

EXHIBIT 19

(Part 7 of 8)

FINANCIAL & OPERATING RATIOS (Cont'd):

	1978	1977	1976	1975	1974	1973	1972
Debt to Equity Ratio	104% ⁹⁷ / ₁₀₀	107% ¹⁰³ / ₁₀₀	104% ⁹⁹ / ₁₀₀	96% ⁸⁷ / ₁₀₀	103% ⁸² / ₁₀₀	110% ¹⁰⁷ / ₁₀₀	110% ¹⁰⁵ / ₁₀₀
Debt to Capitalization Ratio	94% ⁸⁸ / ₁₀₀	98% ⁹³ / ₁₀₀	93% ⁸⁹ / ₁₀₀	91% ⁸⁵ / ₁₀₀	96% ⁷² / ₁₀₀	101% ⁹³ / ₁₀₀	103% ¹⁰⁰ / ₁₀₀
Debt to Assets Ratio	102% ⁹⁸ / ₁₀₀	103% ¹⁰¹ / ₁₀₀	104% ⁹⁷ / ₁₀₀	99% ⁹¹ / ₁₀₀	100% ⁸⁴ / ₁₀₀	101% ⁹³ / ₁₀₀	103% ¹⁰⁰ / ₁₀₀
Debt to Equity Ratio (Preferred)	97% ⁹³ / ₁₀₀	102% ⁹⁸ / ₁₀₀	102% ¹⁰⁰ / ₁₀₀	80% ⁷⁹ / ₁₀₀	70% ⁶⁵ / ₁₀₀	70% ⁷⁰ / ₁₀₀	70% ⁶⁰ / ₁₀₀
4.96% preferred	80-80	80-80	80-80	80-79	70-65	70-70	70-60
9.37% preferred	100-99	100-99	100-99	89-83	89-83	89-83	106% ¹⁰³ / ₁₀₀
\$1.50 conv. preference	47% ⁴⁴ / ₁₀₀	49-42	47% ⁴⁸ / ₁₀₀	32% ²⁵ / ₁₀₀	32% ²⁰ / ₁₀₀	39% ²¹ / ₁₀₀	38% ²⁸ / ₁₀₀
Common	48% ⁵⁴ / ₁₀₀	49-47%	48-29	33% ²³ / ₁₀₀	33-20%	40-22%	39% ²⁷ / ₁₀₀

(*) As reported by Company.

LONG TERM DEBT

1. Texas Gas Transmission Corp. first mortgage pipeline 5 1/2% series due 1978:

Authorized, all series, \$150,000,000; series due 1979, \$10,000,000; outstanding, Dec. 31, 1978, series due 1979, \$2,070,000; sold privately. Proceeds for expansion.

Dated Nov. 1, 1959; due Nov. 1, 1979; interest M&N1; Chemical Bank, New York, trustee; Richard G. Pintard, individual trustee.

Callable at 101.875 through Oct. 31, 1975; reduced prices thereafter to 100 after Oct. 31, 1974. Callable for sinking fund at 100. Sinking fund, semi-annually; \$570,000 to May 1, 1969; \$1,050,000 thereafter to May 1, 1979 incl. \$1,020,000 on Nov. 1, 1979.

Secured by first mortgage on all land, buildings, gas pipe lines, equipment, etc., owned or after acquired equally and ratably with other series.

Company may not pay cash dividend on common or acquire capital stock unless thereafter (a) net income available for common (as defined) after Mar. 31, 1948 is not less than \$7,000,000 plus such disbursements, or (b) such income is not less than such disbursements, and funded debt is less than 70% of total capitalization.

Original indenture amended to provide that so long as 1976 and 1979 series bonds are outstanding, company may not pay cash dividends on or acquire common stock (other than for preferred sinking fund) except from net income after June 30, 1958, plus \$1,000,000.

2. Texas Gas Transmission Corp. debenture 6 1/2% due 1982:

AUTHORIZED—\$40,000,000; outstanding, Dec. 31, 1978, \$7,787,000.

DATE—June 1, 1962.

MATURITY—June 1, 1982.

INTEREST—F&A at Dillon, Read & Co., New York.

TRUSTEE—Chase Manhattan Bank, New York.

DENOMINATION—Coupon, \$1,000; registrable as to principal; fully registered, \$1,000 and multiples, C&R interchangeable without service charge.

CALLABLE—As a whole or in part, on at least 30 days' notice, at any time to each May 31, incl., as follows:

1979 101 1980 100% 1981 100%¹⁰⁰/₁₀₀ 1982 100

Also callable at 100 for sinking fund (which see).

SINKING FUND—Cash (or debentures) to retire \$1,150,000 debentures at par semi-annually Aug. 1, 1965 to Feb. 1, 1982, and \$900,000 on June 1, 1982, plus similar optional amounts.

Sinking fund installments are to be proportionately increased if certificate of available gas supply shows that exhaustion is earlier than June 1, 1984, so that all debentures are retired at least two years prior to date of exhaustion.

SECURITY—Not secured. Company may not pledge any property to secure any indebtedness unless debentures shall be equally and ratably secured.

CREATION OF ADDITIONAL DEBT—Company may not incur funded debt in excess of 75% of capitalization less investments; or incur any debt unless net earnings available for interest and depreciation for 12 of previous 15 months are at least 3 times annual interest charges and 1 1/4 times annual service charges on debt to be outstanding; or net earnings available for interest for said 12 month period are at least 2 times annual interest charges of debt to be outstanding.

DIVIDEND RESTRICTIONS—Same as for debenture 5 1/2% due 1979.

RIGHTS ON DEFAULT—Trustee or 25% of debentures may declare principal due and payable (30 days' grace for payment of interest).

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66 2/3% of debentures.

PURPOSE—Proceeds to pay short-term loans and for construction.

OFFERED—(\$40,000,000) at 100 (proceeds to company, 98.90) on June 14, 1962 by Dillon, Read & Co., Inc., New York, and associates.

3. Texas Gas Transmission Corp. debenture 4 1/2% due 1984:

AUTH.—\$25,000,000; outstg., Dec. 31, 1978, \$10,770,000.

DATE—Aug. 1, 1964. DUE—Aug. 1, 1984.

INTEREST—M&S1 at office of Dillon, Read & Co., NYC.

TRUSTEE—Chase Manhattan Bank, NYC.

DENOMINATION—Coupon, \$1,000, registrable as to principal; fully registered, \$1,000,

\$5,000, \$10,000 and in multiples of \$1,000 in excess of \$10,000. C&R interchangeable without charge.

CALLABLE—As a whole or in part, on at least 30 days' notice at any time to each July 31 incl., as follows:

1980 101.125 1981 100.875 1982 100.625 1983 100.375 1984 100.000

Also callable at 100 for sinking fund (which see).

SINKING FUND—Cash (or debts.) semi-annually to retire debts. at par as follows: \$250,000, Sept. 1, 1967; Sept. 1, 1971; \$500,000, Mar. 1, 1972; Sept. 1, 1974; \$1,000,000, Mar. 1, 1975; Mar. 1, 1984; \$750,000, Aug. 1, 1984, plus optional like additional amounts.

Sinking fund installments are to be proportionately increased if certificate of available gas supply shows that exhaustion is earlier than Aug. 1, 1986, so that all debts. are retired at least 2 years prior to date of exhaustion.

OTHER PROVISIONS—Same as deb. 5 1/2% due 1982.

PURPOSE—Proceeds for construction.

OFFERED—(\$25,000,000) at 100 (proceeds to Co., 98.90) on Aug. 5, 1964 by Dillon, Read & Co., Inc., NYC, and associates.

4. Texas Gas Transmission Corp. debenture 6 1/2% due 1987:

AUTH.—\$40,000,000; outstg., Dec. 31, 1978, \$23,297,000.

DATE—June 1, 1967. DUE—June 1, 1987.

INTEREST—A&O1 at Dillon, Read & Co., NYC.

TRUSTEE—Chase Manhattan Bank (N.A.), NYC.

DENOMINATION—Fully registered, \$1,000 and authorized multiples thereof.

CALLABLE—As a whole or in part on at least 30 days' notice to each May 31, incl., as follows:

1980 102.42 1981 102.08 1982 101.74 1983 101.40 1984 101.06 1985 100.72 1986 100.38 1987 100.00

Also callable for sinking fund (which see) at par.

SINKING FUND—Cash (or debts.) semi-annually to retire debts. at par as follows: Oct. 1, 1970-76, \$500,000; Apr. 1 & Oct. 1, 1977-86, \$1,500,000 and \$2,000,000 on June 1, 1987 plus similar optional payments.

Sinking fund installments are to be proportionately increased if certificate of available gas supply shows that exhaustion is earlier than June 1, 1989, so that debts. are retired at least 2 years prior to date of exhaustion. Latest certificate as of Jan. 1, 1973, shows exhaustion is earlier than June 1, 1989; therefore sinking fund installments have been accelerated.

Revised sinking fund requirements are approximately \$636,000 on Apr. 1, 1973 thru Oct. 1, 1976 and \$1,907,000 on Apr. 1, 1977 thru Apr. 1, 1985. Certificate filed Mar. 29, 1978 shows exhaustion of available gas supply as July 19, 1988, therefore sinking fund requirements have been revised to approx. \$1,668,000 on Oct. 1, 1978 thru Apr. 1, 1986.

OTHER PROVISIONS—Same as deb. 5 1/2% due 1982.

PURPOSE—Proceeds to retire debt and for construction.

OFFERED—(\$40,000,000) at 100 (proceeds to Co., 99) on June 7, 1967 thru Dillon, Read & Co., Inc., and associates.

5. Texas Gas Transmission Corp. debenture 8 1/2% due 1990:

AUTH.—\$50,000,000; outstg., Dec. 31, 1978, \$27,786,000.

DATE—Apr. 1, 1970. DUE—Apr. 1, 1990.

INTEREST—J&D1.

TRUSTEE—Chase Manhattan Bank N.A., NYC.

DENOMINATION—Fully registered, \$1,000 and authorized multiples.

CALLABLE—As a whole or in part, on at least 30 days' notice, to each Mar. 31 incl., as follows:

1980 104.77 1981 104.30 1982 103.82 1983 103.35 1984 102.87 1985 102.40 1986 101.92 1987 101.44 1988 100.96 1989 100.48 1990 100.00

If called on or after Apr. 1, 1975 and prior to Apr. 1, 1980 thru refunding, call price is 112.00. Also callable for sinking fund (which see) at par.

SINKING FUND—Semi-annually, each J&D1 beginning Dec. 1, 1971, cash (or debts.) to retire \$1,300,000 debts.; plus similar optional payments. Payments calculated to retire 96.2% of issue prior to maturity. Sinking fund schedule revised to approx. \$1,177,000 on Dec. 1, 1977 thru Dec. 1, 1989 and \$1,900,000 on Apr. 1, 1990.

SECURITY—CREATION OF ADDITIONAL DEBT—Same as deb. 5 1/2% due 1982.

DIVIDEND RESTRICTION—Co. may not pay cash divs. on com. or acquire any capital stock after Dec. 31, 1969 in excess of net income after such date plus \$15,000,000.

OTHER PROVISIONS—Same as deb. 5 1/2% due 1982.

PURPOSE—Proceeds, together with proceeds from pfd. stock sale and treasury funds to reduce short term debt.

OFFERED—(\$30,000,000) at 99.55 (proceeds to Co. 98.55) on Mar. 24, 1970 thru Dillon, Read & Co., Inc. and associates.

6. Texas Gas Transmission Corp. debenture 9 1/2% due 1988:

AUTH.—\$50,000,000; outstg., Dec. 31, 1978, \$32,356,000.

DATE—Oct. 1, 1970. DUE—Oct. 1, 1990.

INTEREST—F&A1 by mail to holders registered on 15th day prior to interest date.

TRUSTEE—Chase Manhattan Bank (N.A.), NYC.

DENOMINATION—Fully registered, \$1,000 and authorized multiples thereof.

CALLABLE—As a whole or in part, on at least 30 days' notice to each Sept. 30, incl., as follows:

1977 106.33 1978 105.84 1979 105.36 1980 104.87 1981 104.38 1982 103.90 1983 103.41 1984 102.92 1985 102.43 1986 101.93 1987 101.46 1988 100.97 1989 100.49 1990 100.00

Not callable, however, prior to Oct. 1, 1980 from moneys borrowed at an interest cost less than 9.81%. Also callable for sinking fund (which see) at par.

SINKING FUND—Semi-annually, from Aug. 1, 1973 thru Aug. 1, 1990, to retire debts., cash (or debts.), equal to \$1,400,000; plus similar optional payments. Payments calculated to retire 98% of issue prior to maturity. Sinking fund schedule accelerated to approx. \$1,307,000 on Feb. 1, 1978 thru Aug. 1, 1990 and \$1,000,000 on Oct. 1, 1990.

SECURITY—Not secured. See also deb. 5 1/2% due 1982.

DIVIDEND RESTRICTION—Co. may not pay cash divs. on or acquire com. stock in excess of net income after Dec. 31, 1969 plus \$15,000,000.

OTHER PROVISIONS—Same as deb. 5 1/2% due 1982.

PURPOSE—Proceeds to repay debt.

OFFERED—(\$30,000,000) at 99 1/4 (proceeds to Co. 98 1/2) on Sept. 22, 1970 thru Dillon, Read & Co., Inc. and associates.

7. Texas Gas Transmission Corp. debenture 8 1/2% due 1991:

AUTH.—\$40,000,000; outstg., Dec. 31, 1978, \$27,858,000.

DATE—Apr. 1, 1971. DUE—Apr. 1, 1991.

INTEREST—J&D1 by mail to holders registered on 15th day prior to interest date.

TRUSTEE—Chase Manhattan Bank (N.A.), NYC.

DENOMINATION—Fully registered, \$1,000 and authorized multiples thereof.

CALLABLE—As a whole or in part, on at least 30 days' notice to each Mar. 31, incl., as follows:

1978 105.22 1979 104.82 1980 104.41 1981 104.01 1982 103.61 1983 103.21 1984 102.81 1985 102.41 1986 102.01 1987 101.61 1988 101.20 1989 100.80 1990 100.40 1991 100.00

Not callable, however, prior to Apr. 1, 1981 from money borrowed at an interest cost less than 8.18%. Also callable for sinking fund (which see) at par.

SINKING FUND—Semi-annually, each J&D1, Jan. 1, 1974-Jan. 1, 1991, to retire debts., cash (or debts.) equal to \$1,100,000; plus similar optional payments.

SECURITY—Not secured. Co. may not incur debt secured by mtgs. without securing debts. equally and ratably except for (a) any mtge. upon property of Co. under Co.'s general mtge., or (b) prior or permitted liens presently permitted under general mtge.

DIVIDEND RESTRICTION—Co. may not pay cash divs. on or acquire capital stock if amount of all divs. paid and amount paid for acquisition of capital stock after Dec. 31, 1969 exceeds aggregate amount of Co. net income after Dec. 31, 1969 plus \$15,000,000.

ADDITIONAL DEBT—Same as deb. 5 1/2% due 1982.

RIGHTS ON DEFAULT—Trustee or 25% of debts. outstg. may declare principal due and payable (30 days' grace for payment of interest).

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66 2/3% of debts. outstg.

PURPOSE—Proceeds to pay debt.

OFFERED—(\$40,000,000) at 99½ (proceeds to Co., 98½) on Mar. 18, 1971 thru Dillon, Read & Co., Inc. and associates.

8. Texas Gas Transmission Corp. debentures 8½%, due 1984:

Rating—A

AUTH.—\$40,000,000; outstg., Dec. 31, 1978, \$40,000,000.

DATED—Apr. 1, 1974. DUE—Apr. 1, 1984.

INTEREST—A&O 1 by mail to holders registered M&S 15.

TRUSTEE—Chase Manhattan Bank (N.A.), NYC.

DENOMINATION—Fully registered, \$1,000 and multiples thereof.

CALLABLE—As a whole or in part, on at least 30 days' notice to each Mar. 31, as follows:

1978	105.33	1979	104.44	1980	103.55
1981	102.66	1982	101.77	1983	100.88
1984	100.00				

Not callable, however, directly or indirectly out of money borrowed at an interest cost of less than 8.865% per annum. Also callable for sinking fund (which see) at 100.

SINKING FUND—Semi-annually each A&O 1, Oct. 1, 1979-Oct. 1, 1983, to retire debts., cash (or debts.) equal to \$4,000,000; plus similar optional payments. Sinking fund designed to retire 90% of issue prior to maturity.

SECURITY—OTHER PROVISIONS—Same as deb. 8½%, due 1991.

PURPOSE—Proceeds to supplement funds available to Co. and its subsidiary, Texas Gas Exploration Corp., for acquisition of additional gas supplies, including the acquisition of leases, expanded exploratory operations, and advance payments for gas.

LISTED—On New York Stock Exchange.

OFFERED—(\$40,000,000) at 99.25 (proceeds to Co., 98.45) on Mar. 26, 1974 thru Dillon, Read & Co. Inc. and associates.

9. Texas Gas Transmission Corp. debenture 7½%, due 1988:

Rating—A

AUTH.—\$50,000,000; outstg., Dec. 31, 1978, \$50,000,000.

DATED—Oct. 1, 1976. DUE—Oct. 1, 1986.

INTEREST—A&O 1 to holders registered M&S 15, payable at office of trustee.

TRUSTEE—Chase Manhattan Bank (N.A.), NYC.

DENOMINATION—Fully registered, \$1,000 and multiples thereof.

CALLABLE—As a whole or in part at any time on at least 30 days' notice to each Sept. 30, as follows:

1977	107.25	1978	106.21	1979	105.18
1980	104.14	1981	103.11	1982	102.07
1983	101.04				

Not callable, however, prior to Oct. 1, 1983 thru refunding at interest cost less than 7.967% per annum. Also callable for sinking fund (which see) at 100.

SINKING FUND—Semi-annually, to retire debts., cash (or debts.) as follows: Apr. 1, 1979-Oct. 1, 1983, \$2,000,000; Apr. 1, 1984-Apr. 1, 1986, \$5,000,000; and on Oct. 1, 1986, \$5,000,000. Sinking fund designed to retire 90% of issue prior to maturity.

SECURITY—OTHER PROVISIONS—Same as deb. 8½%, due 1991.

DIVIDEND RESTRICTIONS—So long as any of the new debts. are outstg. Co. will not declare or pay any div. or make any other distribution upon its capital stock ranking junior to its pfd. stock, second pfd. stock and pref. stock as to divs. or distribution of assets on liquidation or acquire any of the capital stock of Co. if the cumulative aggregate amount of all divs. and distributions declared or paid on the capital stock and the amount paid for the acquisition of capital stock subsequent to Dec. 31, 1969 exceeds the aggregate amount of the net income of Co. subsequent to Dec. 31, 1969 plus \$15,000,000, the amount of any such div., distribution or payment made in property or assets other than cash to be deemed to be the net book value of such property or assets.

OTHER PROVISIONS—The indenture will provide that so long as any of the new debts. are outstg., Co. will not make any investment unless, after giving effect to the making thereof, funded debt shall not be more than 75% of capitalization after deducting investments from such capitalization.

LISTED—On New York Stock Exchange.

PURPOSE—Proceeds to supplement the funds available to Co. for the acquisition of additional gas supplies and other corporate purposes.

OFFERED—(\$50,000,000) at 99.375 (proceeds to Co., 98.575) on Sept. 22, 1976 thru Dillon, Read & Co. Inc. and associates.

10. Loan Agreement: In connection with advance payment commitments, Company entered into a Loan Agreement with an insurance company, dated as of May 1, 1976, for the private placement of \$28,500,000 of 9.317% Notes, due Dec. 31, 1985, to provide, in part, funds for this advance payment. As of Dec. 31, 1978, the Company had outstanding \$11,092,000 under this Loan Agreement.

11. Other Debt: Outstanding Dec. 31, 1978, \$39,865.

\$41,996 other debt payable.

12. Subsidiary Debt Outstanding Dec. 31, 1978, \$198,554,660 comprising:

(1) \$32,000,000 bank credit agreement.

(2) \$35,000,000 7½% term bank loan due Dec. 31, 1979.

(3) \$30,000,000 term bank loan due 1979 through 1988 (interest rate 9% as of Dec. 31, 1978).

(4) \$69,652,000 U.S. Government guaranteed ship financing bonds, due through 2002, 7.10% to 8.50%.

(5) \$11,902,660 other mortgages, notes, etc., at an average interest rate of 9.40% at Dec. 31, 1978 due thru 1998.

The bank credit agreement of American Commercial Lanes, Inc. (ACL) provides that the amount which may be borrowed under the agreement is the lesser of (a) specified percentages of the book value of certain assets of ACL and its subsidiaries, or (b) the maximum commitment amount specified in the agreement. At Dec. 31, 1978, the maximum amount which may be borrowed under the agreement was \$80,000,000. The credit agreement is renewable each July 31, but, upon termination, the balance will be repayable over six years beginning six months subsequent to the termination date. The interest rate is ¼% above the lending bank's prime rate and there is a commitment fee of ¼% of the average daily unused amount available under the agreement.

CAPITAL STOCK

1. Texas Gas Transmission Corp. 4.96% cumulative preferred; par \$100:

AUTHORIZED—All series, 300,000 shares; outstanding, this series, Dec. 31, 1978, 12,181 shares; par \$100.

PREFERENCES—Has equal preference with other series for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$4.96 per share annually, payable quarterly, Jan. 1, etc., to stock of record about Dec. 15, etc.

DIVIDEND RECORD—Initial quarterly dividend of \$1.24 paid Dec. 31, 1954 and regularly thereafter.

DIVIDEND RESTRICTION—Company may not pay cash dividends on junior stock in excess of available net earnings since Dec. 31, 1950, nor if thereafter net assets are less than 2½ times total par of preferred and prior stock outstanding.

After Oct. 1, 1959, no dividends may be paid on junior stock unless on or before preceding Oct. 1 company has retired the number of preferred shares which, in the absence of any restrictions, would have been required to be retired by such date for sinking fund.

VOTING RIGHTS—Has no voting power unless 4 quarterly dividends are in arrears, when preferred voting as a class is entitled to elect two directors (or one-fourth of directors, if greater).

Consent of 66⅔% of preferred necessary to change terms of preferred adversely, or authorize any prior stock.

Consent of majority of preferred necessary to (1) authorize any equal stock, (2) voluntarily liquidate, or (3) transfer all property, merge or consolidate, except as provided, or (4) issue additional preferred, except as below.

ADDITIONAL PREFERRED—May be issued on terms fixed by directors, subject to provisions of second preferred, provided thereafter (1) net earnings available for interest and dividends for 12 consecutive of 15 preceding months are at least 1½ times annual requirements for interest on debt and preferred dividends, and (2) net assets (as defined) are at least 2½ times total par (or involuntary liquidation) value of preferred and prior stock.

No additional shares of this series may be issued after Sept. 30, 1958.

VOTING RIGHTS, ADDITIONAL PREFERRED—Same as 5.40% preferred. No additional shares of this series may be issued after Sept. 30, 1958.

LIQUIDATION RIGHTS—In liquidation, entitled to \$100 per share if involuntary and redemption price if voluntary; plus dividends.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on 30 days' notice at any time at \$100 and dividends.

Also callable at \$100 per share and dividends for sinking fund at any time after Oct. 1, 1958.

SINKING FUND—Annually beginning with year ending Oct. 1, 1959, to retire 4% preferred shares outstanding Oct. 1, 1958 by purchase at not exceeding \$100 per share or by call at such price; or if such retirement is prevented by any charter or mortgage provision, deficit shall be made good in first period such restrictions permit. Preferred acquired other than for fund may be credited against next requirements. Shares retired for sinking fund may be reissued as other series.

PURPOSE—Proceeds to repay bank notes payable and 4% note of Louisiana Natural Gas Corp. and for general corporate purposes.

TRANSFER AGENT—Chemical Bank, New York.

REGISTRAR—Chase Manhattan Bank, New York.

DIVIDEND DISBURSING AGENT—Co.

OFFERED—(75,000 shares) at \$100 per share (proceeds to company, \$97 per share) on Sept.

28, 1954 by Dillon, Read & Co., Inc., New York, and associates.

TRADED—OTC.

2. Texas Gas Transmission Corp. 8.378% cumulative preferred; par \$100:

AUTHORIZED—All series, 300,000 shares; outstanding, this series, Dec. 31, 1978, 80,300 shares; par \$100.

PREFERENCES—Has equal preference with other series for assets and divs.

DIVIDEND RIGHTS—Entitled to cum. cash divs. of \$9.37½ a sh. annually, payable quarterly Jan. 1, etc.

DIVIDEND RECORD—Initial dividend of \$2.34½ per share paid July 1, 19 0; regular quarterly dividends paid thereafter.

DIVIDEND RESTRICTION—Same as 4.96% cum. pfd.

VOTING RIGHTS—Same as 4.96% cum. pfd.

LIQUIDATION RIGHTS—In liquidation, entitled to \$100 a sh. if involuntary, call price if voluntary.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part to each Mar. 31 incl., as follows:

1978	107.37	1979	106.70	1980	106.03
1981	105.36	1982	104.69	1983	104.02
1984	103.35	1985	102.68	1986	102.01
1987	101.34	1988	100.67	1989	100.00

Also callable for sinking fund (which see) at par.

SINKING FUND—Annually, within each 12 month period ending Apr. 1, 1976-89, Co. is to call or purchase at not exceeding \$100 a sh. plus divs., 6.5% of shs. outstg. on Apr. 1, 1975; balance of outstg. shs. must be called or purchased by Apr. 1, 1990. If such acquisitions are prevented by any mtge. or charter provision, deficit shall be made good in 1st period such restrictions permit.

ADDITIONAL PREFERRED—Same as 4.96% cum. pfd.

TRANSFER AGENT—Chemical Bank, NYC.

REGISTRAR—Chase Manhattan Bank, N.A., NYC.

PURPOSE—Proceeds, together with proceeds from deb. sale and treasury funds to reduce short term debt.

OFFERED—(100,000 shs.) at \$100 a sh. (proceeds to Co. \$98.50) on Mar. 24, 1970 thru Dillon, Read & Co., Inc. and associates.

TRADED—OTC.

3. Texas Gas Transmission Corp. 8.28% cumulative preferred; par \$100:

AUTH. & OUTSTG.—Mar. 15, 1979, 200,000 shares; par \$100. Held privately.

PREFERENCES—Has equal preference with other series for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$8.25 per share annually, payable quarterly Jan. 1, etc., to stock of record about Dec. 15, etc.

DIVIDEND RECORD—Initial dividend of \$0.36½ per sh. paid Apr. 1, 1979 for period Mar. 15-Mar. 31; regular quarterly dividends paid thereafter.

DIVIDEND RESTRICTION—None.

VOTING RIGHTS—Same as 4.96% cum. pfd.

LIQUIDATION RIGHTS—Same as 4.96% cum. pfd.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part after Apr. 1, 1984, to each Mar. 31, incl., as follows: 1985, 103.67; 1986, 102.73; 1987, 101.83; 1988, 100.92.

Also callable for sinking fund (which see) at par.

SINKING FUND—Annually, within each 12 month period ending Apr. 1, 1983-89, Co. is to call at \$100 plus dividends, 40,000 shares. No optional redemption or purchase or other acquisition of such shares shall constitute a requirement in lieu of or as a credit against the sinking fund requirement. If redemption is prevented by any mtge. or charter provision, deficit shall be made good in 1st period such restrictions permit.

ADDITIONAL PREFERRED—Same as 4.96% cum. pfd.

DIVIDEND DISBURSING AGENT—Company.

PURPOSE—General corporate purposes.

4. Texas Gas Transmission Corp. 81.56 cumulative convertible preference; par \$5:

AUTHORIZED—All series, 5,000,000 shares; outstanding, this series, Dec. 31, 1977, 396,308 shares; par \$5.

PREFERENCES—Has preference after preferred stock for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$1.50 per share annually, payable quarterly, Mar. 15, etc.

DIVIDEND RECORD—Initial dividend of \$0.12½ per share paid June 15, 1968; regular quarterly dividends paid thereafter.

CALLABLE—In whole or in part beginning May 15, 1973 at \$31.50 per share with price declining \$0.30 each May 15 thereafter to \$30 per share May 15, 1978 and thereafter.

LIQUIDATION RIGHTS—In liquidation entitled to \$31.50 per share, plus dividends, to May 15, 1973 and redemption price (see above) thereafter if involuntary and \$16.50 per share, plus dividends, if involuntary.

VOTING RIGHTS—Has one vote per share except on default of six quarterly dividends

when preference, voting separately as a class, is entitled to elect two directors.

Consent of 66 2/3% of pref. shs. necessary to (1) create prior stock; (2) increase authorized shs.; (3) change terms adversely.

CONVERTIBLE—Into common at rate of one common share for each preference share (not adjusted for 2-for-1 split Sept. 15, 1979). Conversion privilege protected against dilution.

TRANSFER AGENT—Chemical Bank, New York.

REGISTRAR—Chase Manhattan Bank, N.A., New York.

PURPOSE—Issued May 15, 1968 in exchange for common shares of American Commercial Lines, Inc. under terms of merger.

LISTED—On NYSE (Symbol: TXG Pr).

8. Texas Gas Transmission Corp. common stock; par \$5.
AUTHORIZED—12,000,000 shares; outstanding, Dec. 31, 1978, 9,892,596 shares; reserved for conversion of preference shares, 396,308 shares; par \$5.

Shares reclassified from no par to \$5 par, share for share, June 28, 1948; \$5 par shares split 3-for-2 May 20, 1966 and 2-for-1 Sept. 15, 1979.

DIVIDEND RESTRICTIONS—See long term debt and preferred stock, above.

DIVIDEND—(payments since 1947 follow):

On \$5 par shares:
 1948-51 Nil (1952-58 \$1.00 1959 1.25
 1960 \$1.42 1/2 1961 1.50 1962 1.60
 1963 1.65 1964 1.77 1/2 1965 1.90
 1966 0.97 1/2

On \$5 par shares (after 3-for-2 split):
 1966 0.67 1967 1.40 1968 1.43 1/2
 1969-70 1.48 1971 1.52 1972 1.56 1/2
 1973 1.62 1974 1.73 1975 1.85
 1976 1.97 1977 2.30 1978 2.58
 1979 1.32

Also 2% in stock each year 1953 to 1958 incl. (to June 15).

VOTING RIGHTS—Has one vote per share.

PREFMPTIVE RIGHTS—None.

ISSUED—To Pennsylvania Industries (204,902 shares), W.J. Rainey, Inc. (360,250

shares) and Vulcan Land & Development Co. (186,938 shares) in exchange for all outstanding preferred and common stock of Kentucky Natural Gas Corp.

(625,000 shares) sold privately July 1, 1948 at \$8 per share.

(314,769 shares) issued in conversion of \$2,346,000 debenture 2 1/4%, 1967, July 1, 1948.

(513,293 shares) exchanged in merger Mar. 31, 1948, with holders of 456,260 common shares of Memphis Natural Gas Co.

(218,625 shares) offered on Aug. 17, 1949 by Dillon, Read & Co., Inc., New York, and associates at \$12 per share. Offering did not represent company financing.

(193,306 shares) offered at \$18.25 per share on Mar. 29, 1950, by Dillon, Read & Co., Inc., New York, and associates. Offering did not represent company financing.

(26,400 shares) issued in exchange for 26,400 shares of Louisiana Natural Gas Corp. in 1950.

(350,000 shares) offered Aug. 13 1952, at \$17.375 per share by Dillon, Read & Co., Inc., New York, and associates. Proceeds used to repay \$3,500,000 bank loans and defray construction costs.

(200,000 shares) offered Mar. 17, 1954, at \$17.25 per share by Dillon, Read & Co., Inc., New York, and associates. Offering did not represent company financing.

(40,000 shares) issued from time to time under options granted key employees in May, 1951.

(307,162 shares) issued from time to time as stock dividends in years 1953-58 incl.

(71,000 shares) issued in 1958, thru 1966 prior to 3-for-2 split and 4,769 shares issued subsequent to split as a result of stock options granted key employees in Feb., 1958.

(300,000 shares) offered on Feb. 8, 1961, by Dillon, Read & Co., Inc., New York, and associates, at \$37.25 per share. Proceeds for 1961 construction.

(448,797 shares) issued in 1961, 1962, 1963, 1964 and 1965 as a result of conversion of 5 1/2% Convertible Series, Second Preferred Stock.

(404,500 shares) offered July 17, 1965 at \$45.625 per share by Dillon Read & Co., Inc., New York and associates. Offering did not represent company financing.

(1,875,698 shares) issued in 1966 as result of 3-for-2 stock split.

(2,890 shares) issued in 1964, 1965 and 1966 prior to 3-for-2 split and 8,415 shares issued subsequent to split as a result of stock options granted key employees in Jan. 1962.

(14,420) shares, issued 1970 thru 1978 as a result of common stock options granted key employees in May, 1969.

(2,892,434) shares issued 1968 thru 1978 as a result of conversion of \$1.50 convertible preference stock.

(30,360) shares, sold privately, July 15, 1969 at \$27.25 per share.

(27,261) shares, sold privately, July 31, 1969 at \$26.125 per share.

(331,473) shares, offered Sept. 22, 1970, at \$35.50 per share by Dillon, Read & Co., Inc., New York, and associates. Offering did not represent company financing.

(500,000) shares offered Mar. 18, 1971, at \$35.00 per share by Dillon, Read & Co., Inc., New York and associates (proceeds to company \$33.60 a sh.). Proceeds to retire interim loans and finance 1971 construction.

(150,000) shares issued Sept. 10, 1975 in exchange for stock of TransAgra Corp.

(650,000) shares issued Oct. 6, 1976, in exchange for stock of All-American Transport, Inc.

TRANSFER AGENTS—Chemical Bank, New York; Harris Trust & Savings Bank, Chicago; National Trust Co., Ltd., Calgary, Alberta, Canada.

DIVIDEND DISBURSING AGENT—Company.

REGISTRARS—Chase Manhattan Bank, New York; Northern Trust Co., Chicago; Montreal Trust Co., Calgary, Alberta, Canada.

LISTED—On NYSE (Symbol: TXG); also listed on Midwest, Pacific and Calgary Stock Exchanges. Unlisted trading on Philadelphia S.E.

TEXAS UTILITIES COMPANY

CAPITAL STOCK	Par Value	Amount Outstanding	Earned per Sh.	Divs. per Sh.	Call Price	Price Range	
Issue	No par	1978	1977	1978	1977	1978-1977	
1. Common		\$79,026,787 shs.	\$2.34	\$2.40	\$1.49	\$1.38	22 1/2% - 18

(1) Based on consolidated accounts and on average shares outstanding.

HISTORY
 Incorporated Sept. 4, 1945 in Texas, and acquired from its parent company, American Power & Light Co., all common stock of Texas Power & Light Co., and Texas Electric Service Co. together with cash sufficient to purchase 91% of the common stock of Dallas Power & Light Co. On organization the SEC held the system as integrated as required by the Holding Company Act.
 For details of distribution of stock see American Power & Light Co. in Moody's 1950 Public Utility Manual.

MANAGEMENT
Officers
 T.L. Austin, Jr. Chmn. & Chief Exec.
 H.B. Hulsey, Jr., Pres.
 P.G. Brittain, Exec. Vice-Pres.
 W.H. Harrison, Jr., Exec. Vice-Pres.
 L.S. Turner, Jr., Exec. Vice-Pres.
 R.E. Fonville, Secy. & Asst. Treas.
 H.A. Horn, Treas. & Asst. Secy.
Directors
 (Showing Principal Corporate Affiliation)
 T.L. Austin, Chmn. of the Bd. & Chief Exec. of Co.
 R.K. Campbell, Pres. & Chief Exec., Texas Power & Light Co.
 J.S. Farrington, Pres. & Chief Exec., Dallas Power & Light Co.
 W.M. Griffin, Exec. Vice-Pres., Dir. & Chmn. of Fin. Comms., Hartford Fire Insurance Co. and Suba.
 Burt B. Hulsey, Jr., President of Co.
 W.G. Marquardt, Pres. & Chief Exec., Texas Electric Service Co.
 Abner V. McCall, President of Baylor University, Dir. of Citizens National Bank of Wayco, The First Federal Savings and Loan Association of Wayco and Texas Power & Light Co., a subsidiary of Company.
 J.C. Pace, Jr., Chmn. of Bd., Pres. & Dir., Kimbell, Inc.
 Charles N. Prothro, Owner, Perkins-Prothro Co., Chmn. of Bd., City National Bank, Wichita Falls, Tex.
 William M. Seay, Chmn. of Bd. & Pres., Southwestern Life Corp.; Chmn. & Chief Exec. Off., Southwestern Life Ins. Co.

Shareholder Relations: Don J. Hampton, Director of Corporate Affairs for Texas Utilities Company and Vice-President of Texas Utilities Services Inc. Tel: (214)653-4632.
Director Meetings: Third Friday of Feb., May, Aug. and Nov.
Annual Meeting: Third Friday in May at Dallas.
Auditors: Deloitte Haskins & Sells.
No. of Stockholders: Dec. 31, 1978, 59,900.
No. of Employees: Dec. 31, 1978, 11,481.
Office: 2001 Bryan Tower, Dallas, TX 75201. Tel: (214)653-4600.

BUSINESS
 A holding company. At Dec. 31, 1978, operating subsidiaries generated and distributed electricity in adjoining, interconnected service areas in north central, east and west Texas having an estimated population of more than 4,000,000 including Dallas, Fort Worth, Waco, Wichita Falls, Tyler, Midland, Odessa, Arlington, Irving, Grand Prairie, Mesquite, Richardson, Killeen, Sherman, Denison, Paris, Lufkin, Brownwood, Temple and 323 other incorporated municipalities.
Industrial Revenue (in thousands):

	1977	1978
Apparel etc.	\$5,050	\$4,390
Chemical products	21,651	18,759
Electrical mach.	22,165	18,946
Food products	26,157	22,465
Metal products	13,814	11,435
Furniture, etc.	2,691	2,173
Lumber	7,858	6,692
Mach. ex. elec.	13,617	10,905
Paper products	14,438	12,392
Petroleum	90,664	65,504
Primary metal	72,195	66,571
Printing	7,418	6,299
Rubber & plastic	14,347	11,984
Stone, clay & glass	32,634	26,741
Textile	11,294	11,230
Aircraft & parts	4,408	1,205
Motor vehicles	12,936	19,120
Other		
Total	\$174,456	\$110,811

SUBSIDIARIES
 As of Dec. 31, 1978, owned directly or indirectly the following percentages of common stock of its subsidiaries:

(1) Dallas Power & Light Co. (99.62%)
 (2) Texas Electric Service Co. (100%)
 Old Ocean Fuel Co. (100%)
 (3) Texas Power & Light Co. (100%)
 Texas Utilities Services Inc. (100%). Furnishes engineering, financial and other services at cost to the System companies.
 Texas Utilities Fuel Co. (100%). Owns a natural gas pipeline system, acquires, stores, and delivers fuel gas and oil and provides other fuel services for the three electric utility subsidiaries for generation of electric energy.
 Texas Utilities Generating Co. (100%). Acts as agent for the three electric utility subsidiaries in the operation of their jointly owned generating stations and furnishes related services; also operates for account of Aluminum Co. of America, a lignite-fueled generating station near Rockdale, Tex.
 Chaco Energy Co. (100%). Organized to own and operate facilities for the acquisition, production and delivery of coal and other fuels.
 Basic Resources, Inc. (100%). Engages in the development of natural resources, primarily energy sources, and related technology and services.
 See statements appended.

PHYSICAL PROPERTIES
 Company owns no electric plant or real property. The three electric utility subsidiaries own and operate twenty-three generating stations having a net capability of 16,587 megawatts. Forty-eight generating units with a net capability of 9,334 megawatts use natural gas as the primary fuel and are designed to use fuel oil for short periods when the gas supply is interrupted or curtailed; five units with a net capability of 2,680 megawatts are designed to burn gas or oil on a continuous basis; seven units with a net capability of 4,550 megawatts use lignite as fuel; and thirteen units with a net capability of 23 megawatts are diesel and use oil. In addition, one electric utility subsidiary purchases 95 megawatts of firm power from other sources.
 The principal generating facilities and load centers of the three companies are connected by 2,852 circuit miles of 345,000 volt transmission lines and 5,537 circuit miles of 138,000 and 69,000 volt transmission lines.
 Interconnected electric systems of three companies are connected by two 345,000 volt circuits to Houston Lighting & Power Company; by five 138,000 volt and eight 69,000 volt lines to West Texas Utilities Co.; by one 345,000 volt, three 138,000 volt and two 69,000 volt lines to Lower Colorado River Authority; and at several points with smaller systems operating wholly within Texas. The electric utility subsidiaries are members of the Texas Interconnected System and of the Electric Reliability Council of Texas, the regional reliability coordinating organization for electric power systems in Texas. (See Regulation, below.)
 During the period from Jan. 1, 1974 to Dec. 31, 1978, the subsidiary companies made gross property additions of \$3,207,184,000 and retirements of property aggregating \$116,786,000. Such gross additions amounted to 54.7% of utility plant at Dec. 31, 1978.
Construction Programs: Construction programs of subsidiary companies for 1979, 1980 and 1981 are estimated to require expenditures as follows (in millions):

	1979	1980	1981
Electric property:			
Production	\$398	\$315	\$375
Transmission	59	74	53
Distribution	89	101	116
General	13	14	16
Fuel facilities:			
Gas	17	6	6
Lignite	97	56	49
Total	673	566	615
AFUDC	64	87	60
Total construction expenditures	\$737	\$653	\$675

Such expenditures do not include:
 Nuclear fuel \$38 \$25 \$44
 Non-utility property 7 42 15

The subsidiary companies are subject to federal, state and local regulations dealing with environmental protection. Estimated construction expenditures for lignite-fueled generating units include approximately \$29,000,000 for 1979, \$16,000,000 for 1980, and \$47,000,000 for 1981, for additional items of equipment contributing to the protection of the environment.
 Additional generating units (production plant) now in design or under construction, and the year each is scheduled for service, are as follows:

Ownership	Station	Fuel	Unit No.	Year	Net Cap. Sched.
(1) Jointly Owned	(2) Martin Lake	Lignite	3	1979	
Texas Power	Sandow Forest	Lignite	4	1981	
(3) Jointly Owned	Grove	Lignite	1	1984	
(4) Jointly Owned	Martin Lake	Lignite	4	1985	
Texas Power	Twin Oak	Lignite	1	1984	
(5) Jointly Owned	Comanche Peak	Nuclear	2	1983	

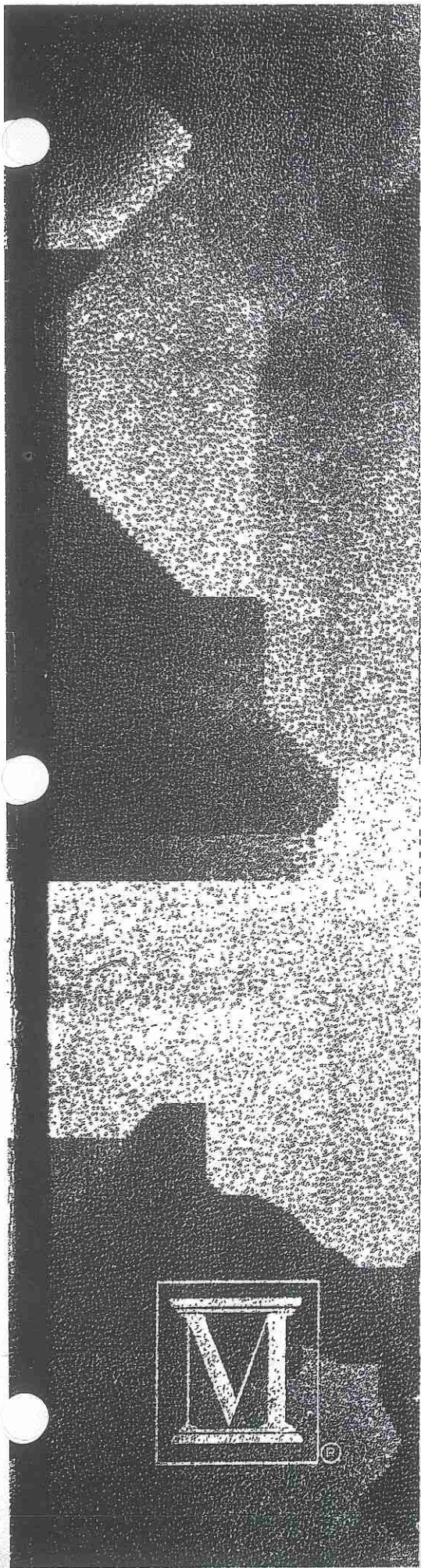
(1) By the electric utility subsidiaries; except Comanche Peak which also reflects the anticipated 6.2% participation of Texas Municipal Power Agency.
 (2) Subject to approval of various regulatory agencies, including the Nuclear Regulatory Commission (NRC) in the case of Comanche Peak.
 (3) Capacity owned in a joint project with Alcoa.
 (4) Commercial operation commenced in Apr., 1979.
 In Oct. 1973, certain municipal and governmental systems indicated a desire to participate in the ownership of the Comanche Peak nuclear station. In December 1977, the electric utility subsidiaries of the Company entered into a letter of intent with the Texas Municipal Power Agency (TMPA) and Brazos Electric Power Cooperative, Inc. (BEPC) setting forth the understanding pursuant to which Dallas Power will sell a 6.2% interest in said station and fuel to TMPA and a similar interest of 3.8% to BEPC. Sale of the aforementioned interests is subject to NRC approval and, if both sales are consummated, will reduce the percentage ownership of Dallas Power in such station from 33 1/4% to 23 1/4%, with the interests of Texas Electric and Texas Power remaining unchanged at 33 1/4% each. Under the terms of the letter of intent the understandings as to BEPC are still subject to negotiation, which is underway. A detailed joint ownership agreement between the parties, other than BEPC, in respect of the transaction was executed on Jan. 2, 1979, subject to NRC approval.
 In Jan. 1976, West Texas Utilities Company (WTU), a Central and South West Corporation subsidiary (See Regulation) also expressed an interest in acquiring an ownership interest in Comanche Peak. In Feb. 1976, WTU addressed a letter to the (NRC) stating that it had attempted unsuccessfully to negotiate for an interest in Comanche Peak and that any approval of a transfer of an interest therein to the municipal and governmental systems referred to above, without consideration of the desire of WTU to acquire an interest in Comanche Peak, would create a situation contrary to the public interest and the antitrust laws, and that environmental considerations are involved. WTU requested a hearing on the matter prior to any action on such transfer and such request is pending.
 The effects of inflation on construction costs and reevaluation of growth expectations by System companies may require changes in estimated completed costs and completion dates for certain generating units in design or under construction. Actual expenditures and dates of completion may further vary because of other uncertain factors such as weather conditions, licensing delays, and availability of fuel, labor, materials and capital. At Dec. 31, 1978, construction of additional generating units and other major projects was on schedule in-service dates. Commitments in connection with construction programs, principally for generating plants and related facilities, are generally revocable by the System companies subject to reimbursement to manufacturers for expenditures incurred or other cancellation penalties.

FUEL SUPPLY
 Net input to the System for 1978 was 57,276 million kilowatt-hours of which 57,196 million was generated in System stations. During this period, 626,382,396 million Btu's of fuel were consumed for electric generation at an average cost of 100.1¢ per million Btu. A comparison of the unit costs of fuel consumed and the fuel mix for electric generation during the last seven years is shown below:

	Unit Cost Per Million Btu			
	Gas	Oil	Lignite	Average
1972	27.1¢	66.8¢	21.6¢	27.3¢
1973	30.9	98.5	13.7	30.4
1974	43.5	148.8	18.1	31.6
1975	73.0	191.0	23.9	61.1
1976	101.0	229.4	28.8	78.5
1977	123.5	186.5	39.5	97.1
1978	137.0	202.4	46.7	100.1

(1) Lignite cost per ton: \$3.01 for 1972; \$1.92 for 1973; \$2.53 for 1974; \$3.12 for 1975; \$3.75 for 1976; \$5.21 for 1977; and \$6.28 for 1978.
Electric Generation By Fuel Consumed

	Gas	Oil	Lignite	Total
1972	92.0%	1.2%	6.2%	100.0%
1973	81.7	3.2	15.1	100.0
1974	82.0	2.1	15.9	100.0



1989
VOLUME 1

Deficit	2,055	492
Stkhd. eq.	8,276	10,029
Reacq. stk.	172	172
Net stkhd. eq.	8,104	9,857
Total		
Net curr. assets	24,649	23,272
Deprec.	4,867	6,537
At lower of cost or mkt. Shs. at cost: 1981, 55,000; 1980, 53,000. Current instalment of note receivable from sale of business. Incl. \$41,000 (1980), \$1,050,000 notes receivable from sale of business excluding current instalments.	1,274	1,075

Note: Above 1980 statements restated to correct previously reported refundable income taxes.

Long-Term Debt: Outstg. May 2, 1981, \$8,373,000 comprising:
 (1) \$612,000 capitalized lease obligations.
 (2) \$4,090,000 9% secured note, payable in equal quarterly instalments beginning Nov. 1, 1982 through May 1, 1997.
 (3) \$3,500,000 7 1/4% Industrial Revenue Bond payable Feb. 1983-93.
 (4) \$171,000 other debt.

Capital Stock: Trane/Tralford Industries Inc. common par \$0.10:
 Auth., 15,000,000 shs.; outstg., May 2, 1981, 3,459,000 shs.; in treasury 55,000 shs.; reserved for options, 412,616 shs.; par \$0.10.
 Has one vote per sh.; no preemptive rights.
 Dividends Paid (calendar year):
 1977 \$0.09 1978-80 \$0.12 1981 \$1.10
 Also paid stk. divs.: Jan. 26, 1981, 4%

Transfer Agent & Registrar: Chemical Bank, New York.
 Offered (537,728 par shs.) at \$3.50 a sh. on Nov. 30, 1972 thru Wertheim & Co., Inc. and Kidder, Peabody & Co., Inc. and associates. Proceeds of 400,000 shs. for Co. account to repay bank debt and augment general funds.
 Offered (100,000 shs.) at \$3 per sh. on Aug. 27, 1969 thru Samuel Weiss & Co., Inc. Proceeds for expansion and general purposes.
 Listed: On ASE (Symbol: TRF).
 Price Range: 1981 1980 1979 1978 1977
 High 3 1/4 7 3/4 6 3/4 4 3/4 5 3/4
 Low 1 5/8 2 1/2 3 1/2 2 3/4 3 3/4

TRANE CO.

History: Incorporated in Wisconsin, April 5, 1913. Business established in 1885.
 In Jan. 1971, acquired Artice Traveler and formed Transport Div.
 In May, 1973, acquired Coldex Industria E Comercio S.A.
 In Dec. 1973, acquired Thermal Research Division from Cordon International Corp.
 In Oct. 1978, acquired Sentinel Electronics Corp. & formed Building Systems group.
 In Nov. 1978, acquired Service First, Inc.
Business: Principal business of Co. is development, manufacture and sale of air conditioning equipment designed for use in central air conditioning systems for commercial, institutional, industrial and residential buildings. Such products cool water and cool, heat, humidify, dehumidify, move and filter air. Other products developed, manufactured and sold by Company include air conditioning equipment for buses and rapid transit vehicles, refrigeration equipment for trucks and trailers, and special purpose heat transfer and pollution control equipment and other products for use in variety of industrial and process applications.

Property

Manufacturing plants located as follows:
Domestic:
 Burlington, Ia. Montgomery, Ala.
 Clarksville, Tenn. Rushville, Ind.
 Conshohocken, Pa. Salt Lake City, Utah
 La Crosse, Wis. Scranton, Pa.
 Lexington, Ky. Charlotte, N.C.
 St. Paul, Minn. Jackson, Tenn.
International:
 Epinal, France Sydney, Australia
 Johannesburg, South Africa
 Sao Paulo, Brazil Toronto, Canada
 Charmes, France

Subsidiaries

Domestic:
 Trane Sentinel, Inc., St. Paul, Minn.
International Manufacturing:
 Coldex, Trane, Sao Paulo, Brazil
 Societe Trane, Paris, France
 Trane Co. of Australia, Sydney
 Trane Co. of Canada, Toronto
 Trane Limited, Donibristle, Scotland
 Trane Southern Africa, Johannesburg
International Export:
 Trane DISC
 Trane S.A.
 Trane Western Hemisphere

Officers

W.G. Roth, Chmn. & Chief Exec. Off.
 R.J. Campbell, Pres. & Chief Oper. Off.
 G.H. Kerckhove, Exec. Vice-Pres.
 Vice-Pres. & Gen. Mgrs.
 G.R. Horton P.B. Clayton
 G.G. Pearse D.D. Smith
 R.J. Sullivan
 W.H. Bast, Vice-Pres. (Adm.)
 J.L.M. Holman, Vice-Pres. (Eng. & Res.)
 J.H. Shuey, Treas.
 R.M. Evans, Controller
 J.C. Workman, Vice-Pres. (Fin.)

R.J. Sullivan, Vice-Pres. (Hum. Res.)
 A.A. Sachs, Sec. & Gen. Coun.
Directors
 W.J. Hood J.J. Cantu
 R.J. Campbell DeWitt Peterkin, Jr.
 F.H. Trane R.C. Cosgrove
 Louis Fernandez S.A. Casey
 Thomas Hancock R.G. Cleary
 W.G. Roth R.A. Young
 D.C. Minard J.F. Lardner

General Counsel: J.C. Workman
Auditors: Price Waterhouse.
Annual Meeting: 4th Thursday in April.
No. of Stockholders: Dec. 31, 1981, 4,401.
No. of Employees: Dec. 31, 1981, 10,700.
Office: 3600 Pammel Creek Rd., La Crosse, WI 54601. Tel: (608)787-2000.

Consolidated Income Account, years ended Dec. 31 (\$000 omitted):

	1981	1980	1979
Net sales	807,438	764,783	620,616
Cost of sales	516,087	500,008	404,261
Sell., etc., exp.	178,440	156,287	133,350
Engin., etc.	33,679	30,369	24,372
Interest	13,278	13,795	11,002
Income taxes	28,714	26,107	20,967
Incl. contin. oper.	37,240	38,217	26,658
Earn., com. share	\$3.65	\$3.76	\$2.57
Discontin. oper.:			
Oper. income	02,050	1,006	
Prov. loss	2,390		
Net income	37,240	33,777	27,664
Prev. ret. earn.	212,218	189,428	192,526
Com. divs.	12,642	10,987	9,757
Stk. split			21,005
Retain. earn.	\$236,816	212,218	189,428
Times chgs. earn.	5.97	5.67	5.33
Earn., com. sh.	\$3.65	\$3.32	\$2.67
Yr. end com. shs.	10,192,613	10,177,230	10,124,862
After \$22,248,000 (1980), \$18,528,000: 1979, \$16,378,000 depr. & amort. \$122,781,000 not restricted. As reported on aver. shares. Before inc. tax; on inc. from contin. oper. Reflects chng. in acq. method for fn. currency translations which increased net income by \$2,655,000 (\$0.26 a sh.).			

Consolidated Balance Sheet, as of Dec. 31 (\$000 omitted):

Assets:	1981	1980
Cash & equiv.	23,013	36,246
Receivables, net	171,970	173,012
Inventories	150,200	122,006
Prepayments	13,122	16,763
Total curr.	358,305	348,027
Net prop., etc.	162,625	138,962
Other assets	18,136	7,135
Exc. acc. cost	8,660	9,531
Total	539,726	503,655
Liabilities:		
Accts., etc., av.	118,498	115,143
Income taxes	11,240	7,888
Notes, etc., pay.	17,519	15,863
Divs. payable	3,465	3,053
Total curr.	150,722	141,947
Lg. tm. debt.	102,475	96,518
Def. Fed. inc. tax	14,328	13,639
Com. stk. (\$2)	20,385	20,354
Cap. exc. par val.	19,269	18,979
Currency exch. adj.	dr4,269	
Retain. earn.	236,816	212,218
Total	539,726	503,655
Net curr. assets	207,583	206,080
Net tang. com. sh.	\$25.86	\$23.80
Depr. & amort.	101,923	94,085
Lower cost (princ. lifo) or mkt.		

Long Term Debt: 1. Trane Co. 11% notes, due 1990.

Rating—A 2

AUTH.—\$50,000,000; outstg. Dec. 31, 1981, \$50,000,000.
DATED.—July 15, 1980. **DUE.**—July 15, 1990.
INTEREST.—J&J 15 to holders registered J&J 1.

TRUSTEE.—Manufacturers Hanover Trust Co.

DENOMINATION.—Fully registered, \$1,000 and any integral multiple thereof. Transferable and exchangeable without service charge.

CALLABLE.—As a whole or in part at any time on or after July 15, 1986 on at least 30 days notice at 100.

SECURITY.—Not secured. If Co. or any Restricted Subsidiary shall incur, assume or guarantee any Debt secured by a Mortgage on any Principal Domestic Manufacturing Property or on any shares of stock or Debt of any Restricted Subsidiary, the Company will secure, or cause such Restricted Subsidiary to secure, the Notes equally and ratably with such Debt, unless after giving effect thereto the aggregate amount of all such Debt so secured together with all Attributable Debt in respect of sale and leaseback transactions involving Principal Domestic Manufacturing Properties would not exceed 5% of the Consolidated Net Tangible Assets of the Company and its consolidated Subsidiaries. This restriction will not apply to, and there shall be excluded in computing secured Debt for the purpose of such restriction, Debt secured by (a) Mortgages on property of, or on any shares of stock or Debt of, any corporation existing at the time such corporation becomes

a Restricted Subsidiary, (b) Mortgages in favor of the Company or a Restricted Subsidiary, (c) Mortgages in favor of United States governmental bodies to secure progress or advance payments, (d) Mortgages on property, shares of stock or Debt existing at or incurred within 120 days of the time of acquisition thereof (including acquisition through merger or consolidation), purchase money Mortgages and construction Mortgages and (e) certain extensions, renewals, or replacements of Debt secured by any Mortgage referred to in the foregoing clauses (a) through (d), inclusive. The Indenture will not restrict the incurring of unsecured Debt by the Company or its Subsidiaries.

SALE AND LEASEBACK.—Neither Co. nor any Restricted Subsidiary may enter into any sale and leaseback transaction involving any Principal Domestic Manufacturing Property, which has been or is to be sold or transferred, more than 120 days after the acquisition thereof or the completion of construction and commencement of full operations thereof, unless (a) the Company or such Restricted Subsidiary could create Debt secured by a Mortgage on such property pursuant to Section 1007 in an amount equal to the Attributable Debt with respect to the sale and leaseback transaction without equally and ratably securing the Notes or (b) the Company, within 120 days, applies to the retirement of its Funded Debt an amount equal to the greater of (i) the net proceeds of the sale of the Principal Domestic Manufacturing Property leased pursuant to such arrangement or (ii) the fair value of the Principal Domestic Manufacturing Property so leased.

INDENTURE MODIFICATION.—Indenture may be modified, except as provided, with consent of 66 2/3% of notes outstg.
RIGHTS ON DEFAULT.—Trustee, or 25% of notes outstg. may declare principal due and payable (30 days' grace for payment of interest).

LISTED.—On New York Stock Exchange.

PURPOSE.—Proceeds will be used to reduce outstg. commercial paper.

OFFERED.—(\$50,000,000) at 99.750 plus accrued interest (proceeds to Co., 99.050) on July 23, 1980 thru Goldman, Sachs & Co. and associates.

PRICE RANGE.—1981, 86 1/2%-72 1/2%; 1980, 94 1/2%-90.

2. Trane Co. convertible subordinated debenture 4s, due 1992.

Rating—A 3

AUTH.—\$20,000,000; outstg., Dec. 31, 1981, \$11,415,000.

DATED.—Sept. 15, 1967. **DUE.**—Sept. 15, 1992.

INTEREST.—M&S 15 to registered holders.

TRUSTEE.—Morgan Guaranty Trust Co., NYC.

DENOMINATION.—Fully registered, \$1,000 and authorized multiples thereof.

CALLABLE.—As a whole or in part on at least 30 days' notice to each Sept. 14, incl., as follows:
 1980 101.60 1981 101.40 1982 101.20
 1983 101.00 1984 100.80 1985 100.60
 1986 100.40 1987 100.20 1992 100.00

Also callable for sinking fund (which see) at par.

SINKING FUND.—Annually, to retire debts. at par each Sept. 15, beginning 1977, cash (or debts.) equal to 3% of debts. outstg. Sept. 15, 1976; plus similar optional payments. Such payments are calculated to retire 75% of issue prior to maturity.

SECURITY.—Not secured; subordinated to all senior debt.

CONVERTIBLE.—Into com. at any time (if called, on or before redemption date) at \$36 a sh. No adjustment for interest or divs. except that debts. converted after record date and prior to interest payment date must be accompanied by an amount equal to such interest to which the registered holder is entitled to receive. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

RIGHTS ON DEFAULT.—Trustee, or 25% of debts. outstg. may declare principal due and payable (30 days' grace for payment of interest or sinking fund).

INDENTURE MODIFICATION.—Indenture may be modified, except as provided, with consent of 66 2/3% of debts. outstg.

LISTED.—On New York Stock Exchange.

PURPOSE.—Proceeds to repay debt.

OFFERED.—(\$20,000,000) at 100 (proceeds to Co., 98.75) on Sept. 20, 1967 thru Smith, Barney & Co., Inc., and associates.

PRICE RANGE.— 1981 1980 1979 1978 1977
 High 79 74 1/2 75 1/2 77 1/2 75
 Low 65 61 1/2 64 69 70 1/2

3. Other Long Term Debt: Outstanding Dec. 31, 1981 \$34,973,000.

(1) \$11,250,000 9 1/4% note, unsecured, due in annual installment of \$938,000 thru 1994.

(2) \$1,875,000 9 1/4% note, unsecured, due in annual installments of \$1,875,000 thru 1983.

(3) \$10,875,000 10% note, unsecured, due in annual installments of \$812,000 thru 1994 and \$1,125,000 in 1995.

(4) \$225,000 7.5% mortgage notes payable monthly to 1989.

(5) \$10,748,000 6.4% capitalized lease obligations due thru 1996.

Credit Agreements:
Under most restrictive provisions of the co.'s several borrowing agreements, long-term debt outstanding may not exceed an amount approximating consolidated shareholders' equity. In addition, retained earnings available for payment of cash dividends and purchases of Co.'s common stock are limited to an amount equal to the sum of \$122,781,000 and consolidated net earnings subsequent to December 31, 1981.

Capital Stock: Trane Co. common; par \$2; AUTHORIZED—30,000,000 shares; outstanding Dec. 31, 1981, 10,192,613 shs.; reserved for debenture conversion, 317,083 shares; par \$2. Par changed from \$100 to \$5 in 1936 by 20-for-1 split; changed from \$5 to \$2 in Feb., 1937, by 2½-for-1 split; \$2 par shares split 2-for-1 Oct. 30, 1964 and Feb. 1, 1979. VOTING RIGHTS—Has one vote per share. PREEMPTIVE RIGHTS—None. DIVIDEND RESTRICTIONS—See long-term debt above.

DIVIDENDS—
1937\$1.00 1938\$0.75 1939-41.....\$1.00
19420.62½ 19430.65 19440.80
19451.00 19461.00 1947-49.....2.00
19501.08½ 1951-60.....0.90 1961.....0.90
19620.95 19631.00 19641.05

After 2-for-1 split in 1964:
19650.65 1966-68.....0.80 19690.82½
1970-72.....0.90 1973-75.....0.96 19760.99
19771.15 19781.43 19790.46

After 2-for-1 split in 1979:
19790.69 19801.04 19811.20
1982.....0.34

Also stock dividends: 1951, 100%; 1954, 100%; 1956, 30%; 1961, 25%.
To Feb. 1.

OFFERED—(62,500 shares) at \$14.50 per share in March, 1937 by Barney Johnson & Co., Chicago.

LISTED—On NYSE (Symbol: TRA); also listed on Midwest Stock Exchange.

PRICE RANGE— 1981 1980 1979 1978 1977
High 30 27½ 23½ 45% 41½
Low 18½ 17½ 16¼ 31 30%

After 2-for-1 split; before, 45%—31.
Dividend Disbursing Agent: Morgan Guaranty Trust Co., New York.

Transfer Agents: Morgan Guaranty Trust Co., New York.

Registrar: Morgan Guaranty Trust Co., NYC.

TRANS-LUX CORP.

History: Incorporated in Delaware, Feb. 5, 1920, as Trans-Lux Daylight Picture Screen Corp. to succeed a business established in 1915; name changed to above on May 12, 1937. Active business began June 1, 1925.

Business: Co. is principally engaged in the business of producing, leasing and selling electronic teleprinters which are used as terminal equipment on Western Union's Telex and TWX networks and producing and leasing equipment for the display of stock and commodities markets quotations, financial and other news. It also leases other communications terminal devices. It also operates a chain of motion picture theatres, a multimedia presentation "The New York Experience" and is pursuing other technologically advanced forms of the entertainment media.

Property: Company has 61,000 sq. ft. plant at South Norwalk, Conn. used for research and development and production of leased equipment referred under "Business." Co. also leases lands and owns theatres in N.Y., Va., Okla., and Conn.

Subsidiaries

Saunders Realty Corp. (100%)
District Cinema Corp. (100%)
TLE Theatre Corp. (100%)

Co. has numerous other subsidiaries, all 100% owned, with "Trans-Lux" in title.

Officers

Richard Brandt, Chmn. & Chief Exec. Off.
Bud Levy, Pres. & Chief Oper. Off.
L.A. Credidio, Exec. Vice-Pres.
Victor Liss, Senior Vice-Pres.—Fin. Admins.
Vice-Pres., Sec. & Treas.
C.J. Holloman, Senior Vice-Pres.
T.M. Waltz, Senior Vice-Pres.
Albert Boyars, Vice-Pres.
F.N. Daniels, Vice-Pres.
T.M. Mesko, Vice Pres.
T.J. Anderson, Vice Pres.
O.J. Coyne, Jr., Vice Pres.

Directors

H.S. Modlin Buddy Levy
Richard Brandt Eugene Picker
R.F. Dirkes E.H. Meyer
Allan Fromme Melvin Starr
Robert Greenes

Annual Meeting: Last Thursday in April.
Auditors: Main Hurdman.
No. of Stockholders: Dec. 31, 1981, 1,900.
No. of Employees: Dec. 31, 1981, 550.
Office: 110 Richards Ave., Norwalk, CT 06854. Tel: (203)853-4321.

Consolidated Income Account, years ended Dec. 31 (\$000 omitted):

	1981	1980	1979
Gross inc.	25,480	20,477	17,554
Oper. exp.	16,568	13,945	12,061
Gross profit.	8,912	6,532	5,493
Equity in jt. vent., etc.	cr161	cr131	cr88
Gen. & admin. exp.	5,819	4,478	3,374
Balance	3,254	2,185	2,207
Interest, net	cr41	cr4	cr4
Gain prop. sold. ....	.....	35	67
Gain invest. sold. ....	.....	52	5
Total	3,295	2,596	2,283
Minority int.	14	38	15
Income taxes	971	335	397
Extrord. credit .....	.....	.....	285
Net income	2,310	2,222	1,955
Prev. retain. earn.	6,969	4,920	3,140
Dividends	174	173	175
Retained earn.	9,105	6,969	4,920
Ret. com. shs.	\$1.27	\$1.24	\$1.10
Yr. end com. shs.	1,705,590	1,747,190	1,688,494

Consolidated Balance Sheet, as of Dec. 31 (\$000 omitted):

	1981	1980
Assets:		
Cash & equiv.	1,894	1,366
Receiv., net.	1,291	1,267
Inventories	409	286
Total current	3,594	2,918
Net prop., etc.	11,220	10,713
Invest., etc.	6,579	5,410
Def. chgs., etc.	1,268	1,329
Exc. acq. cost	169	185
Total	24,104	21,097
Liabilities:		
Accts., etc., pay.	1,960	1,455
Income taxes	98	24
Debt due	64	55
Total current	2,122	1,534
Cv. deb. 5s, '87	1,327	1,327
Notes payable	1,376	1,446
Def. inc. tax	1,078	306
Minority int. ....	.....	64
Com. stk. (\$1)	2,478	2,472
Cap. exc. par val.	10,044	10,035
Retain. earn.	9,105	6,969
Shld. equity	21,626	19,475
Reacq. stk.	3,023	2,653
Notes receiv.	403	1,403
Net stk. eq.	18,200	16,419
Total	24,104	21,097
Net curr. assets	1,472	1,384
Depr. & amort.	2,350	2,739
Depr. & amort.	2,588	2,025
Shs. at cost: 1981, 765,911; 1980, 724,311. Notes receiv. for treas. stk. sold.		

Debt: 1. Trans-Lux Corp. convertible subordinated debentures, 5s, due 1987. AUTH.—\$10,000,000; outstg., Dec. 31, 1981, \$1,327,000. DATED—Aug. 1, 1967. DUE—Aug. 1, 1987. INTEREST—F&A1 to holders registered on 15th day prior to interest date. TRUSTEE—Bradford Trust Co., New York. DENOMINATION—Fully registered \$1,000 and authorized multiples thereof. Exchangeable or transferable without charge. CALLABLE—As a whole or in part on or after July 1, 1972 on at least 30 days' notice to each July 31, incl. as follows:
1979 102.40 1980 102.10 1981 101.80
1982 101.50 1983 101.20 1984 100.90
1985 100.60 1986 100.30 1987 100.00
Also callable for sinking fund (which see) at par.

SINKING FUND—Annually, each Aug. 1, 1973-86, to retire debts., cash (or debts.) as follows: 1973-77, 25% of consolidated net income for the preceding calendar year but not in excess of \$300,000 in any such year; for years 1976-86, not in excess of \$500,000.

SECURITY—Not secured; subordinated to all senior debt.

CONVERTIBLE—Into com. at any time (if called, on or before redemption date) at \$14.06 a sh. No adjustment for interest or divs. except that debts. converted after record date and prior to interest payment date must be accompanied by an amount equal to such interest to which the registered holder is entitled to receive. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

DIVIDEND RESTRICTION—Co. may not pay cash divs. on or acquire capital stock in excess of 75% of consolidated net income after July 31, 1967 plus net proceeds from sale of stock after such date plus \$1,000,000.

RIGHTS ON DEFAULT—Trustee, or 25% of debts. outstg. may declare principal due and payable (30 days' grace for payment of interest or sinking fund).

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debts. outstg.

LISTED—On American Stock Exchange.

PURPOSE—Proceeds to be used to finance Co. growth.

OFFERED—(\$10,000,000) at 100 (percentage to Co., 97½) on Aug. 8, 1967 thru Bear, Stearns & Co., and associates.

PRICE RANGE— 1981 1980 1979 1978 1977
High 88 76½ 76 70 62
Low 67 63 62 67 55

2. Other Long Term Debt: Outstg., Dec. 31, 1981, \$1,411,098 notes payable to banks.

Under terms of agreement, Co. can borrow up to \$3,000,000 until July 31, 1982, at which time then outstanding balance may be converted into a four year term loan.

Term notes will be payable in sixteen equal quarterly installments beginning Oct. 31, 1980.

Borrowings under agreement bear interest at ½% over prime rate and at ¼% over such rate thereafter. In addition, Co. pays a commitment fee of ¼% of any unused portion of credit during revolving credit period.

In accordance with usual banking practices, Co. expects, under informal arrangements, to maintain compensating balances which will average 15-20% of borrowings from banks. Compensating balances are not subject to any restrictions and there are no compensating balance requirements with respect to any availability on future credit.

Under most restrictive provisions of agreements, approximately \$5,157,000 of retained earnings at Dec. 31, 1981 was unrestricted.

Capital Stock: Trans-Lux Corp. common, par \$1; AUTHORIZED—5,000,000 shares; outstanding, Dec. 31, 1981, 1,711,690 shares; in treasury, 765,911 shares; reserved for options, 73,000 shares; reserved for conversion of debentures, 94,400 shs.; par \$1.

Par changed from no par to \$1 in Sept., 1932 share for share; \$1 par shares split 2-for-1 May 28, 1971.

DIVIDENDS PAID—
1934-35\$0.20 1936\$0.25 1937\$0.30
19380.10 1939Nil 19400.10
19410.05 1942Nil 1943-44.....0.10
1945Nil 19460.10 1947-48.....0.25
1949-51Nil 1952-55.....0.15 1956-57.....0.20
1958-600.30 1961.....0.40 1962.....0.55
1963-70 0.60 19710.15

On \$1 par shs. after 2-for-1 split:
19710.26½ 19720.35 19730.34
1974-78Nil 1979-81.....0.10 1982.....0.05

Also 5% in stock in 1961, 1962 and 1967.
To Mar. 25.

TRANSFER AGENT AND REGISTRAR—Bank of New York.
LISTED—On ASE (Symbol: TLX). Unlisted trading on Philadelphia SE.

PRICE RANGE— 1981 1980 1979 1978 1977
High 12½ 11 8½ 7¼ 3¼
Low 7½ 4¼ 4½ 2½ 2

TRANS-WESTERN EXPLORATION, INC.
History: Incorporated in Texas on July 22, 1976.

Business: Engaged in acquiring, exploring, developing and dealing in oil and gas properties.

Property: Has interests in oil and gas properties in Texas, Oklahoma, Kansas and Louisiana.

Subsidiary: (Wholly-owned) Trans-Western Land Company, Inc.

Officers

T.J. Waggoner III, Pres. & Chief Exec. Officer
J.F. Langston, Jr., Exec. Vice-Pres.
R.S. Bond, Vice-Pres. & Chief Fin. Off.
F.S. Johnstone, Vice-Pres.
J.H. Lyon, Vice-Pres.
S.A. Dawson, Vice-Pres.
R.A. Sault, Group Vice-Pres.
L.K. Burgess, Controller

Directors

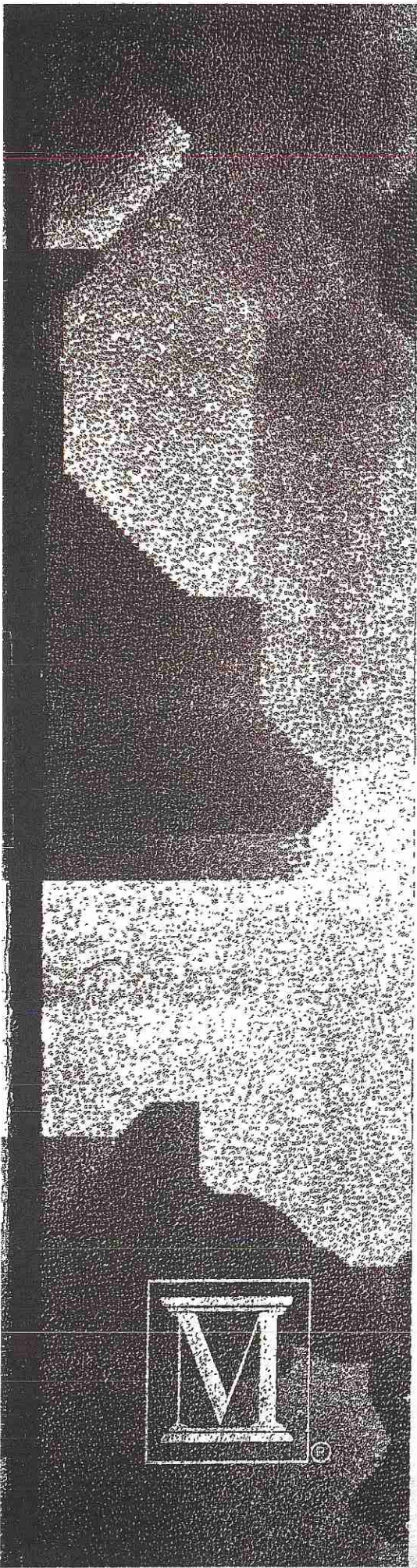
P.S. Johnstone Irwin Singer
J.F. Langston, Jr. T.J. Waggoner III
R.A. Sault

Auditors: Laventhol & Horwath.
Counsel: Jenkins & Gilchrist.
No. of Stockholders: Dec. 31, 1980, 555.
No. of Employees: Apr. 30, 1981, 27.

Address: Suite 1212, Two Turtle Creek Village, Dallas, TX 75219. Tel: (214)528-1310.

Consolidated Income Accts., yrs. ended Dec. 31 (in thousands of U.S. \$):

	1980	1979	1978
Oper. revenues ..	1,134	841	1,035
Oper. exps.	184	66	84
Cost of leas. sold.	127	371	666
Dry hole costs.	380	261	12
Contr. drill. exps. ....	.....	73	98
Deprec., depl., etc.	296	55	3
Gen. & admin. exp.	881	243	153
Oper. income	d735	d228	16
Other inc., net	202	45	20
Total	d533	dr183	61
Interest	60	59	34
Net loss	592	242	44
Prev. deficit	343	78	.....
Frd. divs.	17	7	.....
Tlr. to com. stk. ....	.....	17	.....
Deficit	952	343	78



MEMORANDUM
TO THE BOARD OF DIRECTORS
FROM THE PRESIDENT
DATE: 10/15/88

1988

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