



1983 ANNUAL REPORT
TO INVESTORS

A DIVERSIFIED
SERVICES COMPANY



IU INTERNATIONAL
CORPORATION

IU INTERNATIONAL CORPORATION

IU, a diversified services company, has been substantially restructured in the past five years, shedding more than two-thirds of its debt in the process.

Today, IU serves four major markets: transportation, environmental, distribution and agribusiness. 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 U.S.;
- a leading distributor of paper and food products in the Sunbelt;
- one of the largest landowners in Hawaii, a major sugarcane grower and the world's largest producer of macadamia nuts.

Cover: Managers at IU and its operating units work closely together to accomplish common objectives. On the cover, International Mill Services's assistant controller Al Carbonara and IU's supervisor of systems development Madeline Hanewinkel review the companies' Management Information System (MIS), an advanced computer-based system that speeds the interchange of operating and financial information.



Transportation
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In millions, except per share data	1983	1982*
Revenues	\$2,081.4	\$2,106.6
Earnings from continuing operations	\$ 44.1	\$ 32.2
Earnings per share from continuing operations: Primary	\$ 1.71	\$ 1.39
Fully diluted	\$ 1.68	\$ 1.33
Cash dividends per common share	\$ 1.15	\$ 1.125
Average common and common equivalent shares	25.2	22.2

*Restated to segregate discontinued mining operations.

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HIGHLIGHTS

TO OUR SHAREHOLDERS

IU earnings and returns were much improved in 1983 over 1982, and this improvement should be even more pronounced in 1984. Earnings from continuing operations rose to \$44.1 million in 1983, up 37 percent from \$32.2 million in 1982. Earnings per share of \$1.71 in 1983 were up only 23 percent over the \$1.39 in the previous year, reflecting a higher number of shares outstanding as a result of a common share issue in May of last year.

I believe 1983 was a year of great achievement, though much of what was accomplished has yet to be reflected in our results. Our return on common equity of 13.1% was better than industry generally, but it is not up to the goals we have set for ourselves. We expect 1984 to be a more normal year than the two just passed. The 1982-83 recession, by most measures the worst since the great depression, is behind us. So is the major corporate restructuring we launched a few years ago to better focus IU as a diversified services company. We are now the kind of company we want to be, positioned for growth in the four major markets in which we have chosen to concentrate our resources: transportation services, environmental services, distribution services, and agribusiness.

Transportation Services Our motor carriers posted strong gains in 1983. Revenues increased to \$1.2 billion, and operating earnings were up more than eightfold, to \$36.8 million.

The most important operating event of the year was the successful integration of our two largest trucklines into a single system, Ryder/P-I-E Nationwide, Inc. We expect substantial operating efficiencies

and cost savings from the systems integration, and these only began to show up in the fourth quarter of 1983. They should be far more evident in our 1984 results.

As the industry concentrates further, our devotion to customer service and our economies of scale should continue to produce increased market share. We are committed to the highest quality of customer service, both in transit times and in the additional services we offer. Many of the new services relate to innovative uses of computers. For example, any of our customers with an ordinary push-button telephone now can ask our computer for the location of an in-transit shipment and an estimate of the freight charges. A computer voice will respond, giving the location, rate and expected delivery time.

Since we were already committed to a heavy percentage of double trailers in our line-haul fleet, we are well positioned to benefit from the legislation passed last year that permits increased trailer sizes and weights and expanded double-trailer operations.

In the truckload market, we have been aggressively expanding our group of special-commodities carriers, taking advantage of the growth opportunities provided by deregulation of the industry. Today, IU operates the nation's largest group of truckload carriers, a position we intend to maintain and enhance. In February of this year, we enlarged our Special Carriers Group through acquisition of yet another major truckload carrier, Poole Truck Lines, Inc., with 1983 revenues of

John Gilray Christy
Chairman and President



about \$65 million and operating earnings of \$7 million. The truckload carriers now operate over 5,000 tractor-trailer combinations, the nation's largest fleet. In 1984, we anticipate that 35 percent of our transportation services revenues will be generated by the special-commodities carriers, and they should produce very strong results.

Environmental Services The company's environmental services operations include two waste management units and a 50 percent equity interest in one of the nation's largest water suppliers, General Waterworks Corp. When we sold a half-interest in General Waterworks late in 1982 to a leading French water and

waste management company, we deconsolidated the water unit's financial results and started recording them on an equity basis. This accounts for the lower reported operating earnings of our environmental services group in 1983. On a comparable basis, our share of earnings was significantly higher. In association with our new French partner, Société Lyonnaise des Eaux et de l'Eclairage, we look forward to equally strong returns and growth in the years to come.

Operating earnings of the waste management units rose, largely because of improvements in the U.S. steel industry's most efficient mills. Over recent years, our International Mill Service unit has

concentrated its domestic service contracts in such mills. In addition, on a worldwide basis we significantly reduced our overhead costs in 1982 and 1983. Now any increases in the demand for our services by our steel mill customers have a greater impact on earnings. Late in 1983, IMS was awarded a major contract at a new, large, low-cost Brazilian mill. IU's other waste management units had lower results than in 1982, because of the dearth of construction in coal-burning electric utilities.

Distribution Services IU's distribution services units enjoyed another strong year in 1983 in their southeastern markets. Revenues were reduced by the divestment of a Midwest paper distributor. During the year, we acquired a polyethylene film packaging plant, many of whose products will be sold through our existing distribution operations. Our food distribution business not only showed continuing strong returns, but also greatly expanded its markets, with volume up substantially. We began a program to sell the receivables of our food and paper distribution companies in 1983. This program reduces operating earnings when compared with previous years, but excluding the sale of receivables our operating earnings in the distribution group were actually higher than in 1982.

Agribusiness Operating earnings from our agribusiness operations rose 20 percent to \$34.2 million on a six percent increase in revenues. Sugar earnings were higher, and C. Brewer and Co. continues as the highest-yield and one of the lowest-cost sugar producers in Hawaii.

Non-sugar agribusiness activities produced substantially more operating earn-

ings than sugar operations in 1983. Land transactions alone accounted for \$16 million in operating earnings. Brewer is one of the largest landowners in Hawaii, with 96,000 acres owned in fee and 49,000 more under long-term lease. We are continuing to upgrade and convert sugarcane acreage and other land holdings to higher-value uses, and we expect land transactions to continue to contribute significantly to Brewer's earnings.

Mauna Loa[®] macadamia nuts—the world's best-selling brand—suffered from the high cost of a stepped-up advertising and promotional campaign. However, nut production is increasing steadily and the promotional campaign, though costly near-term, is designed to ensure the successful expansion of our distribution network onto the U.S. mainland. Growth prospects continue to be bright.

Spinoff of Echo Bay If the systems integration of our trucking operations was the operating event of the year, the restructuring event of the year was the distribution of the shares of Echo Bay Mines Ltd. to the common shareholders of IU. This was accomplished in the fourth quarter of 1983.

Beginning in 1979, Echo Bay Mines acquired an option on a potential gold property near the Arctic Circle in Canada; explored and developed the ore body; exercised the option; built a mine and mill at a capital cost of \$135 million (Canadian), with most of the transportation done by air; reached full capacity in the first months of operation; and carried out the first-stage expansion of the mill. All of this was a remarkable achievement.

Once the gold mine was operating consistently and successfully, we were in a position to consider alternatives. A primary objective of IU is to maximize our shareholders' values, and the spinoff did exactly that. Additionally, the gold mining operation differs from IU's other businesses. Separation simplifies IU's structure and permits investors to evaluate each company independently, based on the fundamentals of each. Both companies are also freed to make decisions concerning capital spending and capital formation based on each company's different needs.

Restructuring Over the last five years, we have divested an ocean shipping company, Canada's third largest gold mine, half of General Waterworks Corp., our controlling interest in electric and gas utilities in western Canada, and all of our manufacturing operations. The last manufacturing business was sold in mid-1983.

Over the same period, we have made a series of relatively small but potentially significant acquisitions, each of which complements our continuing operations in some important way.

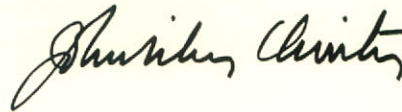
The result is a substantial restructuring of our business mix, with about 80 percent of operating earnings today coming from leading positions in industrial services businesses with above-average prospects for growth and returns.

Financial Strength We have significantly strengthened IU's financial position in recent years. Debt has been reduced sharply, from more than \$1 billion in 1978 to less than \$285 million at the end of 1983. Three years ago, the company's debt-to-capital ratio exceeded 50 percent; today, it is 35 percent.

Last May, we sold 3.0 million shares of IU common stock and used the \$63.3 million proceeds to repay debt. In September, we redeemed the company's remaining convertible securities and retired the shares of those issues held in treasury.

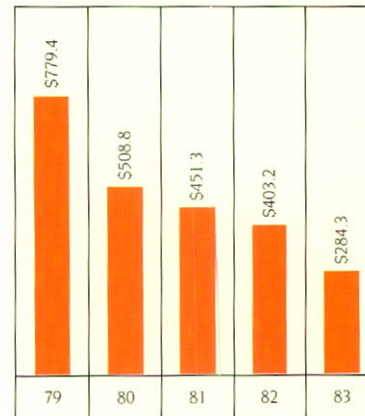
In 1983, the dividend increased to \$1.15 per common share. This marks the 39th consecutive year of higher per-share payout.

We are now in a position of considerable strength. During 1983, a great deal was accomplished in our operating units, in further focusing the company, and in strengthening our capital position. IU's financial results in 1984 should reflect the changes we have made, and we expect very robust performance for the year. The future looks bright indeed.



John Gilray Christy
Chairman and President

March 8, 1984



Reduction of Debt

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

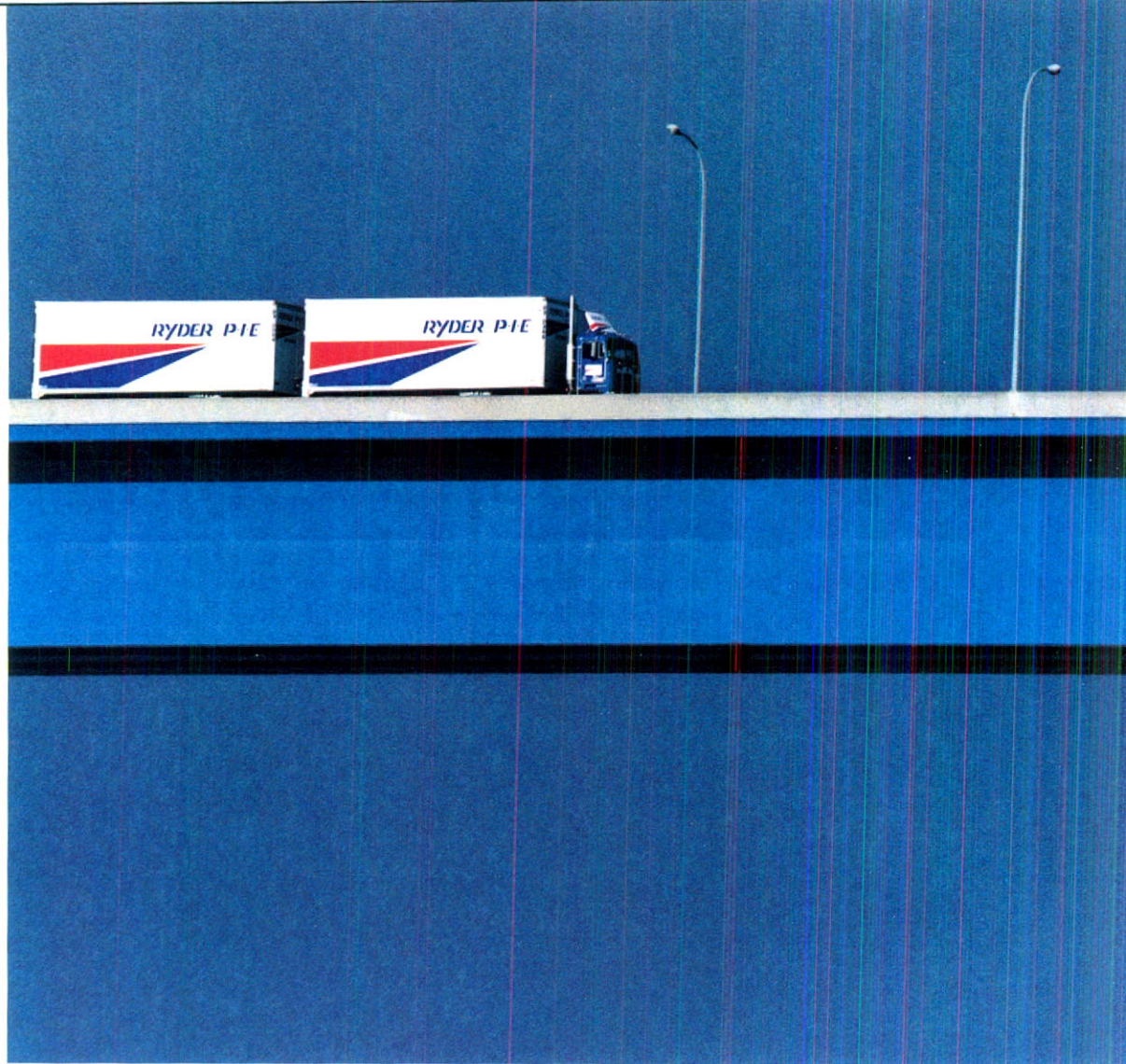


Return on Equity

Return on average common equity—continuing operations

Ryder/P-I-E Nationwide and other IU carriers have adopted a bold new fleet marking system.

TRANSPORTATION

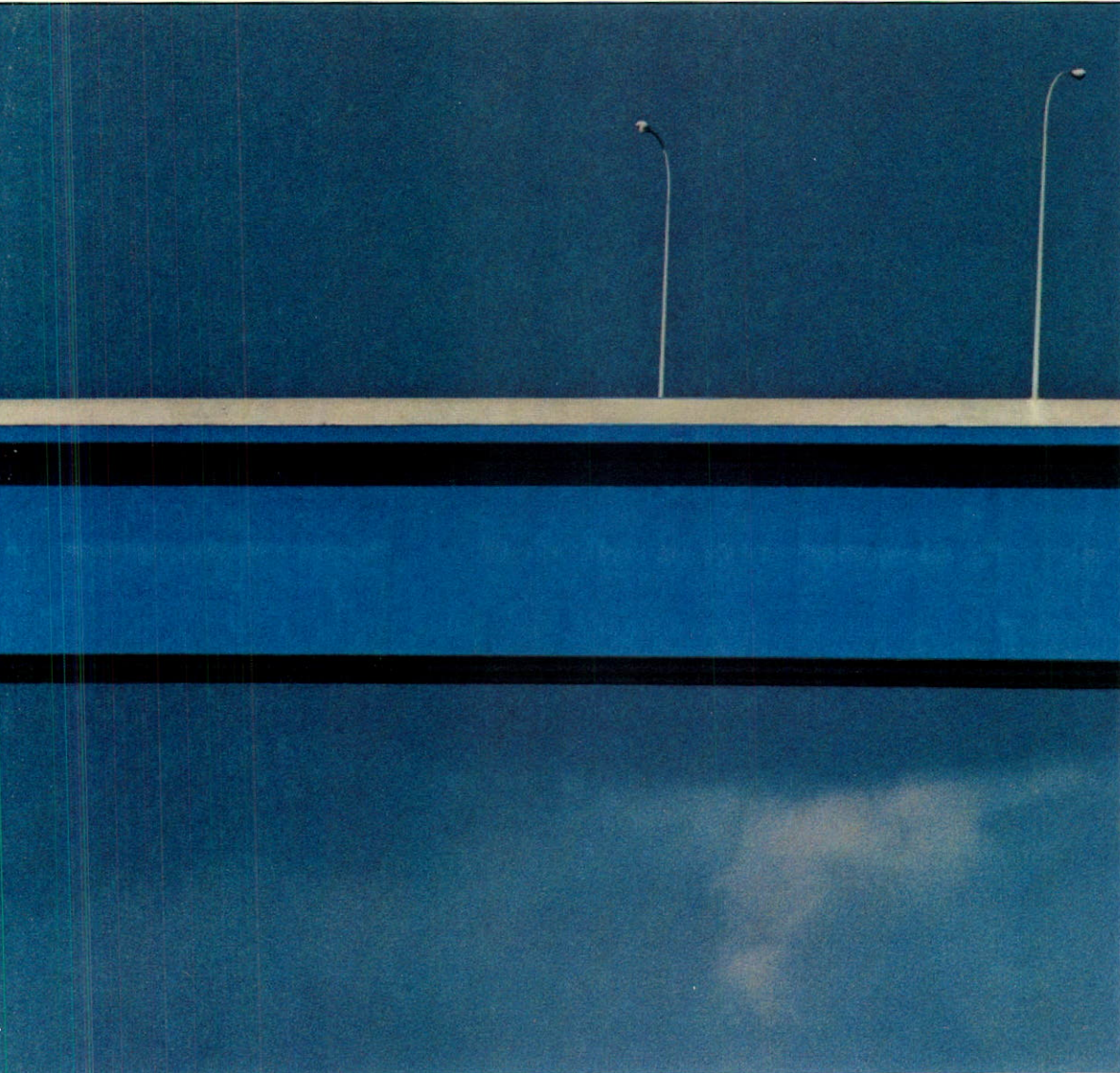


IU motor carriers haul more tons of freight more miles in the U.S. than any single truckline. Ranked by revenues, IU's transportation services group is the nation's second largest motor carrier organization. It includes the fourth-largest nationwide network carrier and a family of truckload carriers that leads all others in both revenues and volume.

Ryder/P-I-E Nationwide, Inc., operates a network of 300 general commodities terminals, including 31 major consolidation centers, that serve 125,000 cities and

towns from coast to coast. Ryder/P-I-E tailors its less-than-truckload service to meet the needs of customers ranging from multi-billion-dollar manufacturers to small-town retailers. Less-than-truckload service, producing 61% of IU's total transportation services revenues, offers customers reliable door-to-door transportation for shipments to virtually any destination.

Ligon Nationwide, an IU truckload carrier, handles cargo requiring vans or special equipment.



John J. Terry
Executive Vice President

IU's trucking companies lead the industry in the use of computer technology to improve service and control costs. With an innovative new service, customers can dial directly into IU's Transportation Teleprocessing computers for immediate response to questions on rates, charges and location of any of their in-transit shipments. With a number of major customers, the motor carriers' computers exchange data directly with their customers' computers.

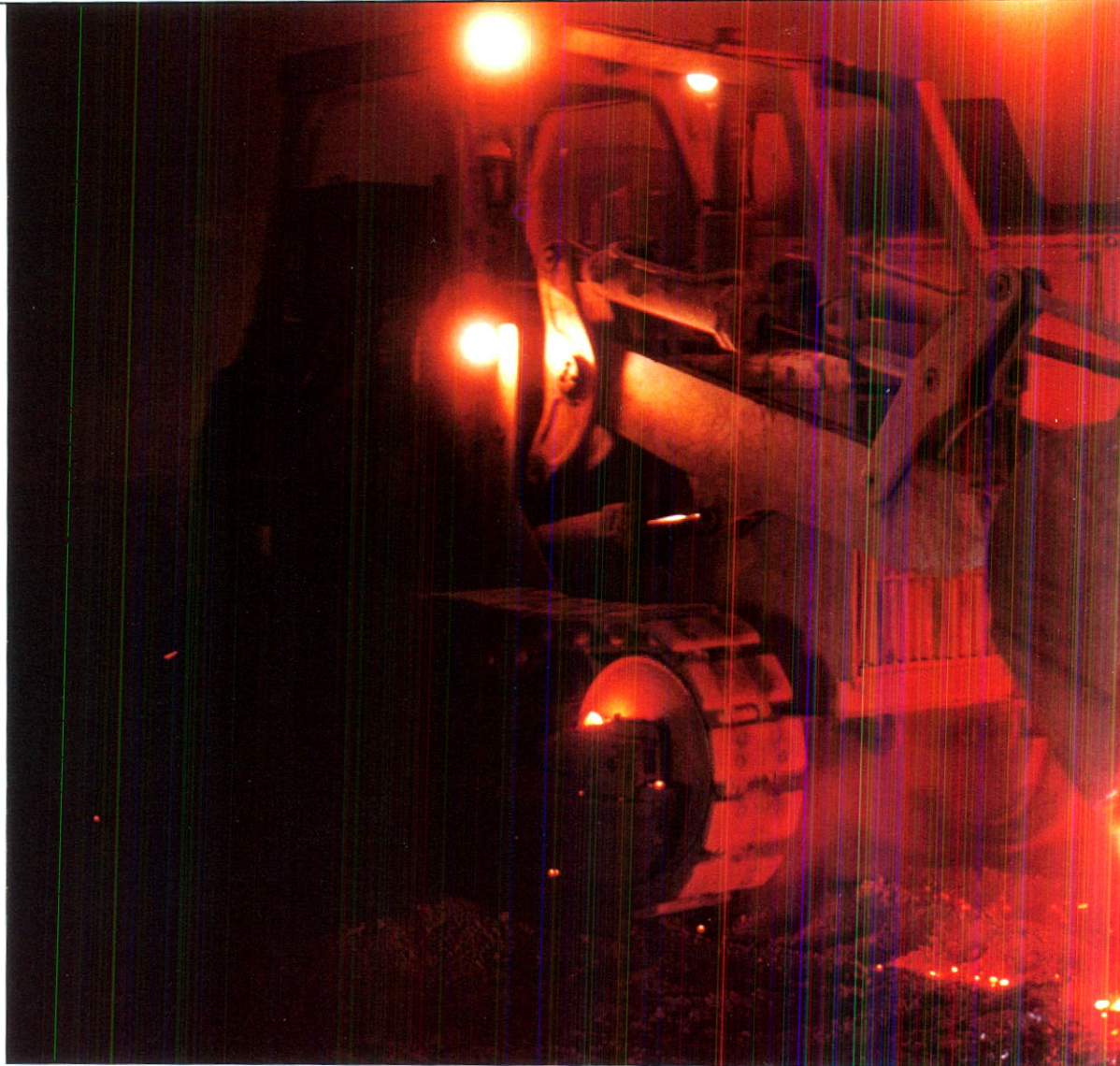
IU's truckload carriers are Ranger Nationwide, Gemini Trucking, Coast-to-Coast Express, TransMark Express,

Independent Freightway (INWAY), Ligon Nationwide, Expressway Nationwide and Poole Truck Line. Poole operates a fleet of 900 tractors and 1,400 trailers; the other truckload carriers provide service through more than 4,000 independent owner-operators.

This family of separate truckload carriers provides point-to-point service for shipments requiring flatbed trailers, containers, refrigerated vans, full-load vans and other equipment. The truckload carriers are represented by more than 650 customer service locations nationwide.

IMS handles slag removal and waste processing for 85 major steel mills around the world.

ENVIRONMENTAL



The environmental services group includes two operating companies that are acknowledged leaders in the field of recycling and waste management and a 50% interest in General Waterworks Corp., one of the largest water services companies in the U.S.

International Mill Service is the world's leading source of metal recovery and slag handling systems for the steel industry. Established 48 years ago, IMS serves 85 steel mills in 16 countries throughout North America, Latin America, Europe and the Middle East.

Steel slag, a by-product of steel-making, resembles molten lava when it is generated at the furnaces. Because of slag's heat and weight, IMS has developed special equipment and skills to remove the material safely and economically. The company recovers valuable metal from the slag and returns it to the mill for recycling. The remaining slag is processed and marketed for road construction, railroad ballast and other industrial uses.

CSI researches waste treatment and disposal at its laboratories in Horsham, Pennsylvania.



Robert W. Wolcott, Jr.
Executive Vice President

IMS has achieved its prominent position in the metal-recovery and slag-handling business as a result of its success in holding contracts with those steel mills which demonstrate present and future viability in a rapidly changing environment. IMS expects to continue to work with and support the leaders in that industry.

Conversion Systems, Inc., is the leader in the design, construction and operation of waste management systems to convert flue gas desulfurization sludge and ash from electric utilities into environmen-

tally safe landfill material. CSI systems serve 30% of the American electric generating capacity that uses sulfur dioxide scrubbers.

Envirosafe Services, Inc., a subsidiary of CSI, provides treatment and disposal of hazardous wastes at its Ohio and Idaho facilities and also offers a broad range of on-site clean-up services, including rehabilitation of existing waste sites.

Unijax sells a wide variety of products, ranging from printing papers to plastic bags and cups.

DISTRIBUTION



Unijax and Biggers Brothers are the two operating companies in IU's distribution services group. They market paper, food, and related products to commercial and institutional customers in the growing Sunbelt states.

With a network of 37 offices and warehouses serving customers in 18 states, Unijax sells fine papers, sanitary papers, janitorial products, plastic bags—a total

of more than 50,000 separate stock items—to business and industrial customers.

Many of its inventory items are products manufactured to its specifications and sold under its own labels, such as Copysaver® duplicating paper and Tailored® paper napkins. Through an expanding product line and improved

Biggers Brothers is a leading supplier of fresh fruits and vegetables in its seven-state market.



Allen E. Rosenberg (left), Executive Vice President, IU, and Walter L. Moore, President, Unijax

marketing and inventory control, Unijax has attained competitive leadership in its territory.

Biggers Brothers distributes foods and food service products to businesses and institutions in seven southeastern states. By enabling field salesmen to file orders and schedule deliveries through direct data communications, the distributor is able to serve its entire market area with only two warehouses.

Biggers Brothers sells dry groceries, produce, frozen and canned foods, meats, fresh fish, and table-top service supplies to restaurant retailers, franchised fast-food operations, hotels, institutions and other food service businesses. It is a sales leader in its primary market area.

Brewer owns about 30,000 acres on the lower slopes of Mauna Kea along the Hilo coast of Hawaii.

AGRIBUSINESS



C. Brewer and Company, IU's agribusiness operation, is one of the largest landowners in Hawaii. Headquartered in Honolulu, the company owns 96,000 acres on the state's four most populous islands—Hawaii, Maui, Kauai and Oahu—and controls another 49,000 acres under long-term leases.

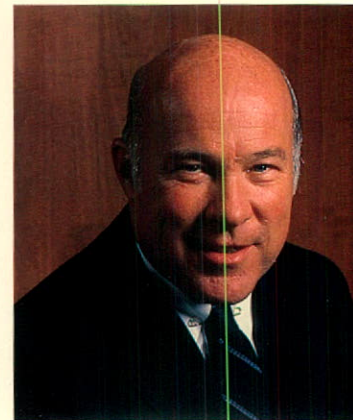
Much of the cultivated acreage is devoted to sugarcane, but the company is gradually converting cane land to higher-value uses such as residential developments and macadamia nut orchards.

Brewer is the world's leading producer of macadamia nuts, and its Mauna Loa[®]

brand is the largest seller. Mauna Loa's blue-and-yellow label is familiar to consumers in supermarkets, gourmet shops and convenience shops throughout the U.S. and Japan, and its tetrapacks of macadamia nuts are served by United Airlines.

The company owns nearly 5,000 acres of macadamia orchards on the islands of Hawaii and Maui, and it plants about 1,000 acres each year with seedlings raised in Mauna Loa's tree nursery. Mauna Loa also harvests and processes the nuts from an additional 1,360 acres of orchards that it has sold to private investors.

Mauna Loa sells its macadamias through direct-mail marketing as well as retail stores.



John W. A. Buyers
Chairman and President
C. Brewer and Co.

Brewer upgrades selected acreage and subdivides it for residential and industrial development. Land sales represent a significant source of income.

With 40,000 acres of cane land under cultivation, Brewer is a major sugar grower. It produces about 200,000 tons of raw sugar annually and about 52,000 tons of molasses, a by-product of sugarcane milling. This output is sold through California and Hawaiian Sugar Co., a refining and marketing cooperative whose C and H Sugar is the leading brand west of the Mississippi River.

Brewer's guava orchard on the island of Kauai is the principal source of guava juice sold in the U.S. Fruit from the 320-acre orchard is processed and frozen as a puree at the plant adjacent to the orchard. The pink, tangy fruit juice is popular in Hawaii and the western U.S., Latin America and Japan.

Other Brewer operations include agricultural chemical distribution, transportation and insurance services in Hawaii and spice and coffee plantations in Central America.

FINANCIAL REVIEW

Results of Operations

This discussion should be read in conjunction with the financial data on pages 22–23 and Financial Statements and Notes on pages 24–40, which include information about discontinued operations and an extraordinary item and their effects on net earnings.

IU's earnings from continuing operations were \$1.71 per share in 1983, compared with \$1.39 per share in 1982 and \$2.57 per share in 1981. Earnings per share are calculated using an average of 25.2 million common and common equivalent shares outstanding in 1983, 22.2 million in 1982, and 21.9 million in 1981.

Earnings from continuing operations were \$44.1 million in 1983, compared with \$32.2 million in 1982 and \$57.8 million in 1981. Revenues were \$2.1 billion in 1983 and 1982 and \$2.3 billion in 1981.

Transportation Services

In millions	1981	1982	1983
Revenues	\$1,090.9	\$1,057.9	\$1,157.4
Operating earnings	47.9	4.2	36.8
Invested capital	228.1	245.6	301.6

The relatively flat revenues of IU's transportation services group during the past three years are a result of the recession in the U.S. economy and deregulation of the motor carrier industry.

The recession caused a sharp drop in truck tonnage and substantial overcapacity in the motor carrier industry. At the same time, deregulation removed virtually all barriers to entry. Extensive price-cutting resulted, which, when combined with lower freight volumes, reduced profit margins industry-wide and culminated in the bankruptcy of numerous trucklines.

IU's transportation group operating earnings were markedly lower in 1982 than in 1981, but recovered in 1983 with improvement in the U.S. economy, reduction of excess capacity, and increased operating efficiencies stemming from the integration of IU's two largest motor carrier systems into a single operation, Ryder/P-I-E Nationwide, Inc.

IU's carriers maintained high levels of service throughout this adverse period, sacrificing some near-term earnings for the sake of long-term market positions and growth. In addition, the company aggressively expanded its Special Carriers Group. IU operates the nation's largest group of truckload freight carriers, which include Ranger Nationwide and a family of rapidly-growing Special Carriers: Coast-to-Coast Express; Expressway Nationwide; Gemini Trucking; Independent Freightway (INWAY); Ligon Nationwide, acquired in 1983; Poole Truck Line, acquired in 1984; and TransMark Express.

In 1984, the group anticipates revenues and operating earnings gains from further tonnage growth, greater price stability, market share expansion, absence of operating costs associated with the Ryder/P-I-E systems integration, and additional cost savings and operating efficiencies as a result of the integration.

Environmental

In millions	1981	1982	1983
Environmental services:			
Revenues	\$220.9	\$199.1	\$191.9
Operating earnings	32.3	24.5	25.8
Water services:			
Revenues	71.0	66.6	7.8
Operating earnings	27.2	29.5	—
Earnings at equity	—	1.2	7.8
Invested capital	273.3	138.4	148.6

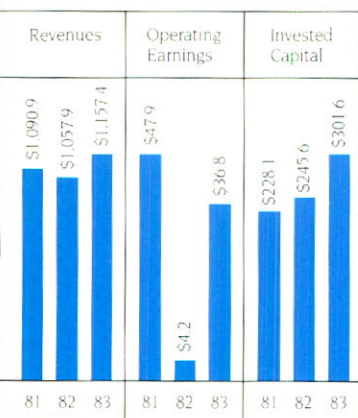
IU's environmental group includes two major waste management services companies and a 50% interest in a water services unit.

Robert F. Calman
Vice Chairman and
Chief Financial Officer



The 1983 decline in the group's revenues and operating earnings reflects deconsolidation of the water services unit in October 1982 when IU reduced its interest in General Waterworks Corp. to 50%. 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 1983 and 1982, the water services company's higher revenues and earnings reflected rate awards, acquisitions, and volume increases. In addition, 1982 results include higher gains from sales of water properties than 1981.

International Mill Service (IMS) provides metal recovery and slag-handling services for the steel industry worldwide. IMS derives approximately half of its business internationally and the other half domestically. Its U.S. operations in both 1983 and 1982 reflect economic conditions in the domestic steel industry, which operated at only 55% of capacity in 1983 and 48% in 1982, compared with 78% in 1981. Despite these adverse conditions, the company's domestic operating results rose substantially in 1983 over 1982, reflecting significant improvement in the U.S. steel industry's most efficient mills, where IU has concentrated its service contracts. The decline in 1983 revenues of the waste management companies primarily reflects lower revenues from international operations, due in part to withdrawal from operations in Mexico late in 1982.



Transportation
In millions



Environmental
In millions

IU's other waste management units did not match their 1982 record revenues and near-record operating earnings. Conversion Systems, which provides systems to convert waste products from stack scrubbers at coal-burning power plants into landfill and construction material, experienced a much lower level of contract activity industry-wide in the markets it serves. Envirosafe Services, which provides industrial waste disposal of a variety of hazardous and non-hazardous wastes generated by industry, was adversely affected by reserves established to cover site cleanup at one of its disposal sites.

Distribution Services

In millions	1981	1982	1983
Revenues	\$505.5	\$506.8	\$490.9
Operating earnings	19.4	19.3	17.7
Invested capital	80.8	79.9	53.2

IU's distribution business consists of two distribution units: Unijax, a distributor of paper and related products, and Biggers Brothers, a wholesale supplier of food and food products. Both maintained their strong competitive positions in southeastern markets in 1983 and 1982, despite a decline in revenues and operating earnings resulting from divestment of a Midwest paper distributor in the third quarter of 1982. A food distributor in Tennessee, acquired in 1982, continued to expand its operations. In 1983, operating earnings were adversely affected by discounts on receivable sales. The discount charge is an item comparable to interest expense, which was incurred in 1982 when receivables were financed with available credit facilities. The group's 1982 results were about flat with those of

1981; higher sales volume and the 1982 acquisition by Biggers Brothers increased revenues, but operating earnings were reduced by inflationary cost increases at Unijax.

Agribusiness

In millions	1981	1982	1983
Revenues	\$314.7	\$195.6	\$207.7
Operating earnings	35.4	28.5	34.2
Invested capital	217.9	207.2	196.3

The increased 1983 revenues and operating earnings of IU's agribusiness unit, C. Brewer and Co., resulted primarily from improved sugar performance, reflecting higher prices. Brewer is the highest-yield and one of the lowest-cost sugar producers in Hawaii, and its operating earnings of about \$5.9 million from sugar in 1983 reflect Brewer's production efficiencies. The four-year Farm Bill enacted by the U.S. Congress in 1981 supports domestic sugar prices at a level above the cost of production for many Hawaiian growers. In 1982, when sugar prices were lower than in 1983, Brewer's operating earnings from sugar totaled about \$140,000.

Non-sugar agribusiness activities continued to produce substantially more operating earnings than sugar operations. As part of its long-range strategy, the company is expanding its macadamia nut plantings and selling selected land holdings. In 1983, about \$16 million in operating earnings resulted from land transactions, primarily from the sale of 1,315 acres out of the total of about 97,000 acres owned by Brewer at the beginning of 1983. Included were operating earnings of \$6.7 million from the sale of 503 acres of macadamia orchards. The company is continuing to manage the orchards and is purchasing and processing all of the

IU's spinoff of Echo Bay Mines, owner of Canada's third largest gold mine, provided additional value to shareholders in 1983.



nuts under long-term contracts. In addition, Brewer planted 642 more acres of macadamia nut orchards in 1983. Other non-sugar operating earnings improvement in 1983 resulted from adjustment of a reserve established for the expected loss on sale of the unit's molasses distribution operations, completed on January 4, 1984, and portfolio gains by an insurance subsidiary. These gains were offset by lower results from macadamia nut operations principally due to increased advertising and promotion expenses.

The decline in 1982 revenues of the agribusiness unit was caused primarily by the absence of revenues of the molasses distribution operations that the company planned to sell. In addition, the reduced 1982 operating earnings reflect lower interest income and lower operating income from land and macadamia nut sales.

Other

In millions	1981	1982	1983
Revenues	\$106.5	\$80.6	\$25.7
Operating earnings	2.2	12.4	6.7

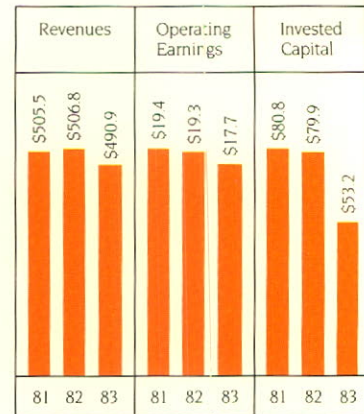
This group's reduced 1983 revenues and operating earnings largely reflect the sale of IU's last remaining manufacturing operation, a pipe fabricator, during the year. In 1982, the revenue decline reflected the sale of a valve manufacturing unit, while the increase in operating earnings primarily reflected nonrecurrence of a provision for loss on that disposition, along with higher operating earnings at the pipe fabricator.

Echo Bay Mines Ltd.

On November 10, 1983, the shareholders of IU approved the distribution of IU's controlling interest in Echo Bay Mines Ltd., owner and operator of Canada's third largest gold mine, directly to the common shareholders of IU on a tax-free basis. The shareholder vote was approximately 98% in favor of the spinoff, with about two-thirds of the shareholders voting.

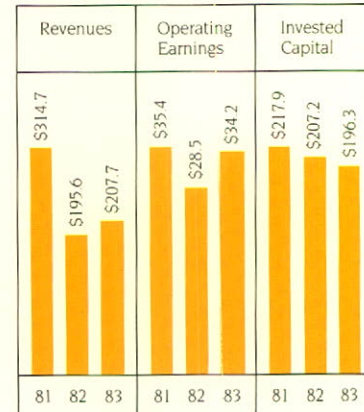
The distribution was made to IU shareholders of record as of November 21, 1983, on a one-for-one basis. IU distributed virtually all of the 27.2 million Echo Bay common shares owned by IU, amounting to 86.6% of the mining company's outstanding common shares, and sold on the open market the remaining shares owned by IU after the distribution.

The distribution made Echo Bay the most widely held gold mining company in North America, with more than 35,000 shareholders in the U.S. and Canada. Echo Bay's common shares are traded in Canada on the Toronto, Montreal and Alberta stock exchanges and in the U.S. on the American Stock Exchange.



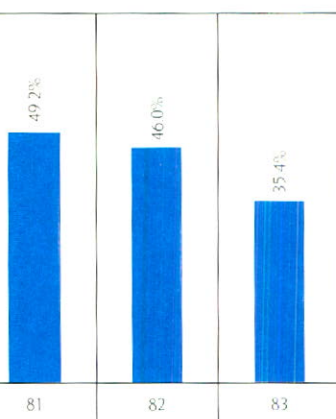
Distribution

In millions



Agribusiness

In millions



Debt-to-Capital Ratio

The company's Lupin gold mine at Contwoyto Lake, Northwest Territories, has been producing commercial quantities of gold since October 1982, and production was expanded late in 1983 from 121,000 to more than 140,000 troy ounces of gold per year.

Reflecting the spinoff, IU's financial statements have been restated to segregate discontinued mining operations.

Taxes

The 1983 tax provision of \$31.3 million represents an effective tax rate of 41.5% on IU's income from continuing operations, compared with a 1982 tax provision of \$11.7 million and effective tax rate of 26.8%. The higher effective tax rate reflects a larger proportion of pretax income subject to ordinary tax rates, primarily a result of increased earnings from transportation services, sugar operations and domestic steel scrap recovery services; a lower level of investment tax credits; and an adjustment of prior years' tax provisions.

The 1982 effective tax rate was 26.8% of IU's income from continuing operations, compared with a 1981 rate of 23.8%. The 1982 rate reflected a higher level of investment tax credits and income subject to the lower capital gains tax rate, while the 1981 rate reflected the reversal of \$5.2 million of income taxes resulting from IU's review of tax liability based on the Internal Revenue Service's examination of consolidated tax returns through 1976 and a change in the United Kingdom tax law.

Interest and Corporate Expenses

Interest and debt expense was significantly lower in 1983 due to deconsolidation of General Waterworks Corp. late in 1982, along with lower average debt levels and lower average interest rates. In 1982, the decline was primarily a result of lower average interest rates.

Corporate expenses increased in comparison with the prior year as a result of a 1982 reversal of expenses associated with stock appreciation rights due to the change in market price of IU's common stock. Stock appreciation rights were forfeited in mid-1982. In 1983, cash settlement rights were granted in connection with a limited number of outstanding stock options.

The decreases in minority interest primarily reflect a decline in the floating dividend rate on a finance subsidiary's preferred stock.

Capital Stock Outstanding

To improve its financial position and to take advantage of opportune market conditions, IU sold 3.0 million shares of its common stock in May 1983 and used the \$63.3 million proceeds to repay debt.

In September 1983, the company redeemed its remaining convertible securities: Special Stock, Series A; \$1.25 convertible preferred stock; and \$1.36 convertible preferred stock. Shares of these convertible securities held in treasury were retired.

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' interests in IU's record of rising common dividends.

Financial Condition

IU's financial condition has been significantly strengthened in recent years. Among other steps, the company has disposed of a number of capital-intensive businesses and under-performing operating units in order to concentrate on service-related businesses, reduce debt, and improve the return on assets employed. During 1983, total debt declined by about 25% and shareholders' equity from continuing operations grew by about 27%. The table below shows the reduction in IU's debt-to-capital ratio since December 31, 1981.

Capital Structure

In millions, December 31,	1981	1982	1983
Total debt	\$451.3	\$377.3	\$284.3
Deferred income taxes	41.5	35.1	31.4
Non-refundable contributions in aid of utility construction	24.4	—	—
Minority interest	108.1	106.4	104.8
Total shareholders' equity	326.3	336.2	383.1
Less equity in discontinued operations	34.9	35.2	—
Shareholder's equity (continuing operations)	291.4	301.0	383.1
Total capital	\$916.7	\$819.8	\$803.6
Debt-to-capital ratio	49.2%	46.0%	35.4%

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.

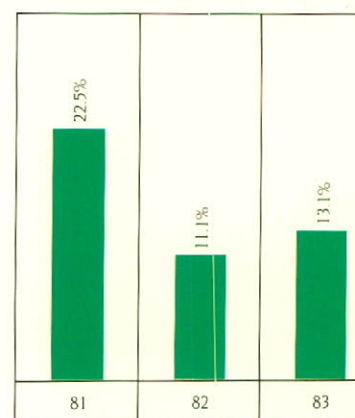
Non-refundable contributions in aid of construction were part of IU's capital structure until IU reduced its ownership of General Waterworks to 50% in October 1982. Typical contributions are water lines installed by a real estate developer and then contributed to General Waterworks as an inducement to provide service.

Minority interest consists of two components: a \$100 million preferred-share issue of a finance subsidiary in Canada, issued in 1978, which will be redeemed in 1986–1990; and minority interests in operating companies.

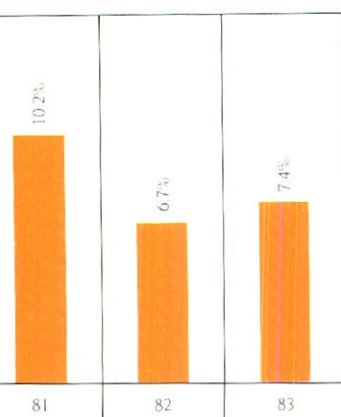
Return on Average Common Equity

In millions	1981	1982	1983
Average shareholders' equity (continuing operations)	\$271.6	\$296.2	\$342.1
Less average preferred stock	21.5	19.4	14.0
Average common equity*	\$250.1	\$276.8	\$328.1
Earnings from continuing operations applicable to common equity	\$ 56.3	\$ 30.7	\$ 43.1
Return on average common equity	22.5%	11.1%	13.1%

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



Return on Average Common Equity



Operating Return on Average Total Capital

Operating Return on Average Total Capital

In millions	1981	1982	1983
Total debt	\$480.0	\$414.3	\$330.8
Deferred income taxes	43.1	38.3	33.2
Contributions in aid of construction	27.0	12.2	—
Minority interest	108.4	107.2	105.6
Total shareholders' equity	302.3	331.3	359.7
Less equity from discontinued operations	30.7	35.1	17.6
Shareholders' equity from continuing operations	271.6	296.2	342.1
Average total capital*	\$930.1	\$868.2	\$811.7
Earnings from continuing operations	\$ 57.8	\$ 32.2	\$ 44.1
Decrease in deferred income taxes	(3.1)	(6.5)	(3.7)
After-tax minority interest	5.7	5.4	3.9
After-tax interest expense	34.1	27.0	16.1
Operating return	\$ 94.5	\$ 58.1	\$ 60.4
Operating return on average total capital	10.2%	6.7%	7.4%

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

Financing and Debt

During 1983, IU reduced debt by \$93.0 million, to a total of \$284.3 million.

The most significant financing transaction in 1983 was the issuance of 3.0 million shares of IU common stock for \$63.3 million, with the proceeds being used to reduce debt. Other financings completed in 1983 included \$6.1 million of tax-exempt industrial revenue bonds, \$13.4 million of tax-incentive leasing, \$10.0 million of attractively priced fixed-rate debt, and the implementation of a \$35.0 million receivables sales program tied to prime commercial paper rates. Debt maturities were extended through most of these transactions. In addition, IU extended the maturities for \$75 million of its revolving credit facilities.

Average Interest Rate

In millions	1981	1982	1983
Average total debt*	\$480.0	\$414.3	\$330.8
Total interest expense	\$ 64.3	\$ 52.0	\$ 31.1
Average interest rate	13.4%	12.5%	9.4%

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

Approximately 60% of IU's debt has interest rates that are fixed for more than one year, and the remainder floats with various short-term interest rate indicators in the U.S. 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.

Capital Expenditures

In millions	1981	1982	1983
Transportation services	\$ 60.2	\$ 49.6	\$ 49.2
Environmental:			
Environmental services	46.3	20.3	25.2
Water services	23.9	9.7	—
Agribusiness	18.2	12.5	12.2
Distribution services	5.2	8.2	7.1
Other	7.2	6.3	6.6
Total	\$161.0	\$106.6	\$100.3

IU's capital expenditures totaled about \$100 million in 1983, including \$46 million for new terminals and rolling stock at the company's trucklines. IU's planned capital expenditures in 1984 total about \$160 million, including \$103 million for the trucking units.

Capital programs in 1984 will be funded through depreciation, retained earnings and issuance of debt. Unused committed credit facilities at year-end 1983 amounted to approximately \$148 million. In management's judgment, working capital and available credit facilities are ample to meet anticipated operating and capital needs.

FINANCIAL DATA

SOURCES OF REVENUES AND EARNINGS

In millions, except per share data	1983		1982*		1981*		1980*		1979*	
	Revenues	Operating earnings	Revenues	Operating earnings	Revenues	Operating earnings	Revenues	Operating earnings	Revenues	Operating earnings
Contributions by major market:										
Transportation services	\$1,157.4	\$ 36.8	\$1,057.9	\$ 4.2	\$1,090.9	\$ 47.9	\$ 989.1	\$ 59.7	\$ 943.0	\$ 63.0
Environmental:										
Environmental services	191.9	25.8	199.1	24.5	220.9	32.3	181.2	23.6	159.5	28.1
Water services	—	—	65.4	29.5	71.0	27.2	63.1	22.9	64.7	25.7
Water services at equity	7.8	7.8	1.2	1.2	—	—	—	—	—	—
Agribusiness	207.7	34.2	195.6	28.5	314.7	35.4	361.4	64.7	272.3	24.3
Distribution services	490.9	17.7	506.8	19.3	505.5	19.4	463.6	17.8	519.7	13.0
Other	25.7	6.7	80.6	12.4	106.5	2.2	151.8	3.5	155.8	7.1
Total revenues	\$2,081.4		\$2,106.6		\$2,309.5		\$2,210.2		\$2,115.0	
Operating earnings		129.0		119.6		164.4		192.2		161.2
Corporate expenses		(16.3)		(13.1)		(13.5)		(21.4)		(14.8)
Interest and debt expense		(29.8)		(50.0)		(63.1)		(56.9)		(43.7)
Foreign currency adjustments		(.8)		(3.4)		(1.6)		(.6)		(3.1)
Earnings from continuing operations before income taxes and minority interest										
		82.1		53.1		86.2		113.3		99.6
Income taxes		(31.3)		(11.7)		(18.0)		(48.0)		(42.5)
Minority interest		(6.7)		(9.2)		(10.4)		(8.9)		(7.3)
Earnings from continuing operations		\$ 44.1		\$ 32.2		\$ 57.8		\$ 56.4		\$ 49.8
Primary earnings per share from continuing operations		\$ 1.71		\$ 1.39		\$ 2.57		\$ 2.00		\$ 1.37

*Restated to segregate discontinued mining operations.

SELECTED FINANCIAL DATA

In millions, except per share data	1983	1982*	1981*	1980*	1979*
Revenues and other income	\$2,081.4	\$2,106.6	\$2,309.5	\$2,210.2	\$2,115.0
Earnings from continuing operations:					
Total	\$ 44.1	\$ 32.2	\$ 57.8	\$ 56.4	\$ 49.8
Per share:					
Primary	\$ 1.71	\$ 1.39	\$ 2.57	\$ 2.00	\$ 1.37
Assuming full dilution	1.68	1.33	2.41	1.86	1.31
Assets—continuing operations	\$1,156.0	\$1,139.8	\$1,326.4	\$1,339.4	\$1,278.1
Investment in mining subsidiary	—	35.2	34.9	26.6	6.9
Investment in electric and gas utility subsidiary	—	—	—	—	170.4
Total assets	\$1,156.0	\$1,175.0	\$1,361.3	\$1,366.0	\$1,455.4
Invested capital:					
Shareholders' equity:					
Continuing operations	\$ 383.1	\$ 301.0	\$ 291.4	\$ 251.8	\$ 247.4
Discontinued operations	—	35.2	34.9	26.6	177.3
Total	383.1	336.2	326.3	278.4	424.7
Total debt	284.3	377.3	451.3	508.8	483.3
Minority interest in subsidiaries	104.8	106.4	108.1	108.8	108.0
Total	\$ 772.2	\$ 819.9	\$ 885.7	\$ 896.0	\$1,016.0
Capital expenditures	\$ 100.3	\$ 106.6	\$ 161.0	\$ 142.4	\$ 155.1
Cash dividends per common share**	\$ 1.15	\$ 1.125	\$ 1.10	\$ 1.025	\$.95
Shareholders' equity per share***	\$ 13.88	\$ 13.92	\$ 13.77	\$ 11.62	\$ 10.72
Year-end closing price of common stock	23 $\frac{3}{8}$	16 $\frac{3}{8}$	13 $\frac{3}{4}$	17 $\frac{1}{2}$	11 $\frac{1}{8}$
Average common and common equivalent shares	25.2	22.2	21.9	27.2	33.8

*Restated to segregate discontinued mining operations.

**Shareholders of record on November 21, 1983 received one share of Echo Bay Mines Ltd. for each share of common stock held and shareholders of record on December 7, 1979 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,	1983	1982*	1981*
Revenues and other income:			
Product sales	\$ 835,404	\$ 907,668	\$1,065,027
Service revenues	1,203,502	1,152,761	1,203,137
Other income	34,717	44,962	41,360
Equity in net earnings of water services subsidiary	7,775	1,248	—
	2,081,398	2,106,639	2,309,524
Costs and expenses:			
Cost of products sold, excluding depreciation and amortization	623,821	693,294	832,535
Other operating costs and expenses, excluding depreciation and amortization	1,025,268	977,275	990,267
Selling, general and administrative expenses, excluding depreciation and amortization	242,574	247,048	252,532
Depreciation and amortization	77,042	82,526	83,244
Interest and debt expense	29,712	49,965	63,064
Foreign currency adjustments	800	3,400	1,600
	1,999,217	2,053,508	2,223,242
Earnings from continuing operations			
before income taxes and minority interest	82,181	53,131	86,282
Income taxes	31,323	11,754	18,045
Minority interest	6,709	9,213	10,389
Earnings from continuing operations	44,149	32,164	57,848
Earnings from discontinued operations	794	1,203	4,444
Earnings before extraordinary item	44,943	33,367	62,292
Extraordinary item	—	—	12,640
Net earnings	\$ 44,943	\$ 33,367	\$ 74,932
Earnings per share:			
Primary:			
Continuing operations	\$ 1.71	\$ 1.39	\$ 2.57
Discontinued operations	.03	.05	.20
Extraordinary item	—	—	.58
	\$ 1.74	\$ 1.44	\$ 3.35
Assuming full dilution:			
Continuing operations	\$ 1.68	\$ 1.33	\$ 2.41
Discontinued operations	.03	.05	.19
Extraordinary item	—	—	.53
	\$ 1.71	\$ 1.38	\$ 3.13

*Restated to segregate discontinued mining operations.
Certain items have been reclassified to conform to current classifications.
See accompanying Notes to Financial Statements.

CONSOLIDATED BALANCE SHEETS

In thousands, December 31,

1983

1982*

	1983	1982*
Assets		
Current assets:		
Cash	\$ 43,129	\$ 47,396
Accounts receivable, less allowance (1983—\$10,509; 1982—\$6,034)	298,467	261,980
Inventories	100,917	108,006
Prepaid expenses and other current assets	47,490	40,252
Total current assets	490,003	457,634
Investment in mining subsidiary	—	35,192
Long-term receivables and investments	148,434	161,485
Property, plant and equipment	868,650	878,191
Less accumulated depreciation and amortization	403,245	385,110
Net property, plant and equipment	465,405	493,081
Deferred charges and intangibles, net, and other assets	52,113	27,566
Total assets	\$1,155,955	\$1,174,958
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	\$ 6,841	\$ 5,995
Accounts payable—trade	94,140	88,462
Income taxes	35,662	34,910
Long-term debt—current maturities	21,991	41,097
Accrued compensation	55,084	57,099
Other current and accrued liabilities	97,132	92,179
Total current liabilities	310,850	319,742
Long-term debt, excluding current maturities	255,480	330,212
Other liabilities	70,338	47,291
Deferred income taxes	31,405	35,063
Minority interest in subsidiaries, including \$100,000 of preferred stock	104,810	106,416
Shareholders' equity:		
Series preferred stock	9,564	28,409
Series preference stock	—	9,611
Common stock, issued: 1983—39,823 shares, 1982—36,727 shares; outstanding: 1983—26,953 shares, 1982—20,941 shares	45,797	44,072
Additional paid-in capital	202,528	166,953
Retained earnings	359,862	384,033
Cumulative translation adjustments	(12,452)	(8,514)
	605,299	624,564
Less shares in treasury, at cost	222,227	288,330
Total shareholders' equity	383,072	336,234
Total liabilities and shareholders' equity	\$1,155,955	\$1,174,958

* Restated to segregate discontinued mining operations.
See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

In thousands, for the years ended December 31.

	1983	1982*	1981*
Sources of funds:			
Earnings from continuing operations	\$ 44,149	\$ 32,164	\$ 57,848
Add (deduct) items not requiring (providing) current funds:			
Depreciation and amortization	77,042	82,526	83,244
Gain on disposition of property, plant and equipment	(11,110)	(10,286)	(22,565)
Gain on disposition of equity interest in water services subsidiary	—	(6,880)	—
Provision for deferred income taxes	7,288	4,375	3,347
Other, net	(7,681)	1,417	(1,747)
Provided from continuing operations	109,688	103,316	120,127
Extraordinary item and discontinued operations providing current funds	—	—	5,600
Provided from operations	109,688	103,316	125,727
Disposition of equity interest in water services subsidiary	—	46,466	—
Decrease (increase) in mining subsidiary investment, net of distribution charges in 1983	3,616	85	(4,127)
Disposition of property, plant and equipment	58,013	35,764	57,506
Disposition of other noncurrent assets	31,392	11,758	41,289
Issuance of long-term debt	74,993	63,881	213,414
Increase in other liabilities	21,787	2,389	8,070
Contributions in aid of utility construction	—	881	1,610
Issuance of capital stock, including treasury stock	83,612	6,964	5,602
Other	1,766	3,396	(2,186)
Total sources	384,867	274,900	446,905
Uses of funds:			
Purchase of property, plant and equipment	100,282	106,634	161,045
Acquisition of other noncurrent assets	36,955	46,292	27,501
Reduction of long-term debt	149,414	59,730	214,784
Reduction of other liabilities	14,030	12,491	15,596
Reduction of contributions in aid of utility construction due to sale of properties	—	135	7,356
Acquisition of treasury stock	2,249	—	268
Conversion of preferred stock	10,538	1,428	3,490
Redemption of convertible securities	1,975	—	—
Dividends on preferred and common stock	28,163	24,416	23,625
Total uses	343,606	251,126	453,665
Increase (decrease) in working capital	\$ 41,261	\$ 23,774	\$ (6,760)

*Restated to segregate discontinued mining operations. Certain items have been reclassified to conform to current classifications. See accompanying Notes to Financial Statements.

ANALYSIS OF CHANGES IN WORKING CAPITAL

In thousands, for the years ended December 31,	1983	1982*	1981*
Changes in working capital:			
Cash	\$ (4,267)	\$ 7,758	\$(42,412)
Accounts receivable, less allowance	36,487	(22,669)	9,571
Inventories	(7,089)	(30,710)	(15,182)
Prepaid expenses and other current assets	7,238	3,050	3,910
Notes payable	(846)	28,706	34,350
Accounts payable—trade	(5,678)	10,116	(10,059)
Income taxes	(752)	17,749	7,217
Long-term debt—current maturities	19,106	(19,179)	21,997
Accrued compensation and other current and accrued liabilities	(2,938)	28,953	(16,152)
Increase (decrease) in working capital	\$ 41,261	\$ 23,774	\$ (6,760)

*Restated to segregate discontinued mining operations.
See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF ADDITIONAL PAID-IN CAPITAL

In thousands, for the years ended December 31,	1983	1982	1981
Amount at beginning of year	\$166,953	\$164,346	\$160,550
Capital in excess of par or stated value of shares issued upon conversion of convertible securities and exercise of employee stock options	22,571	2,459	4,916
Sale of common stock held in treasury	11,628	—	—
Reduction in par value of common stock	1,991	—	—
Distribution of common stock of mining subsidiary	(10,697)	—	—
Other adjustments, relating principally to mining subsidiary's issue of stock	10,082	148	(1,120)
Amount at end of year	\$202,528	\$166,953	\$164,346

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

In thousands, except per share data, for the years ended December 31.

	1983	1982	1981
Amount at beginning of year	\$384,033	\$376,244	\$324,943
Net earnings	44,943	33,367	74,932
Dividends:			
\$5.00 preferred series	(432)	(432)	(440)
\$1.25 convertible preferred series	(205)	(299)	(324)
\$1.36 convertible preferred series	(466)	(695)	(843)
Common (per share: 1983-\$1.15; 1982-\$1.125; 1981-\$1.10)	(27,060)	(22,990)	(22,018)
	(28,163)	(24,416)	(23,625)
Distribution of common stock of mining subsidiary	(34,170)	—	—
Treasury stock transactions	(5,907)	(1,162)	(6)
Redemption of convertible securities	(874)	—	—
Amount at end of year	\$359,862	\$384,033	\$376,244

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF CUMULATIVE TRANSLATION ADJUSTMENTS

In thousands, for the years ended December 31.

	1983	1982	1981
Amount at beginning of year	\$ (8,514)	\$ (3,842)	\$ (263)
Translation adjustments and gains (losses)			
from certain hedges and intercompany balances	(4,597)	(4,672)	(4,593)
Transfers to net earnings due to planned dispositions of foreign subsidiaries	—	—	1,014
Distribution of common stock of mining subsidiary	659	—	—
Amount at end of year	\$ (12,452)	\$ (8,514)	\$ (3,842)

See accompanying Notes to Financial Statements.

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 4) 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: The trucking subsidiaries engaged primarily in less-than-truckload service recognize revenue on the proportional performance method; trucking subsidiaries providing truckload service primarily recognize revenue upon delivery completion.

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.

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 was included using the conversion rates applicable during each period (see Note 11).

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: Extraordinary Item

The extraordinary item in 1981 resulted from recognition of the tax benefit from deduction of the unamortized cost of United States 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 the deregulation provisions of the Motor Carrier Act of 1980. No tax benefit was assumed for financial statement purposes in 1980.

Note 3: Discontinued Operations

On November 10, 1983, shareholders of the Corporation approved the distribution of the Corporation's investment in Echo Bay Mines Ltd. (Echo Bay), the Canadian precious metals mining subsidiary, to the Corporation's common shareholders. The basis of distribution was one common share of Echo Bay for each share of the Corporation's common stock held on November 21, 1983. The distribution was accounted for as a partial liquidation, as defined

by Maryland law, and resulted in a charge to paid-in capital of \$10,697,000 and to retained earnings of \$33,511,000, including certain net expenses and taxes amounting to \$3,031,000 related to the distribution. The Corporation sold 281,260 Echo Bay common shares remaining after the distribution and recorded the net proceeds as an offset to the distribution charges.

The following is a summary of the net assets attributable to the mining operations, including unamortized interest capitalized by the Corporation applicable to expenditures related to construction of Echo Bay's gold mine.

In thousands	November 21, 1983	December 31, 1982
Current assets	\$ 13,382	\$ 11,197
Noncurrent assets	130,600	130,875
Current liabilities	(10,605)	(10,120)
Other liabilities, including long-term debt	(53,469)	(66,608)
Net assets	79,908	65,344
Minority interest in Echo Bay	(38,731)	(30,152)
Investment, at equity	\$ 41,177	\$ 35,192

In April 1983, Echo Bay issued 3,500,000 common shares (4,200,000 adjusted for a six-for-five share split in August 1983) at \$7.00 (Canadian) per share. This issue reduced the Corporation's ownership in Echo Bay's outstanding common shares to 86.635% and increased the Corporation's share in the net assets of Echo Bay by \$11,678,000, which was credited to paid-in capital.

The following summarizes the operating results attributable to the discontinued mining operations.

In thousands	January 1 to November 21, 1983	Year ended December 31,	
		1982	1981
Revenues and other income	\$ 45,027	\$11,061	\$13,746
Costs and expenses	(40,545)	(2,412)	(7,029)
Income taxes	(215)	(3,906)	2,069
Minority interest	(3,473)	(3,540)	(3,495)
Equity in net earnings	\$ 794	\$ 1,203	\$ 5,291

Equity in net earnings for the years ended December 31, 1982 and 1981 include \$8,968,000 and \$6,903,000, respectively, of interest capitalized by the Corporation after taxes of \$4,125,000 and \$3,175,000, respectively. The effective tax rate for Echo Bay differed from the Canadian statutory rates principally because of the depletion allowance in 1983 and the inventory allowance in 1982 and 1981. Also in 1981, income taxes include the reversal of \$5,470,000 of United States income taxes provided because of the expected repatriation of Echo Bay earnings.

In 1979, the Corporation distributed the common stock of a wholly-owned subsidiary, Gotaas-Larsen Shipping Corporation (GLSC), to the common shareholders of the Corporation. In 1981, discontinued operations reflects \$847,000 of taxes related to ocean shipping 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 up to \$30,000,000. Under the terms of a 1983 agreement, negotiated in connection with certain other borrowing arrangements of GLSC to reduce near-term principal payments, the Corporation will continue to loan up to \$30,000,000 on a revolving credit basis until November 1984 when the full \$30,000,000 will be convertible into a five-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 revolving credit facility. At December 31, 1983 and 1982, \$18,500,000 and \$30,000,000, respectively, were outstanding under this agreement.

Note 4: Acquisitions and Dispositions

The Corporation acquired several small companies and in 1983 the minority ownership in an environmental services subsidiary in purchase transactions for cash and notes amounting to an aggregate consideration of \$25,622,000 in 1983, \$3,491,000 in 1982 and \$18,219,000 in 1981. The operations of the companies acquired are not significant. In addition in 1983, the Corporation agreed to purchase a truckload motor carrier; this transaction was completed in February 1984.

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 \$32,400,000 and recorded a net gain of \$2,887,000. Concurrently, GW sold newly issued common shares, reducing the Corporation's ownership interest to 50%. In 1983, the net gain was adjusted to \$4,107,000, based on a review of the estimated tax basis of the stock sold.

The following is a summary of the net assets of GW at October 14, 1982.

In thousands	
Current assets	\$ 20,694
Noncurrent assets	209,191
Current liabilities	(34,760)
Long-term debt, excluding current maturities	(68,687)
Other liabilities	(39,942)
Contributions in aid of utility construction	(25,457)
Net assets	\$ 61,039

The following summarizes the results of GW's operations.

In thousands	January 1 to October 14, 1982	Year ended December 31, 1981
Revenues and other income	\$ 59,377	\$ 71,075
Cost of products sold, other operating costs and expenses	(23,916)	(29,573)
Other expenses	(19,594)	(22,520)
Income taxes	(6,273)	(6,337)
Net earnings	\$ 9,594	\$ 12,645

During the three years ended December 31, 1983, in addition to the dispositions of Echo Bay and GW, the Corporation disposed of a pipe fabricating company, a division of a trucking subsidiary, certain water utility properties, a valve manufacturing operation, a division of a paper distribution subsidiary, 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	1983	1982	1981
Revenues	\$15,261	\$146,738	\$227,134
Net loss	(373)	(1,743)	(1,263)

Note 5: Other Income

Significant items included in other income are as follows.

In thousands	1983	1982	1981
Interest and dividends	\$10,651	\$11,131	\$11,974
Gain on disposition of investments and certain other assets	15,753	17,973	10,218
Operations of divested subsidiaries	—	—	2,061

During the three years ended December 31, 1983, the Corporation disposed of several subsidiaries, land and certain other assets, including sale of an interest in GW in 1982 and donation of certain water utility properties to a public authority in 1981, at a gain of \$15,753,000 in 1983 after application of \$8,857,000 of reserves provided in prior years, \$20,046,000 in 1982 after application of \$8,221,000 of reserves provided in 1981 and \$18,619,000 in 1981 after application of \$6,840,000 of reserves provided in prior years. Income taxes of \$6,053,000, \$6,681,000 and \$1,595,000 were recognized in 1983, 1982 and 1981, 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 pretax operating results of divested subsidiaries, except Echo Bay and GW, were included in other income from the respective dates the Corporation committed itself to dispose of the companies.

On July 5, 1983, the Corporation merged the operations of its trucking subsidiaries, Ryder Truck Lines, Inc. and Pacific Intermountain Express Co. Current estimates, based principally on appraisals and recent sale transactions, indicate that gains from sales of excess equipment, terminals and corporate office facilities will more than offset expenses associated with the integration of these two trucking companies. Consequently, the Corporation is deferring gains and one-time expenses directly associated with the integration. At December 31, 1983, \$13,083,000 of expenses offset by \$1,018,000 of gains were included in deferred charges.

Note 6: Inventories

Inventories at December 31, 1983 and 1982 are summarized as follows.

In thousands	1983	1982
Finished products	\$ 42,092	\$ 42,167
Work in process	1,523	4,232
Raw materials and supplies	16,060	25,794
Merchandise and commodities	37,702	31,746
Other	3,540	4,067
	\$100,917	\$108,006

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 \$2,564,000 and \$2,142,000 at December 31, 1983 and 1982, respectively.

Book basis of LIFO inventories exceeded the tax basis by \$963,000 at December 31, 1983 and 1982. The difference resulted from the application of purchase accounting to the acquisition of the minority interest in C. Brewer and Company. Income for Federal tax purposes for 1982 was higher by \$620,000 because of this difference in basis.

Note 7: Long-Term Receivables and Investments

The total carrying values of long-term receivables and investments at December 31, 1983 and 1982 are shown in the following table.

In thousands	1983	1982
Long-term receivables and restricted cash deposits	\$ 41,035	\$ 66,006
Equity in GW	36,991	35,888
Other unconsolidated subsidiaries and affiliates	31,001	25,645
Cooperatives and joint ventures	20,768	20,308
Land held for sale or development	7,849	8,214
Other investments	12,029	11,870
Provision for loss	(1,239)	(6,446)
	\$148,434	\$161,485

Undistributed earnings of unconsolidated subsidiaries and 50% or less owned interests reflected in retained earnings amount to \$41,987,000 at December 31, 1983.

The following tables summarize financial information regarding unconsolidated subsidiaries and 50% or less owned interests accounted for by the equity method at December 31, 1983 and 1982. Amounts for 1981 are not material.

Unconsolidated subsidiaries In thousands	1983	1982
Current assets	\$25,715	\$18,985
Noncurrent assets	96,869	85,623
Current liabilities	13,089	18,713
Long-term debt, excluding current maturities	14,000	8,150
Other liabilities	61,080	48,387
Revenues and other income	42,168	38,755
Cost of products sold, other operating costs and expenses	25,056	22,337
Net earnings	5,871	4,414

A subsidiary has guaranteed \$14,000,000 of debt of a wholly-owned, unconsolidated finance subsidiary.

50% or less owned interests In thousands	1983	1982	
		GW	Other
Current assets	\$ 38,019	\$ 30,081	\$ 7,966
Noncurrent assets	241,828	216,261	9,771
Current liabilities	37,085	48,640	3,307
Long-term debt, excluding current maturities	77,601	57,276	302
Other liabilities	44,112	40,508	448
Contributions in aid of utility construction	30,064	26,383	—
Revenues and other income	99,727	74,982	10,651
Cost of products sold, other operating costs and expenses	38,706	30,183	5,868
Net earnings	18,041	12,090	1,872

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 8: Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 1983 and 1982 is shown in the following table.

In thousands	1983	1982
Transportation services	\$431,525	\$452,120
Environmental services	208,373	197,149
Agribusiness	144,470	138,344
Distribution services	55,727	50,092
Other	28,555	40,486
	\$868,650	\$878,191

Interest expense of \$1,342,000 in 1983, \$2,003,000 in 1982 and \$1,187,000 in 1981 was capitalized.

Note 9: Debt

Long-term debt at December 31, 1983 and 1982 payable by consolidated subsidiaries is summarized in the following table. Interest rates on \$106,000,000 of long-term debt outstanding at December 31, 1983, after reflecting outstanding interest rate exchange agreements, are based on Euro-dollar or other fluctuating interest rates.

In thousands	1983	1982
Secured: Due 1984 to 2008; 2% to 13.5% (weighted average interest rate 1983-8.1%; 1982-8.5%)	\$ 99,045	\$ 89,497
Unsecured: Due 1984 to 1999; 6% to 17% (weighted average interest rate 1983-10.7%; 1982-10.6%)	178,426	281,812
	277,471	371,309
Less current maturities	21,991	41,097
	\$255,480	\$330,212

Borrowings of \$16,000,000 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, 1983, unused short-term credit facilities amounted to \$7,000,000 and unused long-term credit facilities amounted to \$141,000,000.

At December 31, 1983, debt was secured by property, plant and equipment and other assets with a total carrying value of \$104,128,000. Sinking fund requirements and installments of long-term debt maturing in the years 1985, 1986, 1987 and 1988 amount to \$38,501,000, \$73,435,000, \$52,359,000 and \$27,283,000, respectively. Borrowings under short-term lines of credit are reflected based on the repayment terms of unused long-term credit facilities.

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 1983, 1982 and 1981 was \$1,228,000, \$1,438,000 and \$642,000, 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 \$140,000,000 of the Corporation's retained earnings at December 31, 1983 was free from restriction. In addition, certain subsidiaries are restricted by loan agreements and certain regulatory agencies as to the disposition of certain assets or investments, indebtedness, maintenance of working capital, minimum net worth and dividends. At December 31, 1983, net assets of subsidiaries free from restriction significantly exceeded \$140,000,000.

Note 10: Income Taxes

The components of the consolidated provision for income taxes applicable to continuing operations for the three years ended December 31, 1983 are as follows.

In thousands	1983	1982	1981
Current:			
Federal	\$20,705	\$(4,697)	\$ 5,675
State and local	2,747	3,200	4,757
Non-United States	8,195	7,745	6,318
Investment tax credit	(6,549)	602	—
	25,098	6,850	16,750
Deferred:			
Federal	3,809	11,559	7,590
State and local	410	1,023	1,263
Non-United States	143	(283)	463
Investment tax credit	1,863	(7,395)	(8,021)
	6,225	4,904	1,295
	\$31,323	\$11,754	\$18,045

Pre-tax earnings from continuing operations generated from non-United States operations were \$23,513,000, \$19,315,000 and \$27,451,000 in 1983, 1982 and 1981, respectively.

At December 31, 1983, the Corporation had not provided income taxes, net of available foreign tax credits, on \$27,588,000 of undistributed earnings of non-United States subsidiaries, since such earnings are being continuously reinvested 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	1983	1982	1981
Excess of tax over book			
(book over tax) depreciation	\$(1,468)	\$(2,867)	\$ 6,530
Investment tax credit	1,863	(7,395)	(8,021)
Earnings on long-term contracts	(1,062)	(48)	1,213
Systems integration costs of trucking subsidiary	5,550	—	—
Recovery of loss on investments and other assets	3,094	4,051	547
Installment sales	(2,638)	5,960	1,141
Provision for self-insurance and other claims	(1,919)	(4,233)	(6,908)
Excess of book over tax (tax over book) revenues	460	2,069	(4,534)
Deferred compensation	(571)	749	5,172
Inventory valuation	901	752	1,893
Operating rights of trucking subsidiaries	3,050	3,050	—
U.K. stock (inventory) relief	—	—	(1,964)
Other	(1,035)	2,816	6,226
	\$ 6,225	\$ 4,904	\$ 1,295

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

	1983	1982	1981
Federal income tax rate	46.0%	46.0%	46.0%
Foreign earnings, net of loss operations with no tax benefits, and foreign dividends	(.2)	5.1	.7
Investment tax credit	(6.2)	(15.4)	(10.4)
State and local income taxes, net of Federal tax benefit	2.2	5.2	4.3
Capital gains rate	(2.0)	(11.1)	(5.3)
Adjustment of prior years' accruals	2.8	—	(4.3)
U.K. stock (inventory) relief	—	—	(2.6)
Equity in earnings of subsidiaries	(6.3)	(3.4)	(1.5)
Other	5.2	4	(3.1)
Effective tax rate	41.5%	26.8%	23.8%

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 1983, the Corporation increased the tax provision by approximately \$2,100,000 based upon a review of tax returns subsequent to 1976.

Note 11: Capital Stock

The authorized and issued capital stock of the Corporation at December 31, 1983 and 1982 is summarized below.

In thousands, except share data, issued at December 31.	1983		1982	
	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)				
Issued:				
\$5.00 series (in treasury at both dates—6,943 shares)	93,312	\$ 9,564	93,312	\$ 9,564
\$1.25 convertible series (in treasury 1982—304,532 shares)	—	—	529,374	8,022
\$1.36 convertible series (in treasury 1982—174,698 shares)	—	—	651,620	10,823
	93,312	\$ 9,564	1,274,306	\$28,409
Series preference stock, without par value:				
Authorized: 4,569,961 shares				
Issued: Special Stock, Series A (in treasury 1982—176,435 shares)	—	\$ —	496,411	\$ 9,611
Common stock, par value per share 1983—\$1.15; 1982—\$1.20:				
Authorized: 60,000,000 shares (reserved for stock option and stock purchase plans—1,673,980 shares)				
Issued: (in treasury 1983—12,870,402 shares; 1982—15,785,300 shares)	39,823,342	\$45,797	36,726,511	\$44,072

In connection with the distribution of Echo Bay common shares, the shareholders approved a reduction in the par value of common stock from \$1.20 to \$1.15 per share.

In September 1983, the Corporation redeemed the outstanding shares of its \$1.25 convertible preferred stock, \$1.36 convertible preferred stock and Special Stock, Series A, resulting in a charge to retained earnings of \$874,000.

Shares of such stock held in treasury were retired, resulting in a charge to retained earnings of \$5,907,000.

Holders of \$5.00 preferred stock are entitled to voting rights, cumulative dividends and upon liquidation or redemption, the stated value plus accrued and unpaid dividends.

Changes in capital stock during the years ended December 31, 1983, 1982 and 1981 are summarized in the following table.

	Preferred	Special Stock, Series A	Common
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
Shares issued Dec. 31, 1982	1,274,306	496,411	36,726,511
Conversion of Special Stock, Series A	—	(311,949)	1,367,068
Conversion of preferred stock	(654,608)	—	1,079,733
Exercised under stock option plans	12,000	—	650,030
Redemption of convertible securities	(59,156)	(8,027)	—
Retirement of treasury stock	(479,230)	(176,435)	—
Shares issued Dec. 31, 1983	93,312	—	39,823,342

Purchases (sales) of common stock held in treasury during the years ended December 31, 1983, 1982 and 1981 are summarized in the following table.

	1983	1982	1981
Shares held at beginning of year	15,785,300	16,121,813	16,114,096
Public offering	(3,000,000)	—	—
Employees Stock Purchase Plan	49	(336,513)	(1,011)
Purchases at fair market value	85,053	—	8,728
Shares held at end of year	12,870,402	15,785,300	16,121,813

In May 1983, the Corporation sold three million shares of common stock in a public offering for consideration totaling \$63,176,000, after underwriters' commissions and other expenses.

At December 31, 1983, a wholly-owned subsidiary had outstanding 1,000,000 shares (issue price \$100,000,000) of preferred stock. The subsidiary is obliged to redeem a portion of the then outstanding shares at \$100 per share beginning with 20% in 1986, 25% in 1987 and 33 $\frac{1}{3}$ % in 1988. The stock has a floating dividend rate, 6.21% for the March 1, 1984 dividend. Under certain conditions, the Corporation may substitute similar stock of the Corporation or guaranteed subordinated promissory notes for the subsidiary's securities.

Note 12: Stock Options

Nonqualified and incentive stock options to certain officers and employees of the Corporation and its subsidiaries were outstanding at December 31, 1983 and 1982 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 equal to the fair market value of the stock at the date of grant. The plans provide for the delivery of shares of the Corporation's common stock in payment of the option price upon the exercise of stock options.

In conjunction with the distribution of Echo Bay common shares, the Board of Directors temporarily accelerated the date on which certain stock options could be exercised, such acceleration lapsed on November 22, 1983, and approved adjustments to the option price and shares under option outstanding after the distribution. The changes in the outstanding options for common stock during 1983 and 1982 are shown in the following table.

	1983	1982
Shares under option at beginning of year	1,106,775	1,204,645
Adjustment of shares under option	279,961	—
Granted	258,000	97,500
Exercised	(764,114)	(137,730)
Cancelled or expired	(9,304)	(57,640)
Shares under option at end of year	871,318	1,106,775
Average option price	\$10.88	\$11.56

At December 31, 1983, there were 199,411 shares of common stock reserved for future grants under stock option plans.

Certain plans provide for the grant of stock appreciation rights (SARs), which entitle the grantee the alternative of electing not to exercise a related stock option but instead to receive cash equal to the difference between the option price and the mean of the high and low market price on the date of exercise. In addition, 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. In 1983, selected officers were permitted to exercise cash settlement rights in respect of 50,000 shares until November 11, 1983. Options exercised during 1983 and 1982 include 114,084 shares and 56,821 shares, respectively, settled for cash. At December 31, 1983, SARs and cash settlement rights are outstanding in respect of 35,460 stock options and 382,618 stock options, respectively.

In 1983 and 1982, options covering 12,000 and 7,000 shares, respectively, of \$1.36 convertible preferred stock with an average option price of \$11.21 and \$12.59, respectively, were exercised. Options covering 500 shares were cancelled in 1982.

Under the Employees Stock Purchase Plan, 603,251 shares of common stock are available for issuance to eligible employees in future offerings. During 1982, 336,464 shares of common stock were purchased at approximately \$13.73 per share under an offer made in 1980.

In November 1983, the Board of Directors reactivated a program, which expired on December 31, 1982, under which the Corporation makes loans 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, 1983 and 1982 amounted to \$3,453,000 and \$3,549,000, respectively, with an average interest rate of 10.7% in 1983 and 12% in 1982.

Note 13: 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 such defined benefit plans, excluding a plan sponsored by GW and the terminated plan discussed below, determined on the date indicated, is presented in the following table.

In thousands, January 1,	1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	\$ 90,861	\$ 88,149
Nonvested	7,644	7,615
	\$ 98,505	\$ 95,764
Net assets	\$117,290	\$102,784

Assumed rates of return used in determining the actuarial present value of accumulated plan benefits ranged from 5% to 10%. Pension expense charged against continuing operations during the years ended December 31, 1983, 1982 and 1981 was \$7,853,000, \$10,214,000 and \$11,070,000, respectively. It is the Corporation's general policy to fund pension costs accrued, including amortization of prior service costs over periods not exceeding 40 years.

In 1983, annuities were purchased at a cost of \$7,376,000 in settlement of liability for pension benefits related to a plan which was terminated in connection with the integration of the Corporation's trucking operations. At termination this plan had assets of \$21,786,000. The gain from excess pension assets, which revert to the trucking subsidiary, is being deferred and amortized against pension expense of the continuing pension plan over 10 years.

Certain subsidiaries also contribute to union-sponsored pension plans in accordance with the terms of collective bargaining agreements. Total contributions to these plans were \$23,717,000 in 1983, \$28,273,000 in 1982 and \$27,053,000 in 1981. Federal pension legislation establishes a continuing liability to such union-sponsored plans for an allocated share of the plans' unfunded vested benefits upon substantial or total withdrawal or termination. There is no intent to withdraw from any such plan or any expected plan terminations; however, based upon the limited information available from plan administrators, it is estimated that the subsidiaries' aggregate liability for unfunded vested benefits at January 1, 1983 would be material in relation to the financial position of the Corporation.

Note 14: Operating Segment Information

The principal operations of the Corporation are carried out through subsidiaries in transportation, environmental, agribusiness and distribution markets. Transportation services consist of trucking companies which operate throughout the United States. Environmental companies process slag and reclaim scrap metal for steel mills, treat and dispose of industrial waste and include a 50% interest in a company which supplies water and sewage services. Agribusiness consists of the production of sugar, macadamia nuts and other agricultural products, the distribution of agricultural chemicals, and land activities. Distribution services include the supply of paper and plastic products, janitorial supplies and institutional food products primarily in the southeastern United States.

The revenues and operating earnings information for 1983, 1982 and 1981 on page 22 and capital expenditures for 1983 and 1982 on page 20 are an integral part of these statements and should be read in conjunction with this note.

Identifiable assets as of December 31, 1983, 1982 and 1981 and depreciation and amortization of continuing operations for the years 1983, 1982 and 1981 by major market segment are presented in the following tables. Corporate assets are principally investments.

In thousands	Identifiable assets		
	1983	1982	1981
Transportation services	\$ 479,160	\$ 390,592	\$ 364,653
Environmental:			
Environmental services	170,971	171,300	183,359
Water services	36,991	35,888	240,738
Agribusiness	288,724	284,110	287,251
Distribution services	89,479	111,959	113,660
Other	38,211	71,066	111,785
Corporate	52,419	74,851	24,992
	<u>\$1,155,955</u>	<u>\$1,139,766</u>	<u>\$1,326,438</u>

In thousands	Depreciation and amortization		
	1983	1982	1981
Transportation services	\$41,175	\$40,146	\$39,798
Environmental:			
Environmental services	22,585	23,987	23,112
Water services	—	3,448	4,028
Agribusiness	5,924	8,240	7,798
Distribution services	4,042	3,317	2,995
Other	2,379	2,945	5,046
Corporate	937	443	467
	<u>\$77,042</u>	<u>\$82,526</u>	<u>\$83,244</u>

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

In thousands	Revenues	Earnings	Total assets
1983			
United States	\$1,977,605	\$36,759	\$1,012,592
International	103,793	7,390	143,363
	<u>\$2,081,398</u>	<u>\$44,149</u>	<u>\$1,155,955</u>
1982			
United States	\$1,997,037	\$28,069	\$ 991,318
International	109,602	4,095	148,448
	<u>\$2,106,639</u>	<u>\$32,164</u>	<u>\$1,139,766</u>
1981			
United States	\$2,123,246	\$47,725	\$1,174,830
International	186,278	10,123	151,608
	<u>\$2,309,524</u>	<u>\$57,848</u>	<u>\$1,326,438</u>

Finance subsidiaries are included in United States data and corporate assets are located primarily within the United States. Operations outside the United States include worldwide metal recovery and agribusiness operations.

Note 15: 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, 1983, 1982 and 1981 was \$20,874,000, \$19,683,000 and \$22,130,000, respectively. Sublease income from these leases is not material.

The future minimum lease payments under all non-cancellable leases are shown in the following table.

In thousands	Capital leases	Operating leases
1984	\$ 4,773	\$14,742
1985	4,644	10,291
1986	4,203	8,114
1987	7,756	5,988
1988	1,259	4,010
Thereafter	4,441	15,475
	<u>27,076</u>	<u>\$58,620</u>
	Less amount representing interest (2% to 12.8%)	6,282
	Present value of minimum lease payments	<u>\$20,794</u>

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 \$178,590,000, \$162,183,000 and \$173,638,000 for the years ended December 31, 1983, 1982 and 1981, respectively.

Note 16: Commitments and Contingencies

At December 31, 1983, outstanding contractual commitments of subsidiaries for the construction of new plant and the purchase of equipment amounted to \$13,400,000, all of which become due for payment in 1984.

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 1973–1978 (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, the taxation of intercompany loans between foreign subsidiaries as dividends to the United States parent corporation and the deductibility of certain foreign operating losses. 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 outcome 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.

The Corporation has also reviewed its position that the 1980 exchange of its interest in Canadian Utilities Limited, an electric and gas utility subsidiary, for common shares of the Corporation was a tax free distribution, except for an imputed taxable dividend under Section 1248(f) of the Internal Revenue Code. Based on advice of counsel, the Corporation believes that it is fully supported in this position. Although the IRS may challenge this position and could propose a tax deficiency of about \$70 million, counsel has advised the Corporation that it is probable that a court would not uphold such challenge.

In 1983, the distribution subsidiaries sold receivables subject to a five percent recourse provision; at December 31, 1983, the amount which may be claimed under such recourse provision is approximately \$1,750,000. In addition, the agribusiness subsidiary sold mortgage notes subject to recourse; at December 31, 1983, \$10,068,000 was outstanding under these notes.

Note 17: Incentive Compensation Plans

The Corporation and certain of its subsidiaries have incentive compensation plans for officers and key employees. Awards are based on the performance of the Corporation as measured by return on total shareholders' equity and for the subsidiaries by return on invested capital, or similar performance criteria. In 1983, the Corporation and certain of its subsidiaries adopted Long-Term Incentive Plans which provide for additional compensation based on the increase in book value or market value, as defined, over the five years from the date of grant and for the payment of dividend equivalents. Incentive compensation charged against continuing operations for the years ended December 31, 1983, 1982 and 1981 amounted to \$5,050,000, \$3,739,000 and \$5,085,000, respectively.

Note 18: Quarterly Operating Results (Unaudited)

The following is a summary of the unaudited quarterly operating results for the two years ended December 31, 1983.

In thousands	Revenues and other income	Cost of products sold, other operating costs and expenses	Earnings (loss) from continuing operations	Net earnings (loss)
For 1983:				
1st quarter	\$ 470,623	\$ 378,701	\$ 583	\$ 517
2nd quarter	529,860	416,528	13,090	13,554
3rd quarter	534,729	431,345	15,911	16,361
4th quarter	546,186	422,515	14,565	14,511
Full year	\$2,081,398	\$1,649,089	\$44,149	\$44,943
For 1982:				
1st quarter	\$ 490,128	\$ 399,627	\$(2,858)	\$(2,882)
2nd quarter	528,306	417,788	9,182	9,913
3rd quarter	544,152	430,122	11,308	11,963
4th quarter	544,053	423,032	14,532	14,373
Full year	\$2,106,639	\$1,670,569	\$32,164	\$33,367

The fourth quarter of 1983 includes a gain of \$1,386,000 from foreign currency adjustments.

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.

	Earnings (loss) per share			
	Primary		Assuming full dilution	
	Continuing operations	Net	Continuing operations	Net
For 1983:				
1st quarter	\$.01	\$.01	\$.01	\$.01
2nd quarter	.52	.54	.50	.52
3rd quarter	.59	.61	.58	.60
4th quarter	.53	.53	.53	.53
Full year	\$1.71	\$1.74	\$1.68	\$1.71
For 1982:				
1st quarter	\$(.16)	\$(.16)	\$ —	\$ —
2nd quarter	.40	.43	.39	.42
3rd quarter	.49	.52	.47	.50
4th quarter	.63	.62	.60	.60
Full year	\$1.39	\$1.44	\$1.33	\$1.38

In 1983, quarterly earnings per share do not total full year earnings per share as a result of the anti-dilutive effect of convertible securities and the sale of 3,000,000 common shares in May.

In 1982, 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 because of the anti-dilutive effect of convertible securities.

Note 19: 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 changing prices data for foreign operations to be compiled in a manner consistent with the method used to translate the foreign currency financial statements. Application of a United States general inflation rate to foreign assets is inappropriate, and use of a different inflation indicator for each foreign country is impractical. Therefore, disclosure of historical costs measured in constant dollars is not presented.

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 these assets 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 Consumer Price Index for all Urban Consumers to measure the general inflation component.

Depreciation expense on the adjusted property, plant and equipment costs was computed using historical de-

preciation 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.

In years prior to 1983, the assets of a water services utility subsidiary were included in consolidated net property, plant and equipment, and an adjustment to net recoverable cost recognized that only the historical cost of property, plant and equipment is generally recoverable in the utility rate-setting process.

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.

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.

In millions of average 1983 dollars

Earnings from continuing operations	\$44.1
Adjustments to restate costs for the effects of changes in specific prices (current cost):	
Cost of products sold	(2.1)
Depreciation	(37.2)
Minority interest	.2
Earnings from continuing operations adjusted for changes in specific prices	\$ 5.0
Increase in specific prices of net inventory and property, plant and equipment during the year*	\$24.7
Effect of increase in general price level	35.6
Excess of increase in general price level over increase in specific prices	\$10.9

*At December 31, 1983, current cost of inventory was \$104.7 million and current cost of net property, plant and equipment was \$866.3 million.

The five-year summary of selected data is expressed in average 1983 dollars.

In millions, except per share data, for the years ended December 31,	1983	1982	1981	1980	1979
Cash dividends per common share	\$ 1.15	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.30
Market price per common share at year-end	22¼	16¾	14¾	20¼	14½
Average consumer price index	298.4	289.1	272.4	246.8	217.4
Current cost information:					
Revenues and other income	\$2,081.4	\$2,174.4	\$2,529.7	\$2,672.2	\$2,903.0
Earnings (loss) from continuing operations	5.0	(31.4)	(5.8)	(10.2)	(6.0)
Earnings (loss) per share	.16	(1.60)	(.38)	(.51)	(.34)
Translation adjustments	(7.2)	(6.0)			
Excess of increase in general price level over increase in specific prices, after adjustment to net recoverable cost	10.9	8.7	(1.4)	30.4	(18.5)
Gain from decline in purchasing power of net amounts owed	12.0	19.5	52.7	78.4	83.7
Net assets at year-end	774.5	802.8	855.6	820.1	1,143.2

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, 1983 and 1982 and the related consolidated statements of earnings, additional paid-in capital, retained earnings, cumulative translation adjustments, and changes in financial position for each of the years in the three-year period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of IU International Corporation and subsidiaries at December 31, 1983 and 1982 and the results of their operations and changes in their financial position for each of the years in the three-year period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
1500 Walnut Street
Philadelphia, Pennsylvania 19102
February 28, 1984

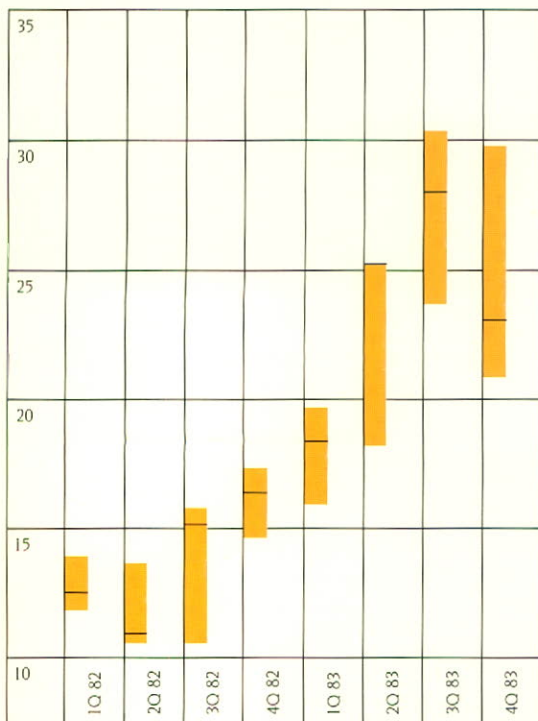
Capital stock summary: More than 40,000 shareholders own stock in IU, including many of IU's 35,000 employees.

The cash dividends and the high and low prices of the company's common stock based on New York Stock Exchange daily composite transactions are shown in the table below.

	Dividend	High	Low
1983: 4th Quarter	\$.2875	29%	20%
3rd Quarter	.2875	30%	23%
2nd Quarter	.2875	25 1/4	18 1/4
1st Quarter	.2875	19 3/4	16
1982: 4th Quarter	\$.2875	17 3/8	14 3/4
3rd Quarter	.2875	15 7/8	10%
2nd Quarter	.2750	13 3/4	10%
1st Quarter	.2750	14	11%

On September 30, 1983, the company redeemed its three series of then-outstanding convertible stock. IU's only other equity security outstanding is its \$5.00 preferred stock, which does not trade actively. During 1983 and 1982, the bid prices of the \$5.00 preferred stock were \$34 and \$37 per share, respectively. Dividends of \$1.25 per share were paid in each quarter of 1983 and 1982 to holders of this stock.

IU Common Stock Price, 1982-1983



High
Close
Low

Dividends: Dividend payments are made to IU shareholders on the first business day of March, June, September, and December. Total dividends paid during 1983 were \$28.2 million. Owners of common stock were paid \$27.1 million, and owners of preferred stock received \$1.1 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 19% of IU's 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 Central Trust Company in Montreal and Toronto.

SHAREHOLDER DATA

BOARD OF DIRECTORS



The IU directors devoted much of a three-day meeting in February 1984 to environmental activities, including a visit to the International Mill Service operations at the large integrated steel works of Companhia Siderurgica Paulista in São Paulo, Brazil. The directors are shown above at the site.

Morris R. Brooke, 48, 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 lives in Flourtown, Pennsylvania.

Robert F. Calman, 51, 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. He previously served as treasurer of the North American Division and of the International Division of Mobil Oil Corp., and earlier 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 Echo Bay Mines Ltd., vice chairman of General Waterworks Corp., and a director of Western Industrial Bank. He also serves as a member of the Advisory Council, European Banking Corp., and a director of public television station WHYY-TV. He lives in North Beach, New Jersey.

John Gilray Christy, 51, 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 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, Fidelity Bank; Pennwalt Corp.; Echo Bay Mines Ltd.; The Philadelphia Contributionship; and Drexel Bond Debenture Trading Fund. He also is a director of the Philadelphia Orchestra. He lives in Philadelphia.

John T. Jackson, 62, is retired 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.; Naess & Thomas Special Fund 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.,

58, 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, 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,

64, 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; Hiram Walker Resources, Limited; and Echo Bay Mines Ltd. He resides in Edmonton.

Willis S. McLeese,

70, 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 a director and past chairman of International Association of Refrigerated Warehouses; president and director of Colmac Holdings 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.

Jonathan Moore,

51, is the director of the Institute of Politics, John F. Kennedy School of Government at Harvard University, which position he has held since 1974. He became an IU director in May 1983. Mr. Moore previously served during three administrations in Washington in senior positions in the Departments of State; Defense; and Health, Education and Welfare; and also with the Department of Justice. He is a graduate, cum laude, of Dartmouth College and holds a master's degree in public administration from Harvard University. He is a director of National Medical Care, Inc. He resides in Weston, Massachusetts.

John D. Nichols,

53, is president, chief executive officer and a director of Illinois Tool Works Inc., producer of specialty-engineered products and systems. He was elected a director of IU in February 1984. Mr. Nichols is a 1953 graduate of Harvard University and a 1955 graduate of the Harvard Graduate School of Business. He is a director of Signode Industries Inc. and The Economic Club of Chicago, and serves as vice chairman of Junior Achievement of Chicago. He is also a member of the Mid-America Committee, Chicago; the Business Roundtable; and The Chicago Committee. Mr. Nichols lives in Winnetka, Illinois.

John M. Seabrook,

66, 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.; Bell Atlantic Corp.; South Jersey Industries, Inc.; Consolidated-Bathurst Inc.; and Echo Bay Mines Ltd. 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.

Ira T. Wender,

57, is chairman and chief executive officer of The Sussex Organization Inc., 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.,

59, is a director of Sotheby Holdings, Inc., 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, 1983

Audit Committee:*

Willis S. McLeese,
Chairman
Morris R. Brooke
E. B. Leisenring, Jr.
Peter L. P. Macdonnell

Compensation Committee:*

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

Executive Committee:

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

Nominating Committee:

E. B. Leisenring, Jr.,
Chairman
John Gilray Christy
Peter L. P. Macdonnell
Jonathan Moore
John M. Seabrook
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

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

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

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

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

Staff Executives

H. Beatty Chadwick
Secretary and Assistant General Counsel

W. Allen Doane
Vice President, Strategic Planning

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

Philip A. Amato
President, Expressway Nationwide, Inc.
Indianapolis, Indiana

Jack Bayer
President, International Mill Service
Philadelphia, Pennsylvania

W. Doyle Beatenbough
President, Ligon Nationwide, Inc.
Madisonville, Kentucky

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

Roger L. Blume
President, Nationwide Express, Inc.
Philadelphia, Pennsylvania

Jeff C. Crowe
President, Independent Freightway, Inc.
Rockford, Illinois

Dennis J. Kupchik
President, Special Carriers, Inc.
Philadelphia, Pennsylvania

John D. Lang
President, TAS Communications Services
Toronto, Ontario

Thomas L. Mainwaring
Chairman, Ryder/P-I-E Nationwide, Inc.
Jacksonville, Florida

Ronald C. Moore
President, CCX Nationwide, Inc.
Charlotte, North Carolina

Walter L. Moore
Chairman, Unijax, Inc.
Jacksonville, Florida

Walter R. Poole
President, Poole Truck Line, Inc.
Evergreen, Alabama

Kinzey Reeves
President, Ranger Nationwide, Inc.
Jacksonville, Florida

Jack E. Schang
President, Ryder/P-I-E Nationwide, Inc.
Jacksonville, Florida

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

Lee E. Wintrode
President, Transportation Teleprocessing System, Inc.
Jacksonville, Florida

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

