Income Taxes	2,655	3,397	4,022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note G: Interest Expense

Interest expense was comprised of the following:

Millions of Dollars— Year Ended December 31	1983	1982	1981
Notes payable*	$ 55	$240	$207
Long-term obligations	389	403	377
Other	10	6	4
	454	649	588
Capitalized interest	(52)	(36)	(15)
Interest expense	$402	$613	$573

*Includes interest on commercial paper borrowings incurred by Sohio Finance Company in 1983 and 1982.

JIM WALTER CORPORATION (AUG)

	1983	1982	1981
	(in thousand)		
Costs and expenses:			
Cost of sales	$1,542,567	$1,467,770	$1,537,401
Depreciation, depletion and amortization	73,243	69,462	57,159
Selling, general and administrative	198,501	189,840	198,679
Provision for possible losses	14,973	11,276	8,556
Interest (Note 3)	111,533	142,825	127,910
	1,940,817	1,881,173	1,929,705

Note 3 (in part): Property, Plant and Equipment

The Company has capitalized interest on qualifying properties in accordance with Financial Accounting Standards Board Statement No. 34. Total interest incurred for 1983, 1982 and 1981 was $139,800,000, $176,271,000 and $159,227,000 of which $28,267,000, $33,446,000 and $31,317,000 was capitalized.

Research and Development

BAUSCH & LOMB INCORPORATED (DEC)

	1983	1982	1981
	(Dollars Amounts in Thousands)		
Net Sales	$567,607	$515,392	$539,216
Costs and Expenses:			
Cost of products sold	290,250	264,905	268,207
Selling, administrative and general	171,561	150,998	136,614
Research and development	23,642	25,666	22,166
	485,453	441,569	426,987
Operating Earnings	82,154	73,823	112,229
Other Expenses:			
Provision for instruments restructuring	—	14,500	—
Interest expense	11,836	9,189	10,060
Loss from foreign currency	574	2,146	6,366
Other, net	13,680	11,685	12,191
	26,090	37,520	28,617
Earnings from continuing operations before income taxes	56,064	36,303	83,612

HEWLETT-PACKARD COMPANY (OCT)

	1983	1982	1981
		(Millions)	
Net sales	$4,710	$4,189	$3,528
Costs and expenses:			
Cost of goods sold	2,195	1,967	1,659
Research and development	493	424	349
Marketing	771	631	529
Administrative and general	523	491	424
	3,982	3,513	2,961
Earnings before taxes	728	676	567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Research and development costs. Research and development costs (including software development costs) are expensed as incurred.

JOY MANUFACTURING COMPANY (SEP)

	1983	1982	1981
	(In Thousands)		
Costs and Expenses			
Cost of sales	$461,480	$687,366	$695,803
Product engineering (Note 16)	13,879	20,820	18,909
Selling, general and administrative	113,334	132,024	129,735
Interest expense	8,603	11,816	9,828
Translation and exchange losses—net	954	1,712	353
Other expenses—net	734	3,693	1,598
Total Costs and Expenses	598,984	867,431	856,226

Note 16: Research and Development

The product engineering activity of Joy requires that substantial expenditures be made to maintain product quality and meet existing and future customer needs. Research and development expenditures charged to continuing operations were $3,913,000 in 1983, $5,868,000 in 1982 and $7,041,000 in 1981. Specific customer required modification engineering costs are included in cost of sales or inventories, as appropriate in the circumstances.

Taxes Other Than Income Taxes

UNITED STATES STEEL CORPORATION (DEC)

	1983	1982	1981
	(Dollars in millions)		
Operating costs:			
Cost of sales (excludes items shown below)	$12,941	$14,194	$11,095
Selling, general and administrative expenses	715	750	511
Pensions, insurance and other employee benefits	770	897	833
Depreciation, depletion and amortization	1,104	1,031	571
State, local and miscellaneous taxes (Note 17, page 37)	1,332	1,328	227
Exploration expenses	232	304	—
Total operating costs	17,094	18,504	13,237

17. State, Local and Miscellaneous Taxes

	1983	1982	1981
	(In millions)		
Windfall profit tax	$ 319	$ 429	$ —
Consumer excise taxes on petroleum products and merchandise (offset included in sales)	654	532	—
Property taxes	183	196	118
Other	183	196	109
Total	$1,331	$1,328	$ 227

STANDARD OIL COMPANY OF CALIFORNIA (DEC)

	1983	1982	1981
	(Dollars in Millions)		
Revenues			
Sales and other operating revenues	$28,411	$35,218	$45,229
Equity in net income of certain affiliated companies	459	426	956
Other income	312	299	424
Total Revenues	29,182	35,943	46,609
Costs and Other Deductions			
Purchased crude oil and products	16,974	24,274	32,823
Operating expenses	3,959	3,880	4,075
Selling, general and administrative expenses	1,034	992	1,001
Depreciation, depletion and amortization	1,294	1,137	909
Taxes other than on income	2,914	3,039	3,628
Interest and debt expense	75	67	167
Total Costs and Other Deductions	26,250	33,389	42,613
Income Before Taxes on Income	2,932	2,554	3,996

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part):

Taxes

	1983	1982	1981
Taxes Other Than on Income			
U.S. windfall profit tax	$ 504	$ 742	$1,165
U.K. and Canada production taxes	92	199	155
Exercise taxes on petroleum products and merchandise	1,069	856	1,005
Property, other production, miscellaneous taxes and import duties	1,249	1,242	1,303
Total	$2,914	$3,039	$3,628
Taxes on Income			
U.S. Federal, State & Local*			
Current	$ 271	$ 360	$ 708
Deferred	258	309	348
	529	669	1,056
Non-U.S.			
Current	866	572	380
Deferred	(53)	(64)	180
	813	508	560
Total	$1,342	$1,177	$1,616

*Includes state and local taxes of $89, $65 and $137 for 1983, 1982 and 1981, respectively.

Exploration

AMERADA HESS CORPORATION (DEC)

	1983	1982	1981
	(thousands of dollars)		
Costs of Expenses			
Cost of products sold and operating expenses	6,483,010	6,629,410	7,581,347
Crude oil windfall profits tax	146,275	219,351	318,998
Exploration expenses, including dry holes	135,752	227,564	262,156
Selling, general and administrative expenses	337,256	315,316	286,229
Interest expense	166,871	124,592	151,630
Depreciation, depletion and amortization	269,220	288,297	242,449
Lease impairment	136,544	106,563	55,228
Provision for income taxes	541,801	314,330	333,002
Total costs and expenses	8,216,729	8,225,423	9,231,039

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Exploration and Development Costs: Oil and gas exploration and producing activities are accounted for under the "successful efforts" method. Costs of acquiring undeveloped oil and gas leasehold acreage, including lease bonuses, brokers' fees and other related costs, are capitalized. Provisions for impairment of undeveloped oil and gas leases are based on periodic evaluations and other factors.

Annual lease rentals and exploration expenses, including geological and geophysical expenses and exploratory dry hole costs, are charged against income as incurred.

Costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalized.

CABOT CORPORATION (SEP)

	1983	1982	1981
	(Dollars in thousands)		
Costs and expenses:			
Cost of sales	1,231,495	1,210,801	1,229,749
Selling and administrative expenses	129,659	141,656	147,545
Research and technical service	30,769	29,699	26,603
Exploration expense	23,533	16,332	17,314
Interest expense	35,816	42,379	37,425
Other (income) charges, net	5,039	6,255	(17,909)
Total costs and expenses	1,456,311	1,447,122	1,440,727

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Significant Accounting Policies

Property, Depreciation and Amortization

Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation of property, plant and equipment is provided primarily by the straight-line method, using lives of ten to twelve years for substantially all machinery and equipment, and twenty-five years for buildings and improvements.

In connection with its oil and gas operations, the Company uses the successful efforts method of accounting, consistent with FASB Statement No. 19. Exploration costs (consisting of dry hole costs, delay rentals, abandoned leases and other exploration costs) are charged to expense. Tangible and intangible productive well drilling costs are capitalized. Amortization of capitalized intangible drilling costs, depletion and a portion of the depreciation of producing oil and gas properties are computed by the unit-of-production method.

Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized. Upon retirement or sale of assets, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to income.

Early Retirement Program

BEATRICE FOODS CO. (FEB)

	1983	1982	1981
		(In Millions)	
Net sales	$9,188.2	$9,023.5	$8,772.8
Operating expenses:			
Cost of sales, excluding depreciation	6,597.2	6,681.8	6,510.8
Selling and administrative expenses, excluding depreciation	1,715.2	1,528.6	1,432.4
Depreciation	181.6	163.2	155.4
Total operating expenses	8,494.0	8,373,6	8,098.5
Gross operating margin	694.2	649.9	674.3
Other income (expense):			
Interest income	45.8	77.7	40.2
Interest expense	(113.8)	(89.8)	(96.4)
Gains (losses) and provision for losses on divestitures	(140.1)	(13.1)	(20.2)
Goodwill write-down	(187.6)	(9.7)	(6.4)
Provision for voluntary early retirement program	(30.0)	—	—
Other, net	(2.8)	3.9	19.7
Total other income (expense)	(428.5)	(31.0)	(63.1)
Earnings before income taxes, equity in earnings of affiliated companies, minority interests and special items	265.7	618.9	611.2
Provision for income taxes	216.5	298.6	301.7
Earnings before equity in earnings of affiliated companies, minority interests and special items	49.2	320.3	309.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 (in part): Pension Plans and Voluntary Early Retirement Program

During fiscal 1984, Beatrice will offer a voluntary early retirement program to domestic personnel who meet certain age and service criteria. A $30.0 million pre-tax charge to earnings ($15.0 million after-tax) was provided in the fourth quarter of fiscal 1983 for the expected cost of this program. This expense is not included with the pension costs disclosed in the first paragraph of this note.

GOULDS PUMPS, INCORPORATED (DEC)

	1983	1982	1981
Net sales	$275,344,000	$279,916,000	$308,674,000
Cost of goods sold	195,213,000	190,676,000	211,872,000
Gross profit on sales	80,131,000	89,240,000	96,802,000
Selling, general and administrative expenses	53,959,000	52,561,000	51,926,000
Income from operations	26,172,000	36,679,000	44,876,000
Early retirement benefits	1,454,000		
Other expenses —net	2,140,000	966,000	773,000
Income before provision for taxes on income	22,578,000	35,713,000	44,103,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. (in part): Pension Plans

During the third quarter of 1983, the Company amended its pension plan covering exempt salaried employees to encompass a limited early retirement benefits program. In accordance with Statement of Financial Accounting Standards No. 74, "Accounting for Special Termination Benefits Paid to Employees" a liability and a one-time expense of $1,454,000 were recognized for the present value of future benefit payments. The program will be funded over several years and the obligation is included in the Company's balance sheet with other long-term liabilities.

LOSSES

Foreign Currency

EVEREST & JENNINGS INTERNATIONAL (DEC)

	1983	1982	1981
		(In thousands)	
Costs and Expenses:			
Cost of goods sold	$108,442	$101,194	$97,253
Selling, general and administrative	44,920	38,693	35,318
Interest	4,210	1,786	1,673
Net unrealized loss on translation of foreign currencies ..	94	232	—
	157,666	141,905	134,244

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Translation of Foreign Currencies. In 1981 the Company changed its method of translating foreign currencies to conform to Statement of Financial Accounting Standards No. 52. Assets and liabilities are translated at the foreign exchange rates in effect at the balance sheet date. Revenues and expenses for the year are translated at the average exchange rate in effect during the year. Translation gains and losses are not included in determining net income but are accumulated and reported as a separate component of shareholders' equity. Net realized and unrealized gains and losses resulting from foreign currency transactions are credited or charged to income.

As of July 1, 1982, the Company changed its method of translating the currency of its Mexican subsidiary as a result of the devaluation of the Mexican peso and that country's highly inflationary economy. Cash, receivables and payables are translated at the official foreign exchange rate in effect July 1, 1982. Net gains and losses resulting from foreign currency transactions and translations of the Mexican subsidiary are credited or charged to income commencing July 1, 1982. The effect of this change in 1982 was to decrease earnings by $232,000 ($.03 per share).

PANTASOTE INC. (DEC)

	1983	1982	1981
		(In thousands)	
Costs and Expenses:			
Cost of sales	$115,505	$105,671	$126,330
Selling and administrative	17,199	16,887	16,236
Depreciation	3,619	3,703	4,510
Interest (net of interest income of $811, $744 and $868) .	1,257	1,662	1,518
Share in net loss of affiliate ..	267	305	125
Foreign currency transactions (gain) loss	40	36	(93)
Gain on sale of property, plant and equipment		(716)	
Unusual item			2,097
Other expense (income)—net	73	11	(80)
	137,960	127,559	150,642

Discontinued Operations Other Than Segment Disposals

ACME-CLEVELAND CORPORATION (SEP)

	1983	1982	1981
Revenues:			
Net sales	$172,729,301	$326,968,051	$400,743,537
Other income .	1,768,851	2,098,346	2,390,703
Interest income	2,049,670	3,543,733	1,114,919
	176,547,822	332,610,130	404,249,159
Cost and expenses:			
Cost of products sold ...	132,407,420	225,659,557	293,721,315
Selling, administrative, and general expense ...	50,922,099	60,494,252	64,578,477
Depreciation and amortization of intangibles ...	9,879,461	9,075,803	8,418,405
Interest	3,953,811	5,674,082	8,057,554
Restructuring of operations	21,666,268	9,627,000	9,774,000
Other	4,564,362	2,191,965	1,554,092
	223,393,421	312,722,659	386,103,813
Earnings (Loss) Before Income Taxes ...	(46,845,599)	19,887,471	18,145,346

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B—Restructuring Of Operations

During fiscal 1983, the continuation of depressed volume levels and longer term prospects for moderate growth in the Corporation's major businesses made further restructuring actions necessary in addition to those taken in 1982 and 1981. These actions were directly related to reducing capacity and lowering the Corporation's fixed costs. Restructuring actions taken in 1983 resulted in charges of $21,666,000 before taxes, $17,130,000 after tax ($3.92 per share), and included costs associated with the closing of five manufacturing plants, recognition of unfunded pension and health care benefits for terminated employees, severance costs and reduction of fixed assets to fair market value. In addition, $3,782,000 of charges were made for abnormal expenses associated with the general decline in business activity which includes severance, excess medical claims and the writedown of investments.

In fiscal 1982 and 1981, certain restructuring actions were identified that resulted in charges to earnings of $9,627,000 and $9,774,000, respectively, before taxes, and $5,197,000 and $4,775,000 after tax ($1.15 and $1.05 per share). These charges were directly related to decisions to relocate certain manufacturing operations and included severance pay, start-up costs, plant moving expenses, increases in certain inventory reserves for potentially obsolete inventory, termination of certain computer leases and liquidation of foreign subsidiaries. The Corporation completed the majority of restructuring actions in the year following recognition. In addition, in 1982 and 1981, $6,519,000 of charges were made against earnings for abnormal expenses associated with the general decline in business activity.

Over the last three years the total restructuring and abnormal charges have been $51,368,000 before taxes and $32,666,000 after taxes ($7.37 per share).

AMSTAR CORPORATION (JUN)

	1983	1982	1981
	(thousands of dollars)		
Net sales and operating revenues	$1,191,135	$1,421,912	$1,980,375
Costs of products sold and operating expenses	1,010,633	1,220,582	1,687,807
Gross profit on sales	180,502	201,330	292,568
Selling, general and administrative expenses	130,364	131,540	126,367
Income from operations	50,138	69,790	166,201
Interest expense	(5,722)	(6,524)	(7,075)
Interest income	1,454	8,684	5,751
Gain on purchase of debentures	261	757	1,050
Other nonoperating income and expense	282	—	—
Provision for plant termination and suspension costs	(8,411)	—	(18,502)
Total nonoperating income (expense)	(12,136)	2,917	(18,776)
Income before provision for income taxes	38,002	72,707	147,425

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Provision for Plant Termination and Suspension Costs

The Corporation's American Sugar Division suspended cane refinery operations at its plant in Philadelphia, Pennsylvania, in October 1982. The Spreckles Sugar Division suspended sugar beet processing operations at its factory in Chandler, Arizona, in July 1982. The estimated cost of suspending operations at the Philadelphia plant and at the Chandler factory was provided in the first quarter of fiscal 1983 and decreased income before provision for income taxes by $8,411,000. The after tax effect of the provision reduced earnings per share by about 46c in 1983.

The Corporation's Spreckels Sugar Division terminated sugar beet processing operations at its factory near Salinas, California, at the conclusion of the 1982 spring processing campaign. The estimated cost of terminating these operations, including the reduction in net book value of plant and equipment to be retired and other costs to be incurred, was provided for in 1981 and decreased income before provision for income taxes by $17,438,000. The Corporation's food service plant in Pitman, New Jersey, was closed during the fiscal year 1981, and the net cost of equipment retired decreased income before provision for income taxes by $1,100,000. The combined after tax effect of these two provisions reduced earnings per share by $1.15 in 1981.

COPPERWELD CORPORATION (DEC)

	1983	1982	1981
	(Dollars in thousands)		
SALES AND REVENUES			
Net sales	$325,475	$372,186	$616,691
Other income	2,763	2,299	1,763
	328,238	374,485	618,454
COSTS AND EXPENSES			
Cost of product sold	284,026	313,150	477,563
Selling and administrative	42,493	50,940	53,584
Depreciation	13,979	14,970	13,197
Interest	8,794	6,398	5,650
Provision for shut-down of facilities	20,523	—	—
	369,815	385,458	549,994
Income (loss) before income taxes and extraordinary charge	(41,577)	(10,973)	68,460

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7—Shut-Down of Facilities

During 1983, the Corporation announced the permanent shut-down of its Alumoweld production facility at Glassport, Pennsylvania. The Corporation is also investigating disposal of its investment in Guardian Oil Company and is disposing of the Copperweld Robotics Group, neither of which is a significant business. The total estimated cost of the shut-down and dispositions was $20,523,000 of which $13,319,000 was employee related costs for pensions, continuance of insurance, severance pay and unemployment benefits; $5,740,000 was for the write-down of assets to net realizable value; and $1,464,000 was for operating results during the shut-down period.

In other actions to conserve funds, the Corporation has postponed the completion of certain capital projects in process for which $19,991,000 of costs had been incurred and has discontinued production at a steel tubing facility (net book value—$12,853,000) until more favorable market conditions return. Included in other assets are items of equipment held for sale with a net realizable value of $6,700,000 which relate to a previously discontinued capital project.

EAGLE-PICHER INDUSTRIES, INC. (NOV)

	1983	1982	1981
Net Sales	$532,652,965	$531,452,143	$624,207,641
Operating Costs and Expenses			
Cost of products sold ...	445,792,617	442,531,107	522,538,509
Selling and administrative	53,283,162	55,867,731	59,530,337
	499,075,779	498,398,838	582,068,846
Operating Income	33,577,186	33,053,305	42,138,795
Asbestos litigation			
Prior years' insurance recoveries	16,000,000	—	—
Current cost...	(7,000,000)	(9,657,180)	(9,000,000)
Provision for losses on disposition of property and discontinuance of product lines—Note I..	(17,094,924)	—	—
Interest expense.	(7,715,288)	(8,662,685)	(8,103,811)
Other income.....	6,481,085	2,056,542	4,417,708
Income Before Taxes..........	24,248,059	16,789,982	29,452,692

Note I. Provision for Losses on Disposition of Property and Discontinuance of Product Line

The Company has made a $17,094,924 provision for losses on the sale or discontinuance of twelve product lines. Each of these charges is of relatively equal significance; no item appreciably exceeds 10% of the total. The provisions are largely due to the write-down of book values of real property to their estimated realizable values. Sales and profits of these operations are not material in relation to the Company's operations as a whole.

MIDLAND-ROSS CORPORATION (DEC)

	1983	1982	1981
	(In Thousands of Dollars)		
Net sales	$755,168	$790,897	$859,030
Other income	15,218	15,337	18,320
	770,386	806,234	877,350
Cost and expenses:			
Cost of products sold	545,961	591,520	647,655
Selling and administrative	162,702	148,638	144,289
Depreciation and amortization	30,417	28,782	26,399
Interest expense	23,699	20,485	17,057
Minority interests	1,121	983	820
Provision for plant closing—Note H	24,783	—	—
	788,683	790,408	836,220
(Loss) income from continuing operations before income taxes .	(18,297)	15,826	41,130

Note H—Plant Closing

During the first quarter of 1983, a charge of $24,783,000 before income tax benefit of $10,855,000 was made to provide for costs and expenses associated with the closing of the Sharon, Pa. plant and the revaluation of certain assets of the Castings Group to estimated realizable value. The provision net of tax is equivalent to $1.15 per common share.

Loss on Sale of Assets

SPENCER COMPANIES, INC. (MAY)

	1983	1982	1981
Net sales	$95,374,040	$86,118,552	$69,357,564
Cost of expenses:			
Cost of goods sold and occupancy expenses	61,372,496	54,773,127	43,985,163
Operating expenses	30,071,119	29,074,553	22,554,773
Depreciation and amortization	963,934	726,816	425,966
	92,407,549	84,574,496	66,965,902
Operating income ..	2,966,491	1,544,056	2,391,662
Other income (expense):			
Interest expense:			
Factored receivables	(828,820)	(874,086)	(279,885)
Long-term debt and other	(539,415)	(742,269)	(689,136)
Interest income	320,337	266,913	418,937
Legal fees	(135,000)	(984,000)	—
Sale of subsidiary (Note 13)	(280,605)	—	—
Other income (expenses), net	(86,510)	(661,656)	183,359
Income (loss) before income taxes	1,416,478	(1,451,042)	2,024,937

Note 13. Sale and Liquidation of Subsidiaries

In May 1983, the Company sold its wholly-owned subsidiary, Leo Kesslen & Son, Inc. (Kesslen) for $600,000 in cash. The sale price was $280,605 less than the book value of Kesslen at the time of the sale. In addition, the Company was owed $300,000 by Kesslen with $200,000 being received at the time of the sale and $100,000 being converted to an interest-free note receivable with weekly payments through February 1988. The tax basis of the investment in Kesslen was less than the book basis. Consequently, the sale of Kesslen resulted in taxable income of $135,726 and a tax of approximately $38,000.

In May 1983, the Company liquidated its wholly-owned subsidiary Benes & Hurdus, Inc. (B&H). As a result of the liquidation the Company has written off the remaining goodwill of $440,485. The tax basis of the investment in B&H was higher than the book basis. Consequently, the liquidation resulted in additional taxable loss and an additional tax benefit of approximately $184,000 being realized in 1983.

Write-Down of Assets

CHRYSLER CORPORATION

	1983	1982	1981
	(In millions of dollars)		
Net sales	$13,240.4	$10,044.9	$ 9,971.6
Equity in earnings (loss) of unconsolidated subsidiaries	90.8	(5.8)	(56.0)
Other income	19.8	10.1	60.1
	13,351.0	10,049.9	9,975.7
Costs, other than items below	10,854.0	8,585.1	8,915.3
Depreciation of plant and equipment	183.3	195.9	233.0
Amortization of special tools	273.9	236.7	217.8
Selling and administrative expenses	775.6	669.8	598.0
Pension plans	254.7	271.7	287.7
Interest expense—net	82.1	158.0	261.7
	12,423.6	10,117.2	10,513.5
Operating earnings (Loss)	927.4	(68.0)	(537.8)
Writedown of investment in Peugeot S.A. (Note 2)	223.9	—	—
Earnings (Loss) From Continuing Operations Before Taxes and Extraordinary Item	703.5	(68.0)	(537.8)

Note 2: Investment in Peugeot S.A.

In 1978, Chrysler sold its principal European operations to Peugeot S.A. ("Peugeot") for 1.8 million shares of Peugeot stock and cash consideration. Chrysler's investment, accounted for on a cost basis, represented the net assets of the Chrysler companies sold, less the cash considerations received net of costs related to the transaction and was recorded at a value of $323.9 million. At the time of acquiring the shares, Chrysler obtained an independent valuation on a long-term investment basis indicating a value greater than $323.9 million and significantly greater than the aggregate market price on the Paris Stock Exchange on August 10, 1978, the date on which the agreement to sell the companies to Peugeot was executed.

In the fourth quarter of 1983 Chrysler commenced a study of the value of its investment in Peugeot. This study was completed in February 1984 and indicated that, due primarily to the prevailing business and economic conditions in France, Peugeot's operations had been adversely affected. The resulting losses combined with the reduced value of the French Franc against the U.S. Dollar have resulted in a significant decline in the value of Chrysler's interest in Peugeot. Under generally accepted accounting principles, when such a decline in a long-term investment is indicated, an adjustment of the carrying value is required. Accordingly, the consolidated statement of earnings includes a charge of $223.9 million (with no related tax benefit) which reflects the writedown of the Peugeot investment to $100.0 million.

THE PITTSTON COMPANY (DEC)

	1983	1982	1981
	(In thousands)		
Net Sales	$ 580,705	795,263	783,641
Operating Revenues	649,090	491,312	232,618
Net Sales and Operating Revenues	1,229,795	1,286,575	1,016,259
Other income	23,798	29,719	40,553
	1,253,593	1,316,294	1,056,812
Costs and Expenses:			
Cost of sales	556,591	738,758	711,571
Operating expenses	544,578	409,989	184,909
Selling, administrative and general expenses	122,010	118,694	89,780
Interest expense	24,311	29,033	20,409
Coal write-offs (Note 13)	110,869	33,943	—
Total Costs and Expenses	1,358,359	1,330,417	1,006,669
Income (Loss) before Income Taxes	(104,766)	(14,123)	50,143

Note 13: Unusual Charges

The following charges were the result of closing a number of coal mines and related facilities in 1982 and 1983. In addition, in 1983, certain facilities were written down to estimated realizable value in contemplation of sale.

	1983	1982
	(In thousands)	
Write-offs of plant and equipment	$104,454	11,016
Accrued expenses related to the write-offs	6,415	22,927
	$110,869	33,943

The effect of these charges was to reduce net income in the 1983 year and fourth quarter by approximately $70,582,000 ($1.86 per share) and in the 1982 year and fourth quarter by approximately $18,329,000 ($.48 per share) and $16,449,000 ($.43 per share), respectively.

Minority Interest

INSILCO CORPORATION (DEC)

	1983	1982	1981
	In Thousands of Dollars		
Sales	$674,224	$636,034	$624,702
Cost of products sold	430,297	413,733	408,902
Selling, general and administrative expenses	177,869	160,347	152,697
Operating income	66,058	61,954	63,103
Interest income	4,197	5,581	7,344
Interest expense	(19,719)	(21,425)	(20,020)
Other income (expense) net	509	(311)	(3,058)
Minority interest in net earnings of Times Fiber Communications, Inc. (TFC)	(1,713)	(1,672)	(1,525)
Earnings from continuing operations before gains on sales of TFC stock and income taxes	49,332	44,127	45,844

EXXON CORPORATION (DEC)

	1981	1982	1983
		(thousands of dollars)	
Costs and other deductions			
Crude oil and product purchases	$ 64,383,105	$ 56,083,520	$ 46,709,473
Operating expenses	11,693,327	10,705,840	10,450,376
Selling, general and administrative expenses	5,232,793	5,253,148	4,948,385
Depreciation and depletion	2,898,920	3,333,455	3,527,817
Exploration expenses, including dry holes	1,650,214	1,773,318	1,408,009
Income, excise and other taxes	23,342,745	21,443,070	21,805,511
Interest expense	779,688	669,595	748,758
Income applicable to minority interests	115,554	110,667	157,685
	110,096,346	99,372,613	89,756,014

WHITTAKER CORPORATION (OCT)

	1983	1982	1981
		(In thousands)	
Sales	$1,602,825	$1,673,604	$1,671,837
Costs and expenses			
Cost of sales	1,263,547	1,298,200	1,305,704
Engineering, selling, general and administrative	212,799	230,554	197,586
Interest on long-term debt	18,000	14,570	16,112
Other interest, net	1,904	(3,882)	(3,165)
Minority interest in income of subsidiaries	41,104	28,117	18,586
	1,537,354	1,567,559	1,534,823
Income before provision for taxes	65,471	106,045	137,014

Contract Loss Provision

HAZELTINE CORPORATION (DEC)

	1983	1982	1981
		(Dollars in Thousands)	
Revenues	$142,527	$125,646	$105,729
Cost and Expenses			
Cost of Sales	111,802	96,042	80,660
Provision for Contract Loss	12,000	—	—
General and Administrative Expenses	17,318	16,818	15,209
	141,120	112,860	95,869
Operating Income	1,407	12,786	9,860

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Provision for Contract Loss

During December 1983, the Company submitted a formal proposal for multi-year production and installation of Microwave Landing Systems (MLS). The MLS proposal included a price of $90.6 million which, for strategic marketing purposes, was $12 million less than the estimated costs to complete the contract. In January 1984, the Company was awarded the MLS contract and, accordingly, recorded a pretax charge of $12 million ($1.05 per share) against 1983 earnings for estimated loss under the contract.

Equity in Losses of Investees

SUN CHEMICAL CORPORATION

	1983	1982	1981
		(Amounts in thousands)	
Net sales	$746,609	$664,257	$598,776
Costs and expenses			
Cost of goods sold	538,079	477,446	424,259
Selling, administrative and research	141,204	127,894	120,905
	679,283	605,340	545,164
Operating income	67,326	58,917	53,612
Other (charges) credits			
Interest expense, net	(19,111)	(25,250)	(26,713)
Equity in net earnings (loss) of:			
Chromalloy American Corporation, continuing operations (Note 2)	(17,412)	(3,363)	12,464
Other affiliated companies	1,028	1,001	2,528
Gain on disposition of product line	—	—	8,421
Other, net	(7,120)	(7,631)	(6,408)
	(42,615)	(35,243)	(9,708)
Income from continuing operations before U.S. and foreign taxes on income	24,711	23,674	43,904
Provisions for U.S. and foreign taxes on income	15,182	8,803	8,976
Income from continuing operations	9,529	14,871	34,928
Equity in net loss of Chromalloy's discontinued operations, net of applicable income taxes (Note 2)	—	(12,923)	(9,447)
Net income	$ 9,529	$ 1,948	$ 25,481

Note 2 (in part): Investment in Chromalloy American Corporation

Sun has a 38% equity interest in Chromalloy American Corporation (CAC), a diversified company headquartered in St. Louis, Missouri.

Summarized financial position and results of operations for CAC are as follows:

(Amounts in thousands)	At December 31, 1983	1982
Financial position		
Net current assets	$111,394	$154,556
Property, plant and equipment—net	395,748	487,140
Other assets	47,648	67,075
Long-term liabilities	(277,951)	(385,703)
Net assets	$276,839	$323,068

(Amounts in thousands)	Year ended December 31, 1983	1982	1981
Results of operations			
Net sales and operating revenues	$867,867	$973,594	$1,072,521
Income (loss) from continuing operations	(42,233)	(5,385)	42,446
Loss from discontinued operations	—	(36,995)	(29,833)
Net income (loss)	(42,223)	(42,380)	12,613
Sun's equity in CAC's net income (loss)			
Continuing operations	$(17,412)	$(3,363)	$12,464
Discontinued operations	—	(12,923)	(9,447)
Dividends received by Sun from CAC	—	2,529	5,326

Contribution to Foundation

THE MAY DEPARTMENT STORES COMPANY

	1983	1982 (millions)	1981
Net Retail Sales	$4,211.8	$3,653.9	$3,400.8
Rental revenues	17.6	16.5	12.4
	4,229.4	3,670.4	3,413.2
Cost and Expenses:			
Cost of merchandise sold, including occupancy and buying costs	2,967.9	2,596.9	2,423.9
Selling, general and administrative and other expenses	875.9	770.4	711.2
Interest expense, net	41.7	42.7	33.6
Gain on sale of investment in CDC	(11.6)	—	—
Contribution to The May Stores Foundation, Inc.	15.0	—	—
Provision for loss from wholesaler	—	—	7.6
	3,888.9	3,410.0	3,176.3
Earnings before income taxes	340.5	260.4	236.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarterly Results (in part)

In the 1983 second quarter, the company contributed $15.0 million to The May Stores Foundation, Inc., the company's charitable foundation. This contribution decreased net earnings by $7.6 million, or 26c per share.

Nonrecurring/Unusual Items

BAKER INTERNATIONAL CORPORATION (SEP)

	1983	1982 (In thousands of dollars)	1981
Revenues:			
Sales	$1,296,949	$1,756,791	$1,470,265
Services and rentals	540,638	778,311	669,751
Total	1,837,587	2,535,102	2,140,016
Costs and Expenses:			
Cost of sales, services and rentals	1,036,661	1,258,107	1,054,675
Marketing and field service	487,911	589,317	491,389
General and administrative	184,280	197,323	157,908
Unusual charges (Note 2)	205,645		
Interest expense—net	76,281	74,175	51,448
Total	1,990,778	2,118,922	1,755,420
Income (Loss) Before Income Taxes	(153,191)	416,180	384,596

Note 2. Unusual Charges:

During 1983, the Company reviewed its asset levels in relation to its outlook for future revenues in view of the decline in its oil, gas and mining markets. The absence of a reasonable prospect for sufficient improvements in the Company's markets led to the decision to dispose of certain property, plant and equipment, which were written down to estimated net realizable values. Several product lines will be streamlined or sold and these assets have also been written down to their estimated net realizable values. In addition, inventories have been written down to better reflect the Company's assessment of current and anticipated market conditions. The write-down amounted to $205,645,000 ($119,891,000 or $1.72 per share after taxes) and is summarized as follows:

In thousands of dollars	
Property, plant and equipment and related costs of disposal	$118,886
Inventories	54,717
Other	32,042
	$205,645

The net realizable value of property, plant and equipment held for disposal amounted to $73,137,000 at September 30, 1983 and is included in other long-term assets.

CONE MILLS CORPORATION (DEC)

	1983	1982	1981
	(amounts in thousands)		
Net sales	$687,776	$608,201	$667,516
Costs and expenses:			
Costs of sales	576,792	512,722	531,421
Selling and administrative	56,025	52,667	54,186
Depreciation and amortization	24,820	23,704	23,779
Interest	2,368	1,948	3,188
Other	35	23	223
Total costs and expenses	660,040	591,064	612,797
	27,736	17,137	54,719
Other income	882	3,375	2,762
	28,618	20,512	57,481
Unusual items:			
Contributions to Employee Stock Ownership Plan	37,000	—	—
Expenses related to proposed merger	9,506	—	—
Plant closing and machinery abandonment	4,313	2,433	—
	51,019	2,433	—
Income (loss) before income taxes	(22,401)	18,079	57,481

EATON CORPORATION (DEC)

	1983	1982	1981
	(Thousands of Dollars)		
Income From Continuing Operations Before Unusual Items and Income Taxes	$146,441	$58,374	$214,002
Unusual items:			
Provisions for plant closings	(18,766)	(181,446)	—0—
Write-off of investment in Mexican associate company	(11,503)	—0—	—0—
Income (Loss) From Continuing Operations Before Income Taxes	116,172	(123,072)	214,002

FINANCIAL REVIEW

Provisions for Plant Closings

A net charge of $18.8 million, before reduction for income tax credits of $14.0 million, and a charge of $181.4 million, before reduction for income tax credits of $74.4 million, were recorded in the fourth quarters of 1983 and 1982, respectively. These charges were principally for the estimated costs of closing or disposing of several manufacturing plants in the United States and Europe. The 1983 provision was attributable primarily to the Electronic and Electrical business segment while the 1982 provision primarily related to the Vehicle Components business segment. Certain portions of the 1982 provision for operations in Europe, which had no tax effect, were reallocated in 1983 to operations in the United States. The provisions include write-downs of the closed facilities to estimated realizable value, which did not affect cash flow, and the recognition of employee-related costs and other expenses, a significant portion of which represent long-term liabilities.

Write-off of Investment in Mexican Associate Company

In the fourth quarter of 1983, management performed a comprehensive analysis of its Mexican associate company, Eaton Manufactuera, S.A. de C.V. (EMSA), and concluded that adverse economic conditions had impaired the carrying value of the Company's investment in EMSA. Accordingly, a nontaxable charge of $11.5 million was recorded to write off the remaining investment in EMSA, although the Company has not sold nor liquidated its 40% ownership interest in EMSA. The total impact on the Company's 1983 net income of EMSA's operating losses and the write-off of the investment amounted to $20.3 million.

BUCYRUS-ERIE COMPANY (DEC)

	1983	1982	1981
Costs and Expenses			
Cost of products sold	$431,593,589	$504,720,911	$369,383,375
Product development, selling and administrative expenses	113,183,120	130,442,997	90,131,470
Interest expense	11,198,259	20,076,894	11,273,371
Non-recurring items—Note H	188,640,000		6,959,687
	744,614,968	655,240,802	477,747,903

Note H—Non-Recurring Items

During 1983, the Company announced plans to consolidate mining machinery manufacturing operations and discontinue a substantial portion of its construction machinery business. These actions, which were taken in response to continued depressed conditions in worldwide mining and construction machinery markets, included closing the Company's mining machinery plant at Pocatello, Idaho in the fourth quarter of 1983; plans to close the Company's construction machinery plant at Erie, Pennsylvania and the Mining Division foundry at South Milwaukee, Wisconsin during 1984; writing down the Company's investment in Ruston-Bucyrus, Limited, a United Kingdom subsidiary; and an additional write-down of the Glassport, Pennsylvania foundry, which the Company closed in 1981.

As a result of these actions, the Company incurred non-recurring, after-tax charges of $135,015,000 in 1983. The charges against earnings include plant closing costs, write-down of certain plant assets to net realizable value, labor termination costs, write-down of certain mining and construction machinery assets, including inventories, and write-down of the Company's equity in Ruston-Bucyrus, Limited.

Assets related to the facilities discussed in the preceding paragraphs are included in property, plant and equipment at their estimated net realizable value at December 31, 1983 of $22,897,000. These assets are not being depreciated.

In 1981, the Company closed its Glassport, Pennsylvania foundry, sold its construction machinery plant at Evansville, Indiana and liquidated Komatsu-Bucyrus, K.K., a Japanese joint venture company. These actions resulted in a non-recurring, pre-tax charge to earnings of $6,960,000. In addition, 1981 equity in earnings of Ruston-Bucyrus, Limited included $9,656,000 of permanent tax benefits resulting from changes in United Kingdom tax laws concerning stock relief.

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.

Present Value of Plan Benefits and Assets

AMERON, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9) Pension Plans

The Company has noncontributory pension plans for employees not covered by union pension plans. Pension costs consist of normal costs based on actuarial studies plus amortization of unfunded prior service costs over 15 to 40 years. Such costs are funded currently and totaled $3,620,000 in 1983, $3,880,000 in 1982 and $3,628,000 in 1981. A comparison of accumulated plan benefits and plan net assets of the Company's defined benefit plans, determined as of December 1, 1982 and 1981, is presented below:

	1982	1981
	(In thousands)	
Acturial present value of accumulated plan benefits		
Vested	$44,740	$40,948
Nonvested	3,865	3,593
	$48,605	$44,541
Net assets available for plan benefits	$43,400	$37,300

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7% for both 1981 and 1981.

Approximately 19% of the Company's employees are covered by union sponsored, collectively bargained, multiemployer pension plans. The Company contributed and charged to expense $969,000 in 1983, $1,156,000 in 1982 and $1,099,000 in 1981 for such plans. These contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of manhours worked. Information from the plans' administrators is not available to permit the Company to determine its share of unfunded vested benefits. The Company has no intention of withdrawing from any of these plans, nor is there any intention to terminate such plans.

CENTRONICS DATA COMPUTER CORP. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Profit Sharing and Pension Retirement Plans:

As a result of an amendment of the Company's profit sharing retirement plan ("Plan") effective July 1, 1982 (as to all U.S. employees of the Company) and the termination of operations in the Company's Puerto Rico facility in February of 1983 (as to all Puerto Rico employees of the Company), all employees have ceased to participate in the Plan and all assets of the Plan will be distributed on or about July 1, 1987 to employees vested by the terms of the Plan. The Plan as amended in Fiscal 1981 provided for no minimum contribution in a year in which the Company experienced an operating loss. However, the Company did make discretionary contributions of $100,000 in each of Fiscal 1982 and Fiscal 1981.

Effective June 28, 1982, the Company implemented a defined benefit pension retirement plan covering all U.S. employees except those based in Puerto Rico. Employer contributions to the retirement plan are determined by independent consulting actuaries using the unit credit actuarial cost method which includes amortization of prior service costs over ten years. During Fiscal 1983 and the six months ended January 2, 1983, the charges to operations for pension costs was $725,000 and $375,000, respectively. It is the Company's policy to currently fund the pension costs accrued. The accumulated plan benefits and net assets as of January 2, 1983 (the most recent actuarial valuation date available) were as follows:

Actuarial present value of accumulated plan benefits:	
Vested	$ 94,000
Nonvested	66,000
	$160,000
Net assets available for benefits	$340,000

The weighted average assumed rate of return in determining the actuarial present value of accumulated plan benefit was 8%.

DAYTON MALLEABLE INC. (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Policies (in part)

Pension costs for plans covering substantially all of the company's employees are computed on the basis of ac-

TABLE 3-8: PENSION AND RETIREMENT PLANS

	1983	1982	1981	1980
Current Year Expense				
Normal cost and amortization of prior service cost.	459	478	478	478
Normal cost and interest on unfunded prior service cost	2	—	—	4
Normal cost—no reference to prior service cost	64	53	57	57
Normal cost—no unfunded prior service cost	29	24	19	21
Companies Disclosing Amount of Pension Plan Expense	**554**	**555**	**554**	**560**

cepted actuarial methods. Charges to current earnings include current service costs and amortization of prior service costs and actuarial gains and losses over composite periods ranging from 14 to 28 years. The company generally funds these pension costs annually.

Employees' Pension Plans

Pension expense was $2,687,000, $3,250,000 and $4,139,000 for the years 1983, 1982, and 1981. Pension expense for 1983 of $1,125,000 related to restructured operations was included in the restructuring operations provision at August 31, 1982. In 1982, certain changes in actuarial assumptions relating primarily to changes in the assumed rates of investment return and an extension of the amortization period of unfunded past service costs to 30 years were made which resulted in a composite amortization period consistent with the remaining working lives of current employees. These changes decreased 1982 pension expense by $1,260,000 and the net loss by approximately $1,070,000 or $.55 per share.

The 1983 pension expense includes contributions of $249,000 to multiemployer pension plans in accordance with provisions of negotiated labor contracts and is generally based on the number of hours worked by the affected employees. Information from the plans' administrators is not available to permit the company to determine its share of accumulated plan benefits.

Accumulated plan benefit information as estimated by consulting actuaries and plan net assets at December 31, 1982, and 1981 are:

	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$52,346,000	$50,605,000
Nonvested	4,877,000	4,028,000
	$57,223,000	$54,633,000
Net assets available for plan benefits	$54,793,000	$45,565,000

The return on investment assumption used in determining the actuarial present value of accumulated plan benefits (for benefits not covered by dedicated assets) was 7.5%.

WALT DISNEY PRODUCTIONS (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension and Retirement Plans

(In thousands of dollars)

The Company contributes to various domestic trusteed pension plans under union and industry-wide agreements. Contributions are based on the hours worked by or gross wages paid to covered employees.

The Company has pension plans covering substantially all of its domestic employees not covered by union or industry pension plans. The plans are funded by Company and employee payments to a trust administered by a bank.

A comparison of accumulated plan benefits for the defined benefit plans with net assets available for benefits as of the dates of the latest actuarial valuations is as follows:

	1983	1982
Vested	$43,000	$30,590
Nonvested	8,800	6,530
Actuarial present value of accumulated plan benefits	$51,800	$37,120
Net assets available for benefits	$58,600	$40,500

The rates of return used in determining the actuarial present value of accumulated plan benefits, based on Pension Benefit Guaranty Corporation interest assumptions, were 8¼% for 1983 and 8¾% for 1982.

The Company also has a non-qualified and unfunded key employee retirement plan providing for Company and domestic employee contributions. The amount accrued as a long term liability under this plan was $21,520 at September 30, 1983 ($17,413—1982); the actuarially computed unrecorded past service liability at the date of the latest determination was approximately $9,500.

The aggregate amounts expensed for all of these plans were $9,609, $9,294 and $7,598 for fiscal years 1983, 1982 and 1981, respectively, including amortization of actuarially computed prior service costs, where applicable, over periods ranging up to thirty more years.

GENERAL REFRACTORIES COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Retirement Plans

The Company and its subsidiaries have pension plans which cover substantially all of their employees. Pension costs charged to operations, $5,600,000 (1983), $9,900,000 (1982), and $6,500,000 (1981), are actuarially determined and include normal costs and amortization of prior service costs over periods not exceeding thirty years. The decrease in pension expense in 1983 relates to a reduction of the work force and translation of foreign currencies at lower rates of exchange. The increase in pension expense in 1982 was attributable to changes in actuarial assumptions, actuarial losses and improvements in benefits, principally for certain European subsidiaries.

For the Company and its domestic subsidiaries, a comparison of accumulated pension benefits and plan net assets follows:

	Nonsalaried January 1		Salaried January 1	
	1983	1982	1983	1982
	(dollars in thousands)			
Actuarial present value of accumulated plan benefits:				
Vested	$31,519	$30,291	$14,648	$13,249
Nonvested	354	2,282	466	584
	$31,873	$32,573	$15,114	$13,833
Net assets available for benefits	$14,936	$14,695	$20,571	$18,365

The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was

7½ percent for nonsalaried plans and 7¾ for salaried. Prior to 1983, the costs of domestic pension plans were funded based upon the minimum ERISA funding requirements. During 1983, the Company obtained waivers which enabled it to defer payment of the 1982 contributions, which were due in 1983.

The Company has filed a request for a favorable letter of determination with the Internal Revenue Service (IRS) and a request for a Notice of Sufficiency with the Pension Benefit Guaranty Corporation (PBGC) in connection with the contemplated termination of a portion of the Company's domestic Retirement Pension Plan for Salaried Employees. If the approvals from IRS and PBGC are received, it is anticipated that assets aggregating approximately $5,500,000, based on current market values, will revert to the Company. IRS and PBGC are currently reviewing the Company's requests; at this time the Company cannot accurately predict whether or not the Company will obtain the requested approvals, either in whole or in part.

Pension plans of foreign subsidiaries are not reported to governmental agencies pursuant to ERISA and do not otherwise determine the actuarial value of accumulated benefits or net assets available for benefits as calculated and disclosed above. For those plans, pension costs are funded in accordance with local requirements. The balance sheet accrual exceeded the combined actuarial value of unfunded vested benefits as of December 31, 1983 and 1982.

INTERNATIONAL BUSINESS MACHINES CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies (in part)

Retirement Plans:

Current service costs are accrued currently. Prior service costs resulting from improvements in the plans are amortized generally over 10 years.

Retirement Plans

The company and its subsidiaries have retirement plans covering substantially all employees. The total cost of all plans for 1983, 1982 and 1981 was $1,180 million, $1,187 million and $1,060 million, respectively.

U.S. employees are covered by noncontributory plans which are funded by company contributions to an irrevocable trust fund, which is held for the sole benefit of employees. Benefits are based principally on earnings and length of service and become vested upon completion of ten years of service. At December 31, 1983, benefits were being received by 17,064 individuals.

The annual cost of the U.S. plans is determined using an actuarial cost method which relates pension cost to direct compensation. The prior service portion of plan changes and revisions to actuarial assumptions is amortized in equal annual amounts over ten years. Significant assumptions include: rate of return on fund assets, future compensation levels, retirement ages, turnover and mortality. Variances between actual and assumed experience are amortized as a percentage of direct compensation over the remaining working years of current employees.

The cost of U.S. plans was $702 million in 1983, $701 million in 1982 and $533 million in 1981, and represented 9.7%, 10.9% and 9.9% of direct compensation in each of the respective years. Most of the increased costs of 1982 resulted from plan changes announced in that year. The effect of plan changes announced in 1983, on 1983 costs was offset by refinements of actuarial techniques and amortization of the 1982 variance between actual and assumed experience.

It is the company's policy to fund costs in the year accrued, to the extent such costs are tax deductible in that year. Contributions to the fund were $644 million, $619 million and $553 million in the years 1983, 1982 and 1981, respectively.

At December 31, 1983, the unamortized cost of plan and assumption changes, to be amortized during the next ten years, amounted to $532 million.

The following table provides information on the status of the U.S. pension plans. The table shows the actuarial present value of accumulated benefits based on actual compensation and service to date and assumes a rate of return of 5½%. This rate represents the current estimate of the long-term actuarial rate of return expected to be earned over the life of the plans.

At December 31 (Dollars in millions)	1983	1982
Actuarial present value of accumulated benefits:		
Vested	$ 7,154	$6,748
Nonvested	298	238
	$ 7,452	$6,986
Plan net assets (estimated market value)	$10,388	$8,390

A comparison of fair market value of plan net assets with these estimates provides an indication, at a point in time, of the company's progress toward meeting its future commitment to pay benefits when due. However, it must be recognized that the market value of plan net assets available for benefits will fluctuate.

Non-U.S. subsidiaries have plans under which funds are deposited with trustees, annuities are purchased under group contracts, or reserves are provided. At December 31, 1983 and December 31, 1982, it is estimated that the market value of fund assets and reserves of individual non-U.S. subsidiaries exceeded or approximated the actuarial present value of accumulated benefits.

JAMES RIVER CORPORATION OF VIRGINIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part) Summary of Significant Accounting Policies:

F) Pension Plans:

The Company has pension plans covering substantially all employees. Annual pension costs are actuarially determined and include amortization of unfunded liabilities over a maximum of 30 years. The funding policy is to pay at least the minimum amounts required by the Employee Retirement Income Security Act of 1974.

12. Pension Plans:

Annual pension costs and liabilities under various defined benefit pension plans are determined by actuaries using various methods and assumptions. For purposes of determining annual expenses and funding contributions, the actuarial assumed rate of return used was 6%. Pension expense was $20,246,796, $10,213,652 and $7,136,057 in fiscal 1983, 1982 and 1981, respectively. The increases in pension expense are due principally to acquisitions.

A comparison of accumulated plan benefits and plan net assets as of the latest valuation dates is presented below:

	January 1	
	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$188,377,774	$129,254,156
Nonvested	14,897,313	10,473,518
Rate of return assumed	7½%	7½%
Net assets available to pay benefits:		
Assets held by trust fund	$122,684,871	$ 94,073,000
Amounts recorded pursuant to purchase method accounting principles as being due to the trust fund	47,425,950	22,047,283

Subsequent to year end, the salaried employees' plan changed its actuarial cost method from the entry age normal method with frozen initial liability to the unit credit cost method. While the effect of this change has not been determined, management expects annual pension cost and unfunded vested benefits to decline under the new method.

Prior to 1983, the Company funded pension costs accrued. The Company has filed requests with the Internal Revenue Service to waive the pension plan contributions for 1983. If these requests are granted, the Company will pay the contributions in equal annual installments plus interest over 15 years on the unfunded contributions in subsequent years.

The Company has an employment agreement with its chief executive officer which provides for monthly retirement payments equal to 50% of his monthly salary immediately prior to retirement. During the year ended June 30, 1983, the Company expensed $42,000 pursuant to the provisions of this plan, representing 1/5 of the estimated present value of the future obligation. Subsequent to the fiscal year end, the agreement was terminated upon the acceptance of a new employment agreement. (See Note 17).

PENTRON INDUSTRIES, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Pension Plans:

The Company has non-contributory pension plans for substantally all employees. Pension expense of $147,984, $177,121 and $171,191 was incurred in 1983, 1982 and 1981, respectively, and includes amortization of past service costs over periods of ten to thirty years.

A comparison of accumulated plan benefits and plan net assets (determined on January 1 of each year) for the hourly employee's plan is provided below:

	1983	1982	1981
Actuarial present value of accumulated plan benefits (using a 6% assumed rate of return):			
Vested	$277,374	$223,464	$350,325
Non-vested	59,240	58,340	66,124
	$336,614	281,804	416,449
Net assets available for benefits	$119,261	$90,772	$98,350

Subsequent to year end, one of the hourly plans was terminated (Note 17).

Because the salaried employees' plan is not required to report information to certain government agencies, no actuarial valuation was performed in fiscal 1983. A comparison of accumulated plan benefits and plan net assets based upon the most recent actuarial valuations (January 1 of each year) is provided below:

	1982	1981
Actuarial present value of accumulated plan benefits:		
Vested	$635,267	$525,616
Non-vested	23,443	24,012
	$658,710	$549,628
Net assets available for benefits	$504,258	$363,825

UNIVAR CORPORATION (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Pension Plans

The Corporation and its subsidiaries have several pension plans covering substantially all domestic and foreign employees, excluding those employees represented by unions which operate plans independent of the corporation or its subsidiaries. Pension expense under the Corporation's plans was $2,154,000 in 1983, $2,686,000 in 1982 and $4,300,000 in 1981, which includes amortization of prior service costs on defined benefit plans over periods ranging up to thirty years.

The Corporation's policy is to fund pension costs related to operations. Accumulated benefit information, as estimated by consulting actuaries, and net assets available for benefits for the Corporation's domestic defined benefit plans are presented below:

(Thousands of dollars)	1983	1982
Actuarial present value of accumulated plan benefits as of January 1:		
Vested	$38,340	$37,443
Nonvested	1,196	1,144
	$39,536	$38,587
Net assets available for benefits:	$42,414	$36,031

There were no changes in the actuarial assumptions used to calculate pension costs for the year. The actuarial present values of accumulated plan benefits for 1983 and 1982 were determined using weighted average rates of return of 8.6%. Net assets available for plan benefits include the market value of fund assets and balance sheets accruals for contributions.

Certain employees are covered under union sponsored, collectively bargained plans. Expenses for these plans were $818,000 in 1983, $831,000 in 1982 and $832,000 in 1981, as determined in accordance with negotiated labor contracts.

Provisions of the Multi-Employer Pension Plan Amendments Act of 1980 require participating employers to assume a proportionate share of a multi-employer plan's unfunded vested benefits in the event of withdrawal from or termination of the plan. Information concerning the Corporation's share of unfunded vested benefits is not available from plan administrators. Provisions of the Act may have the effect of increasing the level of contributions in future years.

The preceding information on the status of domestic pension plans sponsored by the Corporation has been provided pursuant to the requirements of Statement of Financial Accounting Standards No. 36.

In management's opinion, certain supplemental information may be of more practical value to the readers of these statements. Accordingly, the table below presents the funding status of the Corporation's domestic defined benefit plans on the assumption that the plans had been terminated on December 31, 1982 (the most recent valuation date) and that annuities had been purchased at that date to provide all of the benefits, vested and non-vested, earned to the termination date. The market value of assets is as reported by the trustee banks serving the pension plans. The cost to purchase annuities to discharge the plans' liabilities as of the presumed termination date has been estimated by the actuaries for the plans, based on annuity prices experienced in the market on or about December 31, 1982.

(Thousands of dollars)	December 31, 1982
Market value of assets	$42,414
Estimated cost of annuities	$30,304

Actuarial Assumptions Changed

THE COASTAL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Pension Plans

The Company has non-contributory pension plans covering substantially all of its employees. Pension costs, which include amounts sufficient to amortize prior service costs over the future service lives (commencing upon entry into the plans) of covered employees by use of the aggregate cost method, amounted to approximately $4,000,000, $11,900,000 and $9,600,000 for 1983, 1982 and 1981, respectively. The plans are being funded by payments to trustees, and benefits generally vest in the participants upon completion of ten years of service.

Accumulated plan benefit information as estimated by consulting actuaries and plan net assets are as follows (thousands of dollars):

	January 1, 1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	$ 71,910	$ 87,024
Nonvested	9,349	14,394
	$ 81,259	$101,418
Net assets available for benefits	$140,039	$107,849

During 1983, the Company made changes in several actuarial assumptions. The most significant was a change in the weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits from 5.5% in 1982 to 8.0% in 1983. The net effect of the changes was to increase net earnings and earnings per share by approximately $3,600,000 and $0.16 per share, respectively, for the fourth quarter and the year 1983.

In addition, the Company participates in several multiemployer pension plans for the benefit of union members. The Company's contributions to these plans amounted to approximately $500,000, $700,000 and $700,000 for 1983, 1982 and 1981, respectively. As a result of the Multi-Employer Pension Plan Amendments Act of 1980, if the Company were to withdraw from these plans or the plans were to be terminated, the Company would be liable for a portion of any unfunded plan benefits that might exist. Information with respect to the amount of this potential liability is not available.

Change in Actuarial Cost Method

J.P. STEVENS & CO., INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part) Summary of Significant Accounting Policies.

Retirement Plans: The Company and its subsidiaries have a number of formal and informal pension plans covering substantially all employees (see Note K).

Note K: Retirement Plans

The total pension expense for 1983, 1982 and 1981 was $11,386,000, $16,235,000 and $21,407,000, respectively.

During 1983, the Company changed its actuarial method used to determine pension cost from the aggregate cost method to the projected 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 1983 net income by $941,000, or $.05 per share.

Approximately $4,800,000 of the decrease in pension expense in 1982 is attributed to a change in the assumed rate of return.

The Company's policy is to fund pension costs as accrued for all plans. In 1983 however, as a result of the change in actuarial method, no additional funding was required for the salaried plan. A comparison of actuarial present value of accumulated plan benefits and net assets available for benefits for the Company's salaried and hourly defined benefit plans is presented below:

Actuarial present value of accumulated plan benefits	December 31, 1982		December 31, 1981	
(Dollar amounts in thousands)	Salaried plan	Hourly plan	Salaried plan	Hourly plan
Vested	$84,676	$47,945	$ 70,556	$41,715
Nonvested	4,936	4,817	5,443	4,549
	$89,612	$52,762	$ 75,999	$46,264
Net assets available for benefits	$189,604	$61,263	$151,210	$46,504

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits decreased from 10% in 1981 to 9½% in 1982. This change had the effect of increasing the value of accumulated plan benefits by $3,606,000 (salaried) and $2,429,000 (hourly).

Pension Fund Includes Dedicated Assets

HARNISCHFEGER CORPORATION (OCT)

FINANCIAL NOTES

Note 1 (in part)

Summary of Significant Accounting Policies

Pension Plans—The Corporation has pension plans covering substantially all of its employees. Pension expenses of the principal plans consist of current service costs of such plans and amortization of the prior service costs over periods of thirty and thirty-five years. The Corporation's policy has been to fund accrued U.S. pension costs. The Corporation has deferred funding substantially all of 1982 and 1983 accrued pension contributions for both of its principal pension plans through the application of accumulated credits to the funding standard account under ERISA and for one of the plans by a waiver of the minimum funding standard which was granted by the Internal Revenue Service for 1982 and 1983.

Note 10: Pension Plans

Pension expense for all plans of the Corporation and its consolidated subsidiaries was $6,450,000 in 1983, $12,160,000 in 1982 and $14,670,000 in 1981.

Accumulated plan benefits and plan net assets for the Corporation's U.S. defined benefit plans, at the beginning of the fiscal years 1983 and 1982, were as follows:

	(Thousands of Dollars) 1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	$108,123	$101,806
Nonvested	5,227	7,969
	$113,350	$109,775
Net assets available for benefits:		
Assets of the Pension Trusts	$112,075	$ 97,126
Accrued contributions not paid to the Trusts	12,167	—
	$124,242	$ 97,126

In 1982 and 1983, the Pension Trusts purchased certain securities with effective yields of 13% and 12%, respectively, and dedicated these assets to the plan benefits of a substantial portion of the retired employees and certain terminated employees with deferred vested rights. These rates, together with 8% for active employees in 1983 and 7¼% in 1982, and 6½% for all employees in 1981, were the assumed rates of return used in determining the annual pension expense and the actuarial present value of accumulated plan benefits for the U.S. plans. In 1983, the dedicated assets represented approximately one-third of the total assets held by the trusts.

The effect of these changes, made to more realistically reflect anticipated future results, was to reduce pension expenses by approximately $2,000,000 in 1983 and $2,800,000 in 1982 and the actuarial present value of accumulated plan benefits by approximately $8,400,000 in 1983 and $22,900,000 in 1982.

Pension expense in 1983 was also reduced $700,000 by a change in the actuarial cost method from "Entry Age Normal" to "Projected Unit Credit", which more equitably allocates pension costs to annual periods, and $2,100,000 from the lower level of active employees. Actuarial gains, including higher than anticipated investment results, more than offset the additional pension costs resulting from plan changes and interest charges on balance sheet accruals.

As indicated in Note 1, the Corporation has deferred the payment of certain pension contributions accrued in 1982 and 1983. The deferred pension costs of $19,098,000 at October 31, 1983 included $5,055,000 in pension contributions for which a waiver was obtained from the Internal Revenue Service, which amount will be amortized by annual installments of $591,000 over fifteen years, and $2,400,000 in pension accruals of certain foreign subsidiaries, which do not fund pension costs.

The Corporation's foreign pension plans are not required to report to U.S. governmental agencies pursuant to ERISA and do not determine the actuarial present value of accumulated benefits or net assets available for benefits as calculated and shown above. For those plans, the total of the plans' pension funds and balance sheet accruals approximated the actuarially computed value of vested benefits at both October 31, 1983 and 1982.

THE PARKER PEN COMPANY (FEB)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pension Plans

The Company and its subsidiaries have several pension plans covering a substantial number of employees. The total pension expense for 1983, 1982 and 1981 was $4,695,000, $5,160,000 and $4,716,000, respectively, which includes, as to certain defined benefit plans, amortization of past service costs over periods not exceeding forty years. The Company makes annual contributions to the plans equal to the amounts accrued for pension expense.

A comparison of accumulated plan benefits and plan net assets for the Company's domestic defined benefit plan as of the most recent actuarial valuations is presented below:

	March 1,		
(In thousands)	1982	1981	1980
Actuarial present value of accumulated plan benefits:			
Vested	$21,100	$23,800	$21,600
Nonvested	1,800	1,600	1,500
	$22,900	$25,400	$23,100
Net assets available for plan benefits	$21,700	$20,100	$17,700

During 1983 the Company altered its portfolio of pension fund assets and purchased bonds (which will yield 12 percent) with maturities that will match projected benefits for most of its domestic writing instrument group and corporate retired or vested terminated employees. Therefore, the average assumed rate of return used in determining the actuarial present value of accumulated plan benefits for these plan participants was increased to 12 percent, while a weighted average 7½ percent continues to be used for all other domestic plans. The effect of this change was to reduce 1983 pension expense by approximately $400,000 and the actuarial present value of accumulated plan benefits shown above by $4,148,000.

The Company's foreign pension plans are not required to report to certain governmental agencies pursuant to ERISA and do not otherwise determine the actuarial value of accumulated benefits or net assets available for benefits as calculated and disclosed above. Total assets exceed the actuarially computed value of vested benefits of those plans by $600,000 as of the date of the most recent actuarial studies for those plans.

Defined Contribution Plans

MATTEL, INC. (JAN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Pension Plans—Pension costs of defined benefit plans are accrued based on actuarial determinations and generally are funded on a similar basis. The amount funded is not less than the minimum required under federal law nor more than the maximum amount deductible for federal income tax purposes. Prior service costs are being amortized over a 30-year period.

Effective October 31, 1983, the Company restructured certain of its benefit plans for domestic employees not covered by collective bargaining units (see Note 7). Under this restructuring, the defined benefit pension and investment plans covering these employees were terminated and replaced by a defined contribution investment plan. Pension cost of this new salaried plan, as well as other defined contribution plans, are accrued and funded on a current basis.

Note 7 Employee Benefits

The Company and certain of its subsidiaries have noncontributory pension plans covering substantially all employees of these companies. Pension expense for continuing operations was $1.7 million, $1.8 million, and $1.2 million is fiscal 1984, 1983 and 1982, respectively. During fiscal 1982, the acturarial assumptions of several pension plans, relating to assumed rate of return and salary increases used in computing pension cost, were revised based on recommendations of the Company's actuaries, the effect of which was to decrease fiscal 1982 pension expense of continuing operations by approximately $.5 million.

Recent tax regulations have resulted in favorable tax treatment for certain employee contributions to defined contribution pension plans. In connection therewith, the Company restructured its benefit plan for domestic employees not covered by collective bargaining agreements effective October 31, 1983. The pension plan for domestic salaried employees was terminated and replaced by a defined contribution Mattel Personal Investment Plan. Under the Personal Investment Plan, the Company contributes to a trust based upon specified percentages of employee voluntary contributions. The fiscal 1984 cost of the new plan, attributable to continuing operations and covering the three months since inception, was $1.3 million.

Accumulated plan benefits and plan net assets for the Company's continuing domestic hourly pension plan determined as of January 1, 1984 and 1983, respectively are presented below:

(In thousands)	1984	1983
Actuarial present value of accumulated plan benefits—		
Vested	$5,193	$4,894
Non-vested	176	161
	$5,369	$5,055
Market value of assets available for benefits	$4,415	$3,731

The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7 percent.

Upon termination of the Salaried Pension Plan all participants became fully vested and entitled to receive their plan benefits. The Company has received regulatory approval of the Pension Benefit Guaranty Corporation and the Internal Revenue Service for discontinuance of this plan. Salaried pension plan assets in excess of vested benefits are approximately $12 million; and, upon liquidation of the Salaried Pension Plan assets, the Company will receive a cash payment of the overfunding. This pension refund, along with the reversal of accrued pension liabilities, resulted in a $9.4 million extraordinary gain, net of an income tax provision of $8.6 million.

The Company and certain of its domestic subsidiaries have thrift savings plans available to employees shortly after initial employment. Certain participants' contributions are supplemented by Company contributions. Company contributions attributable to continuing operations amounted to approximately $.6 million, $.6 million and $.5 million in fiscal 1984, 1983 and 1982, respectively.

The Company has a discretionary incentive plan for compensation of certain key employees based on performance and subject to Board of Directors' approval. Awards attributable to continuing operations and included in administrative expenses approximated $5.9 million, $4.5 million and $3.9 million in fiscal 1984, 1983 and 1982, respectively.

UNITED FOODS, INC. (FEB)

SUMMARY OF ACCOUNTING POLICIES

Pension Plans

Effective February 25, 1983, the Company terminated its defined benefit pension plan that covered substantially all employees except certain employees covered by collective bargaining agreements and non-clerical hourly employees. At February 25, 1983, the plan was overfunded with respect to accrued benefits. See Note 5 regarding termination.

On June 1, 1982, the Company adopted a defined contribution pension plan for certain employees covered under union labor contracts and hourly non-clerical employees. A determination letter approving the plan has been requested from the Internal Revenue Service.

The Company funds all pension costs as accrued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part): Employee Benefit Plans

Pension Plans:

On February 25, 1983, the Company terminated its noncontributory defined benefit pension plan that covered substantially all employees except certain employees covered by collective bargaining agreements and non-clerical hourly employees. Using current PBGC plan termination assumptions, plan assets of $8,571,133 at February 28, 1983, exceeded the $3,452,053 present value of accrued benefits as of the plan termination date by $5,119,080 which is recoverable by the Company. The Company recognized a gain of $2,545,289, net of applicable income taxes, as an extraordinary item during the fourth quarter of fiscal 1983 relating to the plan termination. At February 28, 1983, the Company was in the process of establishing a defined contribution pension plan to cover those employees previously covered under the defined benefit plan.

Normal cost of the defined benefit plan charged to operations for the years ended February 28, 1983 and 1982 was approximately $18,000 and $82,000, respectively, with no cost being charged to operations for the year ended February 28, 1981.

On June 1, 1982, the Company adopted a defined contribution pension plan for certain employees covered under labor union contracts and hourly non-clerical employees. Contributions to the plan are based upon hours worked during the plan year and participants may make voluntary contributions to the plan up to 10% of their compensation (as defined). Costs of the plan charged to operations for the year ended February 28, 1983, amounted to approximately $104,000.

Charges to operations for contributions to multi-employer pension plans for certain employees covered by labor union contracts amounted to approximately $813,000, $745,000 and $856,000 for fiscal 1983, 1982, and 1981, respectively. These amounts were determined by the union contract and the Company does not administer or control the funds in any way. However, the Company may be liable in the event of plan terminations or Company withdrawal from the plans for a portion of the plan's unfunded vested benefits, the amount of which, if any, has not been determined.

VARIAN ASSOCIATES, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Retirement Plans

The Company has several defined contribution retirement plans covering substantially all of its employees. Contributions to the retirement plans amounted to $11.9 million for 1983, $9.4 million for 1982, and $7.2 million for 1981. The Company's and its subsidiaries' major obligation is to contribute 4% of the base pay of eligible participants, plus the Social Security tax rate on their base pay in excess of their FICA wage base. The Company also contributes 5% of earnings before taxes as retirement plan profit sharing. Participants are entitled, upon termination or retirement, to their vested portion of the retirement fund assets, which are held by a corporate trustee.

COMPENSATORY PLANS

In addition to pension plans (Table 3-8) and "traditional" stock option and stock purchases plans (pages 228-235), 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

TABLE 3-9: COMPENSATORY PLANS

	Number of Companies			
	1983	1982	1981	1980
Stock award plan	155	147	127	104
Incentive compensation plan	99	99	113	148
Profit-sharing plan	76	72	77	89
Savings fund plan	71	66	60	45
Employee stock ownership plan	66	58	52	44
Deferred compensation agreement	39	33	36	38

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.

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

AXIA INCORPORATED (DEC)

FINANCIAL REVIEW

Management Incentive Compensation Plan

The plan, administered by a Board of Directors' committee composed of outside directors, provides additional compensation to officers and key employees based upon income and return on stockholders' equity. The amount charged to income from continuing operations pursuant to the plan was \$369,000 in 1983, \$117,000 in 1982 and \$490,000 in 1981.

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, 3,204,104 shares have been awarded through December 31, 1983. Deferred contingent common stock awards plus accrued dividends for a total of 1,800,397 shares were outstanding at December 31, 1983. Awards for 1983 amounted to \$13,724,000 which included deferred contingent common stock of \$8,260,000 (165,282 shares). 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).

CHESEBROUGH-POND'S INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Executive Incentive Profit-Sharing Plan

Under the provisions of the Executive Incentive Profit-Sharing Plan, the total allotment to any participating officer or key employee for any calendar year may not exceed 50 per cent of the participant's annual base salary. For those allotments not currently distributed in cash, units measured by the then current market value of a share of the company's common stock are credited to the account of the individual participant as of December 31 of the calendar year for which the allotment is made. In addition, units in lieu of dividends are credited to the participants. Participants will receive, upon retirement, death or termination of employment, shares of the company's common stock equal to the number of units credited to their account, unless the company elects to distribute cash equal to the then current market value of such shares. In 1983, 1982 and 1981, \$5,547,000, \$5,180,000 and \$4,810,000, respectively, were expensed for the plan.

INTERNATIONAL PAPER COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Incentive Plans

On April 12, 1983, the share owners adopted a Performance Share Plan and a Stock Option Plan. Both plans are administered by a Committee of non-employee members of the Board of Directors who are not eligible for awards.

Under the Performance Share Plan, contingent awards of shares of IP common stock, covering a five-year period, are granted by the Committee. Awards are earned if the Company's financial performance meets or exceeds that of other forest products companies using standards determined by the Committee. In 1983, approximately 70,000 shares were earned.

The Stock Option Plan provides for the granting of Incentive Stock Options and Nonqualified Stock Options through 1992 to key employees to purchase a maximum of 1.7 million shares of IP common stock. The Committee determines the recipients, the number of shares for which an option is granted, and the term of the option (which cannot exceed ten years). The option price is also set by the Committee and cannot be less than 100% of the fair market price of the stock at the date of grant. On October 14, 1983, the Company granted options for the purchase of 167,829 shares of common stock at an exercise price of $52.125 per share; options to buy 300 shares were exercised during 1983.

IP also has an Incentive Compensation Plan for those employees who are in a position to make substantial contributions to the management of the Company. Awards may be made for any year in which net earnings, as defined in the plan, exceed 6 percent of share owners' equity (but are limited to 8 percent of such excess or 10 percent of the cash dividends declared on the outstanding common stock of the Company during the year, whichever is less). Any such available funds not used for awards in one year may be carried forward for use in future years. The awards may be made in cash payable immediately, or in treasury common shares deliverable in the future.

During 1983, the Board of Directors approved the phasing out of IP's Profit Improvement Plan. Under the plan, 63,314 shares of common stock were earned in 1981, and no shares were earned in 1982 and 1983.

Provision for the cost of the Company's incentive plans amounted to $8.4 million and $14.2 million for 1983 and 1981, respectively. There was no provision in 1982.

Stock Award Plans

ESMARK, INC. (OCT)

FINANCIAL COMMENTS

Capital Stock and Other Equity (in part)

In addition to the option plans, Esmark has the Esmark, Inc. Long Term Growth Plan ("Plan"), consisting of a Restricted Stock component and a Performance Unit component. Under the Restricted Stock component not more than 831,911 shares (165,814 shares remaining unissued or unassigned at October 29, 1983) of common stock may be assigned to officers and key employees for future distribution. As of October 29, 1983, 614,620 of such restricted shares were assigned for distribution; distribution of 322,670 of these shares is dependent upon the market price of Esmark's common stock at the date of distribution; distribution of 218,963 shares is dependent on the recipient being in the employ of Esmark on the date of distribution; and distribution of the remaining 72,987 shares is dependent upon Esmark having a specified earnings per common share for the holding period of the shares. Under the Performance Unit component, not more than 795,606 units (750,201 units unassigned at October 29, 1983) may be assigned for future distribution. The cost of the Plan charged to ongoing operations was $3.9 million (1982—$1.9 million; 1981—$1.7 million).

McDERMOTT INTERNATIONAL, INC. (MAR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Capital Stock

Career Executive Stock Plan—This plan, which was adopted as a plan of International effective March 15, 1983, originally authorized 600,000 shares of common stock to be issued to eligible employees in consideration of their services. Employees granted stock under the plan pay $1.00 per share as the option purchase price. Shares may be issued pursuant to the plan until June 30, 1984. Restrictions with respect to issued shares lapse in approximately equal amounts on the second through tenth anniversary dates of the date of issuance. The cost of the plan, based on fair market value on the date of issuance of common stock, is amortized over a ten year period following the date of issuance. Upon forfeiture of stock by employees, previous expense attributable to unvested stock is credited to income. No shares were forfeited under the plan during 1983. As of March 31, 1983, 82,876 shares of common stock are available for grant to eligible employees pursuant to the terms of the plan. Charges to income under the plan were $1,209,000, $1,193,000 and $1,125,000 during fiscal 1983, 1982 and 1981, respectively.

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 400,000 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, 31,415 shares were granted in 1983, 44,450 shares in 1982 and 43,400 shares in 1981. The value of these shares at the date of grant was $1,080,000 in 1983, $895,000 in 1982 and $855,000 in 1981, and such amounts were charged to expense. In addition, 4,630 shares were cancelled in 1983, 5,900 shares in 1982 and 1,000 shares in 1981. At December 31, 1983, 259,965 shares were available for grant under the plan.

OUTBOARD MARINE CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(13) Pension and Incentive Compensation Programs

The Company and its subsidiaries have pension plans covering substantially all employees. Total pension expense charged to earnings was $8,466,000, $8,523,000 and $9,732,000 for 1983, 1982 and 1981, respectively. 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. In the United States, the Company charges to expense and contributes 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.

	1983	1982
	(Dollars in thousands)	
Actuarial present value of accumulated plan benefits—		
Vested	$183,404	$162,698
Nonvested	23,822	22,556
	$207,226	$185,254
Net assets available for benefits	$227,469	$200,485

The assumed rate of return to determine the actuarial present value of accumulated plan benefits was 7% and 6% in the United States and Canada, respectively.

Under the Company's Management Incentive Compensation Plan, the Board of Directors has the authority to determine the aggregate management incentive compensation for officers and key employees of the Company and its subsidiaries not to exceed 7½% of consolidated net earnings (as defined in the Plan). The amount of incentive compensation is further limited by conditions relating to the amount of capital employed by the Company and the amount of dividends paid. The Plan is administered by an Incentive Plan Committee of directors who are not participants in the Plan. In 1983, 1982 and 1981 $2,413,000, $2,094,000 and $1,818,000, respectively, were charged to earnings.

The 1982 Stock Option and Performance Unit Plan authorizes the granting of 600,000 performance units, each with a value equal to the value of a share of Common Stock at the time of grant. Units will be earned and paid in cash or shares, or both, based upon the judgment of the Stock Option Committee as to the achievement of various goals over four-year award cycles. At September 30, 1983 and 1982, respectively, there were outstanding 257,300 and 259,000 performance units granted in 1982. In 1983 and 1982, respectively, $816,000 and $900,000 were charged to earnings for the estimated cost of units earned.

THE PILLSBURY COMPANY (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Compensation Plans:

Certain employees of the company participate in compensation programs which include a base salary plus incentive payments. They are in managerial, sales and other areas in which it is deemed appropriate to reward employees on the basis of individual and/or group performance. Incentive payments are calculated based upon the level of operating earnings, as defined by the executive compensation commmittee of the board of directors.

Additionally, under Performance Unit Plans, officers and key employees may be awarded performance units valued at the fair market value of an equivalent number of shares of the company's common stock at time of award. The value at time of payment cannot be greater than 200% of the award value. The company's cumulative annual growth in earnings per share over the four-year period following the award is the basis for payment. Nothing is payable for annual growth of less than 8% under the 1974 Plan and 6% under the 1981 Plan. Awards of 169,444 performance units were outstanding at May 31, 1983 at a weighted award value of $39.03 each. An additional 522,056 units are available for grant through fiscal 1988.

Any eligible employee may elect, under a stock purchase and investment plan or a deferred incentive plan, to make deposits of up to 10% of the employees' profit sharing earnings with the company matching 50% of the deposits up to the first 4% of profit sharing earnings.

Expenses incurred under the above compensation plans (excluding base salary) were approximately $19.2 million, $16.1 million and $14.8 million in fiscal 1983, 1982 and 1981, respectively.

RANCO INCORPORATED (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): 1979 Performance Unit and Performance Share Plan

The 1979 Performance Unit and Performance Share Plan authorizes issuance of up to 200,000 of the Company's treasury shares to senior management employees. The Compensation Committee of the Board of Directors establishes certain financial objectives and selects the participants at the beginning of each three-year performance period. The value of the shares issued to an employee is determined at 100% of the fair market value on the day prior to the beginning of the performance period and will not exceed 30% of the participant's annual base salary. The share issued are restricted and may not be sold or hypothecated during the performance period, but the employee is entitled to vote such shares and to receive dividends.

Upon completion of the performance period and based upon achievement of the financial objectives, the committee determines the performance shares an employee shall retain, and, in addition, a participant shall be entitled to receive as performance units cash equal to 150% of the fair market value at the beginning of the performance period for the shares retained.

Performance shares issued in 1983 totaled 13,410 shares. No performance shares were issued in fiscal 1982 or 1981. The 2,853 performance shares previously issued in fiscal 1980 were cancelled in fiscal 1983 and returned to the treasury. In addition, previous performance unit award accruals totaling $66,000 were taken back to income in the year. Net performance unit award accruals were $20,000 in 1983, $20,000 in 1982 and $22,000 in 1981.

SPERRY CORPORATION (MAR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 (in part): Common Stock

Under the stock option plans approved by stockholders, options, performance units, restricted stock and stock appreciation rights may be granted to certain key employees. Options have been granted to purchase common stock at prices not less than the fair market value at the time of grant. Options granted expire from four to ten years from date of grant and are exercisable in whole or in part generally to the extent of 12% to 33% annually (on a cumulative basis) beginning one year from date of grant. As of March 31, 1983 no performance units had been granted.

Shares of restricted stock are subject to forfeiture until the expiration of a specified period of service commencing on the date of grant. During the forfeiture period, certificates for shares of restricted stock are held by the Company and are nontransferable. Furthermore the shares are entitled to all the rights of an outstanding share, except that dividends are delivered to the grantee, with interest, only upon the expiration of the forfeiture period. The compensation expense resulting from the award of restricted stock is based on the fair market value at the time of grant and is charged to income ratably over the forfeiture period. During the year ended March 31, 1983, 54,500 shares of restricted stock were granted when the market value was $29.82 per share, and $.2 million was charged to income.

Profit Sharing Plans

GRANGER ASSOCIATES (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 (in part): Employee Benefit Plans

Profit Sharing Bonus Plan: This Plan, amended by the Board of Directors in June 1983, provides for participation by substantially all employees in a semiannual bonus paid from a pool equal to 25% of pretax income, excluding interest income and unusual items, in excess of 12% of gross sales. Employees are eligible to participate in the Plan after six months of service. Management employees eligible to receive bonuses under other compensation arrangements do not participate in the Profit Sharing Bonus Plan. Profit sharing expense amounted to $1,458,000 in 1983 and $194,000 in 1982.

MASONITE CORPORATION (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Profit Sharing Plan

The new Masonite Profit Sharing Stock Plan, adopted by the Board of Directors on May 25, 1983, provides that each fiscal year the company contribute 2% of that part of the consolidated income before income taxes which was in excess of 6% of consolidated net worth at the beginning of the fiscal year. To be eligible for participation, an employee must be a full-time salaried employee, permanently and continuously in the employ of the company for one year. The former Masonite Profit Sharing Stock Plan, which had been terminated in connection with the plan of partial liquidation of the lumber and woodlands segment in 1982, had comparable provisions to those disclosed above for the new plan. The company's contributions for 1983, 1982, and 1981 were $326,000, $-0- and $417,000, respectively.

MEDTRONIC, INC. (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

Note 8 (in part): Profit Sharing and Pension Plan

Medtronic maintains a noncontributory profit sharing plan for substantially all domestic employees. Contributions to the plan amounted to $4,318 in 1983, $4,762 in 1982, and $4,246 in 1981.

TEXAS INSTRUMENTS INCORPORATED (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Profit Sharing and Retirement Plans (in part)

There was no profit sharing expense in 1983 and 1982, and $1.1 million in 1981. Under the plans, except in France where a government-prescribed formula is used, the annual contributions are a function of consolidated after-tax return on assets, a People Effectiveness Index (defined as consolidated net sales billed divided by total payroll and payroll-related benefit costs), and the aggregate compensation of the participants. Total payroll and payroll-related benefit costs of Texas Instruments Incorporated and all subsidiaries in 1983 were $1.98 billion. The People Effectiveness Index was 2.3 in 1983. The annual contributions are subject to a ceiling of the lesser of 25% of consolidated income before profit sharing and income taxes, or an amount which, together with all previous contributions, does not exceed 15% of the cumulative compensation paid to all participating employees for all plan years. No contribution is made for any year in which the contribution would be less than 3% of the aggregate compensation of participating employees for that year. The calculated amount was less than 3% for the years 1981 through 1983, and therefore no contributions were provided except for the French plan in 1981. Under these plans, profit sharing contributions are invested in TI common stock.

Also, under the U.S. plans, company contributions to a tax credit stock ownership account are invested, and employee contributions to certain other accounts may be invested, in TI common stock. Except in the event of company contributions in stock, investments in TI common stock are made by the trustees through purchases of outstanding shares or through purchases of shares offered from time to time by the company. The board of directors has authorized the issuance of up to 1,200,000 previously unissued shares for purposes of the plans; 547,406 of such shares were available for future issuance at December 31, 1983.

During 1983, the trustees of the profit sharing plans purchased 9,911 outstanding shares of TI common stock and 15,000 previously unissued shares; also, in 1983, for tax year 1982, the company contributed 24,394 shares to the tax credit stock ownership account. During 1982, the trustees purchased 40,274 outstanding shares of TI common stock. During 1981, the trustees purchased 52,624 outstanding shares of TI common stock and 277,500 previously unissued shares.

Savings or Investment Plans

AMERICAN MAIZE-PRODUCTS COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

5. Retirement Plans

During 1983, the Company adopted a savings plan (the "Plan") to provide its employees with additional income upon retirement. The Plan requires specified contributions by the Company in either cash or its Class A common stock. Cash contributions must be invested by the trustee in the Company's Class A common stock. Discretionary contributions by the Company are also permitted. Contribution expense under the Plan was $184,000 or which $124,000 qualifies and has been taken as a tax credit.

BOWNE & CO., INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part) Employee Benefit Plans

Employees' Stock Purchase Plan:

Under the Employees' Stock Purchase Plan, participating subsidiaries contribute 50% of amounts contributed by employees; all contributions are made to a trust for investment in the common stock of the Company. The plan acquired 24,600 shares (1983), 35,265 shares (1982) and 26,755 shares (1981) of the Company's common stock on the open market, adjusted for the 5% stock dividend distributed in June, 1982 and the 2-for-1 stock split distributed in 1981. At October 31, 1983, the Stock Purchase Plan held 358,135 shares of the Company's common stock. Charges to income, representing the Company's contributions, net of refunds from forfeitures upon termination of participation, amounted to $76,000 (1983), $95,000 (1982) and $75,000 (1981). Contributions made by the Company vest with the employee two years after the date of such contributions.

DIAMOND SHAMROCK CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Savings Plan

Under the Chemicals Company's Employee Savings Plan, eligible participating employees may elect to contribute up to 6% of their salaries to a trust for investment in either a corporate stock fund (Common Stock of the Company) or a government securities fund. The Company contributes an amount equal to 50% of the participant's monthly contribution, which is invested in the corporate stock fund. Participants are at all times fully vested in their contributions and the Company contributions become fully vested to the participant after three years of continued employment. The Plan Trustee may purchase shares of the Company's Common Stock for the corporate stock fund from the Company at a price equal to the closing market price on the New York Stock Exchange on the date of purchase. The Company's contributions to the Plan amounted to $3,134,000 in 1983, $3,565,000 in 1982 and $3,121,000 in 1981.

Under the Natomas Thrift Plan, eligible participating employees may elect to contribute up to 16% of their monthly salaries, the initial 6% on a before tax basis. Contributions are made to a trust for investment into three different funds including a Company stock fund. The Company contributes an amount equal to 100% of the participant's initial 6% monthly contribution. Participants are at all times fully vested in their contributions and become fully vested in the Company's contributions over a three year period. The Company's contribution to the Natomas Plan amounted to $508,000 in 1983.

At December 31, 1983, 3,215,216 Common shares were reserved for issuance under the Plans.

STEIGER TRACTOR, INC. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Employee Benefit Programs

Employees' Savings Plan:

Steiger has an elective Employees' Savings Plan for all employees not covered by a collective bargaining agreement, who have one or more years of continuous service.

In May 1983, Steiger's Board of Directors approved an amendment to the Savings Plan, effective July 1, 1983, which qualifies it as a thrift plan under Section 401-1(b)(3) of the Internal Revenue Code. This amendment allows an employee to contribute between 2% and 10% of his salary and bonus to the Plan and these contributions are not subject to federal income taxes. Steiger will contribute 50% of the employee's contributions, to a maximum of 3% of the employee's salary. At the discretion of the Board of Directors, an additional profit incentive of not more than 2% of total staff salary can be contributed to this plan. Steiger's contributions to the Plan are 100% vested. The aggregate benefit payable to any employee is dependent upon his rate of contribution, the earnings of the fund and the length of time such employee continues as a participant. Steiger's contributions for the year ended September 30, 1983, 1982 and 1981 were $175,000, $173,000 and $150,000, respectively.

Employee Stock Ownership Plans

GENERAL MILLS, INC. (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note Ten (in part): Employees' Retirement Plans

In fiscal 1983, the company adopted an employee stock ownership plan. Company contributions to the plan expensed in fiscal 1983 were $12.1 million (included in the $53.6 million above) of which approximately $8.7 million was contributed substantially in the form of 169,109 shares of common stock. The company receives an equivalent federal income tax credit as a result of the contribution.

A few plans provide for benefits based on accumulated contributions and investment income (defined contribution plans). Such plans, including the newly established employee stock ownership plan, had net assets of $167 million at May 29, 1983.

MAPCO INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 (in part): Employee Benefit Plans

Under the Employee Stock Ownership Plan, MAPCO common stock is acquired for eligible employees equal in value to the additional allowed tax credit of ½ of 1% of eligible payroll for 1983 pursuant to the Economic Recovery Tax Act of 1981. Prior to 1983 the plan acquired stock for eligible employees equal in value to the additional investment tax credit claimed for such purpose pursuant to the Tax Reduction Act of 1975, the Tax Reform Act of 1976 and the Revenue Act of 1978. Therefore, the entire cost of such a plan is borne by the Federal Government and was accounted for by a charge to expense of $592,000 and $5,199,000 in 1983 and 1982, respectively, with a corresponding reduction in the provision for income taxes.

SUN COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 (in part): Employee Benefit Plans

Employee Stock Ownership Plan

The Company has an Employee Stock Ownership Plan (Plan) for eligible employees of the Company and certain subsidiaries. Annually, Sun contributes an amount to the Plan determined in accordance with Internal Revenue Service Regulations. This contribution is recoverable through a credit the Company may claim on its consolidated federal income tax return, and accordingly, the Plan has no effect on net income. Sun's contributions to the Plan were $8, $7, and $8 million in 1983, 1982 and 1981, respectively, and consisted of cash in 1983 and treasury stock in 1982 and 1981. For Plan years prior to 1983 Sun's contribution was limited to a one percent additional investment tax credit and, for the plan years 1979 through 1982, the matching of employee contributions up to an additional one-half percent investment tax credit. For Plan years beginning after December 31, 1982, Sun's contribution will be limited, in accordance with the 1981 Economic Recovery Tax Act, to a percentage of the annual compensation of all the employees covered by the Plan. This change is expected to reduce the amount of Sun's future contributions.

Deferred Compensation Plans

DOYLE DANE BERNBACH INTERNATIONAL INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F (in part): Employee Benefit Plans

(1) *Deferred Compensation Agreements and Cash Incentive Plan*—Agreements with certain key executives provided for aggregate annual payments ranging from $4,000 to $114,500 per year, for from three to fifteen years certain beginning when the executive reached the age of 65 or at his death. Under certain conditions, the amount of deferred benefits could be reduced. In addition, there was an agreement with an executive which provided for a lump-sum payment of $25,000 in 1993, provided he was still in the employ of the Registrant, or at his death or total disability. Most executives in 1983 voluntarily cancelled their agreements. At December 31, 1983, the remaining agreements provide for aggregate annual payments ranging from $4,000 to $79,400. The lives of these executives have been insured for amounts sufficient to discharge the obligations thereunder. The amount charged (credited) to operations in connection with these agreements in 1981, 1982 and 1983 amounted to $473,000, $666,000 and $(1,750,000), respectively.

During 1983, the Registrant entered into agreements with certain executives which provide for a deferred compensation benefit ranging from $52,500 to $160,000. The amount of the benefits increase each year by an interest factor using the bank prime rate. The benefits are payable 50% at the time the executive terminates his employment and 50% one year thereafter. The amount of the benefits may be reduced in the event the executive terminates his employment prior to March 31, 1987. The charge to operations in connection with these agreements in 1983 amounted to $67,000.

The Cash Incentive Plan provides for the current payment of cash bonuses to employees of the Registrant and its domestic subsidiaries who, in the opinion of the Registrant's Executive Committee, shall have made a substantial contribution to favorable profit and operating performance. The amounts charged to operations under this plan in 1981, 1982 and 1983 amounted to $1,922,000, $2,214,000 and $1,021,000, respectively.

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 *ARB 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 effect 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 140-145.

TABLE 3-10: DEPRECIATION METHODS

	Number of Companies			
	1983	1982	1981	1980
Straight-line	564	562	565	562
Declining balance	57	57	57	65
Sum-of-the-years digits	17	20	25	26
Accelerated method-not specified	74	69	68	69
Unit of production	65	62	52	51

Straight Line Method

AMSTED INDUSTRIES INCORPORATED (SEP)

	1983	1982	1981
		(In Thousands)	
Costs			
Cost of goods sold	$431,707	$522,345	$676,192
Selling, administrative and general expenses	47,328	51,086	57,407
Depreciation	23,273	22,662	21,291
Other (income) expense—net	(3,122)	(5,165)	(6,898)
Total costs	499,196	590,928	747,992

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Policies (in part)

The straight-line method for determining depreciation is used for financial reporting purposes, and both straight-line and accelerated methods are used for income tax purposes. Depreciation has continued to be provided on the assets of idled plants.

ALLEGHENY INTERNATIONAL, INC. (DEC)

	1983	1982	1981
		(In thousands)	
Cost of goods sold	$1,699,069	$2,031,892	$1,319,724
Depreciation and amortization	61,484	70,974	42,777
Selling, general and administrative expenses	504,179	601,600	390,501
	2,264,732	2,704,466	1,753,002

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment. Expenditures for additions and betterments are capitalized, while those for maintenance and repairs are expensed as incurred. The cost and accumulated depreciation or amortization of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in earnings.

For financial reporting purposes depreciation and amortization are provided on a straight-line basis, whereas accelerated methods generally are used for income tax purposes.

BANGOR PUNTA CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Property, Plant and Equipment

Land is carried at cost and other properties at cost less accumulated depreciation. Certain leases have been capitalized and the leased assets are included in property, plant and equipment or other assets. Refer to note 10 for information on capital leases. Depreciation is provided based on the estimated useful lives of the related assets and is computed generally on the straight-line method.

5: Property, Plant and Equipment

A summary of properties at cost and accumulated depreciation follows:

	Depreciation Rates	September 30 1983	1982
In thousands of dollars			
Farmlands		$ 3,746	$ 3,760
Land		6,540	6,038
Buildings and site improvements	2½%to 10%	93,007	83,348
Machinery and equipment	5%to 10%	119,628	112,352
Molds, jigs and dies	33⅓%	27,077	22,939
Leasehold improvements	Useful life	1,752	1,999
Construction in progress		4,053	8,332
		255,803	238,768
Accumulated depreciation		120,803	108,195
		$135,000	$130,573

Depreciation charged to operations was $17,801,000, $15,973,000 and $16,246,000 in 1983, 1982 and 1981, respectively. Repairs and maintenance charged to operations were $12,083,000, $16,106,000 and $19,250,000 in 1983, 1982 and 1981, respectively.

See note 10 with respect to capitalized leases.

K MART CORPORATION (JAN)

Consolidated Statements of Changes in Financial Position

	1984	1983 (Millions)	1982
Cash Provided by (Used for):			
Operations			
Net income for the year	$492.3	$261.8	$220.3
Noncash charges (credits) to earnings—			
Depreciation and amortization:			
Property owned	167.8	157.4	140.7
Leased property under capital leases	96.7	93.7	88.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part): Summary of Significant Accounting Policies

Depreciation: The company computes depreciation on owned property principally on the straight-line method for financial statement purposes. For income tax purposes the accelerated cost recovery system is used for assets placed in service after 1980 and accelerated depreciation methods are used for assets placed in service in 1980 and prior years. Most store properties are leased, and improvements are amortized over the term of the lease but not more than 25 years. Other annual rates used in computing depreciation for financial statement purposes are 2% to 10% for buildings, 10% to 14% for store fixtures and 5% to 33% for other fixtures and equipment.

Leased Property under Capital Leases: The company accounts for capital leases, which transfer substantially all of the benefits and risks incident to the ownership of property, as an acquisition of an asset and the incurrence of an obligation. Under this method of accounting for leases, the asset is amortized using the straight-line method and the obligation, including interest thereon, is liquidated over the life of the lease. All other leases (operating leases) are accounted for by recording periodic rental expense over the life of the lease.

PORTEC, INC. (DEC)

	1983	1982 (Thousands of dollars)	1981
Cost and Expenses			
Cost of products sold (exclusive of depreciation shown below)	$ 87,958	$122,389	$173,940
Selling, general and administrative	26,737	27,455	27,834
Depreciation and amortization	4,690	4,658	4,459
Pensions	975	1,590	1,661
Interest	1,781	2,230	2,529
Total	122,141	158,322	210,423

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Property, plant and equipment–For financial statement purposes, depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging generally from 20 to 35 years for buildings and from four to 10 years for machinery and equipment. Whenever appropriate, accelerated depreciation methods are utilized for tax purposes.

Maintenance, repairs, minor renewals and betterments are charged to expense as incurred; major renewals and betterments are capitalized.

The cost and related accumulated depreciation of assets replaced, retired or otherwise disposed of are eliminated from the property accounts and any gain or loss is reflected in income.

VF CORPORATION (DEC)

Statements of Changes in Consolidated Financial Position

	1983	1982	1981
Operations			
Net earnings .	$119,401,000	$ 91,623,000	$52,205,000
Items reflected in net earnings not requiring cash:			
Depreciation and amortization ..	20,091,000	13,057,000	13,438,000
Deferred taxes and other charges .	422,000	2,617,000	460,000
Funds provided by operations	139,914,000	107,297,000	66,103,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part) Accounting Policies

Depreciation and Income Taxes—Property, plant and equipment is stated on the basis of cost. Depreciation is computed principally by the straight-line method for financial reporting purposes and by accelerated methods for income tax purposes.

Investment tax credits are accounted for by the flow-through method.

Declining-Balance Method

AMERICAN MOTORS CORPORATION (DEC)

	1983	1982	1981
COSTS AND EXPENSES			
Cost of products sold, other than items below	$3,021,784	$2,210,471	$2,080,258
Selling, advertising and administrative expenses	328,495	308,744	295,626
Amortization of tools and dies	63,224	34,001	31,795
Depreciation and amortization of plant and equipment	23,769	18,352	16,203
Cost of pensions ...	50,465	54,322	46,168
Interest	85,529	51,522	32,527
	$3,573,266	$2,677,412	$2,502,577

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Accounting Policies

Depreciation and Amortization

Property, plant and equipment is stated at cost and depreciated over the estimated useful lives of the assets. Depreciation includes the amortization of assets recorded under capital leases. The declining balance method is used for approximately 61% of the total depreciable assets and the straight-line method for the remainder. Deferred tool and die costs are amortized over periods of time representing the estimated productive use of such assets.

DOW JONES & COMPANY, INC. (DEC)

	1983	1982	1981
EXPENSES:			
News, production, delivery and royalty	$243,441	$214,495	$185,474
Selling, administrative and general	221,286	192,060	157,812
Newsprint	100,848	95,750	92,480
Second class postage	52,793	51,121	52,019
Depreciation (Note 1)	37,383	27,805	17,986
Operating expenses	655,751	581,231	505,771

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

Depreciation is computed principally on the declining-balance method over the estimated useful lives of the respective assets or the terms of the related leases.

GRUMMAN CORPORATION (DEC)

Consolidated Statement of Changes in Financial Position

	1983	1982	1981
	(Dollars in Thousands)		
Funds Provided By:			
Income from continuing operations	$110,746	$ 90,294	$ 73,950
Items not requiring funds			
Depreciation and amortization	34,096	25,189	20,463
Deferred income taxes	72,000	69,500	58,000
Other	3,914	2,429	1,871
From continuing operations	220,756	187,412	154,284

NOTES TO FINANCIAL STATEMENTS

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

Depreciation and Amortization

Depreciation of substantially all plant and equipment is provided for using a declining-balance method. Leasehold improvements are amortized over the terms of the leases or their estimated useful lives, whichever is shorter.

Upon sale or retirement of plant and equipment, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is reflected currently. Maintenance and repair costs are expensed as incurred.

LEE ENTERPRISES, INCORPORATED (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Property and Equipment

Property and equipment is carried at cost. Newspaper and broadcasting equipment is depreciated primarily by declining-balance methods, whereas the straight-line method is used for all other assets. Depreciation charged to operations was $6,700,000 in 1983, $5,500,000 in 1982 and $6,200,000 in 1981. Primary useful life in years is as follows:

Buildings and improvements	25
Newspaper:	
Presses	20
Other major equipment	5-11
Broadcasting:	
Towers	20
Other major equipment	5-7

Sum-Of-The-Years-Digits Method

SPERRY CORPORATION (MAR)

Consolidated Statements of Changes in Financial Position

	1983	1982	1981
	(in millions of dollars)		
Source of Funds			
Net income	$118.1	$221.8	$311.2
Add income charges not affecting funds			
Depreciation, amortization and obsolescence:			
Rental machines	119.0	114.9	104.1
Other property, plant and equipment	99.9	91.3	76.5
	218.9	206.2	180.6
Deferred income taxes	(10.2)	(34.3)	99.6
	208.7	171.9	280.2

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Depreciation

Depreciation of property, plant and equipment is generally provided on the sum-of-the-years'-digits method over the estimated economic lives of the assets. Rental machines are depreciated over a life of five years. Leasehold improvements are amortized over the lease period or the estimated useful life, whichever is shorter. Maintenance and repairs are charged to income as incurred and renewals and betterments are capitalized.

HOMASOTE COMPANY (DEC)

Consolidated Statements of Changes in Financial Position

	1983	1982	1981
Sources of Working Capital:			
From operations:			
Net earnings	$ 876,151	$ 456,432	$ 955,898
Items which do not use (provide) working capital:			
Depreciation of plant and equipment	1,409,237	1,434,742	1,417,218
Gain on sale of equipment	(23,933)	(47,824)	(10,890)
Deferred income taxes	83,000	40,000	(7,000)
	2,344,455	1,883,350	2,355,226

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

DEPRECIATION: Depreciation of plant and equipment is computed using the straight-line and various accelerated methods at rates adequate to depreciate the cost of applicable assets over their expected useful lives. Maintenance and repairs are charged to operations as incurred; renewals and improvements are capitalized. The cost of assets retired or otherwise disposed of and the accumulated depreciation thereon are removed from the accounts with any gain or loss realized upon sale or disposal charged or credited to operations.

Note 3 (in part): Property, Plant and Equipment

Estimated useful lives and depreciation methods are as follows:

	Estimated Useful Lives	Methods in Use
Buildings and additions	10-50 years	Straight line
Machinery and equipment	5-20 years	Sum-of-the-years digits
Office equipment	10 years	Sum-of-the-years digits
Automotive equipment	3-5 years	Declining balance
Air pollution abatement equipment	5-10 years	Sum-of-the-years digits

Unit of Production Method

CBI INDUSTRIES, INC. (DEC)

Consolidated Statements of Changes in Financial Position

Sources of working capital:	1983	1982	1981
	Thousands of dollars		
Net income	$44,110	$ 88,186	$ 84,162
Add (deduct) items included in net income and not requiring use of working capital in current period:			
Provision for depreciation and depletion	40,111	44,951	38,189
Equity in income of unconsolidated affiliates	(16,207)	(12,054)	(9,070)
Income taxes not payable currently	439	32,509	40,716
Cost of real estate properties sold	22,692	3,195	3,898
Amortization of restricted stock award compensation	2,653	2,425	1,947
Other, net	5,774	638	2,814
Working capital provided from operations	$99,572	$159,850	$162,656

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars, except per share amounts)

1 (in part): Summary of Accounting Policies

Property and equipment—Property and equipment are recorded at cost. Depreciation for property and equipment, other than drilling equipment, is provided on a straight line basis over the estimated useful life of the property. The principal estimated useful lives are: buildings, 6½ to 50 years; plant machinery and equipment, 5 to 25 years; field equipment, 2 to 10 years; office furniture and fixtures, 2 to 15 years. Depreciation for drilling equipment is provided using the unit-of-production method. The estimated useful lives of the equipment on a unit-of-production basis are approximately 14 to 17 years, assuming an average expected utilization rate of 70% (see Note 2).

Maintenance and repair cost of property and equipment was $16,147 in 1983, $23,400 in 1982 and $26,696 in 1981. Renewals and betterments are treated as capital expenditures and depreciated accordingly. Undepreciated cost of property and equipment sold or retired, net of related proceeds, is reported in other income (expense).

NATIONAL DISTILLERS AND CHEMICAL CORPORATION (DEC)

Consolidated Statement of Changes in Working Capital

	1983	1982	1981
	(dollar amounts in millions)		
Working capital was provided by:			
Net income	$ 66.7	$ 79.1	$136.7
Charges (credits) to income not requiring (providing) working capital			
Depreciation, depletion and amortization	67.8	45.7	44.9
Deferred taxes on income	29.4	8.0	17.3
Unremitted earnings — insurance subsidiaries	1.1	(.6)	(10.6)
Unremitted earnings — associated companies	4.2	(13.3)	(8.1)
Loss on sale of investment in associated company		13.2	
Other	8.0	3.0	
Total from operations	177.2	135.1	180.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Summary of Accounting Policies

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Cost of gas and oil producing properties and development costs associated with those properties are capitalized on a field basis in accordance with the successful efforts method of accounting.

Depreciation of other than gas and oil producing properties is determined for related groups of assets under the straight line method based upon their estimated useful lives.

Depreciation and depletion of gas and oil producing properties are computed by the unit of production method based on the proved developed reserves.

Minor renewals or replacements and maintenance and repairs are expensed. Major replacements and improvements are capitalized. Gains or losses on disposal of assets in the normal course of business are credited or charged to accumulated depreciation. Gains or losses from abnormal dispositions are credited or charged to income.

AMAX INC. (DEC)

	1983	1982	1981
	In thousands of dollars		
Costs applicable to sales—			
Costs and operating expenses	$1,808,900	$1,924,300	$1,863,100
Depreciation and depletion	184,900	211,300	211,100
Selling and general	159,000	173,300	172,400
Taxes other than income taxes	102,700	117,600	117,500
Exploration	34,500	48,200	73,800
Research	19,900	22,500	30,500
	2,309,900	2,497,200	2,468,400

NOTES TO FINANCIAL STATEMENTS

1 (in part): Summary of Accounting Policies

Property, plant and equipment are carried at cost, including capitalized interest. Maintenance and repairs are charged to earnings. Expenditures for major betterments are capitalized. Gains and losses on retirements are included in earnings. *Depreciation and depletion* is computed primarily on the unit of production method.

Production—Variable Method

INLAND STEEL COMPANY (DEC)

	1983	1982	1981
	Dollars in Thousands		
Costs and other expenses:			
Cost of goods sold (excluding depreciation)	$2,756,211	$2,550,005	$3,180,238
Selling, general and administrative expenses	193,124	192,584	188,278
Depreciation (Note 6)	123,179	123,786	159,585
State, local and miscellaneous taxes	46,768	47,459	40,945
Interest and other expense on debt	65,521	64,543	63,141
Termination costs of certain raw materials facilities	58,391	—	—
Total	$3,243,194	$2,978,377	$3,632,187

STATEMENT OF ACCOUNTING AND FINANCIAL POLICIES

Property, Plant and Equipment

Property, plant and equipment is depreciated for financial reporting purposes over the estimated useful lives of the assets. Steelmaking machinery and equipment, a significant class of assets, is depreciated on a production-variable method. The production-variable method adjusts 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. All other assets are depreciated on a straight-line method. Accelerated methods of depreciation are used for Federal income tax purposes.

Expenditures for normal repairs and maintenance are charged to income as incurred.

Gains or losses from significant abnormal disposals of properties are credited or charged to income. The cost of other retired assets less any sales proceeds is charged to accumulated depreciation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6/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.

Equipment lives which formerly ranged from 10 to 28 years were increased to between 12 and 34 years to more closely approximate the useful lives. The lengthening of lives reduced depreciation cost in both 1983 and 1982 by approximately $29 million, as compared with 1981.

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 method approximates units of production depreciation by allocating the cost of these facilities to the time periods in which products are manufactured. Due to low plant operating levels, the recorded production-variable depreciation rate for 1983 and 1982 was 76.2% and 75% respectively. The cost reduction effect was $18.0 million in 1983 and $19.4 million in 1982. If the production-variable method had been in effect in 1981, the operating rate would have been 93%, resulting in a depreciation cost reduction of $6.3 million.

Depletion

MANVILLE CORPORATION (DEC)

Consolidated Statements of Changes in Financial Position

	1983	1982	1981
	(Thousands of Dollars)		
Funds Provided By			
Earnings (Loss) from Continuing Operations	$ 60,126	$(20,953)	$ 49,458
Items Not Affecting Funds			
Depreciation and depletion	76,394	73,997	71,793
Provision for the dispositions of assets	9,915	33,878	
Deferred income taxes (noncurrent portion)	(2,235)	(17,427)	(18,417)
Provision for retirement incentive costs		27,637	
Other, net	(5,825)	4,601	(1,039)
Funds Provided from Continuing Operations	138,375	101,733	101,795

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 (in part): Summary of Significant Accounting Policies

(c) *Property, Plant and Equipment, and Depreciation*

Gains and losses from the normal retirement or replacement of property, plant and equipment are reflected in accumulated depreciation with no effect on current period earnings. Gains and losses arising from abnormal dispositions are included in operations currently.

Depreciation and amortization are computed using the straight-line method based on estimated useful lives of the related assets. Depletion of mineral properties is calculated using the unit-of-production method. Expenditures for replacements and betterments are capitalized, while maintenance and repairs are charged against operations as incurred. The Company is engaged in a reforestation program which will convert its natural forest to timber plantations over approximately the next twenty-nine years. Cost of timber harvested is based on the unit cost rates calculated using the total estimated yield of timber to be harvested during the conversion period for the natural forest and during the growth cycle for each plantation.

ETHYL CORPORATION (DEC)

Consolidated Statements of Changes in Financial Position

	1983	1982	1981
Sources of Funds:			
Operations:			
Net income	$106,038,000	$ 94,166,000	$ 90,891,000
Charges (credits) not using (providing) working capital:			
Depreciation and depletion	93,072,000	81,473,000	76,364,000
Amortization of debt discount and intangibles	2,750,000	2,305,000	3,093,000
Noncurrent deferred income taxes	(11,433,000)	12,837,000	9,683,000
Noncurrent provisions for writedowns and shutdowns	28,701,000		
Undistributed earnings of First Colony Life Insurance Company	(25,461,000)	(13,845,000)	
Working capital from operations	193,667,000	176,936,000	180,031,000

NOTES TO FINANCIAL STATEMENTS

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

Exploration and Development of Mineral Resources The Company follows the successful efforts method of accounting for its oil and gas exploration and producing activities whereby: 1) geological and geophysical costs are expensed as incurred, and 2) exploratory drilling costs that result in the discovery of proved reserves, and development costs, including development dry holes, are capitalized. Depletion of producing oil and gas properties is computed by the unit-of-production method based on an estimate of recoverable oil and gas reserves. Leasehold costs of unproved properties are capitalized and amortized on a composite basis at rates based on past experience and average lease life.

Depletion of coal reserves and development costs are computed by the unit-of-production method based on estimated reserves.

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 should 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 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.

TABLE 3-11: FEDERAL INCOME TAX EXPENSE

	1983	1982	1981	1980
Description Terms				
Income taxes	500	490	447	465
Federal income taxes	82	84	119	104
United States (U.S.) income taxes	10	20	17	15
	592	**594**	**583**	**584**
Other or no caption for expense	8	6	17	16
Total Companies	**600**	**600**	**600**	**600**

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.

BETHLEHEM STEEL CORPORATION (DEC)

	1983	1982	1981
	(dollars in millions)		
Income (Loss) before Provision for Income Taxes, Extraordinary Gain and Cumulative Effect of Changes in Accounting Principles	$(239.2)	$(1,492.6)	$292.9
Provision (Credit) for Income Taxes (Note J)	75.0	(23.0)	82.0
Income (Loss) before Extraordinary Gain and Cumulative Effect of Changes in Accounting Principles ($(7.31), $(33.64), $4.83 per share)	(314.2)	(1,469.6)	210.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A (in part) Accounting Policies:

Income Taxes—Deferred taxes are provided to reflect the tax effects of reporting income, expense and tax credits at different times for financial accounting purposes than for income tax purposes. Recorded investment tax credits are reflected in the provisions for income taxes using the flow-through method.

J. Taxes

The provision (credit) for taxes on income consisted of the following:

(dollars in millions)	1983	1982	1981
Federal—Current	$ 30	$ (22)	$ 67
—Deferred	38	(5)	(10)
	$ 68	$ (27)	$ 57
Foreign—Current	6	12	21
State—Current	(4)	18	2
—Deferred	5	(26)	2
Total provision (credit)	$ 75	$ (23)	$ 82

Total income tax expense (credit) differed from the amount computed by applying the Federal income tax rate of 46% to pretax income. The computed amount and the items which made total income tax expense vary from it are as follows:

(dollars in millions)	1983	1982	1981
Pre-tax income (loss)			
U.S.	$ (229.6)	$(1,507.7)	$ 224.0
Foreign	(9.6)	15.1	68.9
Total	$ (239.2)	$(1,492.6)	$ 292.9
Computed amounts	$ (110.0)	$ (686.6)	$ 134.8
U.S. loss in excess of allowable carrybacks	110.0	482.0	—
Prior years' deficiencies—primarily nonrecognizable carryover benefits of timing differences	68.0	—	—
Investment and energy tax credits	—	202.5	(31.6)
Reversal of prior years' net deferred credit	—	(101.3)	—
Percentage depletion on U.S. mineral properties	—	—	(30.0)
Tax credits related to safe harbor tax leases	—	—	(14.9)
Adjustment of prior years' credits, including recapture related to safe harbor tax leases	—	23.8	13.8
Net foreign items	6.0	39.9	(15.3)
Minimum tax	—	9.5	8.5
Miscellaneous items	1.0	7.2	16.7
Total provision (credit)	$ 75.0	$ (23.0)	$ 82.0

Deferred income taxes were recorded for timing differences related to the following:

(dollars in millions)	1983	1982	1981
Anticipated settlement of prior years' tax liabilities	$ 43.0	$ (28.5)	$ (58.0)
Investment and energy tax credit carryovers	—	138.3	14.3
Property, plant, equipment and repairs	—	(354.9)	27.7
Expenses associated with the restructuring of operations	—	150.8	12.0
Miscellaneous items	—	63.3	(4.0)
Total deferred income taxes	$ 43.0	$ (31.0)	$ (8.0)

At December 31, 1983, Bethlehem had unused operating loss carryforwards of $1,244.0 million for financial reporting purposes and $682.3 million for tax reporting purposes which expire in 1997 and 1998. The potential tax benefit of the net operating loss carryforward has not been recorded for financial statement purposes because of the uncertainty of realizing those benefits in the foreseeable future. In addition to the loss carryforward. Bethlehem had investment tax credit carryovers of $228.1 million (expiring at various dates from 1991 through 1998) which are available to reduce future Federal tax provisions and future Federal tax liabilities.

In 1983, Bethlehem paid $114 million for Federal income tax deficiencies for the years 1961 through 1970. Most of this payment was interest. Federal income tax returns for the years 1971 through 1978 are under consideration by the Internal Revenue Service. The Service has proposed adjustments for the years 1971 through 1975, the major portion of which has been contested by Bethlehem. It is anticipated that a payment for the years 1971 through 1975 will be made in 1984 in an amount not in excess of $40 million, most of which will be interest. Provisions have been made in our financial statements for these payments and for other adjustments for prior years.

In addition to income taxes, Bethlehem incurred costs for other taxes as follows:

(dollars in millions)	1983	1982	1981
Employment taxes	$ 132.8	$ 152.3	$ 176.5
Property taxes	37.7	45.1	45.3
State and foreign taxes	20.3	24.8	27.2
Federal excise tax on coal	9.3	8.3	4.8
Total other taxes	$ 200.1	$ 230.5	$ 253.8

TABLE 3-12: TIMING DIFFERENCES—REASONS

	Number of Companies			
	1983	1982	1981	1980
Depreciation	496	497	497	486
Unremitted earnings	127	136	130	133
Inventory valuation	97	103	105	97
Interest and taxes during construction	83	82	71	45
Installment sales	86	80	75	63
Pensions	76	66	67	70
Other employee benefits	98	99	90	84
Discontinued operations	77	73	57	49
Long-term contracts	71	70	63	57
Leases	44	51	42	37
Intangible drilling costs	45	46	47	39
Warranties	25	30	29	26
Translation of foreign currency accounts	23	20	22	26

CROWN ZELLERBACH (DEC)

	1983	1982	1981
	(In millions of dollars)		
Income (loss) before income taxes	$ 123.8	$ (143.7)	$ 101.1
Federal, state and foreign income taxes	36.0	(31.5)	25.8
Net income (loss)	87.8	(112.2)	75.3

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Taxes

Investment and energy tax credits are reflected in income using the flow-through method.

Income Taxes

The components of income (loss) before income taxes were taxed under the following jurisdictions:

(In millions of dollars)	1983	1982	1981
United States	$113.6	$(109.0)	$ 86.3
Foreign	10.2	(34.7)	14.8
	$123.8	$(143.7)	$101.1

A reconciliation between the U.S. federal statutory tax rate and the effective tax rate follows:

	1983	1982	1981
Statutory tax rate	46.0%	(46.0)%	46.0%
Sale of subsidiaries	—	36.8	—
Nontaxable gain on early retirement of debt	—	—	(7.4)
Investment and energy tax credits	(14.4)	(12.1)	(14.5)
All other, net	(2.5)	(.6)	1.4
Effective tax rate	29.1%	(21.9)%	25.5%

The income tax provision (benefit) and the deferred income taxes related to specific timing differences consisted of:

(In millions of dollars)	1983	1982	1981
Current:			
U.S. federal	$ 8.6	$ (.8)	$ .5
State	5.7	.8	.9
Foreign	3.4	3.2	4.4
Total current	17.7	3.2	5.8
Deferred:			
U.S. federal—			
Net operating loss carryforward	12.2	(12.7)	—
Investment tax credits	(10.2)	(19.7)	(13.9)
Foreign tax credits	8.4	(8.4)	(1.3)
Restructured operations	8.1	(36.0)	—
Sale of subsidiaries and affiliates	(41.3)	40.1	—
Retirement program	.7	(12.9)	—
Depreciation	22.7	24.8	21.1
Investment writeoff	—	—	(5.0)
Interest capitalized	14.5	9.2	9.3
Other, net	3.2	—	1.5
Total U.S. federal	18.3	(15.6)	11.7
Foreign—			
Depreciation	—	(11.6)	3.3
Interest capitalized	—	5.4	4.8
Net operating loss carryforward	—	(8.1)	—
Other, net	—	(4.8)	.2
Total foreign	—	(19.1)	8.3
Total deferred	18.3	(34.7)	20.0
	$36.0	$(31.5)	$25.8

Deferred income taxes result from timing differences in the recognition of income and expense for financial reporting and tax purposes.

Investment and energy tax credits included in the U.S. federal provision were $19.3 million in 1983, $19.7 million in 1982, and $14.6 million in 1981.

HARRIS CORPORATION (JUN)

	1983	1982	1981
Income from continuing operations before income taxes	$58,853,307	$80,792,649	$125,421,690
Income taxes	8,508,057	26,541,928	45,218,055
Income from continuing operations	50,345,250	54,250,721	80,203,635

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Polices (in part)

Income Taxes—Investment tax credits are accounted for by the flow-through method. Deferred taxes are provided for timing differences arising primarily from completed-contract accounting for long-term contracts, depreciation, leases and DISC earnings.

Income Taxes

The provisions for income taxes for continuing operations are summarized as follows:

	Dollars in Thousands Years Ended June 30		
	1983	1982	1981
Current:			
United States	$10,695	$(11,450)	$ 9,454
International	3,591	4,986	3,840
State and local	324	282	1,276
	14,610	(6,182)	14,570
Deferred:			
United States	(8,057)	28,577	29,183
International	261	904	(1,012)
State and local	1,694	3,243	2,477
	(6,102)	32,724	30,648
	$ 8,508	$26,542	$45,218

The components of deferred income tax expense from continuing operations are as follows:

	Dollars in Thousands Years Ended June 30		
	1983	1982	1981
Completed contracts	$(12,965)	$10,535	$28,114
DISC earnings	100	15,971	1,331
Depreciation	4,344	432	8,198
Accruals not currently deductible for tax purposes	(9,021)	(2,629)	(8,421)
Leases	8,533	6,751	4,237
Capitalized interest and taxes	2,515	3,099	1,168
All other net	392	(1,435)	(3,979)
	$ (6,102)	$32,724	$30,648

A reconciliation of the effective income tax rate and the statutory United States income tax rate follows:

	Years Ended June 30		
	1983	1982	1981
Effective income tax rate	14.5%	32.9%	36.1%
Investment tax credits	13.2	10.8	6.7
Research and experimentation tax credit	12.6	3.1	—
Items at capital gains rates	—	—	3.4
Tax exempt foreign earnings	4.3	3.0	2.3
Other items	3.3	(1.4)	(.9)
State taxes	(1.9)	(2.4)	(1.6)
Statutory U.S. income tax rate	46.0%	46.0%	46.0%

United States income taxes from continuing operations are provided on the undistributed earnings of subsidiaries except for the undistributed earnings ($34,200,000 at June 30, 1983) of a Malaysian subsidiary and a DISC export sales subsidiary (prior to 1977) because of the Corporation's intention to reinvest these earnings.

Current income tax liabilities include net deferred taxes of $49,000,000 at June 30, 1983 and $39,000,000 at June 30, 1982. Future changes in deferred tax liabilities are not determinable principally because of the uncertainty of the dates on which existing and future long-term contracts will be completed.

Subsequent to June 30, 1983, the Corporation paid $30,000,000, which included $10,700,000 of interest expense, in connection with a U.S. income tax audit. The additional tax and interest was provided for in prior years and accordingly the payment was recorded as a reduction of accrued and deferred income taxes.

Pretax income from continuing operations of foreign subsidiaries was $16,100,000 in 1983, $9,600,000 in 1982 and $9,700,000 in 1981.

GENERAL FOODS CORPORATION (MAR)

	1983	1982	1981
	(In thousands of dollars)		
Earnings from continuing operations before income taxes	$534,725	$417,607	$472,566
Income taxes	246,200	196,700	217,200
Earnings from continuing operations	288,525	220,907	255,366

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. (in part) Significant Accounting Policies

Income Taxes—Income taxes are based on amounts included in the consolidated statements of earnings. Deferred taxes result from differences between the time that certain revenue and expense items are recognized in computing tax expense for financial statement purposes and when these items are reported for income tax purposes. Investment tax credits reduce the provision for income taxes as earned.

7. Income Taxes

The provision for income taxes consists of the following:

(In thousands)	1983	1982	1981
Currently payable			
U.S. Federal	$100,594	$ 46,889	$ 95,118
State and Local	22,313	21,440	18,105
Foreign	33,632	44,598	39,662
	156,539	112,927	152,885
Deferred			
Domestic	71,130	89,886	54,402
Foreign	18,531	(23,313)	9,913
	89,661	66,573	64,315
Income Taxes	$246,200	$179,500	$217,200

Income tax expense (benefit) for 1982 included in the consolidated statement of earnings as follows: continuing operations $196,700; discontinued operations $(17,200).

In fiscal 1983, the current portion of deferred income tax liability of $15.7 million is included with accrued income taxes payable; in fiscal 1982, the current portion of deferred income tax benefits of $9.6 million is included with other current assets.

The source of earnings before income taxes is as follows:

(In thousands)	1983	1982	1981
United States	$416,126	$375,070	$370,505
Foreign	118,599	4,637	102,061
	$534,725	$379,707	$472,566

The components of the deferred tax provisions are as follows:

(In thousands)	1983	1982	1981
Installment sales	$ 6,574	$16,262	$28,888
Depreciation	38,352	16,493	11,623
Inventory valuation methods	(460)	8,867	1,167
Loss on restructured and discontinued operations	19,670	(34,845)	—
Other items, net	8,630	24,692	22,637
Operating items	72,766	31,469	64,315
Tax leases	16,895	35,104	—
	$89,661	$66,573	$64,315

A reconciliation of the effective tax rates and the statutory U.S. Federal income tax rates is as follows:

% of Pretax Income	1983	1982	1981
Tax at U.S. Federal statutory rates	46.0%	46.0%	46.0%
Differentials arising from:			
State and local taxes, net of U.S. Federal income tax benefits	2.2	2.8	2.1
Investment tax credits	(2.7)	(3.4)	(1.6)
Other, net	.5	1.9	(.5)
Effective tax rate	46.0%	47.3%	46.0%

Investment tax credits earned in fiscal 1983, 1982, and 1981 were applied as a reduction of income taxes and amounted to approximately $13.8 million, $13.0 million, and $7.8 million, respectively, exclusive of amounts relating to tax leases in fiscal 1983 and 1982.

During fiscal 1983 and 1982, the company invested $5.9 and $43.3 million, respectively, in tax lease transactions resulting in a reduction of fiscal 1983 income taxes currently payable of $16.9 million, including investment tax credits of $2.5 million, and a reduction of fiscal 1982 income taxes currently payable of $35.1 million, including investment tax credits of $21.0 million. These tax benefits have been recognized substantially as a recovery of the company's investment in such leases and accordingly had no material effect on fiscal 1983 and 1982 net income.

No provision has been made for future U.S. income taxes on the undistributed earnings of international operations since they have been, for the most part, indefinitely reinvested in these operations. At the end of fiscal 1983 such earnings aggregated $269 million. If those earnings were distributed, the related U.S. income taxes would be substantially offset by available tax credits.

NABISCO BRANDS, INC. (DEC)

	1983	1982 (In millions)	1981
Income before income taxes	$566.1	$523.1	$476.0
Income taxes			
Current			
United States	90.3	75.6	105.1
Foreign	78.5	74.6	82.7
State and local	12.6	19.6	19.9
Deferred	62.1	38.6	2.0
Total income taxes	243.5	208.4	209.7
Net income	322.6	314.7	266.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of significant accounting policies (in part)

Income taxes—Deferred income taxes, principally U.S. Federal taxes, are provided for timing differences between financial and taxable income. Such differences result primarily from the use of accelerated cost recovery methods for tax purposes, which provide more depreciation expense in the early years than in the later years of the lives of the assets being depreciated. The U.S. investment tax credit, earned on qualified capital additions, is accounted for by the flow-through method, which reduces income tax expense in the year the additions are placed in service.

U.S. Federal taxes are provided on undistributed earnings of foreign subsidiaries that are not considered indefinitely reinvested. If the reinvested foreign earnings were remitted, it is expected that the amount of U.S. Federal taxes required would not be significant because of the availability of foreign tax credits. U.S. tax benefits were purchased in 1982 under the leasing provisions of the Economic Recovery Tax Act of 1981. As tax benefits are realized, the investment in tax lease benefits, included in Other assets, is reduced.

Income taxes—The components of pretax income were as follows:

(In millions)	1983	1982	1981
Pretax income:			
Domestic	$357.2	$342.1	$302.5
Foreign	208.9	181.0	173.5
Total pretax income	$566.1	$523.1	$476.0

Reconciliations of the U.S. statutory tax rate with the effective tax rates reported are as follows:

	1983	1982	1981
U.S. statutory rate	46.0%	46.0%	46.0%
State and local income taxes, net of federal tax benefit	1.2	2.0	2.2
U.S. investment tax credit	(1.6)	(4.0)	(3.3)
Tax benefits on businesses sold .	—	(3.3)	—
Other, net	(2.6)	(.9)	(.8)
Effective tax rate	43.0%	39.8%	44.1%

Deferred income tax provisions, principally U.S. Federal taxes, result principally from the use of accelerated cost recovery methods in each year. As a result of the 1982 investments in tax lease benefits, the Company was able to reduce its current income taxes payable by $16 million and $33 million in 1983 and 1982, respectively. These reductions in income taxes paid have not affected the provisions for income taxes in the consolidated statement of income.

The Company has indefinitely reinvested approximately $515 million of foreign subsidiaries' retained earnings to meet their operating and long-term needs and, accordingly, no U.S. income taxes have been provided on these amounts.

SCOA INDUSTRIES INC. (JAN)

	1984	1983 (dollars in thousands)	1982
Income before income taxes	$76,717	$65,740	$58,358
Federal income taxes	29,558	25,486	23,303
State and local income taxes	5,347	4,170	2,946
	34,905	29,656	26,249
Net income	41,812	36,084	32,109

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Federal income taxes

Federal income taxes are as follows:

	Fiscal year ended January 28, 1984	January 29, 1983	January 30, 1982
Current taxes:			
Federal	$29,079,000	$25,835,000	$21,286,000
Investment tax credits-flow through method .	(2,636,000)	(1,845,000)	(1,463,000)
Deferred taxes	3,115,000	1,496,000	3,480,000
	$29,558,000	$25,486,000	$23,303,000

The Federal income tax provisions in each of the three fiscal years presented above reflect effective tax rates that differ from the anticipated statutory Federal income tax rates for those years. Reconciliations between the statutory tax rate and the effective tax rate based upon pretax income are as follows:

	Percentage of pretax income Fiscal year ended January 28, 1984	January 29, 1983	January 30, 1982
Statutory rate	46.0%	46.0%	46.0%
Decrease in taxes resulting from:			
State and local income tax	(3.2)	(2.9)	(2.3)
Investment tax credits, net	(3.0)	(2.8)	(2.5)
Other	(1.3)	(1.5)	(1.3)
Effective tax rate	38.5%	38.8%	39.9%

Deferred tax expense results from timing differences in the recognition of revenue and expense for tax and financial statement reporting purposes. The sources of these differences in fiscal 1983, 1982 and 1981 and the tax effect of each are as follows:

	Fiscal year ended January 28, 1984	January 29, 1983	January 30 1982
Excess of tax over book depreciation ..	$2,409,000	$1,292,000	$1,033,000
Effects of market adjustments on LIFO inventories	1,020,000	25,000	2,509,000
Other	(314,000)	179,000	(62,000)
	$3,115,000	$1,496,000	$3,480,000

THE SHERWIN-WILLIAMS COMPANY (DEC)

	1983	1982	1981
	(Thousands of dollars)		
Income before income taxes	$101,212	$76,431	$57,721
Income taxes	45,800	33,500	26,336
Net income	55,412	42,931	31,385

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6—Income Taxes

Thousands of dollars	Years ended December 31, 1983	1982	1981
The components of income before income taxes consist of the following:			
Domestic	$ 96,798	$67,978	$50,364
Foreign	4,414	8,453	7,357
Total income before income taxes	$101,212	$76,431	$57,721
The components of income tax expense are as follows:			
Current:			
Federal	$ 41,024	$27,597	$14,264
State and Local	7,200	4,600	2,600
Foreign	1,573	6,014	3,041
	49,797	38,211	19,905
Deferred:			
Federal	(3,973)	(4,471)	6,511
Foreign	(24)	(240)	(80)
	(3,997)	(4,711)	6,431
Total income tax expense	$ 45,800	$33,500	$26,336

The company has recognized the deferred income tax liabilities and benefits resulting from timing differences between financial and tax accounting, relating primarily to depreciation and other valuation allowances. It is the company's intention to reinvest undistributed earnings of foreign subsidiaries; accordingly, no deferred income taxes have been provided thereon. At December 31, 1983, such undistributed earnings amounted to approximately $3,990.000.

Investment tax credits (accounted for by the flow-through method) aggregated $1,641,000, $3,102,000, and $2,837,000 for 1983, 1982 and 1981, respectively.

The source and deferred tax effect of timing differences is as follows:

Thousands of dollars	Years ended December 31, 1983	1982	1981
Depreciation	$4,640	$3,921	$3,184
Provision for disposition and termination of operations	(2,609)	(7,090)	(3,545)
Revenue recognized on installment sale basis	(4,063)	(72)	69
Accrued vacation pay	(347)	(727)	6,786
Other items (each less than 5% of the computed "expected" tax amount)	(1,618)	(743)	(63)
	$(3,997)	$(4,711)	$6,431

A reconciliation of the statutory federal income tax rate and the effective tax rate follows:

	Years ended December 31, 1983	1982	1981
Statutory tax rate	46.0%	46.0%	46.0%
Effect of:			
State and local taxes	3.8	3.3	2.4
Investment tax credit	(1.6)	(4.1)	(4.9)
Foreign tax credit............	(.1)	(3.2)	(1.1)
Foreign operations subject to varying income tax rates	(.4)	5.5	1.1
Permanent differences where the tax bases of certain assets and liabilities differ from their bases for financial reporting purposes	(2.3)	(2.5)	—
Gain from the exchange of common stock for debentures	—	(3.1)	—
Other—net	(.1)	1.9	2.1
Effective tax rate	45.3%	43.8%	45.6%

STANHOME INC. (DEC)

	1983	1982	1981
Income before income taxes	$14,429,790	$22,586,116	$30,779,580
Federal, state and foreign taxes on income (Notes 1 and 9)	6,584,069	9,200,624	14,230,939
Net income	7,845,721	13,385,492	16,548,641

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Accounting policies:

The Company accrues 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. The cumulative amount of unremitted earnings of subsidiaries which has been, or is intended to be, permanently reinvested, aggregated approximately $20,068,000 at December 31, 1983. Had such reinvested unremitted earnings been distributed during 1983, applicable income taxes would have amounted to approximately $3,154,000 representing primarily taxes which would be withheld by foreign countries.

The Company utilizes the flow-through method of accounting for investment tax credit which reduced income taxes by approximately $80,000 in 1983, $75,000 in 1982 and $250,000 in 1981.

9. Income taxes:

The domestic and foreign components of income before income taxes are as follows:

	1983	1982	1981
Domestic	($ 556,892)	$ 3,626,851	$10,336,883
Foreign	14,986,682	18,959,265	20,442,697
	$14,429,790	$22,586,116	$30,779,580

The provision for income taxes consists of the following:

	1983	1982	1981
Currently payable:			
United States Federal	($ 222,138)	$ 251,893	$ 3,187,973
United States State	729,210	627,060	613,500
Foreign	6,442,190	7,000,296	9,631,936
	6,949,262	7,879,249	13,433,409
Deferred:			
United States Federal—			
Distribution of foreign earnings	(1,065,000)	307,754	(681,830)
Advance funding for pension	(349,000)	(4,000)	586,000
Deferred compensation	133,776	(14,824)	(87,383)
Accelerated depreciation	84,143	40,075	75,414
Domestic International Sales Corporation commissions	(6,000)	347,000	350,000
Other items, net	59,049	(25,240)	(2,650)
	(1,143,032)	650,765	239,551
State—			
Distribution of foreign earnings	(141,000)	101,000	393,000
Advance funding for pension	(46,000)	—	77,000
Domestic International Sales Corporation commissions	(1,000)	35,000	45,000
	(188,000)	136,000	515,000
Foreign	965,839	534,610	42,979
	(365,193)	1,321,375	797,530
	$ 6,584,069	$ 9,200,624	$14,230,939

A reconciliation of the total effective tax rate to the statutory Federal income tax rate is as follows:

	1983	1982	1981
Statutory income tax rate	46.0%	46.0%	46.0%
State taxes, net of Federal income tax effect	2.0	1.8	2.0
Impact of U.S. tax exempt investments	(3.9)	(1.2)	—
Foreign subsidiaries in loss position receiving little or no tax benefit	2.9	—	2.9
Impact of foreign tax rates and credits	(1.2)	(1.8)	(2.2)
Impact of Italian tax amnesty	—	(3.4)	—
Effect of U.S. capital gain rate	(1.0)	—	(1.5)
Other items, net	.8	(.7)	(1.0)
Total effective income tax rate	45.6%	40.7%	46.2%

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 additional 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 flow.

Flow-Through Method

ALUMINUM COMPANY OF AMERICA (DEC)

NOTES TO FINANCIAL STATEMENTS

(In millions, except share amounts)

A. (in part): Summary of Significant Accounting Policies

Investment Tax Credit—Investment tax credits are recognized as a reduction of the tax expense in the year in which the related assets are placed in service.

TABLE 3-13: INVESTMENT TAX CREDIT

	1983	1982	1981	1980
Flow-through method	541	537	531	528
Deferral method	50	54	62	67
No reference to investment credit	9	9	7	5
Total Companies	**600**	**600**	**600**	**600**

J. (in part): Provision for United States and Foreign Taxes on Income

The provision for U.S. and foreign taxes on income represents effective tax rate percentages of 32.0 in 1983, 70.4 in 1982 and 27.5 in 1981. The difference between such effective tax rates and the 46 percent federal income tax results from:

	Percent of income before U.S. and foreign taxes on income		
	1983	1982	1981
Investment credit	16.1	(19.6)	16.9
Percentage depletion	7.4	(3.0)	2.1
Foreign taxes	(4.4)	—	—
Other	(5.1)	(1.8)	(.5)
	14.0	(24.4)	18.5

Investment credit included in income was $24.9 in 1983, $40.1 in 1982 and $55.4 in 1981. Included in other receivables at year-end 1982 and $196.1 for a federal tax refund resulting from a net operating loss carryback.

CROWN CENTRAL PETROLEUM CORPORATION (DEC)

	1983	1982	1981
	(thousands of dollars)		
Income (Loss) before income taxes	$4,909	$5,253	$(5,835)
Applicable income taxes (benefit)—Note F:			
Current	(6,777)	(11,280)	(11,648)
Deferred	9,294	13,072	7,337
Investment tax credit	(1,639)	(3,555)	(4,886)
	885	(1,763)	(9,197)
Net income	4,024	7,016	3,392

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Description of Business and Summary of Accounting Policies

Income Taxes: Deferred federal income taxes are provided for all significant timing differences between financial and taxable income. Investment tax credits are accounted for as a reduction of income tax expense in the year realized (flow-through method).

NATIONAL GYPSUM COMPANY (DEC)

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies (in part)

Investment tax credits have been recorded on the flow-through method, which reduces current tax expense.

Income Taxes (in part)

Federal, Canadian, state and local and deferred income taxes consisted of the following:

	Year Ended December 31		
	1983	1982	1981
	(Thousands)		
Federal	$26,394	$(12,139)	$(4,042)
Canadian	1,845	1,789	1,303
State and local	3,261	(300)	1,499
Deferred	5,200	11,750	8,900
	$36,700	$ 1,100	$7,660

The reasons for the difference between taxes on income and the amount computed by applying the statutory federal income tax rates to income before taxes are as follows:

	1983	1982	1981
	(Thousands)		
46% of pretax income	$39,583	$6,989	$18,426
Add (deduct) effect of other items:			
State and local taxes, net of federal tax benefit	1,761	(162)	810
Investment tax credit	(1,129)	(3,743)	(7,554)
Excess of percentage depletion over cost depletion	(2,406)	(2,050)	(3,205)
Equity in undistributed earnings of foreign affiliate	(1,255)	(690)	(1,615)
Minimum tax	—	636	973
Capital gains tax benefit	(128)	(476)	(443)
Other	275	596	268
Taxes on net income	$36,700	$1,100	$7,660

WESTINGHOUSE ELECTRIC CORPORATION (DEC)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies

Investment Tax Credit

Investment tax credit on all qualified assets is recorded under the flow-through method of accounting except for investment tax credit on assets leased to others by the finance subsidiary. Investment tax credit on such leased assets is deferred and amortized over the terms of the respective leases.

Note 3: Income Taxes

Income Taxes (in millions)	1983	1982	1981
Current:			
Federal	$20.2	$ 1.6	$54.3
State	18.7	4.3	16.9
Foreign	61.1	64.4	65.2
Deferred:			
Federal	(53.3)	10.5	(13.3)
State	(7.2)	2.9	(7.5)
Foreign	(35.4)	10.9	14.1
Income taxes	$ 4.1	$94.6	$129.7

Income tax expense for financial reporting was reduced by investment tax credits of $49 million in 1983, $57.2 million in 1982 and $37.3 million in 1981. In addition, investment tax credit of $26.1 million was deferred at the end of 1983 by the finance subsidiary and remains to be amortized.

WHIRLPOOL CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Summary of Principal Accounting Policies

Investment Tax Credits:

Investment tax credits are accounted for by the flow-through method as a direct reduction of the current federal income tax provision.

Note J: Income Taxes

The provisions for income taxes applicable to continuing operations follow:

	1983	1982	1981
	(thousands of dollars)		
Current:			
Federal	$123,505	$84,794	$88,454
State and local	19,869	15,327	15,413
	143,374	100,121	103,867
Deferred (credit):			
Federal	(11,591)	(1,219)	168
State and local	(1,983)	(102)	65
	(13,574)	(1,321)	233
Total Income Tax Expense	$129,800	$98,800	$104,100

A reconciliation of the total income tax expense to the amount computed by applying the statutory federal income tax rate to earnings from continuing operations before income taxes and equity in net earnings of affiliated companies follows:

	1983	1982	1981
	thousands of dollars		
46% of earnings as defined above	$126,658	$96,312	$ 99,887
State and local taxes, net of federal tax benefit	9,658	8,222	8,358
Investment tax credit	(5,232)	(6,246)	(5,214)
Other items	(1,284)	512	1,069
Total Income Tax Expense	$129,800	$98,800	$104,100

Deferred income taxes result from the tax effect of transactions which are recognized in different periods for financial and tax reporting purposes including pension costs and other employee benefits, depreciation expense, warranty costs and other items. Deferred income taxes in 1983 include $10,981,000 related to the provision for plant closings.

Deferral Method

AMERON, INC. (NOV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Income Taxes

Deferred income taxes are provided on timing differences between financial and income tax reporting methods. Investment tax credits are deferred and amortized over the estimated average useful lives of the related assets.

(10) Income Taxes

The provision for income taxes is comprised of the following:

	1983	1982	1981
	(In thousands)		
Current			
Federal	$(2,993)	$ 915	$2,065
Foreign	586	1,186	1,704
State	396	950	1,161
	(2,011)	3,051	4,930
Deferred			
Federal	2,698	1,822	1,059
Foreign		23	(175)
State	(146)	(217)	(430)
	2,552	1,628	454
	$ 541	$4,679	$5,384

The principal types of timing differences and the tax effect of each which give rise to the deferred tax provision follow:

	1983	1982	1981
	(In thousands)		
Accelerated depreciation	$2,021	$1,256	$875
Increase in nondeductible accruals	(1,504)	(1,027)	(905)
Investment tax credits, net	(213)	788	736
Construction period interest	(5)	183	374
Project income recognized on a completed contract basis for tax purposes	205	(1,037)	(1,704)
Tax effect of DISC	1,570	949	1,176
Other, net	478	516	(98)
	$2,552	$1,628	$ 454

The total provision represents effective tax rates of 15.3%, 41.7% and 42.6% of pretax income for the years ended November 30, 1983, 1982 and 1981, respectively. Variations from the Federal statutory tax rate of 46% are due to the following differences:

	1983	1982	1981
	(In thousands)		
Domestic pretax income	$2,849	$8,195	$9,329
Foreign pretax income	695	3,013	3,306
	$3,544	$11,208	$12,635
Taxes at Federal statutory rate	$1,630	$5,156	$5,812
State taxes (net of Federal tax benefit)	135	396	395
Investment tax credit amortization	(772)	(722)	(781)
Capital gain rate differential	(423)	(24)	(100)
Other, net	(29)	(127)	58
	$541	$4,679	$5,384

Deferred investment tax credits at November 30, 1983 and 1982 were $4,789,000 and $4,441,000, respectively.

GENERAL MOTORS CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part): Significant Accounting Policies

Income Taxes

Investment tax credits are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, sales and product allowances, vehicle installment sales, undistributed earnings of subsidiaries and associates, and benefit plans expense) are deferred. Provisions are made for estimated United States and foreign taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' undistributed earnings less those deemed to be permanently reinvested. Possible tax beyond those provided would not be material.

Note 6 (in part): United States, Foreign and Other Income Taxes (Credit)

(Dollars in Millions)	1983	1982	1981
Taxes estimated to be payable (refundable) currently:			
United States Federal	$254.4	($168.6)	$442.9
Foreign	146.0	98.6	62.4
State and local	126.0	(8.1)	41.4
Total	526.4	(78.1)	546.7
Taxes deferred—net:			
United States Federal	1,241.3	(146.3)	(829.3)
Foreign	192.7	(35.0)	(57.9)
State and local	142.0	(40.4)	(89.6)
Total	1,576.0	(221.7)	(976.8)
Investment tax credits deferred—net:			
United States Federal	47.7	85.3	312.6
Foreign	73.7	(37.7)	(5.6)
Total	121.4	47.6	307.0
Total taxes (credit)	$2,223.8	($252.2)	($123.1)

Investment tax credits entering into the determination of taxes estimated to be payable (refundable) currently amounted to $406.2 million in 1983, $403.0 million in 1982 and $592.1 million in 1981.

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 reasons 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.

Taxes Accrued On All Undistributed Earnings

CSP (AUG)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Income Taxes

The Company provides for federal and state income taxes on items included in the statement of operations regardless of the period when such taxes are payable. Deferred income taxes result from timing differences in the recognition of income and expense for tax and financial statement purposes. Income taxes are provided on all undistributed earnings of CSP International Sales, Inc., the Company's wholly owned "DISC".

The provisions for income taxes are comprised of the following:

	Year Ended August 31,		
	1983	1982	1981
		($000's)	
Current:			
Federal	$ 757	$ 938	$328
State	263	246	96
Deferred	166	15	4
Total	$1,186	$1,199	$430

TABLE 3-14: TAXES ON UNDISTRIBUTED EARNINGS

	1983	1982	1981	1980
Taxes accrued on all undistributed earnings	26	28	28	21
Taxes accrued on a portion of undistributed earnings	158	139	140	154
Taxes not accrued on undistributed earnings	229	244	235	218
No mention of undistributed earnings	187	189	197	207
Total Companies	**600**	**600**	**600**	**600**

HARSCO CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Income Taxes:

Income taxes, including Federal income and foreign withholding, are provided currently on the undistributed earnings of all foreign subsidiaries and unconsolidated companies, giving recognition to current tax rates and applicable foreign tax credits. Deferred income taxes are recorded for timing differences between amounts for financial reporting and income tax purposes.

5 (in part) Income Taxes:

Income before taxes and the provision for income taxes in the consolidated statements of income consists of:

(In thousands)	1983	1982	1981
Income before taxes:			
Domestic	$16,675	$40,247	$ 85,188
Foreign	26,929	22,221	28,325
	$43,604	$62,468	$113,513
Provision for income taxes:			
Currently payable:			
Federal	$(2,392)	$20,968	$28,770
Foreign	11,533	6,717	10,328
State	401	3,445	3,864
	9,543	31,130	42,962
Deferred federal and state	7,904	(9,121)	3,609
Deferred foreign	359	2,151	1,415
Investment credits generated	1,551	4,935	5,899
Investment credits amortized	(3,339)	(2,748)	(1,906)
	$16,018	$26,347	$51,979

THE WILLIAMS COMPANIES (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Income taxes Williams includes the operations of U.S. subsidiaries in its consolidated federal income tax return. Provision is made for deferred income taxes applicable to timing differences between financial and taxable income. The provision attributable to undistributed earnings of foreign subsidiaries, less estimated foreign tax credits, and Domestic International Sales Corporations has been made at ordinary income rates. Investment tax credits are recognized on a flow-through basis.

5 (in part): Provision (credit) for Income Taxes

(Millions)	1983	1982	1981
Current:			
Federal	$ .6	$(14.1)	$26.4
State	5.5	4.6	5.0
Foreign	.1	.3	(.1)
	6.2	(9.2)	31.3
Deferred federal:			
Differences in tax and financial depreciation methods	22.1	17.6	18.5
Differences in tax and financial accounting for oil and gas operations	(19.9)	1.0	14.0
Capitalized interest net of amortization	6.4	6.9	4.3
Investment tax credits	(14.6)	(27.9)	—
Undistributed earnings of subsidiaries	.7	(.7)	(10.3)
Differences in tax and financial loss related to asset dispositions	3.0	(8.2)	—
Unrecovered purchased gas costs, deferred for financial purposes	4.3	—	—
Provisions for rate refunds	(2.0)	—	—
Other—net	9.1	8.8	(5.4)
Deferred state	1.6	.6	.5
	10.7	(1.9)	21.6
Total provision (credit)	$16.9	$(11.1)	$52.9

Taxes Accrued on Portion of Undistributed Earnings

BOISE CASCADE CORPORATION (DEC)

NOTES TO FINANCIAL STATEMENTS

2 (in part): Income Taxes

The Company has undistributed earnings of approximately $156,620,000 from certain of its foreign subsidiaries. U.S. income taxes, net of allowable foreign income tax credits, have been provided on $21,968,000 of the undistributed earnings. U.S. income taxes have not been provided on the remaining $134,652,000 of the undistributed earnings of Canadian subsidiaries because the Company has reinvested those earnings in Canada. Should those earnings be distributed, foreign tax credits would reduce the additional U.S. income taxes which would be payable.

LONE STAR INDUSTRIES, INC. (DEC)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes—Deferred federal income taxes are provided for timing differences between financial accounting and taxable income. Provision is made for appropriate taxes on the unremitted earnings of joint ventures and foreign subsidiaries which are not considered to be permanently reinvested or restricted. Investment tax credits are recognized on the flow-through method.

NOTES TO FINANCIAL STATEMENTS

25 (in part): Income Taxes

Credit (provisions) for income taxes consist of the following (in thousands):

	1983	1982	1981
Federal:			
Current	$ —	$6,177	$ 2,663
Deferred:			
Sale of tax benefits, net	2,200	(1,340)	(21,283)
Excess of tax over book depreciation	(10,580)	(5,535)	(5,944)
Gain on extinguishments of debt	—	(3,947)	(364)
Investment and energy tax credits	4,000	13,953	14,497
Net operating loss carryforward	18,131	16,698	—
Tax on unremitted foreign earnings	4,874	(3,041)	(1,185)
Minimum tax	(1,200)	(5,827)	1,950
Real estate transactions	796	(2,460)	(1,937)
Gain on asset dispositions	(1,721)	—	—
Other, net	(478)	2,865	262
Total federal	16,011	17,543	(11,341)
Foreign:			
Current	(6,203)	(3,176)	(5,490)
Deferred tax on unremitted foreign earnings	2,992	(1,867)	(2,669)
Total foreign	(3,211)	(5,043)	(8,159)
State and local	(500)	(800)	(2,100)
	$12,300	$11,700	$(21,600)

In 1983, deferred income taxes decreased by an additional $8,422,000 related to items not affecting the tax provision, primarily as a result of the current net operating loss carryforward.

The company intends to permanently reinvest its share of the undistributed earnings of its Brazilian joint venture. Accordingly, no foreign withholding or U.S. taxes have been provided on the $22,387,000 of its cumulative unremitted earnings. Also the company has not provided for foreign withholding or U.S. taxes on $59,517,000 in unremitted earnings of its Argentine subsidiary which the company intends to permanently reinvest.

HEWLETT-PACKARD COMPANY (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Taxes on earnings. U.S. income taxes are provided on foreign earnings that may be repatriated to the United States and are not provided on foreign earnings that are intended to be indefinitely reinvested abroad. Investment tax credits reduce the provision for taxes in the year the related assets are placed in service.

Taxes on Earnings (in part)

The company has not provided for United States taxes on $311 million of undistributed earnings of foreign subsidiaries at October 31, 1983. If these earnings were distributed to the parent company in the United States, foreign tax credits should become available to reduce or eliminate the resulting United States income tax liability. These earnings have been reinvested in subsidiary operations. However, where excess cash has accumulated and it is advantageous for tax or foreign exchange reasons, subsidiary earnings are remitted.

Deferred federal taxes result from differences in the timing of revenue and expense recognition for tax and financial reporting purposes. The major sources of these timing differences are as follows:

(Millions)	1983	1982	1981
DISC earnings	$ 36	$33	$22
Deferred payment contracts	57	5	2
Undistributed earnings of certain foreign subsidiaries	5	15	16
Other timing differences	7	7	(15)
Adjustments from prior year estimates:			
DISC earnings	—	6	—
Other	—	18	—
	$105	$84	$25

No Accrual for Taxes

BEMIS COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part): Accounting Policies:

D. Taxes on undistributed earnings—No provision is currently made for U.S. income taxes on earnings of subsidiary companies which the Company controls but does not include in the consolidated federal income tax return since it is management's practice and intent to reinvest the earnings.

Note 9 (in part): Income Taxes:

At December 31, 1983 the cumulative amount of earnings since acquisition of the companies which the Company controls but does not include in the consolidated federal income tax return was $36,714,000.

GAF CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Income Taxes

Provision has not been made for United States income taxes on approximately $20 million of unremitted earnings of consolidated foreign subsidiaries as of December 31, 1983 because it is management's intention to reinvest such earnings indefinitely. Any United States taxes payable on foreign earnings which may be remitted on the future are expected to be substantially reduced by the combined effects of net operating loss carryforwards and foreign tax credits. United States income taxes have not been provided on the approximately $15 million of unremitted earnings of the Domestic International Sales Corporation subsidiary through December 31, 1983 because the Company intends to postpone indefinitely the remittance of such earnings.

COMPUGRAPHIC CORPORATION (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Income Taxes

Income taxes are provided in accordance with the comprehensive income tax allocation method. This method recognizes the tax effects of all income and expense transactions included in each year's statement of operations regardless of the year the transactions are reported for tax purposes. Differences in the timing of recognition of income and expense for tax purposes are reflected in the deferred and prepaid tax accounts in the balance sheet. The "Provision (credit) for income taxes" is reduced (increased) by the amount of investment and other tax credits generated each year and by the tax effect of not providing for U.S. federal income taxes on income generated by the Company's Irish subsidiary and on that portion of Domestic International Sales Corporation (DISC) income not currently subject to U.S. federal income taxes.

9. Income Taxes

The differences between the statutory U.S. federal income tax rate of 46 percent in 1983, 1982 and 1981 and the Company's effective tax rates were as follows:

(Dollars in thousands)	1983	1982	1981
Income (loss) before federal and state income tax			
Domestic	$15,609	$12,932	$(14,203)
Foreign	5,077	(1,024)	(1,455)
Total	$20,686	$11,908	$(15,658)
Statutory federal income tax provision (credit)	$ 9,516	$ 5,478	$(7,203)
Taxes not provided on portion of DISC income	(881)	(1,011)	(1,123)
Investment tax credit	(1,045)	(750)	(1,213)
Research and development credit	(800)	—	—
Provision (credit) for state income taxes, net of federal income tax	503	350	(224)
Taxes not provided on Irish subsidiary income	(1,861)	(1,173)	(1,165)
Tax benefit not given to foreign subsidiaries' net operating losses	—	724	1,834
Benefit of net operating loss carry foward realized by two foreign subsidiaries	(453)	—	—
Tax rate differences relating to foreign subsidiaries	108	(77)	(336)
Other, net	1,832	673	434
Provision (credit) for income taxes	$ 6,919	$ 4,214	$(8,996)
Effective income tax rate	33.4%	35.4%	(57.5)%

A summary of the current and deferred provision (credit) for income taxes follows:

(Dollars in thousands)	1983	1982	1981
Currently payable (refundable)			
Federal	$ 413	$ 845	$(6,430)
Foreign	59	40	(258)
State	371	492	(322)
Total	$ 843	$1,377	$(7,010)
Deferred			
Federal	$5,492	$2,690	$(1,898)
State	584	147	(88)
Total	$6,076	$2,837	$(1,986)

Deferred income taxes are provided for timing differences between income for financial reporting and tax reporting. Tax effects of the principal timing differences are as follows:

(Dollars in thousands)	1983	1982	1981
Lease transactions, Graphic Credit	$3,035	$2,433	$(2,123)
Other lease transactions	2,445	(180)	(547)
Excess of tax over book depreciation	186	102	1,985
Domestic International Sales Corporation (DISC) income	1,264	1,248	(467)
Expenses for financial reporting purposes in excess of amounts allowable for tax	(560)	(593)	(875)
Other, net	(294)	(183)	41
Deferred provision (credit) for income taxes	$6,076	$2,837	$(1,986)

No federal income taxes have been provided for that portion of DISC income ($22,200,000 cumulatively through 1983) not currently subject to federal income taxes. The Company does not currently intend to distribute these earnings or perform any other act that would cause these taxes to become due and payable. The Company's Irish manufacturing subsidiary operates under an exemption from Irish income tax. The exemption expires in 1990. The Company does not provide deferred federal income tax on undistributed earnings of its Irish subsidiary ($10,500,000 cumulatively through 1983), because it intends to reinvest these earnings.

H. J. HEINZ COMPANY (APR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Significant Accounting Policies

Income Taxes: The company has not provided for possible U.S. taxes on the undistributed earnings of foreign subsidiaries that are considered to be reinvested indefinitely. Where it is contemplated that earnings will be remitted, credit for foreign taxes already paid will generally offset applicable U.S. income taxes; in those cases where they will not offset U.S. income taxes, appropriate provisions are included in the Consolidated Statement of Income. Deferred income taxes result primarily from timing differences, principally depreciation, between financial and tax reporting.

The investment tax credit is accounted for under the "flow-through" method, which recognizes the benefit in the fiscal year in which the asset is placed in service.

5 (in part): Income Taxes

Undistributed earnings of foreign subsidiaries approximated $357,000,000 at April 27, 1983. Deferred taxes are generally not provided on such earnings, since they are considered to be reinvested indefinitely.

PALL CORPORATION (JUL)

NOTES TO FINANCIAL STATEMENTS

Note 5 (in part): Income Taxes

United States income taxes have not been provided on the retained earnings of foreign subsidiaries, which totalled $32,838,000, $26,502,000 and $22,713,000 at July 30, 1983, July 31, 1982 and August 1, 1981, respectively. Management considers such accumulated earnings to be permanently invested abroad. Foreign subsidiaries have paid and are expected to continue to pay dividends from current earnings.

During fiscal 1981, the United Kingdom adopted tax legislation that resulted in a permanent forgiveness of certain previously deferred U.K. taxes. The payment of these taxes had been previously postponed in accordance with inventory tax relief provisions, and the new legislation eliminated the potential for subsequent payment of these amounts. The effect of this forgiveness was reflected as a reduction in the current provision for income taxes by $2,508,000 (14c per share).

The Company has two domestic international sales corporation subsidiaries, the earnings of which are partially deferred for tax purposes. Management considers such tax deferral to be permanent since it is intended to use these earnings to finance export operations. Accumulated earnings of the DISCs on which income taxes have not been provided were $7,518,000 at July 30, 1983, $5,795,000 at July 31, 1982, and $4,661,000 at August 1, 1981.

SPARTON CORPORATION (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Statement of Accounting Policies

Income taxes and investment tax credits—Investment tax credits are accounted for using the flow-through method.

No provision has been made for taxes which would be payable if the cumulative undistributed earnings of the Company's Canadian subsidiary ($2,483,080 at June 30, 1983) were distributed as such earnings have been and are presently intended to be a continuing investment in that business. The tax on such undistributed earnings, if remitted, would be offset to a significant extent by the foreign tax credit.

WM. WRIGLEY JR. COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes (in part)

Deferred income taxes are provided for timing differences, principally, depreciation, between financial and tax reporting. Investment tax credits are treated as a reduction of income taxes in the year the assets which give rise to the credits are placed in service.

Federal income and foreign withholding taxes have not been provided on accumulated unremitted earnings (aggregating approximately $65,101,000 at December 31, 1983) of internationally wholly owned associated companies which have been or are intended to be permanently reinvested in the operations of those companies. Foreign tax credits would be available to substantially reduce Federal income taxes resulting from distributions of such accumulated earnings.

LONG-TERM CONTRACTS

Accounting and disclosure requirements for long term contracts are discussed in *ARB No. 45*, Chapter 11 of *ARB 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.

ADDSCO INDUSTRIES, INC. (JUN)

	1983	1982	1981
Contract Revenues	$54,223,366	$132,640,712	$50,377,032
Costs and Expenses			
Costs of contracts completed	42,886,362	110,665,610	33,972,044
General and administrative	8,929,363	9,647,718	11,085,277
Interest expense	73,886	256,479	296,407
Total Costs and Expenses	51,889,611	120,569,807	45,353,728
Income from Operations	2,333,755	12,070,905	5,023,304

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Revenue and cost recognition:

Revenues from contracts are recognized on the completed-contract method. The typical new construction contact is completed in approximately eighteen months and the typical repair and reconditioning contract is completed in approximately three months. The completed-contract method was selected because the inherent hazards relating to contract conditions may cause forecasts to be doubtful. A contract is considered complete when all costs, except insignficant items, have been incurred and the ship, barge, or vessel under construction or being repaired is operating according to specifications or has been accepted by the customer.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance such as indirect labor, supplies, tools, repairs and depreciation

TABLE 3-15: METHOD OF ACCOUNTING FOR LONG-TERM CONTRACTS

	1983	1982	1981	1980
Percentage-of-completion ..	97	98	91	92
Completed contract	10	10	11	15
Not determinable	2	1	1	1
Referring to long-term contracts	**109**	**109**	**103**	**108**
Not referring to such contracts	491	491	497	492
Total Companies	**600**	**600**	**600**	**600**

costs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Claims are included in revenues when received.

Costs in excess of amounts billed are classified as current assets under costs in excess of billings on uncompleted contracts.

Cost and Billings on Uncompleted Contracts

	June 30, 1983	June 30, 1982
Costs incurred on uncompleted contracts .	$2,330,426	$19,019,031
Billings on uncompleted contracts	284,400	14,753,319
	$2,046,026	$4,265,712
Included in accompanying balance sheets under the following caption:		
Costs in excess of billings on uncompleted contracts	$2,046,026	$4,265,712

ACME-CLEVELAND CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part): Accounting Policies and Practices

Long-Term Contracts—Long-term contracts are accounted for on the percentage of completion method for financial reporting purposes with costs and estimated earnings included in sales when progress is sufficient to estimate final results with reasonable accuracy.

Provision is made for anticipated losses on a current basis, based upon individual contract estimates.

Note C–Unbilled Costs and Accrued Earnings

Unbilled costs and accrued earnings on long-term contracts and programs represent revenues earned but not billable under terms of the related contracts. Substantially all of the amounts will be billed during the succeeding year as units are delivered and accepted by the customers.

Inventories at September 30, 1983 included production costs of products currently in process applicable to long-term contracts and programs aggregating approximately $4,992,000 and $6,344,000 at September 30, 1983 and 1982, respectively.

MICHAEL BAKER CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Accounting for Contracts:

Income from contracts has been recorded on the percentage-of-completion method of accounting. Contracts in progress have been recorded at actual cost (direct labor, supplies and overhead) plus estimated gross profit thereon, which is not in excess of realizable value. The total cost of contracts in progress (used to determine cost of work performed) plus accumulated gross profit recorded was $71,745,000, $74,438,000 and $69,225,000 at January 1, 1984, January 2, 1983, and December 31, 1981, respectively.

Estimated gross profit for fixed price contracts is determined by the total contract amount multiplied by the percent of physical completion to date (which approximates costs incurred to date to total estimated costs), less earnings recognized in previous periods. As work is performed under long-term contracts, estimates of the costs are reviewed and, where necessary, revised on a current basis. Estimated losses, if any, on contracts in progress are recorded in full as they are identified. Earnings under cost reimbursement contracts, which represented approximately 52% of income from contracts in 1983 are recorded as costs are incurred and include estimated fees in the proportion that costs incurred to date bear to total estimated costs. Cost of contracts in progress, plus estimated earnings recorded, are net of progress billings of $70,385,000, $72,810,000, and $66,276,000, at January 1, 1984, January 2, 1983, and December 31, 1981, respectively.

Certain of the Company's accounts receivable involve retainage provisions under long-term contracts which will be due upon completion of the contracts. Based on management's estimates, the non-current retention balances of $59,561 at January 1, 1984 are all expected to be collected in 1985.

DRESSER INDUSTRIES, INC. (OCT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Term Contracts

Revenues and earnings related to products requiring long-term construction periods, principally draglines and electrostatic precipitators, are recognized for financial reporting purposes on the percentage of completion basis. Anticipated losses, if any, on long-term contracts are charged against earnings as soon as such losses can be determined.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note C–Long-Term Contracts

Accounts receivable include $13.5, $12.8 and $12.5 million at October 31, 1983, 1982 and 1981 respectively of exess of costs and related profits over amounts billed. These amounts were not subject to significant customer retainages. Substantially all of the 1982 and 1981 amounts were billed in 1983 and 1982 respectively, and substantially all of the 1983 amount is expected to be billed in 1984.

At October 31, 1983, 1982 and 1981 respectively, advances from customers on contracts include $18.0, $17,0 and $42.6 million received from customers in excess of costs and related profits on long-term contracts.

EMERSON ELECTRIC CO. (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part) Summary of Significant Accounting Policies

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.

INTERNATIONAL BANKNOTE COMPANY, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. *Inventories and Profit Recognition on Long-Term Contracts:* Inventories are stated at the lower of cost or market with cost being determined on the first-in, first-out or average basis. Contracts with certain customers for the printing of security documents over a period longer than one year are on either a fixed price or price escalation basis. Profits on such sales are recognized proportionately as these documents are delivered.

LEAR SIEGLER, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Term Contracts

Contracts currently in progress include firm fixed price, fixed price target incentive, cost plus fixed fee and cost plus incentive fee. Sales are recorded for fixed price contracts as deliveries are made. Sales are recorded on cost plus contracts as work is performed and billed; related costs are charged to cost of goods sold based on periodic reviews of the relationship between total estimated costs and sales. Sales and costs under certain long-term development and production contracts are recognized using the percentage of completion method of accounting.

ROCKWELL INTERNATIONAL CORPORATION (SEP)

NOTES TO FINANCIAL STATEMENTS

13. Contract Sales

Sales under cost-type contracts are accounted for under the percentage-of-completion (cost-to-cost) method of accounting in which sales are recorded for costs, as incurred, plus a proportion of the profit expected to be realized on a contract in the ratio that costs incurred bear to the estimated costs at completion.

Sales under firm-fixed-price-type contracts are recorded generally as deliveries are made at the contract sales price of the items delivered. Sales under fixed-price-incentive-type contracts are recorded generally as deliveries are made at the cost of items delivered plus a proportion of the profit expected to be realized on a contract in the ratio that costs of items delivered bear to total estimated costs at completion. Sales under certain fixed-price-type-contracts requiring substantial performance over several periods prior to commencement of deliveries are accounted for under the percentage-of-completion (cost-to-cost) method of accounting.

Profits expected to be realized on contracts are based on the company's estimates of total sales value and cost at completion. These estimates are reviewed and revised periodically throughout the lives of the contracts, and adjustments to profits resulting from such revisions are recorded in the accounting period in which the revisions are made. Losses on contracts are recorded in full as they are identified.

Sales under United States Government contracts accounted for 64% of total sales in 1983, 52% in 1982 and 42% in 1981. The increases in 1983 and 1982 are attributable principally to the B-1B program, which is being performed under fixed-price-incentive-type contracts. The breakdown of United States Government sales by contract type is as follows:

	1983	1982	1981
Cost-type	43%	59%	78%
Firm-fixed-price-type	18	19	18
Fixed-price-incentive-type	39	22	4
Total	100%	100%	100%

The major portion of work performed for the United States Government is under contracts that contain cost or performance incentives or both. These incentives provide for increases in fees or profits for surpassing stated targets or other criteria, or for decreases in fees or profits for failure to achieve such targets or other criteria. Performance incentives for which a reasonable prediction of accomplishment cannot be made in advance are included in sales at the time there is sufficient information to relate actual performance to targets or other criteria.

SUPREME EQUIPMENT & SYSTEMS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

B) Long-Term Contracts

Sales and earnings on long-term automated systems contracts are stated on the percentage-of-completion method, based on costs incurred in relation to total estimated costs. For income tax purposes, the Company reports such earnings on the completed contract method.

TRW INC. (DEC)

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

The percentage of completion method of accounting is used to estimate the sales value of performance under fixed-price and fixed-price incentive contracts. Sales under cost-reimbursement contracts are recorded as costs are incurred. Fees based on cost or other incentives under certain contracts are included in sales at the time such amounts can be determined reasonably. Accounts receivable at December 31, 1983 and 1982 included $348 million and $307 million, respectively, related to long-term contracts and programs, of which $161 million and $141 million, respectively, were unbilled. Unbilled costs, fees, and claims represent revenue earned but not billable under terms of the related contracts. Substantially all of such amounts will be billed during the following year as units are delivered and accepted by customers. Unbilled receivables subject to negotiation were approximately $16 million and and $34 million at December 31, 1983 and 1982, respectively.

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	
Provisions 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 1983, 65 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

BADGER METER, INC. (DEC)

	1983	1982	1981
Earnings (loss) from continuing operations before income taxes	$(172,854)	$(1,409,019)	$2,033,152
Provision (credit) for income taxes	(90,000)	(126,000)	674,000
Earnings (loss) from continuing operations	(82,854)	(1,283,019)	1,359,152
Discontinued operations, net of income taxes (Note 2):			
Loss from operations	(518,346)	(190,357)	(221,796)
Loss on disposal	(445,131)	—	—
Loss from discontinued operations	(963,477)	(190,357)	(221,796)
Net earnings (loss)	(1,046,331)	(1,473,376)	1,137,356

Note 2. Disposal of Segment

On April 29, 1983, the Company sold the assets (primarily receivables, inventory, and fixed assets) and liabilities of its Electronics Division, the electronic devices segment, for approximately $5,038,000 in cash. As a result, the Company recognized a loss on the disposal of $445,000 net of the related income tax benefit of $110,000.

Operating results of the electronic devices segment are shown separately as discontinued operations in the accompanying consolidated statements of operations. Operating results of the electronic devices segment are as follows:

	1983 (four months)	1982	1981
Net sales	$1,997,000	$8,695,000	$8,256,000
Loss before income taxes	(909,000)	(346,000)	(469,000)
Income tax benefit	(390,000)	(156,000)	(247,000)
Loss from operations	$(519,000)	$(190,000)	$(222,000)

Identifiable assets of the electronic devices segment at December 31, 1982 and 1981 were $7,016,000 and $7,131,000, respectively.

In connection with the disposal, the Company terminated the pension plan for hourly employees of the electronic devices segment. The Pension Benefit Guaranty Corporation has approved the termination of the hourly pension plan and, accordingly, the Company has recorded the related gain of $132,000 (net of income taxes of $113,000), representing the excess of plan net assets over accrued benefits, as a reduction of the loss on the disposal (see Note 7).

FLUOR CORPORATION (OCT)

	1983	1982	1981
	(In thousands)		
Earnings from Continuing Operations Before Income Taxes	$171,800	$301,423	$265,088
Income Taxes	91,100	140,447	121,105
Earnings from Continuing Operations	80,700	160,976	143,983
Discontinued Operations			
Earnings (loss) from operations of discontinued Distribution Group (net of income tax benefit (expense) of $22,952, $8,067, and $(10,457), respectively)	(27,000)	(8,177)	14,923
Loss on disposal of Distribution Group, including provision for estimated operating losses during phase-out period (net of income tax benefit of $15,538)	(26,000)	—	—
Earnings (Loss) from Discontinued Operations	(53,000)	(8,177)	14,923
Net Earnings	27,700	152,799	158,906

NOTES TO FINANCIAL STATEMENTS

Discontinued Operations

During the fourth quarter of 1983, the company adopted a plan to dispose of the Distribution Group through sale or liquidation. Negotiations for the sale of two of the companies are currently being conducted with the respective management groups. At October 31, 1983, the net assets of discontinued operations, consisting primarily of inventories, trade receivables and warehouse facilities have been reclassified as current assets at estimated net realizable value.

Revenues from discontinued operations, including the Goldston Transportation Group which was sold in 1983, were $368,551,000, $604,573,000 and $721,596,000 for 1983, 1982 and 1981, respectively. Included in the loss on disposal is a pretax provision of $2,115,000 for estimated operating losses during the phase-out period.

PUROLATOR, INC. (DEC)

	1983	1982	1981
	(Dollars in thousands)		
Earnings from continuing operations before taxes on income	$35,404	$47,191	$45,414
Taxes on income	15,198	22,349	21,479
Earnings from continuing operations	20,206	24,842	23,935
Discontinued operations (note 2):			
Earnings, net of taxes on income of $2,097 in 1983, $2,650 in 1982 and $1,244 in 1981	2,975	3,804	2,855
Gain on sale of operations, net of taxes on income of $2,160	6,870	—	—
Income from discontinued operations	9,845	3,804	2,855
Earnings before extraordinary gain	30,051	28,646	26,790

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Discontinued Operations

At year end 1983, Purolator sold its armored car subsidiary for $33 million in cash. This sale resulted in a gain of $6.9 million (net of taxes on income of $2.2 million), or $.98 per share. During the fourth quarter of 1983, Purolator signed a letter of intent to sell its high technology filter and coupling manufacturing subsidiary for a cash sales price approximately equal to the book value of the subsidiary. Completion of the proposed transaction, which is scheduled to take place early in 1984, is subject to execution of a definitive agreement satisfactory to both parties.

The consolidated financial statements show the operating results of these subsidiaries as discontinued operations. Revenues of these subsidiaries were $108.7 million in 1983, $106.8 million in 1982 and $99.2 million in 1981. The net assets of the high technology filter and coupling subsidiary have been classified in the 1983 consolidated balance sheet as net assets held for sale.

The provision for taxes on income of these subsidiaries differs from the amount which would be provided by applying the U.S. Federal statutory income tax rate for 1983, 1982 and 1981 to earnings before taxes on income primarily due to investment tax credits. The provision for taxes on the sale of the armored car subsidiary differs from the U.S. Federal statutory income tax rate primarily due to the utilization of capital gains rates.

UMC INDUSTRIES, INC. (DEC)

	1983	1982	1981
	In thousands		
Earnings from continuing operations before income taxes	$13,656	$9,644	$16,288
Provision for income taxes	5,632	3,782	7,476
Earnings from continuing operations	8,024	5,882	8,812
Discontinued operations			
Operating earnings (loss), net of income taxes	(453)	(1,659)	70
Gain (loss) on disposal, net of income taxes	(2,115)	—	—
Earnings (loss) from discontinued operations	(2,568)	(1,659)	315
Net earnings	5,456	4,223	9,127

NOTES TO FINANCIAL STATEMENTS

Note 3. Discontinued Operations

In March 1983 Zallea Systems, Inc., a subsidiary of the Company, discontinued its metal expansion joint business resulting in a net loss on disposal of $2,115,000 ($.35 per share) net of income tax benefits of $885,000. Operating losses of $453,000 and $1,659,000 net of income taxes of $402,000 and $1,248,000, respectively, for 1983 and 1982, have been reclassified in the Consolidated Statement of Operations as "Discontinued operations—Operating earnings (loss)." Net sales of discontinued operations aggregated $588,000 and $5,104,000 in 1983 and 1982, respectively. The operating results of Zallea Systems, Inc. were not material to the consolidated operating results of the Company for years prior to 1982, and, therefore, the Company's operating results for those years have not been reclassified.

On March 31, 1981, the Company sold its Universal Match division for approximately $9,000,000. The sale resulted in a gain of $245,000 ($.04 per share) net of income taxes of $423,000.

Adjustment of Amounts Reported in Prior Periods

THE BLACK AND DECKER MANUFACTURING COMPANY (SEP)

(thousands of dollars)

	1983	1982	1981
Earnings From Continuing Operations Before Taxes	$38,451	$55,481	$99,298
Taxes on earnings	10,300	14,800	26,300
Earnings From Continuing Operations	28,151	40,681	72,998
Discontinued operations:			
Operating loss, net of income taxes	—	(23,283)	(6,205)
Estimated recovery (loss) on disposition, net of income taxes	16,000	(94,000)	—
Net Earnings (Loss)	44,151	(76,602)	66,793

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars except per share data)

Note 2 (in part): Sale of Gasoline Chain Saw Operations

In October 1982, the Company announced its intention to sell the gasoline chain saw business and, accordingly, has accounted for this business as "Discontinued Operations." On March 31, 1983, the Company sold substantially all of the assets of its gasoline chain saw business. The transfer of domestic assets was concluded on that date and the transfer of certain assets located in foreign countries is now virtually completed. Earnings in 1982 were charged $117,283 including operating losses for 1982 of $23,283 (net of tax benefits of $19,400) and a $94,000 provision (net of tax benefits of $26,000) for the estimated loss on the sale of the gasoline chain saw business and for estimated operating losses and phase-out costs expected to be incurred during the selling period. Losses from gasoline chain operations during 1983 of $8,500 (net of tax benefits of $7,000) were charged to this provision. Also during 1983, the original provision was reduced by $16,000 which was included under discontinued operations as Estimated Recovery on Disposition, Net of Income Taxes. This amount is primarily additional tax benefits not previously available due to the Company's particular tax posture at the time of recording the original provision in 1982.

BLUE BELL, INC. (SEP)

	1983	1982	1981
		In thousands	
Income From Continuing Operations Before Income Taxes	$96,202	$81,385	$92,037
Income Taxes	45,805	38,677	42,881
Income From Continuing Operations	50,397	42,708	49,156
Discontinued Operation (Note 2):			
Loss from operations, net of $4,195 tax benefit in 1982		4,455	2,480
Loss on disposal, net of $2,665 tax benefit in 1983 and $9,932 in 1982	2,835	995	
Net Income	47,562	37,258	46,676

Note 2. Discontinued Operation

Effective September 30, 1982, the Company adopted a plan to dispose of its Australian operation, consisting primarity of the assets of Amco Holdings Limited purchased in September 1979. Amco was the only high fashion, trend setting business of the Company. Accordingly, financial statements for 1982 and 1981 were restated to present Amco as a discontinued operation.

In 1982, the Company recorded a pretax loss on disposal of $10,927,000. The loss consisted of a $10,000,000 provision for write-down of assets to estimated net realizable value, future operating losses, and costs relating to the disposition plan and $927,000 relating to transfer of foreign currency translation adjustments from the separate shareholders' equity account. The loss on disposal was reduced by $5,640,000 of United States tax benefits relating to the 1982 provision for loss and foreign currency translation adjustments and $4,292,000 of previously unrecognized United States tax benefits relating to 1980 and 1981 Australian operating losses.

Following sale of the Amco trademark and certain inventories and operating assets in 1983, the Company recorded an additional pretax provision for loss of $5,500,000; this provision was reduced by $2,665,000 of United States tax benefits. Management believes the total provision for loss is adequate to cover future costs associated with disposition of the operation.

Net sales of the Australian operation were $28,899,000 in 1982 and $39,312,000 in 1981. Assets and liabilities classified separately in the accompanying balance sheets are summarized as follows:

	September 30 1983	1982
	(In thousands)	
Current assets	$1,926	$23,068
Property—net	1,696	5,276
Other assets		4,490
Assets of discontinued operation	$3,622	$32,834
Current liabilities	$3,707	$21,084
Long-term debt		1,806
Accrual for estimated asset write-downs, operating losses, and expenses of disposal	585	10,000
Liabilities of discontinued operation	$4,292	$32,890

Sale of Assets; Decision to Discontinue Made in Prior Year

MOORE McCORMACK RESOURCES, INC. (DEC)

	1983	1982	1981
	(Dollars in thousands)		
Income from continuing operations before income taxes	$11,425	$3,706	$56,743
Income taxes	(2,374)	4,119	(20,248)
Income from continuing operations	9,051	7,825	36,495
Discontinued operations (Note 2)			
Income from discontinued operations, net of income taxes	—	1,542	14,898
Gain (loss) on disposal of discontinued operations, net of income taxes	2,482	(2,719)	—
Net income	11,533	6,648	51,393

Note 2. (in part) Discontinued Operations.

The company signed an agreement in December 1982 for the sale of all the stock of its wholly-owned cargo liner subsidiary, Moore McCormack Lines, Incorporated, for $30,000,000 in cash and $30,000,000 par value of preferred stock of the purchaser. The sale, completed in January 1983, resulted in a gain of $2,482,000, net of income taxes of $5,790,000. The results of cargo liner operations have been included in the Consolidated Statements of Income as *Discontinued operations.*

In 1982, the company decided to discontinue its Milwaukee Solvay coke manaufacturing operations during 1983. The estimated after-tax loss on disposal included in 1982 results was $2,719,000, including write-downs of property, plant, equipment and inventories and accrued expenses and losses during the phase-out period. The results of coke operations also have been included in *Discontinued operations.*

Operating results of these discontinued business segments were:

For the years ended December 31,	1982	1981
	(Dollars in thousands, except for per share amounts)	
Cargo liner operations:		
Revenues	$150,012	$192,823
Income before income taxes	12,445	20,948
Income taxes	(8,955)	(5,835)
	3,490	15,113
Coke operations:		
Sales	13,078	21,551
Loss before income taxes	(3,607)	(398)
Income taxes	1,659	183
	(1,948)	(215)
Income from discontinued operations	$1,542	$14,898
Per share	$ .18	$ 1.74

TABLE 3-16: CHARGES OR CREDITS SHOWN AFTER INCOME TAX CAPTION

	Number of Companies			
	1983	1982	1981	1980
Equity in earnings or losses of investees	66	65	58	58
Minority interest	50	51	52	61
Cumulative effect of accounting change	6	17	13	10
Other	4	5	—	4

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.

HARNISCHFEGER CORPORATION (OCT)

	1983	1982	1981
	(Dollar amounts in thousands)		
Income (Loss) Before Provision (Credit) for Income Taxes and Equity Items	(32,803)	(69,657)	44,283
Provision (Credit) for Income Taxes	(1,400)	(1,600)	16,600
Income (Loss) Before Equity Items	(31,403)	(68,057)	27,683
Equity Items			
Equity in earnings (loss) of unconsolidated companies	(3,397)	(7,891)	1,427
Minority interest in (earnings) loss of consolidated subsidiaries	170	(583)	(524)
Net Income (Loss)	(34,630)	(76,531)	28,586

McDERMOTT INTERNATIONAL INC. (MAR)

	1983	1982	1981
	(In thousands)		
Income Before Provision For Income Taxes, Minority Interest and Extraordinary Item	172,314	422,689	212,655
Provision for Income Taxes:			
Current	50,960	133,553	65,985
Deferred	39,492	73,907	46,375
	90,452	207,460	112,360
Income Before Minority Interest and Extraordinary Item	81,862	215,229	100,295
Minority Interest			
Dividends on Preferred Stock of Subsidiary	30,242	29,860	30,290
Other Minority Interest	1,098	1,780	734
Income Before Extraordinary Item	50,522	183,589	69,271

PIONEER HI-BRED INTERNATIONAL INC. (AUG)

	1983	1982	1981
Income before income taxes and equity in net income (loss) of unconsolidated subsidiaries	$77,346,197	$139,857,352	$121,319,123
Provision for income taxes (Note 5)	32,527,680	67,808,796	59,651,214
Income before equity in net income (loss) of unconsolidated subsidiaries	$44,818,517	$72,048,556	$61,667,909
Equity in net income (loss) of unconsolidated subsidiaries ...	(1,094,119)	(444,438)	1,783,775
Net income	$43,724,398	$71,604,118	$63,451,684

EXTRAORDINARY ITEMS

APB Opinion No. 30 defines extraordinary items as "events and transactions that are distinguished by their 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* illustrates 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: EXTRAORDINARY ITEMS

	1983	1982	1981	1980
Nature				
Debt extinguishments	40	31	6	4
Operating loss carryforwards	37	25	27	30
Pension plan terminations ..	9	2	2	—
Litigation settlements	2	9	4	3
Other	7	12	18	11
Total Extraordinary Items	**95**	**79**	**57**	**48**
Number of Companies				
Presenting extraordinary items......................	84	69	53	47
Not presenting extraordinary items......................	516	531	547	553
Total Companies.............	**600**	**600**	**600**	**600**

Table 3-17 shows the nature of items classified as extraordinary by the survey companies. Examples of extraordinary items follow.

Tax Loss Carryovers

FIRST NATIONAL SUPERMARKETS, INC. (MAR)

	1983	1982	1981
	(In thousands)		
Income Before Federal Income Tax Provision (Credit) and Extraordinary Items	$11,678	$6,063	$7,316
Federal Income Tax Provision (Credit):			
Current tax provision	3,759	1,200	—
Amortization of investment tax credits	(159)	(207)	(220)
Total Federal income tax provision (credit)	3,600	993	(220)
Income Before Extraordinary Items	8,078	5,070	7,536
Extraordinary Items:			
Utilization of tax loss carryforward	3,759	—	—
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)	11,837	(4,480)	10,042

THE ARUNDEL CORPORATION (DEC)

	1983	1982	1981
Earnings from Continuing Operations Before Income Tax ...	$2,556,217	$2,536,582	$257,192
Income Taxes (Benefits)	995,100	(1,120,000)	72,200
Earnings from Continuing Operations Before Extraordinary Item	1,561,117	3,656,582	184,992
Earnings (Loss) from Discontinued Operations, net of applicable income taxes of $267,000 in 1982 and tax benefits of $600,000 in 1981	—	270,135	(3,593,163)
Earnings (Loss) Before Extraordinary Item .	1,561,117	3,926,717	(3,408,171)
Extraordinary Item:			
Tax Benefit from Utilization of Loss Carryforward	782,400	1,247,000	—
Net Earnings (Loss) ...	2,323,517	5,173,717	(3,408,171)

NOTES TO FINANCIAL STATEMENTS

Note J (in part) Income Taxes

The components of the provision for income taxes are as follows:

	Years Ended December 31, 1983	1982	1981
Continuing Operations:			
Current—Federal	$328,810	$ —	$ —
State	124,700	—	72,200
Charge equivalent to benefit of loss carryforward:			
Federal	646,400	754,500	—
State	136,000	225,500	—
Deferred	(240,810)	—	—
	995,100	980,000	72,200
Estimated taxes provided in prior years no longer required	—	(2,100,000)	—
	995,100	(1,120,000)	72,200
Discontinued Operations:			
Charge equipment to benefit of loss carryforward:			
Federal	—	229,500	—
State	—	37,500	—
Deferred	—	—	(600,000)
	—	267,000	(600,000)
Tax benefit from utilization of loss carryforward	(782,400)	(1,247,000)	—
	212,700	(2,100,000)	(527,800)

HECLA MINING COMPANY (DEC)

	1983	1982	1981
Income (loss) before income taxes and extraordinary credit	$28,576,696	$5,196,004	$(5,046,490)
Income tax provision (benefit) (Note 3)	8,950,000	122,400	(2,024,211)
Income (loss) before extraordinary credit	19,626,696	5,073,604	(3,022,279)
Extraordinary credit (Note 3)			
Reduction of estimated income taxes arising from utilization of net operating loss carryovers	7,075,000	—	1,927,800
Net income (loss)	26,701,696	5,073,604	(1,094,479)

NOTES TO FINANCIAL STATEMENTS

3 (in part): Income Taxes:

The components of the tax provision (benefit) are as follows:

	1983	1982	1981
Currently payable (refundable):			
Federal	$1,434,000	$ —	$(1,742,721)
State	441,000	122,400	(317,990)
Deferred:			
Federal	—	—	36,500
Tax effect of net operating loss carryovers	7,075,000	—	—
	$8,950,000	$122,400	$(2,024,211)

MUNSINGWEAR, INC. (DEC)

	1983	1982	1981
	(Amounts in thousands)		
Earnings (loss) before income taxes, extraordinary item and cumulative effect of change in accounting principle	$3,163	$(14,342)	$(9,393)
Income tax (expense) benefit	(1,492)	(475)	2,265
Earnings (loss) before extraordinary item and cumulative effect of a change in accounting principle	1,671	(14,817)	(7,128)
Extraordinary item:			
Recognition of tax loss carryforward benefit	1,042	—	—
Cumulative effect on prior years of a change in accounting principle relating to inventories	—	—	877
Net earnings (loss)	2,713	(14,817)	(6,251)

NOTES TO FINANCIAL STATEMENTS

6 (in part): Income Taxes

The provision (credit) for income taxes, net of the extraordinary benefit for utilization of income tax net operating loss carryforward, consists of the following:

	1983	1982	1981
Current:			
Federal	$ 15,000	$ 50,000	$(2,242,000)
State and local	59,000	50,000	(83,000)
Foreign	376,000	375,000	376,000
Utilization of income tax net operating loss carryforward	1,042,000	—	—
	$1,492,000	$475,000	$(1,949,000)
Deferred:			
Recognition of loss carryforward benefits	—	—	(316,000)
	$1,492,000	$475,000	$(2,265,000)

Extinguishment of Debt

ANCHOR HOCKING CORPORATION (DEC)

	1983	1982	1981
Income (loss) before extraordinary gain	$(6,776,000)	$12,321,000	$29,633,000
Extraordinary gain, debt extinguishment	2,439,000		
Net income (loss) for the year	(4,337,000)	12,321,000	29,633,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 (in part): Long-term Debt

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

($ in thousands)	1983	1982
8⅝% Sinking Fund Debentures, payable 1992 to 2006	$29,855	$ 44,767
5⅛% Sinking Fund Debentures, payable semiannually to 1991, less sinking fund debentures held for retirement	5,115	5,186
4% to 13.5% Industrial Development Revenue and Pollution Control Bonds, payments due periodically to 2007	27,570	24,284
Note payable to a bank, due in a single installment in 1986, interest at 11.48%	20,000	20,000
Other notes payable, payments due periodically to 1985, interest at rates ranging from 8%to 14.3%	720	1,819
Capitalized lease obligations, payable through 2000, interest at rates ranging from 6.45%to 18%	6,817	9,125
	90,077	105,181
Less current maturities	3,217	3,818
	$86,860	$101,363

The reduction in the 8⅝% Sinking Fund Debentures reflects the Company's exchange in July 1983 of 390,596 common shares from treasury stock for debentures totaling $15,000,000 at face value. The extinguishment of debt resulted in a nontaxable extraordinary gain of $2,439,000 which represents the face value of the debentures less unamortized debt discount and original issuance expenses, the fair value of the stock issued and expenses of the exchange. A further reduction in the 8⅝% Sinking Fund Debentures occurred in January 1984, when the Company exchanged 346,000 common shares from treasury stock for debentures having a total face value of $14,880,000. The extinguishment of this debt resulted in a nontaxable extraordinary gain of $3,314,000. After the January 1984 exchange, long-term debt should total approximately $72,183,000. Principal payments required on long-term debt include $3,217,000 in 1984, $2,875,000 in 1985, $23,258,000 in 1986, $3,559,000 in 1987 and $3,551,000 in 1988.

ASHLAND OIL, INC. (SEP)

	1983	1982	1981
	(In thousands)		
Income before extraordinary gain	$ 96,637	$180,864	$90,032
Extraordinary gain from exchange of common stock for long-term debt—Note H	6,196	—	—
Net income	102,833	180,864	90,032

Note H (in part): Common Stockholders' Equity

In 1983, Ashland issued 693,000 shares of common stock in exchange for $29,363,000 outstanding principal amount of long-term debt issues. The prepayment of such debt issues resulted in an extraordinary nontaxable gain of $6,196,000 ($.23 per share) which represents the excess of the carrying amount of the long-term debt (after deducting unamortized debt expense and expenses of the exchange) over the fair market value of the common stock issued.

FEDDERS CORPORATION (DEC)

	1983	1982	1981
	(Amounts in thousands)		
Income (loss) before extraordinary items	$ 1,202	$(38,601)	$(5,793)
Extraordinary items:			
Continuing operations: effect of utilization of tax loss carryforward (note 4)	1,024	—	—
Gain on termination of pension plans (note 7)	3,300	—	—
Gain on exchange of debentures (note 7)	12,940	—	
Loss on settlement of Chrysler litigation (note 3)	—	(12,210)	—
Net income (loss)	18,466	(50,811)	(5,793)

Note 4 (in part): Income Taxes

The extraordinary item in 1983 reflects the elimination of the 1983 federal income tax provision through the utilization of tax loss carryforwards.

Note 7. Extraordinary Gains

In 1983 the Company terminated two of its pension plans (note 12) resulting in a distribution of excess assets of the plans to the Company. The amount of these assets has been recorded as an extraordinary gain of $3,300,000.

During the second quarter of 1983, the Company accepted $16,020,000 of its 5% convertible subordinated debentures due 1996 and $16,582,300 of its 8⅞% subordinated debentures due 1994 in exchange for $9,612,000 of 11⅞% senior subordinated debentures due 1995, and $13,265,800 of 14¾% senior subordinated debentures due 1993. These exchanges resulted in an extraordinary gain of $12,940,000 in 1983 (note 6).

The extraordinary items discussed above have not been reduced for any federal income taxes due to the utilization of tax loss carryforwards.

G.C. MURPHY COMPANY (JAN)

	1984	1983	1982
	(In Thousands)		
Income before extraordinary item	$17,027	$11,744	$4,878
Extraordinary item:			
Gain on exchange of long-term debt for equity (Note 8)	1,381	—	—
Net income	18,408	11,744	4,878

Note 8. Extraordinary Item

In May 1983 the Company exchanged 102,742 shares of its common stock, held in treasury, in a tax-free exchange for $4,700,000 principal amount of outstanding 7⅜% Sinking Fund Debentures. This nontaxable exchange of long-term debt for equity resulted in a gain of $1,381,000 or $.34 per common share which has been accounted for as an extraordinary item.

Pension Plan Termination

BOBBIE BROOKS, INCORPORATED (APR)

	1983	1982	1981
	(in thousands)		
Loss before extraordinary items	$(1,393)	$(24,559)	$(18)
Extraordinary items:			
Gain on termination of pension plan, net of applicable income taxes of $2,900 (Note 4)	3,405	—	—
Tax benefit resulting from utilization of loss carryforward	1,718	—	—
Total extraordinary items	5,123	—	—
Net income (loss)	3,730	(24,559)	(18)

Note 4 (in part): Pension Plans

During fiscal 1983, management of the Company terminated the Bobbie Brooks Retirement Plan which covered certain salaried and commission basis employees. The Company has received all necessary approvals.

Because of the termination of the Plan, the accumulated benefits of all participants have become fully vested. The trustee of the Plan has purchased annuity contracts which provide for the payment of the accumulated benefits to the participants. The remaining assets of the Plan which had an estimated realizable value of $5,336,000 as of April 30, 1983, will be refunded to the Company.

The Company has agreed to pledge its right to receive these proceeds to a commercial finance company as additional collateral for amounts to be advanced under its currrent borrowing arrangement.

TONKA CORPORATION (DEC)

	1983	1982	1981
Earnings (Loss) Before Extraordinary Gain	$(6,909,263)	$(2,661,739)	$6,734,559
Extraordinary gain on termination of pension plan (less applicable income taxes of $500,000)	3,059,164		
Net Earnings (Loss)	(3,850,099)	(2,661,739)	6,734,559

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note J—Pension Plans

Pension expense was $87,000 in 1983, $494,000 in 1982 and $1,001,000 in 1981. A change during 1982 in the actuarial assumptions used in computing pension expense had the effect of reducing expense for the year by $439,000.

The Company's domestic defined benefit plan was terminated in September 1983. An actuarial valuation of vested plan benefits was made at the date of termination, with lump-sum distributions to the employees. The excess funds from the trust were remitted to the Company and have been reported as an extraordinary gain in 1983. The termination and final distribution have been approved by the appropriate governmental agencies.

The Company's foreign pension plans are not required to report to certain governmental agencies pursuant to ERISA and do not otherwise determine the actuarial value of accumulated benefits or net assets available for the benefits. For those plans, the total of pension fund assets exceeded the actuarially computed value of vested benefits at the latest actuarial valuation.

Effective January 1, 1984, the Company initiated a defined contribution plan. The plan provides for a base contribution of 3 percent of wages and a matching contribution of up to 50 percent of voluntary employee contributions limited to an additional 3 percent of wages.

Litigation Settlement

UNIFI, INC. (JUN)

	1983	1982	1981
Income Before Extraordinary Item	$8,261,359	$10,874,437	$6,817,788
Extraordinary Item (Loss)	(3,807,000)	—	826,000
Net Income	4,454,359	10,874,437	7,643,788

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Extraordinary Item (Loss)

On November 17, 1982, the Company agreed to a settlement of pending patent litigation with Lex Tex Ltd., Inc. The agreement called for a combination of cash ($5,500,000), debt (a $1,500,000 subordinated 10% note), and warrants (rights to purchase 125,000 shares of Unifi, Inc. Common Stock at $12.00 per share). The total value of the settlement of $7,500,000, net of the tax benefit of $3,693,000, resulted in an extraordinary loss charged to net income in the amount of $3,807,000, or 62c per share. The warrants valued at $500,000 or 8c per share, offset the loss of 62c, resulting in a net reduction of 54c per share in the Company's net worth. No continuing effect upon the Company's operations will result due to the fact that this litigation and settlement pertained to yarns produced by the Company during the period of June 1977 through June 1980, at which time the patent expired. The extraordinary item in 1981 represents the proceeds from a life insurance policy.

Disposal of Certain Foreign Operations

SQUIBB CORPORATION (DEC)

	1983	1982	1981
	(Amounts in thousands)		
Income before Extraordinary Items	$173,274	$153,636	$111,347
Gain on early extinguishment of debt	27,041	—	—
Loss on disposal of operations in certain southern Latin American countries	(27,608)	—	—
Loss on takeover of the Corporation's operations in Iran	—	—	(6,532)
Net Income	172,707	153,636	104,815

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Extraordinary Items

Items of an extraordinary nature were as follows:

	1983	1982	1981
	(Amounts in thousands)		
Gain in early extinguishment of debt	$27,041	$ —	$ —
Loss of disposal of operations in certain southern Latin American countries	(27,608)	—	—
Loss on takeover of the Corporation's operations in Iran	—	—	(6,532)
	$ (567)	$ —	$(6,532)

In December 1983, the Corporation acquired $165,000,000 principal amount of its notes in exchange for 1,019,540 shares of its common stock and $91,575,000 cash. This early extinguishment of debt resulted in a tax-free extraordinary gain of $27,041,000, or $.52 per share.

Due to the imposition of increasingly severe operating restrictions by the governments of certain southern Latin American countries, the Corporation has determined that its pharmaceutical operations in these countries had to be discontinued and disposed of. Prices for pharmaceutical products are among the most rigidly controlled in these countries, requiring special applications for price increases which, if and when granted, are inadequate to cover increases in wages and other costs. In addition, in certain cases, the governments have imposed significant restrictions on the ability of the companies to import materials and obtain financing at reasonable costs. As a result of the determination to cease operations in these countries, the Corporation recorded an extraordinary loss of $27,608,000 (with no tax benefit), or $.53 per share, for the estimated losses on the disposition of plant, property and equipment, estimated costs of severance and operating losses during the disposal period.

The extraordinary loss in 1981 of $6,532,000, or $.13 per share, related to the Iranian government's takeover of the Corporation's operations in that country.

Flood Loss

MITE CORPORATION (FEB)

	1983	1982	1981
Income before extraordinary item	$3,957,219	$6,108,243	$6,285,983
Extraordinary item-flood loss, net of insurance proceeds and income taxes (Note 12)	1,280,399	—	—
Net Income	2,676,820	6,108,243	6,285,983

Note 12. Extraordinary Item

On June 5 and 6, 1982 serious flooding occurred at our New Haven production facility causing extreme damage and cessation of operations at the facility. Partial production resumed in July, and full production in the ensuring months.

The New Haven facility normally contributes approximately 25% of sales and 24% of operating profits.

Details of the flood loss are as follows:

Write-offs and amounts expended as of February 28, 1983 for clean-up, salvage, repair and replacement costs associated with the flood	$5,068,000
Insurance proceeds	2,506,000
	2,562,000
Income tax benefit	1,282,000
Extraordinary item-flood loss	$1,280,000

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

THE BARDEN CORPORATION (OCT)

	1983	1982	1981
Net earnings	$3,878,837	$6,767,867	$8,055,021
Net earnings per share of Common Stock	$2.17	$3.76	$4.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A (in part):

The Company's significant accounting policies are summarized as follows:

Per Share Data:

Earnings per share have been computed on the basis of the weighted average number of shares of Common Stock outstanding during each year (1,786,967—1983; 1,802,256—1982; 1,961,555—1981).

CAESARS WORLD, INC. (JUL)

	1981	1982	1983
	(In thousands except per share data)		
Net income (loss)	$35,045	$844	$(21,043)
Net income (loss) per common share			
Continuing operations	$1.40	$.40	$(.40)
Discontinued operations			
Loss from operations	(.07)	(.10)	
Loss from disposal		(.26)	(.08)
Extraordinary loss			(.49)
Net income (loss)	$1.33	$.04	$(.97)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Net income per share—Net income per share is based upon the weighted average number of common shares outstanding, which were 26,430,000, 23,743,000 and 21,778,000 in 1981, 1982 and 1983, respectively. The effect of common stock equivalents is not significant for any periods presented.

TABLE 3-18: EARNINGS PER SHARE—1983

	Additional shares issuable for			
	Debt	Preferred Stock	Options	Warrants
Included in primary per share calculation	28	44	196	26
Included in fully diluted per share calculation	76	56	31	3
No dilution	42	45	164	12
Not disclosed	41	14	134	15
No additional shares issuable	413	441	75	544
Total Companies	**600**	**600**	**600**	**600**

EMHART CORPORATION (DEC)

	1983	1982	1981
	(In Millions Except Share Amounts)		
Net Earnings	$84.3	$80.2	$75.5
Earnings Per Share of Common Stock	3.37	3.26	3.03
Weighted average common shares (000)	24,969	24,494	24,850

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Earnings Per Share

Earnings per common share are based on the weighted average number of common and common equivalent shares outstanding during each year and are computed after giving effect to preference dividends of $.2 million in 1983 and $.3 million in each of 1982 and 1981, and the 2 for 1 common stock split in December 1983. Such average shares include the weighted average number of common shares considered outstanding (24,862,000 in 1983, 24,400,000 in 1982 and 24,686,000 in 1981) plus the shares issuable (107,000 in 1983, 94,000 in 1982 and 164,000 in 1981) upon exercise of stock options and warrants (prior to 1983) after the assumed repurchase of common shares with the related proceeds.

INTERNATIONAL MULTIFOODS CORPORATION (FEB)

	1983	1982	1981
Net earnings applicable to common stock	$ 35,254	$ 32,879	$ 27,736
Earnings per share of common stock (page 17)	4.32	4.07	3.45
Average common shares outstanding	8,160,427	8,072,698	8,046,159

Earnings per common share increased to $4.32 per share from $4.07 last year. Earnings per share of common stock have been determined by dividing net earnings, after deduction of preferred stock dividends, by the average number of shares of common stock outstanding during the year. Common stock options and other common stock rights are not included in earnings per share computations since their effect is not significant.

Complex Capital Structure

BORDEN, INC. (DEC)

	1983	1982	1981
	(In thousands except per share data)		
Net income	$189,069	$165,855	$159,939
Net income per share:			
Primary	$6.56	$5.81	$5.45
Fully diluted	6.50	5.62	5.20
Average number of common shares and equivalents assumed outstanding during the year	28,819	28,530	29,367

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Earnings Per Share—Primary earnings per share are computed based on the weighted average number of shares of Common Stock and Equivalents (Convertible Preferred Stock and Stock Options) assumed outstanding during the year of computation.

Fully diluted earnings per share are computed based on the weighted average number of shares of Common Stock and Equivalents assumed outstanding during the year, as if the Convertible Debentures (none outstanding subsequent to August 1983) had been converted at the beginning of the period and after giving effect to the elimination of interest expense, less income tax effect, applicable to the Convertible Debentures.

3. Earnings Per Share

The average number of Common Shares and Equivalents entering into the calculation of primary and fully diluted earnings per share are as follows:

	1983	1982	1981
Common Shares	28,737,206	28,462,973	29,311,069
Convertible Preferred Series B	25,522	36,032	40,556
Stock options	55,869	31,198	15,201
Total for primary calculation	28,818,597	28,530,204	29,366,826
Convertible Debentures:			
6¾%	157.151	600,945	923,516
5%	141,317	555,560	775,125
Stock options	4,131	29,835	639
Total for fully diluted calculation	29,121,196	29,716,543	31,066,106

JAMES RIVER CORPORATION OF VIRGINIA (APR)

	1983	1982	1981
Net income	$55,147,780	$22,352,805	$17,881,000
Net income per common share and common share equivalent:			
Primary:			
Income before extraordinary charge	$2.69	$1.30	$1.53
Extraordinary charge			(.29)
Net income	$2.69	$1.30	$1.24
Fully diluted:			
Income before extraordinary charge	$2.21	$1.28	$1.47
Extraordinary charge			(.24)
Net income	$2.21	$1.28	$1.23
Weighted average number of common shares and common share equivalents:			
Primary	19,076,069	13,126,707	11,957,966
Fully diluted	27,739,847	16,872,899	13,930,752

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

E)Net Income Per Common Share and Common Share Equivalent

For the primary computation, net income is reduced by preferred dividend requirements, except for dividends on the Series F Preferred Stock which, prior to its conversion on March 16, 1981, was a common share equivalent. Common shares and common share equivalents are computed using the weighted average number of common shares outstanding during the period, including common share equivalents arising from the assumed conversion of any outstanding Series F Preferred Stock and dilutive stock options. Proceeds from the exercise of such stock options are assumed to be used to repurchase outstanding shares of James River's common stock at the average price during the period.

The fully diluted computation is performed using the same method as for the primary computation, except that (i) proceeds from exercise of stock options are assumed to be used to repurchase outstanding shares of James River's common stock at the higher of the average or period-end price, (ii) until its conversion on December 23, 1982, the Series G

Preferred Stock was assumed to be converted, if dilutive, and net income was not reduced for the dividend requirements thereon, (iii) if dilutive, the Series AA Exchangeable Preferred Stock issued by James River-Dixie/Northern, Inc. ("Dixie/Northern") is assumed to be converted and the minority interest in the earnings of that subsidiary is restored to net income, and (iv) if dilutive, the 17¼% Convertible Subordinated Notes of Dixie/Northern are assumed to be converted and the interest thereon, net of income tax benefit, is restored to income. During fiscal 1983, the Series AA was not dilutive.

Per share earnings and the accompanying Notes to Consolidated Financial Statements reflect stock splits effected through June 20, 1983.

JOHNSON CONTROLS, INC. (SEP)

	1983	1982	1981
	(dollars in thousands, except per share data)		
Net income	$59,041	$53,839	$48,132
Net income per common and common equivalent share	$4.17	$3.83	$3.43
Shares Outstanding			
Average number of common and common equivalent shares outstanding			
Common stock	13,210,555	13,115,516	13,056,597
Common stock equivalents			
Preferred stock Convertible Series B	855,158	933,856	976,272
Assumed exercise of common stock options	79,767	4,197	11,312
	14,145,480	14,053,569	14,044,181

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (in part)

Net Income Per Share

Net income per common share is computed by dividing net income by the weighted average number of shares of common and common stock equivalents outstanding during the year. Common stock equivalents include stock options and Series B. $2 Cumulative Convertible Preferred Stock.

KMS INDUSTRIES, INC. (DEC)

	1983	1982	1981
Net Earnings (Loss)	$526,363	$432,828	$(2,160,577)
Per Common and Common Equivalent Share—Note M			
Earnings from continuing operations	$.02	$.02	$.02
Loss from continuing operations	.00	.00	(.20)
Earnings (loss) before extraordinary item	.02	.02	(.18)
Extraordinary item	.01	.01	.00
Net Earnings (Loss)	$.03	$.03	$(.18)

Note M—Earnings (Loss) Per Share

1983 and 1982: Primary earnings per common and common equivalent share is based on the weighted average number of shares of common stock and common stock equivalents outstanding during the respective periods, computed in accordance with the assumptions required by the modified treasury stock method. Common equivalent shares include shares of common stock which are issuable upon the conversion of a portion of the minority interest in consolidated subsidiaries into the common stock of the Company. Common equivalent shares also include shares which would be issuable upoon the exercise of outstanding warrants and options reduced by the number of shares which are assumed to be repurchased by the Company with the proceeds from the exercise of the warrants and options. The shares purchased by the Company are assumed to be purchased at the average market price existing during the respective years. Weighted average common and common equivalent shares outstanding for 1983 and 1982 were computed as follows:

	1983	1982
Average common shares outstanding	13,557,000	12,781,000
Average common share equivalents outstanding for conversion of minority interests	3,070,000	2,999,000
Average options and warrants outstanding	2,885,000	3,431,000
Shares assumed to be repurchased	(1,051,000)	(1,236,000)
Average common and common equivalent shares outstanding	18,461,000	17,975,000

To determine earnings for the purpose of this calculation, earnings before extraordinary item for 1983 and 1982 have been reduced by the preferred stock dividends ($35,000 each year) and have also been increased by the portion of minority interest in earnings of consolidated subsidiaries which is assumed to have been converted ($138,000 and $93,000 respectively).

Fully diluted earnings per common and common equivalent share for 1983 and 1982 have not been presented on the basis that the computation would dilute reported per share amounts by less than $.01, which is not considered significant.

1981: The loss per share for 1981 was computed by increasing the net loss by the preferred stock dividend of $35,000 and then dividing the loss applicable to common stock by the average number of common shares outstanding during 1981 (11,967,000). Common stock equivalents were not included in the computation of average shares outstanding because their inclusion would be anti-dilutive. Fully diluted loss per share has not been shown since such amount would not be dilutive.

NORTEK, INC. (DEC)

	1983	1982	1981
	(In thousands Except Per Share Amounts)		
Net Earnings	$7,100	$6,300	$9,600
Net Earnings (Loss) Per Share of Common Stock (Note 1):			
Continuing operations—			
Primary	$1.36	$1.31	$2.26
Fully diluted	$1.30	$1.27	$2.18
Discontinued operations—			
Primary	$(.02)	$.28	$.49
Fully diluted	$(.02)	$.26	$.46
Net earnings—			
Primary	$1.34	$1.59	$2.75
Fully diluted	$1.28	$1.53	$2.64
Cash dividends per common share	$.08	$.08	$.08
Weighted Average Number of Common Shares and Common Equivalent Shares Outstanding			
Primary	5,305	3,995	3,496
Fully diluted	5,605	4,173	3,678

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part): Summary of Significant Accounting Policies

Net Earnings Per Share

Net earnings per share have been computed using the weighted average number of common and common equivalent shares outstanding during each period, which gives effect to shares issued for acquisitions including Monogram Industries, Inc. ("Monogram") in 1983 and 940,000 shares of common stock sold in a public offering in June 1981. Fully diluted earnings per share have been computed assuming conversion of the Company's convertible subordinated debentures, as applicable.

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.

ALLIED CORPORATION

Corporate Responsibility

Allied's vigilance in searching for material value in plant waste was rewarded in 1983 when the Company received one of the nation's most prestigious environmental awards for a project that solved both an environmental and a waste disposal problem.

The National Environmental Industry Award, given jointly by the U.S. government and industry, was presented to Allied for its work in converting the hazardous waste at the Metropolis, Illinois, uranium hexafluoride plant into a useful product. Scientists and engineers in several Allied units pooled their talents to develop the technology to produce synthetic fluorspar from two Metropolis wastewater streams. The process not only eliminates the waste and the cost of its disposal but it provides substantial savings for raw material. The fluorspar goes back into the manufacture of hydrofluoric acid.

Allied invested $37 million in environmental improvement projects in 1983. In addition, the Company is working with state and federal agencies, as well as other so-called "generators," to provide remedial solutions at a number of waste disposal sites where former waste disposal practices may be cause for concern.

Creating safe working environments for employees is also a major Allied concern. Through extensive programs to promote safety, the Company improved its performance for the eighth consecutive year reducing industrial accidents by 22 percent, compared to 1982.

Good health care for its employees is another ongoing commitment of the Company. In 1983 Company spending on efforts directly related to the health and safety of its workforce totaled $265 million.

While the health and welfare of its employees is of prime importance, Allied's social concerns also reach out to many organizations, both at the local and national levels, in the form of financial support. In communities where Allied has facilities, the Company and its employees are active in civic and human service programs.

In 1983, contributions by the Allied and Bendix Foundations and the Corporation totaled over $7 million. Of this amount about 50 percent went to colleges, universities and other educational institutions and organizations which are of interest to Allied. The balance helped support United Way campaigns, hospitals, and cultural and civic organizations in numerous communities where the Corporation has plants and facilities. In addition, several operating units made sizable donations of surplus equipment to educational institutions.

Energy conservation reached a new level at Allied in 1983. Since the base year of 1972, the Company has cut its use of energy per unit of production by 24.2 percent, a 6.5 percent improvement over 1982 alone. While increased capacity utilization contributed to 1983's improvement, the best since the conservation program's inception, much of the gain is the result of continued emphasis on good energy management and plant improvements.

CAMPBELL SOUP COMPANY

Corporate Citizenship

During the year, Campbell continued its tradition of responding to a broad range of individual and community needs.

Through the Company and the Campbell Soup Fund, a non-profit corporation receiving funds from the Company, $2,801,000 was contributed to hundreds of health, educational, cultural, civic and charitable organizations. Charitable and other non-profit organizations received $2,066,000 from the Company and Fund, while educational institutions received an additional $735,000. During the past five fiscal years, the Company and the Fund have made charitable grants totaling $8,100,000 and aid-to-education contributions amounting to $3,244,000.

In fiscal 1983, Campbell continued to meet the challenge that the private sector take up some of the financial slack in programs formerly funded by governmental sources.

Programs Benefit Public

A number of public service programs highlighted 1983 activities:

For the ninth consecutive year Campbell sponsored the Camden (N.J.) City Summer Program with a $125,000 grant that included funds for a variety of special recreation, cultural and summer job programs in Campbell's corporate hometown. More than 5,000 youths participated in 13 separate programs, including a pilot project to help keep the central part of the city clean.

Through cooperation with the Salvation Army, American Red Cross, and a host of church and social service agencies, Campbell donated food products worth more than $1 million to mass feeding programs throughout the country. During the past six years, more than a million cases of Campbell products have been distributed in this way.

Campbell announced significant improvements to its Matching Gifts Program in support of educational institutions. The amount the Company will contribute to match an employee's gift to a college, university, graduate school, teaching hospital, or private preparatory school has been increased from one-to-one to two-to-one. The maximum gift that Campbell will match has also been increased from $2,000 to $3,000 per fiscal year.

Campbell, in cooperation with the Greater Camden Movement and Alabama-based Kinder-Care Learning Centers, Inc., opened the first "Kindustry" child care center in the tri-state area of New Jersey, Pennsylvania, and Delaware last March. The new center accommodates 100 children in a 10,000-square foot facility which primarily serves Campbell employees but is also open on a space-available basis to children of employees of other greater Camden Movement members.

Conscious of the needs of migrant farmworker families, Campbell also sponsored, under the auspices of the Northwest Ohio Community Action Commission, a new day-care center in Bryan, Ohio.

Campbell announced it would transport cancer patients to treatment centers around the U.S. in its corporate aircraft as part of the "Corporate Angel Network"—a national program of the American Cancer Society. Under the program, cancer patients are able to fill empty seats on corporate airplanes which may be making routine flights to cities where the patients must go for treatment.

Adoption Plan Introduced

Campbell also announced a new benefit program which gives time off—in some cases, with pay—to employees who adopt childlren. Campbell is one of a few companies in the country to offer such a program and is believed to be the only company in the U.S. providing for a paid leave of absence in the cases of adopted newborn infants.

GENERAL MILLS, INC.

Employees and Society (in part)

Corporate Citizenship

As a marketer of consumer goods and services, General Mills has a responsibility for the quality and safety of its products, and for the integrity of the messages used to advertise or promote them. As a corporate citizen, the company has a broader responsibility. This includes support for the communities where we do business, for assistance to educational and cultural institutions, and for active involvement with social service agencies and programs.

General Mills encourages its employees to play an active role in their communities. Efforts are made to systematically match employee skills and interests with community needs. The effect of this program is to mobilize talented people at all levels of the company and challenge them to help in their area of special competence. General Mills employees play leadership roles in local United Way campaigns and economic education programs, serve as school board members and elected officials, and devote time to a wide variety of nonprofit organizations.

General Mills is also committed to innovation in corporate citizenship. During the past year, the company began a joint venture with the Wilder Foundation of St. Paul, Minnesota. This new venture, called ALTCARE, will develop and finance various health care alternatives for the elderly. The objective is to demonstrate that by pooling the resources of various health care providers, long-term care can be offered dependably and economically, forestalling nursing home confinement. A prototype service center will be established this fall. Based on its success, the concepts will be replicated elsewhere.

Nutrition

General Mills has maintained a leadership role in the fields of nutrition education and research for 20 years. Labeling on the company's food packages provides consumers with extensive nutrition information, and additional information is available upon request. A wide variety of publications and programs addressing nutrition topics are produced and made available to consumers, health care professionals and teachers.

General Mills also participates in the Second Harvest nationwide food bank system. This system provides food producers, growers and processors with a controlled outlet for wholesome product. The food banks then redistribute this food to emergency feeding programs and nonprofit organizations that offer meals to the needy. Since January 1982, General Mills has given over 2.3 million pounds of food to the food bank system.

Foundation Grants and Corporate Gifts

Direct philanthrophy is an important element of corporate citizenship. The General Mills Foundation, the company's major philanthropic arm, made grants during fiscal 1983 that totaled $6.2 million. General Mills, Inc., and its subsidiaries provided an additional $2.1 million in contributions. According to the latest Conference Board survey, this level of giving ranks General Mills 37th among the largest United States corporate givers.

The Foundation supports the nation's colleges, universities and secondary schools through its employee gift-matching program. In fiscal 1983, employee gifts to 524 institutions in 45 states were matched by the Foundation for a total contribution of $507,819, a 25 percent increase over last year.

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 1983 fiscal year transactions are presented throughout this section.

DIVIDENDS

Chapter 7B of *ARB 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 69% 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 53% of the survey companies make a similar disclosure for cash dividends paid to preferred stock shareholders.

Examples of distributions to shareholders follow.

TABLE 4-1: PRESENTATION OF CHANGES IN RETAINED EARNINGS

	1983	1982	1981	1980
Statement of Stockholders' Equity	371	354	336	307
Separate statement of retained earnings	114	125	130	151
Combined statement of income and retained earnings	87	94	111	129
Changes shown in balance sheet or notes	28	27	23	13
Total Companies	**600**	**600**	**600**	**600**

TABLE 4-2: DIVIDENDS

	Number of Companies			
	1983	1982	1981	1980
Cash Dividends Paid to Common Stock Shareholders				
Per share amount disclosed in retained earnings statements	348	362	378	408
Per share amount not disclosed in retained earnings statement	159	156	148	127
Total	**507**	**518**	**526**	**535**
Cash Dividends Paid to Preferred Stock Shareholders				
Per share amount disclosed in retained earnings statements	110	110	123	110
Per share amount not disclosed in retained earnings statement	97	106	99	100
Total	**207**	**216**	**222**	**210**
Dividends Paid By Pooled Companies	4	2	6	5
Stock Dividends	**14**	**17**	**21**	**27**
Dividends In Kind	**6**	**3**	**6**	**—**

Cash Dividends

ACF INDUSTRIES, INCORPORATED

Consolidated Statement of Retained Earnings

(Dollars in thousands except amounts per share)

	Year Ended December 31 1983	1982	1981
Balance at beginning of year	$291,028	$317,896	$302,284
Net income	1,846	33,076	47,525
	292,874	350,972	349,809
Dividends paid	(14,416)	(24,486)	(24,503)
Retirement of treasury shares ...	—	(35,458	(7,410)
Balance at end of year...........	$278,458	$291,028	$317,896
Dividends paid per common share	$1.74	$2.76	$2.69½

THE CESSNA AIRCRAFT COMPANY

Consolidated Statements of Operations and Earnings Reinvested in Business

Years ended September 30,	1983	1982	1981
Net earnings (loss)	$(18,845,286)	$18,077,814	$60,566,222
Earnings reinvested in business at beginning of year ..	263,466,376	256,889,030	207,758,059
	244,621,090	274,966,844	268,324,281
Cash dividends on common stock $.40 per share (1982—$.60 per share, 1981—$.60 per share) .	7,663,420	11,500,468	11,435,251
Earnings reinvested in business at end of year	$236,957,670	$263,466,376	$256,889,030

ACME-CLEVELAND COMPANY

Statement of Consolidated Shareholder's Equity

	Foreign Currency Translation Adjustments	Preferred Shares	Common Shares	Other Capital	Retained Earnings
Balance at October 1, 1980		$3,644,665	$4,273,227	$10,948,514	$97,443,842
Common Shares exchanged for new shares under stock option plan			(2,519)	(6,568)	(54,718)
Common Shares issued under stock option plan			75,155	735,308	
Net earnings					10,931,346
Cash dividends:					
Series B Preferred Shares, $1.80					(293,173)
Common Shares, $1.40					(6,046,981)
Balance at September 30, 1981		3,664,665	4,345,863	11,677,254	101,980,316
Opening balance foreign currency translation adjustment—October 1, 1981	(584,131)				3,534
Common Shares exchanged for new shares under stock option plan			(2,452)	(6,634)	(45,284)
Common Shares issued under stock option plan			14,160	191,160	
Net earnings					11,600,471
Cash dividends:					
Series B Preferred Shares, $1.80					(293,173)
Common Shares, $1.40					(6,092,431)
Foreign currency translation adjustments	(1,871,195)				
Balance at September 30, 1982	(2,455,326)	3,664,665	4,357,571	11,861,780	107,153,433
Common Shares issued under stock option plan			15,625	221,016	
Net (loss)					(31,992,599)
Cash dividends:					
Series B Preferred Shares, $1.80					(293,173)
Common Shares, $.90					(3,928,876)
Foreign currency translation adjustments	(82,730)				
Balance at September 30, 1983	$(2,538,056)	$3,664,665	$4,373,196	$12,082,796	$70,938,785

TALLEY INDUSTRIES, INC.

Consolidated Statement of Earnings and Retained Earnings

Years Ended March 31	1983	1982	1981
Net earnings (loss) ...	$8,190,000	$(7,256,000)	$(4,304,000)
Retained earnings at beginning of year ..	30,912,000	40,222,000	46,581,000
	39,102,000	32,966,000	42,277,000
Cash dividends:			
Series A stock, $1.10 per share	205,000	206,000	207,000
Series B preferred stock, $1.00 per share	1,846,000	1,848,000	1,848,000
	2,051,000	2,054,000	2,055,000
Retained earnings at end of year	$37,051,000	$30,912,000	$40,222,000

Stock Dividends

JOHN FLUKE MFG. CO., INC.

Consolidated Statements of Stockholders' Equity

(In thousands except shares)	Number of Shares Outstanding	Par Value of Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury and Non-Vested Shares
Balance, Sept. 26, 1980	6,210,654	$1,553	$23,152	$28,652	
Net income				8,478	
5% stock dividend distributed March 31, 1981 at fair market value	314,615	78	6,843	(6,921)	
Exercise of stock options (including $42 income tax benefit from exercise of nonqualified stock options	147,474	37	2,106		
Issuance of shares under the employee stock purchase plan	34,747	9	887		
Balance, Sept. 25, 1981	6,707,490	$1,677	$32,988	$30,209	
Net income				7,831	
5% stock dividend distributed March 31, 1982 at fair market value	338,767	85	5,886	(5,971)	
Exercise of stock options (including $33 income tax benefit from exercise of nonqualified stock options)	40,000	10	708		
Issuance of shares under the employee stock purchase plan	82,436	20	1,451		
Purchase of treasury shares	(69,748)				$1,194
Balance, Sept. 24, 1982	7,098,945	$1,792	$41,033	$32,069	$1,194
Net income				9,585	
5% stock dividend distributed March 31, 1983 at fair market value	356,936	89	9,771	(9,860)	
Exercise of stock options (including $41 income tax benefit from exercise of nonqualified stock options)	63,700	16	1,169		
Issuance of shares under the employee stock purchase plan	14,068	4	326		
Issuance of 21,290 shares from treasury awarded under the Long-Term Performance Stock Plan less 730 shares forfeited	20,560		207		207
Balance, Sept. 30, 1983	7,554,209	$1,901	$52,506	$31,794	$1,401

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 (in part): Stockholder's Equity

Stock Dividends—5% stock dividends were distributed on March 31, 1983, 1982 and 1981, to stockholders of record on February 18, 1983, February 19, 1982, and February 13, 1981, respectively. Average shares outstanding and all per share amounts included in the financial statements and notes are based on the increased number of shares giving retroactive effect to these stock dividends.

THE GENERAL TIRE & RUBBER COMPANY

Statements of Consolidated Common Shareholders' Equity

(Dollar amounts in thousands; per-share amounts in dollars)

	Common Stock Shares	Common Stock Amount	Other Capital	Retained Earnings	Cumulative Currency Translation Adjustment
Balance at November 30, 1980	24,109,710	$7,233	$228,904	$747,231	
Net income				110,854	
Cash dividends:					
On preferred stock at required rates				(288)	
On common stock, $1.50 per share				(36,353)	
Stock dividends—2% at approximate market value	462,970	139	8,401	(8,540)	
Stock sold under options or issued under the Management Incentive Plan and other	8,127	2	(1,049)		
Purchase of treasury shares	(1,025,000)	(307)	(25,738)		
Balance at November 30, 1981	23,555,807	7,067	210,518	812,904	
Net income				19,436	
Cash dividends:					
On preferred stock at required rates				(258)	
On common stock, $1.50 per share				(35,165)	
Stock dividends—2% at approximate market value	471,235	142	14,151	(14,293)	
Stock sold under options or issued under the Management Incentive Plan and other	5,951	1	(877)		
Balance at November 30, 1982	24,032,993	7,210	223,792	782,624	
Net income				67,427	
Currency translation adjustment (Cumulative adjustment of ($2,853) as of December 1, 1982)					$(2,901)
Cash dividends:					
On preferred stock at required rates				(218)	
On common stock, $1.50 per share				(33,648)	
Stock dividends—2% at approximate market value	407,283	122	15,276	(15,398)	
Common stock warrants issued with 11⅞% subordinated notes			4,232		
Stock sold under options or issued under the Management Incentive Plan and other	20,107	6	933		
Purchase of treasury shares	(3,000,000)	(900)	(24,340)	(82,985)	
Balance at November 30, 1983	21,460,383	$6,438	$219,893	$717,802	$(2,901)

HAMPTON INDUSTRIES, INC.

Consolidated Statement of Common Stockholders' Equity

	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Retained earnings
Balance at December 27, 1980	2,002,833	$2,002,833	$3,579,684	$19,466,195
Net earnings	—	—	—	3,149,325
10% Common Stock dividend	200,141	200,141	1,125,793	(1,326,872)
Cash dividends—First Preferred Stock ($7 per share)	—	—	—	(58,518)
Balance at December 26, 1981	2,202,974	2,202,974	4,705,477	21,230,130
Net earnings	—	—	—	2,781,109
10% Common Stock dividend	220,043	220,043	1,100,215	(1,321,784)
Cash dividends—First Preferred Stock ($7 per share)	—	—	—	(58,517)
Balance at December 25, 1982	2,423,017	2,423,017	5,805,692	22,630,938
Net earnings	—	—	—	2,737,513
10% Common Stock dividend	242,055	242,055	2,027,210	(2,271,590)
Cash dividends—First Preferred Stock ($7 per share)	—	—	—	(58,516)
Balance at December 31, 1983	2,665,072	$2,665,072	$7,832,902	$23,038,345

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

E. Stockholders' Equity

The Board of Directors declared a 10% common stock dividend payable on July 15, 1983, to shareholders of record June 23, 1983. A 10% common stock dividend was also paid to shareholders of record in each of the prior two years. Earnings per share have been computed, giving retroactive effect to the dividend declarations.

Common stockholders are entitled to dividends only after payment of dividends due on first preferred stock.

Dividend in Kind

FREEPORT-McMORAN INC.

Statements of Stockholders' Equity

Years Ended December 31,	1983	1982	1981
	(amounts in thousands)		
Common stock, par value $1:			
Balance at beginning of year	$ 69,817	$ 69,324	$ 69,078
Acquisition of The Stone Exploration Corporation	3,120	—	—
Exercise of stock options by employees	538	486	262
Other	(12)	7	(16)
Balance at end of year	73,463	69,817	69,324
Capital in excess of par value of common stock:			
Balance at beginning of year	79,242	75,775	72,889
Acquisition of The Stone Exploration Corporation	68,540	—	—
Distribution of Freeport-McMoRan Oil and Gas Royalty Trust	2,106	—	—
Exercise of stock options by employees	4,653	3,628	3,327
Other	138	(161)	(441)
Balance at end of year	154,679	79,242	75,775
Retained earnings:			
Balance at beginning of year	586,071	561,886	441,587
Net Income	93,472	65,946	159,366
Cash dividends on common stock*	(42,603)	(41,761)	(39,067)
Distribution of Freeport-McMoRan Oil and Gas Royalty Trust (Note 3)	(129,935)	—	—
Balance at end of year	507,005	586,071	561,886
Total stockholders' equity	$735,147	$735,130	$706,985

*In addition to quarterly cash dividends of $.15 per share during 1983, on October 12, 1983, FMI made a noncash distribution of units of beneficial interest in the Freeport-McMoRan Oil and Gas Royalty Trust to holders of record of FMI Common Stock on September 30,1983, on the basis of one unit for each five shares of FMI Common Stock held at that date. On October 12, 1983, the average market value of such units was $6.875 per unit or $1.375 per FMI share.

Cash dividends for 1981 include $.45 per share paid to stockholders of FMI and $.14 per share paid to the former stockholders of Freeport Minerals Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Distribution of Freeport-McMoRan Oil and Gas Royalty Trust

On September 30, 1983, the Company transferred to the Freeport-McMoRan Oil and Gas Royalty Partnership (the Partnership) net overriding royalties computed on an aggregate basis and consisting generally of 90 percent of the excess of gross revenues from certain properties over operating costs, capital expenditures and other related charges. The Company transferred a 99.9 percent interest in the Partnership to the Freeport-McMoRan Oil and Gas Royalty Trust (the Trust), and made a noncash distribution of units of beneficial interest in the Trust to holders of the Company's common stock on the basis of one unit for each five shares of common stock.

The net overriding royalties (equivalent to a net profits interest) were carved out of the Company's working interests in 30 properties (18 productive and 12 undeveloped) and are subject to a $60 million nonrecourse loan.

Costs attributable to the properties conveyed included $213.3 million representing a portion of unamortized costs for evaluated oil and gas properties based on an allocation between the property interests retained by the Company and those conveyed computed on the relative fair values (using estimated discounted future net revenues) of such properties. Costs also included $45.7 million representing the costs applicable to the not yet evaluated oil and gas properties conveyed to the Trust. Notes payable were reduced by $59.9 million representing the principal amount of bank debt to which the net overriding royalty interest is subject. Deferred income taxes of $69.2 million related to the oil and gas properties conveyed were transferred. Retained earnings were charged $129.9 million for the net book value of the assets conveyed.

THE LOUISIANA LAND AND EXPLORATION COMPANY

Consolidated Statement of Stockholders' Equity

Years ended December 31, 1983, 1982 and 1981
(Millions of dollars, except per share data)

	Additional paid-in capital	Retained earnings	Treasury stock Number of shares	Treasury stock Cost
Balance December 31, 1980	$64.7	$676.2	29,134	$1.2
Net earnings	—	145.2	—	—
Cash dividends ($1.80 per share)	—	(68.4)	—	—
Other	.1	—	(9,087)	(.5)
Balance December 31, 1981	64.8	753.0	20,047	.7
Net earnings	—	76.3	—	—
Cash dividends ($1.60 per share)	—	(60.8)	—	—
Other	.1	—	29	—
Balance December 31, 1982	64.9	768.5	20,076	.7
Net earnings	—	94.0	—	—
Cash dividends ($1.00 per share)	—	(34.7)	—	—
Distribution to LL&E Royalty Trust (note 6)	—	(50.3)	—	—
Purchase of treasury stock	—	—	7,092,500	212.8
Other	—	—	4	—
Balance December 31, 1983	$64.9	$777.5	7,112,580	$213.5

6. Distribution to LL&E Royalty Trust

In June 1983, the Company created an independently administered trust, the LL&E Royalty Trust, to which it transferred net overriding royalty interest (equal to net profits interests) in certain productive oil and gas properties and a 3% royalty interest in the Company's unleased, undeveloped south Louisiana fee lands. The difference between the net book value of property, plant and equipment allocated to the Trust properties ($83.4 million) and the related reversal of deferred income taxes ($33.1 million) was charged to retained earnings.

The effective date for purposes of calculating the royalties attributable to the Trust was April 1, 1983. As a result, net earnings and earnings per share have been reduced as follows:

	Net earnings (Millions of dollars)	Earnings per share
Quarter ended:		
June 30, 1983	$2.0	0.05
September 30, 1983	2.6	0.08
December 31, 1983	3.5	0.12
Year ended December 31, 1983	$8.1	0.22

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 for a pooling of interests. Examples of adjustments to the opening balance of retained earnings follow.

TABLE 4-3: ADJUSTMENTS TO OPENING BALANCE OF RETAINED EARNINGS

	Number of Companies			
	1983	1982	1981	1980
Pooling of interests	11	11	17	17
LIFO discontinued	3	2	—	—
Change in accounting for foreign currency translation	2	19	29	—
Change in accounting for compensated absences	—	39	127	22
Other—Described	9	12	9	3

Pooling of Interests

LEGGETT & PLATT, INCORPORATED

Consolidated Statement of Common Stockholders' Equity

(Dollar amounts in thousands, except per share data)	Common Stock	Additional Contributed Capital	Retained Earnings	Treasury Stock Cost	Treasury Stock Shares
Balances—January 1, 1981					
As previously reported	$4,051	$8,037	$47,137	$ (83)	6,750
Adjustments for pooling of interests	445		1,560		
As restated	4,496	8,037	48,697	(83)	6,750
Common stock issued in connection with employees' stock option plan	4	32			
Treasury stock purchased				(13,029)	616,328
Treasury stock sold		(317)		1,567	(98,387)
Net earnings for the year			12,479		
Cash dividends ($.30 per share)			(2,251)		
Balances—December 31, 1981	4,500	7,752	58,925	(11,545)	524,691
Treasury stock purchased				(1,836)	91,738
Treasury stock sold		(1,580)		4,158	(190,440)
Tax benefit related to stock options		358			
Retirement of common stock	(14)	(295)			
Net earnings for the year			9,816		
Cash dividends ($.34 per share)			(2,440)		
Balances—December 31, 1982	4,486	6,235	66,301	(9,223)	425,989
4,040,852 shares issued in two-for-one stock split	4,041	(4,041)			47,184
Common stock issued in connection with purchase of company	146	2,957			
Common stock issued in connection with employees' stock option and benefit plans	12	204			
Treasury stock issued		4,025		8,252	(383,415)
Treasury stock retired	(85)	(836)		921	(85,110)
Net earnings for the year			15,575		
Cash dividends ($.375 per share)			(2,932)		
Balances—December 31, 1983	$8,600	$8,544	$78,944	$ (50)	4,648

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

C (in part) Acquisitions

In August 1983, the Company acquired all of the outstanding capital stock of Parthenon Metal Works, Inc., a privately owned manufacturer of welded steel tubing and slit coil steel, in exchange for 445,110 shares of the Company's common stock. The acqusition has been accounted for as a pooling of interests and, accordingly, the accompanying consolidated financial statements for periods prior to the date of acquisition have been restated to reflect the accounts and operations of Parthenon. Separate results of operations of the Company and Parthenon for periods prior to the acquisition are as follows:

	Six months ended June 30, 1983 (unaudited)	Year ended December 31, 1982	1981
	(In thousands except per share data)		
Net Sales:			
Leggett & Platt (as previously reported)	$166,065	$274,957	$262,575
Parthenon	12,286	17,908	16,562
Less eliminations	(1,251)	(1,399)	(786)
Combined	$177,100	$291,466	$278,351
Net Earnings:			
Leggett & Platt (as previously reported)	$ 6,290	$ 9,132	$ 11,953
Parthenon	815	697	526
Less eliminations	(24)	(13)	—
Combined	$ 7,081	$ 9,816	$ 12,479
Net Earnings per Share (primary):			
As previously reported	$ .85	$ 1.27	$ 1.57
As restated	$ .90	$ 1.28	$ 1.55

Change in Accounting Principles

BOBBIE BROOKS, INCORPORATED

Consolidated Statements of Shareholders' Equity

(in thousands)

	1983	1982	1981
Common stock:			
Balance at beginning of year	$ 4,624	$4,624	$ 4,624
Issuance of 692,566 shares to creditors under Chapter 11 reorganization plan	693	—	—
Balance at end of year	5,317	4,624	4,624
Capital in excess of stated value:			
Balance at beginning of year	13,941	13,941	13,941
Issuance of 692,566 shares to creditors under Chapter 11 reorganization plan	886	—	—
Balance at end of year	14,827	13,941	13,941
Retained earnings (deficit):			
Balance at beginning of year, as previously reported	(10,808)	10,641	13,029
Adjustments for the cumulative effect of retroactive application of change to FIFO inventory valuation method (Note 6)	73	3,183	813
Balance at beginning of year, as restated	(10,735)	13,824	13,842
Net income (loss)	3,730	(24,559)	(18)
Issuance of 45,127 treasury shares in connection with deferred compensation agreements	(113)	—	—
Balance at end of year	(7,118)	(10,735)	13,824
Treasury shares:			
Balance at beginning of year	(329)	(329)	(329)
Issuance of 45,127 treasury shares in connection with deferred compensation agreements	283	—	—
Balance at end of year	(46)	(329)	(329)
Total shareholders' equity	$12,980	$7,501	$32,060

Note 6—Inventories—Accounting Change

In 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 new method of accounting has been applied retroactively and financial statements of prior years have been restated.

The accounting change increased the fiscal 1982 previously reported loss by $3,110,000 ($.68 per share) and decreased the fiscal 1981 previously reported loss by $2,370,000 ($.52 per share).

Inventories consist of the following:

	1983	1982
	(in thousands)	
Raw material	$3,650	$6,526
Work-in-process	834	2,350
Finished goods	5,320	10,929
	$9,804	$19,805

ZENITH RADIO CORPORATION

Statements of Consolidated Income and Retained Earnings

Dollars in millions, except per share amounts	Year Ended December 31 1983	1982	1981
RETAINED EARNINGS			
Balance at beginning of year, as previously reported			$270.4
Cumulative effect of applying retroactively the change from LIFO to FIFO for a portion of the Company's inventories (Note 2)			(3.0)
Balance at beginning of year, as restated	$246.0	$273.2	267.4
Net income (loss) for year	46.3	(24.3)	15.7
Cash dividends paid per share: $.15 and $.525 in 1982 and 1981	—	(2.9)	(9.9)
Balance at end of year	$292.3	$246.0	$273.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Accounting Change

In the fourth quarter of 1983 the Company changed its method of valuation for a portion of its inventories to the first-in, first-out (FIFO) method from the last-in, first-out (LIFO) method used in prior years. The electronic parts inventories affected have experienced declining prices during the last few years; therefore, this change was made in order not to value these inventories in excess of replacement cost or net realizable value.

This change has been applied by retroactively restating the financial statements. As a result of adopting the FIFO method for a portion of the inventories, net income for the year ended December 31, 1983 is approximately $2.4 million or $.11 per fully diluted share ($.12 per primary share) less than it would have been on a LIFO basis.

The effects of the financial statement restatement on net income (loss) and net income (loss) per share were:

Increase (Decrease)	Net Income (In millions)	Per Share Primary	Fully Diluted
1982	$(2.5)	$(.13)	$(.13)
1981	.1	.01	.01
1980	.2	.01	.01
1979	(1.4)	(.08)	(.08)

CBS INC.

Consolidated Statements of Income and Retained Earnings

(Dollars in thousands, except per share amounts)

	Year ended December 31 1983	1982	1981
RETAINED EARNINGS			
Balance at beginning of year as previously reported			$ 957,331
Cumulative restatement adjustment			687
Balance at beginning of year as restated	$1,077,637	$1,045,253	958,018
Net income (as restated for 1982 and 1981)	187,198	110,831	165,544
Less cash dividends:			
Common stock, $2.80 per share	83,070	78,346	78,152
Preference stock, $1.00 per share	76	101	157
Balance at end of year (as restated for 1982 and 1981)	$1,181,689	$1,077,637	$1,045,253

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

15. Financial Reporting by Broadcasters

The accounting for license agreements for broadcast program material has been changed to conform to Statement of Financial Accounting Standards No. 63. Generally, license agreements are accounted for as a purchase of rights and an asset is recorded for the rights required and a liability recorded for obligations incurred; program series are amortized based on estimated future revenues of these programs. The effect on income from continuing operations as well as net income in 1983 was an increase of $1.5 million or $.05 per share; in 1982 a decrease of $1.7 million or $.06 per share; in 1981 an increase of $2.7 million or $.10 per share.

UNION PACIFIC CORPORATION

Statement of Consolidated Changes in Common Stockholders' Equity

Millions of Dollars

	1983	1982	1981
Common Stock			
Common Stock, $2.50 par value (authorized 200,000,000 shares)			
Balance outstanding at beginning of year (114,318,556 shares in 1983; 96,361,963 in 1982; 95,985,101 in 1981)	$ 286	$ 241	$ 240
Issuance of common stock in acquisition of Missouri Pacific Corporation	—	43	—
Conversions, exercises of stock options and other (443,135 shares in 1983; 643,581 in 1982; 376,862 in 1981)	1	2	1
Balance at end of year (114,761,691 shares in 1983; 114,318,556 in 1982; 96,361,963 in 1981) (Note 13)	287	286	241
Paid-in Capital			
Balance at beginning of year	731	138	126
Issuance of common stock in acquisition of Missouri Pacific Corporation	—	577	—
Conversions, exercises of stock options and other	12	16	12
Balance at end of year	743	731	138
Retained Earnings			
Balance at beginning of year, as previously reported	2,871	2,718	2,466
Cumulative effect of retroactively applying rateable method of depreciation for railroad track structure (Note 2)	94	88	70
Balance at end of year, as adjusted	2,965	2,806	2,536
Net income	297	332	429
	3,262	3,138	2,965
Dividends declared			
Common stock	(206)	(173)	(159)
Preferred stock	(30)	—	—
Balance at end of year	3,026	2,965	2,806
Total Common Stockholders' Equity	$4,056	$3,982	$3,185

NOTES TO FINANCIAL STATEMENTS

2. Change to Rateable Method of Depreciation for Railroad Track Structure

Prior to 1983 the Corporation followed the generally accepted industry alternative of retirement-replacement-betterment (RRB) accounting for its track structure. RRB was also required for reports filed with the Interstate Commerce Commission (ICC). Under this method, the cost of in-kind replacements of track structure was charged to expense when incurred. Costs of betterments (improvements) to the structure were capitalized, and charged against earnings only when the asset was removed from service.

As a result of a change in accounting mandated in 1983 by the ICC, the rateable method of depreciation was implemented. Accordingly, costs of capital projects are charged to expense over the estimated service lives for the various components of track structure. Financial statements for 1982 and 1981 have been restated to apply this new method of accounting retroactively. The cumulative effect of the change after reduction for deferred income taxes is included in retained earnings.

The effect of the change on the combined railroad system was to increase net income in 1983 by $21 million or $.17 a share. The effect on 1982 and 1981 is:

Millions of Dollars Except per Share Amounts	1982	1981
Net Income		
As reported	$327	$411
Effect of change	5	18
As adjusted	$332	$429
Earnings per share		
As reported	$3.38	$4.27
Effect of change	.06	.19
As adjusted	$3.44	$4.46

Prior Period Adjustment

McGRAW-HILL, INC.

Consolidated Statement of Retained Income

Years ended December 31, 1983, 1982 and 1981

	1983	1982	1981
	(Thousands of dollars)		
Balance at beginning of year as previously reported			$383,322
Effect of correcting understatement of unearned revenue (Note 2)			3,314
Balance at beginning of year as restated	$499,567	$436,390	380,008
Net income	126,478	110,018	98,117
	626,045	546,408	478,125
Deduct:			
Dividends:			
Preference stock	25	32	45
Common stock	54,043	46,809	41,690
Transfer to common stock as a result of two-for-one stock split on June 1, 1983	25,589	—	—
	79,657	46,841	41,735
Balance at end of year	$546,388	$499,567	$436,390

Note 2. Restatement of Prior Year Balance Sheets

The balance sheets at December 31, 1982 and 1981 have been restated to reflect the correction of an understatement in unearned revenue of $6.0 million. Retained income at January 1, 1981 has been charged $3.3 million, net of the income tax effect of $2.7 million. The total amount of the adjustment has accumulated over a number of years, however, the effect on net income for any of the years was not material. Therefore, the Statements of Income for the years 1982 and 1981 have not been restated.

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			
	1983	1982	1981	1980
Charges				
Treasury stock transactions	59	63	55	54
Translation adjustments	15	15	3	—
Preferred stock accretion ..	10	6	5	—
Other—Described	13	14	23	25
Credits				
Poolings of interests	8	9	13	6
Other—Described	16	22	13	17

Treasury Stock Transactions

CROWN CORK & SEAL COMPANY, INC.

Consolidated Statement of Retained Earnings

	1983	1982	1981
		($000)	
Retained Earnings at Beginning of Year	$563,839	$529,481	$466,145
Net Income	51,541	44,732	64,807
Excess of cost over par value of Common Stock purchased (1983—863,075 shares; 1982—545,100 shares; 1981—75,352 shares)	(24,821)	(10,675)	(1,809)
Excess of option price over par value of Common Stock issued under Stock Option Plan (1983—44,975 shares; 1982—16,800 shares; 1981—17,875 shares)	920	301	338
Retained Earnings at End of Year	$591,479	$563,839	$529,481

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

K. Other Matters

The company continued through 1983 to purchase corrugated containers and sell cans at competitive prices and terms in the ordinary course of business with Connelly Containers, Inc. John F. Connelly is the Chairman of the Board of Directors of both companies.

During 1983, the company purchased and retired 800,000 common shares from the company pension fund and 20,000, 25,000 and 16,000 common shares from other related parties in 1983, 1982 and 1981, respectively, at the then current market value.

THE KROGER CO.

Consolidated Statement of Earnings and Accumulated Earnings

Years Ended December 31, 1983, January 1, 1983 and January 2, 1982

(In thousands of dollars, except per share amounts)

	1983 (52 Weeks)	1982 (52 Weeks)	1981 (52 Weeks)
ACCUMULATED EARNINGS:			
Beginning of year	$792,641	$701,994	$616,311
Net earnings	127,079	192,124	175,870
Cash dividends on common stock	(85,188)	(73,549)	(63,898)
Cash dividends on preferred stock	(2,250)	(4,500)	(963)
Reacquisition of preferred stock	(11,338)		
Stock dividends (Dillon)		(23,428)	(25,326)
End of year......................	$820,944	$792,641	$701,994

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Preferred Stock

The Company has authorized 5,000,000 shares of voting cumulative preferred stock, 4,500,000 of which are currently available for issuance. The stock has a par value of $100 and is issuable in series. None is outstanding at December 31, 1983.

A financing arrangement entered into in 1981 between the Company and an investor company, to operate a subsidiary, Kroco, Inc. and a partnership, BHK, Ltd., was terminated in 1983. The termination had no effect on the results of operations. In connection with this financing arrangement the Company issued 500,000 Series B 9% Cumulative Preferred Shares for $50,000. During 1983, the Company reacquired these shares for $61,338. The excess of cost over par value of the shares reacquired, $11,338, has been charged to accumulated earnings. A former Director of the Company was President and a Director of the investor company and another Director of the Company is also a Director of the investor company.

U.S. INDUSTRIES, INC.

Statement of Additional Capital

Years Ended December 31,	1983	1982	1981
		(In thousands)	
Additional paid-in capital			
Balance at beginning of year	$139,153	$131,057	$129,614
Add (deduct):			
Excess of market value over par value of common stock issued:			
To officers and employees under benefit plans	6,909	7,959	—
To Employee Stock Ownership Trust	4,569	—	1,444
Other	116	137	(1)
Balance at end of year	$150,747	$139,153	$131,057
Retained earnings			
Balance at beginning of year as restated	$285,101	$276,277	$361,596
Add (deduct):			
Net income (loss)	33,710	31,720	(62,769)
Excess of cost over par value of treasury stock retired	(10,968)	(1,592)	(1,032)
Dividends declared:			
Special Preference stock ...	(3,096)	(3,327)	(3,401)
Common stock ($.76 per share)	(15,379)	(17,882)	(18,116)
Other	(194)	(95)	(1)
Balance at end of year	$289,174	$285,101	$276,277

Note F (in part): Stockholders' Equity

A summary of changes in issued capital stock of the Corporation follows:

Dollars in thousands	Special Preference Stock		Common Stock		
			Shares	Held in Treasury	
	Shares	Amount	Issued	Shares	Cost
Balance, December 31, 1980	606,055	$1,515	23,952,333	187,146	$1,474
Conversion of Special Preference Stock	(1,129)	(3)	4,595	—	—
Purchases for treasury	—	—	—	143,932	1,278
Treasury shares retired	—	—	(150,054)	(150,054)	(1,182)
Shares sold to the Employee Stock Ownership Trust	—	—	150,054	—	—
Balance, December 31, 1981	604,926	$1,512	23,956,928	181,024	$1,570
Conversion of Special Preference Stock	(1,679)	(4)	6,431	—	—
Issued to officers and employees under benefit plans	—	—	747,465	—	—
Purchases for treasury	—	—	—	3,360,522	38,758
Treasury shares retired	—	—	(204,210)	(204,210)	(1,796)
Return of shares in connection with a prior year's acquisition	(2,187)	(5)	—	—	—
Balance, December 31, 1982	601,060	$1,503	24,506,614	3,337,336	$38,532
Conversion of Special Preference Stock	(11,568)	(29)	27,544	—	—
Issued to Employee Stock Ownership Trust and officers and employees under benefit plans	—	—	1,048,448	—	—
Purchases for treasury	—	—	—	1,912,213	27,542
Treasury shares retired	—	—	(1,063,448)	(1,063,448)	(12,031)
Balance, December 31, 1983	589,492	$1,474	24,519,158	4,186,101	$54,043

Repurchase of Warrants and Unregistered Shares

LOCKHEED CORPORATION

Consolidated Statement of Shareholders' Equity

In millions	$11.25 Convertible Preferred Stock	Common Shareholders' Equity Common stock	Additional capital	Retained earnings	Total
At December 28, 1980		$11.9	$91.9	$202.4	$306.2
Stock options and warrants		.2	.8		1.0
Dividends on preferred stock				(8.3)	(8.3)
Provision for $9.50 senior preferred stock redemption				(.8)	(.8)
Issuance of $11.25 convertible preferred stock	$62.6				
Net loss				(288.8)	(288.8)
Quasi-reorganizations adjustments as of November 29, 1981					
Restatement of $11.25 convertible preferred stock to par value of $1 per share	(62.0)		62.0		62.0
Restatement of properties held for investment to appraisal values			33.3		33.3
Transfer of retained earnings deficit at November 29, 1981 to additional capital			(116.5)	116.5	
At December 27, 1981	.6	12.1	71.5	21.0	104.6
Net earnings				207.3	207.3
Stock options and warrants		2.1	17.4		19.5
Dividends on preferred stock				(6.4)	(6.4)
Provision for and redemption of $9.50 senior preferred stock			(.2)	(.7)	(.9)
Common stock issued for cash		2.0	90.9		92.9
Conversion of $11.25 convertible preferred stock to common stock	(.6)	1.8	(1.9)		(.1)
Conversion of debentures to common stock			1.5		1.5
At December 26, 1982	—	18.0	179.2	221.2	418.4
Net earnings				262.8	262.8
Stock options		.2	2.8		3.0
Dividends on preferred stock				(2.2)	(2.2)
Provisions for $9.50 senior preferred stock redemption				(.4)	(.4)
Common stock issued for cash		3.3	300.4		303.7
Three-for-one stock split		42.0	(42.3)		(.3)
Repurchase of warrants and unregistered shares		(.4)	(9.0)	(156.5)	(165.9)
Conversion of debentures to common stock		.1	7.0		7.1
At December 25, 1983	$—	$63.2	$438.1	$324.9	$826.2

Note 13 (in part): Common Stock

On March 30, 1983 the company completed the sale of 3.3 million shares (9.9 million shares as adjusted for the stock split described below) of its common stock. The net proceeds of approximately $304 million were used to reduce outstanding long-term borrowings.

Following approval by its shareholders, the company amended its Articles of Incorporation effective August 22, 1983 to split each share of outstanding common stock into three shares of common stock and to increase the number of authorized shares of common stock to 100,000,000. In connection with the stock split, $42 million was transferred from additional capital to common stock. All references in the consolidated financial statements to the number of shares and per share amounts of common stock have been restated, as applicable, to give effect to the stock split.

At December 25, 1983, 63,170,041 shares of common stock, $1 par value, were issued and outstanding. In addition 284,412 shares were reserved for conversion of debentures (see Note 9) and 2,078,989 shares were reserved for stock options granted.

WARRANTS

Upon the sale of common stock on March 30, 1983, the company signed irrevocable agreements with 23 of its 24 lending banks to acquire all of the outstanding 1,465,000 warrants to purchase common shares and 1,380,000 of the remaining 1,605,000 unregistered shares issued upon previous exercise of warrants. The aggregate purchase price of approximately $166 million for the warrants and unregistered shares was paid on December 15, 1983.

Preferred Stock Accretion

REVLON, INC.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 1983, 1982 and 1981

(thousands of dollars)	Common Stock Issued Shares	Common Stock Issued Amount	Additional Paid-In Capital	Retained Earnings	Equity Adjustment From Foreign Currency Translation	Treasury Stock Shares	Treasury Stock Cost
1983							
Balance—January 1	37,463,424	$37,463	$193,204	$866,801	$(83,148)	(2,096,370)	$(63,572)
Net earnings				111,203			
Dividends declared:							
Common stock				(65,478)			
Convertible preferred stock				(8,490)			
Common stock issued:							
Non-Qualified Stock Option Plan			(614)			22,561	1,098
Employees' Stock Purchase Plan	244,352	245	7,080				
Conversion of debentures	83,806	84	2,766				
Foreign currency translation adjustment					(45,862)		
Amortization of the excess of the stated redemption value over the fair value of the convertible preferred stock				(2,508)			
Excess of the purchase price over book value of the convertible preferred stock on dates of purchase				(47,203)			
Balance—December 31	37,791,582	$37,792	$202,436	$854,325	$(129,010)	(2,073,809)	$(62,474)
1982							
Balance—January 1	36,582,116	$36,582	$170,814	$846,208	$(44,207)	(2,218,934)	$(70,664)
Net earnings				111,140			
Dividends declared:							
Common stock				(63,805)			
Convertible preferred stock				(22,298)			
Common stock issued:							
Non-Qualified Stock Option Plan			(1,281)			42,174	2,082
Employees' Stock Purchase Plan	304,090	304	7,553				
Conversion of debentures	577,218	577	20,398				
Exchange of common stock for debt			(4,331)			1,166,144	36,881
Return of shares held in escrow			51			(51,254)	(51)
Foreign currency translation adjustment					(38,941)		
Amortization of the excess of the stated redemption value over the fair value of the convertible preferred stock				(4,444)			
Purchase of treasury stock						(1,034,500)	(31,820)
Balance—December 31	37,463,424	$37,463	$193,204	$866,801	$(83,148)	(2,096,370)	$(63,572)
1981							
Balance—January 1	36,186,825	$36,187	$157,086	$764,127		(175,736)	$(6,516)
Net earnings				174,821			
Dividends declared:							
Common stock				(66,079)			
Convertible preferred stock				(22,298)			
Common stock issued:							
Non-Qualified Stock Option Plan			(542)			28,656	1,517
Executive Stock Option Plan	92,471	92	3,609				
Employees' Stock Purchase Plan	201,727	202	6,967				
Conversion of debentures	101,093	101	3,694				
Foreign currency translation adjustment:							
Opening balance					$(344)		
Current year					(43,863)		
Amortization of the excess of the stated redemption value over the fair value of the convertible preferred stock				(4,363)			
Purchase of treasury stock						(2,071,854)	(65,665)
Balance—December 31	36,582,116	$36,582	$170,814	$846,208	$(44,207)	(2,218,934)	$(70,664)

NOTES TO CONSOLIDATED FINANCIAL STATE MENTS

Redeemable Preferred Stock

Revlon has authorized 33,060,841 shares of $1.00 par value Preferred Stock.

During 1980, Revlon issued 11,435,040 shares of Series A Adjustable Rate Convertible Preferred Stock, par value $1.00 per share ("convertible preferred stock"), in connection with the acquisition of Technicon Corporation ("Technicon"). The convertible preferred stock was recorded at $20 per share which represented the estimated fair value at issuance. This amount is being periodically increased to the mandatory redemption price of $26.67 per outstanding share through a charge to retained earnings.

In July 1983, Revlon's stockholders approved an amendment to the Certificate of Designation governing the convertible preferred stock, which allowed Revlon to purchase such stock prior to 1985. During July 1983 Revlon purchased 8,580,034 shares for cash of approximately $217,200,000 and, in August 1983, purchased an additional 2,750,000 shares for cash of $1,000,000 and a 9.25% per annum note payable as to $32,500,000 in each of November 1983 and February 1984 and $3,800,000 in August 1984. The shares had been held, directly or indirectly, principally by persons from whom Revlon had purchased Technicon. The aggregate purchase price, including related expenses, exceeded the book value of the shares at the dates of purchase by approximately $47,200,000; retained earnings was reduced by such amount in 1983. The redemption premium and related expenses had no effect on earnings per share.

At December 31, 1983, after the above purchase and the conversion of 366 shares in the period from 1980 to 1983, there are 104,640 shares of convertible preferred stock outstanding. Each share receives, if declared, a cumulative dividend at the rate of $1.95 per annum, which rate is subject to increase under certain circumstances to a maximum of $3.61 per annum. Each share is convertible at any time into approximately 30/66 share of Revlon common stock, subject to anti-dilution protections. Under the terms of the convertible preferred stock, Revlon is required to purchase or to redeem all remaining shares by the year 2000.

Each share is entitled to Fifteen One Hundredths vote on all matters, voting with the Revlon common stock, and to class voting on certain matters. Each share is entitled to a liquidation preference of $26.67, plus accrued dividends.

Adjustment to Prior Year Transaction

AMERICAN BILTRITE INC.

Consolidated Statement of Operations and Retained Earnings

(Dollars in thousands except per share)

	Year Ended December 31		
	1983	1982	1981
Net Earnings (Loss)	$1,178	$1,866	$(441)
Retained earnings at beginning of year	4,003	23,605	24,835
Split-Off of The Biltrite Corporation on December 16, 1982 and adjustment in 1983—Note A	57	(20,778)	
Cash dividends declared	(394)	(690)	(789)
Retained Earnings at End of Year	$4,844	$4,003	$23,605

Note A (in part): 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.

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 or 1983. In 1983, a $57,000 adjustments was made relating to net assets transferred to TBC on July 3, 1982 and this amount was paid to ABI by TBC.

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

	1983	1982	1981	1980
Statement of stockholders' equity	326	308	292	275
Statement of additional paid-in capital	22	25	33	38
Schedule in notes	108	97	102	99
No statement or schedule but changes disclosed	37	33	43	56
Balance unchanged during year	40	67	58	55
Subtotal	**533**	**530**	**528**	**523**
Additional paid-in capital account not presented	67	70	72	77
Total Companies	**600**	**600**	**600**	**600**

STOCK SPLITS

Chapter 7B of *ARB 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: STOCK SPLITS

	1983	1982	1981	1980
Ratio				
Less than three-for-two	10	7	9	8
Three-for-two (50%) to two-for-one	31	15	24	22
Two-for one (100%)	53	18	32	33
Greater than two-for-one	8	2	5	—
Total Companies	**102**	**42**	**70**	**63**
Account Charged				
Additional paid-in capital	60	20	35	35
Retained earnings	29	11	17	5
No charge	13	11	18	23
Total Companies	**102**	**42**	**70**	**63**

Table 4-6 shows the number of survey companies disclosing stock splits and summarizes the accounting treatments for stock splits. Examples of stock splits follow.

AFG INDUSTRIES INC.

Consolidated Statement of Changes in Stockholders' Equity

	Common Stock ($1 Par Value Per Share)	Paid-in Capital	Retained Earnings
Balance, January 1, 1981	$5,807,000	$7,918,000	$9,893,000
Net income			8,630,000
Issuance of common stock:			
Exercise of stock options	15,000	10,000	
Balance, December 31, 1981	5,822,000	7,928,000	18,523,000
Net income			9,449,000
Issuance of common stock:			
Exercise of stock options	4,000	6,000	
Common stock issued	750,000	13,055,000	
Balance, December 31, 1982	6,576,000	20,989,000	27,972,000
Net income			14,125,000
Issuance of common stock:			
Exercise of stock options	104,000	501,000	
Three-for-two stock split:			
Shares issued	3,288,000	(3,288,000)	
Cash in lieu of fractional interests		(5,000)	
Balance, December 31, 1983	$9,968,000	$18,197,000	$42,097,000

BORG-WARNER CORPORATION

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)	1983	1982	1981
Capital in excess of par value at January 1	$101.4	$57.3	$108.1
Transfer to common stock to effect two-for-one stock split	(107.5)		(53.7)
Equity proceeds from sales of adjustable rate convertible notes		45.0	
Conversions of adjustable rate convertible notes (737,576 previously unissued shares in 1983)	5.8		
Excess of proceeds over cost of shares issued under employee investment plans (546,265 shares including 57,052 previously unissued shares in 1983, 724,648 shares in 1982 and 857,252 shares in 1981)	5.6	1.4	2.5
Excess of cost over proceeds on shares issued under stock options plans (610,643 shares in 1983, 822,510 shares in 1982 and 292,456 shares in 1981)	(3.0)	(3.9)	(.5)
Excess of market price over cost on shares issued as stock incentive rights under stock options plans (135,166 shares in 1983, 177,116 shares in 1982 and 87,280 shares in 1981)	1.7	.9	.3
Tax benefits arising from exercise of non-qualified stock options	2.4	.7	.6
Excess of market price over cost on shares awarded to certain employees (192 shares in 1981)			—
Capitalization of retained earnings	100.0		
Capital in excess of par value at December 31	$106.4	$101.4	$57.3

Two-for-One Stock Split

On November 23, 1983, a two-for-one stock split was effected in the form of a stock distribution by the issuance of one additional share of $2.50 par value common stock for each share then outstanding. The par value of the 43,012,573 shares issued was transferred from capital in excess of par value to common stock. The number of shares and per share amounts included in the financial statements and notes to financial statements have been restated to reflect this distribution.

GIANT FOOD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Common Stock, Capital in Excess of Par and Treasury Stock

Common stock, $1 par:

Class	Authorized	Issued 1983	1982	1981
"A", non-voting	20,000,000	14,814,155	14,814,155	14,814,155
"AC", voting	125,000	125,000	125,000	125,000
"AL", voting	125,000	125,000	125,000	125,000
	20,250,000	15,064,000	15,064,155	15,064,155

The Class "A" stock has all of the rights and privileges pertaining to common stock except the right to vote. No dividends may be declared on any class of common stock without declaring at least an equal dividend on Class "A" stock; however, dividends may be declared on Class "A" stock without declaring dividends on any other class of common stock.

On January 20, 1983, the shareholders approved an increase in the authorized Class "A" common stock from 8,136,000 to 20,000,000 shares. On the same day, the Board of Directors authorized a three-for-one split in the form of a 200% stock dividend, payable in Class "A" stock, to be paid on March 11, 1983 to shareholders of record on January 31, 1983. All share and per share amounts have been adjusted retroactively for the three-for-one stock split.

Changes in issued common stock, capital in excess of par and treasury stock for the three years ended February 26, 1983 were as follows:

	Common stock, all class	Capital in excess of par	Treasury stock (Class "A")
	Thousands of dollars		
Balance, February 23, 1980 as previously reported	$5,021	$11,167	$2,229
Three-for-one stock split, 10,042,770 shares to be issued	10,043	(10,043)	
As restated	15,064	1,124	2,229
Purchase of 45,000 shares			257
Issuance of 120,549 shares under employee benefit plans		16	(561)
Balance, February 28, 1981	15,064	1,140	1,925
Issuance of 92,835 shares under employee benefit plans		183	(442)
Balance, February 27, 1982	15,064	1,323	1,483
Purchase of 278,700 shares			2,692
Issuance of 149,322 shares under employee benefit plans		455	(731)
Balance, February 26, 1983	$15,064	$1,778	$3,444

PRATT & LAMBERT, INC.

Statements of Consolidated Shareholders' Equity

(Thousands of dollars, except per share amounts)

For the years ended December 31, 1983, 1982, and 1981	Series A Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Cumulative Translation Adjustments	Treasury Shares
Balance at January 1, 1981	$1,152	$6,427	$126	$22,706	$—	$(1,274)
Net income	—	—	—	4,705	—	—
Cash dividends declared:						
Series A preferred stock—$2.25	—	—	—	(209)	—	—
Common stock—$.773 (Note G)	—	—	—	(1,676)	—	—
Common stock issued:						
128,622 shares upon conversion of Series A preferred stock	(429)	429	—	—	—	—
342,651 shares upon the acquisition of Southern Coatings, Inc.	—	1,142	3,147	—	—	—
20,724 shares upon the exercise of stock options	—	69	86	—	—	—
Treasury shares acquired:						
8,300 shares of Series A preferred stock	—	—	—	—	—	(332)
149,400 shares of common stock	—	—	—	—	—	(1,992)
Balance at December 31, 1981	723	8,067	3,359	25,526	—	(3,598)
Net income	—	—	—	4,221	—	—
Cash dividends declared:						
Series A preferred stock—$2.25	—	—	—	(118)	—	—
Common stock—$.813 (Note G)	—	—	—	(1,797)	—	—
Common stock issued:						
36,819 shares upon conversion of Series A preferred stock	(123)	123	—	—	—	—
Cumulative translation adjustment (less applicable income taxes of $25)	—	—	—	—	(113)	—
Balance at December 31, 1982	600	8,190	3,359	27,832	(113)	(3,598)
Net income	—	—	—	6,040	—	—
Cash dividends declared:						
Series A preferred stock—$2.25	—	—	—	(78)	—	—
Common stock—$.867 (Note G)	—	—	—	(1,965)	—	—
3-for-2 stock split (Note G)	—	4,239	(3,366)	(873)	—	—
Common stock issued:						
94,044 shares upon conversion of Series A preferred stock	(313)	328	—	(15)	—	—
750 shares upon the exercise of stock options	—	2	7	—	—	—
Current year translation adjustment	—	—	—	—	(41)	—
Balance at December 31, 1983	$287	$12,759	$—	$30,941	$(154)	$(3,598)

Note G. Stock Split

On September 2, 1983, the Board of Directors declared a 3-for-2 split on the company's common stock, payable October 3, 1983 to shareholders of record on September 20, 1983. Earnings per share, cash dividends per share and outstanding common share data have been adjusted in the accompanying financial statements for the 3-for-2 stock split.

STANDARD MOTOR PRODUCTS, INC.

Statements of Consolidated Changes in Stockholders' Equity

Years Ended December 31, 1983, 1982 and 1981
(Dollars in Thousands Except per Share Amounts)

	Common Stock Class A	Class B	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Total
Balance at December 31, 1980	$4,800	$1,339	$290	$40,304	$(1,286)	$45,447
Net earnings—1981				11,258		11,258
Par value of shares issued on 50% stock distribution	2,154	670	(758)	(2,990)	924	
Cash paid in lieu of fractional shares on 50% stock distribution paid on December 1, 1981			(3)			(3)
Exercise of employee stock options	7		250		362	619
Tax benefits applicable to stock option shares			255			255
Cash dividend paid:*						
Common stock:						
Class A—$.184 per share				(1,588)		(1,588)
Class B—$.00368 per share				(9)		(9)
Balance at December 31, 1981	6,961	2,009	34	46,975		55,979
Net earnings—1982				15,037		15,037
Issuance of common stock	1,200		7,699			8,899
Exercise of employee stock options	157		620			777
Tax benefits applicable to stock option shares			436			436
Cash dividends paid:*						
Common stock:						
Class A—$.232 per share				(2,496)		(2,496)
Class B—$.00464 per share				(8)		(8)
Conversion of Class B common stock into Class A common stock	1,272	(1,272)				
Balance at December 31, 1982	9,590	737	8,789	59,508		78,624
Net earnings—1983				21,065		21,065
Par value of shares issued on 150% stock distribution	15,710		(10,635)	(5,075)		
Cash paid in lieu of fractional shares on 150% stock distribution				(6)		(6)
Exercise of employee stock options	157		812			969
Tax benefits applicable to stock option shares			1,066			1,066
Cash dividends paid:*						
Common stock:						
Class A—$.272 per share				(3,487)		(3,487)
Class B—$.00128 per share				(1)		(1)
Conversion of Class B common stock to Class A common stock	737	(737)				
Balance at December 31, 1983	$26,194	$ —	$32	$72,004	$ —	$98,230

*Adjusted for 150% and 50% stock distributions paid December 1, 1983 and December 1, 1981, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 (in part): 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 6, 1983 and October 15, 1981, the Board of Directors declared a 150% and a 50% stock distribution, respectively, on all issued shares of Class A and Class B common stock. The distributions were paid on December 1 to holders of record on November 1 of the respective years.

SCOA INDUSTRIES INC.

Consolidated Statements of Shareholders' Equity

(dollars in thousands, except per share amounts)

	Common stock, $1 par Shares	Common stock, $1 par Amount	Additional capital	Retained earnings	Treasury stock Shares	Treasury stock Amount	Unamortized value of restricted stock
Balance at January 31, 1981	9,943,937	$ 9,944	$ 443	$112,974	89,871	$(550)	$ —
Executive Incentive Stock Purchase Plan	157,000	157	4,200				(3,379)
Amortization of deferred compensation							80
Three-for-two stock split	5,050,468	5,050		(5,050)	44,935		
Cash dividends declared ($.46 per share)				(8,677)			
Net income				32,109			
Balance at January 30, 1982	15,151,405	15,151	4,643	131,356	134,806	(550)	(3,299)
Amortization of deferred compensation							173
Cash dividends declared ($.52 per share)				(9,761)			
Net income				36,084			
Balance at January 29, 1983	15,151,405	15,151	4,643	157,679	134,806	(550)	(3,126)
Restricted Stock Purchase Plan, net of repurchases			2,798		(94,500)	309	(2,232)
Amortization of deferred compensation							485
Five-for-four stock split	3,787,851	3,788	(3,788)		33,701		
Cash dividends declared ($.62 per share)				(11,682)			
Net income				41,812			
Balance at January 28, 1984	18,939,256	$18,939	$3,653	$187,809	74,007	$(241)	$(4,873)

COMMERCIAL METALS COMPANY

Consolidated Statements of Stockholders' Equity

($000s omitted, except share data)

	Common Stock Number of shares	Common Stock Amount	Additional paid-in capital	Retained earnings	Treasury Stock Number of shares	Treasury Stock Amount
Balance, September 1, 1980	2,874,489	$14,372	$23,318	$58,499	19,887	$ 490
Net earnings				11,245		
Cash dividends—$.29 per share				(1,890)		
Stock split, three-for-two	1,448,346	7,242	(7,249)		9,993	
Treasury stock acquired, at cost					37,300	726
Stock issued under stock option and purchase plan	214,635	1,073	556			
Balance, August 31, 1981	4,537,470	22,687	16,625	67,854	67,180	1,216
Net earnings				9,528		
Cash dividends—$.29 per share				(1,892)		
Treasury stock acquired, at cost					357,800	5,305
Stock issued under stock option and purchase plan	990	5	65		(36,375)	(566)
Balance, August 31, 1982	4,538,460	22,692	16,690	75,490	388,605	5,955
Net earnings				8,087		
Cash dividends—$.29 per share				(1,832)		
Stock split, three-for-two	2,268,771	11,344	(11,354)		180,807	
Stock issued under stock option and purchase plans			38		(26,990)	(414)
Balance August 31, 1983	6,807,231	$34,036	$5,374	$81,745	542,422	$5,541

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. Capital Stock:

Preferred Stock

Preferred stock has a par value of $1.00 a share with 2,000,000 shares authorized. It may be issued in series, and the shares of each series shall have such rights and preferences as shall be fixed by the Board of Directors when authorizing the issuance of that particular series. There are no shares of preferred stock outstanding.

Common Stock

On July 25, 1983, the Board of Directors declared a three-for-two stock split in the form of a stock dividend on the Company's common stock payable August 24, 1983, to stockholders' of record on August 4, 1983. All per share and share data have been adjusted in the financial statements and notes for the three-for-two stock split.

FORD MOTOR COMPANY

Consolidated Statement of Stockholders' Equity

For the Years Ended December 31, 1983, 1982 and 1981
(in millions)

Capital Stock	1983	1982	1981
Common Stock			
Issued at beginning of year ...	$217.8	$215.7	$214.8
Stock split in form of a 50% dividend	111.6	—	—
Conversion of Class B Stock ..	3.7	2.1	0.9
Conversion of debentures and exercise of employee stock options	3.3	—	—
Issued at end of year	336.4	217.8	215.7
Class B Stock			
Issued at beginning of year ...	23.4	25.5	26.4
Stock split in form of a 50% dividend	9.9	—	—
Conversion to Common Stock..	(3.7)	(2.1)	(0.9)
Issued at end of year	29.6	23.4	25.5
Capital in Excess of Par Value of Stock			
Balance at beginning of year	522.4	526.1	526.9
Stock split in form of a 50% dividend	(121.5)	—	—
Conversion of debentures and exercise of employee stock options	67.1	0.2	0.1
Other	(2.6)	(3.9)	(0.9)
Balance at end of year	465.4	522.4	526.1
Foreign-Currency Translation Adjustments			
Balance at beginning of year	(623.2)	(135.6)	—
Translation adjustments during year	(376.0)	(487.6)	—
Balance at end of year	(999.2)	(623.2)	—
Earnings Retained for Use in the Business			
Balance at beginning of year	5,937.1	6,594.9	7,799.4
Net income (loss)	1,866.9	(657.8)	(1,060.1)
Cash dividends	(90.9)	—	(144.4)
Balance at end of year	7,713.1	5,937.1	6,594.9
Total Stockholders' Equity	$7,545.3	$6,077.5	$7,362.2

Shares of Capital Stock	Common Stock	Class B Stock
Issued at January 1, 1981	107.4	13.2
Additions (deductions)		
1981	0.5	(0.5)
1982	1.0	(1.0)
1983		
Stock split in form of a 50% dividend	55.8	5.0
Other	3.5	(1.9)
Total 1983 additions	59.3	3.1
Issued at December 31, 1983	168.2	14.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 (in part): Capital Stock

On October 13, 1983, the Board of Directors of the Company declared a three-for-two stock split in the form of a 50% stock dividend, payable December 1, 1983 to stockholders of record on November 1, 1983. All per-share data and the number of shares of capital stock outstanding were adjusted to reflect the split.

ROHM AND HAAS COMPANY (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 (in part): Stockholders' Equity

On April 25, 1983, the board of directors declared a two-for-one split of the company's common stock effective on June 6, 1983, to stockholders of record on May 16, 1983. This stock split was effected in the form of a 100 percent stock dividend by the distribution of one additional share for each share of stock already issued. The par value of the common stock remained at $2.50 per share. As a result, $32.7 million, representing the total par value of the new shares issued, has been transferred from the additional paid-in capital account to common stock. Amounts per share, numbers of common shares and capital accounts have been restated to give retroactive effect to the stock split.

VARIAN ASSOCIATES, INC.

Consolidated Statements of Shareholders' Equity

(Dollars in thousands except per share amounts)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock at Cost	Total
	Years Ended September 30, 1983, 1982, and 1981				
Balances, October 1, 1980					
As previously reported	$7,807	$63,411	$123,981	$ —	$195,199
Two-for-one stock split	7,807	(7,807)	—	—	—
As restated	15,614	55,604	123,981	—	195,199
Net loss for the year	—	—	(3,554)	—	(3,554)
Issuance of stock under employee stock purchase and option plans	392	4,149	—	—	4,541
Dividends paid ($.26 per share)	—	—	(4,136)	—	(4,136)
Balances, September 30, 1981	16,006	59,753	116,291	—	192,050
Net earnings for the year	—	—	26,500	—	26,500
Issuance of stock under employee stock purchase and option plans	594	6,485	—	—	7,079
Conversion of convertible debentures	437	5,833	—	—	6,270
Stock offering	2,500	44,895	—	—	47,395
Dividends paid ($.26 per share)	—	—	(4,548)	—	(4,548)
Balances, September 30, 1982	19,537	116,966	138,243	—	274,746
Net earnings for the year	—	—	44,881	—	44,881
Issuance of stock under employee stock purchase and option plans	532	10,327	—	—	10,859
Conversion of convertible debentures	1,639	20,982	—	—	22,621
Purchase of common stock from Madison Fund, Inc.	—	—	—	(61,544)	(61,544)
Stock offering	—	22,177	—	54,159	76,336
Dividends paid ($.26 per share)	—	—	(5,410)	—	(5,410)
Balances, September 30, 1983	$21,708	$170,452	$177,714	$(7,385)	$362,489

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Two-For-One Stock Split

A two-for-one stock split was distributed on February 28, 1983 to shareholders of record as of January 19, 1983. Accordingly, the components of Shareholders' Equity and all per share amounts and numbers of shares for all periods presented in this Annual Report have been retroactively adjusted to reflect the split.

TABLE 4-7: CHANGES IN ADDITIONAL PAID-IN CAPITAL

	Number of Companies			
	1983	**1982**	**1981**	**1980**
Credits				
Common stock issued for:				
Employee benefits	368	335	340	349
Debt conversions/extinguishments	100	92	83	83
Preferred stock conversions	58	55	61	60
Business combinations	41	39	49	51
Stock option tax benefits	48	49	49	56
Public offerings	63	21	21	15
Purchase or retirement of capital stock	18	17	21	26
Other—Described	52	52	47	39
Charges				
Treasury stock issued for less than cost	44	56	57	50
Purchase or retirement of capital stock	42	53	56	49
Conversion of preferred stock	25	27	25	32
Business combinations	6	9	3	7
Other—Described	47	28	24	30

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.

Common Stock Issued in Connection with Employee Benefit Plans.

AIR PRODUCTS AND CHEMICALS, INC.

Changes in Shareholders' Equity

	(number of shares) Common Stock $1 Par Value	(in thousands of dollars) Capital in Excess of Par Value	Retained Earnings	Cumulative Translation Adjustments
Balance, Beginning of Year 1981	28,420,784	$155,771	$480,633	$ —
Net Income			126,039	
Cash Dividends—Common Stock, 80c per share			(22,835)	
Original shares issued at market price for:				
Employees Savings and Stock Ownership Plan	48,277	1,805		
Incentive Compensation Plan Awards	56,241	2,319		
Tax Reduction Act Employee Stock Ownership Plan (TRASOP)	36,754	1,567		
Stock Options	9,168	322		
Purchase of Treasury Stock	(1,334)	(56)		
Balance, Beginning of Year 1982	28,569,890	161,728	583,837	—
Translation adjustments resulting from the translation of foreign currency balance sheets at the current exchange rate at the beginning of fiscal 1982				(20,660)
	28,569,890	161,728	583,837	(20,660)
Net Income			170,408	
Cash Dividends—Common Stock, 80c per share			(23,118)	
Original shares issued at market price for:				
Employees Savings and Stock Ownership Plan	54,481	2,254		
Incentive Compensation Plan Awards	14,908	413		
Shares issued in exchange for long-term debt	1,011,736	26,905		
Purchase of Treasury Stock	(885)	(31)		
Translation Adjustments				
Aggregate translation adjustments for the period				(10,299)
Income taxes for the period allocated to translation adjustments				(2,899)
Balance, Beginning of Year 1983	29,650,130	191,269	731,127	(33,858)
Net Income			108,963	
Cash Dividends—Common Stock, 90c per share			(27,720)	
Original shares issued at market price for:				
Employees Savings and Stock Ownership Plans	163,988	5,085		
Incentive Compensation Plan Awards	25,094	687		
Common Stock sale	1,250,000	49,396		
Purchase of Treasury Stock	(1,234)	(25)		
Other		(13)		
Translation Adjustments:				
Aggregate translation adjustments for the period				(6,397)
Income taxes for the period allocated to translation adjustments				(2,469)
Balance, End of Year 1983	31,087,978	$246,399	$812,370	$(42,724)

MIDLAND-ROSS CORPORATION

Consolidated Statement of Shareholders' Equity

(In thousands of Dollars)

	Preferred Stock			Common	Additional Paid-In	Retained	Translation
	Series A	Series B	Series C	Stock	Capital	Earnings	Adjustment
Balance at January 1, 1981	$2,245	$1,979	$ —	$59,190	$ 7,752	$209,919	$ —
Common stock issued:							
121,231 shares from conversion of 5,249 shares of Series A preferred stock and 14,280 shares of Series B preferred stock	(524)	(1,482)		606	1,400		
45,487 shares from exercise of stock options				227	514		
139,266 shares from treasury for acquisition of Northern Engineering Laboratories				697	2,420		
836 shares for Management Incentive Compensation Plan				4	17		
208,784 shares from exchange of 5.75% sinking fund debentures				1,044	2,589		
Purchase of 145,782 shares for treasury				(729)	(153)	(2,623)	
Preferred stock redeemed—4,974 shares of Series B		(497)			(5)		
Net income						24,691	
Cash dividends:							
Series A preferred stock—$4.75 a share						(88)	
Series B preferred stock—$1.95 a share						(28)	
Common stock—$1.40 a share						(16,813)	
Balance at December 31, 1981	1,721	—	—	61,039	14,534	215,058	
Common stock issued:							
12,359 shares from conversion of 1,378 shares of Series A preferred stock	(138)			62	76		
13,200 shares from exercise of stock options				66	47		
Purchase of 95,800 shares for treasury				(479)	(63)	(747)	
Net income						1,250	
Cash dividends:							
Series A preferred stock—$4.75 a share						(78)	
Common stock—$1.40 a share						(17,042)	
Foreign currency translation:							
Opening balance as of January 1							(971)
Net change for year							(7,182)
Balance at December 31, 1982	1,583	—	—	60,688	14,594	198,441	(8,153)
Common stock issued:							
91,119 shares from conversion of 10,156 shares of Series A preferred stock	(1,016)			456	560		
20,437 shares from exercise of stock options				101	233		
402,721 shares from treasury for pension plan contribution				2,014	5,387		
Issuance of 400,000 shares of Series C preferred stock—Note D			30,000		(167)		
Preferred stock redeemed—5,673 shares of Series A	(567)						
Net loss						(10,177)	
Cash dividends:							
Series A preferred stock—$4.42 a share						(58)	
Common stock—$1.10 a share						(13,492)	
Foreign currency translation							(3,687)
Balance at December 31, 1983	$ —	$ —	$30,000	$63,259	$20,607	$174,714	$(11,840)

Note D (in part): Capital Stock

The authorized and outstanding shares of capital stock at December 31, 1983 and 1982 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: outstanding—0 shares in 1983 and 15,829 shares in 1982.

$11.00 (effective rate $7.71) cumulative sinking fund preferred stock, Series C, stated value $100 a share; outstanding — 300,000 shares in 1983, excluding 100,000 shares beneficially owned by the company.

Common stock—par value $5.00 a share; authorized 20,000,000 shares; outstanding—12,651,859 shares in 1983 and 12,137,582 shares in 1982 (excluding 448,897 shares held in treasury in 1983 and 851,618 shares in 1982).

MILTON ROY COMPANY

Consolidated Statement of Changes in Shareholders' Equity

	Common stock $1 par value	Paid-in capital	Foreign currency translation	Retained earnings	Shareholders' equity
Balance December 31, 1980	$1,607,000	$4,511,000	$ —	$19,469,000	$25,587,000
Equity adjustment—foreign currency translation—balance January 1, 1981	—	—	(246,000)	—	(246,000)
Equity adjustment—foreign currency translation—1981 net change	—	—	(778,000)	—	(788,000
Net income	—	—	—	4,368,000	4,368,000
Issuance of new shares to employees pursuant to employee stock plans	36,000	509,000	—	—	545,000
Amortization of unearned compensation of $126,000 plus forfeitures, net of unearned compensation arising from issuance of new shares under restricted stock award plan	—	59,000	—	—	59,000
Adjustment to give retroactive effect to issuance of new shares in connection with 4-for-3 stock split	548,000	(548,000)	—	—	—
Dividends-25c per share	—	—	—	(798,000)	(798,000)
Balance December 31, 1981	2,191,000	4,531,000	(1,024,000)	23,039,000	28,737,000
Equity adjustment-foreign currency translation—1982 net change	—	—	(848,000)	—	(848,000)
Net income	—	—	—	4,478,000	4,478,000
Issuance of new shares to employees pursuant to employee stock plans	26,000	330,000	—	—	356,000
Amortization of unearned compensation of $141,000, net of unearned compensation arising from issuance of new shares under restricted stock award plan	—	25,000	—	—	25,000
Adjustment to give retroactive effect to issuance of new shares in connection with 3-for-2 stock split	1,109,000	(1,109,000)	—	—	—
Dividends—33c per share	—	—	—	(1,071,000)	(1,071,000
Balance December 31, 1982	3,326,000	3,777,000	(1,872,000)	26,446,000	31,677,000
Equity adjustment—foreign currency translation—1983 net change	—	—	(648,000)	—	(648,000)
Net income	—	—	—	3,394,000	3,394,000
Issuance of shares for acquisition of Portland Valve Incorporated	500,000	(500,000)	—	—	—
Issuance of new shares through public offering	136,000	2,262,000	—	—	2,398,000
Issuance of new shares to employees pursuant to employee stock plans	124,000	1,836,000	—	—	1,960,00
Unearned compensation arising from issuance of new shares under restricted stock award plan, net of amortization of unearned compensation of $350,000 plus forfeitures and income tax effect	—	(1,231,000)	—	—	(1,231,000)
Dividends—36c per share	—	—	—	(1,379,000)	(1,379,000)
Balance December 31, 1983	$4,086,000	$6,144,000	$(2,520,000)	$28,461,000	$36,171,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Stock Award Plan (in part)

The 1980 Restricted Stock Award Plan (the "Plan") provides for grants of 149,989 common shares to be made to officers and key employees at the discretion of the Compensation Committee of the Board of Directors. As grants are issued, deferred compensation equivalent to the market value on the date of grant is charged to shareholders' equity and subsequently amortized over a period of seven years. Amortization in 1983 was $350,000 ($141,000 in 1982 and $126,000 in 1981). Commencing with the third anniversary of a grant, restrictions on 20% of the shares lapse, though the Committee at its discretion may accelerate or postpone the lapsing of restrictions.

SPARTON CORPORATION

Consolidated Statement of Shareholders' Equity

Years ended June 30, 1983, 1982, 1981

	Common stock, $1.25 par value Shares	Amount	Capital in excess of par value	Retained earnings
Balance June 30, 1980	1,708,847	$2,136,059	$1,597,004	$28,288,198
Net income				7,300,687
Exercise of stock options	3,825	4,781	32,694	
Dividends ($.50 per share)				(1,706,210)
Two-for-one stock split	1,704,371	2,130,465	(1,604,325)	(526,140)
Purchase of treasury stock	(6,300)	(7,875)	(5,930)	(144,450)
Balance June 30, 1981	3,410,744	4,263,430	19,443	33,212,085
Net income				5,902,730
Exercise of stock options	2,350	2,937	10,898	
Dividends ($.60 per share)				(2,047,498)
Balance June 30, 1982	3,413,094	4,266,367	30,341	37,067,317
Net income				9,176,051
Exercise of stock options	7,150	8,938	53,192	
Dividends ($.63 per share)				(2,152,546)
Balance June 30, 1983	3,420,244	$4,275,305	$ 83,533	$44,090,822

Common Stock Issued in Preferred Stock Conversions

H. J. HEINZ COMPANY

Consolidated Statements of Additional Capital and Retained Earnings

(in thousands)

Fiscal Year Ended	April 27, 1983	April 28, 1982	April 29, 1981
ADDITIONAL CAPITAL			
Amount at beginning of year	$89,528	$83,281	$82,359
Proceeds received over par value of common shares issued under employees' incentive stock options plans	4,964	3,401	3,702
Par value of preferred shares converted over par value of common shares issued	2,486	1,892	3,791
Cost of treasury shares issued over par value of preferred shares converted	—	—	(6,464)
Other, net	1,320	954	(107)
Amount at end of year	$98,298	$89,528	$83,281

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. 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 April 30, 1980	12,864	1,710,228	45,574,312	707,502
Reacquired	(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	(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	—
Reacquired	(558)	—	—	111,729
Converted to common stock	—	(320,725)	481,086	—
Issued on exercise of stock options	—	—	278,620	(1,429)
Balance April 27, 1983	9,025	255,873	47,845,833	110,300
Authorized—April 27, 1983	9,025	255,873	80,000,000	—

The 3.65% cumulative preferred stock is redeemable through the sinking fund at $102.75 per share. Payments (or open market purchases of such stock) aggregating $200,000 are required to be made to the sinking fund on or before October 1 of each year.

Each share of the third cumulative preferred stock, $1.70 first series is convertible into one and one-half shares of common stock at any time or may be redeemed by the company at $30.50 per share at present and at decreasing prices until December 1, 1986, when it may be redeemed at $28.50 per share. Each share entitles the holder to one-half vote.

At April 27, 1983, there were authorized, but unissued, 2,200,000 shares of third cumulative preferred stock for which the series had not been designated.

As of April 27, 1983, there were 3,365,130 shares of common stock reserved for conversion of convertible preferred stock outstanding and in connection with the employees' stock option plans.

Common Stock Issued in Debt Conversions/Extinguishments

ALUMINUM COMPANY OF AMERICAN (DEC)

NOTES TO FINANCIAL STATEMENTS

(In millions, except share amounts)

F (in part): Additional Capital

Changes in additional capital were:

	1983	1982	1981
Balance at beginning of year	$328.6	$231.0	$190.0
Excess of amounts received over aggregate par value of common stock issued under salaried employees' stock plans (444,955, 216,426 and 115,245 shares, respectively)	13.2	5.7	3.1
Pooling of interests (173,547 shares)	.1	—	—
Excess over par value of common stock issued in exchange for sinking fund debentures (1,395,987 and 1,749,977 shares, respectively)	48.9	36.5	—
Excess over par value of common stock issued to pension trust (2,500,000 shares)	—	55.4	—
Conversion of debentures (1,277,715 shares)	—	—	34.5
Share premium of stock issued by subsidiary	—	—	3.4
Balance at end of year	$390.8	$328.6	$231.0

ASHLAND OIL, INC.

Statement of Consolidated Common Stockholders' Equity

(In thousands)	Common stock	Paid-in capital	Retained earnings	Deferred translation adjustments	Common shares in treasury	Total
Balance at October 1, 1980	$26,649	$96,897	$786,916	$ —	$(3,290)	$907,172
Net income			90,032			90,032
Cash dividends						
Preferred stock			(30,498)			(30,498)
Common stock, $2.40 a share			(63,612)			(63,612)
Issued common stock of Ashland Coal, Inc. to another investor		64,215				64,215
Converted $2,461,000 of 4¾% debentures	74	2,368				2,442
Purchased 51,000 shares of common stock					(1,889)	(1,889)
Other changes	90	4,628	(778)			3,940
Balance at September 30, 1981	26,813	168,108	782,060	—	(5,179)	971,802
Net income			180,864			180,864
Cash dividends						
Preferred stocks			(35,532)			(35,532)
Common stock, $2.40 a share			(63,763)			(63,763)
Cumulative foreign currency translation adjustments				(571)		(571)
Converted $687,000 of 4¾% debentures and 1,000 shares of preferred stock	21	694				715
Other changes		228	(1,334)	(5,178)		(6,284)
Balance at September 30, 1982	26,834	169,030	862,295	(5,749)	(5,179)	1,047,231
Net income			102,833			102,833
Cash dividends						
Preferred stock			(35,029)			(35,029)
Common stock, $2.20 a share			(59,420)			(59,420)
Exchanged common stock for long-term debt	693	22,848				23,541
Acquired a company for common stock	169	4,719				4,888
Contributed common stock to employee stock ownership plan	137	4,611				4,748
Converted $328,000 of 4¾% debentures and 1,000 shares of preferred stock	11	346				357
Other changes	36	1,657	(1,331)	(4,655)	(32)	(4,325)
Balance at September 30, 1983	$27,880	$203,211	$869,348	$(10,404)	$(5,211)	$1,084,824

Note H (in part) Common Stockholders' Equity

In 1983, Ashland issued 693,000 shares of common stock in exchange for $29,363,000 outstanding principal amount of long-term debt issues. The prepayment of such debt issues resulted in an extraordinary nontaxable gain of $6,196,000 ($.23 per share) which represents the excess of the carrying amount of the long-term debt (after deducting unamortized debt expense and expenses of the exchange) over the fair market value of the common stock issued.

THE PROCTER & GAMBLE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 (in part) Shareholders' Equity:

On January 21, 1983 the authorized number of shares of common stock (without par value) with stated value of $1 per share was increased from 100 million to 250 million and each issued share, including those held in treasury, was changed into two shares of common stock. All common shares and per share amounts included in this report have been adjusted for this stock split. There were 165,770,054 shares and 165,405,636 shares outstanding at June 30, 1983 and 1982, respectively, after deducting 1,316,927 shares and 520,000 shares held in treasury at June 30, 1983 and 1982.

Authorized 8% (cumulative) preferred stock is 22,500 shares of $100 par value each. There were 1,460 shares and 3,470 shares outstanding at June 30, 1983 and 1982, respectively, after deducting 21,040 shares and 19,030 shares held in treasury at those dates. Included in the treasury shares at June 30, 1983 were 1,700 shares acquired through a tender offer which expired May 12, 1983. A separate class of 3,000,000 shares of authorized preferred stock of $100 par value was undesignated and unissued.

. . . . . .

Changes in additional paid-in capital for the years ended June 30 are as follows:

Millions of Dollars	1983	1982	1981
Transfer to common shares and related expenses of two-for-one stock split effective January 21, 1983	$(84)	$ —	$ —
Excess amount realized over the stated value of:			
Common shares issued in exchange for $55 million and $25 million principal amount of long-term debt and for tendered 8% preferred shares (789,562 and 413,976 shares respectively, including 6,460 treasury shares in 1983)	38	15	—
Common shares issued pursuant to employee stock option and remuneration plans (774,643, 31,510, and 101,672 shares respectively, including 396,400, 4,534, and 58,510 treasury shares respectively)	35	1	4
Total change for the year	$(11)	$16	$ 4

Public Offering of Stock

J. P. STEVENS & CO., INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H (in part): Common Stock Transactions

Transactions with respect to common stock, capital in excess of par value and treasury stock during the three years ended October 29, 1983 were as follows:

(Dollars amounts in thousands)	Common stock	Capital in excess of par value	Treasury stock
Balance November 1, 1980	$113,496	$ 88,951	$9,924
Exercise of stock options	—	—	(4)
Shares issued for conversion of debentures	14	28	—
Treasury shares issued for acquisition of a company	—	58	(890)
Balance October 31, 1981	113,510	89,037	9,030
Exercise of stock options	—	2	(29)
Shares issued for conversion of debentures	34	72	—
Balance October 30, 1982	113,544	89,111	9,001
Exercise of stock options	—	18	(653)
Shares issued for conversion of debentures	226	477	—
Treasury shares purchased	—	—	549
Treasury shares issued for acquisition of a company, net of cash paid for fractional shares	—	833	(3,273)
Shareowners's contribution	—	1,298	—
Sale of common stock	26,250	43,120	—
Balance October 29, 1983	$140,020	$134,857	$5,624

Common stock: In the first quarter of 1983, the Company sold 3,500,000 shares of common stock in a public offering. Net proceeds of the sale were $69,370,000.

CARESSA, INC.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended September 30, 1983, 1982, and 1981

	Common Stock	Capital Contributed in Excess of Par Value	Retained Earnings	Treasury Stock	Unamortized Portion of Restricted Stock Issued
Balance at September 30, 1980	$1,426,282	$1,940,956	$11,900,267	$ (913,551)	$(15,992)
Net income			1,849,036		
Purchase of treasury stock				(849,307)	
Restricted shares forfeited		(14,381)			14,381
Amortization of deferred compensation under restricted stock plan					924
Restricted shares purchased in open market for employees					(8,710)
Shares issued as stock award from treasury stock				1,563	
Balance at September 30, 1981	1,426,282	1,926,575	13,749,303	(1,758,295)	(9,397)
Net income			4,671,588		
Dividends declared ($0.1625 per share)			(755,297)		
Purchase of treasury stock				(3,074,233)	
Amortization of deferred compensation under restricted stock plan					6,175
Restricted shares purchased in open market for employees					(10,982)
Balance at September 30, 1982	1,426,282	1,926,575	17,665,594	(4,832,528)	(14,204)
Net income			8,022,011		
Dividends declared ($0.275 per share)			(1,365,028)		
3-for-2 stock split	713,070	(713,070)			
Public offering of treasury stock		17,294,392		4,598,514	
Amortization of deferred compensation under restricted stock plan					14,204
Balance at September 30, 1983	2,139,352	18,507,897	24,322,577	(234,014)	—
4-for-3 stock split	713,117	(713,117)			
Balance at September 30, 1983 as restated	$2,852,469	$17,794,780	$24,322,577	$ (234,014)	$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Capital Stock Transactions:

(a) Stock Splits—The Board of Directors authorized a 3-for-2 stock split of the Company's common stock on February 25, 1983, effective April 11, 1983.

On November 14, 1983, the Board of Directors authorized a 4-for-3 stock split of the Company's common stock effective January 9, 1984, to shareholders of record on December 9, 1983.

All references in the consolidated financial statements and related footnotes to amounts per share and to the number of shares of common stock have been restated to reflect the effect of the stock splits.

(b) Stock Issuance—During May, 1983, the Company sold in a public offering an additional 1,466,667 shares (adjusted for the 4-for-3 stock split) of common stock out of its treasury. The net proceeds from such issuance were $21,892,906. In connection with this transaction, treasury stock was credited $4,598,514, representing the average cost of acquisition of the treasury stock.

Changes in the number of shares of common stock, adjusted for the stock splits, are as follows:

	Issued	Treasury	Outstanding
Balance, September 30, 1980	5,704,938	(476,500)	5,228,438
Purchase of treasury stock	—	(492,842)	(492,842)
Stock award from treasury stock	—	1,000	1,000
Balance September 30, 1981	5,704,938	(968,342)	4,736,596
Purchase of treasury stock	—	(572,962)	(572,962)
Balance, September 30, 1982	5,704,938	(1,541,304)	4,163,634
Public offering of treasury stock	—	1,466,667	1,466,667
Balance, September 30, 1983	5,704,938	(74,637)	5,630,301

WHITE CONSOLIDATED INDUSTRIES, INC.

Consolidated Statements of Common Stockholders' Equity

	Common Stock	Other Capital	Foreign Currency Translation Adjustment	Retained Income	Common Stock in Treasury	Total
			(In Thousands)			
Balance January 1, 1981	$13,725	$141,158	$ —	$287,556	$(6,129)	$436,310
Net Income				62,032		62,032
Cash dividends:						
Preferred Stock, Series A, B and C—$3.00 a share; Series D—$4.75 a share				(4,244)		(4,244)
Common Stock—$1.475 a share				(19,616)		(19,616)
Issuance of 10,772 shares of Common Stock under stock option plan	11	235				246
Issuance of 23,216 shares of Common Stock upon conversion of debentures	23	573				596
Excess of par value over cost of Preferred Stock redeemed		1,600				1,600
Balance December 31, 1981	13,759	143,566	—	325,728	(6,129)	476,924
Restatement of foreign assets and liabilities due to the adoption of FASB Statement No. 52, effective January 1, 1982			(1,507)			(1,507)
Net Income				31,760		31,760
Current year adjustment for foreign currency translation			(2,914)			(2,914)
Cash dividends:						
Preferred Stock, Series A, B and C—$3.00 a share; Series D—$4.75 a share				(3,704)		(3,704)
Common Stock—$1.50 a share				(19,986)		(19,986)
Issuance of 30,830 shares of Common Stock under stock option plan less shares exchanged	28	639		(32)		635
Issuance of 16,931 shares of Common Stock upon conversion of debentures	17	419				436
Excess of par value over cost of Preferred Stock redeemed		824				824
Balance December 31, 1982	13,804	145,448	(4,421)	333,766	(6,129)	482,468
Net Income				51,783		51,783
Current year adjustment for foreign currency translation			(910)			(910)
Cash dividends:						
Preferred Stock, Series A, B and C—$3.00 a share; Series D—$4.75 a share				(3,047)		(3,047)
Common Stock—$1.50 a share				(21,843)		(21,843)
Issuance of 2.2 million shares of Common Stock (436,500 from treasury)	1,763	74,168			6,129	82,060
Issuance of 178,251 shares of Common Stock under stock option plan less shares exchanged	143	3,233		(620)		2,756
Issuance of 18,777 shares of Common Stock upon conversion of debentures	19	463				482
Excess of par value over cost of Preferred Stock redeemed		718				718
Balance December 31, 1983	$15,729	$224,030	$(5,331)	$360,039	$ —	$594,467

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H—Issuance of Common Stock

On May 5, 1983, the Corporation received $82,060,000 from the sale of 2,200,000 shares of its Common Stock. Newly-issued shares accounted for 1,763,500 of the 2,200,000 sold while 436,500 shares came from the Corporation's treasury. The excess of proceeds received over the par value of the newly-issued shares and over the cost of the treasury shares was credited to other capital.

EATON CORPORATION

Statements of Consolidated Shareholders' Equity

Year Ended December 31	1983		1982		1981	
	Shares	Thousands of Dollars	Shares	Thousands of Dollars	Shares	Thousands of Dollars
4¾% Cumulative Convertible Preferred Shares						
Balance at January 1	39,621	$ 991	44,131	$ 1,103	49,759	$ 1,244
Converted into Common Shares	(39,621)	(991)	(4,510)	(112)	(5,628)	(141)
Balance at December 31	—0—	$ —0—	39,621	$ 991	44,131	$ 1,103
Serial Preferred Shares						
Balance at January 1	304,630	$ 152	326,182	$ 163	378,419	$ 189
Issued in exchange for Common Shares	119,406	299	—0—	—0—	—0—	—0—
Converted into Common Shares	(312,370)	(172)	(21,552)	(11)	(52,237)	(26)
Balance at December 31	111,666	$ 279	304,630	$ 152	326,182	$ 163
Common Shares						
Balance at January 1	28,771,656	$ 14,386	27,301,831	$ 13,651	26,724,738	$ 13,362
Issued:						
In public offering	2,000,000	1,000	—0—	—0—	—0—	—0—
For conversion of debentures and preferred shares	916,380	458	39,075	20	356,976	179
To employee benefit plans	841,857	421	166,998	83	220,117	110
To dividend reinvestment plan	88,445	44	74,469	37	—0—	—0—
For exchange of debentures	—0—	—0—	900,000	450	—0—	—0—
For acquisition of business	—0—	—0—	289,283	145	—0—	—0—
Exchanged for Serial Preferred Shares	(597,979)	(299)	—0—	—0—	—0—	—0—
Balance at December 31	32,020,359	$ 16,010	28,771,656	$ 14,386	27,301,831	$ 13,651
Capital in Excess of Par Value						
Balance at January 1		$163,291		$124,705		$109,898
Excess of issue price over par value of Common Shares issued:						
In public offering		82,500		—0—		—0—
For conversion of debentures and preferred shares		14,472		104		9,897
To employee benefit plans		30,031		4,417		4,910
To dividend reinvestment plan		3,427		2,124		—0—
For exchange of debentures		—0—		23,931		—0—
For acquisition of business		—0—		8,010		—0—
Balance at December 31		$293,721		$163,291		$124,705
Retained Earnings						
Balance at January 1		$676,178		$915,304		$ 880,414
Net income (loss)		93,311		(189,630)		82,368
Cash dividends paid		(25,473)		(49,496)		(47,478)
Balance at December 31		$744,016		$676,178		$915,304
Foreign Currency Translation Adjustments						
Balance at January 1		$(52,362)		$(39,402)		$ (3,920)
Adjustments for the year		(14,323)		(25,511)		(35,482)
Adjustments included in estimated loss on disposal of discontinued operations		—0—		12,551		—0—
Balance at December 31		$(66,685)		$(52,362)		$(39,402)

FINANCIAL REVIEW

Shareholders' Equity

In October 1983, the Company called for the redemption of its outstanding 4¾% Cumulative Convertible Preferred Shares ($25 par value) and its $2.30 Serial Preferred Shares, Series A ($.50 stated value). Substantially all of these outstanding preferred shares were converted into Common Shares at the rate of one preferred share for one and one-half Common Shares.

In April 1983, pursuant to the Company's offer, shareholders exchanged 597,979 Common Shares for 119,406 $10 Serial Preferred Shares, Series B ($2.50 stated value). Each outstanding $10 Serial Preferred Share bears an annual dividend of $10 per share on a cumulative basis, is convertible into four Common Shares, is redeemable in whole or in part at the Company's option beginning May 1, 1988 at $170 per share, has a liquidation value of $125 per share, and generally has the same voting rights as a Common Share. Also, in April 1983, the shareholders approved amended Articles of Incorporation which increased the number of authorized Serial Preferred Shares to 15 million from 5 million.

There are authorized 70 million Common Shares with a par value of $.50. In May 1983, the Company contributed 500,000 Common Shares valued at $21.5 million, in lieu of cash, to its pension fund. In July 1983, 2 million Common Shares were issued in a public offering resulting in net proceeds to the Company of $83.5 million. Common Shares held in treasury at December 31 were 1,827,544 in 1983, 1,874,871 in 1982 and 2,017,635 in 1981. At December 31, 1983, there were 3,724,895 Common Shares reserved for conversion of outstanding preferred shares and convertible debentures, and exercise of stock options. At January 31, 1984, there were 24,653 holders of record of the Company's Common Shares.

Undistributed earnings of unconsolidated subsidiaries and associate companies included in retained earnings were $30.0 million and $7.4 million, respectively, at December 31, 1983.

MAGIC CHEF, INC. (JUN)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Common Stock and Stock Options

The changes in common stock and additional paid-in capital for the three fiscal years ended July 2, 1983 were as follows:

	Common Stock		Additional Paid-in
	Shares	Amount	Capital
		(000 Omitted)	
Balance June 28, 1980	7,913,134	$23,739	$23,024
Stock options exercised	20,025	60	95
Retirement of treasury stock	(145,106)	(435)	(264)
Balance June 27, 1981	7,788,053	23,364	22,855
Stock options exercised	3,600	11	20
Balance July 3, 1982	7,791,653	23,375	22,875
Stock options exercised	81,539	245	345
Common Stock issued under dividend reinvestment and stock purchase plan	2,405	7	53
Tax benefit arising from transactions in stock options	—	—	715
Common stock issued less cost of issue	1,750,000	5,250	46,218
Balance July 2, 1983	9,625,597	$28,877	$70,206

▪ ▪ ▪ ▪

On May 25, 1983, the Company issued 1,750,000 shares of common stock in accordance with a resolution of the Board of Directors. The Company received net proceeds of $29.435 per share; $51,511,250 in aggregate. Such proceeds were applied first to redeem all of the Company's Series A Preferred Stock at an aggregate cost of approximately $39,309,935, plus accrued dividends through the redemption date (Note 1). The remainder of the net proceeds to the Company will be used for working capital and capital expenditures. Earnings per common share, assuming that redemption of the preferred stock had occurred at the beginning of the year through the sale of 1,335,483 common shares at $29.435 (pro forma weighted average shares outstanding of 9,336,417) and the elimination of dividends on preferred stock of $3,731,000 (pro forma net income of $25,443,000), would have been $2.73 for fiscal 1983.

▪ ▪ ▪ ▪

At July 2, 1983, management options for 18,040 shares were exercisable at a total price of $145,500 ($8.06 per share). At July 2, 1983, executive options for 94,669 shares were exercisable at a total option price of $874,000 ($4.25 to $10.88 per share). The assumed exercise of outstanding options would have no significant dilutive effect on earnings per share.

No charge is made against income for the excess, if any, of quoted market value on date of delivery of stock sold over the selling price, nor for employees' gains upon disqualifying disposition of stock acquired under stock option plans. Such amounts constitute taxable income to the employee and are deductible in the computation of United States income taxes. It is the practice of the Company to credit the reduction in income taxes to additional paid-in capital.

Income Tax Benefit from Issuance of Stock to Employees

ANALOGIC CORPORATION

Consolidated Statements of Stockholders' Equity—Years Ended July 31, 1983, 1982 and 1981

	Shares	Common stock par value $.05	Capital in excess of par value	Retained earnings
Balance, August 1, 1980, as previously reported	7,960,000	$398,000	$10,212,014	$17,563,683
Shares issued in 2-for-1 stock split	7,980,000	398,000	(398,000)	
Balance, August 1, 1980, as restated	15,920,000	796,000	9,814,014	17,563,683
Shares issued upon exercise of stock options (Note 7)	172,050	8,602	526,471	
Sale of common stock	1,400,000	70,000	18,814,496	
Income tax reductions relating to stock options (Note 7)			586,834	
Net income for the year				8,797,265
Balance, July 31, 1981	17,492,050	874,602	29,741,815	26,360,948
Shares issued upon exercise of stock options (Note 7)	82,868	4,144	330,820	
Income tax reductions relating to stock options (Note 7)			433,183	
Net income for the year				11,809,795
Balance, July 31, 1982	17,574,918	878,746	30,505,818	38,170,743
Shares issued upon exercise of stock options (Note 7)	126,226	6,311	834,723	
Income tax reductions relating to stock options (Note 7)			901,386	
Sale of common stock	1,340,000	67,000	27,012,348	
Net income for the year				15,093,893
Balance, July 31, 1983	19,041,144	$952,057	$59,254,275	$53,264,636

Note 7 (in part): Stock options:

At July 31, 1983, the Company had four key employee stock option plans. In January 1982, the stockholders approved amendments to two of the plans to provide the flexibility to grant new options as incentive stock options and to change certain options outstanding under said plans to incentive stock options.

Options granted prior to December 4, 1981 may be exercised during the period beginning one year and ending five years from the date the option is granted. Options granted after December 4, 1981 must be held for two years before they may be exercised.

Options granted prior to December 4, 1981, become exercisable in an amount equal to 25% per year beginning one year from date of grant, on a cumulative basis. Options granted after December 4, 1981 become exercisable after two years from date of grant in an amount equal to 50% and 25% per year thereafter. All options are granted at the market value at the date of grant.

▪ ▪ ▪ ▪

Tax benefits from early disposition of the stock by optionees under incentive stock options and from exercise of all other options are credited to capital in excess of par value. No charges or credits are made to income in connection with options.

Treasury Stock Transactions

COLT INDUSTRIES INC.

Consolidated Statement of Capital in Excess of Par Value

For the three years ended December 31, 1983

	1983	1982	1981
		(In thousands)	
Balance, beginning of period	$139,935	$140,357	$149,472
Exercise of stock options and conversion and retirements of preferred stock	—	—	(7,229)
Excess of cost of treasury stock issued over proceeds from exercise of stock options and conversion of preferred stock	(3,343)	(880)	(2,488)
Income tax benefit from the exercise of stock options	3,626	458	602
Excess of market value over cost of treasury stock issued to employee benefit plans	691	—	—
Balance, end of period	$140,909	$139,935	$140,357

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Capital Stock

Changes in capital stock for 1981, 1982, and 1983 were:

	Preferred Stock $1 Par Value	Common Stock $1 Par Value	Treasury Stock Shares	Cost
Balance at January 1, 1981	$421,694	$13,269,650	(209,525)	$(8,060,000)
Purchase of treasury stock	—	—	(73,100)	(3,703,000)
Exercise of stock options and conversion and retirements of preferred stock	(421,694)	538,809	70,075	3,144,000
Stock issued under two-for-one stock split	—	13,808,459	(212,550)	—
Balance at December 31, 1981	—	27,616,918	(425,100)	(8,619,000)
Purchase of treasury stock	—	—	(3,317,242)	(83,005,000)
Exercise of stock options	—	—	86,990	2,170,000
Balance at December 31, 1982	—	27,616,918	(3,655,352)	(89,454,000)
Purchase of treasury stock	—	—	(734,713)	(39,292,000)
Exercise of stock options	—	—	496,597	12,462,000
Stock issued to employee benefit plans	—	—	30,660	866,000
Balance at December 31, 1983	$ —	$27,616,918	(3,862,808)	$(115,418,000)

At December 31, 1983, 1,518,709 shares of common stock were reserved for issuance under stock option.

TYSON FOODS, INC.

Consolidated Statements of Stockholders' Equity

Three years ended October 1, 1983

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Total
Balance—September 27, 1980	$3,904,512	$2,836,314	$38,711,846	$ (368,113)	$45,084,559
Purchase of 100,000 shares of common stock				(1,600,000)	(1,600,000)
Exchange of 100,000 shares of treasury stock in business acquisition				1,600,000	1,600,000
Net income for the year			2,104,149		2,104,149
Cash dividend paid ($.08 per share as restated for stock split)			(616,914)		(616,914)
Balance—October 3, 1981	3,904,512	2,836,314	40,199,081	(368,113)	46,571,974
Contribution of 24,400 treasury shares to profit-sharing plan		224,644		184,057	408,701
Net income for the year			9,403,811		9,403,811
Cash dividend paid ($.08 per share as restated for stock split)			(618,865)		(618,865)
Balance—October 2, 1982	3,904,512	3,060,958	48,984,027	(184,056)	55,765,441
Contribution of 24,400 treasury share to profit-sharing plan		364,944		184,056	549,000
2 for 1 stock split	3,904,512		(3,904,512)		
Net income for the year			11,069,096		11,069,096
Cash dividend paid ($.08 per share as restated for stock split)			(623,746)		(623,746)
Balance—October 1, 1983	$7,809,024	$3,425,902	$55,524,865	$ —0—	$66,759,791

RUSS TOGS, INC.

Consolidated Statement of Stockholders' Equity

	Year Ended January 28, 1984	January 29, 1983	January 30, 1982
Capital Stock—$1 Par Value			
Preferred:			
Balance at beginning of year ..	$ 215,000	$ 215,000	$ 215,000
Adjustment to stated value ..	65,000		
Balance at end of year	280,000	215,000	215,000
Common:			
Balance at beginning of year ..	4,114,000	4,114,000	4,114,000
Treasury shares cancelled	(699,000)		
Three-for-two stock split paid in July 1983 .	1,706,000		
Balance at end of year	5,121,000	4,114,000	4,114,000
Additional paid-in capital (Note I(1)):			
Balance at beginning of year	10,088,000	10,088,000	10,088,000
Excess of cost over par value of treasury shares cancelled	(7,061,000)		
Par value of shares issued and cash paid in lieu of fractional shares on three-for-two stock split	(1,720,000)		
Adjustment to stated value of preferred shares	(65,000)		
Balance at end of year	1,242,000	10,088,000	10,088,000
Retained earnings:			
Balance at beginning of year	68,363,000	62,124,000	54,950,000
Net earnings (statement attached) ..	12,114,000	10,062,000	10,998,000
Total	80,477,000	72,186,000	65,948,000
Less cash dividends:			
Common ($.73⅓ in 1984 and $.66⅔ a share in 1983 and 1982)	3,772,000	3,415,000	3,416,000
Preferred ($1.90 a share)	408,000	408,000	408,000
Total	4,180,000	3,823,000	3,824,000
Balance at end of year	76,297,000	68,363,000	62,124,000
Treasury stock (Note I (1)):			
Balance at beginning of year	(7,760,000)	(7,728,000)	(7,728,000)
Purchase of common stock for treasury (2,341 shares) ..		(32,000)	
Treasury shares cancelled	7,760,000		
Balance at end of year		(7,760,000)	(7,728,000)
Total Stockholders' Equity (To Balance Sheet) .	$82,940,000	$75,020,000	$68,813,000

Note I (in part)–Stockholders' Equity

(1) On June 21, 1983, the Company cancelled the 699,114 shares of the Company's common stock which was held in treasury at that date, and restored these shares to the status of authorized but unissued shares. In connection therewith, the Company charged $699,000 to its capital stock account and $7,061,000 to its additional paid-in capital account; $7,760,000 was credited to the treasury stock account.

Capital Transaction of Subsidiary

GERBER PRODUCTS COMPANY

Consolidated Statements of Shareowners' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Cost of Common Stock in Treasury
		(Thousands of Dollars)		
Balances at April 1, 1980	$22,980	$20,759	$189,808	$(6,286)
Net earnings for the years			30,843)	
Cash dividends of $1.16 per share			(15,492)	
Issuance of 4,359 shares of treasury stock upon exercise of stock options		(5)		63
Balances at March 31, 1981	22,980	20,754	199,159	(6,223)
Net earnings for the year			40,975	
Cash dividends of $1.25 per share			(16,744)	
Issuance of 5,469 shares of treasury stock upon exercise of stock options		10		79
Balances at March 31, 1982	22,980	20,764	223,390	(6,144)
Net earnings for the year			39,045	
Cash dividends of $1.36 per share			(18,201)	
Issuance of 4,594,341 shares in connection with 3 for 2 stock split	11,485	(11,517)		
Issuance of 38,024 shares of treasury stock upon exercise of stock options		134		548
Additional paid-in capital from disposition of majority interest in Mexican company—Note L.		432		
Balances at March 31, 1983	$34,465	$9,813	$244,234	$(5,596)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L(in part): Foreign Operations

On April 30, 1982, the Company's wholly-owned Mexican subsidiary sold previously unissued shares of common stock to Grupo Coral, S.A., a Mexican food company, at a price in excess of the shares' net book value. The issuance of the additional shares reduced the Company's ownership in the subsidiary to 49%. Accordingly, the Company's equity interest, after adjustment of $432,000 (credited to additional paid-in capital) for the Company's share of excess proceeds from the sale over book value, has been classified as an investment in an unconsolidated company in the 1983 consolidated statement of financial position. The following summarizes the amounts (in thousands) included in the consolidated statement of financial position for the Mexican company immediately prior to the issuance of additional shares:

Current assets	$ 9,740
Current liabilities	11,837
	(2,097)
Property, plant and equipment	5,666
Deferred income tax debits	2,146
Other non-current assets	765
Equity	$ 6,480

The Company's equity in the affiliated company's operations for the nine-month period since the stock issuance is included in the Company's 1983 statement of operations as share of earnings (loss) of unconsolidated companies.

Change from Par to No Par

BMC INDUSTRIES, INC.

Consolidated Statements of Stockholders' Equity

(in thousands, except per share amounts)

Years ended December 31, 1983, 1982, and 1981	Common Stock	Capital In Excess of Par Value	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment
Balance at December 31, 1980	$ 341	$ 6,389	$31,735	$(5,665)	—
Net earnings—1981			3,472		
Dividends—$.36 per share			(1,140)		
Reacquired stock—5 shares				(55)	
Exercise of 1973 Plan options—151 shares		(1,905)		2,707	
Cumulative translation adjustment as of January 1, 1981					$ 770
Translation adjustment for 1981					(1,369)
Balance at December 31, 1981	341	4,484	34,067	(3,013)	(599)
Net earnings—1982			4,520		
Dividends—$.39 per share			(1,266)		
50 shares issued—subscription agreement	5	433			
1,070 shares issued—public offering	107	15,297			
Translation adjustment for 1982 net of tax effect from repatriation					(354)
Balance at December 31, 1982	453	20,214	37,321	(3,013)	(953)
Net earnings—1983			7,788		
Dividends—$.40 per share			(1,897)		
Exercise of options—15 shares		(142)		282	
Reclassification as common stock without par value and retirement of treasury stock*	19,835	(20,072)	(2,494)	2,731	
Exercise of options—2 shares	18				
800 shares issued—public offering	18,180				
Translation adjustment for 1983 net of tax effect from repatriation					(209)
Balance at December 31, 1983	$38,486	$ —	$40,718	$ —	$(1,162)

Common Stock: Authorized shares increased effective April 28, 1983 from 5,000 shares of $.10 par value common stock to 24,500 shares of voting common stock without par value. 5,144 shares issued and outstanding at December 31, 1983; 4,525 shares issued, 198 in treasury and 4,327 outstanding at December 31, 1982.

Undesignated Stock: Authorized 500 shares effective April 28, 1983; none issued. The Board of Directors is authorized to designate the name of each class or series of the undesignated shares and to set the terms thereof (including, without limitation, terms with respect to redemption, dividend, liquidation, conversion, and voting rights and preferences).

*$.10 par value common stock in treasury was constructively retired; and issued and outstanding shares of $.10 par value common stock were reclassified into the same number of shares of the new voting common stock without par value.

Reduction in Par Value

INTERNATIONAL MULTIFOODS CORPORATION

Consolidated Statements of Changes in Common Stockholders' Equity

Three years ended February 28, 1983 (dollars in thousands)	Common stock	Capital in excess of par value	Equity adjustment from foreign currency translation	Retained earnings	Common treasury stock	Total
Balance at February 29, 1980	$8,079	$21,957	$ —	$154,070	$ (848)	$183,258
Net earnings	—	—	—	28,019	—	28,019
Dividends:						
Common stock ($1.29 per share)	—	—	—	(10,385)	—	(10,385)
Preferred stock	—	—	—	(283)	—	(283)
Discount on preferred stock redeemed	—	18	—	—	—	18
49,000 treasury shares issued for stock options	—	(353)	—	—	984	631
48,500 shares acquired for treasury	—	—	—	—	(906)	(906)
122 treasury shares retired	—	(1)	—	—	1	—
Balance at February 28, 1981	8,079	21,621	—	171,421	(769)	200,352
Opening balance of cumulative translation adjustments from adoption of FAS 52	—	—	(4,278)	802	—	(3,476)
Net earnings	—	—	—	(33,153)	—	(33,153)
Net change in translation adjustments	—	—	(7,106)	—	—	(7,106)
Dividends:						
Common stock ($1.44 per share)	—	—	—	(11,625)	—	(11,625)
Preferred stock	—	—	—	(274)	—	(274)
Discount on preferred stock redeemed	—	128	—	—	—	128
160,000 shares issued for acquisition of business—45,007 from treasury	115	1,757	—	—	864	2,736
8,400 treasury shares issued for stock options	—	(12)	—	—	158	146
41,800 shares acquired for treasury	—	—	—	—	(886)	(886)
Balance at February 28, 1982	8,194	23,494	(11,384)	193,477	(633)	213,148
Net earnings	—	—	—	35,493	—	35,493
Net change in translation adjustment	—	—	(17,771)	—	—	(17,771)
Dividends:						
Common stock ($1.58¼ per share)	—	—	—	(12,919)	—	(12,919)
Preferred stock	—	—	—	(239)	—	(239)
Reduction in par value to 10c per share	(7,375)	7,375	—	—	—	—
Discount on preferred stock redeemed	—	721	—	—	—	721
43,100 shares issued for stock options—42,800 from treasury	—	(184)	—	—	1,004	820
98,837 shares acquired for treasury	—	—	—	—	(2,802)	(2,802)
11,415 treasury shares issued for VISA	—	34	—	—	304	338
54 fractional shares retired	—	(1)	—	—	—	(1)
Balance at February 28, 1983	$ 819	$31,439	$(29,155)	$215,812	$(2,127)	$216,788

STOCKHOLDERS' EQUITY

In June 1982, the stockholders of the Company approved a plan of partial liquidation providing for the distribution of a maximum of $6,615,000 to holders of common stock, in lieu of regular quarterly dividends, representing the proceeds received from the sale of two discontinued businesses in 1980. $3,267,000 was distributed in October 1982 and the balance in January 1983. In that connection the par value of the Company's common stock was reduced from one dollar to ten cents per share, resulting in the transfer of ninety cents per share to capital in excess of par value, with no increase or decrease in total common stockholders' equity.

MEREDITH CORPORATION

Consolidated Statements of Stockholders' Equity

Years ended June 30	1983	1982	1981
	(in thousands)		
Series Preferred Stock	$ —	$ —	$ —
Common Stock:			
Beginning of year	15,991	15,861	15,724
Adjustment of par value change to $1 per share (Note 19)	(6,397)	—	—
Shares issued during year (net)	92	130	137
End of year	9,686	15,991	15,861
Additional Paid-In Capital:			
Beginning of year	8,234	7,474	6,439
Adjustment for par value change to $1 per share (Note 19)	6,397	—	—
	14,631	7,474	6,439
Excess of proceeds on shares issued over par value (net)	1,692	760	1,035
End of year	16,323	8,234	7,474
Retained Earnings:			
Beginning of year	149,113	127,510	108,508
Net earnings	33,289	26,924	23,595
Dividends paid—63⅓c per share (56⅔c in 1982, 48⅔c in 1981)(Note 19)	(5,930)	(5,321)	(4,593)
End of year	176,472	149,113	127,510
Less Treasury Stock:			
Beginning of year	(5,903)	—	—
Shares purchased	—	(6,147)	—
Shares issued during year	277	244	—
End of year	(5,626)	(5,903)	—
Total Stockholders' Equity	$196,855	$167,435	$150,845

Note 19. Subsequent Event–Stock Split

On July 19, 1983, at a special meeting, the stockholders approved a three-for-one stock split and a reduction in the par value of the Company's common stock from $5 per share to $1 per share. The stock split and reduction in par value were effective at the close of business on July 22, 1983. All data in this annual report has been adjusted to reflect the three-for-one stock split and the reduction in par value.

UNOCAL CORPORATION

Consolidated Shareowners' Equity

	1983	1982	1981
	Millions of Dollars		
Common Shares			
Balance at beginning of year	$361.8	$361.7	$361.5
Sale of Common Shares, etc.	.1	.1	.2
Change in par value of Common Shares	(188.2)	—	—
Balance at end of year	173,7	361.8	361.7
Capital in Excess of Par Value of Shares Issued			
Balance at beginning of year	162.8	162.3	160.2
Sale of Common Shares, etc.	1.2	.5	2.1
Change in par value of Common Shares	188.2	—	—
Balance at end of year	352.2	162.8	162.3
Foreign Currency Translations Adjustment			
Balance at beginning of year	(4.9)	—	—
Current year adjustment	(3.3)	—	—
Balance at end of year	(8.2)	—	—
Retained Earnings			
Balance at beginning of year	4,220.5	3,590.2	2,955.1
Translation adjustment for foreign deferred taxes	(10.3)	—	—
Adjusted balance at beginning of year	4,210.2	3,590.2	2,955.1
Net earnings for year	625.9	804.0	791.4
Total	4,836.1	4,394.2	3,746.5
Cash dividends declared	(173.7)	(173.7)	(156.3)
Balance at end of year	4,662.4	4,220.5	3,590.2
Total shareowners' equity	$5,180.1	$4,745.1	$4,114.2

On April 25, 1983, the shareowners approved a plan of reorganization whereby Union Oil Company of California became an operating subsidiary of a newly created company, Unocal Corporation. With the reorganization, 173.7 million shares of Common Stock, $2-1/12 par value, of Union Oil Company of California were converted into an equal number of shares of Common Stock, $1 par value, of Unocal Corporation. The difference of $188.2 million from the change in par value was credited to Capital in Excess of Par Value of Shares Issued.

Insider Trading Profit

GEARHART INDUSTRIES, INC.

Consolidated Statement of Stockholders' Equity

	Years Ended January 31,		
	1984	1983	1982
	(In thousands)		
Common Stock			
Beginning of year	$7,919	$7,716	$7,573
Stock issued in connection with employee stock purchase and option plans	53	15	120
Stock issued for acquisitions	36	—	23
Stock issued for acquisition of outstanding minority interest of consolidated subsidiary	—	188	—
End of year	$8,008	$7,919	$7,716
Additional paid-in capital			
Beginning of year	$73,346	$69,106	$65,365
Stock issued in connection with employee stock purchase and options plans	1,305	364	3,741
Stock issued by consolidated subsidiary	3,284	704	—
Stock issued for acquisitions	2,814	—	—
Insider trading profit, net of tax	2,633	—	—
Stock issued for acquisition of outstanding minority interest of consolidated subsidiary	—	3,172	—
End of year	$83,382	$73,346	$69,106
Retained earnings			
Beginning of year	$111,798	$101,617	$73,663
Net income	6,472	15,960	31,647
Dividends on common stock $.40 a share in 1984, $.36 a share in 1983 and $.28 a share in 1982	(6,378)	(5,599)	(4,310)
Acquisitions accounted for on a pooling of interest basis	(3,068	—	617
End of year	$109,004	$111,978	$101,617
Currency translation account			
Beginning of year	$(1,219)	$ —	$ —
Adjustment for change in accounting for foreign currency translation	—	(512)	—
Adjustments due to translation rate changes during the year	(6,092)	(707)	—
End of year	$(7,311)	$(1,219)	$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 (in part): Common Stock

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 $4,876,000, less income taxes of $2,243,000, received from General Electric Venture Capital Corporation, in connection with its sale of approximately 23% of the Company's common stock to Smith International, Inc.

Warrants Exercised

THE BF GOODRICH COMPANY

Consolidated Statement of Shareholders' Equity

(Dollars in millions, except per share amounts)

Year ended December 31,	1983	1982	1981
$3.125 Cumulative Convertible Preferred Stock—Series C			
Stated at voluntary liquidation value of $25 per share; shares issued and outstanding at December 31: none in 1983 and 2,568,291 in 1982 and 1981	$ —	$ 64.2	$ 64.2
Common Stock—$5 Par Value			
Authorized 50,000,000 shares; issued at December 31: 23,696,136 in 1983; 17,751,579 in 1982 and 17,664,671 in 1981	118.5	88.8	88.3
Additional Capital			
Balance at beginning of year	139.7	136.7	126.2
Changes resulting from:			
Conversion or redemption of Series C Preferred Stock.....	52.5	—	—
Exercise of warrants to purchase Common Stock	36.6	—	—
Issuance of new Common Stock—net	67.0	2.0	10.5
Reissuance of treasury shares	.7	.4	—
Difference between redemption price and purchase price of Series A and B Preferred Stock	.2	.6	—
Balance at end of year	296.7	139.7	136.7
Cumulative Unrealized Translation Adjustments			
Balance at beginning of year	(17.1)	(7.4)	(3.6)
Aggregate adjustments for the year	(6.5)	(9.7)	(3.2)
Net amount realized from sale of investments in foreign subsidiaries	.3	—	(.6)
Balance at end of year	(23.3)	(17.1)	(7.4)
Income Retained in the Business			
Balance at beginning of year	739.5	809.8	736.4
Net income (loss)	18.4	(32.8)	109.5
Dividends:			
Preferred Stock:			
Series A, $7.85 a share ...	(1.3)	(1.5)	(1.6)
Series B, $.975 a share ...	(.4)	(.4)	(.3)
Series C, $3.125 a share annually	(2.0)	(8.0)	(7.0)
Common Stock—$1.56 a share	(33.8)	(27.6)	(27.2)
Total dividends	(37.5)	(37.5)	(36.1)
Balance at end of year	720.4	739.5	809.8
Treasury Stock			
Shares of Common Stock held in treasury at December 31: 140,381 in 1983; 99,171 in 1982 and none in 1981	(4.0)	(1.9)	—
Total Shareholders' Equity	$1,108.3	$1,013.2	$1,091.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share amounts)

Note R: Common Stock

During 1983, Goodrich issued 5,944,557 shares of Common Stock as follows: 2,200,000 shares in a public offering in March with the Company receiving cash of $73.2, net of expenses; 2,108,724 shares as a result of conversion of Series C Preferred Stock; 1,465,859 shares from the exercise of warrants to purchase shares of Common Stock at $30 per share with the Company receiving cash of $44.0; and 169,974 shares in connection with various employee stock purchase and ownership plans. In 1982 and 1981, respectively, 86,908 shares and 561,587 shares were issued in connection with employee stock purchase and ownership plans.

The par value of the shares issued was added to the Common Stock account, and the excess of issue price over par value ($156.1 in 1983, $2.0 in 1982 and $10.5 in 1981) was added to the "Additional Capital" account.

In addition, Goodrich acquired 95,650, 206,388 and 514 shares of treasury stock in 1983, 1982 and 1981, respectively, and reissued 54,440, 107,217 and 514 shares, respectively, in connection with employee stock purchase and ownership plans.

At December 31, 1983, 4,959,100 shares were reserved for future issuance as follows: 1,397,971 shares for the exercise of outstanding and the granting of future stock options; 3,315,760 shares for issuance of the Employee Stock Purchase and Savings Plan and the Tax Reduction Act Stock Ownership Plan; 145,369 shares for issuance under the Tremco Stock Ownership Plan and 100,000 shares for issuance under the Payroll Stock Ownership Plan.

Warrants Issued

MGM/UA ENTERTAINMENT CO.

Consolidated Statements of Stockholders' Equity

For the years ended August 31, 1983, 1982 and 1981

	Common Stock Issued Number of shares	Par Value	Capital in Excess of Par Value	Retained Earnings	Total Stock-holders' Equity
Balance August 31, 1980	32,519,550	$32,520,000	$ 21,312,000	$ 68,380,000	$122,212,000
Net income for year	—	—	—	23,164,000	23,164,000
Cash dividends	—	—	—	(6,649,000)	(6,649,000)
3% stock dividends	966,397	966,000	6,427,000	(7,463,000)	(70,000)
Sale of Common Stock	16,267,606	16,268,000	124,102,000	—	140,370,000
Balance August 31, 1981	49,753,553	49,754,000	151,841,000	77,432,000	279,027,000
Net income for year	—	—	—	27,500,000	27,500,000
Cash dividends	—	—	—	(9,951,000)	(9,951,000)
Miscellaneous	—	—	(48,000)	—	(48,000)
Balance August 31, 1982	49,753,553	49,754,000	151,793,000	94,981,000	296,528,000
Net income for year	—	—	—	41,873,000	41,873,000
Cash dividends	—	—	—	(9,950,000)	(9,950,000)
Common Stock Warrants, net of repurchases and tax benefits (note 5)	—	—	6,525,000	(4,449,000)	2,076,000
Sale of Common Stock of MGM/UA Group	—	—	40,955,000	(1,473,000)	39,482,000
Stock options exercised	—	—	(240,000)	—	(240,000)
Miscellaneous	—	—	(128,000)	—	(128,000)
Balance August 31, 1983	49,753,553	$49,754,000	$198,905,000	$120,982,000	$369,641,000

Note 5 (in part): Long-Term Debt

10% Senior Subordinated Notes

In April 1983, the Company issued $400,000,000 principal amount of 10% Senior Subordinated Notes (the "Notes") due 1993 in units consisting of $1,000 principal amount of Notes together with 14 warrants (the "Warrants") to purchase the Company's Common Stock. The Notes were issued with an original issue discount amounting to $121.45 per unit. In addition, $31.50 was established as the value of the Warrants issued with each unit. The Notes are unsecured obligations of the Company. The Indenture relating to the Notes provides for sinking fund payments of $40,000,000 principal amount of Notes on April 15, 1991 and April 15, 1992. The Notes are redeemable at any time at the Company's option at 100% of their principal amount, plus accured interest. A total of 5,600,000 Warrants was orginally issued. Subsequently, 2,700,000 of the Warrants were purchased by the Company at a total cost of $10,962,000. Accordingly, as of August 31, 1983, 2,900,000 Warrants remained outstanding. Each Warrant entitles the holder to purchase one share of the Company's common stock until April 14, 1988 at a price of $20 per share, subject to adjustment. The Warrants may be exercised at the holder's option in cash and/or by surrender of Notes valued at par. Under certain circumstances, the Warrants are callable at the option of the Company at $5 per Warrant on or after April 14, 1986. The proceeds of the issue were used to reduce bank and other indebtedness, resulting in a debt restructuring through the extension of maturities. The proceeds of the issue assigned to the 5,600,000 Warrants were credited to Capital in Excess of Par Value and the subsequent repurchase was charged to Capital in Excess of Par Value and Retained Earnings. The effective interest rate on the Notes, net of unamortized discount, is 13.3%.

Note Proceeds in Excess of Amount Repayable at Maturity

MAPCO INC.

Consolidated Statement of Changes in Stockholders' Equity

(Dollars in Thousands except per share amounts)

	Common Stock $1 Par Value		Capital in Excess of Par Value	Retained Earnings	Common Stock in Treasury, at Cost	
	Shares	Amount			Shares	Amount
Balance, December 31, 1980	27,271,165	$27,271	$108,134	$366,421	(3,351)	$(112)
Net Income				96,890		
Dividends ($1.80 per share)				(49,739		
Difference between fair market value and cost of treasury shares issued to officers and employees under Incentive Compensation Plan			46		3,351	112
Exercise of stock options	339,103	339	2,967			
Federal income tax benefit related to exercise of stock options			4,527			
Common stock issued for acquisition	31,941	32	1,453			
Other			(46)			
Balance, December 31, 1981	27,642,209	27,642	117,081	413,572	—	—
Net income				73,822		
Dividends ($1.80 per share)				(49,756)		
Other	(123)		(12)		(3,393)	(158)
Balance, December 31, 1982	27,642,086	27,642	117,069	437,638	(3,393)	(158)
Net income				54,056		
Dividends ($1.40 per share)				(39,724)		
Issuance of Adjustable Rate Convertible Notes			22,500			
Common stock issued to retire debt	1,000,000	1,000	21,028			
Common stock issued for conversion of debt	153,633	154	1,805			
Other			(193)		(491)	(11)
Balance, December 31, 1983	28,795,719	$28,796	$162,209	$451,970	(3,884)	$(169)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 (in part): Long-term Debt

Long-term debt consists of the following:

	December 31, 1983	1982
	(In Thousands)	
10% Convertible Subordinated Debentures, payable $6,587,000 in 1994, $7,000,000 annually 1995 through 2004 and a final payment of $35,000,000 in 2005	$111,587	$140,000
8.7% Senior Notes, payable $8,000,000 annually through 1996 and a final payment of $6,000,000 in 1997	110,000	118,000
10¾% Subordinated Sinking Fund Debentures, payable $5,625,000 annually 1989 through 1998 and a final payment of $18,750,000 in 1999	75,000	75,000
11¾% Debentures, payable $5,000,000 annually 1994 through 2002 and a final payment of $15,000,000 in 2003	60,000	—
Commercial Paper: 1983—8.425-10.325%; 1982—9-16.5%	39,492	183,734
9⅝% Senior Notes, payable $1,300,000 annually 1984 through 1986, $2,500,000 annually 1987 through 1992 and $3,700,000 annually 1993 through 1995	30,000	30,000
Adjustable Rate Convertible Subordinated Notes, maturing in 2003, adjustable rate interest rate, 1983-9.008%	25,591	—
8¼% Senior Note, payable $2,400,000 annually through 1993	24,000	26,400
7.85% Senior Note, payable $2,400,000 annually through 1991 and a final payment of $2,760,000 in 1992	21,960	24,360
Economic Development Revenue Bonds, fluctuating interest rate, 1983—7.35-8.05%; 1982—8.05-10.15% payable $2,166,000 in 1984, $4,332,000 in 1985 and 1986 and $2,170,000 in 1987	13,000	13,000
11¾% Note, Series A, payable $1,153,846 annually through 1991	9,231	10,385
11% Note, Series B, payable $1,153,846 annually through 1988 and a final payment of $661,000 in 1989	6,430	7,584
Other	11,597	17,545
	537,888	646,008
Less—Current portion	(22,085)	(20,652)
Unamortized discount	(1,391)	(372)
Long-term debt	$514,412	$624,984

In February 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 aggregate offering price of the Notes over the $27,500,000 payable at maturity or upon redemption was recorded as "Capital in excess of par value." The Notes are subordinated in right of payment to all senior indebtedness of MAPCO as provided in the Indenture. The debt proceeds were used to reduce outstanding commercial paper borrowings.

FOREIGN CURRENCY TRANSLATION

Effective for fiscal years beginning on or after December 15, 1982, FASB *Statement of Financial Accounting Standards No. 52* supersedes 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. Examples of foreign currency translation disclosures follow.

THE BLACK AND DECKER MANUFACTURING COMPANY (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars except per share data)

Note 1 (in part): Summary of Accounting Policies

Foreign Currency Translation The Company follows the translation policy as provided by Statement of Financial Accounting Standards No. 52. Local currencies have been designated as the functional currencies for all subsidiaries except those located in highly inflationary economies or other subsidiaries for which local currencies are not appropriate, in which case the U.S. dollar is the functional currency. The functional currency of each location was determined after evaluating such factors as the markets in which they operate, generation of cash flow, financing activities and intercompany arrangements. For subsidiaries other than those located in highly inflationary economies, assets and liabilities are translated at the rates of exchange on the balance sheet date. Income and expense items of these subsidiaries are translated at average monthly rates of exchange. The resultant translation gains or losses are included in the component of stockholders' equity designated as "Equity Adjustment from Translation." Gains and losses from foreign currency transactions of these subsidiaries are included in net earnings.

For subsidiaries operating in highly inflationary economies, monetary assets and liabilities are translated to U.S. dollars at current rates and certain assets (notably inventory and property, plant and equipment) are translated at historical rates. Income and expense items for these subsidiaries are translated at average monthly rates of exchange except for those items of expense which relate to assets translated at historical rates. All gains and losses from currency translation and transactions for these subsidiaries are included in net earnings.

Note 6: Foreign Currency Translation

Net foreign exchange losses included in Earnings from Continuing Operations amounted to $3,197 ($.07 per share) in 1983, $7,029 ($.17 per share) in 1982 and $1,555 ($.04 per share) in 1981.

Activity in the Equity Adjustment from Translation account was as follows:

	(Debit) Credit		
	1983	1982	1981
Balance at beginning of year	$(38,943)	$(22,496)	$18,339
Valuation changes	(48,124)	(27,798)	(82,442)
Financial hedges:			
Gains on hedging activities	53,960	13,846	53,891
Income taxes allocated to hedging activities	(16,365)	(2,795)	(11,385)
Net financial hedges	37,595	11,051	42,506
Liquidation of subsidiaries .	1,941	300	(899)
Balance at end of year	$(47,531)	$(38,943)	$(22,496)

BLUE BELL, INC (SEP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. 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. Translation adjustments and certain transaction adjustments are now made directly to a separate component of shareholders' equity; other transaction adjustments continue to be reported in income. Under accounting standards for 1981 and prior years, exchange adjustments were made directly to income.

Foreign currency exchange gains (losses) included in miscellaneous income were $(2,490,000), $(1,537,000), and $6,782,000 for 1983, 1982, and 1981, respectively. Foreign currency translation adjustments included in shareholders' equity are summarized as follows:

	1983	1982
	(In thousands)	
Balance at October 1	$13,382	$ 4,418
Aggregate adjustments from translation and intercompany balances	3,085	10,965
Income tax effects	(407)	(1,074)
Disposition of investments	217	(927)
Balance at September 30	$16,277	$13,382

GENERAL MILLS, INC. (MAY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

I. Foreign Currency Translation

In fiscal 1982, the company changed its method of accounting for foreign currency translation by adopting Statement No. 52 of the Financial Accounting Standards Board. Prior years were not restated.

Accordingly, assets and liabilities are now 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. For fiscal 1981, depreciation and cost of sales were translated by the historical method.

Local currencies are considered the functional currencies of the company's foreign operations, except for Mexican operations. Effective with the third quarter of fiscal 1983, Mexican operations use the U.S. dollar as the functional currency, since Mexico is considered hyperinflationary.

Translation effects for operations not considered to be hyperinflationary are accumulated as part of the cumulative foreign currency adjustment in stockholders' equity. Translation effects for hyperinflationary operations and gains and losses from foreign currency transactions are generally included in net earnings for the period. In fiscal 1981, all translation effects were charged to operations.

Note Two: Foreign Currency Translation

The following is an analysis of the changes in the cumulative currency adjustment equity account:

(In Millions)	Fiscal Year	
	1983	1982
Balance, beginning of year	$40.1	$11.1
Adjustments during the year, net of applicable income taxes of $.5 in 1983 and $5.1 in 1982	24.7	29.0
Balance, end of year	$64.8	$40.1

Foreign currency after-tax losses included in net earnings for fiscal year 1983 were $16.1 million ($.32 per share). Foreign currency gains and losses were immaterial for fiscal years 1982 and 1981. The fiscal year 1983 loss included $12.5 million ($.25 per share) related to the devaluation of the Mexican peso.

HERCULES INCORPORATED

Consolidated Statement of Stockholders' Equity

(Dollars in thousands)

	Three Years Ended December 31, 1983				
	Common Stock	Paid-In Capital	Translation Adjustment	Retained Earnings	Reacquired Stock
Balances at January 1, 1981	$22,111	$ 89,482	$ —	898,273	$120
Pooling of interests—Simmonds Precision	3,806	15,234		24,537	
Restated Balances	25,917	104,716		922,810	120
Common shares: Issued, 49,760,332; reacquired, 6,589)					
Net income				146,205	
Cash dividends:					
Common stock, $1.26 per share				(53,567)	
Pooled company				(1,669	
Foreign currency translation adjustment:					
Beginning balance			2,914		
Current year			(46,017)		
Issuance of common stock:					
Restricted stock awards, 68,950 shares	35	1,352			
Pooled company stock options and other plans, 104,247 shares	54	960			
Balances at December 31, 1981	26,006	107,028	(43,103)	1,013,779	120
(Common shares: Issued, 49,933,529; reacquired 6,589)					
Net income				109,826	
Cash dividends:					
Common stock, $1.32 per share				(56,874)	
Pooled company				(1,886)	
Foreign currency translation adjustment			(54,158)		
Issuance of common stock:					
Restricted stock awards, 61,100 shares	32	1,191			
Exchange for convertible debentures, 2,038,154 shares	1,062	37,783			
Conversion of debentures, 28 shares	—	—			
Pooled company stock options and other plans, 78,495	41	709			
Balances at December 31, 1982	27,141	146,711	(97,261)	1,064,845	120
(Common shares: Issued, 52,111,306; reacquired, 6,589)					
Net income				174,222	
Cash dividends:					
Common stock, $1.38 per share				(64,602)	
Pooled company				(1,669)	
Foreign currency translation adjustment			(18,365)		
Translation adjustment reversal on exchange of assets			5,722		
Adjustable-rate convertible notes		36,000			
Issuance of common stock:					
Restricted stock awards, 47,500 shares	25	1,406			
Savings Plan purchases, 36,239 shares	19	1,291			
Conversion of debentures and notes, 201,904 shares	105	3,830			
Pooled company stock options and other plans, 564,757 shares (reacquired 13,779)	294	9,039			515
Balances at December 31, 1983	$27,584	$198,277	$(109,904)	$1,172,796	$635
(Common shares: Issued, 52,961,706; reacquired, 20,368)					

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share)

3. Foreign Currency Translation

With the exception of operations in highly inflationary countries, the local currencies of Hercules' foreign entities have been designated as the functional currency and accordingly financial statements are translated at current rates of exchange with gains or losses resulting from translation included in a separate component of stockholders' equity.

Gains or losses on foreign currency transactions (denominated in currencies other than the local currency) and translation of balance sheets of operations in hyperinflationary economies (whose functional currency is the U.S. dollar) are reflected in net income. The foreign currency gain, net of taxes, in income is $13,897 in 1983, $6,929 in 1982 and $6,418 in 1981. These results are included in nonoperating expenses for consolidated companies and in equity in net income for affiliated companies.

The allocation for income taxes included in the translation adjustment to stockholders' equity for 1983, 1982 and 1981 was not significant.

KOPPERS COMPANY, INC.

Consolidated Statement of Shareholders' Equity Other Than Redeemable Convertible Preference Stock

(Amounts in thousands, except outstanding shares and per share figures)

	Outstanding Shares Cumulative Preferred Stock	Outstanding Shares Common Stock	Cumulative Preferred Stock	Common Stock	Capital in Excess of Par Value	Foreign Currency Translation Adjustment	Earnings Retained in the Business	Total
Balance at December 31, 1980	150,000	27,646,653	$15,000	$34,558	$128,608	$ —	$456,309	$634,475
Net income for the year 1981			—	—	—	—	51,642	51,642
Cash dividends paid:								
On preference stock, $10.00 per share			—	—	—	—	(7,285)	(7,285)
On preferred stock, $4.00 per share			—	—	—	—	(600)	(600)
On common stock stock, $1.40 per share			—	—	—	—	(38,768)	(38,768)
Purchase of common stock for treasury		(58,443)	—	(73)	(1,160)	—	—	(1,233)
Common stock issued during 1981:								
Acquisitions accounted for as purchases		166,499	—	208	3,532	—	—	3,740
Contributed to Employee Stock Ownership Plan		44,076	—	55	815	—	—	870
Common stock issued from treasury to Employee Savings and Profit Sharing Plan		56,783	—	71	1,140	—	—	1,211
Balance at December 31, 1981	150,000	27,855,478	15,000	34,891	132,935	—	461,298	644,052
Net loss fo- the year 1982			—	—	—	—	(38,532)	(38,532)
Cash dividends paid:								
On preference stock, $10.00 per share			—	—	—	—	(7,500)	(7,500)
On preferred stock, $4.00 per share			—	—	—	—	(600)	(600)
On common stock, $1.40 per share			—	—	—	—	(39,001)	(39,001)
Purchase of common stock for treasury		(101,804)	—	(127)	(1,402)	—	—	(1,529)
Common stock issued during 1982:								
Contributed to Employee Stock Ownership Plan		53,696	67	645	—	—		712
Common stock issued from treasury to Employee Savings and Profit Sharing Plan		103,464	—	130	1,323	—	—	1,454
Balance at December 31, 1982	150,000	27,910,834	15,000	34,889	133,501	—	375,665	559,055
Net income for the year 1983			—	—	—	—	30,588	30,588
Cash dividends paid:								
On preference stock, $10.00 per share			—	—	—	—	(7,080)	(7,080)
On preferred stock, $4.00 per share			—	—	—	—	(600)	(600)
On common stock, $0.80 per share			—	—	—	—	(22,465)	(22,465)
Purchase of common stock for treasury		(8,741)	—	(11)	(144)	—	—	(155)
Common stock issued during 1983:								
Extinguishment of debt (Note 5)		700,000	—	878	11,165	—	—	12,040
Common stock issued from treasury to Employee Savings and Profit Sharing Plan		220	—	—	4	—	—	4
Retirement of 56,000 shares of redeemable convertible preference stock			—	—	555	—	—	555
Foreign currency translation: (Note 1)								
Initial Adjustment (net of $121 in related income tax benefits)			—	—	—	(2,007)	—	(2,007)
Current year (net of $33 in related income tax benefits)			—	—	—	(458)	—	(458)
Balance at December 31, 1983	150,000	28,602,313	$15,000	$35,753	$145,081	$(2,465)	$376,108	$569,477

NOTES TO FINANCIAL STATEMENTS

1. Foreign Currency Translation

On January 1, 1983, the Company adopted the foreign currency translation standard prescribed by FASB Statement No. 52. Earlier adoption of this standard would not have materially affected consolidated earnings for prior years; consequently, no restatement was made. Adoption of the standard increased net earnings in 1983 by $.05 million, or $0.02 per common share.

The effect of realized foreign currency translation gains and losses included in the determination of 1983, 1982 and 1981 net earnings was immaterial.

PFIZER INC.

Consolidated Statement of Shareholders' Equity

(millions)	Common Stock Share	Common Stock Par Value	Capital Paid-in, In Excess of Par Value	Retained Earnings	Currency Translation Adjustment	Treasury Stock Shares	Treasury Stock Cost	Total
Balance January 1, 1981, as reported	73.9	$7.4	$228.9	$1,328.5	$ —	(.4)	$(.9)	$1,563.9
Restatement for 1983 stock split	73.8	7.4	(7.4)			(.4)	—	
Restatement for 1983 pooling of interests	3.3	.3	8.5	6.8				15.6
Balance January 1, 1981 as restated	151.0	15.1	230.0	1,335.3	—	(.8)	(.9)	1,579.5
Net income—1981				224.1				224.1
Cash dividends declared				(153.0)				(153.0)
Debenture conversions	1.2	.1	27.6					27.7
Exchange of common stock for debentures	1.3	.1	28.7					28.8
Employee benefit transactions	.4	.1	9.0			.1	.1	9.2
Balance December 31, 1981	153.9	15.4	295.3	1,406.4	—	(.7)	(.8)	1,716.3
Net income—1982				336.3				336.3
Cash dividends declared				(150.9)				(150.9)
Debenture conversions	1.5	.2	36.8					37.9
Exchange of common stock for debentures	1.2	.1	31.2					31.3
Employee benefit transactions	1.1	.1	27.7			.2	(1.2)	26.6
Balance December 31, 1982	157.7	15.8	391.0	1,591.8	—	(.5)	(2.0)	1,996.6
Cumulative currency translation adjustment					(66.5)			(66.5)
Net income—1983				447.1				447.1
Cash dividends declared				(190.7)				(190.7)
Debenture conversions	.6	.1	13.4					13.5
Currency translation adjustment					(66.3)			(66.3)
Employee benefit transaction	1.5	.1	49.1			.2	(2.1)	47.1
Balance December 31, 1983	159.8	$16.0	$453.5	$1,848.2	$(132.8)	(.3)	$(4.1)	$2,180.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated International Subsidiaries

Subsidiaries operating outside the United States generally are included in the consolidated financial statements on a fiscal year basis ending November 30. At December 31, 1983, 1982 and 1981, the retained earnings of such subsidiaries amounted to approximately $1,282, $1,079 and $1,075 million, respectively. Substantially all of the international subsidiaries' unremitted earnings are free from legal or contractual restrictions. Additional data relative to international subsidiaries are shown on page 33.

Exchange losses, included in "Other deductions" in the Consolidated Statement of Income were $4.6, $13.9 and $10.2 million in 1983, 1982 and 1981, respectively.

Effective January 1, 1983, the Company adopted the provisions of Statement of Financial Accounting Standards No. 52 "Foreign Currency Translation" (SFAS No. 52) in reporting its foreign currency transactions and in translating its financial statements. The effect of the change on the Consolidated Balance Sheet at January 1, 1983 is shown as the cumulative currency translation adjustment component of shareholders' equity.

Prior years' financial statements have not been restated. In order to measure the impact of this reporting change, however, the Company developed certain pro forma data for 1982. Applying the financial reporting requirements of SFAS No. 52, reported net income for 1982 would have been approximately $391 million or $2.45 per share, instead of the $2.11 per share reported under SFAS No. 8, or an increase of $.34 per share. The majority of this increase relates to lower inventory costs and reduced depreciation charges reflected in cost of goods sold.

The pro forma results should not be viewed as those which necessarily would have been reported had the Company adopted SFAS No. 52 as of January 1, 1982, since different strategies for minimizing foreign currency exposures may have been employed.

An analysis of the changes in the currency translation adjustment included in the shareholders' equity section is as follows:

(millions of dollars)	
Cumulative currency translation adjustment January 1, 1983	$ (66.5)
Translation adjustments and gains and losses from certain hedges and intercompany balances	(68.3)
Income taxes allocated to translation adjustments and hedges	2.0
Currency translation adjustment December 31, 1983	$(132.8)

UNITED TECHNOLOGIES CORPORATION

Consolidated Statement of Changes In Shareowners' Equity

(Preferred stock columns omitted for presentation purposes)

	Common Stock	Deferred Translation Adjustments	Retained Earnings
Balance December 31, 1980	$ 678,591	$ —	$1,201,646
Issued on conversion of convertible debentures (90,052 shares)			
Issued on conversion of 1,132,672 shares of Preferred Stock (2,866,517)	103,475		
Issued under employee incentive plans, and related tax benefit:			
191,666 shares of Preferred Stock, net of 4,097 shares purchased and reissued			(10)
349,962 shares of Common Stock, net of 157,905 shares purchased and reissued	18,189		(2,104)
Redemption and purchase of 59,151 shares of Preferred Stock			355
Issuance of Common Stock (5,000,000 shares)	258,474		
Deferred foreign currency translation adjustments:			
Opening period adjustment		(6,024)	
Translation adjustments		(50,911)	
Income tax adjustments		(3,112)	
Net income			457,686
Dividends on:			
Common Stock ($2.40 per share)			(118,136)
Preferred Stock			(76,835)
Balance December 31, 1981	$1,058,729	$ (60,047)	$1,462,602
Issued on conversion of convertible debentures (32,150 shares)			
Issued on conversion of 57,642 shares of Preferred Stock (147,938)	3,636		
Issued under employee incentive plans, and related tax benefit:			
94,997 shares of Preferred Stock, net of 462 shares purchased and reissued			
350,889 shares of Common Stock, net of 111,722 shares purchased and reissued	16,054		(830)
Redemption and purchase of 2,107,247 shares of Preferred Stock			(957)
Issuance of Common Stock in exchange for debentures (1,919,311 shares	65,562		
Deferred foreign currency translation adjustments:			
Translation adjustments		(94,252)	
Income tax adjustments		(3,507)	
Sale of foreign investments		140	
Net income			533,721
Dividends on:			
Common Stock ($2.40 per share)			(127,265)
Preferred Stock			(69,570)
Balance December 31, 1982	$1,143,981	$(157,666)	$1,797,701
Issued on conversion of convertible debentures (89,456 shares)			
Issued on conversion of 3,524,735 shares of Preferred Stock (4,558,414 shares)	167,796		
Issued under employee incentive plans, and related tax benefit:			
69,015 shares of Preferred Stock, net of 6,377 shares purchased and reissued			
925,121 shares of Common Stock, net of 132,999 shares purchased and reissued	42,203		(1,820)
Redemption and purchase of 30,464 shares of Preferred Stock			(156)
Deferred foreign currency translation adjustments:			
Translation adjustments		(36,624)	
Income tax adjustments		(6,889)	
Sale of foreign investments		1,843	
Net income			509,173
Dividends on:			
Common Stock ($2.55 per share)			(141,241)
Preferred Stock			(66,824)
Balance December 31, 1983	$1,353,980	$(199,336)	$2,096,833

Note 6

International Operations: A substantial portion of the Corporation's revenues and assets relate to international operations. The Corporation has significant manufacturing facilities in Canada, France, Germany, Italy, Switzerland, the United Kingdom, Spain and Japan and operations of lesser size in a number of other countries. The investment (identifiable assets) in any single country other than the United States does not exceed 4% of the Corporation's total identifiable assets, except for investments in Canada which amounted to 6% of total identifiable assets at December 31, 1983. Amounts included in the accompanying consolidated financial statements associated with operations outside the United States consist of the following:

	1983	1982	1981
	In Thousands of Dollars		
Sales	$3,026,844	$2,888,962	$3,019,024
Net income	$ 132,413	$ 113,572	$ 189,707
Assets	$2,515,859	$2,427,613	$2,150,085
Liabilities	$1,617,790	$1,513,858	$1,451,265
Minority interests	$ 89,288	$ 68,589	$ 79,665

Pursuant to Financial Accounting Standard No. 52, which was adopted by the Corporation effective January 1, 1981, the financial position and results of operations of substantially all of the Corporation's significant foreign subsidiaries are measured using local currency as the functional currency. Assets and liabilities of such subsidiaries have been translated at current exchange rates, and related revenues and expenses have been translated at average-for-the-year exchange rates. The aggregate effect of translation adjustments (losses) so calculated, including the opening period adjustment in 1981, together with net gains from hedging exposed net asset positions less related tax effects, is being deferred as a separate component of Shareowners' Equity, until there is a sale or liquidation of the underlying foreign investments. At December 31, 1983, $199,336,000 had been so deferred ($157,666,000 at December 31, 1982 and $60,047,000 at December 31, 1981) as a result of the strengthening during 1983, 1982 and 1981 of the U.S. dollar against most major foreign currencies, particularly the French franc, Spanish peseta, Canadian dollar, Dutch guilder, Italian lira, Swiss franc, Australian dollar and Venezuelan bolivar. The Corporation has no present plans for sale or liqudation of significant investments to which these deferrals relate.

The economies of Brazil and, beginning in 1982, Mexico have been determined to be highly inflationary. Accordingly, under FAS No. 52, the U.S. dollar is deemed to be the functional currency of subsidiaries in those countries, and all translation gains and losses are taken into income.

After reflecting the adoption of FAS No. 52, earnings were charged with foreign exchange losses, including translation losses of operations in highly inflationary economies, of $6,163,000, $7,004,000 and $12,145,000 in 1983, 1982 and 1981, respectively.

PEPSICO, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Foreign Currency Translation. Effective as of the beginning of fiscal 1982, PepsiCo changed its method of accounting for foreign currency translation in order to comply with Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," (see Notes 5 and 9). Fiscal 1981 has not been restated for the change and is presented in accordance with SFAS 8, "Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements."

Note 5/Cumulative Translation Adjustment

Certain foreign exchange gains and losses are charged directly to Shareholders' Equity in the Cumulative Translation Adjustment account. An analysis of the changes in the Cumulative Translation Adjustment account for the years ended December 31, 1983 and December 25, 1982 follows:

	1983	1982
	(in thousands)	
Cumulative translation adjustment at the beginning of the year	$(46,013)	$(26,582)
Translation adjustments and gains and losses from certain intercompany balances (net of hedges)	28,341	(19,431)
Income taxes allocated to translation adjustments	(25,870)	—
Amounts transferred to net income	2,566	—
Cumulative translation adjustment at the end of the year	$(40,976)	$(46,013)

Note 9/Supplementary Income Statement Items

	1983	1982	1981
		(in thousands)	
Maintenance and repairs	$184,800	$186,400	$168,100
Depreciation and amortization of property, plant and equipment	252,300	223,500	200,300
Advertising costs	488,300	437,000	376,500
State income taxes	28,000	20,000	25,900
Foreign exchange gains*	17,100	12,300	22,700

*1983 and 1982 gains were calculated in accordance with SFAS 52. 1981 gains were calculated in accordance with SFAS 8.

PHELPS DODGE CORPORATION (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in tables stated in thousands except as noted)

1 (in part): Summary of Significant Accounting Policies

Foreign Currency Translation. Beginning January 1, 1982, except as noted below, (i) all assets and liabilities are translated at current exchange rates while revenues and expenses are translated at average rates in effect for the period, and (ii) translation gains and losses are included in a separate component of shareholders' equity. For the translation of the financial statements of those affiliates operating in highly inflationary economies and of all foreign financial statements for 1981, assets and liabilities receivable or payable in cash are translated at current exchange rates and inventories and other foreign non-monetary assets and liabilities are translated at historical rates. Gains and losses resulting from translation of such financial statements are included in income. For all years presented, gains and losses incurred on foreign currency transactions are included in income.

14. Cumulative Translation Adjustments

Effective January 1, 1982, the Corporation adopted prospectively Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation," under which certain translation adjustments are accumulated in shareholders' equity. In 1981 all translation adjustments were included in net income. Statement No. 52 allowed for retroactive adoption. Had the Corporation retroactively applied the statement, net income for 1981 would have been reduced by $14.7 million. The Corporation has not entered into any significant transactions to hedge potential exposure to fluctuations in foreign currencies.

As required by the Statement, a cumulative translation adjustments account was established at January 1, 1982 that reduced shareholders' equity, investments and property, plant and equipment. Changes in the cumulative translation adjustments account during 1982 and 1983 are summarized below:

(in millions)	Cumulative translation adjustments account
Balance at January 1, 1982	$(17.7)
Aggregate adjustment for 1982	(12.1)
Deferred income tax benefits	3.0
Balance at December 31, 1982	(26.8)
Aggregate adjustment for 1983	(13.7)
Deferred income tax benefits	0.5
Balance at December 31, 1983	$(40.0)

A $7 million charge was made to the cumulative translation adjustments account in Common Shareholders' Equity in 1983 to reflect the reduction in the Corporation's equity in its Venezuelan affiliate resulting from the continuing devaluation of the Venezuelan bolivar. A charge to income would have been required with respect to the impact of this devaluation on the approximately $19 million U.S. dollar debt of this affiliate had it not been for a Government decree providing a preferential rate of exchange for the repayment of debt of this kind. The use of this preferential rate is conditioned, among other things, upon a stretch-out of repayment of U.S. dollar debt over seven years beginning in 1984. This affiliate is now negotiating such a restructure.

UNIROYAL, INC. (DEC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other income, net

Other income, net consisted of:

In thousands	1983	1982	1981
Interest income	$16,142	15,441	16,636
Equity in net income of affiliated companies	1,232	2,644	8,588
Dividends and stock redemptions from PASA, an Argentine affiliate	3,004	1,952	1,181
Royalty income	1,418	2,227	2,784
Gains on sale of assets	1,098	2,668	166
Gains on Monochem and Rubicon restructuring	—	24,568	—
Minority interests	163	549	391
Foreign exchange	(912)	(2,868)	(1,441)
Other	(3,315)	3,430	(508)
Total	$18,830	50,611	27,797

Stockholders' Equity (in part)

An analysis of the changes in accumulated translation adjustment follows:

In thousands	1983	1982	1981
Beginning balance	$(34,688)	(24,631)	(6,809)
Translation adjustments and gains and losses from certain hedges	(14,948)	(14,084)	(17,996)
Applicable income taxes	19	(205)	174
Realization of losses applicable to divestments	2,134	4,232	—
Ending balance	$(47,483)	(34,688)	(24,631)

The company has subsidiary or affiliate operations of varying significant in Argentina, Brazil, Colombia, and Mexico which were considered to be highly inflationary economies and, therefore, the foreign exchange translation gains and losses of these operations were included in income.

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 The Statement of Changes in Financial Position in relation to other financial statements. As shown in Table 5-1, the statement of changes is usually presented in an annual report as the last financial statement or after the income statement and balance sheet but before the statement of stockholders' equity.

TABLE 5-1: PRESENTATION IN ANNUAL REPORT

	1983	1982	1981	1980
Final statement	387	386	388	402
Follows income statement and balance sheet	154	151	153	144
Between income statement and balance sheet	52	56	52	49
First statement	5	5	6	2
Other	2	2	1	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.

Prior to 1981, it was rare to see a change in working capital or in cash and cash equivalents presented in terms other than total sources and total uses. In 1981 the survey companies began to present a change in working capital or in cash and cash equivalents in terms of fund flows associated with operating, investing, and financing activities. The number of survey companies using this form was 74 in 1981, 169 in 1982, and 227 in 1983. This form of presentation is discussed in the *FASB Discussion Memorandum–Reporting Fund Flows, Liquidity and Financial Flexibility.*

TABLE 5-2: FORMAT

	1983	1982	1981	1980
Changes in Working Capital				
Sources equal uses	39	46	59	65
Increase (decrease) in working capital	199	250	341	399
Ending working capital	48	50	66	77
Changes in Cash				
Sources equal uses	7	5	6	8
Increase (decrease) in cash or cash and cash equivalent	175	145	70	32
Ending cash or cash and cash equivalent	132	104	58	19
Total Companies	**600**	**600**	**600**	**600**

SOURCES AND USES

Sources Equal Uses

AMERICAN PETROFINA, INCORPORATED

Consolidated Statements of Changes in Financial Position

Three years ended December 31, 1983	1983	1982	1981
	(Thousands of dollars)		
Sources of working capital:			
Net earnings	$ 55,260	54,401	74,140
Items which do not use (provide) working capital:			
Depreciation, depletion, amortization, lease impairment and abandonments	84,492	66,612	60,271
Equity in earnings of affiliates	(5,105)	(2,078)	(4,479)
Deferred Federal income taxes	17,886	23,296	7,815
Working capital provided by operations	152,533	142,231	137,747
Decrease in investments in and advances to affiliates	19,412	21,715	—
Retirements and transfers of property, plant and equipment	10,810	44,678	2,946
Decrease in deferred charges and other assets	1,176	—	17,304
Proceeds from long-term debt	148,379	26,062	3,279
Increase in other deferred credits and liabilities	358	—	—
Proceeds from exercise of employee stock options	692	1,463	183
Proceeds from sale of treasury stock, net	726	—	200
Decrease in working capital	38,157	22,487	70,721
	$372,243	258,636	232,380
Uses of working capital:			
Increase in investments in and advances to affiliates	—	—	22,439
Additions to property, plant and equipment	288,586	155,312	134,321
Increase in deferred charges and other assets	—	22,546	—
Reductions in long-term debt and lease obligations	48,975	41,323	33,946
Decrease in other deferred credits and liabilities	—	4,029	7,168
Dividends paid	34,682	34,611	34,506
Purchase of treasury stock, net	—	815	—
	$372,243	258,636	232,380

COMMERCIAL METALS COMPANY

Consolidated Statements of Changes in Financial Position

($000s omitted)

	Year ended August 31 1983	1982	1981
Sources of Funds:			
Net earnings	$ 8,087	$ 9,528	$11,245
Expenses not requiring outlay of funds in the current period:			
Depreciation and amortization	8,181	7,932	6,365
Deferred income taxes	2,338	645	158
Equity in (earnings) losses of affiliates	594	350	(133)
Amortization of intangible assets	62	47	47
Writedown to market of investments in affiliates	—	—	318
Funds provided by operations	19,262	18,502	18,000
Additions to long-term debt	9,694	4,500	—
Increase in trade accounts payable and other payables and accrued expenses	8,976	—	20,268
Decrease in inventories, salvage jobs in process, and advances for materials	1,086	—	—
Sales or retirements of property, plant, and equipment	1,053	587	719
Stock issued under stock option and purchase plans	441	636	1,622
Decrease in other assets, net	76	240	104
Decrease in notes and accounts receivable	—	40,648	7,219
Increase in income taxes payable	—	6,830	—
Proceeds from sale of subsidiary	—	2,000	—
Decrease in cash and temporary investments	—	—	3,844
Decrease in prepaid expenses	—	153	3
	$40,588	$74,096	$51,779
Uses of Funds:			
Increase in notes and accounts receivable	$22,740	$ —	$ —
Additions to property, plant, and equipment	10,241	12,464	20,007
Payments on debt	2,543	2,658	3,050
Decrease in income taxes payable	1,983	—	6,304
Cash dividends	1,832	1,892	1,890
Increase in cash and temporary investments	1,223	3,210	—
Increase in prepaid expenses	26	—	—
Decrease in trade accounts payable and other payables and accrued expenses	—	39,498	—
Increase in inventories, salvage jobs in process, and advances for materials	—	9,069	19,802
Purchase of treasury stock	—	5,305	726
	$40,588	$74,096	$51,779

THE EASTERN COMPANY

Consolidated Statements of Changes in Financial Position

Fiscal Years Ended December 31, 1983, January 1, 1983, and January 2, 1982

	1983	1982 ($000)	1981
Source of Funds			
Income from continuing operations	$1,142	$ 612	$2,202
Items not affecting working capital:			
Depreciation and amortization	2,013	2,020	1,925
Deferred federal income taxes	192	81	—
Total from continuing operations	3,349	2,714	4,128
Gain (loss) from discontinued operations	22	(415)	(689)
Items not affecting working capital:			
Depreciation and amortization	106	212	287
Write-off of goodwill	96	—	—
Total from discontinued operations	225	(203)	(401)
Total From Operations	3,574	2,511	3,726
Disposals of properties, plant and equipment:			
Continuing operations	—	21	3
Discontinued operations	379	—	—
Disposal of other assets:			
Continuing operations	—	—	27
Discontinued operations	322	—	—
Decrease in working capital	—	2,029	161
	$4,276	$4,562	$3,918
Application of Funds			
Cash dividends	$671	$1,187	$1,361
Additions to property, plant and equipment	1,192	2,194	1,541
Increase in other assets	100	75	—
Common Stock purchased for treasury	188	94	—
Reduction in long-term debt	1,127	994	993
Increase in accumulated foreign currency translation adjustments	14	16	21
Increase in working capital	982	—	—
	$4,276	$4,562	$3,918

FREEPORT-McMoRAN INC.

Statements of Changes in Financial Position

Years Ended December 31,	1983	1982	1981
	(amounts in thousands)		
Sources of Funds			
Funds provided from operations:			
Net income	$ 93,472	$ 65,946	$159,366
Items which did not require funds:			
Depreciation and amortization	173,434	172,574	151,278
Deferred income taxes	41,057	29,603	75,182
Write-off of costs relating to evaluation of three major offshore oil and gas properties as noncommercial	—	71,710	—
Equity in net income of Freeport Indonesia, Incorporated (in excess of) less than dividends received	(5,479)	7,468	(5,059)
	302,484	347,301	380,767
Net change in operating working capital items	16,840	(32,267)	5,138
Other	4,269	9,342	6,349
Funds provided from operations	323,593	324,376	392,254
Financing transactions that provided funds:			
Proceeds from sales of interests in oil and gas properties	136,477	63,880	—
Proceeds from nonrecourse loan transferred to Freeport-McMoRan Oil and Gas Royalty Partnership	60,000	—	—
Proceeds from issuance of notes payable	—	119,347	160,322
Other	2,173	13,926	3,589
Funds provided from financing transactions	198,650	197,153	163,911
Total funds provided	$522,243	$521,529	$556,165
Uses of Funds			
Repayment of notes payable	$247,228	$ —	$ —
Acquisition of The Stone Exploration Corporation:			
Working capital	1,635	—	—
Property, plant and equipment	110,025	—	—
Notes payable assumed from The Stone Exploration Corporation	(40,000)	—	—
Issuance of 3.1 million shares of common stock	(71,660)	—	—
	—	—	—
Distribution of Freeport-McMoRan Oil and Gas Royalty Trust:			
Unamortized costs for oil and gas properties	(259,017)	—	—
Deferred income taxes	69,142	—	—
Nonrecourse loan secured by royalty interest	59,940	—	—
Retained earnings	129,935	—	—
	—	—	—
Investments in property, plant and equipment:			
Oil and gas	215,102	452,913	426,547
Other	17,310	26,855	90,551
	232,412	479,768	517,098
Cash dividends paid on common stock	42,603	41,761	39,067
Total funds used	$522,243	$521,529	$556,165

Increase (Decrease) In Working Capital or Cash

GRUMMAN CORPORATION

Consolidated Statement of Changes in Financial Position

(Dollars in Thousands)

	Year Ended December 31, 1983	1982	1981
Funds Provided By:			
Income from continuing operations	$110,746	$ 90,294	$ 73,950
Items not requiring funds			
Depreciation and amortization	34,096	25,189	20,463
Deferred income taxes	72,000	69,500	58,000
Other	3,914	2,429	1,871
From continuing operations	220,756	187,412	154,284
Loss from discontinued operations	—	(64,797)	(53,464)
Non-cash items, principally deferred income taxes	—	(52,622)	(41,529)
From discontinued operations	—	(117,419)	(94,993)
Total from operations	220,756	69,993	59,291
Additions to long-term debt	7,169	667	167,116
Stock issued on conversion of debentures	43,158	32,652	14,910
Increase (decrease) in accounts payable and other payables	42,285	17,780	(17,675)
Other	(5,310)	16,349	49,245
	308,058	137,441	272,887
Funds Used For:			
Expenditures for property, plant and equipment	88,206	52,715	49,691
Reduction of long-term debt	106,209	210,515	24,820
Cash dividends	28,422	21,237	19,842
Increase (decrease) in accounts receivable	15,209	(29,932)	25,021
Increase (decrease) in inventories	753	(85,481)	116,218
Acquisition of shares for treasury	—	—	24,267
Decrease (increase) in current maturities payable	38,716	(39,685)	(1,466)
Decrease in progress payments and deposits	18,669	6,254	3,629
	296,184	135,623	262,022
Increase in Cash and Marketable Securities	$ 11,874	$ 1,818	$ 10,865

MET-PRO CORPORATION

Statement of Changes in Financial Position

	Years Ended January 31, 1984	1983 ($000)	1982
Source of funds:			
From operations:			
Net income	$1,043	$1,131	$1,049
Charges (credits) not affecting working capital:			
Depreciation and amortization	604	506	441
Loss (gain) on sales and disposals of equipment	6	(9)	(7)
Deferred income taxes	55	43	(6)
Funds provided from operations	1,709	1,672	1,477
Proceeds from long-term debt	—	500	1,515
Reduction of restricted cash used to construct new plant	—	531	—
Proceed from sales of equipment	—	39	18
Proceeds from exercise of stock options	132	—	—
Total source of funds	1,841	2,742	3,010
Application of funds:			
Acquisition of plant and equipment	422	1,160	1,093
Restricted cash from construction financing	—	500	531
Reductions of long-term debt	208	322	287
Payment of dividends	260	255	232
Deferred bond issue costs	—	—	101
Reduction of capital lease obligation	36	28	25
Increase in other assets	33	55	23
Purchase of treasury stock	—	—	2
Total application of funds	962	2,322	2,297
Increase in working capital	$ 879	$ 419	$ 713

STANADYNE, INC.

Consolidated Statement of Changes in Financial Position

In thousands	For the Year Ended December 31, 1983	1982	1981
Sources of Working Capital			
From operations:—			
Net income	$22,052	$13,903	$25,273
Add (deduct) items not requiring working capital:			
Depreciation	11,298	10,060	8,637
Amortization of intangibles	207	231	251
Deferred compensation and other	1,753	(520)	2,537
Deferred income taxes, long term	3,794	4,161	2,072
	39,104	27,835	38,770
Proceeds from long-term debt	800	99	5,676
Sales and retirements of property, plant and equipment	293	409	4,748
	40,197	28,343	49,194
Uses of Working Capital			
Expended on plant and equipment	12,339	16,556	25,902
Funds escrowed for plant and equipment, net	(948)	(910)	2,949
Declaration of cash dividends	8,439	8,245	8,009
Reduction in long-term debt	3,701	3,191	2,642
Other	(191)	45	722
	23,340	27,127	40,224
Increase in working capital	$16,857	$ 1,216	$ 8,970

End of Year Working Capital or Cash

AMERICAN STORES COMPANY

Consolidated Statement of Changes in Financial Position

Fiscal years, 52 weeks, ended January 28, 1984, January 29, 1983 and January 30, 1982 (In thousands of dollars)

	1983	1982	1981
Sources of Funds			
Net Earnings	$117,902	$ 90,371	$ 64,552
Items not affecting working capital:			
Depreciation and amortization	87,321	83,070	80,799
Deferred income taxes	(3,290)	10,249	11,474
Other	811	528	1,063
Total provided from operations	202,744	184,218	157,888
Proceeds from long-term borrowing	25,427	16,997	8,152
Additions to obligations under capital leases	5,150	6,295	17,515
Disposals of owned properties	6,720	19,870	21,635
Disposals of leased properties	2,430	7,876	2,061
Issuance of common stock	2,995	9,130	—
Increased in other liabilities	7,248	9,800	62
	252,714	254,186	207,313
Uses of Funds			
Expended for property, plant and equipment	135,242	107,463	101,385
Additions to property under capital leases	5,150	6,295	17,515
Reduction of long-term debt	3,316	32,697	25,376
Reduction of obligations under capital leases	12,438	19,033	12,148
Cash dividends	24,332	21,026	19,099
Purchase of treasury stock	2,398	11,324	445
Other, net	4,106	(275)	1,390
	186,982	197,563	177,358
Increase in working capital	65,732	56,623	29,955
Working capital—beginning of year	220,007	163,384	133,429
Working capital—end of year	$285,739	$220,007	$163,384

CONE MILLS CORPORATION

Consolidated Statement of Changes in Financial Position

Years ended January 1, 1984 (52 weeks), January 2, 1983 (52 weeks) and January 3, 1982 (53 weeks)

	1983	1982	1981
	(amounts in thousands)		
Funds Provided:			
From Operations:			
Net income (loss)	$ (8,756)	$12,806	$33,721
Items not using (providing) funds:			
Depreciation and amortization	24,820	23,704	23,779
Deferred income taxes	7,257	5,699	6,757
Loss (gain) on property retirements	3,271	1,533	947
Other—net	2,090	98	185
Total From Operations	28,682	43,840	65,389
Additional long-term debt	2,728	3,250	—
Proceeds from property retirements	3,097	1,348	1,326
Sales of common stock	772	—	65
	35,279	48,438	66,780
Use of Funds:			
Gross property additions	50,812	37,800	49,356
Increase (decrease) in receivables	33,387	(10,221)	(34,261)
Increase (decrease) in inventories	2,583	(7,133)	3,093
Increase (decrease) in refundable income taxes	20,081	1,773	84
Decrease (increase) in accounts payable and accrued expenses	(13,783)	2,576	4,503
Accrued contribution to Employee Stock Ownership Plan	37,200	—	—
Decrease (increase) in income taxes	(153)	2,503	7,335
Long-term debt payments	6,528	6,539	4,071
Dividends paid	8,806	12,182	12,652
Purchases of common stock	—	6,130	1,824
Increase (decrease) in funds committed for property additions	(1,888)	2,100	—
Other—net	1,170	206	(450)
	70,343	54,455	48,207
Increase (Decrease) in Net Cash and Short-Term Investments	(35,064)	(6,017)	18,573
Cash and Short-Term Investments Less Notes Payable:			
Beginning of year	17,164	23,181	4,608
End of year	$(17,900)	$17,164	$23,181

GOULDS PUMPS, INCORPORATED

Statements of Changes in Consolidated Financial Position

For the Years Ended December 31, 1983, 1982 and 1981

	1983	1982	1981
		($000)	
Source of Funds:			
Operations:			
Net income	$14,404	$20,082	$25,737
Items not affecting cash:			
Depreciation	9,599	8,743	7,555
Increase in investment in affiliates	(1,539)	(1,042)	(1,577)
Increase in deferred taxes, other	3,241	2,153	3,611
Working Capital Provided by Operations	25,705	29,936	35,346
Cash provided by (used for) current assets and liabilities:			
Trade receivables	(1,547)	1,515	(16,281)
Inventories	8,958	(1,420)	1,090
Trade payables	1,967	(2,304)	6,075
Other—net	(4,184)	(2,651)	9,245
	5,194	(4,860)	129
Cash Provided by Operations	30,899	25,076	35,475
Proceeds from long-term debt	1,001	4,447	25,000
Other—net	1,439	226	670
Total Source of Funds	33,339	29,749	61,145
Use of Funds:			
Property additions	12,019	12,840	19,691
Dividends declared	11,853	11,855	10,516
Decrease in long-term debt	2,836	3,124	12,231
Purchase of treasury stock		3,182	
Purchase of other assets		5,985	1,203
Total Use of Funds	26,708	36,986	43,641
Increase (decrease) in cash and short-term investments	6,631	(7,237)	17,504
Cash and short-term investments:			
Beginning of year	13,380	20,617	3,113
End of year	$20,011	$13,380	$20,617

OPERATING, INVESTING, AND FINANCING ACTIVITIES

ANCHOR HOCKING CORPORATION

Consolidated Statement of Changes in Financial Position

Year Ended December 31

	1983	1982 ($000)	1981
Cash provided by (used for) operations:			
Continuing operations:			
Income before extraordinary gain	$23,515	$ 4,271	$23,760
Items not affecting cash:			
Depreciation	26,265	24,864	24,121
Deferred income taxes	(2,796)	1,936	(1,239)
Other	1,056	811	1,539
	48,040	31,882	48,181
Discontinued operation:			
Income (loss), including loss on disposition	(30,291)	8,050	5,873
Items not affecting cash:			
Provision for loss on disposition, excluding items affecting cash	38,995		
Depreciation	3,314	9,885	9,848
Deferred income taxes	(14,700)	3,542	1,675
Loss on dispositions of property, plant and equipment	108	157	58
	(2,644)	21,634	17,454
Current items	(3,319)	8,194	12,608
	42,077	61,710	78,243
Cash provided by (used for) investment activities:			
Property, plant and equipment expenditures—Continuing	(38,072)	(33,587)	(26,577)
—Discontinued	(3,688)	(14,199)	(9,410)
Property, plant and equipment dispositions	572	302	1,933
Disposition of Glass Container Division, net of $10,756 discounted note receivable	51,735		
Other acquisitions and dispositions	(2,841)		
Minority investments in other companies	(1,022)	(18,166)	
	6,684	(65,650)	(34,054)
Cash provided by (used for) financing activities:			
Notes payable	(11,134)	9,053	(16,715)
Current maturities of long-term debt	(601)	(160)	126
Debentures acquired in exchange for common stock less unamortized discount and original issue costs of $210 and extraordinary gain on retirement of $2,439	(12,351)		
Other reductions in long-term debt	(4,959)	(7,358)	(5,275)
Issuance of long-term debt	5,820	23,762	2,774
Dividends paid	(13,106)	(13,290)	(13,970)
Purchase of common stock		(16,484)	(422)
Common stock issued in exchange for debentures	12,304		
Common stock issued under management compensation and employee benefit plans	5,581	389	33
Other	371	172	1,035
	(18,075)	(3,916)	(32,414)
Cash and marketable securities:			
Increase (decrease) for year	30,686	(7,856)	11,775
Balance, beginning of year	17,940	25,796	14,021
Balance, end of year	$48,626	$17,940	$25,796

BURLINGTON INDUSTRIES, INC.

Consolidated Statement of Changes in Financial Position

(Dollar amounts in thousands)

For the 52 weeks ended October 1, 1983, the 52 weeks ended October 2, 1982 and the 53 weeks ended October 3, 1981

	1983	1982	1981
Funds from operations:			
Net earnings	$ 88,481	$ 52,487	$115,314
Items included not affecting funds:			
Depreciation and amortization of fixed assets	130,903	131,271	138,056
Amortization of deferred start-up costs	2,206	2,497	3,424
Currency transaction adjustments of long-term debt	(5)	(1,082)	(33,824)
Deferred income taxes	27,256	23,751	24,330
	248,841	208,924	247,300
Funds provided (used) by changes in operating working capital (except cash and short-term investments):			
Customer accounts receivable—net	(52,767)	103,394	(72,306)
Sundry notes and accounts receivable	31,913	(31,332)	2,046
Inventories	(57,128)	92,307	(9,558)
Prepaid expenses	(2,263)	4,037	194
Deferred income taxes	7,396	3,768	(6,731)
Accounts payable—trade	12,119	(32,387)	20,845
Sundry payables and accrued expenses	(1,856)	(42,300)	13,875
Income taxes	12,714	(14,063)	13,801
	(49,872)	83,424	(37,834)
Funds from operations	198,969	292,348	209,466
Dividends declared	43,398	32,358	52,619
Funds from operations retained in business	155,571	259,990	156,847
Funds used in (provided by) investment transactions:			
Fixed asset expenditures	147,050	221,803	217,496
Disposals of fixed assets	(11,657)	(28,606)	(26,102)
Currency translation adjustments of fixed assets	(9,123)	(9,160)	—
Other	(2,069)	(126)	6,268
	124,201	183,911	197,662
Funds used in (provided by) financing transactions:			
Changes in short-term borrowings	6,052	12,700	(1,518)
Long-term borrowings	(105,324)	(12,474)	(35,467)
Repayment of long-term debt	48,402	66,147	58,274
Currency translation adjustments of long-term debt	6,973	4,427	—
Changes in equity from currency translation adjustments	8,940	8,384	—
Issuance of common stock	(9,393)	(9,707)	(7,568)
Purchases of treasury shares	—	5,418	2,425
Other	(1,733)	(1,411)	(7,821)
	(46,083)	73,484	8,325
Net increase (decrease) in cash and short-term investments	$ 77,453	$ 2,595	$(49,140)

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			
	1983	**1982**	**1981**	**1980**
Net income or loss	441	453	468	517
Income or loss from continuing operations	74	76	73	41
Income or loss before extraordinary items	64	40	37	36
Depreciation and/or amortization and/or depletion	600	600	600	600
Deferred taxes and/or deferred investment credit	507	515	512	501
Equity in earnings or losses of investees	191	182	178	175
Minority interest	42	49	44	49

Net Income or Loss

BUCYRUS-ERIE COMPANY

Consolidated Statements of Changes in Financial Position

Years Ended December 31,	1983	1982	1981
		($000)	
Source of Working Capital			
From operations:			
Net earnings (loss)	$(133,002)	$25,697	$ 37,658
Charges (credits) not affecting working capital:			
Depreciation, amortization and write-down of fixed assets	61,679	24,108	27,262
Increase (decrease) in deferred liabilities	36,594	7,953	(3,878)
Equity in earnings of Ruston-Bucyrus, Limited	(205)	(899)	(11,293)
Write-down of investment in Ruston-Bucyrus, Limited	18,991		
Total working capital provided from (used in) operations	(15,944)	56,859	49,748
Dividends received from Ruston-Bucyrus, Limited	52	612	675
Disposals of property, plant and equipment	3,091	3,198	16,709
Decrease in noncurrent portion of notes receivable	2,582	4,493	4,049
Additions to long-term debt			91,800
Increase in noncurrent liabilities			9,419
Miscellaneous	76	159	82
Decrease in working capital	137,789	6,692	17,877
	$127,648	$72,016	$190,362
Application of Working Capitol			
Additions to property, plant and equipment	$ 14,924	$27,239	$ 92,324
Cash dividends paid	11,228	17,965	17,965
Reductions in long-term debt	100,703	23,238	1,258
Increase in intangibles		1,660	77,260
Effect of exchange rate changes on working capital	792	1,912	1,554
	$127,648	$72,016	$190,362

BURNDY CORPORATION

Consolidated Statements of Changes in Financial Position

(Dollars in thousands)

	Year Ended December 31, 1983	1982	1981
Sources of Working Capital:			
Operations:			
Net earnings	$12,040	$15,325	$32,839
Items not requiring an outlay of working capital:			
Depreciation and amortization of property, plant and equipment	9,083	8,652	9,444
Other amortization	297	495	487
Deferred income taxes	45	(601)	(147)
Deferred retirement	241	—	194
Gain on sale of assets by an unconsolidated affiliate	—	—	(8,140)
Equity in net earnings of unconsolidated affiliates	(976)	(1,083)	(2,750)
Working capital provided from operations	20,730	22,788	31,927
Proceeds from long-term debt	4,346	4,174	1,512
Decrease (Increase) in investments in and advances to an unconsolidated affiliate	(469)	1,187	107
Decrease in other assets	964	1,564	580
Stock options and awards	551	608	422
Proceeds from sale of assets by an unconsolidated affiliate	—	—	19,761
Change in property, plant and equipment due to exchange rate changes	1,864	1,927	1,826
	$27,986	$32,248	$56,135
Applications of Working Capital:			
Acquisitions of property; plant and equipment	$11,723	$17,017	$12,701
Change in shareowners' equity resulting from exchange rate changes	2,379	4,842	2,828
Dividends	9,577	8,686	7,849
Purchase of treasury stock	—	5,585	7,961
Reduction in long-term debt	6,159	2,928	4,409
Reduction in deferred retirement	—	201	—
Increase in goodwill	—	—	741
(Decrease) Increase in working capital	(1,852)	(7,011)	19,646
	$27,986	$32,248	$56,135

GENERAL REFRACTORIES COMPANY

Consolidated Statements of Changes in Financial Position

	Year Ended December 31, 1983	1982	1981
	(dollars in thousands)		
Working Capital Provided By			
Operations			
Loss from operations	$ (3,087)	$(63,457)	$(18,951)
Add (deduct) items not involving working capital			
Depreciation and amortization	9,750	12,846	12,524
Deferred income taxes	584	(737)	(2,314)
Equity in operations of associated companies adjusted for dividends received	(98)	(562)	13
Provision for loss on subsidiaries and affiliates, excluding working capital	—	4,750	5,735
Provision for restructuring domestic operations, excluding working capital	—	37,423	—
Net Provision for pension and separation pay	2,329	3,863	2,267
Working capital provided from (used for) operations	9,478	(5,874)	(726)
Net proceeds from sale and leaseback transactions	—	—	1,888
Proceeds from sale of investments in affiliates net of $300,000 (1982) received in long term notes	1,000	2,700	—
Proceeds from disposal of assets, net of gains included above	699	972	1,298
Pension liability for 1982 reclassified to noncurrent	2,500	—	—
Additions and reclassifications to long term debt	16,150	25,399	22,189
Total working capital provided	29,827	23,197	24,649
Working Capital Applied To			
Acquisition of property, plant and equipment	5,418	9,939	22,090
Long term debt paid or maturing currently	6,067	7,554	33,571
Increase in investments and notes receivable	1,348	672	1,806
Decrease (increase) in other non-current liabilities	2,937	(2,000)	—
Foreign currrency translation adjustment affecting working capital	3,866	3,272	4,667
Cash dividends on preferred shares	64	32	63
Preferred shares reacquired	143	—	660
Other	145	(585)	303
Total working capital applied	19,988	18,884	63,160
Increase (decrease) in working capital	$ 9,839	$ 4,313	$(38,511)

FOSTER WHEELER CORPORATION

Consolidated Statements of Changes in Financial Position

(In thousands of Dollars)

Year Ended December 31,	1983	1982	1981
SOURCES OF WORKING CAPITAL			
Operations:			
Net earnings	$44,213	$57,164	$64,302
Charges (credits) not affecting working capital:			
Depreciation and amortization	14,580	14,044	13,339
Non-current deferred tax	9,095	1,805	(3,232)
Issuance of treasury stock (at market value under Management and Sales Incentive and Profit Sharing Plans)	4,672	7,576	5,466
Minority interest	136	296	94
Other non-cash charges and credits (net)	263	477	(76)
Working capital provided from operations	72,959	81,362	79,893
Decrease in long-term notes and accounts receivable and deferred charges	1,900	7,004	—
Increase in long-term debt	—	2,664	—
Net non-current assets of subsidiaries not consolidated	—	—	2,365
Disposal of land, buildings and equipment	1,943	1,595	1,656
Proceeds from sale of common stock	1,006	447	656
Tax benefit related to Management and Sales Incentive and Profit Sharing Plans and stock options	933	1,423	2,362
Other	781	355	149
	79,522	94,850	87,081
Uses of Working Capital			
Investment in land, buildings and equipment	10,010	15,232	22,101
Increase in real estate and financing non-current assets	21,423	20,011	9,400
Cash dividends paid	14,960	15,085	14,081
Increase in investments and advances	—	904	1,933
Reduction of long-term debt	3,031	3,587	3,230
Purchase of treasury stock	8,894	8,898	6,141
Decrease in other long-term liabilities	402	585	949
Increase in long-term notes and accounts receivable and deferred charges	—	—	1,425
Decrease in working capital arising from translation adjustments	8,609	9,765	—
	67,329	74,067	59,260
Increase in Working Capital	$12,193	$20,783	$27,821

PRAB ROBOTS, INC.

Consolidated Statements of Changes in Financial Position

	Year ended October 31, 1983	1982	1981
Source of funds:			
From operations:			
Net earnings (loss) ...	$(55,919)	$522,131	$740,327
Add (deduct) items not requiring current outlay of funds:			
Depreciation	272,142	208,954	200,938
Non-current deferred income taxes	107,000	82,000	10,944
Equity in undistributed earnings of affiliate	(44,114)	(53,528)	(57,899)
Deferred compensation	(23,200)	9,180	11,943
Interest on notes receivable from employees	(29,513)	(30,007)	(20,096)
Amortization	17,554	23,893	24,025
Working capital provided by operations	243,950	762,623	910,182
Increase in long-term debt	6,021,735	1,500,000	107,000
Sale of fixed assets	—	6,975	1,119
Issuance of common stock	49,495	91,605	2,412,137
	6,315,180	2,361,203	3,430,438
Application of funds:			
Reduction of long-term debt	78,877	63,928	65,578
Purchase of fixed assets	261,518	1,891,025	190,295
Increase in other assets .	81,196	64,041	28,494
	421,591	2,018,994	284,367
Increase in working capital	$5,893,589	$ 342,209	$3,146,071

STONE CONTAINER CORPORATION

Consolidated Statements of Changes in Financial Position

(dollars in thousands)

Year Ended December 31,	1983	1982	1981
Funds provided:			
Net income (loss)	$ (2,922)	$14,185	$23,964
Charges to income not currently involving funds:			
Depreciation and amortization	34,213	21,551	17,265
Deferred taxes	(4,558)	6,533	10,847
Other—net	(225)	543	—
Total funds provided by operations	26,508	42,812	52,076
Long-term debt incurred or assumed:			
In connection with acquisitions	519,282	2,792	—
Other	—	31,500	50,188
Issuance of stock:			
Common	137,229	—	—
Preferred	—	7,400	—
Other—net	1,181	(616)	1,672
Total funds provided	684,200	83,888	103,936
Funds applied:			
Long-term assets of business acquired	452,246	5,273	—
Reduction of long-term debt	109,670	8,250	6,478
Additions and improvements to property, plant and equipment	21,028	63,101	67,668
Dividends and distributions paid on stock:			
Common	6,499	5,816	4,943
Preferred	510	—	—
Purchase of contractual rights and minority interest	—	—	13,500
Total funds applied	589,953	82,440	92,699
Increase in working capital	$ 94,247	$ 1,448	$ 11,237

Income or Loss From Continuing Operations

PENTRON INDUSTRIES, INC.

Consolidated Statements of Changes in Financial Position

Years Ended June 30, 1983, 1982 and 1981

	1983	1982	1981
		($000)	
Working capital was provided by (used to finance):			
Continuing operations:			
Loss from continuing operations	$(2,231)	$(1,126)	$ (113)
Add (deduct) charges which did not affect working capital:			
Depreciation	400	418	416
(Gain) loss on sale of machinery and equipment	36	(8)	(2)
Deferred compensation expense	111	23	18
Deferred income taxes	—	(190)	40
Total from continuing operations	(1,683)	(883)	359
Discontinued operations			
Loss from discontinued operations, net	(46)	(551)	(244)
Add (deduct) charges which did not affect working capital:			
Depreciation	188	249	284
Amortization and reduction of goodwill	112	7	131
Gain on disposal of assets	(149)	(138)	—
Total from discontinued operations	104	(432)	171
Total from operations	(1,578)	(1,315)	531
Proceeds from exercise of stock options	—	8	31
Proceeds from long-term debt	—	138	—
Proceeds from sale of machinery and equipment	1,090	509	52
Other, net	6	(1)	(4)
Total working capital provided (used)	(481)	(659)	611
Working capital was used for:			
Capital expenditures	244	483	402
Reduction of long-term debt	802	1,348	1,063
Total used	1,047	1,832	1,466
Decrease in working capital	$(1,529)	$(2,492)	$(854)

STANDUN INC.

Consolidated Statements of Changes in Financial Position

For the Years Ended November 30,	1983	1982	1981
		($000)	
Funds Were Provided by:			
Continuing Operations—			
Income from Continuing Business	$1,840	$1,538	$1,736
Items Not Affecting Working Capital:			
Depreciation and Amortization	794	610	347
Deferred Income Tax Provision	616	555	402
Total Provided by Continuing Operations	3,250	2,703	2,485
Discontinued Operations—			
Income (Loss) from Operations of Discontinued Business	(4)	(455)	54
Items Not Affecting Working Capital:			
Depreciation and Amortization	213	471	455
Total Provided by Discontinued Operations	209	16	509
Total Working Capital Provided by Operations	3,459	2,719	2,994
Property Retirements	38	84	170
Proceeds upon Exercise of Common Stock Options	145	96	24
Non-Current Assets of Discontinued Business Reclassified to Current, net	2,108	—	—
Long-Term Debt Issued in Connection with Repurchase of Common Stock	1,080	—	—
Other, net	121	(407)	54
	6,951	2,492	3,242
Funds Were Used for:			
Acquisitions of Companies—			
Property and Equipment, net	60	84	1,074
Cost in Excess of Fair Value of Acquired Businesses	275	2,576	—
Other Non-Current Assets, net	183	(140)	(76)
Additions to Property, Plant and Equipment	939	725	783
Payments Made or Current Maturities on Long-Term Debt	1,019	652	770
Repurchase of Common Stock	2,996	—	—
	5,472	3,897	2,551
Increase (Decrease) in Working Capital	$1,479	$(1,405)	$ 691

THE RYMER COMPANY

Consolidated Statements of Changes in Financial Position

for the ten months ended October 29, 1983
and years ended December 31, 1982 and 1981

	1983	1982	1981
Uses of working capital:			
By continuing operations:			
(Earnings) from continuing operations	$ (52)	$ (422)	$ (333)
Items not requiring (providing) working capital:			
Depreciation and amortization	(668)	(471)	(168)
Funds used (provided) by continuing operations	(720)	(893)	(501)
By discontinued operations:			
Loss from discontinued operations	6,714	266	9,686
Items not requiring (providing) working capital:			
Depreciation and amortization	(504)	(1,055)	(528)
Writedown of assets to net realizable value			(1,174)
Reduction of deferred employee benefits, net		647	
Deferred income taxes and other items			465
Equity in affiliate's earnings, net of dividends			191
Funds used (provided) by discontinued operations	6,210	(142)	8,640
Total funds used (provided) by operations	5,490	(1,035)	8,139
Excess cost over net assets acquired	23,853		
Net noncurrent assets of acquired businesses			10,913
Reduction in long-term debt	4,588	3,798	3,389
Increase in assets held for sale, noncurrent	582	687	
Purchase of property and equipment	193	210	217
Increase in other assets		14	284
Reduction of deferred employee benefits, net	143		
Total uses of working capital	$34,849	$3,674	$22,942
Sources of working capital:			
Proceeds from long-term borrowings	$12,350	$8,650	5,000
Proceeds resulting from obligations expected to be settled by issuance of common stock	410		
Proceeds from issuance of preferred stock	3,600		
Proceeds from issuance of common stock	4,240		
Assets held for sale	3,529	1,800	4,374
Decrease in notes receivable	488	230	96
Decrease in other assets	91		
Net noncurrent liabilities of acquired business	6,980		
Increase in deferred employee benefits		209	
Proceeds from sale of patents	1,700		
Other		37	
Total sources of working capital	33,388	10,926	9,470
Increase (decrease) in working capital	$(1,461)	$7,252	$(13,472)

Income or Loss Before Extraordinary Item

BIRD INCORPORATED

Consolidated Statements of Changes in Financial Position

Year ended December 31,	1983	1982	1981
		($000)	
Cash was provided by:			
Earnings (loss) from continuing operations before extraordinary credit	$ 1,084	$(20,456)	$(27,396)
Add (deduct) items not affecting cash in the period:			
Depreciation and amortization	5,928	5,474	6,643
Deferred income taxes	29	(549)	(3,986)
(Gain) loss on disposal of property, plant and equipment	(97)	712	9,906
Gain on disposal of certain operations	(599)	(737)	—
Non-cash acquisition of assets	(180)	(1,883)	—
(Increase) decrease in accounts and notes receivable	(6,380)	4,122	11,130
(Increase) decrease in inventories	(1,244)	1,339	5,071
(Increase) decrease in other current assets	(234)	739	1,326
(Decrease) increase in current liabilities not related to financing activities	(2,776)	1,618	(2,331)
Cash provided (used) from continuing operations before extraordinary credit for the period	(4,469)	(9,621)	363
Gain from discontinued operations	—	—	336
Extraordinary credit	133	—	—
Cash provided (used) from operations for the period	(4,336)	(9,621)	699
Proceeds from disposal of assets	1,643	22	4,279
(Increase) decrease in recoverable federal and state income taxes	(70)	19,160	(14,203)
	(2,763)	9,561	(9,225)
Cash was used for:			
Acquisition of property, plant and equipment	8,624	10,501	6,687
Declaration of cash dividends	1,163	54	452
Prepaid lease expense	—	740	—
Other	(261)	45	—
Total	9,526	11,340	7,139
Decrease in cash and marketable securities before financing activities	(12,289)	(1,779)	(16,364)
Financing activities:			
Proceeds from public offering of preference stock, less issuance costs	14,445	—	—
Debt proceeds	—	54,750	—
Industrial Revenue Bond issue	(117)	6,000	—
Retirement of short term and revolving loans	—	(45,000)	—
Retirement of term loan	—	(14,250)	—
Increase in deferred pension liabilities	516,000	1,938,000	—
Increase in short term loans	—	—	7,500
Increase in revolving loans	—	—	8,000
Other sources and (uses)	266	(714)	123
Net financing proceeds	15,110	2,724	15,623
Increase (decrease) in cash and marketable securities	$2,821	$ 945	$ (741)

MUNSINGWEAR, INC.

Consolidated Statements of Changes in Financial Position

(Amounts in thousands)	Years ended December 31 1983	1982	1981
Funds provided:			
Earnings (loss) before extraordinary item and cumulative effect of a change in accounting principle	$ 1,671	$(14,817)	$(7,128)
Items which do not use (provide) working capital:			
Provision for noncurrent portion of deferred income taxes	—	—	(2,914)
Depreciation and amortization of property, plant and equipment	1,859	2,201	2,060
(Gain) loss on sale of land and buildings	38	(1,378)	(819)
Working capital provided (used) before extraordinary item and cumulative effect of a change in accounting principle	3,568	(13,994)	(8,801)
Extraordinary item — recognition of tax loss carryforward benefit	1,042	—	—
Cumulative effect on prior years of a change in accounting principle relating to inventories	—	—	877
Total working capital provided (used) by operations	4,610	(13,994)	(7,924)
Proceeds from long-term note receivable	1,000	—	—
Proceeds from sale of common stock, net	40	—	12,333
Proceeds from sale of land and buildings	267	2,475	1,269
Other	(167)	(17)	(25)
Total funds provided (used)	5,750	(11,536)	5,653
Funds used:			
Additions to property, plant and equipment	291	998	3,190
Reduction of short-term debt to be retired	—	—	12,400
Current installments and repayment of long-term debt	2,200	2,407	2,329
Non-current installments from land and building sales	—	1,000	—
Total funds used	2,491	4,405	17,919
Increase (decrease) in working capital	3,259	(15,941)	(12,266)
Working capital at beginning of year	24,437	40,378	52,644
Working capital at end of year	$27,696	$24,437	$40,378

PANTASOTE INC

Statements of Changes in Consolidated Financial Position

For the Years Ended December 31,	1983	1982	1981
		(In thousands)	
Resources Provided			
Income (loss) before extraordinary income	$ 1,104	$(1,456)	$ (63)
Add (deduct) items not affecting working capital:			
Depreciation	3,619	3,703	4,510
Amortization	113	124	59
Deferred income taxes	261	(1,493)	(849)
Deferred investment credits	(181)	(358)	(356)
Deferred compensation and termination indemnity pay	649	681	739
Gain on disposition of property, plant and equipment		(716)	
Share in net loss of affiliate	267	305	125
Plant closing costs—noncurrent items			1,809
Resources provided from operations exclusive of extraordinary income	5,832	790	5,974
Extraordinary income	285	147	429
Proceeds from sale of property, plant and equipment		1,578	
Additions to long-term debt		1,161	958
Other	443	760	380
Total Resources Provided	6,560	4,436	7,741
Resources Applied:			
Additions to property, plant and equipment	2,817	3,188	3,715
Reduction of long-term debt	1,919	690	1,187
Payments of deferred compensation and termination indemnity pay	338	203	218
Cash dividends on common stock			194
Investment in affiliate		308	1,126
Effect of exchange rate changes on working capital	165	388	392
Total Resources Applied	5,239	4,777	6,832
Increase (Decrease) in Working Capital	1,321	(341)	909
Working Capital at beginning	20,972	21,313	20,404
Working Capital at end	$22,293	$20,972	$21,313

TONKA CORPORATION

Consolidated Statements of Changes in Financial Position

Years Ended December 31, 1983, January 1, 1983 and January 2, 1982

	1983	1982	1981
		($000)	
Funds Provided			
From operations:			
Earnings (loss) before extraordinary gain	$(6,909)	$ (2,661)	$6,734
Items not affecting working capital:			
Depreciation and amortization	3,402	3,341	3,739
Deferred income taxes (credit)	881	367	(7)
Total from Operations Before Extraordinary Gain	(2,626)	1,047	10,466
Extraordinary gain on termination of pension plan	3,059		
Total from Operations	432	1,047	10,466
Disposals of property and equipment	485	60	158
Disposal of assets under capital leases	478		
Exercise of stock options			83
Increase in long-term debt		10,820	28
	1,397	11,927	10,737
Funds Used			
Additions to property, plant and equipment	5,459	11,715	5,140
Cash dividends	429	429	1,335
Decrease in long-term debt	2,537	1,171	376
Purchase of treasury stock		20,821	
Increase (decrease) in other assets	545	67	(285)
Foreign currency translation adjustments	258	586	
	9,230	34,791	6,567
Increase (Decrease) in Working Capital	$(7,833)	$(22,863)	$ 4,170

THE VENDO COMPANY

Consolidated Statements of Changes in Financial Position

For the Years Ended December 31, 1983, 1982 and 1981

	1983	1982	1981
	(In thousands)		
Working Capital was Provided by (Used For):			
Operations—			
Income (loss) before extraordinary items	$(3,647)	$1,313	$(2,061)
Charges (credits) not affecting working capital—			
Depreciation	1,220	854	1,105
Gains on sales of plant and equipment	—	—	(2,079)
Working capital provided by (used for) operations	(2,427)	2,167	(3,035)
Extraordinary items	—	1,851	2,810
Proceeds from long-term debt	766	2,859	—
Cash from disposition of litigation award assets	163	2,249	—
Receipts from (payments to) VFC Acceptance Corporation	254	497	(786)
Issuance of treasury stock	74	168	—
Proceeds from sales of plant and equipment	—	—	6,435
Total working capital provided (used)	(1,170)	9,791	5,424
Working Capital Was Used For:			
Additions to property, plant and equipment	3,071	1,675	371
Acquisition of prepaid license	1,000	—	—
Assets received from litigation awards	—	317	2,810
Reduction of long-term debt	699	920	2,562
Change in cumulative translation adjustment	547	100	500
Other	348	119	(166)
	5,665	3,131	6,077
Increase (Decrease) in Working Capital	$(6,835)	$6,660	$ (653)

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			
	1983	1982	1981	1980
Sources				
Issuance of long-term debt	456	485	458	462
Issuance of capital stock ...	413	358	404	371
Sale, disposal, or retirement of property	397	418	426	421
Investments	116	109	102	107
Capitalized leases	51	51	65	83
Noncurrent receivable	53	46	47	53
Uses				
Property	596	598	598	599
Dividends	518	527	528	531
Long-term Debt	538	530	530	540
Investments	213	207	230	210
Purchase, redemption, or retirement of capital stock	217	226	216	195
Decrease in capitalized leases	74	84	100	100
Noncurrent receivables	61	59	66	73
Intangibles	37	43	41	50

Property

BMC INDUSTRIES, INC.

Consolidated Statements of Changes in Financial Position

(in thousands)

Years Ended December 31	1983	1982	1981
Source of Funds			
Net earnings	$ 7,788	$ 4,520	$ 3,472
Items in earnings not affecting working capital:			
Depreciation	5,017	4,182	4,056
Amortization of deferred credit	(2,760)	(1,933)	—
Amortization of patents and other assets	1,248	532	105
Deferred income taxes	—	351	939
Loss (gain) on disposal of property and equipment	363	189	(33)
Other	—	—	217
Total from Operations	11,656	7,841	8,756
Excess working capital of Camelot Industries Corp. over purchase price	—	10,183	—
Proceeds from sale of stock	18,338	15,842	802
Proceeds from long-term borrowing	24,771	10,360	4,694
Proceeds from sale of property and equipment	603	60	129
Other	—	1,027	—
Total Source of Funds	55,368	45,313	14,381
Application of Funds			
Additions to property, plant and equipment	13,381	6,212	7,594
Purchase of patents and other assets	8,079	2,361	3,140
Current maturities and prepayments of long-term debt	35,108	2,512	1,700
Cash dividends declared	1,897	1,266	1,140
Net adjustments from foreign currency translation...............	(117)	153	755
Other	730	—	127
Total Application of Funds .	59,078	12,504	14,456
Increase (Decrease) in Working Capital	$(3,710)	$32,809	$ (75)

INTERNATIONAL PAPER COMPANY

Consolidated Statements of Changes in Financial Position

In millions of dollars— for the years ended December 31	1983	1982	1981
Funds Provided			
Earnings before extraordinary item	$ 254.9	$ 160.8	$ 525.0
Non-cash items:			
Depreciation	224.8	203.1	223.4
Deferred income taxes	68.7	(32.4)	209.6
Other non-cash items, net	39.5	19.7	39.6
Gain on sales of businesses and properties, net of income taxes			(222.0)
Funds Provided from Operations Exclusive of Extraordinary Item	587.9	351.2	775.6
Extraordinary item, less applicable taxes		11.0	
Funds Provided from Operations and Extraordinary Item	587.9	362.2	775.6
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
Decrease (increase) in construction funds held by trustees	95.4	(184.1)	23.4
Issuance of long-term debt	16.9	301.2	38.4
Increase (decrease) in other current liabilities	18.2	(83.8)	78.4
Other sources, net, including proceeds from sales of tax benefits, net of income taxes	29.9	84.7	147.6
Total Funds Provided	748.3	1,038.6	1,243.6
Application of Funds			
Cash dividends paid	145.2	145.1	145.2
Invested in—plants, properties, and equipment	679.1	432.7	656.4
timberlands	59.2	36.8	59.6
Reduction of long-term debt	80.3	129.1	126.1
Increase in receivables, net	82.1	23.0	44.1
Increase (decrease) in refundable federal income taxes	53.4		(82.9)
Increase (decrease) in inventories and other current assets	27.9	(26.4)	54.6
Decrease (increase) in accrued income taxes	72.8	100.1	(17.1)
Total Funds Applied	1,200.0	840.4	986.0
Increase (Decrease) in Cash and Temporary Investments	($ 451.7)	$ 198.2	$ 257.6

WILLAMETTE INDUSTRIES, INC.

Consolidated Statements of Changes in Financial Position

Years ended December 31, 1983, 1982 and 1981
(dollar amounts in thousands)

	1983	1982	1981
Working capital provided:			
Earnings before extraordinary charge	$ 22,272	5,345	28,604
Add charges against earnings not requiring working capital:			
Depreciation	45,205	41,596	33,529
Stumpage on fee timber harvested and amortization of logging roads	12,551	13,240	12,582
Other amortization	791	763	1,082
Deferred income taxes	12,736	11,844	12,595
Working capital provided from operations before extraordinary charge	93,555	72,788	88,392
Extraordinary charge	—	(14,438)	—
Long-term borrowings	100,629	183,229	96,586
Sales of property, plant and equipment	6,008	1,179	1,736
	200,192	242,758	186,714
Working capital used:			
Cash dividends paid	22,865	22,865	22,260
Expenditures for property, plant and equipment	45,891	68,272	115,625
Expenditures for timber and timberlands	9,619	4,747	7,029
Expenditures for roads and reforestation	4,759	4,666	5,966
Net change in timber purchase contracts	(4,871)	(106)	6,141
Reduction of long-term debt	158,168	134,239	18,258
Other	(1,140)	(116)	(875)
	235,291	234,567	174,404
Increase (decrease) in working capital	$(35,099)	8,191	12,310

Capital Stock

JAMES RIVER CORPORATION OF VIRGINIA

Consolidated Statements of Changes in Financial Position

For the Years Ended April 24, 1983, April 25, 1982 and April 26, 1981

	1983	1982	1981
		($000)	
Sources of working capital:			
Operations:			
Income before extraordinary charge	$55,147	$22,352	$ 21,355
Charges to income not affecting working capital:			
Depreciation and cost of timber harvested	32,095	14,305	9,286
Deferred income taxes	23,272	7,457	5,221
Amortization and other	1,083	221	155
Working capital from operations excluding extraordinary charge	111,599	44,336	36,019
Extraordinary charge			(3,474)
Issued or assumed in connection with acquisitions:			
Common stock	57,766		21,437
Preferred stock of a subsidiary	39,000		
Preferred stock			45,790
Long-term debt and other long-term liabilities	366,866		134,348
Common stock of a subsidiary	2,000		
Working capital acquired	193,312		47,582
Increase in long-term debt		25,000	10,800
Common stock issued			
Public offerings, net of expenses	76,039		
Conversion of preferred stock	45,420	3	4,925
Conversion of convertible subordinated notes	4,250		
Exercise of stock options	584	155	336
Other, net	1,928	7,533	3,478
Total sources	$898,768	$77,030	$301,243
Application of working capital:			
Additions to property, plant and equipment	$ 77,042	$42,103	$ 21,279
Reduction of long-term debt	62,652	15,376	14,915
Assets acquired from acquisitions	476,540		206,975
Excess of fair value over cost of assets acquired	(15,907)		
Common and preferred stock cash dividends	8,314	8,663	6,106
Conversion and redemption of preferred stock	46,672	3	5,000
Increase in working capital	243,452	10,883	46,965
Total applications	$898,768	$77,030	$301,243

MALONE & HYDE, INC.

Statements of Changes in Consolidated Financial Position

	Year (52 Weeks) Ended June 25 1983	June 26 1982	June 27 1981
		(In thousands)	
Source of Funds			
Net income	$34,014	$27,759	$18,283
Items not currently affecting working capital:			
Depreciation and amortization	19,914	16,759	15,506
Deferred income taxes—noncurrent	(869)	3,029	1,476
Net income of unconsolidated subsidiaries	(1,781)	(1,487)	(1,573)
Other	1,722	(381)	543
Total from Operations	53,000	45,689	34,235
Proceeds from long-term borrowings and capitalized lease obligations	13,166	420	26,361
Proceeds from sale of Common Stock under stock option and stock purchase plans	6,899	3,235	3,851
Disposals of property, plant and equipment, net of accumulated depreciation	9,822	5,345	15,739
Reduction in advances to unconsolidated subsidiaries		3,349	1,378
Other sources			70
	82,887	58,038	81,634
Application of Funds			
Additions to property, plant and equipment	47,266	19,891	49,596
Plant and equipment and other assets of acquired businesses, excluding acquired working capital of $14,500,000 in 1982		10,751	2,244
Reduction of long-term debt and capitalized lease obligations	6,855	10,179	23,667
Cash dividends on Common Stock	11,666	10,866	9,886
Purchase of Common Stock	13,254	5,714	
Increase in advances to unconsolidated subsidiaries	4,381		
Other applications	612	296	412
	84,034	57,697	85,805
Increase (Decrease) in Working Capital	($ 1,147)	$ 341	($ 4,171)

Debt

ARDEN GROUP, INC

Statements of Changes in Financial Position

	For The Fifty-Two Weeks Ended Dec 31, 1983	Jan 1, 1983	Jan 2, 1982
Source of working capital:		($000)	
Income before extraordinary items	$ 2,074	$ 2,826	$ 3,200
Items not requiring (providing) working capital:			
Depreciation and amortization	14,570	12,332	9,374
Amortization of debt discount on debentures	363	309	256
Amortization of property for sublease	322	223	203
Deferred income taxes	147	597	309
Other items, net	120	63	235
Total working capital provided by operations	17,598	16,353	13,579
Extraordinary items	(308)	63	1,043
Deferred income taxes on extraordinary items	(41)	7	117
	17,248	16,423	14,740
Retirement or sale of property, plant and equipment	5,960	3,866	2,159
Retirement or sale of property for sale or sublease	264		292
Increase in deferred income	905	1,379	321
Decrease in noncurrent receivables	618	31	644
Decrease in net investment in direct financing and sales type leases	390	367	347
Decrease in licenses, buying deposits and other	389	392	25
Issuance of Common stock	85	46	162
Increase in long-term debt		3,259	1,495
Issuance of 19% subordinated debentures			2,371
Issuance of 8¼% debentures			987
	25,863	25,767	23,547
Use of working capital:			
Investment in property, plant and equipment	19,135	24,069	15,249
Decrease in long-term debt	4,140		
Purchase of treasury stock	3,281	175	189
Redemption of 19% subordinated debentures	2,336		
Redemption of 7% subordinated income debentures, including interest	20	111	2,686
Cash dividends declared on Serial Preferred stock	306	306	306
Retirement of Common stock		1,637	2,611
Other transactions, net	189	(31)	98
	29,410	26,268	21,142
Increase (decrease) in working capital	$(3,547)	$ (500)	$ 2,404

INTERNATIONAL BANKNOTE COMPANY, INC.

Consolidated Statement of Changes in Financial Position

	Year Ended December 31 1983	1982	1981
		(In Thousands)	
Source of Working Capital			
From operations:			
Net income (loss)	$(18,013)	$(4,669)	$ 9,803
Items not affecting working capital:			
Depreciation and amortization	7,122	6,341	5,086
Provision for restructuring and consolidation	4,500		
Minority interests	699	773	660
Employee benefits	644	(695)	579
Deferred income taxes	(3,371)	(3,728)	3,815
Sundry—net	75	(335)	(38)
Working capital provided from (used in) operations	(8,344)	(2,313)	19,905
Issuance of warrants	13,585		
Long-term debt:			
Issuance of 10% debentures, net of original issue discount	26,415		
Long-term borrowings	8,116	15,400	10,600
Issuance of 11% debentures		35	1,843
Refinancing of bank loans			25,538
Equipment sold to lessor	1,501		
Disposals of equipment	207	569	308
Issuance of Common Stock—conversion of debentures	17	53	2,480
Sundry	134	36	
Total sources of working capital	41,631	13,780	60,674
Uses of Working Capital			
Reduction in long-term debt and capital lease obligations:			
Payments and transfers of current portion and in 1981 refinancing of bank loans	30,578	9,480	35,512
Exchange of 6% debentures		50	2,633
Issuance costs of 10% debentures and warrants	2,835		
Additions to property, plant and equipment	9,864	9,344	15,334
Conversion of debentures	17	53	2,480
Preference Stock dividends	75	104	1,696
Common Stock dividends	996	1,001	
Effect of translation adjustment	15	2,340	3,496
Sundry	1,211	288	
Total uses of working capital	45,591	22,660	61,151
(Decrease) in Working Capital	$ (3,960)	$ (8,880)	$ (477)

Dividends

WHITTAKER CORPORATION

Consolidated Statement of Changes in Financial Position

For the Years Ended October 31

	1983	1982	1981
		(In thousands)	
Working Capital Provided by			
Operations			
Net income	$ 37,609	$ 58,688	$69,328
Items not affecting working capital—			
Depreciation and amortization	23,810	21,840	19,920
Deferred taxes	6,888	—	—
Working capital provided from operations	68,307	80,528	89,248
Disposals of property, plant and equipment	11,129	9,307	10,776
Issuance of long-term debt	23,287	38,909	31,251
Increase in minority interest	11,570	2,500	1,940
Issuance of common stock upon conversion of debt	40	3,118	6,398
Reclassification of deferred income taxes	16,339	—	—
	130,672	134,362	139,613
Working Capital Applied to			
Assets acquired in connection with purchased businesses—			
Property, plant and equipment	—	5,893	—
Goodwill	—	2,213	—
Capital expenditures	19,688	59,475	39,240
Reduction of long-term debt	29,065	18,296	29,639
Cash dividends on preferred stock	639	644	659
Cash dividends on common stock	23,064	24,789	21,490
Cost of company stock reacquired	123	33,967	54
Increase in noncurrent receivables	12,026	6,234	3,365
Increase in noncurrent investments	15,177	19,708	—
Currency translation adjustments	2,741	7,426	—
Other items, net	3,443	3,997	4,040
	105,966	182,642	98,487
Increase (Decrease) in Working Capital	$ 24,706	$(48,280)	$ 41,126

M. LOWENSTEIN CORPORATION

Statements of Changes in Consolidated Financial Position

For the fiscal years ended December 31, 1983, December 25, 1982 and December 26, 1981
(in thousands of dollars)

	1983 (53 Weeks)	1982 (52 Weeks)	1981 (52 Weeks)
Working capital provided by:			
Operations:			
Net income	$22,178	$15,462	$17,390
Charges (credits) to operations not currently requiring (providing) working capital:			
Depreciation and amortization	14,186	13,047	12,587
Deferred income taxes	2,939	915	3,479
Equity in earnings of affiliates	(1,626)	(1,206)	(772)
Minority shareholders' equity in net income	1,264	1,131	1,485
Other, net	(653)	161	91
Total from operations	38,288	29,510	34,260
Property disposals	5,171	565	3,355
Long-term debt additions	675	—	270
Exercise of employee stock options	367	182	134
Other, net	510	433	278
Total working capital provided	45,011	30,690	38,297
Working capital applied to:			
Property additions	19,755	29,946	22,025
Long-term debt repaid or classified as current	11,190	4,790	5,668
Dividends	5,201	4,006	3,330
Subsidiary dividend to minority shareholders	474	2,083	—
Purchase of minority interests in subsidiaries	—	532	3,807
Accumulated foreign currency translation adjustment	418	1,018	2,450
Other assets	—	—	(3,899)
Total working capital applied	37,038	42,375	33,381
Increase (decrease) in working capital	$ 7,973	$(11,685)	$ 4,916

Purchase Method Business Combination

LEGGETT & PLATT, INCORPORATED

Consolidated Statement of Changes in Financial Position

Year ended December 31

(Dollar amounts in thousands)	1983	1982	1981
Sources of Working Capital			
From operations			
Net earnings	$15,575	$ 9,816	$12,479
Charges (credits) to earnings not affecting working capital			
Depreciation and amortization	8,880	7,257	6,604
Earnings of associated companies	(2,047)	(881)	(1,148)
Deferred income taxes	288	838	310
Other	116	154	164
Distributions from associated companies	1,225	397	900
Working capital provided from operations	24,037	17,581	19,309
Proceeds from long-term debt	26,579	8,680	10,038
Issuance of common stock	15,596	2,578	1,286
Sales of property, plant and equipment	733	302	665
Decrease in advances to associated companies	2,473	—	—
Other	2,032	358	128
	71,450	29,499	31,426
Applications of Working Capital			
Additions to property, plant and equipment	16,212	10,537	9,668
Reductions of long-term debt	11,216	4,388	2,896
Cash dividends	2,932	2,440	2,251
Purchase of treasury stock	—	2,145	12,191
Advances to associated companies	—	191	838
Purchase of companies, excluding working capital—			
Property, plant and equipment	6,433	—	—
Intangibles and other assets	6,494	—	—
Long-term debt	(4,028)	—	—
Other	1,881	6,134	36
	41,140	25,835	27,880
Increase in working capital	30,310	3,664	3,546
Working capital—beginning of year	36,856	33,192	29,646
Working capital—end of year	$67,166	$36,856	$33,192

GERBER PRODUCTS COMPANY

Consolidated Statement of Changes in Financial Position

	Year Ended March 31		
	1983	1982	1981
	(Thousands of Dollars)		
Source of Working Capital			
Earnings before extraordinary items	$ 39,045	$ 39,178	$ 34,471
Charges (credits) which did not affect working capital:			
Depreciation and amortization	18,844	17,624	15,304
Deferred income taxes	(451)	(919)	226
Share of (earnings) loss of unconsolidated companies	641	(706)	(577)
Other	1,166	1,343	—
Total from Operations Before Extraordinary Items	59,245	56,520	49,424
Tax benefit from write-off of operating rights, less deferred portion ($1,168,000)		629	
Total from operations	59,245	57,149	49,424
Proceeds from long-term borrowings	35,005	2,075	20,228
Sale of Venezuelan subsidiary			12,074
Carrying value of other property disposals	3,132	7,572	4,234
Realization of purchased tax benefits	11,250	4,869	
Disposition of majority interest in Mexican company	2,097		
Reduction in non-trade notes receivable	477	2,617	
Other	1,445	1,336	
Total sources	112,651	75,618	85,960
Application of Working Capital			
Amounts assigned to net noncurrent assets of purchased companies:			
Land, buildings and equipment	5,922	4,064	6,844
Intangible assets	3,344	994	1,160
Other	1,112	123	700
Long-term liabilities assumed (deduct)	(2,072)		(1,207)
	8,306	5,181	7,497
Other additions to land, buildings and equipment	17,680	30,037	28,755
Cash dividends	18,201	16,744	15,492
Payments and current maturities of long-term debt	2,854	2,585	4,544
Increase in non-trade notes receivable	50		7,246
Cost of purchased tax benefits	10,662	6,626	
Other	613		2,922
Total applications	58,366	61,173	66,456
Increase in working capital	54,285	14,445	19,504
Working capital at beginning of year	113,182	98,737	79,233
Working capital at end of year	$167,467	$113,182	$98,737

ESMARK, INC.

Consolidated Statement of Changes in Financial Position

(In thousands) For the years ended	Oct. 29, 1983 (52 weeks)	Oct. 30, 1982 (52 weeks)	Oct. 31, 1981 (53 weeks)
Sources			
Operations—			
Ongoing operations:			
Earnings from ongoing operations	$117,348	$101,066	$ 35,257
Charges (credits) not involving working capital:			
Undistributed earnings of nonconsolidated subsidiaries and affiliates	(11,807)	(9,832)	(5,805)
Nonrecurring charge			59,000
Depreciation and amortization	79,975	66,849	57,278
Deferred income taxes	18,291	27,573	(10,145)
Pension and related health care programs	7,434		5,448
Other—net	7,900	1,817	7,028
Total from ongoing operations	219,141	187,473	148,061
Operations subject to disposition:			
Net gain on restructuring		6,500	58,512
Charges (credits) not involving working capital:			
Deferred income taxes		11,542	(64,740)
Total from operations subject to disposition		18,042	(6,228)
Total from operations	219,141	205,515	141,833
Acquisition of NSI—			
Preferred stock issued	79,320		
Common stock issued to retire acquisition debt	296,100		
Acquisition debt to be refinanced as long-term debt	50,000		
Value assigned to noncurrent liabilities:			
Long-term debt	322,241		
Deferred and noncurrent income taxes	160,225		
Cost assigned to noncurrent assets:			
Property and operating facilities	(460,208)		
Unallocated purchase cost	(331,007)		
Investment in leasing subsidiary	(11,591)		
Other—net	(53,275)		
Total from acquisition of NSI	51,805		
Long-term borrowings	13,569	32,943	8,925
Reclassification of pension liability			33,852
Property and operating facilities disposals	62,904	10,699	9,649
Issuance of treasury stock in exchange for debt		10,248	
Total	347,419	259,405	194,259
Dispositions			
Property and operating facilities additions	88,663	91,875	83,160
Noncurrent assets of purchased businesses other than NSI	52,211	37,466	15,358
Disposition of subsidiary:			
Noncurrent assets sold			(39,741)
Investment in affiliate			25,270
Long-term receivable			35,000
Long-term debt reductions	28,470	53,074	23,219
Dividends declared	29,724	24,827	22,686
Treasury stock purchases	5,277	42,687	29,167
Preferred stock redemption	40,000		
Transfer of noncurrent taxes to current			16,100
Reclassification of pension liability		18,039	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies—net	5,548	(3,716)	13,214
Other—net	2,522	5,779	16,996
Total	252,415	270,031	240,429
Increase (decrease) in working capital	$ 95,004	$(10,626)	$(46,170)

Investments

ROWE FURNITURE CORPORATION

Statement of Changes in Consolidated Financial Position

	Year Ended November 30, 1983	1982	1981
	($ thousands)		
Working Capital Provided			
Operations			
Net earnings (loss)	$2,361	$ 309	($ 288)
Items not requiring (providing) working capital			
Depreciation and amortization	1,801	1,502	1,331
Other—net	360	82	(44)
Working capital provided from operations	4,522	1,893	999
Proceeds from sale of property	58	60	300
Proceeds from life insurance loans	233	174	188
Proceeds from United States Treasury issues	1,600	300	
Proceeds from sale of common stock	349		
	6,762	2,427	1,487
Working Capital Used			
Property additions	1,632	1,641	591
Purchase of United States Treasury issues	1,805		1,890
Dividends	193	192	193
Current maturities of long-term liabilities	562	652	653
Payment of long-term liabilities			1,261
Purchase of treasury stock			13
Other—net	234	269	373
	4,426	2,754	4,974
Increase (decrease) in working capital	$2,336	($ 327)	($3,487)

Leases

GIANT FOOD INC.

Consolidated Statement of Changes in Financial Position

Years ended February 26, 1983, February 27, 1982 and February 28, 1981

	1983 (52 weeks)	1982 (52 weeks)	1981 (53 weeks)
	Thousands of dollars		
Source of Funds:			
Net income	$37,213	$16,769	$18,308
Items not involving working capital:			
Depreciation	21,866	18,471	16,443
Amortization of capital leases	3,532	3,385	3,125
Increase (decrease) in:			
Noncurrent deferred income taxes	4,138	989	487
Provision for insurance claims	(4,739)	4,003	172
Other	24	237	32
Gain on disposition of store property and equipment	(1,286)		
Working capital provided from operations	60,748	43,854	38,567
Proceeds from disposition of store property and equipment, net of related expenses of $976,000	1,772		
Decrease in real estate for future development	581		1,534
Additions to:			
Notes and mortgages	2,670	400	1,000
Obligations under capital leases	2,015	23,100	11,700
Issuance of common stock under employee benefit plans	1,008	452	460
	68,794	67,806	53,261
Application of Funds:			
Increase in real estate for future development		1,164	
Purchase of:			
Property, plant and equipment	40,917	34,067	29,569
Treasury stock	2,692		257
Capitalization of leased property under capital leases	2,015	23,100	11,700
Reduction of:			
Notes and mortgages	3,351	2,655	3,058
Obligations under capital leases	1,797	727	2,141
Cash dividends	6,960	5,898	5,396
Other	2,632	957	1,117
	60,364	68,568	53,238
Increase (Decreased) in Working Capital	$8,430	$(762)	$ 23

NATIONAL CAN CORPORATION

Statements of Changes in Financial Position

(Dollars in thousands)	Year Ended December 31 1983	1982	1981
Funds Provided By:			
Net earnings	$ 22,107	$34,104	$ 24,678
Charges to operations not requiring funds:			
Depreciation and amortization	38,344	35,422	34,453
Nonrecurring charge (net of deferred tax benefit of $14,217)	11,979		
Deferred income taxes	13,101	3,672	6,231
Funds provided from operations	85,531	73,198	65,362
Property, plant and equipment disposals and reserves for plant closings	1,959	4,612	5,194
Additions to long-term debt	11,906	121	6,688
Capitalized lease financing	2,292	2,522	13,280
Decrease in long-term receivables	2,489		8,389
Increase in pension plans and other long-term liabilities	4,073	2,275	
Long-term employee-related and miscellaneous costs for plant closings		2,723	2,644
Other, net		5,133	
Total funds provided	108,250	90,584	101,557
Funds Used For:			
Expenditures for property, plant and equipment	48,021	35,515	67,832
Capitalized leases	1,269	5,183	5,249
Capitalized subleases		238	7,130
Purchase of businesses, exclusive of net current assets and long-term debt assumed	84,851		
Effect of exchange rate changes on working capital	311	1,827	6,322
Reduction of long-term debt and redeemable preferred stock	20,650	17,195	16,658
Investment in IT Corporation		2,400	8,400
Dividends	11,119	11,252	10,966
Long-term employee-related and miscellaneous costs for plant closings	3,464		
Increase in long-term receivables		5,965	
Increase in intangibles		6,061	
Purchase of treasury stock	1,416	1,245	
Other, net	2,063		4,960
Total funds used	173,164	86,881	127,517
(Decrease) Increase in Working Capital	($ 64,914)	$ 3,703	($25,960)

SUPER VALU STORES, INC.

Changes in Financial Position

	Fiscal Year Ended		
	Feb 26,	Feb 27, ($000)	Feb 28,
Sources of funds:			
Net earnings	$ 68,031	$ 64,721	$ 55,271
Charges not involving use of funds:			
Depreciation and amortization	40,447	34,627	31,178
Amortization of capital leases	4,339	3,523	4,169
Deferred income taxes	2,091	601	(34)
	114,908	103,472	90,584
Less equity in net earnings of unconsolidated subsidiaries	228	576	730
Working capital provided from operations	114,680	102,896	89,854
Decrease in long-term notes receivable			856
Decrease in direct finance leases	5,412		2,835
Sale of common stock under option plans and ESOP	2,459	1,310	1,410
Disposals of property, plant and equipment	1,823	6,277	1,645
Disposals of leased assets	2,831	5,447	1,885
Additional long-term borrowings	2,000	7,200	3,456
Additional long-term obligations under capital leases	10,214	3,738	7,415
Other		287	
	139,419	127,155	109,356
Applications of funds:			
Property, plant and equipment additions	94,795	65,525	65,900
Warehouses purchased, previously leased			1,981
Leased assets additions	10,214	3,738	7,415
Reduction of long-term notes payable	10,815	4,980	5,379
Reduction in obligations under capital leases	13,038	9,143	7,698
Cash dividends declared	19,831	16,836	13,924
Companies acquired, less working capital acquired ($8,505,000 in 1983 and $4,066,000 in 1981)			
Properties and leased assets, net	19,279		13,527
Long term debt and obligations under capital leases	(3,739)		(762)
Increase in advances to unconsolidated subsidiaries	318	1	10
Increase in direct finance leases		46	
Increase in long-term notes receivable	326	12,468	
Other	4,010		3,331
	168,887	112,737	118,403
Increase (decrease) in working capital	$(29,468)	$ 14,418	$ (9,047)

Conversion of Preferred Stock

PRATT & LAMBERT, INC.

Statements of Changes in Consolidated Financial Position

(Thousands of dollars)

For the years ended December 31, 1983, 1982 and 1981

	1983	1982	1981
Working Capital was Provided by:			
Operations:			
Income before extraordinary item	$6,040	$4,221	$4,141
Add—Items not affecting working capital:			
Depreciation and amortization	2,340	2,030	1,851
Deferred income taxes	266	225	281
Total from operations, exclusive of extraordinary item	8,646	6,476	6,273
Extraordinary item—gain on sale of property	—	—	564
Add—Item not affecting working capital:			
Deferred income taxes	—	—	934
Total from operations	8,646	6,476	7,771
Disposals of property, plant and equipment	688	363	1,325
Shares issued upon conversion of preferred shares	328	123	429
Decrease in other assets	150	—	—
Proceeds from exercise of stock options	9	—	155
Increase in long-term debt	—	523	—
Acquisition of Southern Coatings, Inc.			
Issuance of common stock	—	—	4,289
Issuance of promissory notes	—	—	126
Total	9,821	7,485	14,095
Working Capital was Used for:			
Additions to property, plant, and equipment	2,531	3,636	5,125
Cash dividends	2,043	1,915	1,885
Decrease in long-term debt	139	—	1,205
Conversion of preferred shares	328	123	429
FASB No. 52 translation adjustment	41	86	—
Increase in other assets	—	919	284
Acquisition of Southern Coatings, Inc.			
Property, plant, and equipment	—	—	4,337
Other assets	—	—	115
Noncurrent liabilities assumed	—	—	(1,586)
Purchase of treasury stock	—	—	2,324
Total	5,081	6,679	14,118
Increase (Decrease) in Working Capital	$ 4,740	$ 806	$ (23)

CONAGRA, INC.

Consolidated Statement of Changes in Financial Position

Dollars in thousands

	Fiscal years ended May 29, 1983	May 30, 1982	May 31, 1981
Funds provided			
Net income	$ 47,770	$ 32,873	$ 27,071
Items which do not use working capital			
Depreciation and amortization	24,578	14,305	12,323
Increase (decrease) in non-current deferred income taxes	3,825	1,481	161
Equity in (earnings) loss of unconsolidated 50% or less owned companies	(4,918)	1,233	(300)
Other	130	382	—
Working capital provided from operations	71,385	50,274	39,255
Proceeds from issuance and assumption of long-term debt	77,575	40,785	46,164
Proceeds from sale of property, plant and equipment	45,070	2,010	3,216
Fair market value of common and preferred stock issued in connection with acquisitions	107,332	10,500	7,000
Issuance of common stock in connection with the senior management incentive plan	692	783	—
Tax benefit related to senior management incentive plan	—	592	—
Contracts to sell common shares under executive stock purchases plan	35	—	6
Proceeds from exercise of employee stock options	377	128	517
Issuance of common stock for conversion of preferred stock—contra below	581	455	4,038
Total working capital provided	303,047	105,527	100,196
Funds used			
Additions to property, plant and equipment	83,138	23,837	15,891
Increase (decrease) in investment in unconsolidated 50% or less owned companies	16,363	(299)	4,282
Cash dividends	19,753	11,352	9,237
Repayment and current maturities of long-term debt	33,735	34,152	26,050
Redemption of preferred stock	—	—	100
Conversion of preferred stock—contra above	581	455	4,038
Foreign currency translation adjustment	1,381	825	—
Acquisition of businesses, less net current assets acquired of 1983, $104,210; 1982, $6,173; 1981, $45,348			
Property, plant and equipment	115,866	6,484	20,002
Goodwill	743	70	835
Long-term liabilities assumed	(62,742)	(797)	(4,207)
Other, net	5,633	1,035	2,153
Other items, principally increased in other assets	8,209	352	370
Total working capital used	222,660	77,466	78,751
Net increase in working capital	$ 80,387	$ 28,061	$ 21,445

Foreign Currency Translation Effect

PIONEER HI-BRED INTERNATIONAL, INC.

Consolidated Statements of Changes in Financial Position

Years Ended August 31, 1983, 1982 and 1981

	1983	1982	1981
		($000)	
Financial Resources Provided By Operations:			
Net income	$43,724	$ 71,604	$63,451
Items which did not (provide) or require outlay of working capital:			
Depreciation	16,805	11,067	9,166
Amortization	4,219	3,566	1,163
Deferred income taxes	4,481	2,885	1,294
Equity in net (income) loss of unconsolidated subsidiaries	1,094	444	(1,783)
Total working capital provided by operations	$70,324	$89,568	$73,293
Net proceeds from long-term debt	8,121	11,873	404
Other	2,540	3,130	2,071
	$80,985	$104,572	$75,768
Financial Resources Applied To			
Purchase of property and equipment	$40,525	$ 65,144	$48,789
Purchase of other assets and intangibles	1,797	10,855	—
Investment in unconsolidated subsidiaries	2,079	8,233	4,701
Long-term debt transferred to current liabilities	3,479	5,062	2,348
Cash dividends declared	22,987	20,748	15,638
Cumulative translation adjustment	744	3,445	—
Other	980	107	1,511
	$72,594	$113,597	$72,988
Increase (decrease) in working capital	$ 8,390	$ (9,025)	$ 2,780

SAFEWAY STORES, INCORPORATED

Consolidated Statements of Changes in Financial Position

For the 52 weeks ended December 31, 1983, January 1, 1983 and January 2, 1982

(dollars in thousands)

	1983	1982	1981
Working capital provided:			
Net income	$183,303	$159,660	$108,284
Add charges to income not affecting working capital:			
Depreciation and amortization	264,553	242,371	226,001
Accrued claims and other liabilities	2,542	3,866	15,702
Total working capital provided from operations	450,398	405,897	349,987
Additions to long-term debt	205,935	228,293	168,009
Retirements or sales of property	90,296	153,492	156,227
Exchange rate effects on property and long-term debt	19,732	29,697	33,966
Proceeds from issuance of common stock	168,962	1,193	—
Total working capital provided	935,323	818,572	708,189
Working capital used:			
Additions to property	541,238	511,917	518,330
Payments on long-term debt	266,876	94,618	79,033
Cash dividends on common stock	80,961	69,228	67,900
Cumulative translation adjustments	18,045	29,628	20,973
Other, net	15,470	7,976	23,219
Total working capital used	922,590	713,367	709,455
Net increase (decrease) in working capital	$ 12,733	$105,205	$ (1,266)

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

	1983	1982	1981	1980
Analysis included as part of statement of changes in financial position	254	210	122	56
Analysis presented in a tabulation at bottom of statement of changes in financial position	315	368	461	526
Analysis presented in a tabulation apart from statement of changes in financial position	31	22	17	18
Total Companies	**600**	**600**	**600**	**600**

Analysis Included as Part of Statement

DIGITAL EQUIPMENT CORPORATION

Consolidated Statements of Changes in Financial Position

(in thousands)			Year Ended
	July 2, 1983	July 3, 1982	June 27, 1981
Funds from Operations			
Net income	$283,622	$417,155	$343,297
Add—expenses not requiring funds in current period:			
Depreciation	203,214	152,629	102,139
Disposal of property, plant and equipment	20,749	13,636	26,300
Restricted stock plans—charge to operations	15,325	13,891	9,751
Deferred income tax provision	32,587	(26,598)	(25,391)
Total funds from operations	555,497	570,713	456,096
Funds Used to Support Operations			
Increase (decrease) in working capital:			
Accounts receivable	317,478	49,450	129,046
Inventories	216,392	35,190	282,324
Prepaid expenses	92	(2,452)	10,198
Accounts payable	(71,679)	(28,914)	(10,031)
Income taxes	22,387	32,215	(122,904)
Other current liabilities	(74,168)	(70,738)	(14,797)
	410,502	14,751	273,836
Additions to property, plant and equipment	419,215	511,240	398,482
Total funds used to support operations	829,717	525,991	672,318
Net increase (decrease) in funds from operations	(274,220)	44,722	(216,222)
Funds provided by Financing Sources			
Sale of common stock	—	—	240,678
Increase (decrease) in:			
Loans payable to banks	2,556	4,112	674
Long-term debt			
8⅞% Convertible Subordinated Debentures	—	—	(400,000)
Other	410	3,968	(1,290)
Net increase in stockholders' equity upon conversion of:			
8⅞% Convertible Subordinated Debentures	—	—	392,838
Common stock issued under stock option and purchase plans	62,816	46,263	32,618
Total funds from financing sources	65,782	54,343	265,518
Net increase (decrease) in cash and temporary cash investments	(208,438)	99,065	49,296
Cash and temporary cash investments at beginning of year	764,647	665,582	616,286
Cash and temporary cash investments at end of year	$556,209	$764,647	$665,582

AMERICAN MAIZE-PRODUCTS COMPANY

Consolidated Statements of Changes in Financial Position

For the years ended December 31,	1983	1982 ($000)	1981
Funds provided by (used in):			
Income from continuing operations	$ 3,790	$ 4,236	$11,303
Charges (credits) to income not affecting funds:			
Depreciation and amortization	9,414	8,049	6,915
Deferred taxes and expenses	2,622	2,856	2,042
Net loss (gain) on disposal of fixed assets	(20)	33	(1,445)
Loss on sale of marketable equity securities	296	—	—
Funds provided from continuing operations	16,102	15,174	18,815
Income from discontinued operation	—	1,922	905
Charges (credits) to income not affecting funds:			
Depreciation and amortization	—	271	471
Deferred taxes and expenses	—	—	77
Net gain on disposal of fixed assets	—	(103)	—
Net gain on sale of discontinued operation	—	(1,600)	—
Funds provided from discontinued operation	—	490	1,453
Total funds provided before extraordinary charge	16,102	15,664	20,268
Extraordinary charge	—	(412)	—
Total funds provided after extraordinary charge	16,102	15,252	20,268
Working capital:			
Receivables	(9,925)	3,189	3,240
Inventories	(4,442)	2,310	(2,561)
Accounts payable and accrued liabilities	1,827	2,167	(1,499)
Other	(317)	(2,113)	(1,168)
Additions to property, plant and equipment	(11,689)	(13,671)	(23,633)
Proceeds from disposal of fixed assets	168	244	2,091
(Increase) decrease in net assets of discontinued operation	—	(2,405)	2,173
Net proceeds from disposal of discontinued operation	—	15,623	—
Other	(1,288)	(1,538)	(1,574)
	(9,564)	19,058	(2,663)
Financing and investment activities:			
Purchase of marketable equity securities	(7,920)	—	—
Proceeds on sale of marketable equity securities	4,869	—	—
Cash dividends	(2,708)	(2,702)	(2,699)
Acquisition of business (net of working capital acquired of $8,409,000):			
Fixed assets	(22,858)	—	—
Other assets	(66)	—	—
Long-term debt	833	—	—
Debt transactions:			
Issuance of long-term debt	15,191	1,108	—
Payments of long-term debt	(5,341)	(5,321)	(3,742)
Funds used in financing and investment	(18,000)	(6,915)	(6,441)
Change in cash and short-term investments	$(27,564)	$12,143	$(9,104)

TABLE 5-6: TITLES IDENTIFYING ANALYSIS OF WORKING CAPITAL ELEMENTS

	1983	1982	1981	1980
Change in working capital	201	236	302	335
Increase (decrease) in working capital	106	118	155	176
Other titles	39	36	21	33
Subtotal	**346**	**390**	**478**	**544**
Analysis included within statement of changes in financial position	254	210	122	56
Total Companies	**600**	**600**	**600**	**600**

RANCO INCORPORATED

Consolidated Statement of Changes in Financial Position

For the years ended September 30	1983	1982 ($000)	1981
Cash provided by operations and retained in the business:			
Funds from operations:			
Net income	$3,818	$4,776	$5,177
Add (deduct) non-cash items:			
Depreciation and amortization	6,119	5,515	5,301
Deferred taxes on income	509	(1,909)	326
Equity in undistributed earnings of affiliate	(429)	(472)	(275)
Funds provided from operations	10,017	7,910	10,529

Working capital changes not identified elsewhere which provide or (use) cash:			
Accounts receivable	(7,329)	8,140	(159)
Refundable income tax	511	(1,201)	2,986
Inventories	4,133	6,345	7,382
Transfer of deferred taxes on current items	(674)	1,566	—
Prepaid expenses and other current assets	631	(1,432)	2,072
Accounts payable and accrued items	2,776	(6,185)	(645)
Income taxes	1,367	(1,034)	482
Total	1,415	6,199	12,118
Add (deduct) amounts resulting from foreign currency translation:			
Investment in affiliate	(1,796)	1,357	1,882
Other investments	(494)	(115)	(570)
Property, plant and equipment	892	770	2,482
Long-term debt	(345)	(654)	(2,360)
Deferred taxes	(71)	(471)	(38)
Cumulative foreign currency translation adjustment	(50)	(2,734)	(6,522)
Net effect of foreign currency translation	(1,864)	(1,847)	(5,126)
Cash provided by operations	9,568	12,262	17,521
Dividends	(2,961)	(2,941)	(2,940)
Cash provided by operations and retained in the business	6,607	9,321	14,581
Property, plant and equipment:			
Funds used for additions	(6,449)	(8,422)	(10,071)
Funds from disposals	1,205	578	1,143
Total	(5,244)	(7,844)	(8,928)
Cash provided by (used in) financing activities:			
Term debt borrowings	2,729	1,107	16,307
Term debt payments	(4,737)	(3,861)	(8,211)
Bank loans	257	(1,427)	(10,852)
Long-term investments	(1,000)	1,000	(1,000)
Proceeds from exercise of stock options	442	—	47
Purchase of treasury shares	(27)	—	(47)
Performance shares	216	—	—
Other, net	288	(113)	136
Cash changes from financing activities	(1,832)	(3,294)	(3,620)
Increase (decrease) in cash and temporary cash investments	(469)	(1,817)	2,033
Cash and temporary cash investments balance at beginning of year	2,017	3,834	1,801
Cash and temporary cash investments balance at end of year	$1,548	$2,017	$3,834

GULF CORPORATION

Consolidated Statements of Changes in Financial Position

	Millions of Dollars Year Ended December 31 1983	1982	1981
Funds Provided By			
Net income	$ 978	$ 900	$1,231
Income charges (credits) not affecting funds			
Depreciation, depletion, amortization and retirements	1,460	1,461	1,295
Deferred income taxes	378	578	299
Net gains on sales of properties and investments	(313)	(145)	(52)
Provisions for write-down of properties	52	139	—
Income applicable to minority interests	93	51	98
Other charges (credits)	37	(5)	14
Funds from operations	2,685	2,979	2,885
New long-term financing	238	951	900
Proceeds from sales of properties and business investments (net of $108 million of working capital sold in 1983)	598	595	172
Reduction of other long-term assets	136	304	136
Other—net	51	(29)	(16)
	3,708	4,800	4,077
Funds Used For			
Properties and business investments	2,169	3,005	3,575
Dividends	479	507	513
Reductions of long-term debt	163	592	436
Purchase of treasury stock	289	379	373
Increase in other long-term assets	100	439	378
	3,200	4,922	5,275
Increase (Decrease) in Working Capital	508	(122)	(1,198)
Changes in Noncash Working Capital			
Receivables	96	(344)	(620)
Inventories	(348)	(402)	424
Prepaid expenses	39	(7)	18
Accounts payable	(193)	538	(107)
Short-term and current portion of long-term debt	320	61	(553)
Accrued United States and foreign income taxes	(8)	(60)	447
Consumer sales and excise taxes payable	53	28	(11)
Other current liabilities	61	223	(401)
	20	37	(803)
Increase (Decrease) in Cash and Marketable Securities	$ 488	$ (159)	$ (395)
Cash and Marketable Securities at End of Year	$1,713	$1,225	$1,384

Analysis Presented in a Tabulation at Bottom of Statement

DUPLEX PRODUCTS INC.

Consolidated Statements of Changes in Financial Position

	Year ended Oct 29, 1983	Oct 30, 1982 ($000)	Oct 31, 1981
Sources of working capital			
Operations			
Net earnings	$8,752	$9,022	$9,508
Add (deduct) items not requiring (providing) working capital			
Depreciation and amortization	2,652	2,227	2,142
Deferred compensation	152	51	39
Deferred income taxes	350	613	38
Deferred investment credits	106	429	(47)
Total from operations	12,012	12,342	11,680
Decrease in other assets	397	340	—
Increase in long-term debt and capitalized leases	—	11,200	—
Stock option proceeds and amortization of restricted stock	124	146	98
Other—net	—	—	76
Total sources of working capital	12,533	24,028	11,854
Uses of working capital			
Increase in other assets	—	—	568
Additions to property, plant and equipment	4,766	9,167	5,060
Reduction of long-term debt and capitalized leases	1,470	1,293	1,374
Cash dividends paid	2,803	2,679	2,354
Purchase of treasury stock	120	2,978	—
Total uses of working capital	9,159	16,117	9,356
Increase in Working Capital	$3,374	$7,911	$2,498
Increase (decrease) in working capital components			
Cash and marketable securities	$2,768	$4,946	$ 657
Accounts receivable	5,598	(891)	5,652
Funds held by trustee	(1,124)	1,748	(650)
Inventories	1,397	(103)	(666)
Prepaid expenses	153	(50)	(181)
Current maturities of long-term liabilities	(176)	81	69
Accounts payable	(2,235)	705	(176)
Accrued expenses	(1,911)	(314)	(52)
Income taxes	(1,096)	1,789	(2,155)
Increase in Working Capital	$3,374	$7,911	$2,498

PALL CORPORATION

Consolidated Statements of Changes in Financial Position

	Years Ended July 30, 1983	July 31, 1982 ($000)	August 1, 1981
Sources of Working Capital:			
Net earnings	$27,817	$24,988	$24,799
Items which do not use working capital:			
Depreciation and amortization	8,417	7,270	5,746
Deferred income taxes	1,279	558	(1,177)
Working capital provided from operations	37,513	32,816	29,368
Disposals of property, plant and equipment	1,156	1,172	2,219
Increase in long-term debt	5,553	8,726	9,828
Issuance of stock pursuant to exercise of stock options	446	313	445
Working capital provided	44,668	43,027	41,860
Uses of Working Capital:			
Acquisitions of property, plant and equipment	18,321	15,915	34,396
Reduction of long-term debt	10,567	2,505	1,994
Dividends	6,277	5,452	4,605
Changes in other assets, net	(372)	979	394
Foreign currency translation adjustment	1,178	409	2,880
Working capital used	35,971	25,260	44,369
Increase (Decrease) in Working Capital	$ 8,697	$17,767	$(2,509)
Changes in Components of Working Capital:			
Increase (Decrease) in current assets:			
Cash	$ 233	$2,227	$ 949
Short-term investments	14,490	6,260	6,603
Accounts receivable	11,829	6,810	5,471
Inventories	3,468	566	6,470
Prepaid expenses	202	(14)	202
Other current assets	67	(187)	(233)
Decrease (Increase) in current liabilities:			
Notes payable	(13,913)	3,706	(16,356)
Accounts payable	(2,303)	2,389	(1,657)
Accrued liabilities	(5,442)	(3,346)	(3,037)
Dividends payable	(204)	(207)	(229)
Current portion of long-term debt	270	(437)	(692)
Increase (Decrease) in Working Capital	$8,697	$17,767	$(2,509)

TYSON FOODS, INC.

Consolidated Statements of Changes in Financial Position

Three years ended October 1, 1983

	1983	1982 ($000)	1981
Working Capital Provided:			
Net Income	$11,069	$ 9,403	$ 2,104
Items not affecting working capital:			
Depreciation and amortization	11,525	10,529	9,550
Contribution of treasury shares to profit-sharing plan	549	408	
Loss (gain) on sale of property, plant and equipment	(254)	(72)	296
Non-current deferred income taxes	941	2,906	
Working Capital Provided from Operations	23,830	23,176	11,950
Long-term borrowings	2,088	28,301	23,411
Exchange of treasury stock in business acquisition			1,600
Sale of property, plant and equipment	1,572	331	607
Other	648	758	1,267
	28,139	52,567	38,836
Working Capital Used:			
Additions to property, plant and equipment	19,862	25,269	25,321
Repayments and current maturities of long-term debt	5,968	4,798	16,459
Purchases of the Company's common stock			1,600
Cash dividend on common stock	623	618	616
Cash advanced in connection with purchase agreement	9,076		
Other	285	82	769
	35,816	30,769	44,767
Increase (Decrease) in Working Capital	(7,677)	21,798	(5,930)
Working Capital—Beginning of Year	38,124	16,326	22,256
Working Capital—End of Year	$30,447	$38,124	$16,326
Changes in Working Capital:			
Increase (decrease) in current assets:			
Cash	$(2,256)	$(1,466)	$4,106)
Short-term investments			(12,215)
Accounts receivable—trade	3,722	(191)	2,314
Inventories	1,926	4,974	17,395
Other current assets	(130)	(301)	527
Decrease (increase) in current liabilities:			
Notes payable	2,805	33,093	(29,662)
Current portion of long-term debt	(165)	(790)	14,487
Trade accounts payable	(3,434)	(6,278)	(3,246)
Other current liabilities	(2,536)	(908)	(125)
Deferred income taxes	(7,606)	(6,332)	487
Net Change in Working Capital	$(7,677)	$21,798	$(5,930)

Analysis Presented in a Tabulation Apart From Statement

ALBERTSON'S INC.

Consolidated Changes in Financial Position

(in thousands)

	52 Weeks Feb 2, 1983	53 Weeks Feb 3, 1982	52 Weeks Jan 28, 1981
Source of Cash:			
Operations:			
Net earnings	$70,281	$58,375	$48,478
Items not requiring the use of funds:			
Depreciation and amortization	44,921	41,584	37,572
Increase in deferred long-term liabilities	6,952	4,056	3,290
(Increase) decrease in deferred income taxes benefits	2,175	1,359	(497)
Amortization of deferred investment credit	(3,301)	(2,912)	(2,520)
(Increase) decrease in other working capital	(20,162)	10,826	(9,037)
Cash provided by operations	100,866	113,288	77,286
Proceeds from sale of common stock		55,969	
Additions to deferred investment credit	4,114	4,909	4,187
Additions to long-term debt and obligations under capital leases	8,889	6,444	9,403
Proceeds from stock options	2,304	2,825	583
	116,173	183,435	91,459
Use of Cash:			
Capital expenditures	94,785	91,600	58,975
Disposals of land, buildings and equipment	(14,294)	(14,501)	(6,247)
Capital expenditures, net	80,491	77,099	52,728
Payment of long-term debt and obligations under capital leases	7,790	11,970	7,803
Increase (decrease) in other assets	17,606	(1,412)	4,137
Cash dividends	19,657	15,613	13,083
Unrealized loss on noncurrent marketable equity securities	1,429		
	126,973	103,270	77,751
Increase (Decrease) in Cash and Marketable Securities	$(10,800)	$80,165	$13,708

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Changes in the Elements of Other Working Capital

Changes in the elements of other working capital are summarized as follows (in thousands):

	1983	1982	1981
Increase (decrease) in current assets:			
Receivables and prepaid expenses	$14,491	$ 872	$ 8,380
Inventories	24,913	18,554	25,846
Property held for resale	24,861	(14,250)	6,715
Deferred income tax benefits	115	3,147	2,615
	64,380	8,323	43,556
Increase in current liabilities:			
Accounts payable	43,365	11,122	24,861
Other liabilities	853	8,027	9,658
	44,218	19,149	34,519
Increase (decrease) in other working capital	$20,162	$(10,826)	$ 9,037

KUHLMAN CORPORATION

Consolidated Statements of Changes in Financial Position

For the three years ended December 31, 1983

	1983	1982 ($000)	1981
Working Capital Was Provided By:			
Operations—			
Net earnings	$ 3,925	$ 2,668	$ 3,651
Charges to operations not affecting working capital—			
Depreciation	2,473	2,294	2,452
Deferred income taxes	431	159	114
Gain on sale of plant and equipment	(54)	(33)	(128)
Total working capital provided by operations	$ 6,776	$ 5,088	$ 6,089
Additions to long-term debt	3,700	1,000	—
Proceeds from sale of equipment	149	90	275
Other	97	34	26
Total working capital provided	$10,724	$ 6,213	$ 6,390
Working Capital Was Used For:			
Additions to plant and equipment	$ 4,484	$ 3,062	$ 1,955
Cash dividends on common stock	1,630	1,826	1,622
Reduction of long-term debt	340	7,150	—
Restricted Industrial Revenue Bond proceeds	2,547	—	—
	$ 9,002	$12,038	$ 3,577
Increase (Decrease) in Working Capital (Note 7)	$ 1,721	$(5,825)	$ 2,813
Working Capital Beginning of Year	20,702	26,527	23,174
Working Capital End of Year	$22,423	$20,702	$26,527

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7) Changes in Working Capital Components

Changes in working capital components for the years ended December 31, 1983, 1982 and 1981 were as follows:

	Increase (Decrease)		
	1983	1982 ($000)	1981
Changes in Current Assets:			
Cash	$(1,721)	$ (354)	$ 149
Receivables	7,176	(3,649)	(1,389)
Inventories	1,832	(5,802)	3,522
Prepaids	191	(664)	75
Total	$ 7,478	$(10,470)	$ 2,358
Changes in Current Liabilities:			
Current portion of long-term debt	$ 240	$ 100	$(1,800)
Accounts payable	3,083	(1,658)	(1,748)
Accrued liabilities	2,431	(3,086)	3,093
Dividends payable	1		
	$ 5,756	$ (4,645)	$ (454)
Increase (Decrease) in Working Capital	$ 1,721	$(5,825)	$ 2,813
Working Capital Beginning of Year	20,702	26,527	23,714
Working Capital End of Year	$22,423	$20,702	$26,527

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 *SAS No. 1*, forty-eight Statements on Auditing Standards have been issued; some of which superseded sections of *SAS No. 1*.

TITLE OF AUDITORS' REPORT

Table 6-1 shows the descriptive titles used to identify the Auditors' Report.

TABLE 6-1: TITLE OF AUDITORS' REPORT

	1983	1982	1981	1980
Independent accountants' report	147	134	129	121
Auditors' report	110	116	122	127
Accountants' report	84	90	88	94
Independent auditors' report	72	70	65	69
Independent certified public accountants' report	64	67	66	58
Certified public accountants' report	53	55	57	54
Auditors' opinion	32	32	32	31
Accountants' opinion	4	5	7	4
Independent accountants' opinion	3	4	3	4
Independent certified public accountants' opinion	5	3	4	5
Other titles	5	5	5	3
No title	21	19	22	30
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.

TABLE 6-2: ADDRESSEE OF AUDITORS' REPORT

	1983	1982	1981	1980
The Directors (Board of Directors) and Shareholders	468	469	459	457
The Stockholders	78	79	80	79
The Directors	42	43	48	53
The Company	7	6	9	10
Other, or no addressee	5	3	4	1
Total Companies	**600**	**600**	**600**	**600**

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 general accepted accounting principles, the information included therein. Table 6-3, which summarizes the format of auditors' reports included in 1983 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 stockholder's 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 and subsidiaries 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.

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, f and g are presented in connection with Tables 6-4 and 6-5.

TABLE 6-3: FORMAT OF AUDITORS' REPORT

	1983	1982	1981	1980
Standard report	416	411	403	392
Variations to standard report	101	105	111	122
Modified report	83	84	86	86
Total Companies	**600**	**600**	**600**	**600**
Variations to Standard Report				
Sentence in scope paragraph referring to:				
Examination by other accountants	37	42	44	52
Prior year examination	12	12	13	8
Other	3	—	5	8
Middle paragraph between scope and opinion paragraphs referring to:				
Matter for which opinion qualified	31	31	32	43
Prior year qualification removed	10	13	11	15
Other	5	2	5	3
Sentence or paragraph following opinion paragraph	17	19	19	14
Total Variations	***115**	***119**	***129**	***143**

*Some Auditors' reports had more than one variation.

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.

Tables 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

	1983	1982	1981	1980
Examination by Other Auditors Covers:				
Statements for branch or consolidated subsidiary...	20	19	27	28
Statements of investee only	15	18	14	16
Statements for prior years only	4	8	8	15
Total Companies	**39**	**45**	**49**	**59**

Consolidated Subsidiaries

Reports of Independent Accountants

To the Shareholders and Directors
of Culbro Corporation

We have examined the consolidated balance sheet of Culbro Corporation and its subsidiaries as of December 31, 1983 and January 1, 1983, and the related consolidated statements of operations and retained earnings, of common stock and capital in excess of par value and changes in financial position for each of the three fiscal years in the period ended December 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. We did not examine the financial statements of The Eli Witt Company, a consolidated subsidiary acquired in 1983, which statements reflect total assets constituting approximately 22% of consolidated assets at December 31, 1983 and revenue constituting approximately 35% of consolidated revenue for the year ended December 31, 1983. These statements were examined by Touche Ross & Co., independent accountants, whose report thereon appears below, and our opinion herein, insofar as it relates to the amounts included for the Eli Witt Company, is based solely upon that report.

In our opinion, based upon our examinations and the report of Touche Ross & Co., the consolidated financial statements referred to above present fairly the financial position of Culbro Corporation and its subsidiaries at December 31, 1983 and January 1, 1983, and the results of their operations and the changes in their financial position for each of the three fiscal years in the period ended December 31, 1983, in conformity with generally accepted accounting principles consistently applied.

New York, New York
February 2, 1984

To the Board of Directors and Stockholder
of The Eli Witt Company
Tampa, Florida

We have examined the consolidated balance sheets of The Eli Witt Company (a wholly-owned subsidiary of Culbro Corporation) and subsidiary as of December 31, 1983 and July 5, 1983, and the related consolidated statements of earnings and retained earnings and changes in financial position for the six months ended December 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 opinion, the financial statements referred to above (not presented separately herein) present fairly the financial position of The Eli Witt Company and subsidiary at December 31, 1983 and July 5, 1983, and the results of their operations and changes in their financial position for the six months ended December 31, 1983 in conformity with generally accepted accounting principles.

Tampa Florida
January 31, 1984

To the Shareholders and Board of Directors of
Dresser Industries, Inc.:

We have examined the consolidated balance sheets of Dresser Industries, Inc. (a Delaware corporation) and subsidiaries as of October 31, 1983, 1982 and 1981, and the related consolidated statements of earnings, shareholders' investment 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. We did not examine the financial statements of certain foreign subsidiaries whose assets represent approximately 17% of consolidated assets in 1983 and 1982 and 18% of consolidated assets in 1981, and whose net sales and service revenues represent approximately 22% of consolidated net sales and service revenues in 1983 and 18% of consolidated net sales and service revenues in 1982 and 1981. 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 foreign subsidiaries, is based solely upon the reports of 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 Dresser Industries, Inc. and subsidiaries as of October 31, 1983, 1982 and 1981, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles, which, except for the change (with which we concur) made as of November 1, 1981 in the method of accounting for foreign currency translation as explained in Note N, have been applied on a consistent basis.—*Report of Auditors.*

Board of Directors and Shareowners
Martin Marietta Corporation:

We have examined the consolidated balance sheet of Martin Marietta Corporation and consolidated subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of earnings, shareowners' equity, and changes in financial position for each of the three years in the period ended December 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. We did not examine the financial statements of Martin Marietta Aluminum Inc. and consolidated subsidiaries, which statements reflect total assets constituting 44% in 1983 and 42% in 1982 and total revenues constituting 17% in 1983, 14% in 1982, and 19% in 1981 of the related consolidated totals. 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 Martin Marietta Aluminum Inc. and consolidated subsidiaries, is based solely upon the reports of other auditors.

In our opinion, based upon our examinations and the aforementioned reports of other auditors, the financial statements referred to above present fairly the consolidated financial position of Martin Marietta Corporation and consolidated subsidiaries at December 31, 1983 and 1982, 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, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Auditors.*

To the Board of Directors and Shareholders of
The Signal Companies, Inc.

We have examined the consolidated balance sheet of The Signal Companies, Inc. as of December 31, 1983 and 1982 and the related consolidated statements of income, changes in shareholders' equity and changes in financial position for each of the three years in the period ended December 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. We did not examine the combined financial statements of certain subsidiaries for 1983, which statements reflect total assets and net revenues constituting 39% and 45%, respectively, of the related consolidated totals for 1983. 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 1983 amounts included for such subsidiaries, is based solely upon the report of such other auditors.

In our opinion, based upon our examinations and the report of other auditors referred to above, the consolidated financial statements present fairly the financial position of The Signal Companies, Inc. at December 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 December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Opinion of Independent Certified Public Accountants.*

Investees

The Board of Directors and Shareholders
Borg-Warner Corporation:

We have examined the balance sheet of Borg-Warner Corporation and consolidated subsidiaries as of December 31, 1983 and 1982, and the related statements of earnings and changes in financial position for each of the years in the three-year period ended December 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. We did not examine the consolidated financial statements of Hughes Tool Company, a non-subsidiary investee. The company's investment in Hughes Tool Company at December 31, 1983 and 1982 was $165.0 and $180.8 million,respectively, and its equity in losses or earnings of Hughes Tool Company was a loss of $7.1 million in 1983 and earnings of $30.1 and $49.1 million for the years 1982 and 1981, respectively. The consolidated financial statements of Hughes Tool Company 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 Hughes Tool Company, 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 financial statements present fairly the financial position of Borg-Warner Corporation and consolidated subsidiaries at December 31, 1983 and 1982, and the results of their operations and changes in their financial position for each of the years in the three-year period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

QUALIFIED OPINIONS

Statement on 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 positions, 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 significant 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 the 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

	1983	1982	1981	1980
Uncertainties				
Litigation	14	15	15	18
Going concern	8	8	6	6
Valuation or realization of assets	4	2	2	2
Discontinued operations	2	5	3	2
Other	2	4	5	3
Total Uncertainties	**30**	**34**	**31**	**31**
Total Companies	**26**	**28**	**28**	**29**
Accounting Principle Changes				
Foreign currency translation	91	153	98	—
Investment tax credit	13	12	13	8
LIFO adoption	12	22	54	63
Pension cost determination	9	N/C	N/C	N/C
Other inventory changes	8	10	N/C	N/C
Compensated absences	6	26	46	17
Depreciation method	6	12	12	4
Interest capitalization	3	3	50	55
Lease capitalization	—	—	—	3
Other	25	30	31	18
Total Changes	**173**	**268**	**304**	**168**
Total Companies	**143**	**215**	**222**	**136**

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.

Examples of auditors opinions qualified because of uncertainties follow.

Disclaimer

To the Board of Directors of
Revere Copper and Brass Incorporated:

We have examined the consolidated financial statements and financial statement schedules of Revere Copper and Brass Incorporated and Subsidiaries as listed in the accompanying index. 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 A, on October 27, 1982, the Company filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code. The Company has been authorized under the Bankruptcy Code to operate its businesses and manage its properties as debtors-in-possession until further order of the Court.

The financial statements have been prepared on a going-concern basis which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. The appropriateness of using the going-concern basis is dependent upon, among other things, confirmation of a plan of reorganization, future profitable operations and the ability to generate sufficient cash from operations and financing sources to meet obligations. As a result of the reorganization proceedings, the Company may be required to further curtail operations and/or sell assets or liquidate liabilities for amounts lower than those reflected in the financial statements referred to above. In addition, a substantial number of proofs of claim have been filed with the Bankruptcy Court, including those resulting from the Company's rejection or breach of certain executory contracts, and others may still be filed. The Company has, as yet, not determined the validity of such claims. The ultimate outcome of the foregoing cannot presently be determined.

Also, as discussed in Notes B(1) and B(3), the Company is involved in litigation and contractual negotiations, the ultimate outcome of which cannot presently be determined.

Our report on the 1982 consolidated financial statements made reference to a petition filed by an electric power supplier seeking to prohibit the District Court and the Bankruptcy Court from exercising any jurisdiction in respect of the Company's Chapter 11 case. During 1983, the petition was withdrawn and, accordingly, reference to this matter in our present report on the 1982 consolidated financial statements, as presented herein, has not been made.

Effective January 1, 1983, the Company made a change, with which we concur, in the method of valuing certain inventories as discussed in Note E to the consolidated financial statements.

Because of the materiality of the matters referred to in the third and fourth paragraphs, we are unable to, and do not, express an opinion on the consolidated financial statements and financial statement schedules of Revere Copper and Brass Incorporated and Subsidiaries as of December 31, 1983 and 1982 and for the years then ended.

In our opinion, the financial statements referred to above present fairly the consolidated results of the operations and changes in the financial position of Revere Copper and Brass Incorporated and Subsidiaries for the year ended December 31, 1981, and the 1981 financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly the information required to be included therein, all in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

For the reasons stated in Note Q, the Company has omitted the changing prices information which the Financial Accounting Standards Board has determined need not be a part of but should supplement the basic financial statements.—*Report of Independent Certified Public Accountants.*

Litigation

The Board of Directors
Eagle-Picher Industries, Inc.

We have examined the balance sheet of Eagle-Picher Industries, Inc. and subsidiaries as of November 30, 1983 and 1982 and the related statements of income, shareholders' equity, and changes in financial position for each of the years in the three-year period ended November 30, 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 in note H of the notes to financial statements, the Company's liability resulting from asbestos litigation cannot presently be reasonably estimated; and, the amounts of insurance recoveries ultimately collectible from two of the Company's carriers, estimated to be $16,000,000 at November 30, 1983, cannot be assured until agreements with them have been finalized.

In our opinion, subject to the effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the aforementioned financial statements present fairly the financial position of Eagle-Picher Industries, Inc. and subsidiaries at November 30, 1983 and 1982 and the results of their operations and the changes in their financial position for each of the years in the three-year period ended November 30, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Accountants' Report.*

NOTES TO FINANCIAL STATEMENTS

H. Litigation

The Company is a co-defendant in a substantial number of lawsuits brought by present or former insulation and shipyard workers and other persons alleging damage to their health from exposure to dust from asbestos-containing industrial insulation products manufactured by various defendants.

As of November 30, 1983 there were approximately 16,900 such claims outstanding compared to 13,500 and 10,300 at November 30, 1982 and 1981, respectively.

During fiscal 1983, approximately 4,700 new claims were filed, compared to 5,000 and 4,900 in fiscal years 1982 and 1981, respectively. Through fiscal 1983 approximately 4,500 claims have been disposed of; the average cost per settled claim during that period was approximately $6,900, including legal fees. A portion of these expenses were covered by insurance. The total cost of this litigation for 1983 was approximately $19,600,000 of which approximately $12,600,000 was covered by insurance.

In 1978, the Company sued its insurance carriers in the U.S. District Court in Massachusetts to determine the correct theory of insurance coverage relative to asbestos claims. In 1981, the Court ruled that the "manifestation" theory was proper. That decision was appealed by the Company to the First Circuit Court of Appeals in Boston and in 1982 that Court affirmed the "manifestation" theory, but modified it to provide insurance coverage for claims that were "reasonably capable of medical diagnosis" during the period of coverage, regardless of when they were actually diagnosed. The effect of that decision was to increase the number of claims covered by the Company's insurance. Insurance companies advocating the "exposure" theory petitioned the Supreme Court of the United States to review the First Circuit decision. In March of 1983 the Supreme Court denied their petition for review and in so doing, effectively settled the legal issue of what theory should apply to the Company's insurance policies.

Following the Supreme Court's action, the Company submitted claims to its various insurers based upon medical data bearing on the meaning of the phrase "reasonably capable of medical diagnosis." The Company's primary carrier and its major excess carrier have reimbursed the Company. Two other excess carriers, whose coverage has been triggered by the Supreme Court action, have not yet done so. One of the carriers has made a partial payment, the other carrier has yet to make any payment. Although no final settlement has yet been reached with the latter two excess carriers, the Company believes the amount it has recorded as due from them at November 30, 1983, $16,000,000, (included in the receivable from insurance carriers in the accompanying balance sheet) is a conservative estimate of the amount which will be collectible.

The Company has, based upon the theory applicable to its insurance coverage under the First Circuit decision and the medical data bearing on that decision, approximately $125,000,000 of unused insurance coverage as of November 30, 1983, for claims allocable to the eleven year period from 1968 through 1978.

Substantially more than half of the asbestos-related claims against the Company have been made by individuals who worked during World War II and thereafter in shipyards either owned by the U.S. Navy or under contract to it. Many codefendants, including the Company, supplied high temperature insulation products manufactured pursuant to U.S. Government specifications which required asbestos fiber. Further, the U.S. Government controlled the workplace in many of these shipyards. Thus far the U.S. Government has successfully resisted all efforts to require it to share responsibility for injury to the health of shipyard workers. The Company continues to vigorously seek, both through the judicial and legislative processes, to require the U.S. Government to bear its fair share of responsibility.

A group of asbestos defendants and their insurers have been meeting for sometime on an ongoing basis, seeking to reach mutual agreement on insurance coverage issues and a claims handling facility for all parties which, if an agreement can be reached, would likely result in substantially lower costs for the Company in the future.

Because of the uncertainties associated with this litigation the Company's liability cannot reasonably be estimated at this time, nor can an estimate of the Company's ultimate liability, after insurance recoveries, be made with any degree of certainty. Therefore, no such liability has been recorded in the financial statements. However, the Company's share of the current cost of litigation is expensed as incurred. While the impact of the litigation on earnings per share is significant, the Company does not feel that it will materially affect its financial stability.

Going Concern

To the Board of Directors and
Shareholders of Mattel, Inc.

We have examined the consolidated balance sheets of Mattel, Inc. and its subsidiaries as of January 28, 1984 and January 29, 1983, and the related consolidated statements of operations, shareholders' equity (deficit) and of changes in financial position for each of the three years in the period ended January 28, 1984. 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 show that during the year ended January 28, 1984 the Company incurred a net loss of $394,065,000 and, at January 28, 1984, had a shareholders' deficit of $136,148,000. At January 28, 1984 the Company had notes payable to its domestic banks of $349,000,000 that were converted to a term loan in March 1984 which is due February 2, 1985. As described in Note 3, the Company believes its existing financial resources are adequate to finance its continuing operations during Fiscal 1985. It is not presently determinable, however, as to whether the Company will be able to effect a refinancing plan prior to February 2, 1985 that will enable it to repay the balance of the term loan and provide the seasonal financing that is required for the future continuing operations of the Company thereafter. The 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 the Company be unable to secure sufficient financing for the continuing operations.

In our opinion, subject to the effects on the Fiscal 1984 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 Mattel, Inc. and its subsidiaries at January 28, 1984 and January 29, 1983, and the results of their operations and the changes in their financial position for each of the three years in the period ended January 28, 1984, in conformity with generally accepted accounting principles consistently applied, except for the change, with which we concur, in the method of accounting for foreign currency translation as described in Note 1.—*Report of Independent Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 (in part)

Term Loan—Domestic seasonal borrowings have historically been repaid by the end of the fiscal year. Full repayment was not, however, possible at the end of fiscal 1984 due to the significant losses incurred by discontinued operations. At year-end, the Company and its domestic banks were negotiating terms for an acceptable loan agreement. In March, 1984, the Company entered into an agreement with its domestic banks which converted $349.0 million of outstanding notes payable to a term loan due February 2, 1985. The term loan is collateralized by a pledge of the Company's primary assets, including accounts receivable, inventory, equipment and tangible and intangible properties. The term loan agreement also prohibits the Company from paying preferred and common dividends. The agreement does not provide for any additional domestic borrowings. The agreement requires weekly repayment beginning November 15, 1984 from available domestic cash in excess of $20.0 million, which will not repay the entire amount of the term loan prior to its due date. A significant balance of the term loan will remain unpaid at February 2, 1985. The loan requires payment of interest at the prime rate plus 1%and requires that the Company meet certain financial covenant tests with respect to liquid asset balances, bookings and cash disbursements.

Under the terms of the loan agreement, the Company will retain all existing cash plus the proceeds from the sale of discontinued operations (see Note 2), the amounts expected to be collected from refundable income taxes and the termination of the pension plan, and the amounts expected from the sales of certain other assets for use in its operations. The agreement prohibits any additional domestic borrowings.

The Company has historically required substantial seasonal financing, due to the seasonal characteristics of its business. The Company's current operating strategies in combination with the cash currently available and to become available are expected to provide sufficient financial resources for the Company's operations through the fiscal year ending February 2, 1985.

The term loan agreement also commits the Company to diligently pursue a plan to restructure the Company's capitalization prior to February 2, 1985, which is essential to enable the Company to repay the balance of the term loan which will be unpaid at February 2, 1985 and to arrange subsequent seasonal financing required for the continuing operations.

Board of Directors and Stockholders
Pettibone Corporation

We have examined the consolidated balance sheets of Pettibone Corporation and Subsidiaries as of March 31, 1983 and 1982, and the related consolidated statements of operations, common stockholders' equity and changes in financial position for each of the three years in the period ended March 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.

At March 31, 1983 Pettibone Corporation was not in compliance with certain restrictive covenants of certain long-term obligations as further described in the footnote entitled Long-Term Obligations. Such events of non-compliance entitle the lenders to, among other things, demand immediate repayment of the obligations. No such demands for acceleration of payments under these agreements have been received. The Company also is unable to borrow additional funds under short-term credit agreements. The Company is restructuring its operations and is negotiating the restructuring of its long-term and short-term financing agreements to permit the realization of assets and liquidation of liabilities in the ordinary course of business. Although the Company believes that it will be able to negotiate a revised long-term credit agreement with the lenders, the results of these negotiations cannot be predicted at this time.

In our opinion, subject to the effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the matters described in the preceding paragraph been known, the financial statements referred to above present fairly the consolidated financial position of Pettibone Corporation and Subsidiaries as of March 31, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended March 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Auditors Report.*

May 31, 1983, except for the footnote entitled Long-Term Obligations, as to which the date is June 15, 1983

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Term Obligations (in part)

Under terms of certain long-term debt agreements with various banks and insurance company lenders the company is required to comply with certain restrictive covenants. If these covenants are not complied with, the lenders have the right to demand the immediate repayment of all principal and interest.

At March 31, 1983 the company was not in compliance with certain covenants under these agreements; however, the lenders did not exercise their rights to demand acceleration of payment. These obligations, including $76,317,000 in excess of scheduled current maturities, have been classified as a current liability in accordance with generally accepted accounting principles.

On June 15, 1983 the company reached an Interim Agreement with the Lenders and is negotiating with its lenders and the holders of its short-term notes to restructure its long-term obligations and its short-term notes into a combined long-term debt agreement.

The Interim Agreement provides for a termination date of July 31, 1983 which, under certain conditions, can be extended to September 30, 1983. The company was required to make principal payments totaling $4,000,000 on June 15, 1983. The Interim Agreement requires that interest be paid monthly, net funds in excess of $250,000 received from sales of assets not in the ordinary course of business be placed in escrow, limits the level of certain expenditures subject to lender approval and requires that the company provide from time to time certain financial information. A further principal payment of $1,000,000 is required by July 31, 1983 if the agreement is extended. In addition, the Interim Agreement postponed payment of $5,125,000 of a bank note originally due October 29, 1982 and of $2,500,000 of the 10¼% senior notes scheduled for payment July 15, 1983.

Any new long-term agreement which may be reached by the company and its lenders may require maturity dates, repayment terms, interest rates, dividend restrictions and other restrictive covenants which may differ from existing agreements. Although the company believes that it will be able to negotiate a revised long-term credit agreement with the lenders, the results of these negotiations cannot be predicted at this time.

The most restrictive provisions of the company's existing loan agreements require the company to maintain a minimum working capital of $100,000,000 and consolidated net worth of $85,000,000. At March 31, 1983, the company's working capital was $23,883,000 (after classification of debt subject to acceleration demand as a current liability) and consolidated net worth was $47,415,000. In addition, the company was not in compliance with other covenants. However, as part of the Interim Agreement, the lenders waived all events of non-compliance until the expiration date of the agreement.

Income Taxes

To the Shareholders of Brunswick Corporation:

We have examined the consolidated balance sheets of Brunswick Corporation (a Delaware Corporation) and Subsidiaries as of December 31, 1983 and December 31, 1982, and the related consolidated statements of results of operations and changes in financial position for each of the three years in the period ended December 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.

As discussed in Note 4, the Company has treated the 1982 disposition of the domestic medical segment as a tax-free redemption of stock. In the opinion of legal counsel, the Company is likely to prevail in the event that the Internal Revenue Service asserts that the disposition is taxable, although sustaining the nontaxability of the disposition is not certain. As a result, in accordance with generally accepted accounting principles, the Company has not provided Federal income taxes on the domestic gain on disposition recorded in the consolidated financial statements, as it is not likely that a tax liability has been incurred.

In our opinion, subject to the effects on the 1983 and 1982 financial statements of such adjustments, if any, that might have been required had the outcome of the matter referred to in the preceding paragraph been known, the financial statements referred to above present fairly the financial position of Brunswick Corporation and Subsidiaries as of December 31, 1983 and December 31, 1982, 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, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. (in part) Discontinued operations

On March 9, 1982, the Company received 28.3 million of its common shares from American Home Products Corporation (AHP) in exchange for the Company's stock in Sherwood Medical Industries Inc. and related foreign subsidiaries (the medical segment). AHP had previously purchased the stock from the Company's shareholders for a total consideration of $425.0 million. The accompanying 1982 consolidated financial statements include the following significant transactions related to this exchange:

▪ ▪ ▪ ▪

G. An accrual of $3.5 million for the estimated tax liability arising from the disposition of the stock of the medical segment's foreign entities. The Company has not, however, provided income taxes on the gain on the redemption of the Company's common shares for the stock of the domestic medical segment. The Company has been advised by Mayer, Brown & Platt, its principal outside counsel, that, although there is no exact legal precedent on this subject, there is a proper legal basis for the conclusion that the exchange of common shares acquired by AHP for the stock of the domestic medical segment constitutes a redemption of shares meeting the requirements of certain sections of the Internal Revenue Code, under which the Company would not be required to recognize a gain on the exchange. With regard to the likelihood that the Internal Revenue Service will assert that the disposition is taxable, Mayer, Brown & Platt has advised that the Internal Revenue Service published a revenue ruling in March, 1983 concluding that gain must be recognized in a transaction involving similar facts. Mayer, Brown & Platt has further advised that the Company is likely to prevail in the event that the Internal Revenue Service asserts that the disposition is taxable, although sustaining the nontaxability of the disposition is not certain. If it were finally determined that certain sections of the Internal Revenue Code did not apply and the Company were required to recognize all of the gain on the disposition of the stock of the medical segment, the Company has estimated it would have a tax liability of approximately $62.0 million, plus interest to the date of payment.

Under the provisions of Statement of Financial Accounting Standards No. 5, the Company has not provided Federal income taxes on the domestic gain on disposition recorded in the consolidated financial statements, as it is not likely that a tax liability has been incurred.

Unasserted Claim

To the Shareholders of AEL Industries, Inc.

We have examined the consolidated balance sheets of AEL Industries, Inc. at February 25, 1983 and February 26, 1982 and the related consolidated statements of operations, common shareholders' equity and changes in financial position for each of the three years in the period ended February 25, 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. The financial statements of A.E.L. Israel Limited, an unconsolidated affiliate, have been examined by other independent auditors. Insofar as our opinion on the consolidated financial statements relates to data included for A.E.L. Israel Limited, it is based solely on their report. The Company's investment in and advances to A.E.L. Israel Limited is stated at $2,478,000 and $2,278,000, respectively, at February 25, 1983 and February 26, 1982, and the Company's share in the net income of A.E.L. Israel Limited is stated at $305,000, $71,000 and $255,000, respectively, for each of the three years in the period ended February 25, 1983.

As discussed in Note 15 to the consolidated financial statements, the outcome of a potential claim related to possible deficiencies in the labor accounting records of one of the Company's divisions is not presently determinable. Management believes the resolution of this matter will not have a material effect on the consolidated financial position of the Company but could be material in relation to earnings of the period in which the uncertainty is resolved. No provision for the possible claim has been made in the accompanying financial statements.

In our opinion, based on our examinations and the reports of other independent auditors referred to in the first paragraph above, subject to the effects of such adjustments, if any, to the financial statements had the outcome of the uncertainty referred to in the preceding paragraph been known, the financial statements mentioned above present fairly the consolidated financial position of AEL Industries, Inc. at February 25, 1983 and February 26, 1982 and the consolidated results of operations and changes in financial position for each of the three years in the period ended February 25, 1983, in conformity with generally accepted accounting principles applied on a consistent basis during the period.—*Report of Independent Public Accountants.*

NOTES TO FINANCIAL STATEMENTS

15. (in part): Contingencies

In April 1980 the Company was advised by representatives of the U.S. Defense Contract Audit Agency that during a routine audit of a price proposal for a contract in progress in the Company's Emtech Division, certain procedures were observed which suggest possible deficiencies in the division's labor accounting records. The Company has subsequently been served with grand jury subpoenas issued by the U.S. District Court for the Eastern District of Pennsylvania which required the Company to produce certain specified records, primarily relating to the Emtech Division, and certain employees and former employees of the Emtech Division have been subpoenaed to testify before the grand jury. The grand jury proceeding is a continuation of the Government's investigation into this matter. Price negotiations on fixed-price contracts are sometimes based, in part, on labor accounting information supplied by the contractor and deficiencies in such information may entitle the Government to an appropriate recovery. The Company believes, based on its review of the matter, that to the extent any contract price adjustments are required, such adjustments will not have a material adverse effect on the Company's consolidated financial position, but could be material in relation to the earnings of the period in which any such adjustments were to occur. The Company has determined that the possible deficiencies in its labor accounting procedures were not material to previously issued consolidated financial statements. Since the amount of any future contract price adjustments (and related statutory liability, if any) cannot be determined, no provision for any liability that may occur has been recorded in the accompanying financial statements. Because the Government has neither disclosed the results of its investigation into this matter nor asserted any claim, the Company cannot predict whether litigation is likely to result or when final resolution of the matter is likely to occur.

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 173 reasons, 119 are for changes made in years prior to 1983. Examples of auditors' opinions qualified as to consistency follow.

Foreign Currency Translation

The Board of Directors and Stockholders
Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1983 and 1982 and the related statements of consolidated earnings, stockholders' equity and changes in financial position for each of the years in the three-year period ended February 28, 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 opinion, the aforementioned consolidated financial statements present fairly the financial position of Beatrice Foods Co. and subsidiaries at February 28, 1983 and 1982 and the results of their operations and changes in their financial position for each of the years in the three-year period ended February 28, 1983, in conformity with generally accepted accounting principles which, except for the changes, with which we concur, in 1983 in the method of accounting for foreign currency translation and in 1982 in the methods of accounting for investment tax credit and inventory costing, as described in note 1 to the consolidated financial statements, have been applied on a consistent basis.—*Accountants' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part) Summary of Significant Accounting Policies

Accounting Changes. During 1983, Beatrice adopted the provisions of Statement of Financial Accounting Standards No. 52 (FASB 52) for foreign currency translation. This change reduced net foreign currency translation losses and other expenses included in fiscal 1983 net earnings by $11.2 million or an effect of $.11 on earnings per share. Prior years' financial statements, which were prepared under the provisions of Statement of Financial Accounting Standards No. 8, have not been restated, since the effect would not be material.

During 1982, Beatrice made two significant accounting changes. The last-in, first-out (LIFO) cost basis was adopted for substantially all inventories located in the United States, resulting in decreased net earnings in 1982 of $18.8 million (per share effect: $.19 primary; $.17 fully diluted). Pro forma effects of retroactive application of LIFO to years prior to 1982 are not determinable, and thus there is no cumulative effect on retained earnings at the beginning of that year. Also in 1982, Beatrice changed from the deferred method to the flow-through method of accounting for investment tax credit. The cumulative effect of the change was an increase in net income of $31.8 million (per share effect: $.32 primary; $.29 fully diluted) for the first quarter and entire year of 1982. If the flow-through rather than the deferred method of accounting for investment tax credit had been used in 1981, net earnings and related per share amounts would not be materially different from those reported.

The Shareholders
SmithKline Beckman Corporation

We have examined the consolidated balance sheets of SmithKline Beckman Corporation and subsidiaries as of December 31, 1983 and 1982 and the related consolidated statements of earnings, changes in financial position and shareholders' equity for each of the years in the three-year period ended December 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 opinion, the aforementioned consolidated financial statements present fairly the financial position of SmithKline Beckman Corporation and subsidiaries at December 31, 1983 and 1982 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, 1983, 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 foreign currency translation as described in Note 2 to the financial statements.—*Independent Accountants' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Accounting Change

Effective January 1, 1983, the Company changed its method of accounting for foreign currency translation by adopting Financial Accounting Standard (FAS) No. 52. The financial statements for 1982 and 1981 have not been restated for this change.

Under the provisions of FAS No. 52, most of the Company's foreign operating assets and liabilities are translated at exchange rates prevailing at the end of the period and the resulting translation adjustments are accumulated as a separate component of shareholders' equity. Revenues and expenses are translated at exchange rates prevailing during the period. Gains and losses resulting from foreign currency transactions and translation adjustments relating to foreign entities deemed to be operating in U.S. dollar functional currency or in highly inflationary economies, principally Argentina, Brazil, Mexico and Peru, are included in earnings.

Board of Directors
The Timken Company
Canton, Ohio

We have examined the consolidated balance sheets of The Timken Company and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, capital and earnings invested in the business and changes in financial position for each of the three years in the period ended December 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 opinion, the financial statements referred to above present fairly the consolidated financial position of The Timken Company and subsidiaries at December 31, 1983 and 1982, 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, 1983, in conformity with generally accepted accounting principles applied on a consistent basis during the period except for the change in 1983, with which we concur, in the method of translating foreign currencies as described in Note F to the financial statements.—*Accountants' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F—Foreign Currency Translation

Effective January 1, 1983, the Company prospectively adopted Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation." Under the new accounting rules all assets and liabilities of most operations outside the United States are translated into U.S. dollars at period-end exchange rates. Currency translation adjustments are reflected in the Foreign Currency Translation Adjustment account in Capital and Earnings Invested in the Business, except for gains and losses on foreign currency translation for hyperinflated economies (Brazil, Mexico and Argentina) which are included in other charges in the income statement.

The cumulative effect of adopting Statement No. 52 as of January 1, 1983 was a reduction in net assets of $8,178,000 (net of income taxes of $5,469,000) and is estimated to have increased net income by $6,506,000 or $.57 per share in 1983.

Board of Directors and Shareholders
The Coca-Cola Company
Atlanta, Georgia

We have examined the consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, shareholders' equity and changes in financial position for each of the three years in the period ended December 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 opinion, the financial statements referred to above present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1983 and 1982, 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, 1983, 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.—*Report of Independent Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Foreign Operations Currency Translation.

In 1982, the Company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" (SFAS 52) for translating the financial statements of its foreign operations. An equity adjustment ($11.7 million) was recorded as of January 1, 1982, for the cumulative effect of SFAS 52 on prior years. Net exchange gains (gains and losses on foreign currency transactions and translation of balance sheet accounts of operations in hyperinflationary economies) included in income were $9 million for 1983 and $27 million for 1982. The impact of SFAS 52 on 1981 operating results was not material and such financial statements have not been restated.

Appropriate United States and foreign income taxes have been provided for on earnings of subsidiary companies which are expected to be remitted to the parent company in the near future. Accumulated unremitted earnings of foreign subsidiaries which are expected to be required for use in the foreign operations were approximately $56 million at December 31, 1983, exclusive of amounts which if remitted would result in little or no tax.

To the Shareholders and Board of Directors of
Granger Associates

We have examined the consolidated balance sheets of Granger Associates and subsidiaries as of August 31, 1983 and 1982 and the related consolidated statements of income, shareholders' equity, and changes in financial position for each of the three years in the period ended August 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 opinion, such consolidated financial statements present fairly the financial position of Granger Associates and subsidiaries at August 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 August 31, 1983, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in 1982 in the method of translating foreign currency transactions and financial statements as described in Note 2 to the consolidated financial statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Foreign Currency Translation

In 1982, early adoption of Statement of Financial Accounting Standards No. 52 "Foreign Currency Translation" was elected. Under this Statement, certain foreign currency transaction gains and losses are included in net income in the period in which they arise, while other transaction gains and losses and the effects of translating the financial statements of the foreign subsidiary into U.S. dollars are reflected as an adjustment to shareholders' equity. The 1981 statement of income includes both foreign currency transaction and translation losses of $(311,000) in compliance with Statement No. 8. Foreign exchange gains of $164,000 in 1983 and $5,000 in 1982, reflected in the statements of income excludes translation adjustments of $(504,000) and $(163,000), respectively, which are included in shareholders' equity. The effect of early adoption on 1982 net income was not significant.

To the Shareholders of
Guardian Industries Corp.:

We have examined the consolidated balance sheet of Guardian Industries Corp. and Consolidated Subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, stockholders' equity and changes in financial position for each of the three years in the period ended December 31, 1983. These financial statements are presented on pages 22 through 29, inclusive, of this 1983 Annual Report. 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 Guardian Industries Corp. and Consolidated Subsidiaries as of December 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 December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis, except for the change in 1982, with which we concur, in the method of accounting for foreign currency translation as described in Note 1 of Notes to Consolidated Financial Statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 (in part) Foreign Currency Translation

Effective January 1, 1982, the Company adopted the provisions of FASB Statement No. 52, "Foreign Currency Translation". In the application of this accounting standard, exchange adjustments resulting from foreign currency transactions are recognized currently in income. Adjustments resulting from the translation of financial statements are reflected as a separate component of stockholders' equity. Financial statements of prior periods have not been restated nor has pro forma information been presented, as the effect of the change would not have been significant. The effect on 1983, 1982 and 1981 net income resulting from transactions in foreign currencies was not material.

LIFO Adopted

To the Stockholders of
Arden Group, Inc.

We have examined the consolidated balance sheets of Arden Group, Inc. and its subsidiary as of December 31, 1983 and January 1, 1983, and the related consolidated statements of operations, stockholders' equity and changes in financial position for each of the fiscal years ended December 31, 1983, January 1, 1983 and January 2, 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 consolidated financial position of Arden Group, Inc. and its subsidiary at December 31, 1983 and January 1, 1983 and the consolidated results of their operations and changes in financial position for each of the fiscal years ended December 31, 1983, January 1, 1983 and January 2, 1982, in conformity with generally accepted, accounting principles applied on a consistent basis, except for the change, with which we concur, to the last-in first-out (LIFO) method of valuing inventories of nonperishable grocery merchandise as described in Note 3 to the consolidated financial statements.—*Report of Independent Certified Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 (in part): Inventories

In 1983, the Company adopted the last-in, first-out (LIFO) method of determining the cost of its non-perishable grocery merchandise ($26,943,000). Perishable merchandise and all other inventory is valued at the lower of first-in, first-out (FIFO) cost or market. The Company believes that the use of the LIFO method for nonperishable grocery merchandise results in a better matching of costs and revenues. At December 31, 1983, inventories valued by the LIFO method would have been $637,445 higher if they had been stated at the lower of FIFO cost or market. The effect on net income and income per share for the fifty-two weeks ended December 31, 1983 was a decrease of approximately $562,000 ($.20 per share). The 1982 results of operations do not reflect this accounting change. 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 Board of Directors and Stockholders
Rohm and Haas Company

We have examined the consolidated balance sheets of Rohm and Haas Company and consolidated subsidiaries as of December 31, 1983, and 1982, and the related statements of consolidated earnings and changes in financial position for each of the years in the three-year period ended December 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 opinion, the aforementioned consolidated financial statements present fairly the financial position of Rohm and Haas Company and consolidated subsidiaries at December 31, 1983, and 1982, and the results of their operations and changes in their financial position for each of the years in the three-year period ended December 31, 1983, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in the method of valuing inventories as described in Note 11 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (in part) 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 reductions 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 $.61 per share. Pro forma effects of retroactive application of LIFO and the cumulative effect on beginning retained earnings are not determinable.

LIFO Discontinued

To the Stockholders of
Zenith Radio Corporation

We have examined the consolidated balance sheets of ZENITH RADIO CORPORATION (a Delaware corporation) and subsidiaries as of December 31, 1983 and 1982, and the related statements of consolidated income and retained earnings and changes in consolidated financial position for each of the three years in the period ended December 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 opinion, the consolidated financial statements referred to above present fairly the financial position of Zenith Radio Corporation and subsidiaries as of December 31, 1983 and 1982, and the results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1983, 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 certain inventories, as described in Note 2 to the consolidated financial statements.—*Auditors' Report.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2—Accounting Change

In the fourth quarter of 1983 the Company changed its method of valuation for a portion of its inventories to the first-in, first-out (FIFO) method from the last-in, first-out (LIFO) method used in prior years. The electronic parts inventories affected have experienced declining prices during the last few years; therefore, this change was made in order not to value these inventories in excess of replacement cost or net realizable value.

This change has been applied by retroactively restating the financial statements. As a result of adopting the FIFO method for a portion of the inventories, net income for the year ended December 31, 1983 is approximately $2.4 million or $.11 per fully diluted share ($.12 per primary share) less than it would have been on a LIFO basis.

The effects of the financial statement restatement on net income (loss) and net income (loss) per share were:

		Per Share	
Increase (Decrease)	Net Income (In millions)	Primary	Fully Diluted
1982	$(2.5)	$(.13)	$(.13)
1981	.1	.01	.01
1980	.2	.01	.01
1979	(1.4)	(.08)	(.08)

LIFO Cost Computation

Board of Directors
National Intergroup, Inc.
Pittsburgh, PA 15222

We have examined the consolidated balance sheets of National Intergroup, Inc., and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, stockholders' equity and redeemable preferred stock, and changes in financial positions for each of the three years in the period ended December 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 opinion, the financial statements referred to above present fairly the consolidated financial position of National Intergroup, Inc., and subsidiaries at December 31, 1983 and 1982, 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, 1983, in conformity with generally accepted accounting principles consistently applied during the periods except for the change made as of January 1, 1982, with which we concur, in the method of computing LIFO inventories as described in Note L to the consolidated financial statements.—*Report of Independent Accountants.*

NOTES TO FINANCIAL STATEMENTS

Note L—Accounting Change

In 1982 the Corporation changed its method of computing LIFO inventories from the dollar value, single pool method to the dollar value, multiple pool method. The Corporation believes that the multiple pool method is the prevailing method in the industry and is preferable to the method previously used. This change reduced the net loss for 1982 by approximately $10,900,000, or $.58 per share ($1,900,000, or $.10 per share, $3,400,000, or $.18 per share, and $5,600,000, or $.30 per share in the second, third, and fourth quarters, respectively). There is no cumulative effect of this charge on prior year's reported earnings.

Investment Tax Credit

The Board of Directors and Stockholders
AMF Incorporated

We have examined the consolidated balance sheets of AMF Incorporated at December 31, 1983 and 1982, and the consolidated statements of operations, stockholders' equity and changes in financial position for each of the three years in the period ended December 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 opinion, the statements mentioned above present fairly the consolidated financial position of AMF Incorporated at December 31, 1983 and 1982, and the consolidated results of operations and the consolidated changes in financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, with which we concur, made as of January 1, 1981 in the method of accounting for investment tax credits as described in Note 11 to the consolidated financial statements.—*Report of Certified Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (in part) Income Tax Expense

In 1981, the Company changed its accounting for investment tax credit from the deferred to the flow-through method, which is followed by most other U.S. corporations. The cumulative effect of the change in accounting for investment tax credit was reported as a special item effective January 1, 1981.

To the Shareholders and the Board of Directors of
Grumman Corporation

We have examined the consolidated balance sheet of Grumman Corporation (a New York corporation) and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, common shareholders' equity, and changes in financial position for each of the three years in the period ended December 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 opinion, the financial statements referred to above present fairly the financial position of Grumman Corporation and subsidiaries as of December 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 December 31, 1983, in conformity with generally accepted accounting principles, applied on a consistent basis, except for the change (with which we concur) to the flow-through method of accounting for investment tax credits in 1982 as described in Note 1 to the financial statements.—*Auditors' Report.*

NOTES TO FINANCIAL STATEMENTS

Note 1 (in part) Summary of Significant Accounting Policies

Change in Accounting Policy

As of January 1, 1982, the company changed from the deferral method to the flow-through method of accounting for investment tax credits. Under the flow-through method, investment tax credits are included in net income in the year the related assets are placed in service, rather than by amortizing the credits over the estimated lives of the assets.

As a result of the change, income from continuing operations for 1982, before the cumulative effect of the accounting change for prior years, increased by $2,700,000 ($.10 per share). In addition, the cumulative effect of the accounting change, representing the unamortized balance of deferred investment tax credits as December 31, 1981, increased earnings for 1982 by $7,103,000 ($.27 per share). If the flow-through method had been in effect, 1981 income would have been increased by $1,734,000 (.07 per share).

Pension Cost Determination

The Board of Directors and Stockholders
Celanese Corporation

We have examined the consolidated balance sheets of Celanese Corporation as of December 31, 1982 and 1983, 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, 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 opinion, the aforementioned consolidated financial statements present fairly the financial position of Celanese Corporation at December 31, 1982 and 1983, and the results of operations and changes in financial position for each of the years in the three-year period ended December 31, 1983, 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 in notes E and J.—*Independent Accountants' Report.*

NOTES

E. Inventories

	1982	1983
Finished goods	$319	$289
Work-in-process	58	54
Raw materials	192	188
Supplies	44	42
Sub-total	613	573
Excess of current costs over stated values	193	128
Total inventories	$420	$445

Last-in, first-out (LIFO) has been the principal valuation method in the United States, Canada and Mexico since 1974, and for all other significant non-U.S. subsidiaries and affiliates since 1980. Other inventories are valued at standard costs that approximate current production costs. Inventory values are not in excess of market, and do not include depreciation of property, plant and equipment.

In 1982, the Corporation realigned its LIFO inventory pools for financial statement purposes, to correspond to product groups rather than business segments, which increased 1982 net income by $.98 per share, or $15 million. Also in 1982, reductions in LIFO inventories, after the accounting change, increased operating income by $64 million, and net income by $1.89 per share, or $29 million.

During 1983, reductions in LIFO inventories increased operating income by $6 million, and net income by $.18 per share, or $3 million.

J (in part) Retirement income plans

The Corporation has various retirement income plans covering substantially all employees.

During 1983, the Corporation filed for government approval to restructure the pension plan. If approval is granted, the Corporation will reclaim a portion of the plan assets. The amount to be reclaimed cannot yet be determined.

During 1982, for most U.S. plans, Celanese changed from the entry age normal cost method to a modified unit credit method for determining pension expense. This change relates pension expense to accumulated pension plan benefits by taking into consideration the excess of pension assets over accumulated benefits. Celanese uses the entry age normal method for funding purposes.

The net effect of this change in actuarial method was to increase 1982 net income by $.68 per share, or $11 million. Pension expense was decreased by $23 million.

Also, for a limited period in 1982, a special early retirement program was offered to certain employees. The effect of the program was to decrease pension expense by $1 million. As part of the program, one-time special retirement supplements, totaling $14 million, were paid. The net effect on net income was a decrease of $.42 per share, or $7 million.

To the Board of Directors and Shareowners of
Brown & Sharpe Manufacturing Company

We have examined the consolidated balance sheets of Brown & Sharpe Manufacturing Company at December 31, 1983 and December 25, 1982 and the related statements of income (loss), shareowners' equity and changes in financial position for each of the three years in the period ended December 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 opinion, the financial statements referred to above present fairly the consolidated financial position of Brown & Sharpe Manufacturing Company at December 31, 1983 and December 25, 1982 and the consolidated results of its operations and changes in its financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis, except for the change in 1983, with which we concur, in the actuarial method for determining the cost and the amortization period for the related past service cost of certain retirement plans as described in Note 2 to the consolidated financial statements.—*Report of Independent Certified Public Accountants*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Accounting Change

In the second quarter of 1983, the Company changed its actuarial method for determining the cost of certain of its domestic retirement plans from the entry age normal method to the projected unit credit method. In addition, the asset valuation method was changed from the four year actuarial averaging method to the market value method and the period over which past service costs are recognized was changed from 30 years to 10 years. These changes were made to more realistically reflect the actual cost of providing such benefits and resulted in decreasing the 1983 net loss by $821,000 ($.25 per share).

Consolidation Policy

To the Stockholders and Board of Directors of
Compugraphic Corporation

We have examined the consolidated balance sheet of Compugraphic Corporation (a Massachusetts corporation) and subsidiaries as of October 1, 1983 and October 2, 1982, and the consolidated statements of operations, stockholders' investment, and changes in financial position for each of the three years in the period ended October 1, 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 opinion, the financial statements referred to above present fairly the financial position of Compugraphic Corporation and subsidiaries as of October 1, 1983 and October 2, 1982, and the results of their operations and changes in their financial position for each of the three years in the period ended October 1, 1983, in conformity with generally accepted accounting principles which, except for the change (with which we concur) in the method of accounting for foreign currency translation as explained in Note 1 to the financial statements, have been applied on a consistent basis, after restatement (with which we concur) for the consolidation of Graphic Credit Corporation, a wholly owned financing subsidiary that was previously accounted for using the equity method as explained in Note 1 to the financial statements.—*Auditors' Report*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 (in part) Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Compugraphic Corporation (the "Company") and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The consolidated financial statements for 1982 and 1981 have been restated to include Graphic Credit Corporation ("Graphic Credit"), a wholly owned finance company that was previously accounted for using the equity method. This method is preferable due to the increasing significance of Graphic Credit's finance operations to the consolidated financial statements. The change has no effect on previously reported earnings.

The Consolidated Statement of Operations includes 52 weeks for 1983, 52 weeks for 1982, and 53 weeks for 1981.

Translation of Foreign Currencies

Effective October 3, 1982, the Company adopted the provisions of the Statement of Financial Accounting Standard No. 52 (SFAS 52). "Foreign Currency Translation." In accordance with that Standard, assets and liabilities of most international subsidiaries have been translated at current exchange rates, and related revenues and expenses have been translated at average rates of exchange prevailing during the period. Translation losses of foreign subsidiaries that operate in highly inflationary economies have been charged against income in 1983, as in prior years. The aggregate effect of all other translation gains and losses in 1983 has been reflected as a separate component of stockholders' investment. The total cumulative translation adjustment at October 1, 1983, includes a translation loss of $1,073,000 as a result of translating assets and liabilities of the Company, as of the beginning of the year, at the then-current exchange rates. Transaction gains or losses are reflected in income as they occur. The financial statements for 1982 and 1981 have not been restated, as permitted by SFAS 52. The Consolidated Statement of Operations includes exchange losses of $388,000 in 1983 and $869,000 in 1982. Exchange losses in 1981 were not material.

To the Stockholders of
Foster Wheeler Corporation

We have examined the consolidated statements of financial condition of Foster Wheeler Corporation and Subsidiaries as of December 31, 1983 and 1982 and the related consolidated statements of earnings, changes in stockholders' equity, and changes in financial position for each of the years ended December 31, 1983, 1982 and 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.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Foster Wheeler Corporation and Subsidiaries at December 31, 1983 and 1982 and the consolidated results of their operations and the consolidated changes in their financial position for each of the years ended December 31, 1983, 1982 and 1981, 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 reflecting the financial results of certain of its subsidiaries in the consolidated financial statements, and except for the change in 1982, with which we concur, in the method of accounting for foreign currency translation; as described in Notes 1 and 11, respectively.—*Opinion of Independent Accountants.*

NOTES TO FINANCIAL STATEMENTS

(In Thousands of Dollars, Except per Share Amounts)

1 (in part) Summary of Significant Accounting Policies

Principles of Consolidation—The consolidated financial statements include the accounts of Foster Wheeler Corporation and all significant domestic and foreign subsidiary companies. Commencing in 1983, the Corporation combined its Real Estate Development and Financial Services Group into a separate reporting segment. Companies in that group previously accounted for on the equity basis, have been consolidated. Prior year financial statements have been reclassified to reflect this change, without any effect on net assets and net earnings. The long-term assets of this group have been aggregated on the Statement of Financial Condition as real estate and financing assets (See Note 15 for segment data). The Corporation's revenues now reflect earned billings on long-term contracts and all revenues from its real estate and financing activities.

11. The Corporation adopted the provisions of Financial Accounting Standards Board Statement No. 52 commencing January 1, 1982. Under Statement No. 52 all elements of the financial statements are translated into U.S. dollars using current exchange rates with translation adjustments accounted for as increases or decreases of stockholders' equity. The nonmonetary accounts of the Mexican operations continue to be translated at historical rates because of the highly inflationary economy of this country, with translation losses, which are insignificant, included in net earnings. Foreign currency transaction gains for 1983 and 1982 were approximately $3,800 and $3,500, respectively ($1,900 and $1,700 net of taxes). For 1981, the Corporation had foreign currency exchange losses of approximately $6,260, net of taxes. Included in this amount is foreign currency translation losses of approximately $9,800 or $.29 per share.

Sugarbeet Payment and By-Products Valuation

To the Stockholders and Board of Directors of
Holly Sugar Corporation:

We have examined the consolidated balance sheets of Holly Sugar Corporation and subsidiary as of March 31, 1983 and 1982 and the related consolidated statements of income and retained earnings and of changes in financial position for each of the three years in the period ended March 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements of Holly Sugar Corporation and subsidiary present fairly the financial position of the Companies at March 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 March 31, 1983, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the changes, with which we concur, made as of April 1, 1980, in the methods of accounting for the sugarbeet payment accrual and the valuation of by-product inventories as described in Note 2 to the financial statements.—*Auditors' Opinion.*

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes:

Sugarbeet Payment Accrual. In fiscal 1981, the Company changed its method of accruing liabilities for sugarbeets purchased from a partial to a full accrual basis, which is a preferable method of accounting for this liability and cost of sugarbeets. The cumulative effect on prior years of this change is shown as a one-time charge against 1981 income.

Valuation of By-products. Effective April 1, 1980, dried pulp and molasses inventories were revalued from nominal values previously used to approximately 75% of market value. This change more accurately reflects the by-products' values in the Company's product group and is considered to be a preferable valuation procedure. The cumulative effect on prior years of this change is shown as a one-time credit to 1981 income.

These accounting changes, singly or in the aggregate, did not have a significant effect on 1981 income before cumulative effect of accounting changes.

Service Parts

Board of Directors
Wang Laboratories, Inc.
Lowell, Massachusetts

We have examined the consolidated balance sheets of Wang Laboratories, Inc. and subsidiaries as of June 30, 1983 and 1982, and the related statements of consolidated earnings, changes in consolidated stockholders' equity, and changes in consolidated financial position for each of the three years in the period ended June 30, 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 opinion, the financial statements referred to above present fairly the consolidated financial position of Wang Laboratories, Inc. and subsidiaries at June 30, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended June 30, 1983, 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 service parts as described in Note B to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B—Accounting for Service Parts

During the year ended June 30, 1983, the Company retroactively adopted a change in accounting treatment for repairable service parts used in the maintenance of customer and internally used equipment. These parts were previously classified as inventories, with usage and provisions for obsolescence recognized as incurred. The new method of accounting results in the classification of service parts as noncurrent assets, with associated costs being depreciated over a period of seven years on a straight-line basis. In the opinion of Management the new treatment presents a more appropriate balance sheet classification of the asset. Since the depreciation resulting from the new method is substantially equal to usage and obsolescence recognized under the prior method of accounting, there is no cumulative effect of the change presented in the statement of consolidated earnings and the change is not expected to materially affect future results of operations.

EMPHASIS OF A MATTER

Paragraph 27 of *Statement on Auditing Standards No. 2* states:

> In some circumstances, the auditor may wish to emphasize a matter regarding the financial statements, but nevertheless intends to express an unqualified opinion. For example, he may wish to point out that the entity is a component of a larger business enterprise or that it has had significant transactions with related parties, or he may wish to call attention to an unusually important subsequent event or to an accounting matter affecting the comparability of the financial statements with those of the preceding period. Such explanatory information may be presented in a separate paragraph of the auditor's report. Phrases such as "with the foregoing explanation" should not be used in the opinion paragraph in situations of this type.

Examples of auditors' reports including explanatory information about the financial statements follow.

The Stockholders and Board of Directors
The Charter Company:

We have examined the consolidated balance sheets of The Charter Company and subsidiaries as of December 31, 1983 and 1982 and the related consolidated statements of earnings, stockholders' equity and changes in financial position for each of the years in the three-year period ended December 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.

Note 15C to the consolidated financial statements describes an apparent difference of opinion between the Company and the staff of the Securities and Exchange Commission with respect to the accounting by the Company for Single Premium Deferred Annuities (SPDA's) and includes the Company's opinion as well as special legal counsel's opinion as to the ultimate outcome regarding this matter. We concur with the Company's accounting for SPDA's as reflected in the consolidated financial statements.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of The Charter Company and subsidiaries at December 31, 1983 and 1982 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, 1983, 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 spare parts inventory as described in note 1F to the consolidated financial statements.—*Auditors' Report*.

(Note 1H, second paragraph, is as of March 23, 1984 and Note 15C is as of March 30, 1984)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. (in part) Commitments and Contingencies

C. On October 26, 1982, the Securities and Exchange Commission issued an Order of Private Investigation (the "Order") directing that a private investigation be conducted to determine whether Charter and its subsidiaries violated (i) the Securities Act of 1933 by failing to register as securities Single Premium Deferred Annuity ("SPDA") policies marketed by life insurance subsidiaries of Charter and by misrepresenting or omitting to state material facts in connection with the sale of such policies, (ii) the Securities Exchange Act of 1934 by misrepresenting or omitting to state information required in schedule 13D filings relating to equity investments made by Charter's life insurance subsidiaries, and (iii) the Investment Company Act of 1940 by failing to register with the SEC as an investment company. Charter has been participating fully in the SEC's investigation and has retained special counsel to assist it. Were it ultimately determined that the actions of Charter and its subsidiaries were in violation of such securities laws, among the possible consequences could be an offer to policyholders to rescind their purchases of SPDA policies issued by life insurance subsidiaries of Charter and the registration by Charter or certain of its subsidiaries under the Investment Company Act of 1940.

Recently, in depositions of various former and present officers of Charter and its life insurance subsidiaries, representatives of the SEC have raised questions regarding the manner in which Charter's life insurance subsidiaries have accounted for SPDA policies. Additionally, the Chief Accountant of the SEC has advised Charter informally that, pending the results of the private investigation, it is his tentative view that there should have been no recognition of income from an SPDA policy at the time of issue and that Charter's financial statements for the three years ended December 31, 1983, should be restated. Charter and its auditors, Peat, Marwick, Mitchell & Co., believe that Charter's accounting treatment for SPDA's, which provided for the recognition of some income from an SPDA policy at the time of issuance and was developed after consultation with various experts in the field of insurance accounting and actuarial matters, has been consistent with (i) the American Institute of Certified Public Accountants Industry Audit Guide—Audits of Stock Life Insurance Companies, (ii) Financial Accounting Standards

Board Statement No. 60 "Accounting and Reporting by Insurance Enterprises", and (iii) the accounting treatment utilized during the same period by certain of Charter's competitors in the sale of SPDA's, and is in accordance with generally accepted accounting principles. A task force of the Insurance Companies Committee of the American Institute of Certified Public Accountants has reached a preliminary conclusion concerning changes in accounting for SPDA's that, if recommended by the task force and if adopted by the standards-setting bodies of the accounting profession, would result in recognizing all profits over the life of the policy with no profits being recognized at the time of issuance. Based upon minutes of a meeting of the task force, which were made available to the SEC, the task force has unanimously agreed that, until changes are adopted, FASB No. 60 and the Audit Guide referred to above are applicable to accounting for SPDA's and that the "Audit Guide Method" is in accordance with the principles specified in FASB No. 60. Charter's accounting has been in accordance with the "Audit Guide Method", in which some profits may be recognized at the time of issuance of an SPDA.

Partially as a result of the task force's recommendation and discussions with representatives of the SEC, Charter's life insurance subsidiaries modified, effective January 1, 1984 (for policies issued after that date), certain assumptions used in calculating SPDA reserves so that, consistent with the preliminary conclusions reached by the task force, no profits will be recognized upon issuance of SPDA policies. The change in these assumptions does not affect the aggregate amount of profits recognized over the life of SPDA policies, but only the timing of recognition. Recently, certain other SPDA issuers modified their accounting assumptions resulting in an effect similar to Charter's modification. If the new assumptions for 1984 had been in effect for 1983, 1982 and 1981, or if the financial statements had been restated, net earnings of $6,500,000, $16,000,000 and $6,200,000, respectively, would have been deferred to future periods.

Special counsel has advised Charter that in its opinion, based upon the evidence presented in the investigation, its investigation of the facts and the present status of the law, Charter's SPDA's are insurance products that are not required to be registered as securities and are entitled to be accounted for as insurance products. Additionally, based upon (a) representations by Charter and its auditors that Charter's accounting for income from SPDA's for the years prior to December 31, 1983, was in accordance with the principles, standards and practices contained in FASB No. 60, that FASB No. 60 applies to insurance products such as SPDA's and that FASB No. 60 permits, with respect to SPDA's, the recognition of income at the time the premium is received by the issuing company, (b) representations by Charter that other major accounting firms with whom it has consulted concurred with that interpretation of FASB No. 60, (c) the fact that the minutes of the AICPA task force support such interpretation, and (d) the fact that other insurance companies which sold SPDA's during the relevant period interpreted FASB No. 60 as both being applicable to SPDA's and allowing income recognition in the year of issuance of an SPDA, in such counsel's opinion, there is "substantial authoritative support" for the practices followed by Charter with respect to accounting for income of its SPDA's within the meaning of Section 101 of the Commission's Codification of Financial Reporting Policy and that, as a result, a court or competent jurisdiction to whom the matter was presented would find that disclosure in the footnotes to Charter's financial statements for 1983 of the apparent difference of opinion between Charter and the Commission Staff with respect to the appropriate method of accounting for income received from the sale of SPAD's was an adequate response by Charter and that there was no requirement that Charter restate its financial statements by reason of its use of this accounting method. Based upon its present knowledge and the opinion of outside special counsel, Charter believes that the outcome of the investigation, the issues raised by the Chief Accountant of the SEC and any proceedings that may be commenced as a result thereof will not have a material adverse effect on Charter's financial position.

To the Shareholders and
Board of Directors
Consolidated Packaging Corporation

We have examined the balance sheets of Consolidated Packaging Corporation and Subsidiaries as of December 31, 1983 and 1982, and the related statements of operations, accumulated deficit and changes in financial position for the years ended December 31, 1983, 1982 and 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the acccunting records and such other auditing procedures as we considered necessary in the circumstances.

The Company had losses of $3,620,000 in 1983 and $4,730,000 in 1982 and has an accumulated deficit of $14,468,000 at December 31, 1983. As discussed further in Note 4 of Notes to Financial Statements, subsequent to December 31, 1983, the Company has obtained increased financing with less stringent debt covenants in order to continue to finance the business.

As discussed further in Notes 7 and 8 of Notes to Financial Statements, the outcome of certain matters and their effect on the accompanying financial statements is presently uncertain. These matters are: (a) the realization of the carrying value upon the disposition of idle facilities, and (b) the outcome of certain litigation.

In our opinion, subject to the effects of the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the financial statements present fairly the financial position of Consolidated Packaging Corporation and Subsidiaries as of December 31, 1983 and 1982, and the results of their operations and the changes in their financial position for the years ended December 31, 1983, 1982 and 1981, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Certified Public Accountants.*

NOTES TO FINANCIAL STATEMENTS

4 (in part) Long-Term Debt and Lease Obligations

Subsequent to December 31, 1983, the Company obtained increased financing, extended dating on debt of a subsidiary, waiver of defaults, and less stringent debt covenants under the revolving loans. For 1984, the revolving loans, as modified, require a current ratio of not less than .8 to 1; a shareholder's equity that cannot exceed a negative $500,000, and a working capital deficit that cannot exceed $3,000,000. In addition, for the year ended December 31, 1984, the Company may not incur a net loss. The agreements prohibit the payment of any cash dividends.

The Board of Directors and Shareholders
Conroy, Inc.

We have examined the consolidated balance sheets of Conroy, Inc. at August 31, 1983 and 1982, and the related consolidated statements of income, shareholders' equity and changes in financial position for each of the three years in the period ended August 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.

As more fully described in Note 10 of the accompanying notes to consolidated financial statements the Board of Directors has approved a plan of liquidation of Conroy, Inc.

In our opinion, the financial statements mentioned above present fairly the consolidated financial position of Conroy, Inc. at August 31, 1983 and 1982, and the consolidated results of operations and changes in financial position for each of the three years in the period ended August 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis during the period.—*Report of Certified Public Accountants.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Plan of Complete Liquidation of the Company

On August 17, 1983, the Board of Directors approved a contract for the sale of the ready-to-assemble furniture subsidiary, O'Sullivan Industries, Inc. for $91,500,000 and approved a plan for the complete liquidation of Conroy, Inc. The sale of O'Sullivan is contingent upon approval by Conroy's shareholders, receipt of a ruling as to the federal income tax consequences of the liquidation of Conroy and the attainment of certain operating results by O'Sullivan Industries, Inc. in the quarter ending November 30, 1983. Under the plan, company assets would be converted to cash to be distributed to its shareholders over the course of approximately one year.

REPORTS ON COMPARATIVE FINANCIAL STATEMENTS

Statements 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
The Arundel Corporation

We have examined the consolidated balance sheets of The Arundel Corporation and subsidiaries as of December 31, 1983 and 1982, 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, 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 report dated March 8, 1983, our opinion on the 1982 and 1981 financial statements was qualified as being subject to the possible effects of such adjustments, if any, as might have been required had the outcome of the matter discussed in Note K been known. This matter was settled in 1983 with no material effect on the Company's financial position. Accordingly, our opinion on the 1982 and 1981 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 The Arundel Corporation and subsidiaries as of December 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 December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Contingencies

As previously reported, the Company was involved in a joint venture and construction contract with Suffolk County, New York in which several disputes existed. During 1983 an agreement was reached whereby the Company assigned to the managing partner of the joint venture all of its rights and interests in any claim against Suffolk County in exchange for the managing partner's complete release and indemnification against any liabilities or claims against the Company resulting from the Company's participation in the joint venture and construction contract. The terms of the agreement did not have a material effect on the financial position of the Company.

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.

To the Shareholders of
General Refractories Company:

We have examined the consolidated balance sheets of General Refractories Company and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of operations and accumulated earnings (deficit) and changes in financial position for the years ended December 31, 1983, 1982, and 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.

In our report dated March 18, 1983, our opinion on the 1982 and 1981 consolidated financial statements was qualified as being subject to the effects of such adjustments, if any, as might have been required had the outcome of various uncertainties been known. For 1982 and 1981 such uncertainties related to the Company's ability to achieve various elements of its business plan necessary for the realization of assets and satisfaction of liabilities in the ordinary course of business, and for 1982 only, the outcome of negotiations applicable to a raw material purchase agreement. As described in Note 11, the Company achieved the major elements of its 1983 business plan and obtained appropriate waivers from its domestic lenders which provides the Company with improved liquidity necessary to continue as a going concern. In addition, as described in Note 16, the Company successfully renegotiated its raw material purchase agreement. Accordingly, our present opinion on the 1982 and 1981 consolidated financial statements is different than that expressed in our previous report.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of General Refractories Company and subsidiaries as of December 31, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for the years ended December 31, 1983, 1982 and 1981, in conformity with generally accepted accounting principles applied on a consistent basis.—*Report of Independent Certified Public Accountants.*

March 1, 1984 except as to Note 16 as to which the date is March 28, 1984.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (in part) Debt and Liquidity

Long term debt at December 31, 1983, matures in the next five years as follows: 1984, $5,270,000; 1985, $40,689,000; 1986, $6,539,000; 1987, $2,832,000; 1988, $4,008,000.

In March 1983, the Company entered into a Second Consolidated and Restated Bank Credit and Security Agreement (Second Credit Agreement), dated as of January 1, 1983, with the domestic banks, replacing its previous agreement which matured on January 1, 1983. No additional funds became available to the Company under the new agreement, which expires on December 31, 1985. Under the agreement, the Company has pledged its investment in and note receivable from a domestic subsidiary (Grefco, Inc.) whose net assets plus the amount payable under the note aggregate $21,800,000 at December 31, 1983. In addition, the Company has pledged substantially all of its domestic property, plant and equipment having an aggregate net book value of $23,900,000, and accounts receivable and inventories aggregating $24,900,000. Additionally, the Company's domestic cash accounts are restricted and are part of the collateral.

Under the agreement, interest for the year 1983 accrued at 11%, but was deferred and is evidenced by secured non-interest bearing notes, amounting to $2,000,000 at December 31, 1983. One-third of the deferred interest notes are payable in 1984 in equal quarterly installments, with the balance payable in equal quarterly installments in 1985. Interest for the years 1984 and 1985 is payable monthly at the prime commercial rate plus 1%. The agreement requires, among other things, that the Company maintain certain levels of operating profits and tangible net worth; limits total liabilities and capital expenditures; restricts disposals of assets without prior approval; prohibits acquisition of treasury stock, except to redeem the preferred shares outstanding; and prohibits payment of dividends, except on presently outstanding preferred shares. For the year 1983, the Company did not meet certain of the operating covenants, which were waived by the banks.

In June 1983, the Company sold substantially all of the assets of its domestic Building Products Division (Note 3). As required by the credit agreement, $10,000,000 of the proceeds from the sale were used to reduce the amounts owed under the agreement. Such amounts cannot be reborrowed. The Company also is required to make 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 July 1983, as required under the new agreement, the Company issued to the banks warrants to acquire 195,000 shares of the Company's common stock at a price of $3 per share (Note 14). The warrants were issued in exchange for the forgiveness of deferred interest notes of $277,000 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 for $3,330,000 with another domestic bank. This agreement is subordinate to the Second Credit Agreement with domestic banks and substantially all assets pledged under the Second Credit Agreement also are pledged under this agreement. The total amount of this obligation is due at maturity on February 1, 1986.

The foreign notes payable consist principally of liabilities of certain Austrian and West German subsidiaries and are payable in local currencies. Accounts receivable, inventories, land and buildings with an aggregate net book value of $31,500,000 at December 31, 1983 have been pledged to secure a portion of these liabilities and to provide additional lines of credit. Also, an investment in an associated company with a carrying value of $1,500,000 is pledged. Accounts receivable aggregating approximately $24,700,000 at December 31, 1983 of certain Austrian subsidiaries are pledged as collateral for export financing loans.

During 1983, the Company earned $539,000 from operations, an improvement of $17,355,000 from 1982. This improvement was primarily the result of a reduced breakeven level, reflecting the benefits of the restructuring of the domestic refractory operations in 1982, disposition of the domestic building products operations, and a continuation of the cost reduction programs implemented in 1982. Also, the Company generated additional funds through the sale of the assets of the domestic Building Products Division, the sale of investments and other assets, and the deferral of $2,500,000 of its 1982 domestic pension contribution. In addition, the Company renegotiated the domestic raw material agreement discussed in Note 16, so that future requirements for raw materials will correspond to operating levels. As a result of these factors and the Company's ability to maintain financing arrangements with its domestic banks, the Company believes that it has attained a sufficient liquidity position during 1983 to enable it to continue as a going concern.

16. Raw Material Purchase Commitments

During 1981, 1982 and 1983, the Company had a purchase agreement with a domestic raw material supplier which extended through 1984. Under the agreement, the Company was obligated to make minimum annual purchases of certain raw materials. The Company did not satisfy its purchase commitment for 1982 or 1983. In March 1984, the Company renegotiated this agreement, eliminating its obligation for prior years' unfulfilled commitments without penalty to the Company. Under the revised agreement, which extends through 1986, the Company is obligated to purchase from the supplier eighty percent of the Company's domestic usage of the same raw materials.

Change in Auditors

To the Board of Directors and
Shareholders of Snap-on Tools Corporation

We have examined the consolidated balance sheets of SNAP-ON TOOLS CORPORATION (a Delaware Corporation) and Subsidiaries as of December 31, 1983, and January 1, 1983, and the related consolidated statements of earnings, 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. The consolidated financial statements of Snap-on Tools Corporation and Subsidiaries as of January 2, 1982, were examined by other auditors whose report dated February 8, 1982, expressed an unqualified opinion on those statements, except for the change in 1981 in the method of accounting for the translation of foreign currencies.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Snap-on Tools Corporation and Subsidiaries as of December 31, 1983, and January 1, 1983, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.—*Auditors' report.*

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			
	1983	1982	1981	1980
Financial statements of subsidiaries	9	10	13	15
Historical summaries or five year summaries of operations	2	2	5	7
Other—financial highlights, pro forma data, etc.	3	4	3	4

Financial Statements of Subsidiary

Board of Directors and Shareholders
R.H. Macy & Co., Inc.
New York, NY

We have examined the consolidated statements of financial condition of R. H. Macy & Co., Inc. and consolidated subsidiaries as of July 30, 1983 and July 31, 1982, and the related statements of earnings, changes in financial position, and changes in shareholders' investment for each of the three years in the period ended July 30, 1983, and the consolidated statements of financial condition of Macy Credit Corp. and subsidiary as of July 30, 1983 and July 31, 1982, and the related statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended July 30, 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 opinion, the financial statements referred to above present fairly the consolidated financial position of R. H. Macy & Co., Inc. and consolidated subsidiaries and Macy Credit Corp. and subsidiary as of July 30, 1983 and July 31, 1982, and the results of their operations and changes in their financial positions for each of the three years in the period ended July 30, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.—*Independent Auditors' Report.*

REPORT OF MANAGEMENT

The 1983 annual reports of 315 survey companies included a Report of Management. Examples of management reports follow.

REPORT OF MANAGEMENT

The management of General Foods Corporation is responsible for the preparation and integrity of the consolidated financial statements of the corporation. The financial statements have been prepared in accordance with generally accepted accounting principles using management's estimates and judgments where necessary. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

General Foods maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records are adequate and can be relied upon to produce financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance is based on the recognition that the cost of maintaining our system of internal accounting controls should not exceed benefits expected to be derived from the system. The system is supported by comprehensive written policies and guidelines, and is continuously reviewed and augmented by our internal audit program.

Independent accountants are retained to examine General Foods' financial statements. Their examination is conducted in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the corporation's financial position, results of operations and changes in financial position.

The Audit Committee of the Board of Directors is composed entirely of outside directors. The committee meets periodically with management, internal auditors and the independent accountants. These meetings include discussions of internal accounting control and the quality of financial reporting. Financial management as well as the internal auditors and the independent accountants have full and free access to the Audit Committee.

The management of your company recognizes its responsibility to conduct General Foods' business in accordance with high ethical standards. This responsibility is reflected in key policy statements that, among other things address potentially conflicting outside business interests of company employees and the proper conduct of domestic and international business activities. Ongoing communications and review programs are designed to help ensure compliance with these policies.

REPORT MANAGEMENT

The management of National Semiconductor Corporation is responsible for the preparation and integrity of the accompanying consolidated financial statements. The statements have been prepared by the company in accordance with generally accepted accounting principles and, in the judgment of management, present fairly and consistently the company's financial position and results of operations. These statements necessarily include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The company maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded; and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

The system of internal controls and compliance is reviewed by a program of internal audits. Our independent certified public accountants provide an objective assessment of the degree to which management meets its responsibility for the fairness of the financial statements. They regularly evaluate the system of internal accounting controls and perform such tests and other procedures as they deem necessary to reach and express an opinion on the fairness of our consolidated financial statements presented in conformity with generally accepted accounting principles.

The Board of Directors pursues its responsibility for the company's financial statements through its three-member Audit Committee. The Audit Committee meets periodically with the independent certified public accountants, management, and the internal auditors. Our independent certified public accountants and internal auditors have direct access to the Audit Committee to discuss the scope and results of their audit work and the adequacy of internal accounting controls and the quality of financial reporting.

MANAGEMENT REPORT

The consolidated financial statements of Quaker State Oil Refining Corporation and other financial information appearing in this report have been prepared at the direction of the Management of the Company, which is responsible for their integrity and objectivity. The statements, which were prepared in conformity with generally accepted accounting principles, reflect estimates, where appropriate, based upon the judgments of Management.

The Company's system of internal accounting control is designed to provide reasonable assurance that the financial statements and other financial information are fairly presented and that the assets of the Company are safeguarded. This system of internal control includes both administrative and accounting controls with each supplementing the other and both being complemented by an effective control environment.

As part of the internal control system, the Company has a policy on Conflicts of Interest and a Code of Business Conduct. All Directors, Officers and key employees are required to submit annually a signed statement regarding compliance with these policies.

The Internal Audit Department of the Company reviews, evaluates, monitors, and makes recommendations on both administrative and accounting controls and thus acts as an integral, but independent part of the control system. A staff of professional auditors performs audits at reasonable intervals throughout the Company and its subsidiaries.

The Audit Committee of the Board of Directors, consisting of four outside Directors, is directly responsible for assuring that Management fulfills its financial reporting responsibility and for monitoring the Corporate audit function. Both the internal auditors and the independent auditors periodically meet alone with the Audit Committee and have access to the Audit Committee at any time.

REPORT OF MANAGEMENT

To the Stockholders of
R. J. Reynolds Industries, Inc.

The management of R. J. Reynolds Industries, Inc. is responsible for all information and representations contained in the financial statements. The Company's financial statements have been prepared in accordance with generally accepted accounting principles and are based on management's best estimates and judgment.

The Company's independent auditors were engaged to perform an examination of the consolidated financial statements. Their examination provides an objective outside review of management's responsibility to report operating results and financial condition. Working with our internal auditors, they review and make tests as appropriate of the data included in the financial statements.

The Company has a system of internal accounting controls which is designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and financial records are reliable as a basis for preparation of financial statements. This system includes the selection and training of qualified personnel, an organizational structure which provides appropriate delegation of authority and segregation of responsibility, the establishment and dissemination of policies and procedures throughout the organization, and an extensive internal audit program.

The Board of Directors of the Company has an Audit Committee composed of seven directors who are neither officers nor employees of the Company. The Audit Committee meets on a regular basis with representatives from management, the internal auditors and the independent auditors, reviews audit plans and results, recommends the appointment of the independent auditors, and reviews and provides general direction for the Company's audit activities. The independent auditors and the internal auditors have free access to the Audit Committee without the presence of management representatives when deemed appropriate by the Committee.

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-seventh (1983) edition. Twenty-four companies in the 1983 edition have been eliminated and their numbers left unused. The companies selected as replacements have been assigned numbers 960 to 979, 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*	
	ADDSCO Industries, Inc.—*see 960*	
	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*	
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*	
	Ameron, Inc.—*see 961*	
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
	BMC Industries, Inc.—*see 653*	
	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
89	Bethlehem Steel Corporation	12
	Bird Incorporated—*see 92*	
91	The Black and Decker Manufacturing Company	9
92	*Bird Incorporated*	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
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*	
	CMI Corporation—*see 797*	
	CPC International Inc.—*see 172*	
	CSP Inc.—*see 962*	
	Cabot Corporation—*see 859*	
	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
	Centronics Data Computer Corp.—*see 796*	

Co. No.		*Month in which fiscal year ends
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*	
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*	
142	The Cleveland-Cliffs Iron Company	12
144	Cluett, Peabody & Co., Inc.	12
	The Coastal Corporation—*see 909*	
145	The Coca-Cola Company	12
	Coleco Industries, Inc.—*see 813*	
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
	Adolph Coors Company—*see 963*	
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
	Dana Corporation—*see 656*	
	Dart & Kraft, Inc.—*see 467*	
187	Dayco Corporation	10
	Dayton Hudson Corporation—*see 964*	
	Dayton Malleable Inc.—*see 837*	
	Dean Foods Company—*see 965*	
188	Deere & Company	10
	Deluxe Check Printers, Incorporated—*see 933*	
189	Dennison Manufacturing Company	12
	Diamond Shamrock Corporation—*see 658*	
	Digital Equipment Corporation—*see 838*	
195	Walt Disney Productions	9

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	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
	Engelhard Corporation—*see 659*	
	Erb Lumber Co.—*745*	
	Esmark, Inc.—*see 535*	
	Ethyl Corporation—*see 660*	
	Everest & Jennings International—*see 966*	
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
	Fuqua Industries, Inc.—*see 967*	
	GAF Corporation—*see 240*	
239	GATX Corporation	12
240	*GAF Corporation*	12
	GTI Corporation—*see 911*	
	Gannett Co., Inc.—*see 912*	
	Gearhart Industries, Inc.—*see 758*	
241	*General Host Corporation*	12
245	*Culbro Corporation*	12
246	General Dynamics Corporation	12
247	General Electric Company	12

Co. No.		*Month in which fiscal year ends
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
	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*	
	Goulds Pumps, Incorporated—*see 968*	
	W.R. Grace & Co.—*see 622*	
	Granger Associates—*see 623*	
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*	
	Guilford Mills, Inc.—*see 969*	
	Gulf & Western Industries, Inc.—*see 624*	
273	Gulf Corporation	12
	Gulf Resources & Chemical Corporation—*see 842*	
	Gulton Industries, Inc.—*see 788*	
	HON Industries Inc.—*see 726*	
274	Halliburton Company	12
	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	Hartmarx Corporation	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
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*	
	Hughes Tool Company—*see 869*	
	Humana Inc.—*see 702*	
	Philip A. Hunt Chemical Corporation—*see 736*	
	Hurco Manufacturing Company, Inc.—*see 916*	

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	IC Industries, Inc.—*see 761*	
	ICOT Corporation—*see 821*	
	IPCO Corporation—*see 627*	
	ITT Corporation—*see 668*	
304	Ingersoll-Rand Company	12
305	Inland Steel Company	12
	Insilco Corporation—*see 313*	
307	Interco Incorporated	2
308	Interlake, Inc.	12
	International Banknote Company, Inc.—*see 970*	
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
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
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
332	The Kroger Co.	12
333	Kuhlman Corporation	12
	The LTV Corporation—*see 628*	
	LaBarge, Inc.—*see 704*	
	Lamaur Inc.—*see 673*	
334	Lear Siegler, Inc.	6
	Lee Enterprises, Incorporated—*see 763*	
	Leggett & Platt, Incorporated—*see 919*	
	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

Co. No.		*Month in which fiscal year ends
347	Lone Star Industries, Inc.	12
	The Louisiana Land and Exploration Company—*see 971*	
	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
	Magic Chef, Inc.—*see 972*	
	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 International, Inc.—*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
382	Mobil Corporation	12
383	Mohasco Corporation	12
385	Monsanto Company	12
	Moore McCormack Resources, Inc.—*see 942*	
	Morton Thiokol, Inc.—*see 973*	
	Mosinee Paper Corporation—*see 752*	
389	Motorola, Inc.	12
	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*	

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	NCR Corporation—*see 395*	
	NL Industries, Inc.—*see 400*	
394	Nabisco Brands, Inc.	12
	National Can Corporation—*see 637*	
395	*NCR Corporation*	12
398	National Distillers and Chemical Corporation	12
399	National Gypsum Company	12
	National Intergroup, Inc.—*see 403*	
400	*NL Industries, Inc.*	12
401	National Presto Industries, Inc.	12
	National Semiconductor Corporation—*see 923*	
	National Service Industries, Inc.—*see 875*	
403	*National Intergroup, Inc.*	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*	
	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*	
	Pacific Resources, Inc.—*see 974*	
	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
	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*	
431	PepsiCo, Inc.	12
	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
439	The Pillsbury Company	5
	Pioneer Hi-Bred International, Inc.—*see 823*	
441	Pitney-Bowes, Inc.	12

Co. No.		*Month in which fiscal year ends
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*	
	Prab Robots, Inc.—*see 975*	
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
	Quanex Corporation—*see 976*	
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*	
	Revere Copper and Brass Incorporated—*see 880*	
	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*	
	The Rymer Company—*see 818*	
	SCM Corporation—*see 483*	
	SCOA Industries Inc.—*see 496*	
	SPS Technologies, Inc.—*see 521*	
479	Safeway Stores, Incorporated	12
481	St. Regis Corporation	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
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*	

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
495	The Sherwin-Williams Company	12
496	*SCOA Industries Inc.*	1
497	The Signal Companies, Inc.	12
	Simkins Industries, Inc.—see 689	
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	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
528	Stone Container Corporation	12
	The Stop & Shop Companies, Inc.—see 953	
	Struthers Wells Corporation—see 694	
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	
	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	
	Tesoro Petroleum Corporation—see 977	
538	Texaco Inc.	12
540	Texas Instruments Incorporated	12

Co. No.		*Month in which fiscal year ends
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	*Unocal Corporation*	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
	United Technologies Corporation—see 555	
574	Universal Leaf Tobacco Company, Incorporated	6
575	*U and I Incorporated*	2
	Universal Voltronics Corp.—see 957	
	Unocal Corporation—see 553	
	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	
	Wang Laboratories, Inc.—see 978	
	Warner Communications Inc.—see 728	
584	Warner-Lambert Company	12
	Waste Management, Inc.—see 832	
	Wausau Paper Mills Company—see 979	
	West Chemical Products, Inc—see 958	
586	*Westinghouse Electric Corporation*	12
587	West Point-Pepperell, Inc.	8
	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	

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
	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*	3
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
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 International, Inc.*	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	*BMC Industries, Inc.*	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
666	*Homasote Company*	12
667	*International Multifoods Corporation*	2
668	*ITT Corporation*	12
671	*Jewel Companies, Inc.*	1
673	*Lamaur Inc.*	12
675	*Malone & Hyde, Inc.*	6
678	*Mott's Super Markets, Inc.*	12
680	*A. C. Nielsen Company*	8

Co. No.		*Month in which fiscal year ends
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
694	*Struthers Wells Corporation*	11
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
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

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

*Months numbered in sequence, January through December

Co. No.		*Month in which fiscal year ends
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
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
788	*Gulton Industries, Inc.*	2
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.*	12
797	*CMI Corporation*	12
798	*Compugraphic Corporation*	9
800	*Duplex Products Inc.*	10
802	*Fluor Corporation*	10
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
813	*Coleco Industries, Inc.*	12
814	*Commercial Metals Company*	8
815	*Conroy, Inc.*	8
816	*Gould Inc.*	12
817	*Johnson Products Co., Inc.*	8
818	*The Rymer Company*	10
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*	9
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
880	*Revere Copper and Brass Incorporated*	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

Co. No.		*Month in which fiscal year ends
ADDED FOR 1981 EDITION		
889	*Alpha Industries, Inc.*	3
890	*Anadite, Inc.*	10
891	*Analogic Corporation*	7
892	*Concord Fabrics Inc.*	8
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		
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
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		
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.*	5
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
ADDED FOR 1984 EDITION		
960	*ADDSCO Industries, Inc.*	6
961	*Ameron, Inc.*	11
962	*CSP Inc.*	8
963	*Adolph Coors Company*	12
964	*Dayton Hudson Corporation*	1
965	*Dean Foods Company*	12
966	*Everest & Jennings International*	12
967	*Fuqua Industries, Inc.*	12
968	*Goulds Pumps, Incorporated*	12
969	*Guilford Mills, Inc.*	6
970	*International Banknote Company, Inc.*	12
971	*The Louisiana Land and Exploration Company*	12
972	*Magic Chef, Inc.*	6
973	*Morton Thiokol, Inc.*	6
974	*Pacific Resources, Inc.*	12
975	*Prab Robots, Inc.*	10
976	*Quanex Corporation*	10
977	*Tesoro Petroleum Corporation*	9
978	*Wang Laboratories, Inc.*	6
979	*Wausau Paper Mills Company*	8

*Months numbered in sequence, January through December

Companies Included in Thirty-seventh Edition Not Included in this Edition of the Survey

18 Alpha Portland Industries, Inc.
88 The Bendix Corporation
135 Paxall, Inc.
186 Dan River Inc.
218 Evans Products Company
267 Graniteville Company
276 HMW Industries, Inc.
300 Norton Simon Inc,
381 Mirro Corporation
384 The Mohawk Rubber Company
430 Peoples Drug Stores, Incorporated
438 Phoenix Steel Corporation
465 Republic Steel Corporation
527 Stokely-Van Camp, Inc.
572 Cadence Industries Corporation
620 Getty Oil Company
721 Empire Incorporated
768 The Narda Microwave Corporation
786 Cleveland Calendering & Coating Corp.
789 Heublein, Inc.
804 Lenox, Incorporated
893 Designcraft Jewel Industries, Inc.
917 Kaiser Steel Corporation
951 Simmonds Precision Products, Inc.

Company Index

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

S

T

U

V

W

X

Z

Subject Index

A

B

C

D

E

F

G

L

M

N

O

P

Q

R

T

U

V

W

Y

Z