



**SOURCES OF REVENUES AND EARNINGS  
YEAR-TO-DATE AGAINST 1981 VS. 1982**  
(\$ MILLION)

|  | REVENUES     |              | EARNINGS    |             |
|--|--------------|--------------|-------------|-------------|
|  | 1981         | 1982         | 1981        | 1982        |
| <b>Contributions by Major Markets</b>                |              |              |             |             |
| International Services                               | \$ 488.2     | \$ 582.8     | \$ 14.9     | \$ 24.1     |
| Governmental Services                                | 15.6         | 19.8         | 1.0         | 1.1         |
| Professional Services                                | 12.7         | 15.1         | 1.0         | 1.1         |
| Other Services                                       | 12.5         | 20.4         | 1.0         | 1.9         |
| Applications   | 24.4         | 22.8         | 1.0         | 1.0         |
| Production Services                                  | 11.7         | 12.0         | 1.0         | 1.0         |
| Industrial and Other                                 | 11.7         | 12.0         | 1.0         | 1.0         |
| <b>Total Revenues</b>                                | <b>606.8</b> | <b>685.9</b> | <b>19.7</b> | <b>24.2</b> |
| Operating Expenses                                   |              |              |             |             |
| Depreciation   | 10.0         | 10.0         | 10.0        | 10.0        |
| Amortization   | 10.0         | 10.0         | 10.0        | 10.0        |
| Research & Development                               | 10.0         | 10.0         | 10.0        | 10.0        |
| Administrative Expenses                              | 10.0         | 10.0         | 10.0        | 10.0        |
| Marketing Expenses                                   | 10.0         | 10.0         | 10.0        | 10.0        |
| General & Administrative                             | 10.0         | 10.0         | 10.0        | 10.0        |
| Interest Expense                                     | 10.0         | 10.0         | 10.0        | 10.0        |
| Income Tax Expense                                   | 10.0         | 10.0         | 10.0        | 10.0        |
| <b>Total Expenses</b>                                | <b>606.8</b> | <b>685.9</b> | <b>60.0</b> | <b>60.0</b> |
| <b>Pre-tax Earnings</b>                              |              |              | <b>13.7</b> | <b>14.2</b> |
| Income Tax Expense                                   |              |              | 1.0         | 1.0         |
| <b>Net Earnings</b>                                  |              |              | <b>12.7</b> | <b>13.2</b> |
| Minority Interest                                    |              |              | 1.0         | 1.0         |
| <b>Net Earnings Available to Common Shareholders</b> |              |              | <b>11.7</b> | <b>12.2</b> |

**1982 Annual Report  
to Investors**

**IU International  
Corporation**





IU, a diversified services company, is much changed over recent years. The company has re-focused its resources in less capital-intensive businesses, streamlined its management, and shed two-thirds of its debt. Today, IU is:

- the nation's largest trucking group, ranked by tons of freight carried;
- a leader in environmental services for steel mills worldwide and power plants in the United States;
- an established gold mining company;
- a major distributor of paper and food products in the Sunbelt;
- a large landowner in Hawaii, the world's largest producer of macadamia nuts, and a ranking sugarcane grower.

The restructured IU, with experienced operating management, is positioned for growth.

**Cover:** At the company's Monthly Operating Review Effort meetings, IU operating executives review plans and progress with senior officers and staff executives. The MORE meetings are an integral part of IU's financial and operations planning discipline.



# Highlights of the Year

| In millions, except per share data             | 1982      | 1981      |
|--|-----------|-----------|
| Revenues                                       | \$2,117.7 | \$2,323.2 |
| Earnings from continuing operations            | \$ 33.4   | \$ 63.1   |
| Earnings per share from continuing operations: |           |           |
| Primary  | \$ 1.44   | \$ 2.81   |
| Fully diluted                                  | \$ 1.38   | \$ 2.63   |
| Cash dividends per common share                | \$ 1.125  | \$ 1.10   |
| Average common and common equivalent shares    | 22.2      | 21.9      |

## To Our Shareholders

**Transportation:** IU's motor carriers provide a broad range of services nationwide—and the capacity to meet any shipper's needs, from 300 pounds to 300 truckloads.

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**Environmental:** With more than 40 years of waste management experience, IU's environmental services companies clean up utility, steel mill, and industrial wastes.

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**Gold:** Commercial production has begun at IU's gold mine in Canada—one of the richest in North America, with 1,365,400 troy ounces of proven and probable gold reserves.

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**Distribution:** In the Southeast, IU companies have strong market positions supplying paper and food products to industrial and institutional customers.

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**Agribusiness:** IU's agribusiness company owns nearly 100,000 acres of Hawaiian land, which forms a base for growing sugar, macadamia nuts and other crops, as well as pursuing land development.

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## Shareholder Data

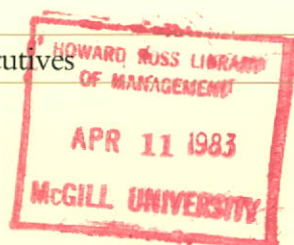
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## Board of Directors

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## Operating and Staff Executives

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The year 1982 was a difficult one for IU. Although we have restructured the company to emphasize services businesses, a good part of our business consists of providing services to American industry. Regrettably, the long and deep American industrial recession has thus had an inevitable impact on our results. IU's net earnings in 1982 were \$33.4 million, or \$1.44 per share (primary), on revenues of \$2.12 billion. A year earlier, earnings from continuing operations were \$63.1 million, or \$2.81 per share (primary), on revenues of \$2.32 billion.

In normal years, we expect IU's return on average common equity to be about 20%, which we exceeded in 1980 and 1981. In 1982, despite the deep recession and the impact of major changes in the trucking industry, IU's return on common equity was still above 10%. Further amplification of our 1982 results is contained in the Financial Review section, beginning on page 16. Some highlights of IU's major businesses follow.

**Transportation Services** The influences of the dismal economy, combined with the ongoing consolidation of the trucking industry brought about by deregulation, made for a year of very disappointing financial results. Industry tonnage in 1982 was more than 12% below an already-depressed 1981 level. Despite the demise of many of our competitors, volume fell along with this capacity decline. Trucking is still plagued by overcapacity, and sharp price discounting remains prevalent. Even with this long slump in industry tonnage, IU's Ryder Truck Lines and Pacific Intermountain Express (P-I-E) gained market share again in 1982.

Marketing efforts have been stepped up as decision-making has become increasingly centralized by many of our customers. Our excellent service has resulted in high ratings in surveys of our customers. We have also worked to harmonize the management, marketing, operating procedures,

and computerized information systems of Ryder and P-I-E. Now we are ready to integrate the systems of the two trucking companies.

We have begun a system integration plan, which should be completed in July. At that time, Ryder/P-I-E Nationwide, Inc., operating as a single entity, will be one of the three largest motor carriers in the country. With this new configuration, we will be able to give even better nationwide coverage; we will maintain our industry-leading service and information systems; and we should reduce our costs through greatly increased density. In sum, we will reinforce the strengths of both carriers and at the same time effect some very important savings.

Also during 1982, we continued to emphasize our special-commodities operations. To this end, we acquired Ligon Specialized Hauler, a truckload hauler with \$80 million in revenues.

Our expansion is essentially in place, the system integration should further enhance performance, and we expect improved financial results. When the economy recovers and tonnage increases, our Transportation Services group should do even better.

**Environmental Services** This group also suffered from the recession. Earnings from steel industry service operations in 14 nations overseas rose in 1982, but lower domestic results more than offset foreign gains. The travail in the United States steel industry is well known. With production in 1982 at 47% of capacity, the lowest since the Depression years of the 1930s, our United States operations were bound to suffer. Still we



John Gilray Christy  
Chairman and President



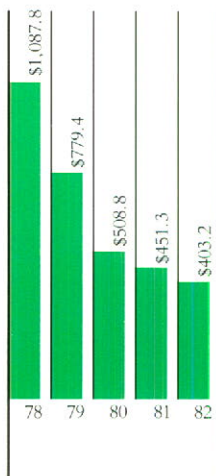
believe we are positioned in the more efficient segments of the industry and should do much better with even modest recoveries in steel mill production.

Conversion Systems enjoyed record revenues and near-record operating earnings in 1982 from its waste handling activities at coal-burning power plants and industrial sites.

**Distribution Services** This group again topped \$500 million in revenues and had operating earnings nearly as high in 1982 as in 1981. We divested a Midwest paper distributor during the year and

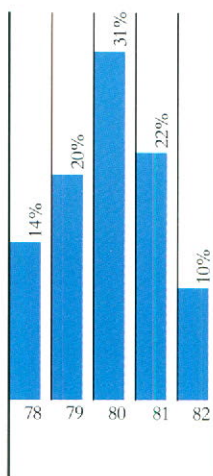
are concentrating our resources in the fast-growing market of the Southeast. Including a food distribution company acquired during the year in Knoxville, Tennessee, the group now operates 44 distribution centers. Unijax is the largest distributor of paper and paper products in the Southeast, and Biggers Brothers is a leading wholesale supplier of food products in seven southeastern states. Both should continue to benefit from strong market positions and effective asset controls.





### Reduction of debt

In millions  
Total external debt,  
including discontinued operations, as  
of December 31 of  
each year



### Return on equity

Return on average  
common equity—  
continuing operations

**Agribusiness** C. Brewer and Company, at one time basically a sugar grower and again in 1982 the lowest-cost sugar producer in Hawaii, continues to focus on non-sugar agribusiness activities. During 1982, solid earnings came from Mauna Loa® macadamia nuts—the world’s best-selling brand—as well as land development, fertilizer sales, and other operations. Brewer is one of the largest landholders in Hawaii, owning 97,000 acres and controlling 49,000 more under long-term leases. We are upgrading and converting sugarcane acreage and other land holdings to higher-value uses, and land development contributed about \$16 million to 1982 operating earnings. This is the fourth consecutive year of substantial land development earnings, and we are now confident that it is a replicable and regular part of our business.

During 1982, sugar was included in the United States federal agricultural support legislation, and import quotas were established to prevent the dumping of surplus sugar in the United States market. Under these programs, our sugar operations broke even in 1982 and should be more profitable in 1983 and the years to come.

**Gold** A major achievement during 1982 was the completion of our gold mine and mill at Lupin, near the Arctic Circle in Canada. After three years of planning and two years of construction in that inhospitable climate, the project was completed on time. We are now in full commercial production, at a rate of 115,000 troy ounces of gold per year.

In February of this year, as a result of further development work in the mine to a depth of 1,280 feet, we announced additional proven and probable reserves to a new total of 1,365,400 troy ounces. With these new reserves, we are spending about \$4 million (Canadian) to expand the capacity of the mill to produce at an annual rate of about 140,000 troy ounces by January 1984. Depending on market conditions, we may sell approximately 10% of the common shares of our mining company, Echo Bay Mines Ltd., to the Canadian public in order to eliminate most of the bank debt of Echo Bay.



A most important corporate development of the year was the sale of 50% of the equity in General Waterworks Corporation, the nation's second largest publicly-owned water utility holding company, to Société Lyonnaise des Eaux et de l'Eclairage, a leading French water and waste management company. General Waterworks will now be carried in our financial statements as an investment. The transaction, which was completed last October, also brought new capital into General Waterworks, which will permit it to pursue its growth plans even more aggressively.

We are most pleased with our new French partner, one of Europe's technological leaders in water treatment and supply. Through this association, we anticipate even more rapid growth and continued strong returns from our investment in the water business.

As part of the continuing focus of our business activity, we are negotiating to sell our last remaining manufacturing business, Southwest Fabricating, to a Texas company. In 1982, we divested our other manufacturing unit, Hills-McCanna, in addition to a small oil and gas property in California, and the Midwest paper distributor mentioned previously.

Another important achievement in 1982 was further trimming of IU debt and associated leverage. Total debt at year-end was \$403 million, down from \$451 million at the end of the prior year. This was accomplished through the divestiture transactions described above and a year-long campaign to reduce capital spending as much as possible. As it became increasingly evident over the year that the economy had lost all vigor, we concentrated our spending on only the highest-priority projects necessary to preserve or to substantially enhance our returns.

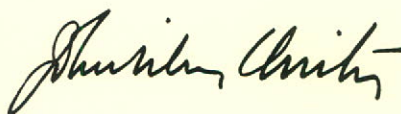
During the last five years, through our restructuring and capital constraints, we have reduced IU's debt from more than \$1 billion to just over \$400 million.

John M. Seabrook, chairman of IU for 13 years, retired last year upon reaching his sixty-fifth birthday. When he joined the company in 1959, IU's only operations were two small utilities in western Canada with about \$30 million in revenues and \$3 million in income. Under his direction, IU grew to the broadly-diversified company it is today. We continue to call on his wise counsel as a director, and he currently serves as chairman of the executive committee of the Board.

During 1982, the Board of Directors raised the dividend to an indicated annual rate of \$1.15 per common share, marking the 38th consecutive year of higher per-share payout.

Even with some encouraging signs now appearing, one hesitates to predict when the nation's economy will recover, since the professional forecasters have been so wrong for so long. We should have better results in 1983 than 1982, however, and we could have substantially better results given a real economic turnaround.

I began this letter by saying that 1982 was a difficult year. It is in such times that the strength of our organization and our employees is proven. They have worked very hard and we are most grateful.



John Gilray Christy  
Chairman and President

March 3, 1983



**T**he IU group of motor carriers provides the broadest range of trucking services in the nation—and the capacity to meet any shipper's needs, from 300 pounds to 300 truckloads. Today, IU trucklines haul more tons more miles than any other organization in the industry. In truckload revenues, they collectively rank as the nation's largest, and their less-than-truckload (LTL) revenues are among the top four.

To strengthen LTL service still further, Ryder Truck Lines and Pacific Intermountain Express (P-I-E) plan to integrate their two systems later this year into a single national carrier, Ryder/P-I-E Nationwide, Inc. The combination will offer unsurpassed national coverage, efficiency, service and dependability. Ryder and P-I-E have been carefully planning their operations integration and verifying their computer systems compatibility to ensure a smooth transition and uninterrupted service to customers.

The new Ryder/P-I-E Nationwide will also operate Helms Byrns Express, a regional carrier providing short-haul service in the dense but shorter traffic lanes of the Northeast.

Ranger, the Ryder/P-I-E special commodities division, hauls truckload quantities of general freight and shipments requiring special equipment, such as refrigerated vans, flatbed trailers and containers.

P-I-E Bulk Transport operates a modern fleet of tank trucks that handle bulk liquids such as petroleum products and chemicals for customers throughout the United States.

Ligon Specialized Hauler, Independent Freightway (INWAY), Coast-to-Coast Express (CCX), and Gemini Trucking round out the IU group. They specialize in serving large-volume shippers with low-cost movement of full truckload commodities. IU's analysis and thorough planning for today's changing freight market led to the acquisition or startup of these rapidly-growing operations.

John J. Terry, 45, has been responsible for IU's motor carriers since 1976. He is an executive vice president.





All IU carriers rely on the company's computer technology unit, Transportation Teleprocessing Systems, for data systems services.



**W**ith more than four decades of experience in recycling and waste management, IU's environmental services companies are industry leaders.

International Mill Service (IMS) provides waste management services for steel mills throughout the Americas, Europe, and the Middle East. It serves 44 mills in the United States and Canada, and 42 mills in 14 other countries.

This geographic diversity contributes to the financial resilience of IMS, freeing it from dependence on the steel industry in any single national economy.

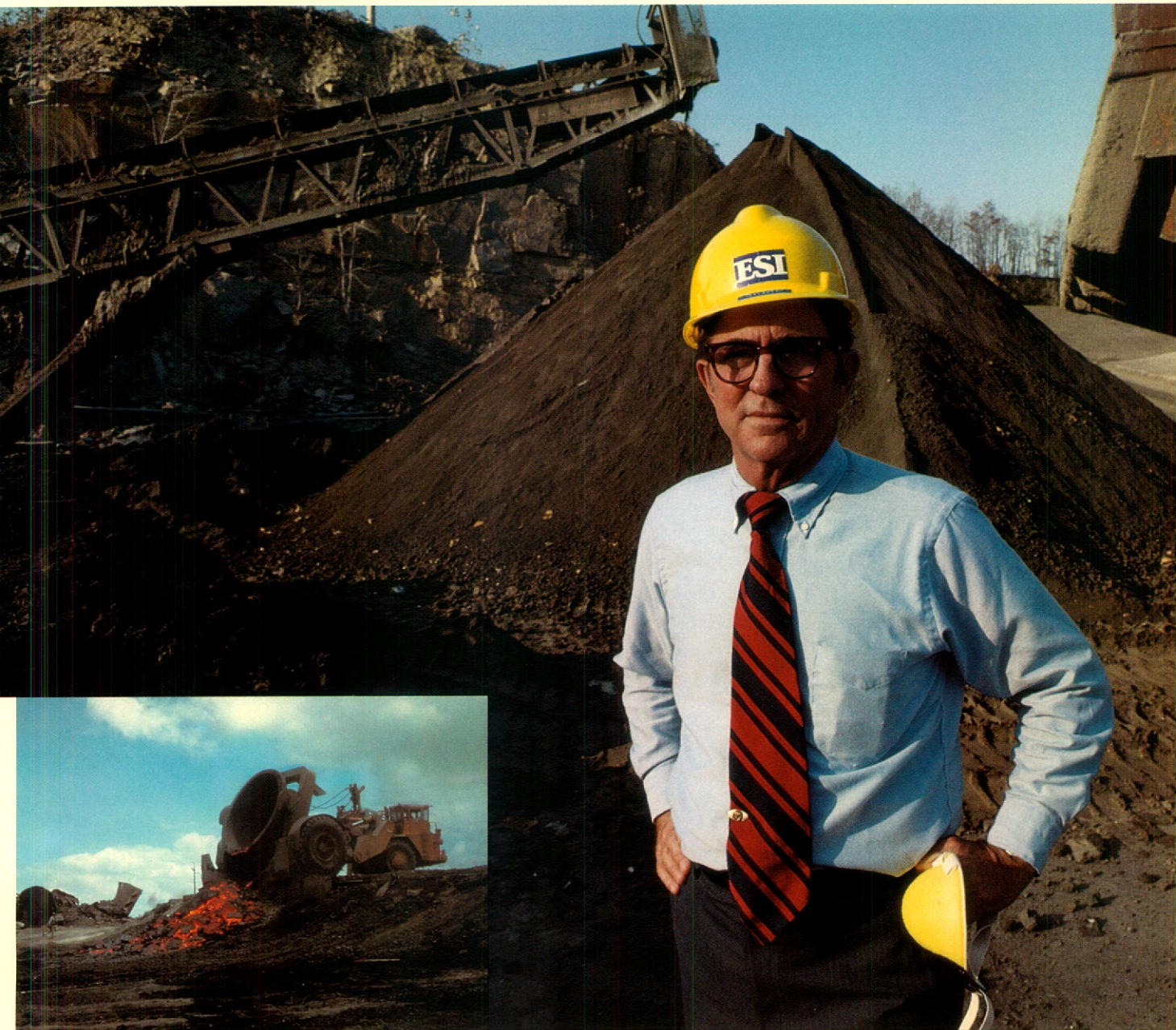
IMS reclaims scrap generated in the steelmaking process to be recycled by the steel mill. Another by-product, slag, is processed and sold for construction aggregate in roadbuilding, railroad ballast, and other uses.

Conversion Systems, established by IU in 1972, builds and operates facilities that convert pollutants from coal-burning power plants into environmentally safe material for landfills, road bases, and other uses. Since the company was formed, it has won 28 major contracts from 19 utilities for its waste stabilization system.

Envirosafe Services, a growing division of Conversion Systems, operates treatment and disposal facilities for solid and liquid industrial wastes.

Executive vice president Robert W. Wolcott, Jr., 55, oversees IU's environmental services and mining operations. He has been with IU for 22 years.





Slag from a Venezuelan steel mill is poured to cool before International Mill Service begins processing to recycle the material.



**E**cho Bay Mines Ltd., the company's precious-metals mining unit, began commercial production of gold in October 1982 at its new Lupin mine in Canada's Northwest Territories. Initial operations have been so successful that Echo Bay has already announced plans to expand production by 20%, to about 140,000 troy ounces of gold per year, making Lupin one of the five largest gold mines in North America.

The mine is also one of the highest-grade gold properties in North America. Earlier this year, Echo Bay completed an underground exploration program to determine how much gold lies below the previously-explored depth of 650 feet down to the 1,280-foot level. Results indicate total proven and probable reserves of 1,365,400 troy ounces of gold based on 3,449,200 tons of ore, for an indicated millhead grade of 0.396 troy ounces per ton. This is substantially higher than the earlier-reported 845,210 troy ounces and millhead grade of 0.35 troy ounces per ton.

Supporting the underground Lupin mine are an ore mill, recovery plant and power plant enclosed in a 100,000-square-foot surface complex, along with a 5,000-foot landing strip, fuel storage facility and tailings line and dams. A permanent residential camp, accommodating up to 270, is connected to the mining complex by enclosed corridors that protect workers from the bitter cold of the arctic winter.

Echo Bay has been mining precious metals in northern Canada for more than 18 years.

At the Lupin gold mine, temperatures drop to  $-40^{\circ}\text{F}$  in the arctic winter twilight, but production within the enclosed complex continues.





The Canadian  
“Maple Leaf”  
coins of the Royal  
Canadian Mint  
now contain  
gold from IU’s  
Lupin mine.



The company's two distribution units supply paper and food products to commercial and institutional customers concentrated primarily in rapidly-growing southeastern Sunbelt markets.

Unijax, IU's major distribution company, sells wholesale quantities of paper and plastics to 11 different market segments in 18 states. It also markets its own brand of paper for copying, called Copysaver.<sup>®</sup>

The unit supplies a variety of non-paper products, including packaging materials, maintenance supplies, and equipment and materials for the graphics arts industry. Unijax stocks about 50,000 items, including many fabricated by its own converting division. This division makes file folders, envelopes, plastic straws and other supplies.

Biggers Brothers, IU's food distribution company, sells food service products to restaurants, hotels, fast-food systems, hospitals and other customers in seven southeastern states. The unit carries a full line of fresh and frozen food products, dry groceries, meats and non-food restaurant supplies.

Both Unijax and Biggers Brothers use effective inventory management and tight financial controls to build customer loyalty through responsive service and fully competitive pricing.

IU executive vice president Allen E. Rosenberg (left), 47, and Unijax president Walter L. Moore, 56, oversee IU's distribution operations. Mr. Rosenberg is also president of General Waterworks Corp., in which IU holds a 50% interest.





Food products for restaurants, hotels and institutions are marketed by Biggers Brothers in the fast-growing Southeast.



**H**eadquartered in Honolulu, C. Brewer and Company is IU's agribusiness operating company. It owns about 97,000 acres in Hawaii, spread among the state's four largest and most populous islands, and holds long-term leases on another 49,000 acres.

The company is the world's largest producer and marketer of macadamia nuts. About 6,000 acres of its land are devoted to macadamia orchards, and more than 3,000 additional acres are scheduled for planting by the end of 1985. The unit's Mauna Loa<sup>®</sup> macadamia products are sold in supermarkets, convenience stores and gourmet shops throughout the United States, and are also served aboard United Airlines. Expanding into international markets, Mauna Loa products are distributed in Japan by Suntory, Japan's premier beverage company.

Brewer's other major crop is sugar. Because sugar is a cyclical commodity, the company is converting acreage each year from sugarcane cultivation into higher-value uses, such as macadamia orchards and residential development. Currently, the company's 42,000 acres of sugarcane on four plantations produce about 200,000 tons of raw sugar and 50,000 tons of molasses each year. Brewer has been Hawaii's lowest-cost, highest-yield sugar producer for two consecutive years.

Non-sugar operations account for a larger part of Brewer's business every year. In addition to macadamia nut products, other specialty foods include guava fruit, cardamom spice and coffee. Brewer also distributes agricultural and other chemicals in Hawaii, and provides transportation and insurance services.

In recent years, Brewer has become an important land developer, with projects such as a residential subdivision, an industrial park, and some bulk land sales. It has proven this will be a regular contributor to earnings over future years.

John W. A. Buyers, 53, chairman and president of Brewer, is responsible for the agribusiness operations, including more than 6,000 acres of macadamia nut plantings such as those shown.





Mauna Loa macadamia nut products are the world's best-selling brand.



## Results of Operations

This discussion should be read in conjunction with the financial data on pages 23–24 and the Financial Statements and Notes on pages 25–40, which include information about extraordinary items, discontinued operations, and the effects of accounting changes on net earnings.

IU's net earnings were \$1.44 per share in 1982, compared with earnings from continuing operations of \$2.81 per share in 1981 and \$2.72 per share in 1980. Net earnings were \$33.4 million in 1982; earnings from continuing operations were \$63.1 million in 1981 and \$76.0 million in 1980. Revenues were \$2.12 billion in 1982, \$2.32 billion in 1981, and \$2.26 billion in 1980.

Earnings per share are calculated using an average of 22.2 million common and common equivalent shares outstanding in 1982, 21.9 million in 1981, and 27.2 million in 1980.

## Transportation Services

| In millions        | 1982             | 1981      | 1980    |
|--------------------|------------------|-----------|---------|
| Revenues           | <b>\$1,057.9</b> | \$1,090.9 | \$989.1 |
| Operating earnings | <b>4.2</b>       | 47.9      | 59.7    |
| Invested capital   | <b>245.6</b>     | 228.1     | 213.6   |

The reduced revenues and earnings of IU's transportation services are results of severe recession in the United States economy, deregulation of the motor carrier industry, and the cost of rapid expansion by IU's major truck lines: Ryder Truck Lines, Pacific Intermountain Express, Helms Byrns Express, Ligon Specialized Hauler, Independent Freightway (INWAY), Coast-to-Coast Express (CCX), and Gemini Trucking.

The recession led to a sharp drop in truck tonnage—current tonnage levels are nearly one-third below 1979 levels—and substantial overcapacity in the motor carrier industry. At the same time, deregulation lifted virtually all barriers to entry. The result was fierce price-cutting, which, combined with lower freight volumes, reduced profit margins precipitously industry-wide and culminated in the bankruptcy of numerous marginal motor carriers.

Despite this adverse environment, IU's carriers maintained high levels of reliable service and continued to pursue a strategy of aggressive nationwide expansion of their truck terminal networks and trucking services offered, sacrificing a higher level of near-term earnings in the interests of long-term strategic market positions and growth. This policy resulted in the opening of 126 new terminals in the past three years, bringing the nationwide total to 489 terminals at year-end 1982. Although there will be some fine-tuning in months to come, national terminal networks are now essentially in place for Ryder and P-I-E, with the attendant capital investment largely completed.

The economies of scale and market share growth opportunities of broad nationwide coverage should allow IU's motor carriers to enjoy significantly higher earnings than would otherwise have been the case, when the economy improves and the shakeout of overcapacity subsides as marginal competitors are eliminated. There is considerable opportunity to gain market share, since in the less-than-truckload (LTL) market the 10 largest carriers have less than half of the total long-haul market and in truckload (TL) the top 10 control less than 5% of the available market. Late in 1982, IU agreed to acquire Ligon Specialized Hauler, one of the largest TL haulers in the nation, specializing in steel and other flatbed cargoes, providing IU with a major new TL market entry.

Rate discounting should mitigate as the economy recovers and excess capacity shrinks. It is difficult to predict when the recession will end, but truck tonnage has always recovered in the early stages of past economic recoveries, signaling the end of inventory liquidation and the beginning of industrial production expansion. A resumption of good returns from IU's trucking operations is expected when the economy improves and tonnage increases.

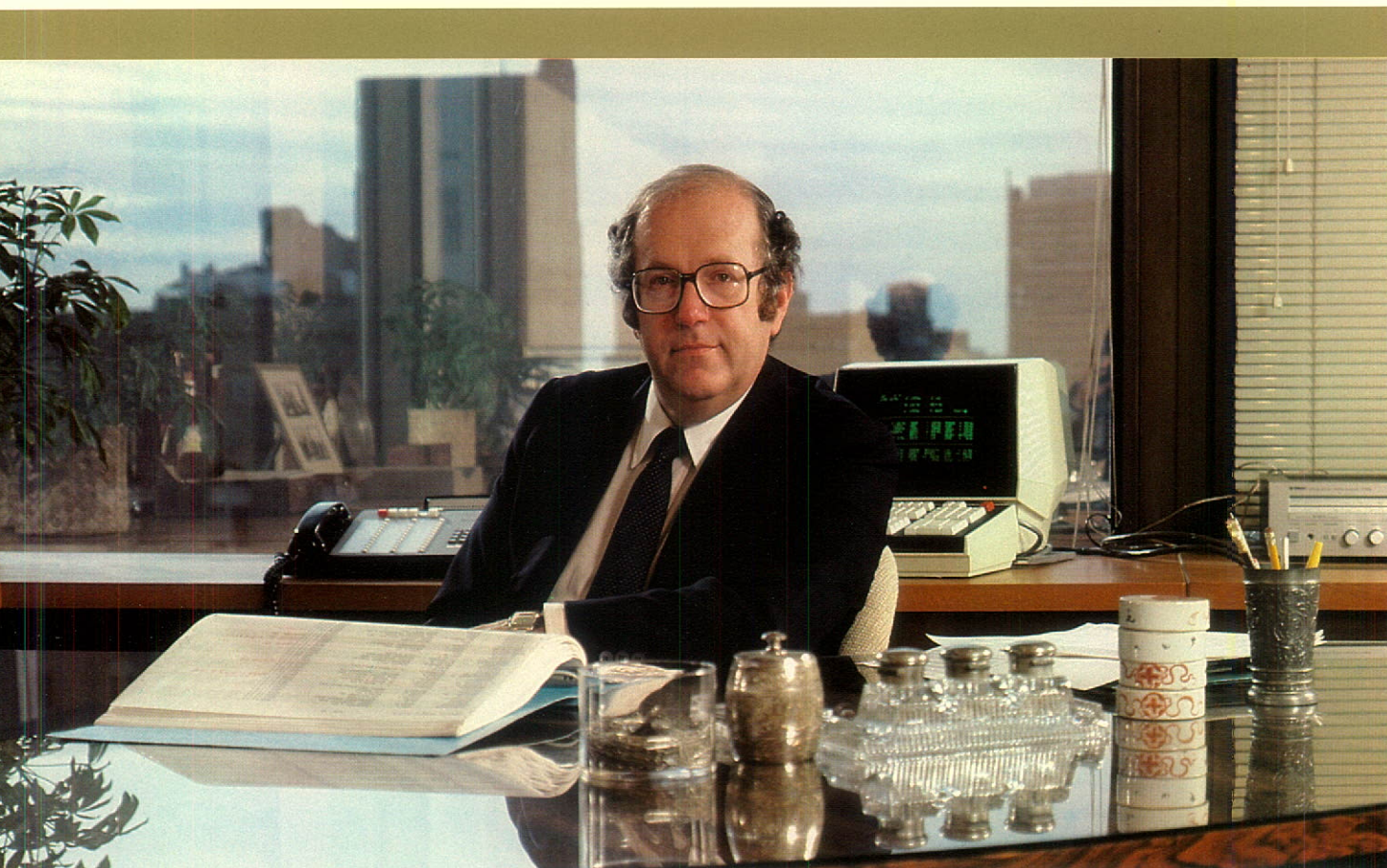
## Environmental Services

| In millions                        | 1982           | 1981    | 1980    |
|------------------------------------|----------------|---------|---------|
| Revenues                           | <b>\$265.7</b> | \$291.9 | \$244.3 |
| Operating earnings                 | <b>54.0</b>    | 59.5    | 46.5    |
| Water services' earnings at equity | <b>1.2</b>     | —       | —       |
| Invested capital                   | <b>138.4</b>   | 273.3   | 244.0   |

IU's environmental services include three waste management services companies and a 50% interest in a water services unit.



Robert F. Calman  
Vice Chairman and  
Chief Financial Officer



The 1982 decline in revenues and earnings of the waste management companies reflects the severe depression in the domestic steel industry, which operated at only 47% of capacity in 1982 compared with 78% in 1981. IU's International Mill Service, the worldwide leader in metal recovery and slag-handling services for the steel industry, derives approximately half of its business domestically and the other half internationally. Its overseas earnings increased in 1982, but not enough to offset the drop in earnings from domestic operations.

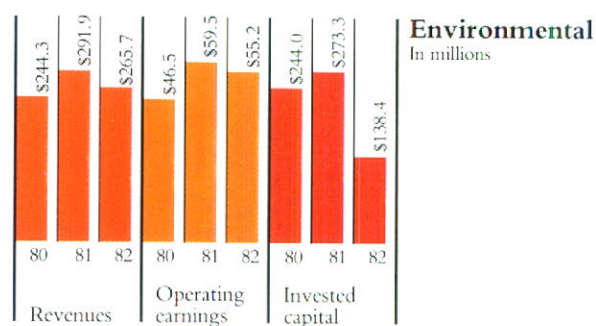
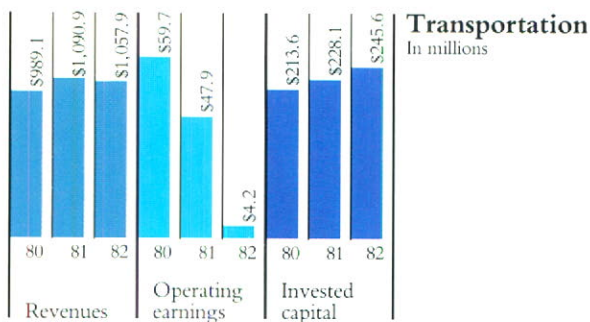
Record revenues and near-record operating earnings were achieved in 1982 by IU's other waste management companies: Conversion Systems, which provides systems to convert waste products from stack scrubbers at

coal-burning power plants into landfill and construction material, and Envirosafe Services, which provides industrial waste disposal of a variety of toxic and non-toxic wastes generated by industry.

In 1981, higher waste management revenues and earnings reflected acquisitions and profitable new contracts at all three units.

In October 1982, IU and its water services unit, General Waterworks Corp., sold a 50% interest in General Waterworks to the leading supplier of water and water-treatment services in Europe, Société Lyonnaise des Eaux et de l'Eclairage. The unit's operating results are based on full ownership by IU through the sale date, and include a \$6.9 million pretax gain on the transaction. Since the sale, IU records its 50% interest in General Waterworks on an equity basis. In 1982 and 1981, higher revenues and operating earnings reflected sales of water properties, rate awards, and volume increases.





## Distribution Services

| In millions        | 1982    | 1981    | 1980    |
|--------------------|---------|---------|---------|
| Revenues           | \$506.8 | \$505.5 | \$463.6 |
| Operating earnings | 19.3    | 19.4    | 17.8    |
| Invested capital   | 79.9    | 80.8    | 78.2    |

IU has extensively restructured its distribution activities in recent years. The group now consists of two core distribution units: Unijax, which distributes paper and related products, and Biggers Brothers, a wholesale supplier of food and food products. The group's results were flat in 1982 versus 1981. Divestment of a Midwest book paper sales division of Unijax was completed in the third quarter. Higher sales volume and a 1982 acquisition by Biggers Brothers increased earnings, but inflationary cost increases at Unijax offset the improvement. In 1981, increased sales volumes and higher selling prices, coupled with effective cost controls, were responsible for increased revenues and earnings.

## Agribusiness

| In millions        | 1982    | 1981    | 1980    |
|--------------------|---------|---------|---------|
| Revenues           | \$195.6 | \$314.7 | \$361.4 |
| Operating earnings | 28.5    | 35.4    | 64.7    |
| Invested capital   | 207.2   | 217.9   | 227.3   |

The decline in 1982 revenues of IU's agribusiness unit, C. Brewer and Co., was caused primarily by the absence of revenues of NAMOLCO, Inc., an agribusiness subsidiary that the company plans to sell. In addition, the reduced operating earnings were principally a result

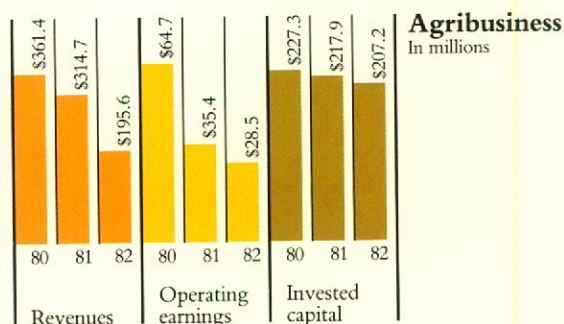
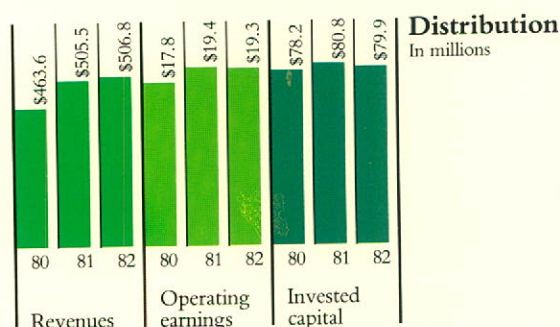
of a lower contribution from land development in 1982 than in 1981, when about \$18 million in operating earnings were realized primarily from land sales totaling 1,300 acres, including a 354-acre macadamia nut orchard, out of approximately 99,000 acres owned by Brewer at the beginning of 1981. In 1982, about \$16 million in operating earnings resulted from land development, primarily from sales totaling approximately 800 acres. Included were operating earnings of \$4.3 million from sale of 385 acres of macadamia orchards. The company is continuing to manage the orchards sold in both 1981 and 1982 and is purchasing and processing all of the nuts under long-term contracts. In addition, Brewer planted 786 more acres of macadamia nut orchards in 1982.

The four-year Farm Bill enacted in December 1981 supports domestic sugar prices at a level slightly below the cost of production for most Hawaiian growers. Brewer is the lowest-cost, highest-yield sugar producer in Hawaii, and the company had operating earnings from sugar of about \$140,000 in 1982. By contrast, non-sugar agribusiness operations produced operating earnings of more than \$28 million. Sales volume of macadamia nuts again rose substantially, and macadamias continued to be a large contributor to Brewer's operating earnings in 1982 despite higher selling and promotional expenses related to an enlarged distribution network on the United States mainland and in Japan. Land development, macadamia nuts, and other non-sugar operations are expected to continue to provide substantial earnings over the long term.

Operating results in 1982 were also affected by a decline in interest income.

In 1981, the decline in revenues and earnings was caused by a sharp drop in sugar prices from their 1980 highs. Part of the resultant \$40 million swing in operating earnings was offset by substantially higher earnings from Brewer's non-sugar operations, especially land development activities.





## Gold and Other

| In millions        | 1982   | 1981    | 1980    |
|--------------------|--------|---------|---------|
| Revenues           | \$91.7 | \$120.2 | \$202.8 |
| Operating earnings | 12.8   | 2.0     | 36.1    |

IU's gold mining unit, Echo Bay Mines Ltd., brought its new Lupin mine into commercial production in October 1982 in northern Canada. The mine is one of the highest-grade properties in North America, with proven and probable reserves estimated at 1,365,400 troy ounces of gold.

During the startup phase, which extended through the end of the third quarter, all direct costs, net of gold revenue, together with general and administrative costs and interest expense, were deferred. Beginning with achievement of commercial production and commissioning of the mine, operating results reflect gold revenues and all appropriate costs.

Construction and initial operation of the mine were supported entirely by air, with two aircraft transporting all personnel and materials to the site. In early 1983, Echo Bay completed a 400-mile winter road across the ice and frozen earth of northern Canada from Yellowknife, Northwest Territories, to the minesite, located 56 miles from the Arctic Circle. Twelve months' supply of fuel and bulk materials will be trucked to the site by mid-April, before the spring thaws make the ice road temporarily impassable.

To protect Lupin's cash flow from fluctuating gold prices, it is company policy to sell a portion of gold

production forward and to hedge the United States/Canadian dollar exchange rate by selling United States dollars forward.

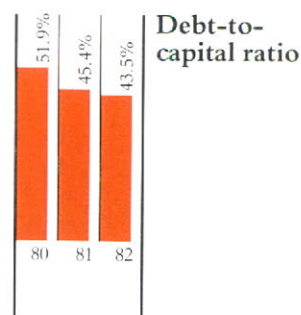
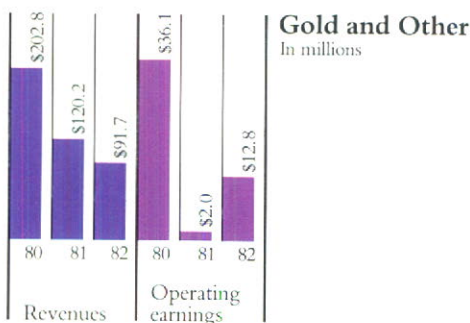
Echo Bay phased out its formerly high-grade silver mine near Port Radium, Northwest Territories, during the fourth quarter of 1981, as the average grade of silver ore mined continued to drop and silver prices remained depressed. Sale of the remaining silver was completed during 1982.

Included in IU's "Gold and Other" group, in addition to the gold mining unit, are a pipe fabrication unit and a Canadian telephone answering and paging service. The decline in the group's 1982 revenues reflects the absence of revenues of IU's former valve manufacturing unit, sold in 1982, while the increase in operating earnings reflects non-recurrence of a provision for loss on that disposition, along with higher operating earnings at the company's pipe fabrication unit, partly as a result of the absence of a month-long 1981 strike. Revenues and earnings declines in 1981 from 1980 reflect a one-time gain of \$24.8 million from a forward sale of silver in 1980 and lower volume at the valve manufacturer, as well as the estimated disposition loss reserve.

## Taxes

The tax provision in 1982 is about equal to the 1981 tax provision, but the effective tax rate on pretax income is 31.9% in 1982 versus 20.2% in 1981. The 1981 effective tax rate reflected reversal of \$10.7 million of taxes provided in prior years, \$5.5 million of which was provided in 1980 to cover additional United States income taxes on the expected repatriation of Echo Bay Mines 1980 earnings from liquidation of silver contracts which, in the event, have been reinvested in the Lupin





mine. The remaining income tax reversal of \$5.2 million was based on the Corporation's review of tax liability based on the Internal Revenue Service's examination of consolidated tax returns through 1976 and a change in United Kingdom tax laws.

The tax provision was lower in 1981 than in 1980, reflecting the lower agribusiness and transportation group earnings. The effective tax rate of 20.2% versus 44.9% in 1980 reflects the 1981 reversals of taxes provided in prior years and the higher proportion of investment tax credits and capital gains to pretax income.

### Other Expenses

Foreign currency adjustments primarily reflect the adverse effect of currency devaluations in Mexico, Chile and Brazil. Corporate expenses reflect lower incentive compensation plan accruals. Stock appreciation rights were forfeited at midyear, and no additional adjustments were subsequently made to expense accruals. The decrease in minority interest resulted mostly from a decline in the floating dividend rate on a finance subsidiary's preferred stock.

### Common Shares Outstanding

IU's common shares outstanding were reduced substantially in 1980, when the company acquired 16.2 million of its common shares in exchange for its controlling interest in Canadian Utilities Limited.

### Dividends

IU has paid a larger dividend per common share every year since the present class of common stock was issued in 1944. The dividend payout is governed by current capital requirements, earnings, and economic outlook. It is impossible to anticipate every future circumstance, but the Board of Directors is sensitive to the shareholders' interest in IU's record of rising common dividends.

### Financial Condition

During 1982, total debt declined by approximately 11% and shareholders' equity increased by 3%. The table below shows the reduction in IU's debt-to-capital ratio since December 31, 1980.

### Capital Structure

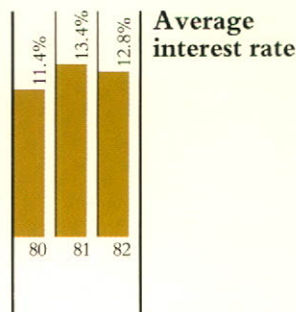
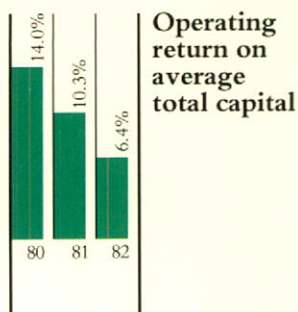
| In millions, December 31,                                      | 1982    | 1981    | 1980    |
|--|---------|---------|---------|
| Total debt   | \$403.2 | \$451.3 | \$508.8 |
| Deferred income taxes  | 49.9    | 52.8    | 54.2    |
| Non-refundable contributions<br>in aid of utility construction | —       | 24.4    | 29.5    |
| Minority interest  | 136.6   | 139.8   | 108.8   |
| Total shareholders' equity                                     | 336.2   | 326.3   | 278.4   |
| Total capital  | \$925.9 | \$994.6 | \$979.7 |
| Debt-to-capital ratio  | 43.5%   | 45.4%   | 51.9%   |

IU's capital structure has traditionally consisted of three elements in addition to total debt and total shareholders' equity:

*Deferred taxes* are an important additional source of capital.

*Non-refundable contributions in aid of construction* were part of IU's capital structure until IU reduced its ownership of General Waterworks to 50% in October 1982.





Typical contributions are water lines installed by a real estate developer and then contributed to General Waterworks as an inducement to provide service.

Minority interest consists of two components: a \$100 million preferred-share issue of a finance subsidiary in Canada, issued in 1978, and minority interests in operating companies, including \$30.2 million (\$37.2 million Canadian) of preferred shares of Echo Bay Mines. Both preferred issues will be redeemed in 1986-1990.

### Return on Average Common Equity

| In millions   | 1982    | 1981    | 1980    |
|---|---------|---------|---------|
| Average shareholders' equity (continuing operations)            | \$331.3 | \$302.3 | \$266.4 |
| Less average preferred stock                                    | 19.4    | 21.5    | 31.3    |
| Average common equity*  | \$311.9 | \$280.8 | \$235.1 |
| Earnings from continuing operations applicable to common equity | \$ 32.0 | \$ 61.6 | \$ 73.9 |
| Return on average common equity                                 | 10.2%   | 21.9%   | 31.4%   |

\*Average for the year, based on balance at beginning and end of year.

IU expects its return on average common equity will exceed 20% in normal years. In 1982, a year of severe recession, IU's return on average common equity was still more than 10%.

### Operating Return on Average Total Capital

| In millions                                     | 1982    | 1981    | 1980    |
|---|---------|---------|---------|
| Total debt                                      | \$427.2 | \$480.0 | \$502.8 |
| Deferred income taxes                           | 51.4    | 53.5    | 43.7    |
| Contributions in aid of construction            | 12.2    | 27.0    | 28.3    |
| Minority interest                               | 138.2   | 124.3   | 108.4   |
| Total shareholders' equity                      | 331.3   | 302.3   | 351.6   |
| Less equity from discontinued operations        | —       | —       | 85.2    |
| Shareholders' equity from continuing operations | 331.3   | 302.3   | 266.4   |
| Average total capital*                          | \$960.3 | \$987.1 | \$949.6 |
| Earnings from continuing operations             | \$ 33.4 | \$ 63.1 | \$ 76.0 |
| Increase (decrease) in deferred income taxes    | (2.9)   | (1.4)   | 21.0    |
| After-tax minority interest                     | 8.9     | 9.2     | 5.3     |
| After-tax interest expense                      | 22.5    | 30.3    | 30.3    |
| Operating return                                | \$ 61.9 | \$101.2 | \$132.6 |
| Operating return on average total capital       | 6.4%    | 10.3%   | 14.0%   |

\*Average for the year, based on balance at beginning and end of year.

### Inflation-Adjusted Returns

IU has begun a program which, when completed, will measure inflation-adjusted returns on investment of its operating units. A unit may appear healthy by conventional criteria; but at IU, it must also generate free cash flow at an attractive rate, given an inflationary world.

This and other additional monitoring techniques are part of a new computerized management information system designed to give the company's decision-makers better information faster.



## Financing and Debt

Before 1980, IU's operating companies funded their capital programs through retained earnings and issuance of their own debt to third-party lenders. Beginning in 1980, changing financial markets presented opportunities to reduce overall financing costs by using the consolidated credit of the parent company. Some of the operating companies' funding requirements have been shifted to the parent corporate level in order to obtain more favorable financing rates. During 1982, IU arranged \$162 million in revolving credit agreements at the parent corporate level.

Construction of the Lupin gold mine, completed in October 1982, was largely financed by the 1981 sale of 1.6 million units of Echo Bay Mines Ltd. preferred shares with warrants to buy gold from Echo Bay. Proceeds of the \$80 million (Canadian) issue, together with retained earnings from Echo Bay and supplementary revolving credit and term agreements were used to bring the mine into full production and to fund its operating requirements.

In 1983, Echo Bay plans to sell to the public in Canada, subject to favorable market conditions, newly-issued Echo Bay common shares that would reduce IU's common share ownership to about 90%. Proceeds would be used to reduce bank debt and for Echo Bay's general corporate purposes.

During 1982, approximately \$21 million of tax-exempt industrial revenue bond financing was completed. The company also sold tax benefits on about \$10 million of equipment at a motor carrier.

## Average Interest Rate

| In millions            | 1982    | 1981    | 1980    |
|------------------------|---------|---------|---------|
| Average total debt*    | \$427.2 | \$480.0 | \$502.8 |
| Total interest expense | \$ 54.5 | \$ 64.4 | \$ 57.3 |
| Average interest rate  | 12.8%   | 13.4%   | 11.4%   |

\*Average for the year, based on balance at beginning and end of year.

Approximately half of IU's debt has interest rates that are fixed for more than one year, and the other half floats with various short-term interest rate indicators in the United States and abroad. IU's average interest

rates, shown in the table, are substantially lower than the prime or other fluctuating interest rates that have generally prevailed in recent years.

During 1982, IU entered into interest rate exchange agreements that provide fixed rates on \$35 million of IU's floating-rate debt, at rates below prevailing fixed-rate interest levels.

## Capital Expenditures

| In millions             | 1982    | 1981    | 1980    |
|-------------------------|---------|---------|---------|
| Transportation services | \$ 49.6 | \$ 60.2 | \$ 64.8 |
| Environmental:          |         |         |         |
| Environmental services  | 20.3    | 46.3    | 32.3    |
| Water services          | 9.7     | 23.9    | 18.1    |
| Agribusiness            | 12.5    | 18.2    | 16.8    |
| Distribution services   | 8.2     | 5.2     | 4.3     |
| Gold and other          | 42.3    | 86.4    | 30.8    |
| Total                   | \$142.6 | \$240.2 | \$167.1 |

IU's capital expenditures totaled about \$143 million in 1982, including \$36 million for construction of the new Lupin gold mine. In 1981, the Lupin investment of \$79 million was essentially offset by the sale of an \$80 million (Canadian) issue of preferred shares and gold purchase warrants by IU's Echo Bay Mines Ltd. Net of the Lupin investment, IU's capital expenditures were about \$107 million in 1982 and \$161 million in 1981.

IU's planned capital expenditures in 1983 total about \$97 million, including \$37 million for new terminals and rolling stock at the company's truck lines.

Capital programs in 1983 will be funded through depreciation, retained earnings and issuance of debt. Unused committed credit facilities at year-end 1982 amounted to approximately \$102 million. In management's judgment, working capital and available credit facilities are ample to meet anticipated operating and capital needs.



## Sources of Revenues and Earnings

| In millions, except per share data                    | 1982             |                    | 1981             |                    | 1980             |                    | 1979             |                    | 1978             |                    |
|---|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|   | Revenues         | Operating earnings | Revenues         | Operating earnings | Revenues         | Operating earnings | Revenues         | Operating earnings | Revenues         | Operating earnings |
| Contributions by major market:                        |                  |                    |                  |                    |                  |                    |                  |                    |                  |                    |
| Transportation services                               | \$1,057.9        | \$ 4.2             | \$1,090.9        | \$ 47.9            | \$ 989.1         | \$ 59.7            | \$ 943.0         | \$ 63.0            | \$ 798.0         | \$ 59.5            |
| Environmental:  |                  |                    |                  |                    |                  |                    |                  |                    |                  |                    |
| Environmental services                                | 199.1            | 24.5               | 220.9            | 32.3               | 181.2            | 23.6               | 159.5            | 28.1               | 112.6            | 23.9               |
| Water services  | 65.4             | 29.5               | 71.0             | 27.2               | 63.1             | 22.9               | 64.7             | 25.7               | 64.7             | 21.0               |
| Water services at equity                              | 1.2              | 1.2                | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| Agribusiness  | 195.6            | 28.5               | 314.7            | 35.4               | 361.4            | 64.7               | 272.3            | 24.3               | 241.8            | 1.5                |
| Distribution services                                 | 506.8            | 19.3               | 505.5            | 19.4               | 463.6            | 17.8               | 519.7            | 13.0               | 573.4            | 9.6                |
| Gold and other  | 91.7             | 12.8               | 120.2            | 2.0                | 202.8            | 36.1               | 169.5            | 6.8                | 182.5            | 24.1               |
| <b>Total revenues</b>                                 | <b>\$2,117.7</b> |                    | <b>\$2,323.2</b> |                    | <b>\$2,261.2</b> |                    | <b>\$2,128.7</b> |                    | <b>\$1,973.0</b> |                    |
| Operating earnings                                    |                  | 120.0              |                  | 164.2              |                  | 224.8              |                  | 160.9              |                  | 139.6              |
| Corporate expenses                                    |                  | (13.1)             |                  | (13.5)             |                  | (21.4)             |                  | (14.8)             |                  | (12.3)             |
| Interest and debt expense                             |                  | (41.7)             |                  | (56.1)             |                  | (56.1)             |                  | (44.3)             |                  | (47.4)             |
| Foreign currency adjustments                          |                  | (3.4)              |                  | (1.6)              |                  | (.5)               |                  | (3.0)              |                  | (2.0)              |
| Income taxes  |                  | (15.6)             |                  | (16.0)             |                  | (61.9)             |                  | (42.0)             |                  | (38.2)             |
| Minority interest                                     |                  | (12.8)             |                  | (13.9)             |                  | (8.9)              |                  | (7.3)              |                  | (2.7)              |
| Earnings from continuing operations                   |                  | \$ 33.4            |                  | \$ 63.1            |                  | \$ 76.0            |                  | \$ 49.5            |                  | \$ 37.0            |
| Primary earnings per share from continuing operations |                  | \$ 1.44            |                  | \$ 2.81            |                  | \$ 2.72            |                  | \$ 1.36            |                  | \$ 1.05            |



## Selected Financial Data

| In millions, except per share data                                     | 1982      | 1981      | 1980      | 1979      | 1978      |
|--|-----------|-----------|-----------|-----------|-----------|
| Revenues and other income  | \$2,117.7 | \$2,323.2 | \$2,261.2 | \$2,128.7 | \$1,973.0 |
| Earnings from continuing operations:                                   |           |           |           |           |           |
| Total  | \$ 33.4   | \$ 63.1   | \$ 76.0   | \$ 49.5   | \$ 37.0   |
| Per share:   |           |           |           |           |           |
| Primary  | \$ 1.44   | \$ 2.81   | \$ 2.72   | \$ 1.36   | \$ 1.05   |
| Assuming full dilution   | 1.38      | 2.63      | 2.51      | 1.30      | 1.01      |
| Assets—continuing operations   | \$1,281.8 | \$1,440.5 | \$1,385.6 | \$1,299.9 | \$1,230.4 |
| Investment in ocean shipping and electric and gas utility subsidiaries | —         | —         | —         | 170.4     | 370.3     |
| Total assets   | \$1,281.8 | \$1,440.5 | \$1,385.6 | \$1,470.3 | \$1,600.7 |
| Invested capital:  |           |           |           |           |           |
| Shareholders' equity:  |           |           |           |           |           |
| Continuing operations  | \$ 336.2  | \$ 326.3  | \$ 278.4  | \$ 254.3  | \$ 296.6  |
| Discontinued operations  | —         | —         | —         | 170.4     | 370.3     |
| Total  | 336.2     | 326.3     | 278.4     | 424.7     | 666.9     |
| Total debt   | 403.2     | 451.3     | 508.8     | 496.8     | 392.1     |
| Minority interest in subsidiaries                                      | 136.6     | 139.8     | 108.8     | 108.0     | 108.4     |
| Total  | \$ 876.0  | \$ 917.4  | \$ 896.0  | \$1,029.5 | \$1,167.4 |
| Capital expenditures   | \$ 142.6  | \$ 240.2  | \$ 167.1  | \$ 155.5  | \$ 129.7  |
| Cash dividends per common share*                                       | \$ 1.125  | \$ 1.10   | \$ 1.025  | \$ .95    | \$ .925   |
| Shareholders' equity per share**                                       | \$ 13.92  | \$ 13.77  | \$ 11.62  | \$ 10.72  | \$ 18.11  |
| Year-end closing price of common stock                                 | 16¾       | 13¾       | 17½       | 11¾       | 10¼       |
| Average common and common equivalent shares                            | 22.2      | 21.9      | 27.2      | 33.8      | 33.2      |

\*Shareholders of record on December 7, 1979, also received one-third share of Gotaas-Larsen Shipping Corporation for each share of common stock held.

\*\*Based on common stock and Special Stock, Series A at year end.



# Financial Statements

## Consolidated Statements of Earnings

| In thousands, except per share data, for the years ended December 31,                    | 1982             | 1981             | 1980             |
|--|------------------|------------------|------------------|
| <b>Revenues and other income:</b>  |                  |                  |                  |
| Product sales  | \$ 917,332       | \$1,072,503      | \$1,148,933      |
| Service revenues   | 1,152,761        | 1,203,137        | 1,090,466        |
| Other income   | 46,359           | 47,557           | 21,827           |
| Equity in net earnings of water services subsidiary                                      | 1,248            | —                | —                |
|  | <b>2,117,700</b> | <b>2,323,197</b> | <b>2,261,226</b> |
| <b>Costs and expenses:</b>   |                  |                  |                  |
| Cost of products sold, excluding depreciation and amortization                           | 697,891          | 845,078          | 852,045          |
| Other operating costs and expenses,<br>excluding depreciation and amortization           | 978,971          | 990,267          | 886,210          |
| Selling, general and administrative expenses,<br>excluding depreciation and amortization | 247,194          | 253,423          | 242,832          |
| Depreciation and amortization  | 86,712           | 83,716           | 76,757           |
| Interest and debt expense  | 41,752           | 56,114           | 56,070           |
| Foreign currency adjustments   | 3,400            | 1,600            | 498              |
| Income taxes   | 15,660           | 15,976           | 61,892           |
| Minority interest  | 12,753           | 13,884           | 8,865            |
|  | <b>2,084,333</b> | <b>2,260,058</b> | <b>2,185,169</b> |
| Earnings from continuing operations  | <b>33,367</b>    | 63,139           | 76,057           |
| <b>Discontinued operations:</b>  |                  |                  |                  |
| Earnings (loss) from operations  | —                | (847)            | 7,133            |
| Gain on disposition of electric and gas utility  | —                | —                | 96,146           |
|  | —                | (847)            | 103,279          |
| Earnings before extraordinary item and accounting changes                                | <b>33,367</b>    | 62,292           | 179,336          |
| Extraordinary item   | —                | 12,640           | (31,319)         |
| Cumulative effects of changes in accounting principles                                   | —                | —                | (3,318)          |
| Net earnings   | <b>\$ 33,367</b> | \$ 74,932        | \$ 144,699       |
| <b>Earnings per share:</b>   |                  |                  |                  |
| Primary:   |                  |                  |                  |
| Continuing operations  | \$ 1.44          | \$ 2.81          | \$ 2.72          |
| Discontinued operations  | —                | (.04)            | 3.80             |
| Extraordinary item   | —                | .58              | (1.15)           |
| Cumulative effects of changes in accounting principles                                   | —                | —                | (.12)            |
|  | <b>\$ 1.44</b>   | <b>\$ 3.35</b>   | <b>\$ 5.25</b>   |
| <b>Assuming full dilution:</b>   |                  |                  |                  |
| Continuing operations  | \$ 1.38          | \$ 2.63          | \$ 2.51          |
| Discontinued operations  | —                | (.03)            | 3.41             |
| Extraordinary item   | —                | .53              | (1.04)           |
| Cumulative effects of changes in accounting principles                                   | —                | —                | (.11)            |
|  | <b>\$ 1.38</b>   | <b>\$ 3.13</b>   | <b>\$ 4.77</b>   |

See accompanying Notes to Financial Statements.



## Consolidated Balance Sheets

In thousands, December 31,

|  | 1982               | 1981               |
|--|--------------------|--------------------|
| <b>Assets</b>  |                    |                    |
| Current assets:  |                    |                    |
| Cash   | \$ 48,878          | \$ 42,177          |
| Accounts receivable, less allowance (1982—\$6,034; 1981—\$6,187)   | 262,458            | 288,111            |
| Inventories  | 116,989            | 142,086            |
| Prepaid expenses and other current assets  | 40,506             | 37,442             |
| Total current assets   | 468,831            | 509,816            |
| Long-term receivables and investments  | 159,816            | 89,276             |
| Property, plant and equipment  | 969,158            | 1,097,655          |
| Less accumulated depreciation and amortization   | 390,565            | 394,951            |
| Net property, plant and equipment  | 578,593            | 702,704            |
| Deferred charges, less amortization  | 54,967             | 116,381            |
| Intangibles, net, and other assets   | 19,631             | 22,357             |
| Total assets   | <b>\$1,281,838</b> | <b>\$1,440,534</b> |
| <b>Liabilities and Shareholders' Equity</b>  |                    |                    |
| Current liabilities:   |                    |                    |
| Notes payable  | \$ 5,995           | \$ 34,701          |
| Accounts payable—trade   | 94,093             | 105,643            |
| Income taxes   | 34,235             | 48,139             |
| Long-term debt—current maturities  | 44,378             | 21,959             |
| Unearned revenues  | 13,211             | 26,109             |
| Other current and accrued liabilities  | 137,950            | 154,087            |
| Total current liabilities  | 329,862            | 390,638            |
| Long-term debt, excluding current maturities   | 352,813            | 394,635            |
| Other liabilities  | 47,291             | 80,300             |
| Deferred income taxes  | 49,897             | 52,807             |
| Prepayment on future gold sales  | 29,173             | 31,688             |
| Contributions in aid of utility construction   | —                  | 24,427             |
| Minority interest in subsidiaries, including preferred stock (1982—\$130,152; 1981—\$132,700)                        | 136,568            | 139,760            |
| Shareholders' equity:  |                    |                    |
| Series preferred stock   | 28,409             | 29,750             |
| Series preference stock  | 9,611              | 10,258             |
| Common stock, issued: 1982—36,727 shares, 1981—36,362 shares;<br>outstanding: 1982—20,941 shares, 1981—20,241 shares | 44,072             | 43,635             |
| Additional paid-in capital   | 166,953            | 164,346            |
| Retained earnings  | 384,033            | 376,244            |
| Cumulative translation adjustments   | (8,514)            | (3,842)            |
|  | <b>624,564</b>     | <b>620,391</b>     |
| Less shares in treasury, at cost   | 288,330            | 294,112            |
| Total shareholders' equity   | 336,234            | 326,279            |
| Total liabilities and shareholders' equity   | <b>\$1,281,838</b> | <b>\$1,440,534</b> |

See accompanying Notes to Financial Statements.



## Consolidated Statements of Changes in Financial Position

| In thousands, for the years ended December 31,                                      | 1982             | 1981              | 1980            |
|---|------------------|-------------------|-----------------|
| <b>Sources of funds:</b>  |                  |                   |                 |
| Earnings from continuing operations   | \$ 33,367        | \$ 63,139         | \$ 76,057       |
| Add (deduct) items not requiring (providing) current funds:                         |                  |                   |                 |
| Depreciation and amortization   | 86,712           | 83,716            | 76,757          |
| Gain on disposition of property, plant and equipment                                | (10,286)         | (22,585)          | (5,917)         |
| Gain on disposition of equity interest in water services subsidiary                 | (6,880)          | —                 | —               |
| Provision for deferred income taxes   | 8,259            | 5,645             | 19,448          |
| Other, net  | 147              | (1,252)           | 16,574          |
| Cumulative effects of changes in accounting principles                              | —                | —                 | (3,318)         |
| Provided from continuing operations   | 111,319          | 128,663           | 179,601         |
| Extraordinary item and discontinued operations providing current funds              | —                | 5,600             | —               |
| Provided from operations  | 111,319          | 134,263           | 179,601         |
| Disposition of equity interest in water services subsidiary                         | 46,466           | —                 | —               |
| Disposition of investment in electric and gas utility subsidiary                    | —                | —                 | 271,494         |
| Disposition of property, plant and equipment  | 35,778           | 63,491            | 19,743          |
| Disposition of other noncurrent assets  | 11,758           | 41,289            | 11,604          |
| Issuance of long-term debt  | 86,482           | 213,414           | 204,129         |
| Increase in other liabilities   | 2,389            | 8,070             | 4,166           |
| Contributions in aid of utility construction  | 881              | 1,610             | 1,342           |
| Issuance of gold purchase warrants  | —                | 31,688            | —               |
| Issuance of preferred stock by a subsidiary   | —                | 30,568            | —               |
| Issuance of capital stock, including treasury stock                                 | 6,964            | 5,602             | 32,210          |
| <b>Total sources</b>  | <b>302,037</b>   | <b>529,995</b>    | <b>724,289</b>  |
| <b>Uses of funds:</b>   |                  |                   |                 |
| Purchase of property, plant and equipment   | 112,361          | 161,411           | 151,097         |
| Acquisition of other noncurrent assets  | 75,746           | 109,075           | 64,551          |
| Decrease in investment in electric and gas utility subsidiary                       | —                | —                 | (6,719)         |
| Reduction of long-term debt   | 59,730           | 214,784           | 182,340         |
| Reduction of other liabilities  | 12,796           | 15,596            | 7,155           |
| Reduction of contributions in aid of utility construction due to sale of properties | 135              | 7,356             | 119             |
| Acquisition of treasury stock   | —                | 268               | 276,148         |
| Conversion of preferred stock   | 1,428            | 3,490             | 18,380          |
| Dividends on preferred and common stock   | 24,416           | 23,625            | 28,562          |
| Other   | (4,366)          | 2,682             | 2,765           |
| <b>Total uses</b>   | <b>282,246</b>   | <b>538,287</b>    | <b>724,398</b>  |
| <b>Increase (decrease) in working capital</b>                                       | <b>\$ 19,791</b> | <b>\$ (8,292)</b> | <b>\$ (109)</b> |

See accompanying Notes to Financial Statements.



## Analysis of Changes in Working Capital

| In thousands, for the years ended December 31, | 1982      | 1981       | 1980     |
|--|-----------|------------|----------|
| Changes in working capital:                    |           |            |          |
| Cash   | \$ 6,701  | \$(43,499) | \$ 2,068 |
| Accounts receivable, less allowance            | (25,653)  | 8,719      | 10,001   |
| Inventories                                    | (25,097)  | (18,229)   | 3,852    |
| Prepaid expenses and other current assets      | 3,064     | 1,842      | (5,211)  |
| Notes payable                                  | 28,706    | 34,350     | 14,245   |
| Accounts payable—trade                         | 11,550    | (12,428)   | 11,444   |
| Income taxes                                   | 13,904    | 15,621     | (17,970) |
| Long-term debt—current maturities              | (22,419)  | 21,956     | (4,692)  |
| Unearned revenues                              | 12,898    | (15,216)   | (5,826)  |
| Other current and accrued liabilities          | 16,137    | (1,408)    | (8,020)  |
| Increase (decrease) in working capital         | \$ 19,791 | \$ (8,292) | \$ (109) |

See accompanying Notes to Financial Statements.

## Consolidated Statements of Additional Paid-In Capital

| In thousands, for the years ended December 31,   | 1982      | 1981      | 1980      |
|--|-----------|-----------|-----------|
| Amount at beginning of year  | \$164,346 | \$160,550 | \$138,693 |
| Capital in excess of par or stated value of shares issued upon conversion of convertible securities and exercise of employee stock options | 2,459     | 4,916     | 21,927    |
| Other adjustments, principally relating to subsidiaries  | 148       | (1,120)   | (70)      |
| Amount at end of year  | \$166,953 | \$164,346 | \$160,550 |

See accompanying Notes to Financial Statements.

## Consolidated Statements of Retained Earnings

| In thousands, except per share data, for the years ended December 31,              | 1982      | 1981      | 1980      |
|--|-----------|-----------|-----------|
| Amount at beginning of year, as originally reported                                | \$376,244 | \$325,274 | \$215,409 |
| Adjustment to reflect remeasurement of foreign subsidiaries' deferred income taxes | —         | (331)     | —         |
| Amount at beginning of year, as restated   | 376,244   | 324,943   | 215,409   |
| Net earnings   | 33,367    | 74,932    | 144,699   |
| Dividends:   |           |           |           |
| \$5.00 preferred series  | (432)     | (440)     | (448)     |
| \$1.25 convertible preferred series  | (299)     | (324)     | (445)     |
| \$1.36 convertible preferred series  | (695)     | (843)     | (1,350)   |
| Common (per share: 1982—\$1.125; 1981—\$1.10; 1980—\$1.025)                        | (22,990)  | (22,018)  | (26,319)  |
|  | (24,416)  | (23,625)  | (28,562)  |
| Treasury stock transactions  | (1,162)   | (6)       | (6,272)   |
| Amount at end of year  | \$384,033 | \$376,244 | \$325,274 |

See accompanying Notes to Financial Statements.



**Note 1: Significant Accounting Policies**

*Principles of Consolidation:* The consolidated financial statements include the accounts of the Corporation and substantially all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Investment in an unconsolidated majority-owned insurance subsidiary, two finance subsidiaries, a water services utility (from the date the Corporation's ownership interest was reduced to 50%—see Note 5) and companies, cooperatives and joint ventures owned 20% or more are accounted for on the equity basis; the Corporation's equity in the earnings of such companies is included in consolidated earnings.

*Revenue Recognition:* Sugar produced in Hawaii is sold to a nonprofit marketing cooperative in which agribusiness subsidiaries have an approximate 23% interest. Revenues recognized are based on the current average cost per ton or estimated market value per ton, if lower. Under the equity method of accounting for the investment in the cooperative, any estimated profit on sugar is deferred until sold by the cooperative.

*Inventories:* Inventories generally are stated at the lower of cost or market. Due to diversified operations, several bases of determining cost are used.

In accordance with industry practice in Hawaii, the costs of growing sugarcane are charged against earnings as incurred.

*Property, Plant and Equipment:* Property, plant and equipment are recorded at cost. Depreciation is provided principally on the straight-line basis over the estimated useful lives of the related assets. Upon sale or retirement of properties, costs and related depreciation are eliminated and gains or losses are recorded.

*Deferred Charges:* Deferred charges primarily consist of costs incurred in connection with the development of a gold mine. Upon commencement of commercial production late in 1982, certain costs were segregated and reclassified to property, plant and equipment. Amortization is being provided over the estimated life of the mine.

*Intangibles:* Intangibles consist of net excess of cost of investments in subsidiaries over underlying net assets acquired and other intangibles.

Intangibles having a limited life are amortized over their estimated useful lives. The net excess of the cost of investments in subsidiaries over the net assets acquired is being amortized over periods from 10 to 40 years, except that portion relating to acquisitions before October 31, 1970, as long as there is no present indication that such intangibles have a determinable life.

*Income Taxes:* Provision is made for deferred income taxes and future income tax benefits applicable to timing differences between financial statement and taxable income.

Investment tax credits are accounted for by the flow-through method, except that a subsidiary which is the lessor under a leveraged lease allocates the credit over the lease term.

Certain subsidiaries operate in countries where their earnings are substantially free of taxation or are taxed at rates effectively lower than in the United States. Income taxes have not been provided on that portion of the earnings of such subsidiaries considered to be continuously reinvested outside the United States.

*Earnings per Share:* Primary earnings per share, computed after deducting the dividend requirement on preferred stock, are based on the average number of shares of both common and Special Stock, Series A outstanding each year and the dilutive effect of stock option, including stock appreciation rights, and stock purchase plans. The Special Stock, Series A has been included using the conversion rates applicable during each period.

Earnings per share assuming full dilution reflect, in addition to the primary computation, the dilutive effect of (a) the conversion of convertible preferred stock and convertible bonds after the elimination of the dividend requirements on such convertible preferred stock and the interest, net of income taxes, applicable to the convertible bonds, and (b) the conversion of Special Stock, Series A at the rate in effect in 1988.

**Note 2: Changes in Accounting Principles**

In 1981, the Corporation adopted Financial Accounting Standard No. 52, which established standards for translating foreign currency financial statements.

An analysis of cumulative translation adjustments for the years ended December 31, 1982 and 1981 is as follows:

| In thousands   | 1982      | 1981      |
|--|-----------|-----------|
| Amount at beginning of year  | \$(3,842) | \$ (263)  |
| Translation adjustments and gains (losses) from certain hedges and intercompany balances | (4,672)   | (4,593)   |
| Transfers to net earnings due to planned dispositions of foreign subsidiaries            | —         | 1,014     |
| Amount at end of year  | \$(8,514) | \$(3,842) |

In 1980, a policy of accruing vacation pay as earned for all employees was adopted. In addition, a trucking subsidiary changed its method of revenue recognition adopting a policy of recognizing revenue on the basis of proportional delivery performance to provide a better matching of revenue and



expense; previously this subsidiary had recorded revenue on the date freight was picked up. The effects of these changes on 1980 earnings from continuing operations are not material.

### Note 3: Extraordinary Item

The extraordinary item in 1981 resulted from recognition of the tax benefit from deduction of the unamortized cost of U.S. operating rights of the trucking subsidiaries as provided for by the 1981 tax law. The operating rights were written off as an extraordinary item in 1980, reflecting the permanent impairment in their market value resulting from liberalized trucking industry entry requirements in connection with the deregulation provisions of the Motor Carrier Act of 1980. No tax benefit was assumed for financial statement purposes in 1980.

### Note 4: Discontinued Operations

On June 19, 1980, the Corporation exchanged its 58.1% interest in Canadian Utilities Limited (CU), an electric and gas utility subsidiary, for 16,205,517 shares of the Corporation's common stock. A net gain of \$96,146,000 was realized on this transaction, after income taxes and expenses related to the exchange of approximately \$4,000,000.

The following is a summary of the results of CU's operations after foreign currency adjustments:

| In thousands, January 1 to June 19,                           | 1980      |
|---|-----------|
| Revenues and other income                                     | \$278,006 |
| Costs and expenses, including<br>foreign currency adjustments | (243,602) |
| Income taxes  | (11,063)  |
| Net earnings  | \$ 23,341 |
| Equity in net earnings  | \$ 11,626 |

In 1979, the shareholders of the Corporation approved the distribution of the common stock of a wholly-owned Liberian subsidiary, Gotaas-Larsen Shipping Corporation (GLSC), to the common shareholders of the Corporation. In 1981 and 1980, loss from discontinued ocean shipping operations reflects approximately \$847,000 and \$4,493,000, respectively, of taxes related to operations prior to the date of distribution. The 1981 tax includes a \$2,153,000 benefit which resulted from resolution of the tax basis of an asset which was written off several years ago.

In connection with the distribution, the Corporation agreed to loan GLSC on a revolving credit basis up to \$30,000,000, to be reduced in quarterly amounts of \$1,500,000 beginning February 8, 1983. Under the current agreement, the revolving credit feature terminates on November 8, 1983, at which time GLSC may convert up to \$24,000,000 into a four-year term loan payable in equal quarterly installments. Loans bear interest at 1½% over the London Interbank rate, and a commitment fee of ½% per annum is payable on the unused amount of the commitment. At February 28, 1983, \$28,500,000 was outstanding under the current agreement (December 31, 1982—\$30,000,000; December 31, 1981—no amount).

At the request of GLSC, the Corporation is prepared to extend the revolving credit feature of the above-described loan until November 8, 1984, when the full \$30,000,000 would be convertible into a five-year term loan repayable in equal quarterly installments, in exchange for security in the form of a second mortgage on the LNG carrier, the "Golar Freeze." This extension and security arrangement may occur in March of 1983.

### Note 5: Acquisitions and Dispositions

The Corporation acquired several small companies in purchase transactions for notes and cash amounting to an aggregate consideration of \$3,491,000 in 1982, \$18,219,000 in 1981 and \$312,000 in 1980. The operations of these companies are not significant. In addition, the Corporation agreed to purchase a contract motor carrier, pending Interstate Commerce Commission approval.

On October 14, 1982, the Corporation sold 41.8% of the common stock of General Waterworks Corporation (GW), its wholly-owned water services utility subsidiary, for consideration totaling \$32,400,000. This sale resulted in a net gain of \$2,887,000, after provision for income taxes of \$3,993,000. In addition, GW sold newly issued common shares, reducing the Corporation's ownership interest to 50%.

The following is a summary of the net assets of GW at October 14, 1982 and December 31, 1981:

| In thousands                                    | Oct. 14, 1982 | Dec. 31, 1981 |
|---|---------------|---------------|
| Current assets                                  | \$ 20,694     | \$ 38,278     |
| Noncurrent assets                               | 209,191       | 202,497       |
| Current liabilities                             | (34,760)      | (37,933)      |
| Long-term debt,<br>excluding current maturities | (68,687)      | (78,922)      |
| Other liabilities                               | (39,942)      | (38,454)      |
| Contributions in aid of<br>utility construction | (25,457)      | (24,427)      |
| Net assets                                      | \$ 61,039     | \$ 61,039     |

A summary of the results of GW's operations is found in the following table.



| In thousands   | Jan. 1 to<br>Oct. 14,<br>1982 | Year ended Dec. 31, |          |
|--|-------------------------------|---------------------|----------|
|  |                               | 1981                | 1980     |
| Revenues and other income                                    | \$59,377                      | \$71,075            | \$63,869 |
| Cost of products sold, other<br>operating costs and expenses | (23,916)                      | (29,573)            | (26,673) |
| Other expenses   | (19,594)                      | (22,520)            | (19,977) |
| Income taxes   | (6,273)                       | (6,337)             | (7,358)  |
| Net earnings   | \$ 9,594                      | \$12,645            | \$ 9,861 |

During the three years ended December 31, 1982, in addition to the dispositions of GW and CU, the Corporation disposed of certain water utility properties, a valve manufacturing operation, a division of a paper distribution subsidiary, a lime manufacturer and certain other small companies. The contribution to revenues and net earnings, excluding gains and losses on disposition, of such companies was as follows:

| In thousands | 1982     | 1981      | 1980      |
|--------------|----------|-----------|-----------|
| Revenues     | \$70,024 | \$145,000 | \$179,320 |
| Net loss     | (2,675)  | (923)     | (197)     |

### Note 6: Other Income

Significant items included in other income are as follows:

| In thousands   | 1982     | 1981     | 1980     |
|--|----------|----------|----------|
| Interest and dividends   | \$11,393 | \$18,713 | \$10,990 |
| Gain (loss) on disposition<br>of investments and<br>certain other assets | 17,973   | 9,862    | (747)    |
| Operations of divested<br>subsidiaries                                   | —        | 2,061    | —        |

During the three years ended December 31, 1982, the Corporation sold an interest in GW, several subsidiaries, land and certain other assets, and in 1981 donated certain water utility properties to a public authority, at a gain (loss) of \$20,046,000 in 1982 after application of \$8,221,000 of reserves provided in 1981, \$18,263,000 in 1981 after application of \$6,840,000 of reserves provided in prior years and \$(747,000) in 1980. Income taxes of \$6,681,000, \$1,595,000 and \$(402,000) were recognized in 1982, 1981 and 1980, respectively, related to these dispositions. In addition, a reserve of \$2,073,000 and \$8,401,000 and tax benefits of \$974,000 and \$3,511,000 were provided in 1982 and 1981, respectively, for anticipated losses on future dispositions.

The sales agreement covering a water utility property in southern Florida sold in 1979 provides for additional payments to GW based on customer connections to the facilities through 1990. Included in the gain (loss) on disposition of investments and certain other assets is \$714,000 in 1982,

\$1,315,000 in 1981 and \$2,084,000 in 1980 attributable to such customer connections.

The pretax operating results of divested subsidiaries, except GW and CU operations, were included in other income from the respective dates the Corporation committed itself to dispose of the companies.

### Note 7: Inventories

Inventories at December 31, 1982 and 1981 are summarized as follows:

| In thousands                | 1982      | 1981      |
|-----------------------------|-----------|-----------|
| Finished products           | \$ 43,663 | \$ 49,616 |
| Work in process             | 6,320     | 22,964    |
| Raw materials and supplies  | 31,063    | 30,724    |
| Merchandise and commodities | 31,746    | 36,281    |
| Other                       | 4,197     | 2,501     |
|                             | \$116,989 | \$142,086 |

Certain items included in merchandise and commodities inventories are valued on the last-in, first-out (LIFO) basis, which is less than the cost of such inventories valued on the first-in, first-out (FIFO) basis by approximately \$2,142,000 and \$5,955,000 at December 31, 1982 and 1981, respectively.

The December 31, 1982 and 1981 book basis of LIFO inventories exceeded the tax basis by \$963,000 and \$1,583,000, respectively. The difference resulted from the application of purchase accounting to the acquisition of the minority interest in C. Brewer and Company (Brewer). Income for Federal tax purposes for 1982 and 1981 was higher by \$620,000 and \$368,000, respectively, because of this difference in basis.

### Note 8: Long-Term Receivables and Investments

The total carrying values of long-term receivables and investments at December 31, 1982 and 1981 are shown in the following table.

| In thousands  | 1982      | 1981     |
|---|-----------|----------|
| Long-term receivables<br>and restricted cash deposits | \$ 66,341 | \$30,675 |
| Land held for sale or development                     | 8,214     | 8,409    |
| Equity in GW  | 35,888    | —        |
| Other unconsolidated subsidiaries<br>and affiliates   | 25,645    | 22,160   |
| Cooperatives and joint ventures                       | 20,308    | 20,029   |
| Other investments                                     | 9,866     | 13,885   |
| Provision for loss                                    | (6,446)   | (5,882)  |
|   | \$159,816 | \$89,276 |



Undistributed earnings of unconsolidated subsidiaries and 50% or less owned interests reflected in retained earnings amount to approximately \$36,688,000 and \$11,536,000 at December 31, 1982 and 1981, respectively.

The following table contains summarized financial information regarding unconsolidated subsidiaries and 50% or less owned interests accounted for by the equity method at December 31, 1982. Prior year amounts are not material.

| In thousands  | Unconsolidated subsidiaries | 50% or less owned interests |          |
|---|-----------------------------|-----------------------------|----------|
|   |                             | GW                          | Other    |
| Current assets  | \$18,985                    | \$ 30,081                   | \$ 7,966 |
| Noncurrent assets   | 85,623                      | 216,261                     | 9,771    |
| Current liabilities                                       | 18,713                      | 48,640                      | 3,307    |
| Long-term debt, excluding current liabilities             | 8,150                       | 57,276                      | 302      |
| Other liabilities   | 48,387                      | 40,508                      | 448      |
| Contributions in aid of utility construction              | —                           | 26,383                      | —        |
| Revenues and other income                                 | 38,755                      | 74,982                      | 10,651   |
| Cost of products sold, other operating costs and expenses | 22,337                      | 30,183                      | 5,868    |
| Net earnings  | 4,414                       | 12,090                      | 1,872    |

The Corporation and a subsidiary have guaranteed, respectively, \$8,150,000 and \$4,800,000 of debt of wholly-owned, unconsolidated finance subsidiaries.

GW claims depreciation and certain other expenses for income tax purposes in excess of the amounts recorded in the accounts without providing for the related income tax deferral. In setting rates, GW recovers only the income taxes payable currently. GW allocates investment tax credits over the depreciable lives of the related assets, and upon retirement of properties, transfers related costs to accumulated depreciation.

### Note 9: Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 1982 and 1981 is shown in the following table:

| In thousands            | 1982      | 1981        |
|-------------------------|-----------|-------------|
| Transportation services | \$452,120 | \$ 416,142  |
| Environmental:          |           |             |
| Environmental services  | 197,149   | 194,851     |
| Water services          | —         | 242,399     |
| Agribusiness            | 138,344   | 135,678     |
| Distribution services   | 50,092    | 45,297      |
| Gold and other          | 131,453   | 63,288      |
|                         | \$969,158 | \$1,097,655 |

Interest expense of \$12,769,000 in 1982, \$8,254,000 in 1981 and \$1,217,000 in 1980, relating principally to the development of a gold mine, was capitalized.

### Note 10: Debt

Long-term debt at December 31, 1982 and 1981 payable by consolidated subsidiaries is summarized in the following table. Interest rates on approximately \$246,000,000 of long-term debt outstanding at December 31, 1982 are based on Eurodollar or other fluctuating interest rates.

| In thousands  | 1982      | 1981      |
|---|-----------|-----------|
| First mortgage bonds:   |           |           |
| Due 1982 to 1996; 5.5% to 8.75% (weighted average interest rate 7.8%)                 | \$ —      | \$ 32,574 |
| Other:  |           |           |
| Secured:  |           |           |
| Due 1983 to 2007; 2% to 21% (weighted average interest rate 1982-9.4%; 1981-9.3%)     | 115,379   | 87,660    |
| Unsecured:  |           |           |
| Due 1983 to 1999; 2% to 21.2% (weighted average interest rate 1982-10.6%; 1981-12.2%) | 281,812   | 296,360   |
|   | 397,191   | 416,594   |
| Less current maturities   | 44,378    | 21,959    |
|   | \$352,813 | \$394,635 |

Borrowings of \$58,000,000 under short-term lines of credit are classified as long-term debt based on the intent to finance this amount on a long-term basis and the ability to borrow such funds under established unused long-term credit facilities. At December 31, 1982, unused short-term credit facilities amounted to \$27,000,000 and unused long-term credit facilities amounted to \$75,000,000.

At December 31, 1982, debt was secured by property, plant and equipment and other assets with a total carrying value of \$230,843,000. Sinking fund requirements and installments of long-term debt maturing in the years 1984, 1985, 1986 and 1987 amount to approximately \$101,609,000, \$100,533,000, \$31,646,000 and \$45,098,000, respectively, after deducting bonds which have been repurchased. Borrowings under short-term lines of credit are reflected based on the repayment terms of unused long-term credit facilities.

For the two years beginning October 1981, interest rate insurance was purchased on \$100,000,000 providing for compensation based on the average prime commercial paper rate quoted by the Federal Reserve over 15.65%. In addition, in 1982, the Corporation entered into two interest rate exchange agreements extending until 1989, which fix the rate on \$35,000,000 of floating rate debt at 13.02%.

Amortization of debt discount and expense for the years 1982, 1981 and 1980 was \$1,438,000, \$642,000 and \$645,000, respectively.



Certain bond indentures and note agreements which the Corporation has guaranteed require the maintenance of specified ratios of net worth and total capitalization, as therein defined, and limit the payment of dividends on capital stock of the Corporation. Under the most restrictive of these agreements, which specifies minimum net worth requirements, approximately \$97,000,000 of the Corporation's retained earnings at December 31, 1982 was free from restriction. In addition, certain subsidiaries are restricted by loan agreements and certain regulatory agencies as to the sale or disposition of certain assets or investments, indebtedness, maintenance of working capital, minimum net worth and dividends. At December 31, 1982, net assets of subsidiaries free from restriction significantly exceeded \$97,000,000.

#### Note 11: Income Taxes

The components of the consolidated provision for income taxes applicable to continuing operations for the three years ended December 31, 1982 are as follows:

| In thousands          | 1982            | 1981     | 1980     |
|-----------------------|-----------------|----------|----------|
| Current:              |                 |          |          |
| Federal               | \$ (4,697)      | \$ 5,675 | \$27,188 |
| State and local       | 3,200           | 4,757    | 6,006    |
| Non-United States     | 7,745           | 2,947    | 13,726   |
| Investment tax credit | 602             | —        | (8,724)  |
|                       | <b>6,850</b>    | 13,379   | 38,196   |
| Deferred:             |                 |          |          |
| Federal               | 15,582          | 5,295    | 16,454   |
| State and local       | 1,023           | 1,263    | 2,036    |
| Non-United States     | (400)           | 4,060    | 5,206    |
| Investment tax credit | (7,395)         | (8,021)  | —        |
|                       | <b>8,810</b>    | 2,597    | 23,696   |
|                       | <b>\$15,660</b> | \$15,976 | \$61,892 |

Pre-tax earnings from continuing operations generated from non-United States operations were \$15,677,000, \$23,772,000 and \$59,149,000 in 1982, 1981 and 1980, respectively.

At December 31, 1982, the Corporation had not provided income taxes, net of available foreign tax credits, on \$46,116,000 of undistributed earnings of non-United States subsidiaries, since such earnings are being continuously re-invested outside the United States and it is the Corporation's intention to continue this policy.

The sources of the differences between consolidated earnings for financial statement purposes and tax purposes and the tax effects are as follows:

| In thousands  | 1982            | 1981     | 1980     |
|---|-----------------|----------|----------|
| Excess of tax over book                               |                 |          |          |
| (book over tax) depreciation                          | \$ (4,046)      | \$10,393 | \$11,198 |
| Investment tax credit                                 | (7,395)         | (8,021)  | —        |
| Earnings on long-term contracts                       | (48)            | 1,213    | 3,022    |
| Recovery of (provision for) loss                      |                 |          |          |
| on investments and other assets                       | 4,051           | 218      | (390)    |
| Installment sales                                     | 5,960           | 1,141    | (16)     |
| Provision for self-insurance and other claims         | (4,233)         | (6,908)  | (1,763)  |
| Excess of book over tax                               |                 |          |          |
| (tax over book) revenues                              | 2,069           | (5,568)  | 5,265    |
| Future repatriation of earnings of foreign subsidiary | —               | (5,470)  | 5,470    |
| Deferred compensation                                 | 749             | 5,172    | 451      |
| Capitalized interest                                  | 5,202           | 3,721    | 476      |
| Inventory valuation                                   | 752             | 1,893    | —        |
| Operating rights of trucking subsidiaries             | 3,050           | —        | —        |
| U.K. stock (inventory) relief                         | —               | (1,964)  | 860      |
| Other   | 2,699           | 6,777    | (877)    |
|   | <b>\$ 8,810</b> | \$ 2,597 | \$23,696 |

The consolidated effective tax rates varied from the United States income tax rate for the following reasons:

|  | 1982         | 1981   | 1980  |
|--|--------------|--------|-------|
| Federal income tax rate  | 46.0%        | 46.0%  | 46.0% |
| Foreign earnings, net of loss operations with no tax benefits, and foreign dividends | 4.5          | .7     | 2.1   |
| Reversal of taxes provided on foreign earnings                                       | —            | (6.9)  | —     |
| Investment tax credit  | (13.9)       | (10.0) | (7.1) |
| State and local income taxes, net of Federal tax benefit                             | 4.6          | 4.1    | 3.2   |
| Capital gains rate   | (10.0)       | (5.2)  | (.7)  |
| Adjustment of prior years' accruals  | —            | (4.1)  | —     |
| U.K. stock (inventory) relief  | —            | (2.5)  | —     |
| Minority interest  | 4.2          | 2.1    | .5    |
| Equity in earnings of subsidiaries   | (3.0)        | (1.5)  | (.6)  |
| Other  | (.5)         | (2.5)  | 1.5   |
| Effective tax rate   | <b>31.9%</b> | 20.2%  | 44.9% |

During 1981, the Corporation reviewed its liability for income taxes based on the Internal Revenue Service's examinations of the consolidated tax returns through 1976 and the resolutions of issues. As a result, amounts accrued in prior years have been adjusted by \$3,200,000, reducing 1981 current tax expense.

In 1981, the Corporation reversed a \$5,470,000 provision for U.S. income taxes made in 1980. The charge was originally made because of the anticipated repatriation of the net proceeds from the gains realized by Echo Bay Mines Ltd. on liquidation of silver futures contracts in 1980. Such proceeds have been reinvested in a gold mine in northern Canada and as a result will not be repatriated in the foreseeable future.



## Note 12: Capital Stock

The authorized and issued capital stock of the Corporation at December 31, 1982 and 1981 is summarized below:

| In thousands, except share data, issued at December 31,   | 1982             |                     | 1981             |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | Shares           | Stated or par value | Shares           | Stated or par value |
| Series preferred stock, without par value:  |                  |                     |                  |                     |
| Authorized: 4,814,708 shares (reserved for issuance of floating rate preferred stock—1,000,000 shares; for exercise of options—12,000 shares)   |                  |                     |                  |                     |
| Issued:   |                  |                     |                  |                     |
| \$5.00 series (in treasury at both dates—6,943 shares)  | 93,312           | \$ 9,564            | 93,302           | \$ 9,563            |
| \$1.25 convertible series (in treasury at both dates—304,532 shares) with aggregate liquidation value at December 31, 1982 of \$13,234  | 529,374          | 8,022               | 552,627          | 8,375               |
| \$1.36 convertible series (in treasury at both dates—174,698 shares) with aggregate liquidation value at December 31, 1982 of \$14,661  | 651,620          | 10,823              | 709,400          | 11,812              |
|   | <b>1,274,306</b> | <b>\$28,409</b>     | <b>1,355,329</b> | <b>\$29,750</b>     |
| Series preference stock, without par value:   |                  |                     |                  |                     |
| Authorized: 5,066,372 shares  |                  |                     |                  |                     |
| Issued: Special Stock, Series A (in treasury at both dates—176,435 shares)  | 496,411          | \$ 9,611            | 529,819          | \$10,258            |
| Common stock, \$1.20 par value per share:   |                  |                     |                  |                     |
| Authorized: 60,000,000 shares (reserved for conversion of preferred stock—2,040,362 shares; for conversion of Special Stock, Series A—2,647,410 shares; and for stock option and stock purchase plans—2,093,334 shares) |                  |                     |                  |                     |
| Issued: (in treasury 1982—15,785,300 shares; 1981—16,121,813 shares)  | 36,726,511       | \$44,072            | 36,362,477       | \$43,635            |

The holders of preferred stock are entitled to cumulative dividends at the respective rates set out in the titles of the various series and have voting rights. The holders of the \$5.00 preferred stock, upon liquidation or redemption, are entitled to receive the stated value plus accrued and unpaid dividends. The \$1.25 convertible preferred stock is redeemable, at the Corporation's option, at \$25 per share. Each share of the \$1.25 convertible preferred stock is convertible into 1.9472 common shares. The \$1.36 convertible preferred stock is redeemable, at the Corporation's option, at \$23.25 per share through August 14, 1983 and at \$22.50 per share thereafter. Each share of the \$1.36 convertible preferred stock is convertible into 1.5213 common shares.

Holdings of Special Stock, Series A are not entitled to receive dividends; they have voting rights and on liquidation are entitled to receive \$15 per share subject to the liquidation rights of the preferred shareholders. The Special Stock, Series A is convertible into 4.3834 shares of common stock through December 31, 1983 after which the conversion rate increases annually to a maximum of 5.3331 common shares on and after January 1, 1988. The stock is redeemable, at the Corporation's option, at \$70 per share.

Changes in capital stock during the years ended December 31, 1982, 1981 and 1980 are summarized in the following table.



|                                       | Preferred        | Special Stock, Series A | Common            |
|---------------------------------------|------------------|-------------------------|-------------------|
| Shares issued Dec. 31, 1979           | 2,614,062        | 731,274                 | 33,089,881        |
| Conversion of Special Stock, Series A | —                | (174,126)               | 678,393           |
| Conversion of preferred stock         | (1,116,365)      | —                       | 1,770,526         |
| Conversion of bonds                   | —                | —                       | 83,635            |
| Exercised under stock option plans    | 50,000           | —                       | 188,628           |
| Shares issued Dec. 31, 1980           | 1,547,697        | 557,148                 | 35,811,063        |
| Conversion of Special Stock, Series A | —                | (27,329)                | 110,718           |
| Conversion of preferred stock         | (212,368)        | —                       | 336,332           |
| Conversion of bonds                   | —                | —                       | 29,800            |
| Exercised under stock option plans    | 20,000           | —                       | 74,564            |
| Shares issued Dec. 31, 1981           | 1,355,329        | 529,819                 | 36,362,477        |
| Conversion of Special Stock, Series A | —                | (33,408)                | 139,422           |
| Conversion of preferred stock         | (88,023)         | —                       | 143,703           |
| Exercised under stock option plans    | 7,000            | —                       | 80,909            |
| <b>Shares issued Dec. 31, 1982</b>    | <b>1,274,306</b> | <b>496,411</b>          | <b>36,726,511</b> |

Changes in common stock held in the treasury during the year 1982 consisted of the issuance of 336,513 shares under the Employees Stock Purchase Plan. Changes in common stock held in the treasury during the year 1981 consisted of the acquisition of 8,728 shares at fair market value and the issuance of 1,011 shares under the Employees Stock Purchase Plan. Changes in common stock held in the treasury during the year 1980 consisted of the acquisition of 16,205,517 shares in exchange for the common shares of CU owned by the Corporation, the net issuance of 783,516 shares under employees' stock purchase and ownership plans, and the issuance of 1,414 shares at fair market value.

At December 31, 1982, a wholly-owned subsidiary had outstanding 1,000,000 shares (issue price \$100,000,000) of preferred stock. The subsidiary is required to redeem the outstanding shares at \$100 per share beginning with 20% in 1986 and 25% in 1987. The stock has a floating dividend rate, 6.19% for the March 1, 1983 dividend. Under certain conditions, the Corporation may substitute similar stock of the Corporation or guaranteed subordinated promissory notes for the subsidiary's securities.

In 1981, the Corporation's precious-metals mining subsidiary realized proceeds of \$80,000,000 (Canadian) (US\$67,200,000) from sale of 1,600,000 units priced at \$50 (Canadian) per unit. Each unit consisted of one \$3.00 preferred share with a stated value of \$25 (Canadian) and four gold purchase warrants. The subsidiary is obliged to redeem,

at \$25 (Canadian) per share, 20% of the outstanding shares on December 31 of each year from 1986 to 1990. The issue price of outstanding warrants, \$36,016,000 (Canadian), represents a prepayment on account for the purchase of 101,708 troy ounces of gold at US\$595 per troy ounce. One fourth of the outstanding warrants can be exercised, or can be redeemed for US\$5.25 per warrant, on January 31 of each year from 1986 to 1989. At December 31, 1982, the Corporation held 111,000 shares of preferred stock and 637,500 warrants.

### Note 13: Stock Options

Options to certain officers and employees of the Corporation and its subsidiaries were outstanding at December 31, 1982 and 1981 pursuant to stock option plans. Options are exercisable in varying amounts over periods from one to 10 years from the date of grant, at prices from 95% to 100% of the fair market value of the stock at the date of grant.

The changes in the outstanding options for common stock during 1982 and 1981 are shown in the following table.

|  | 1982      | 1981      |
|--|-----------|-----------|
| Shares under option at beginning of year | 1,204,645 | 1,298,702 |
| Granted                                  | 97,500    | 141,700   |
| Exercised                                | (137,730) | (112,640) |
| Cancelled or expired                     | (57,640)  | (123,117) |
| Shares under option at end of year       | 1,106,775 | 1,204,645 |
| Average option price                     | \$11.56   | \$11.46   |

Under these plans, at December 31, 1982, there were 383,357 shares of common stock reserved for future grants under stock option plans.

In 1982, the stockholders approved a new incentive stock option plan which authorized the granting of options to purchase up to 100,000 shares of common stock. In addition, the number of shares authorized for issuance under the Employees Stock Purchase Plan was increased by an additional 400,000 shares. The increased shares were obtained by reducing the number of shares authorized under a previously approved stock option plan.

Stock appreciation rights (SARs) related to stock options granted under new and prior option plans have been authorized. These rights entitle the grantee the alternative of electing not to exercise a related stock option but instead to receive an amount equal to the difference between the option price and the mean of the high and low market price on the date of exercise. Certain officers may be granted the right to request settlement of an option in cash; however, such request will be granted under extenuating circumstances at the



sole discretion of a committee of nonparticipating directors. Options exercised in 1982 and 1981 include 56,821 shares and 38,076 shares, respectively, settled as SARs. At December 31, 1982, SARs are outstanding in respect of 38,956 shares, and the right to request cash settlement is outstanding in respect of 606,840 shares.

In addition, options for 12,000 shares and 19,500 shares of \$1.36 convertible preferred stock were outstanding at December 31, 1982 and 1981, respectively, with an average option price of \$11.21 and \$11.38, respectively. Options covering 7,000 shares and 27,000 shares were exercised during the years 1982 and 1981, respectively. Options covering 500 shares were cancelled during 1982. Options exercised include 7,000 shares in 1981 elected as SARs.

Under the Employees Stock Purchase Plan, 603,202 shares of common stock are available for issuance to eligible employees in future offerings. During 1982, 336,513 shares of common stock were purchased at approximately \$13.73 per share under an offer made in 1980.

The Board of Directors approved a program under which the Corporation made loans until December 31, 1982 to its senior officers for the purpose of exercising outstanding stock options. The unsecured loans are payable over 10 years and may not exceed \$5,000,000. Loans outstanding under this program at December 31, 1982 and 1981 amounted to \$3,549,000 and \$3,728,000, respectively, with an average interest rate of 12% in 1982 and 13% in 1981.

#### Note 14: Pension Plans

The Corporation and certain of its subsidiaries have insured or trustee pension plans which generally provide for normal retirement at age 65. A summary of accumulated benefits and net assets for these plans, including a plan sponsored by GW, determined on the date indicated, is presented in the following table:

| In thousands, January 1,                              | 1982             | 1981      |
|---|------------------|-----------|
| Actuarial present value of accumulated plan benefits: |                  |           |
| Vested  | \$102,952        | \$104,247 |
| Nonvested   | 8,910            | 9,284     |
|   | <b>\$111,862</b> | \$113,531 |
| Net assets  | <b>\$132,509</b> | \$123,785 |

Assumed rates of return used in determining the actuarial present value of accumulated plan benefits ranged from 5% to 10%. It is the Corporation's general policy to fund pension costs accrued, including amortization of prior service costs over periods not exceeding 40 years. Pension expense, with respect to these plans, charged against continuing oper-

ations during the years ended December 31, 1982, 1981 and 1980 was \$10,214,000, \$11,070,000 and \$12,288,000, respectively.

Assets and accumulated benefit information for employees covered by multi-employer pension plans to which certain subsidiaries contribute is not available.

#### Note 15: Operating Segment Information

The principal operations of the Corporation are carried out through subsidiaries in transportation, environmental, agribusiness, distribution, and gold markets. Transportation services consist of trucking companies which serve nearly every major city in the United States. Environmental companies process slag and reclaim scrap metal for steel mills, market a service which converts pollutants into environmentally acceptable substances, provide industrial waste disposal services and supply water and sewage services. Agribusiness consists of the production of sugar, macadamia nuts and other agricultural products, and the distribution of molasses, chemicals and certain other agricultural products. Distribution services include the supply of paper and plastic products, janitorial supplies and institutional food products primarily in the southeastern United States. Gold mining is carried on at Lupin in Canada's Northwest Territories. Other subsidiaries manufacture industrial products, including piping and flow control systems and pressure vessels, and provide communication services.

The revenues and operating earnings information for 1982, 1981 and 1980 on page 23 and capital expenditures for 1982 and 1981 on page 22 are an integral part of these statements and should be read in conjunction with this note.

Identifiable assets as of December 31, 1982, 1981 and 1980 and depreciation and amortization of continuing operations for the years 1982, 1981 and 1980 by major market segment are presented in the following tables. Corporate assets consist principally of a short-term note and investments.

| In thousands            | Identifiable Assets |             |             |
|-------------------------|---------------------|-------------|-------------|
|                         | 1982                | 1981        | 1980        |
| Transportation services | \$ 390,592          | \$ 364,653  | \$ 368,777  |
| Environmental:          |                     |             |             |
| Environmental services  | 171,300             | 183,359     | 151,570     |
| Water services          | 35,888              | 240,738     | 223,944     |
| Agribusiness            | 284,110             | 287,251     | 304,141     |
| Distribution services   | 111,959             | 113,660     | 111,453     |
| Gold and other          | 214,058             | 224,520     | 169,927     |
| Corporate               | 73,931              | 26,353      | 55,787      |
| Total                   | <b>\$1,281,838</b>  | \$1,440,534 | \$1,385,599 |



| In thousands            | Depreciation and Amortization |                 |                 |
|-------------------------|-------------------------------|-----------------|-----------------|
|                         | 1982                          | 1981            | 1980            |
| Transportation services | \$40,146                      | \$39,798        | \$35,997        |
| Environmental:          |                               |                 |                 |
| Environmental services  | 23,987                        | 23,112          | 20,119          |
| Water services          | 3,448                         | 4,028           | 3,661           |
| Agribusiness            | 9,703                         | 7,798           | 7,127           |
| Distribution services   | 3,317                         | 2,995           | 3,039           |
| Gold and other          | 5,668                         | 5,518           | 6,315           |
| Corporate               | 443                           | 467             | 499             |
| <b>Total</b>            | <b>\$86,712</b>               | <b>\$83,716</b> | <b>\$76,757</b> |

A summary of significant items with respect to continuing operations in major geographic areas is as follows:

| In thousands                    | Revenues           | Earnings        | Total assets       |
|---------------------------------|--------------------|-----------------|--------------------|
| <b>1982</b>                     |                    |                 |                    |
| <b>United States and Canada</b> | <b>\$2,035,355</b> | <b>\$28,908</b> | <b>\$1,187,117</b> |
| <b>International</b>            | <b>82,345</b>      | <b>4,459</b>    | <b>94,721</b>      |
| <b>Total</b>                    | <b>\$2,117,700</b> | <b>\$33,367</b> | <b>\$1,281,838</b> |
| <b>1981</b>                     |                    |                 |                    |
| United States and Canada        | \$2,168,749        | \$53,913        | \$1,314,604        |
| International                   | 154,448            | 9,226           | 125,930            |
| <b>Total</b>                    | <b>\$2,323,197</b> | <b>\$63,139</b> | <b>\$1,440,534</b> |
| <b>1980</b>                     |                    |                 |                    |
| United States and Canada        | \$2,095,720        | \$67,363        | \$1,245,327        |
| International                   | 165,506            | 8,694           | 140,272            |
| <b>Total</b>                    | <b>\$2,261,226</b> | <b>\$76,057</b> | <b>\$1,385,599</b> |

Corporate assets are located within the United States. Operations outside the United States include precious-metals mining in Canada and worldwide metal recovery and agribusiness operations.

#### Note 16: Leases

The Corporation and its subsidiaries lease certain facilities and equipment. Total rental expense, including short-term leases and immaterial amounts of contingent rents, charged against continuing operations for the years ended December 31, 1982, 1981 and 1980 was \$22,523,000, \$23,292,000 and \$23,445,000, respectively. Sublease income from these leases is not material.

The future minimum lease payments under all noncancelable leases are shown in the following table:

| In thousands                                  | Capital leases | Operating leases |
|---|----------------|------------------|
| 1983  | \$ 1,834       | \$16,462         |
| 1984  | 1,454          | 11,797           |
| 1985  | 1,185          | 7,797            |
| 1986  | 1,169          | 6,181            |
| 1987  | 1,117          | 4,398            |
| Thereafter                                    | 5,227          | 14,565           |
|   | 11,986         | \$61,200         |
| Less amount representing interest (2% to 21%) | 3,780          |                  |
| Present value of minimum lease payments       | \$ 8,206       |                  |

In addition, trucking subsidiaries use owner-operators' tractors and trailers to provide truckload services for specified commodities under various short-term lease arrangements. Payments made to owner-operators amounted to \$162,183,000, \$173,638,000 and \$156,798,000 for the years ended December 31, 1982, 1981 and 1980, respectively.

#### Note 17: Commitments and Contingencies

At December 31, 1982, outstanding contractual commitments of subsidiaries for the construction of new plant and the purchase of equipment amounted to approximately \$10,300,000, all of which become due for payment in 1983.

Futures contracts for the sale of gold aggregate 65,400 troy ounces at an average price of \$460.68 per troy ounce and mature at various times through 1984. Forward exchange contracts, related to the gold futures contracts, aggregate \$24,124,000 at an average exchange rate of US\$.7942 for \$1.00 Canadian.

The Corporation has received notices of tax deficiencies with respect to 1968-1970 (which presently are being contested in Tax Court), and has pending claims for partial refund of tax assessments paid with respect to 1971-1972. The Corporation has also received notices of proposed tax adjustments with respect to 1973-1976 (which presently are being protested with the Internal Revenue Service), some of which could result in substantial tax deficiencies and may impact subsequent years. The more significant items involve the current deductibility of a foreign exchange loss and the taxation of intercompany loans between foreign subsidiaries as dividends to the United States parent corporation. The Corporation does not agree with the notices of tax deficiencies and the proposed adjustments, and believes that it has sound arguments in support of its positions. While the final out-



come of these matters is not determinable at this time, management believes the ultimate liability, if any, will not materially affect the financial position of the Corporation.

In addition, certain subsidiaries are contingently liable for certain other obligations of distribution subsidiaries sold amounting to approximately \$1,336,000 at December 31, 1982.

### Note 18: Incentive Compensation Plans

Officers and key employees of the Corporation and certain of its subsidiaries receive awards under incentive compensation plans. Such awards are predicated on the performance of the Corporation and those subsidiaries, as measured currently by return on total shareholders' equity for the Corporation and by operating return on total capital, excluding current non-interest-bearing liabilities, or similar performance criteria for the subsidiaries. Incentive compensation charged against continuing operations for the years ended December 31, 1982, 1981 and 1980 amounted to approximately \$3,843,000, \$5,121,000 and \$6,482,000, respectively.

### Note 19: Quarterly Operating Results (Unaudited)

The following is a summary of the unaudited quarterly operating results for the two years ended December 31, 1982:

| In thousands     | Revenues and other income | Cost of products sold, other operating costs and expenses | Earnings (loss) from continuing operations | Net earnings (loss) |
|------------------|---------------------------|---|--|---------------------|
| <b>For 1982:</b> |                           |   |  |                     |
| 1st quarter      | \$ 490,902                | \$ 401,388  | \$ (2,882)                                 | \$ (2,882)          |
| 2nd quarter      | 528,157                   | 417,782   | 9,913                                      | 9,913               |
| 3rd quarter      | 544,602                   | 430,145   | 11,963                                     | 11,963              |
| 4th quarter      | 554,039                   | 427,547   | 14,373                                     | 14,373              |
| <b>Full year</b> | <b>\$2,117,700</b>        | <b>\$1,676,862</b>  | <b>\$33,367</b>                            | <b>\$33,367</b>     |
| <b>For 1981:</b> |                           |   |  |                     |
| 1st quarter      | \$ 565,870                | \$ 444,011  | \$12,839                                   | \$12,839            |
| 2nd quarter      | 576,743                   | 461,246   | 14,400                                     | 16,553              |
| 3rd quarter      | 600,402                   | 473,656   | 18,719                                     | 31,359              |
| 4th quarter      | 580,182                   | 456,432   | 17,181                                     | 14,181              |
| <b>Full year</b> | <b>\$2,323,197</b>        | <b>\$1,835,345</b>  | <b>\$63,139</b>                            | <b>\$74,932</b>     |

The fourth quarter of 1982 includes a \$6,880,000 gain on the sale of GW common stock and a \$4,300,000 gain from the sale of an Hawaiian land parcel.

The second quarter of 1981 includes reversal of a \$5,470,000 provision for U.S. income taxes. The third quarter of 1981 includes an \$8,800,000 gain from the sale of an Hawaiian land parcel. The fourth quarter of 1981 includes reversal of \$3,200,000 of provisions for income taxes made in prior years.

|                  | Earnings (loss) per share |               |                        |               |
|------------------|---------------------------|---------------|------------------------|---------------|
|                  | Primary                   |               | Assuming full dilution |               |
|                  | Continuing operations     | Net           | Continuing operations  | Net           |
| <b>For 1982:</b> |                           |               |                        |               |
| 1st quarter      | \$ (.16)                  | \$ (.16)      | \$ —                   | \$ —          |
| 2nd quarter      | .43                       | .43           | .42                    | .42           |
| 3rd quarter      | .52                       | .52           | .50                    | .50           |
| 4th quarter      | .62                       | .62           | .60                    | .60           |
| <b>Full year</b> | <b>\$1.44</b>             | <b>\$1.44</b> | <b>\$1.38</b>          | <b>\$1.38</b> |
| <b>For 1981:</b> |                           |               |                        |               |
| 1st quarter      | \$ .57                    | \$ .57        | \$ .53                 | \$ .53        |
| 2nd quarter      | .64                       | .74           | .60                    | .69           |
| 3rd quarter      | .84                       | 1.42          | .79                    | 1.32          |
| 4th quarter      | .77                       | .63           | .72                    | .59           |
| <b>Full year</b> | <b>\$2.81</b>             | <b>\$3.35</b> | <b>\$2.63</b>          | <b>\$3.13</b> |

Quarterly earnings per share do not total full year earnings per share and earnings per share assuming full dilution is not reported for the first quarter of 1982 because of the anti-dilutive effect of convertible securities.

### Note 20: Effect of Changing Prices (Unaudited)

Financial Accounting Standard (FAS) No. 33 requires disclosure of the estimated impact on operations and financial position of both general inflation and the change in current cost of the specific inventory sold and property and equipment employed by a business. Methods prescribed by FAS 33, used to adjust the historical costs of inventory, property, plant and equipment and the related costs of products sold and depreciation, are experimental and result in approximations which should not be relied on as precise measures of inflationary effects.

FAS 33 requires the impact of general inflation to be estimated by indexing historical cost amounts using the Consumer Price Index for all Urban Consumers (CPI-U), a broad-based measure of the United States general inflation rate. A recent amendment to FAS 33 requires changing prices data for foreign operations to be compiled in a manner consistent with the method of translating the foreign currency financial statements of these operations. Application of the CPI-U to assets measured in foreign currencies is inappropriate, and calculation of general inflation data using a differ-



ent inflation indicator for each foreign country is impractical; therefore, disclosure of historical costs measured in constant dollars is no longer required for companies which measure a significant part of their operations in currencies other than the United States dollar.

The current cost of specific inventory and property, plant and equipment was estimated generally by direct pricing or by using industry-based indices. The current cost of inventory and property, plant and equipment measured in foreign currencies is estimated in the applicable foreign currency, translated into United States dollars at the current exchange rate and indexed using the CPI-U to measure the general inflation component.

Depreciation expense on the adjusted property, plant and equipment costs was computed using historical depreciation rates and methods. Cost of products sold based on the adjusted costs of inventory was calculated using historical turnover rates. Revenues and other expenses have not been adjusted; they are assumed to have occurred evenly during the year. Income taxes have not been adjusted; current tax law does not allow inflationary adjustments in the determination of actual tax liability.

The adjustment to net recoverable cost recognizes that only the historical cost of property, plant and equipment is generally recoverable in the utility rate-setting process. The 1982 adjustment relates to that portion of the year during which the assets of the water services utility were included in consolidated net property, plant and equipment (see Note 5).

The gain from decline in purchasing power of net amounts owed recognizes that during a period of inflation, monetary liabilities will be repaid in dollars with less purchasing power. Any gain attributable to the net monetary liability position of

the water services utility may not be realized, because historical costs are used in the rate-setting process.

The data shown in the table at the bottom of the page demonstrate the cumulative impact of inflation on cost of plant and equipment acquired over a period of years and on cost of inventory. The impact of inflation on cost of products sold is less significant because of the inventory turnover rate and because the majority of the Corporation's subsidiaries are engaged in service-related industries. For assets measured in foreign currencies, the increase in specific prices of inventory and property, plant and equipment during the year includes only effects of specific price changes measured in the applicable foreign currency. The remaining effects, which relate to exchange rate changes, are disclosed separately as translation adjustments.

The following reserve information is required by a supplement to FAS 33. Gold reserves are based on December 1982, September 1981 and August 1980 estimates. Silver reserves were estimated at the respective year ends. Silver mining activities were phased out in 1982.

| In thousands,<br>except market prices | 1982  |         | 1981  |         | 1980  |        |
|---------------------------------------|-------|---------|-------|---------|-------|--------|
|                                       | Gold  | Silver  | Gold  | Silver  | Gold  | Silver |
| Proven and probable ore reserves:     |       |         |       |         |       |        |
| Tons of ore                           | 3,449 | 8       | 2,405 | 35      | 1,748 |        |
| Troy ounces*                          | 1,263 | 144     | 782   | 1,177   | 613   |        |
| Tons of ore milled                    | 203   | 42      | —     | 40      | —     |        |
| Troy ounces produced                  | 45    | 1,121   | —     | 1,345   | —     |        |
| Average market price per troy ounce   | \$376 | \$10.52 | \$460 | \$20.83 | \$613 |        |

\*Economically recoverable quantities based on current mining plan.

In millions of average 1982 dollars

|  |          |
|--|----------|
| Income from continuing operations  | \$ 33.4  |
| Adjustments to restate costs for the effects of changes in specific prices (current cost):                             |          |
| Cost of products sold  | (7.5)    |
| Depreciation   | (55.8)   |
| Minority interest  | .7       |
| Loss from continuing operations (excluding adjustment to net recoverable cost) adjusted for changes in specific prices | \$(29.2) |
| Increase in specific prices of net inventory and property, plant and equipment during the year*                        | \$ 53.7  |
| Adjustment to net recoverable cost   | 13.2     |
| Effect of increase in general price level  | 76.5     |
| Excess of increase in general price level over increase in specific prices, after adjustment to net recoverable cost   | \$ 9.6   |

\*At December 31, 1982, current cost of inventory was \$120.4 million and current cost of net property, plant and equipment was \$1,025.6 million.



The five-year summary of selected data is expressed in average 1982 dollars.

| In millions, except per share data, for the years ended December 31,   | 1982      | 1981      | 1980      | 1979      | 1978      |
|--|-----------|-----------|-----------|-----------|-----------|
| Cash dividends per common share  | \$ 1.13   | \$ 1.17   | \$ 1.20   | \$ 1.26   | \$ 1.37   |
| Market price per common share at year-end  | 16¼       | 14¼       | 19½       | 14        | 14½       |
| Average consumer price index   | 289.1     | 272.4     | 246.8     | 217.4     | 195.4     |
| Current Cost Information:  |           |           |           |           |           |
| Revenues and other income  | \$2,117.7 | \$2,465.4 | \$2,648.8 | \$2,830.8 | \$2,919.2 |
| Earnings (loss) from continuing operations   | \$ (29.2) | \$ (.4)   | \$ 13.2   | \$ (6.2)  |           |
| Earnings (loss) per share  | \$ (1.50) | \$ (.11)  | \$ .39    | \$ (.34)  |           |
| Translation adjustments  | \$ (8.4)  |           |           |           |           |
| Excess of increase in general price level over increase in specific prices, after adjustment to net recoverable cost | \$ 9.6    | \$ (.5)   | \$ 30.8   | \$ 17.1   |           |
| Gain from decline in purchasing power of net amounts owed  | \$ 20.8   | \$ 52.6   | \$ 76.4   | \$ 81.1   |           |
| Net assets at year-end   | \$ 777.8  | \$ 828.9  | \$ 794.5  | \$1,107.6 |           |

## Accountants' Report

The Board of Directors and Shareholders  
IU International Corporation  
Wilmington, Delaware

We have examined the consolidated balance sheets of IU International Corporation (a Maryland Corporation) and subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of earnings, additional paid-in capital, retained earnings, and changes in financial position for each of the years in the three-year period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

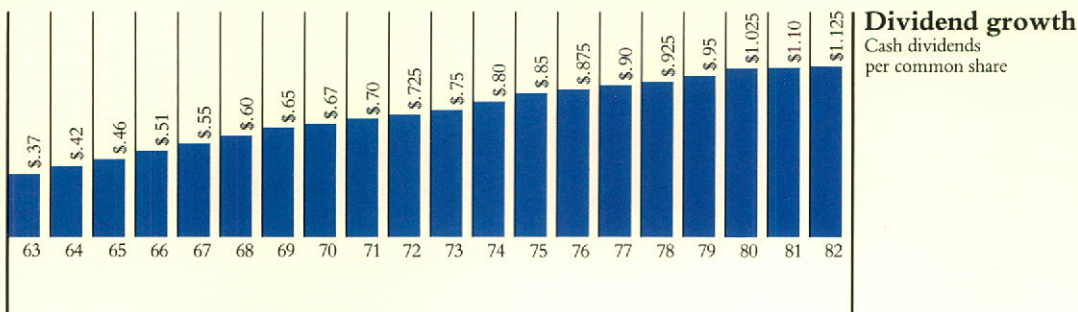
In our opinion, the aforementioned consolidated financial statements present fairly the financial position of IU International Corporation and subsidiaries at December 31, 1982 and 1981, and the results of their operations and changes in their financial position for each of the years in the three-year period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Peat, Marwick, Mitchell & Co.  
1500 Walnut Street  
Philadelphia, Pennsylvania 19102  
February 28, 1983



## Shareholder Data



*Capital stock summary:* More than 40,000 shareholders own stock in IU, including many of IU's 35,000 employees.

The cash dividends and the high and low prices of the company's stock based on New York Stock Exchange daily composite transactions are shown in the table below. The Special Stock, Series A is not entitled to cash dividends, but is convertible into common stock at an increasing ratio.

The company's \$5.00 preferred stock does not trade actively and is not included in the table. During 1982 and 1981, the bid prices were \$37 and \$31 per share, respectively. Dividends of \$1.25 per share were paid in each quarter of 1982 and 1981 to holders of this stock.

*Dividends:* Dividend payments are made to IU shareholders on the first business day of March, June, September, and December. Total dividends paid during 1982 were \$24.4 million. Owners of common stock were paid \$23.0 million, and owners of preferred stock received \$1.4 million.

*Dividend reinvestment plan:* IU's dividend reinvestment plan enables common and preferred shareholders to reinvest their quarterly dividends in IU common stock—free of all brokerage and administrative charges.

Shareholders may reinvest a portion of their dividends and receive the balance in cash. New cash investments of up to \$5,000 per quarter also may be made at no additional charge. A brochure describing the program is available from the company's Public Affairs Department, 1500 Walnut Street, Philadelphia, Pa. 19102, and from the Dividend Reinvestment Service Offices of Morgan Guaranty Trust Company, P.O. Box 3506, New York, N.Y. 10008.

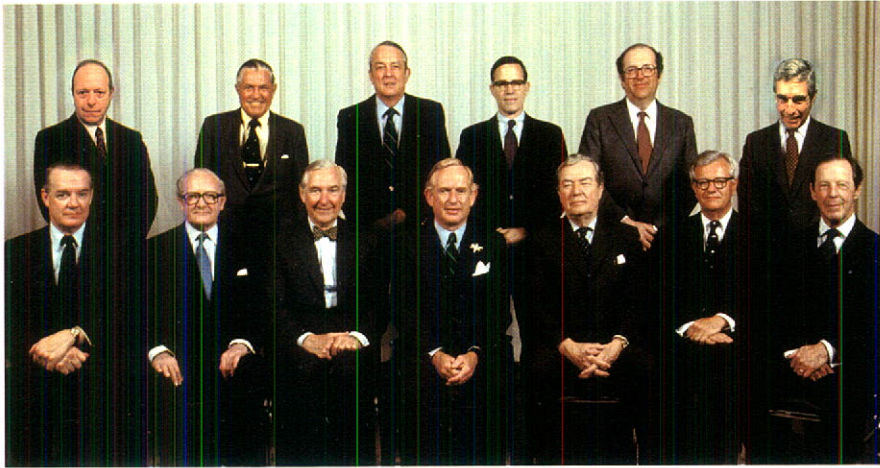
Approximately 22% of IU's common shareholders and 12% of IU's preferred shareholders participate in the dividend reinvestment plan.

*Stock exchanges:* IU's capital stock is listed for trading (symbol: IU) on these exchanges: New York, Philadelphia, Midwest, Pacific, Toronto, Montreal, Vancouver, London, Amsterdam and Tokyo.

*Transfer agents and registrars:* The transfer agents for IU's capital stock are Morgan Guaranty Trust Company of New York and Montreal Trust Company in Montreal and Toronto. The registrars are Morgan Guaranty Trust Company of New York and Crown Trust Company in Montreal and Toronto.

|                          | Common Stock   |                                    |                                    | Special Stock, Series A            |                                    | \$1.25 Convertible Preferred Stock |                                    |                                    | \$1.36 Convertible Preferred Stock |                                    |                                    |
|--------------------------|----------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                          | Dividend       | High                               | Low                                | High                               | Low                                | Dividend                           | High                               | Low                                | Dividend                           | High                               | Low                                |
| <b>1982: 4th Quarter</b> | <b>\$.2875</b> | <b>17%</b>                         | <b>14<sup>3</sup>/<sub>4</sub></b> | <b>70</b>                          | <b>63<sup>1</sup>/<sub>4</sub></b> | <b>\$.3125</b>                     | <b>32<sup>3</sup>/<sub>8</sub></b> | <b>28<sup>1</sup>/<sub>2</sub></b> | <b>\$.34</b>                       | <b>26</b>                          | <b>22<sup>3</sup>/<sub>4</sub></b> |
| <b>3rd Quarter</b>       | <b>.2875</b>   | <b>15<sup>7</sup>/<sub>8</sub></b> | <b>10<sup>5</sup>/<sub>8</sub></b> | <b>63</b>                          | <b>44<sup>1</sup>/<sub>4</sub></b> | <b>.3125</b>                       | <b>29</b>                          | <b>20</b>                          | <b>.34</b>                         | <b>24</b>                          | <b>15<sup>1</sup>/<sub>2</sub></b> |
| <b>2nd Quarter</b>       | <b>.2750</b>   | <b>13<sup>3</sup>/<sub>4</sub></b> | <b>10<sup>5</sup>/<sub>8</sub></b> | <b>56</b>                          | <b>44<sup>1</sup>/<sub>4</sub></b> | <b>.3125</b>                       | <b>25<sup>3</sup>/<sub>4</sub></b> | <b>20<sup>3</sup>/<sub>8</sub></b> | <b>.34</b>                         | <b>20</b>                          | <b>16<sup>1</sup>/<sub>8</sub></b> |
| <b>1st Quarter</b>       | <b>.2750</b>   | <b>14</b>                          | <b>11<sup>7</sup>/<sub>8</sub></b> | <b>55</b>                          | <b>46<sup>3</sup>/<sub>8</sub></b> | <b>.3125</b>                       | <b>26</b>                          | <b>22<sup>1</sup>/<sub>2</sub></b> | <b>.34</b>                         | <b>21<sup>1</sup>/<sub>4</sub></b> | <b>17<sup>3</sup>/<sub>4</sub></b> |
| <b>1981: 4th Quarter</b> | <b>\$.2750</b> | <b>14<sup>7</sup>/<sub>8</sub></b> | <b>12</b>                          | <b>57<sup>1</sup>/<sub>4</sub></b> | <b>48</b>                          | <b>\$.3125</b>                     | <b>28<sup>3</sup>/<sub>4</sub></b> | <b>23</b>                          | <b>\$.34</b>                       | <b>22<sup>1</sup>/<sub>4</sub></b> | <b>18<sup>1</sup>/<sub>2</sub></b> |
| <b>3rd Quarter</b>       | <b>.2750</b>   | <b>15<sup>3</sup>/<sub>8</sub></b> | <b>11<sup>1</sup>/<sub>4</sub></b> | <b>63</b>                          | <b>48<sup>1</sup>/<sub>2</sub></b> | <b>.3125</b>                       | <b>28<sup>1</sup>/<sub>2</sub></b> | <b>23<sup>3</sup>/<sub>8</sub></b> | <b>.34</b>                         | <b>22<sup>1</sup>/<sub>2</sub></b> | <b>17</b>                          |
| <b>2nd Quarter</b>       | <b>.2750</b>   | <b>20<sup>7</sup>/<sub>8</sub></b> | <b>15<sup>1</sup>/<sub>4</sub></b> | <b>82</b>                          | <b>63<sup>1</sup>/<sub>8</sub></b> | <b>.3125</b>                       | <b>40</b>                          | <b>29<sup>1</sup>/<sub>8</sub></b> | <b>.34</b>                         | <b>30</b>                          | <b>22<sup>1</sup>/<sub>2</sub></b> |
| <b>1st Quarter</b>       | <b>.2750</b>   | <b>20<sup>3</sup>/<sub>8</sub></b> | <b>15</b>                          | <b>80</b>                          | <b>66</b>                          | <b>.3125</b>                       | <b>38<sup>3</sup>/<sub>4</sub></b> | <b>26</b>                          | <b>.34</b>                         | <b>30<sup>3</sup>/<sub>4</sub></b> | <b>24<sup>1</sup>/<sub>2</sub></b> |





IU's Board of Directors directs the management of the corporation on behalf of the shareholders. The directors are (left to right, seated) E. B. Leisenring, Jr.; The Earl of Westmorland; John M. Seabrook; John Gilray Christy; Willis S. McLeese; John T. Jackson; William M. Weaver, Jr.; and (standing) Ira T. Wender; Lewis H. Van Dusen, Jr. (honorary director); Peter L. P. Macdonnell; Morris R. Brooke, Robert F. Calman; and Derald H. Ruttenberg.

### **Morris R. Brooke,**

47, is a partner in the law firm of Drinker, Biddle & Reath. He joined this firm in 1961 and has been a partner since 1967. Mr. Brooke became a director of IU in 1982. He is a graduate of Yale University and Harvard Law School, and is a member of the Judicial Conference for the Third Circuit. He resides in Flourtown, Pennsylvania.

### **Robert F. Calman,**

50, is vice chairman and chief financial officer of IU. A director since 1978, he joined IU in 1970 as vice president—finance and treasurer, and became group vice president—development in 1972 and executive vice president in 1974. Before joining IU, he served as treasurer of the North American Division and of the International Division of Mobil Oil Corp. Earlier in his career, he was an assistant treasurer of The Chase Manhattan Bank. He is a graduate, magna cum laude, of Yale University and a member of Phi Beta Kappa, and he holds a master's degree from the Alfred P. Sloan School of Management at Massachusetts Institute of Technology. Mr. Calman is chairman of General Waterworks Corp. and Echo Bay Mines Ltd., and also serves as a director of public television station WHYI-TV. He lives in Philadelphia.

### **John Gilray Christy,**

50, is chairman and president of IU. A director since 1978, he joined IU in 1972 as group vice president for land transportation. He was elected executive vice president in 1976, president and chief operating officer in 1978, chief executive officer in 1980, and chairman in May 1982. Earlier, he was with ITT and the U.S. Agency for International Development. A former Navy pilot, he is a graduate of Dartmouth College and received a master's degree in Asian studies from the University of California. He is a director of Fidelcor, Inc. and its subsidiary, The Fidelity Bank; Pennwalt Corp.; and The Philadelphia Contributionship. He also serves as a trustee of the University Museum at the University of Pennsylvania, and he is a director of the Philadelphia Orchestra. He lives in Philadelphia.



**John T. Jackson,**

61, is vice chairman of IU. A director since 1971, he joined General Waterworks in 1966 as vice president—industrials and was named vice president—industrials of IU when the two companies merged in 1968. He earlier served as vice president of ITT and of Sperry-Rand. Mr. Jackson is an engineering graduate of Cornell University. He is a director of Ballagh & Thrall, Inc.; Bradford-White Corp.; Delaware Trust Co.; Geothermal Resources International, Inc.; Frost & Sullivan Inc.; and the Vanguard Funds. He serves as chairman of the Business Council for International Understanding and as vice chairman of The Academy of Natural Sciences of Philadelphia. He resides in Haverford, Pennsylvania.

**E. B. Leisenring, Jr.,**

57, is chairman and chief executive officer of Westmoreland Coal Co., a coal producing company, of which he has been chief executive officer since 1961. He is also chairman and chief executive officer of Penn Virginia Corp., which owns 26% of Westmoreland, and chairman of the executive committee of General Coal Co., a subsidiary of Westmoreland. He has been an IU director since 1975. Mr. Leisenring is a graduate of Yale University. He is a director of Fidelcor, Inc. and its subsidiary, The Fidelity Bank; Norfolk Southern Corp.; SKF Industries, Inc.; and The Philadelphia Contributionship. He is vice chairman of the Eisenhower Exchange Fellowships and of Lankenau Hospital. He resides in Berwyn, Pennsylvania.

**Peter L. P. Macdonnell,**

63, is a senior partner of Milner & Steer, barristers and solicitors based in Edmonton, Alberta. An IU director since 1976, he is a member of the bars of Great Britain, Ontario, and Alberta. He was named Queen's Counsel in 1964 and became a member of the Order of Canada in 1980. Mr. Macdonnell is a graduate of Queen's University and received his law degree at Cambridge University in England. He is a director of The Royal Bank of Canada; Alberta Energy Co.; CAE Industries Limited; Nova, An Alberta Corporation; and Hiram Walker Resources, Limited. He resides in Edmonton.

**Willis S. McLeese,**

69, is chairman emeritus of Trans Canada Freezers Limited, a company based in Toronto, and of United States Cold Storage Inc., a company based in Philadelphia, which operate a chain of cold storage warehouses in Canada and the United States. An IU director since 1961, he also serves as chairman and director of International Association of Refrigerated Warehouses; president and director of Colmac Holdings Limited and Heathcote Centre Limited; vice president and director of Eastern Utilities Limited; director of International Light and Power Co., Limited; and past president of The Refrigeration Research Foundation. He lives in Toronto.

**Derald H. Ruttenberg,**

67, is a corporate director and private investor. A director of IU since 1980, he is also a director of The Weir Group Limited and M. Lowenstein Corp., and he serves as a trustee of Mount Sinai Medical Center in New York. He was president, chairman and chief executive officer of Studebaker Worthington, Inc. from 1969 until 1980 and chairman of Madison Fund, Inc., from 1980 to 1982. Mr. Ruttenberg lives in New York.

**John M. Seabrook,**

65, is chairman of Gotaas-Larsen Shipping Corp., an ocean shipping company. A director of IU since 1963, he retired as chairman in 1982 after 23 years with the company, having joined IU as a consultant in 1959. He is also a director of Lenox Inc.; New Jersey Bell Telephone Co.; South Jersey Industries, Inc.; and Consolidated-Bathurst Inc. He is a trustee of The Brandywine Conservancy and Eisenhower Exchange Fellowships. A Phi Beta Kappa graduate of Princeton University, he is a licensed professional engineer. Mr. Seabrook resides in Salem, New Jersey.

**William M. Weaver, Jr.,**

71, is a limited partner of the investment banking firm of Alex. Brown & Sons in New York. He has served as an IU director from 1958 to 1961 and from 1976 to the present. Mr. Weaver was president and chairman of Howmet Corp. before joining Alex. Brown & Sons in 1966. He is a graduate of Princeton University, where he was elected to Phi Beta Kappa. He is also a director of UMC Industries; The Allen Group, Inc.; Geneve Corp.; and Gotaas-Larsen Shipping Corp. He resides in Smith, Nevada.

**Ira T. Wender,**

56, is chairman of Wender, Kane & Co., an investment banking firm, and of Sussex Securities Inc., a securities firm. He is also counsel to the New York law firm of Wender, Murase & White, which he founded in 1971. An IU director since 1967, he holds law degrees from Chicago and New York Universities. Mr. Wender is a member of the Board of Managers of Swarthmore College, which he attended, and a director of The Brearley School; REFAC Technology Development Corp.; and Southwest Realty, Ltd. He lives in New York.

**The Earl of Westmorland, K.C.V.O.,**

58, is a director of Sotheby Parke Bernet Group PLC, London, fine art auctioneers, and is a Knight Commander of the Royal Victorian Order. An IU director since 1972, Lord Westmorland is also a director of Westmoreland Coal Co., Crown Life Insurance Co., and Gotaas-Larsen Shipping Corp. He resides in London.

**Committees**

December 31, 1982

**Audit Committee:\***

Willis S. McLeese, Chairman  
Morris R. Brooke  
E. B. Leisenring, Jr.  
William M. Weaver, Jr.

**Compensation Committee:\***

Ira T. Wender, Chairman  
Willis S. McLeese, Deputy Chairman  
The Earl of Westmorland

**Executive Committee:**

John M. Seabrook, Chairman  
Robert F. Calman  
John Gilray Christy  
Willis S. McLeese  
Ira T. Wender

**Nominating Committee:**

E. B. Leisenring, Jr., Chairman  
John Gilray Christy  
Peter L. P. Macdonnell  
John M. Seabrook  
William M. Weaver, Jr.  
Ira T. Wender

\*Composed entirely of outside directors.



## Senior Officers

**John Gilray Christy**  
Chairman and President

**Robert F. Calman**  
Vice Chairman and Chief Financial Officer

**John T. Jackson**  
Vice Chairman

**Allen E. Rosenberg**  
Executive Vice President, IU  
President, General Waterworks Corp.  
Bryn Mawr, Pennsylvania

**John J. Terry**  
Executive Vice President  
Philadelphia, Pennsylvania

**Robert W. Wolcott, Jr.**  
Executive Vice President  
Philadelphia, Pennsylvania

**John W. A. Buyers**  
Chairman and President, C. Brewer and Co.  
Honolulu, Hawaii

## Staff Executives

**Roger L. Blume**  
Vice President, Strategic Planning

**H. Beatty Chadwick**  
Secretary and Assistant General Counsel

**Jack Greenberg**  
Vice President, Taxes

**John B. Keenan**  
Vice President, Human Resources

**Victor J. Lang, Jr.**  
Vice President, Public Affairs

**John A. Murphy**  
Vice President, Corporate Development

**Laurent J. Remillard**  
Vice President and Controller

**Magnus E. Robinson**  
Vice President and Treasurer

**Anson W. H. Taylor, Jr.**  
General Counsel

## Operating Executives

**Jack Bayer**  
President  
International Mill Service  
Philadelphia, Pennsylvania

**W. Doyle Beatenbough**  
President  
Pacific Intermountain Express  
Walnut Creek, California

**Howard Biggers, Jr.**  
President  
Biggers Brothers  
Charlotte, North Carolina

**Brian P. Doran**  
President  
Helms Byrns Express  
Irwin, Pennsylvania

**Bill J. Goodwin**  
President  
Southwest Fabricating & Welding Co.  
Houston, Texas

**Robert V. Harwood**  
Chairman  
TAS Communications Services  
Toronto, Ontario

**Thomas L. Mainwaring**  
President  
Ryder Truck Lines  
Jacksonville, Florida

**Walter L. Moore**  
Chairman  
Unifax, Inc.  
Jacksonville, Florida

**B. Lawrence Seabrook, Jr.**  
President  
Conversion Systems, Inc.  
Horsham, Pennsylvania

**John Zigarlick, Jr.**  
President  
Echo Bay Mines Ltd.  
Edmonton, Alberta



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**IU's Annual Report to the Securities and Exchange Commission on Form 10-K and the company's Facts & Figures Manual will be available, on request, from the Public Affairs Department of IU, 1500 Walnut Street, Philadelphia, PA 19102 (telephone 215 985-6600).**

**Beneficial shareholders who experience delays in receiving IU financial reports from their brokerage firms are invited to write directly to the Public Affairs Department for these publications.**

**Corporate Headquarters:**  
1105 North Market Street  
Wilmington, Delaware 19801  
302 571-5000





*A Diversified  
Services Company*

