MINUTES OF BUDGET AND CONTROL BOARD MEETING

MAY 24 1973

The State Budget and Control Board met in the Conference Room of the Governor's Office at 3:15 p. m. on Thursday, May 24, 1973. The following members were in attendance:

Governor John C. West
Senator Rembert C. Dennis
Mr. R. J. Aycock
Mr. Grady L. Patterson
Mr. Henry Mills

Also in attendance were Messrs. P. C. Smith and W. T. Putnam.

Senator Dennis advised the Board that the Conference Committee on the Appropriations Bill would be meeting at 3:30 p. m. and that he, Mr. Aycock and Mr. Smith would have to leave. In view of this development, Mr. Smith quickly reviewed the entire agenda with Senator Dennis and Mr. Aycock and each approved the items to be brought before the Board.

After this review, Senator Dennis, Mr. Aycock and Mr. Smith left the Conference Room.

The following business was conducted by the remainder of the Board members.

KERSHAW COUNTY INDUSTRIAL REVENUE BONDS - Mr. Carl Watson of Interstate Securities Corporation appeared before the Board to present a request from Kershaw County for permission to issue Industrial Revenue Bonds of $4,800,000 on behalf of Marubeni Leasing Corporation.

Mr. Watson explained that the Marubeni Leasing Corporation is a wholly owned subsidiary of Marubeni America Corporation which, in turn, is owned by Marubeni of Japan. This parent Corporation is the third largest enterprise in Japan.

On behalf of Kershaw County, Mr. Watson furnished the Board with a copy of the Inducement Contract and financial reports of the Corporation. He indicated that the formal Petition for the issuance of the Bonds would be forthcoming.

Pending receipt of the formal Petition, the Board gave tentative approval to the issuance of bonds totaling 4.8 million dollars by Kershaw County on behalf of the Marubeni Corporation.

The various documents mentioned above have been retained in these files and are identified as Exhibit I.

MARION COUNTY INDUSTRIAL REVENUE BONDS - In its meeting of April 17, 1973, the Budget and Control Board approved the issuance of Marion County Industrial Revenue Bonds in the amount of two million dollars on behalf of Schoolfield Industries, Inc. However, subsequent information was received which created some question as to whether these Bonds could be properly secured. Therefore, by telephone, the members of the Budget and Control Board agreed that additional information should be procured and that the Marion County Board of Commissioners should either withdraw or reaffirm the request.

Mr. P. C. Smith, Secretary to the Budget and Control Board, engaged in correspondence with members of the Board of Directors of Schoolfield Industries, with the Marion County Board of Commissioners and with Mr. Guerard with the firm of Sinkler, Gibbs, Simons & Guerard. These contacts resulted in a formal Resolution of the Marion County Board of Commissioners to reaffirm the original request.

After studying the information furnished, the Budget and Control Board agreed that it too should reaffirm its original action of approving the issuance of two million dollars of Industrial Revenue Bonds to be issued by Marion County on behalf of Schoolfield Industries.

Documents pertaining to this action have been retained in these files and are identified as Exhibit II.

DEPARTMENT OF EDUCATION - SCHOOL BONDS - In a letter dated May

18, 1973, Mr. Cyril B. Busbee, State Superintendent of Education, requested permission of the Budget and Control Board to sell $13,500,000 of School Bonds to continue the building program for the fiscal year 1973-74. The Board approved this request.

A copy of Mr. Busbee's letter and the Resolution of the State Board of Education have been retained in these files and are jointly identified as Exhibit III.

CIVIL CONTINGENT FUND - JUVENILE PLACEMENT AND AFTERCARE - The Board approved a request for the transfer of $7,875 from the Civil Contingent Fund to the Department of Juvenile Placement and Aftercare to supplement that Agency's original appropriation for contractual services.

A copy of the letter from Mr. James K. Hope, Jr., requesting these funds, has been retained in these files and is identified as Exhibit IV.

TECHNICAL AND COMPREHENSIVE EDUCATION - In a letter dated May 8, 1973, Mr. Wyman Shealy, Director of Management for the State Board of Technical and Comprehensive Education, advised that Act 1272, Acts of 1970, provided for the issuance of State Bonds totaling $3,154,000 of which $120,000 was authorized for the Columbia Area Trade School (now known as Columbia TEC). However, the recent bids which were received for Phase I construction at this Institution exceeded the allotted amount by $125,000.

Mr. Shealy requested authorization from the Budget and Control Board for the transfer of $125,000 from bond proceeds which were designated "For Technical Education Centers under the jurisdiction of the Technical Education Department."

The Board approved this request.

Mr. Shealy's letter has been retained in these files and is identified as Exhibit V.

INSTITUTIONS OF HIGHER LEARNING - EMPLOYER CONTRIBUTIONS - In a letter dated May 10, 1973, Mr. Theodore S. Stern, President of the

College of Charleston, and serving as Chairman of the Council of Presidents of the various State Institutions, requested that the Budget and Control Board authorize a continuance of the current practice whereby the State of South Carolina, through appropriated monies, paid for employer contributions for fringe benefit programs. These contributions include Federal Social Security, South Carolina Retirement, and the Health Insurance Program for State employees.

The Resolution of the Council of Presidents indicated that to change the current policy would bring about additional costs to the students and would have a detrimental effect on essential programs of the institutions.

The Budget and Control Board approved the request of the Council of Presidents with respect to payments for the fiscal year 1973-74, but did not approve the wording of the original Resolution which called for the continuance for "ensuing years".

A copy of Mr. Stern's letter, containing the Resolution of the Council of Presidents, has been retained in these files and is designated as Exhibit VI.

CRIMINAL JUSTICE ACADEMY BUILDING - The Budget and Control Board took note of a Legislative Resolution and formally approved the naming of the Criminal Justice Academy Building for Mr. J. P. Strom, Chief of the South Carolina Law Enforcement Division. The official name for this building will be the "Joseph P. 'Pete' Strom Criminal Justice Academy Building."

A copy of the Senate Resolution has been retained in these files and is identified as Exhibit XII.

CIVIL CONTINGENT FUND - AERONAUTICS COMMISSION - At its meeting of April 17, 1973, the Budget and Control Board was advised that the Aeronautics Commission would need an additional $10,000 for aircraft operations and authorized Mr. P. C. Smith to attempt to enter this amount in the Supplemental Appropriations Bill. If Mr. Smith failed to get this item in the Supplemental Bill, he was authorized to transfer the amount of $10,000 from the Civil Contingent Fund.

In a letter dated May 23, 1973, Mr. John W. Hamilton, Director of the South Carolina Aeronautics Commission, advised the Board that his actual needs for additional funds amounted to $15,558.71.

As the original request for $10,000 was not entered in the Supplemental Appropriations Bill, the Board approved the transfer of $15,558.71 from the Civil Contingent Fund to the Aeronautics Commission.

A copy of Mr. Hamilton's letter has been retained in these files and is identified as Exhibit VII.

PROPOSED TRAVEL AND PER DIEM REGULATIONS - Mr. Grady L. Patterson, Jr., presented the Board with a copy of proposed travel and per diem regulations which he suggested that the Board might wish to adopt as its official policy concerning reimbursements. Mr. Patterson recommended that the proposed regulations be circulated to all department heads with the request that they study the suggested guideline and furnish comments or suggestions as to changes within a thirty day period.

The Board approved this recommendation and directed that the proposed regulations be mailed to the various agency heads.

A copy of the proposed regulations has been retained in these files and is designated as Exhibit VIII.

PERSONNEL DIVISION - Dr. Jack Mullins, Director of the Personnel Division, appeared before the Budget and Control Board to disucss the following matters.

SALARY SURVEY - Dr. Mullins requested permission of the Board to enter into preliminary discussions with a private consulting firm pertaining to a survey to compare existing State salaries with those of other states and industries within this State. Before committing his Agency to any contract, Dr. Mullins agreed to report back to the Board with respect to the scope of the study and its cost.

The Board approved this request.

ANNUAL LEAVE GUIDELINES - Dr. Mullins presented the Board with a brochure entitled "Summary Of Proposed Revisions To The Annual Leave Guidelines" and explained the various provisions item by item.

The Board approved each of the proposed guidelines except Section 1.7 which reads as follows.

> "USING AND SCHEDULING LEAVE - A.1, 2. and 3. Provision for full-time and eligible part-time employees on either a five days, five and one-half days or six days workweek to use up to a maximum of forty-five workdays of annual leave during any one calendar year. The present limit is thirty workdays."

As to Section 1.7, which is quoted above, the Board agreed that it should be held in abeyance to permit additional study.

A copy of the brochure pertaining to annual leave guidelines has been retained in these files and is identified as Exhibit IX.

AGENCY WORK HOURS - Dr. Mullins advised the Budget and Control Board that current law requires a five day work week for State employees with office hours from 8:30 a. m. until 5:00 p. m., Monday through Friday, except for certain special personnel. He indicated that a much more realistic approach could be obtained by changing the State law to read as follows.

> "The daily office hours of each agency may be scheduled at the discretion of the agency heads subject to the approval of the State Budget and Control Board; provided that no agency shall

schedule a workday of less than 7½ hours, except where services are maintained seven days a week; and provided further, ........"

Dr. Mullins requested permission of the Board to recommend to the Legislature a change in the wording of the law as indicated above.

The Board approved this recommendation.

A copy of the proposed change as submitted by Dr. Mullins has been retained in these files and is identified as Exhibit X.

CONSULTANT FEES - Dr. Mullins advised the Board that prior to accepting the job as Director of the Personnel Division, plans and tentative arrangements had been made for the conducting of a workshop at Wampee, South Carolina for Assistant Agency Heads. These plans call for the use of two professors from the University of South Carolina and one from Clemson University who will conduct seminars concerning various aspects of management principles. Dr. Mullins further indicated that these consultants were expecting fees of $250 per day.

Although he expressed a strong opinion that these fees were excessive, Dr. Mullins felt that he had no choice but to carry out the present plans for the meeting; and therefore, requested Board approval for this dual employment.

The Board approved this request.

A copy of Dr. Mullins' letter has been retained and is identified as Exhibit XI.

There being no further business, the meeting was adjourned at 4:10 p. m.

THIS CASE MAY HAVE SOME OR ALL OF THE FOLLOWING DEFECTS WHICH MAY BE QUESTIONABLE WHEN READING. IN SPECIAL PROBLEM AREAS, THIS ROLL NOTE MAY BE REFILMED BEFORE THE DOCUMENT OR DOCUMENTS IN QUESTION.

1. PHOTOCOPY NOT CENTERED PROPERLY CUTTING OFF SOME OF THE INFORMATION.

2. DOCUMENTS ARE OF POOR LEGIBILITY AND MAY NOT PHOTOGRAPH WELL.

3. DOCUMENTS DAMAGED OR TORN BEFORE ARRIVING FOR FILMING.

4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVENT TO THE READABLE INFORMATION.

5. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.

6. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.

**Marubeni** ANNUAL REPORT 1972

EXHIBIT I
MAY 24, 1973


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**Marubeni**

MARUBENI CORPORATION

Head Office: 3, Hommachi 3-chome, Higashi-ku, Osaka, Japan
C.P.O. Box 1000, OSAKA 530-91, JAPAN Tel. Osaka (266) 2111
Cable Add. MARUBENI OSAKA Telex J63261, J63262

Tokyo Head Office: 4-2 Ohtemachi 1-chome, Chiyoda-ku, Tokyo, Japan
C.P.O. Box 595, TOKYO 100-91, JAPAN Tel. Tokyo (282) 2111
Cable Add. MARUBENI TOKYO Telex J22326, J22327, J22328

Nagoya Office: 2-4, Nishiki 2-chome, Naka-ku, Nagoya, Japan
Tel. Nagoya (202) 6111 Cable Add. MARUBENI NAGOYA
Telex J59936

## FINANCIAL HIGHLIGHTS

| | Thousands of U.S. Dollars | Thousands of U.S. Dollars |
|---|---|---|
| Fiscal Year Ending Sept. 30 | 1972 | 1971 |
| Net Sales | U.S.$10,055,593 | U.S.$8,551,155 |
| Operating Profit | U.S.$ 75,343 | U.S.$ 64,050 |
| Income before Income Taxes | U.S.$ 32,567 | U.S.$ 13,594 |
| Net Income | U.S.$ 16,958 | U.S.$ 10,603 |
| | U.S.$1 = ¥301.10 | U.S.$1 = ¥334.30 |

## CONTENTS



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# To Our Shareholders

This is our 1972 fiscal year annual report incorporating the two semi-annual terms from October 1971, to September 1972.

Domestic economy, in the first half of the year, had been forced to stagnate owing to the sharp revaluation of the yen. In the latter half, however, the Japanese economy recovered considerably, improvement attributed to fiscal and financial measures undertaken by the Government, continued relaxation of the monetary market and generally improved market conditions centering upon personal consumption, housing construction and public investment.

Under these checkered economic conditions, our company made great efforts to fully maintain, expand and diversify our business activities in accordance with changing economic and social structures.

Consequently, we had a gross turnover of ¥3,027,739 million (U.S.$10,056 million), an increase of 6% over the previous year and contracts on order totaled ¥3,131,569 million (U.S.$10,400 million), a 3.9% growth, reflecting a favorable outlook.

On the profit side, earnings before depreciation registered ¥23,718 million (U.S.$78.8 million), a 60% profit increase over the previous year.

After supplementing our internal reserves and accounting for special exchange losses of ¥3,535 million (U.S.$11.7 million) and other factors, we had a net income (after tax) of ¥5,106 million (U.S.$17.0 million), a notable increase of 44%, owing to the partial recovery in commodity markets, our profit-oriented efforts and a decrease in financial expenditure.

In this fiscal term, endeavoring to strengthen business relations with the fifteen most important corporations in the Fuyo Group as well as increase our net capital and our capacity to diversify and promote new business projects, we issued 50 million shares allotted to the above fifteen corporations at the market price thereby increasing our capital to ¥27,500 million (U.S.$91.3 million), and 55 million subsequent bonus shares for ¥2,750 million (U.S.$9.1 million) for our capital reserves. Consequently, our current paid-up capital is ¥30,250 million (U.S.$100.5 million).

At our regular shareholders' meeting in May, four new directors were elected to strengthen management. We now have 37 directors and 5 auditors on our Board of Directors.

In the face of future business prospects, there is indication of a steady upward swing though the tempo may be somewhat slower compared to previous recovery patterns.

As for foreign trade, to decrease the continued huge surplus in Japan's international balance of payments, the third Yen defence measures by the Government is expected to be effective.

Under the present circumstances therefore, business prospects need to be fully scrutinized in the face of the prevailing uncertainty over the future of the yen, world-wide inflationary tendencies and serious domestic problems in reference to environmental pollution and the re-adjustment of industrial structures.

Confronted by wide-spread changes in domestic industrial structures and factors arising from a 'multipartite' international society, we are determined to futher develop and diversify our functions as Sogo Shosha, bracing ourselves to meet the difficult situations both at home and abroad, making full use of our funds and our efficient internal-external information and global sales' network.

As an international enterprise, we will, with far-sighted managerial strategies, continue our best efforts to make even greater strides for the future.

PRESIDENT: Hiro Hiyama

PRESIDENT
Hiro Hiyama

CHAIRMAN
Shinobu Ichikawa

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Marubeni
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# "Sogo Shosha" Marubeni Corporation an All-Around Trading Company


**Brief History**

Our company was founded in 1858. Then we concentrated mainly on textiles. Gradually we diversified our lines and activities. In 1955, we merged with Iida & Co., an active trading firm. Again in 1966, we did the same with another growth-oriented firm, the Totsu Co.

Today, the paid-in capital of the Marubeni Corporation has reached ¥30,250 million (U.S.$100.5 million). Under our wings are 53 domestic and 110 overseas subsidiaries, branches and offices. We have 136 Japanese and 97 foreign affiliates, and our number of employees totaling approximately 10,000.

Our company handles about 13% of Japan's "Big Ten" trading companies' total import-export and domestic trade, or approximately 3.5% of the G.N.P.

**What is a "Sogo Shosha"?**

It is a unique Japanese all-around trading company. Marubeni is such a company. Our line of business includes iron and steel, machinery, textiles, chemicals and other general merchandise, accentuating the development of raw materials, exporting and importing these various commodities and selling products at home. Construction, real estate, leasing and insurance add to our other important activities, all of which contribute to the driving force which have helped maintain Japanese economic growth.

The outstanding feature of a "Sogo Shosha" is its capacity to deal in large-scale international trade and domestic business concerns, utilizing mammoth manpower and capital in conjunction with a world-wide sales and information network.

Bearing this in mind, the functions of our "Sogo Shosha" have been highly diversified, the principal ones being trade, finance and information. Supplementing these are storage, transportation, marketing, development and organization.

Today, a "Sogo Shosha" does not confine itself merely to purchase and sale, import-export and off-shore trade. As emphasized in Prime Minister Kakuei Tanaka's plan to "Remodel the Japanese Archipelago", the establishment of an improved welfare society seems to be the national priority. Hence, the trading company, in this changing economic structure, has extended its activities into a wide variety of fields, namely recreation, housing, regional development, information, education, medicine, fashion, consumer preference, environmental protection – and simultaneously we hope to create demand, playing the key role as organizer, developer and pioneer of the future society.

In view of the great changes in foreign affairs – restoration of diplomatic relations between Japan and China, peace in Vietnam, potentialities of the Nixon Round and an enlarged EEC – a transformation of the foreign trade structure is necessary to promote further development of raw materials, market expansion and capital investment overseas.

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And utilizing various highly-developed functions, our "Sogo Shosha" is able to remain constantly alert to the daily changes in accordance with demand.

Turnover among Japan's big ten trading companies during the fiscal period, reached ¥23,424,042 million (U.S.$77,795 million). This is almost double that of the Japanese Government's budget and about 25% of Japan's G.N.P. The "Big Ten" trading companies handle about 50% of Japan's total exports and 60% of her imports.

**Business Record for the Fiscal Term – Oct. 1971 to Sept. 1972**

| | Turnover U.S.$ Million | Comparison with Previous Year | Percentage of Total |
|---|---|---|---|
| **By Commodity** | | | |
| Iron and steel | 2,451.7 | – 0.8% | 24.4% |
| Machinery and Construction | 2,563.2 | +11.2% | 25.5% |
| Textiles | 2,054.5 | + 0.4% | 20.4% |
| Chemicals and Petroleum | 757.6 | +13.8% | 7.5% |
| Foods | 1,271.9 | +14.2% | 12.7% |
| Materials and Products | 956.7 | + 7.2% | 9.5% |
| Total | 10,055.6 | + 5.9% | 100.0% |
| **By Trade** | | | |
| Domestic Trade | 5,993.8 | + 8.9% | 59.6% |
| Export | 2,167.6 | + 2.3% | 21.6% |
| Import | 1,480.8 | – 5.4% | 14.7% |
| Off-shore Trade | 413.4 | +34.4% | 4.1% |
| Total | 10,055.6 | + 5.9% | 100.0% |

**Sales Analysis by Commodities**

The Food Division registered sharp increases owing to growth in marine products in the first half of the year and favorable results in imports and off-shore trade in the latter half.

In spite of the yen revaluation, the Chemicals Division made a good showing both in exports and in domestic trade which also registered a steady increase.

The Machinery and Construction Divisions showed satisfactory increases in spite of slow-down in the latter half of the period – events attributed to sluggish growth rates in equipment investment.

The Materials and Products Division's creditable increase centered on domestic trade.

The Textile Division, on the other hand, showed only a slight increase owing to slacking foreign trade in the first half of the year.

The Iron and Steel Division was also affected by a slow-down, depicting decrease in imports.

**Sales Analysis by Trade**

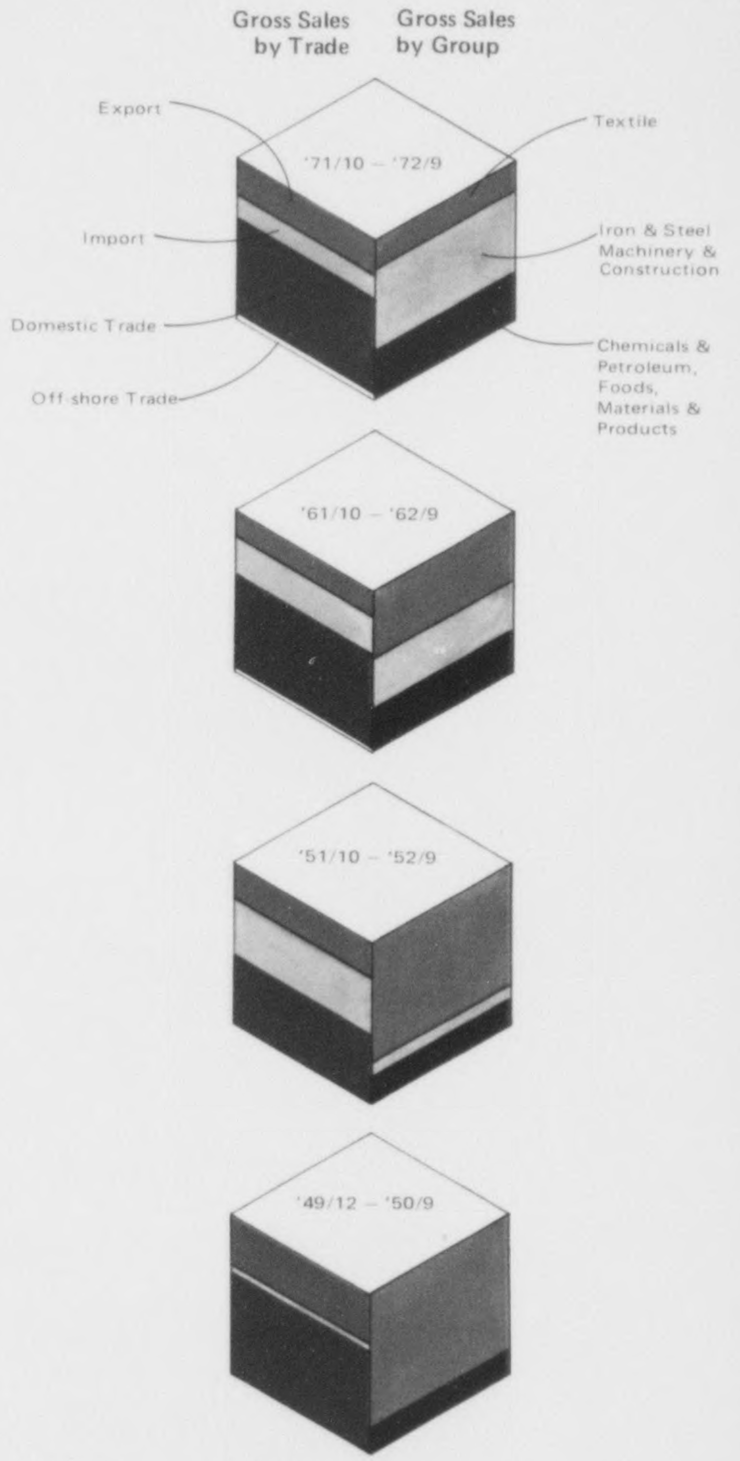
Large increases were registered in off-shore business resulting from good market conditions overseas and positive attitudes toward our business expansion.

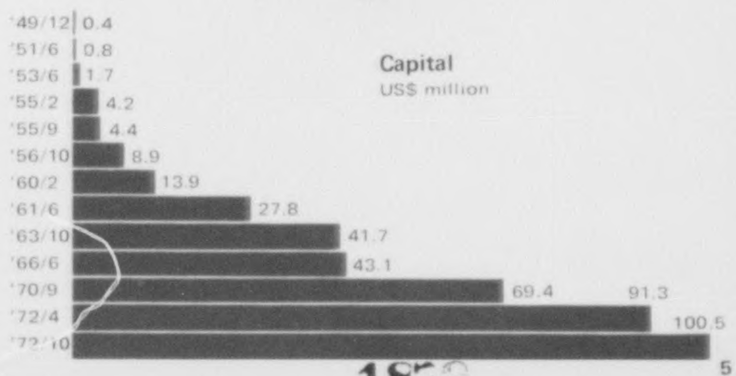
Domestic trade generally had a good year, owing to government demands and recovery in certain aspects of the market.

Exports, however, went up only minimally – a situation brought about by the yen revaluation and the subsequent unstable currency situation. Nevertheless, there was a large import upswing in the latter half of the period. The overall showing however, was not good due to the decrease in imports caused by domestic recession.

In this fiscal year, changes were made in management, an attempt to rationalize operations both at home and abroad. Toward this end, we increased the capital of Marubeni Deutschland GmbH, Marubeni Scandinavia AB, Marubeni Benelux S.A. and Marubeni Italia S.p.A.

In conjunction with our role as an international enterprise, we continue to make daily efforts to expand as well as strengthen our overseas network of subsidiaries, branches and offices.



# Activities by Groups

Specialists and General Staff Group

Metal Group

Machinery Group

Textile Group

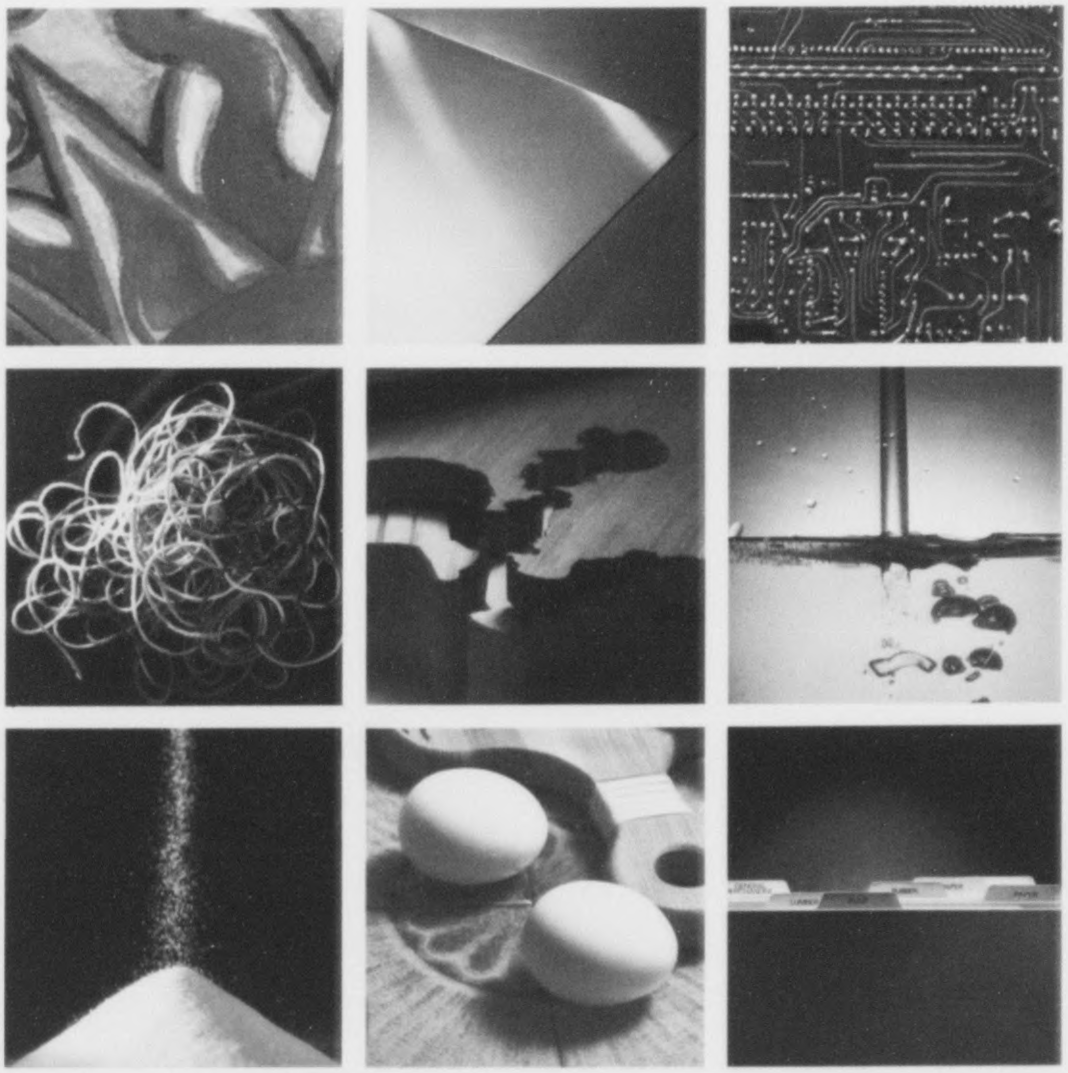
Development and Construction Group

Oil and Gas Group

Chemicals Group

Food Group

Materials and Products Group



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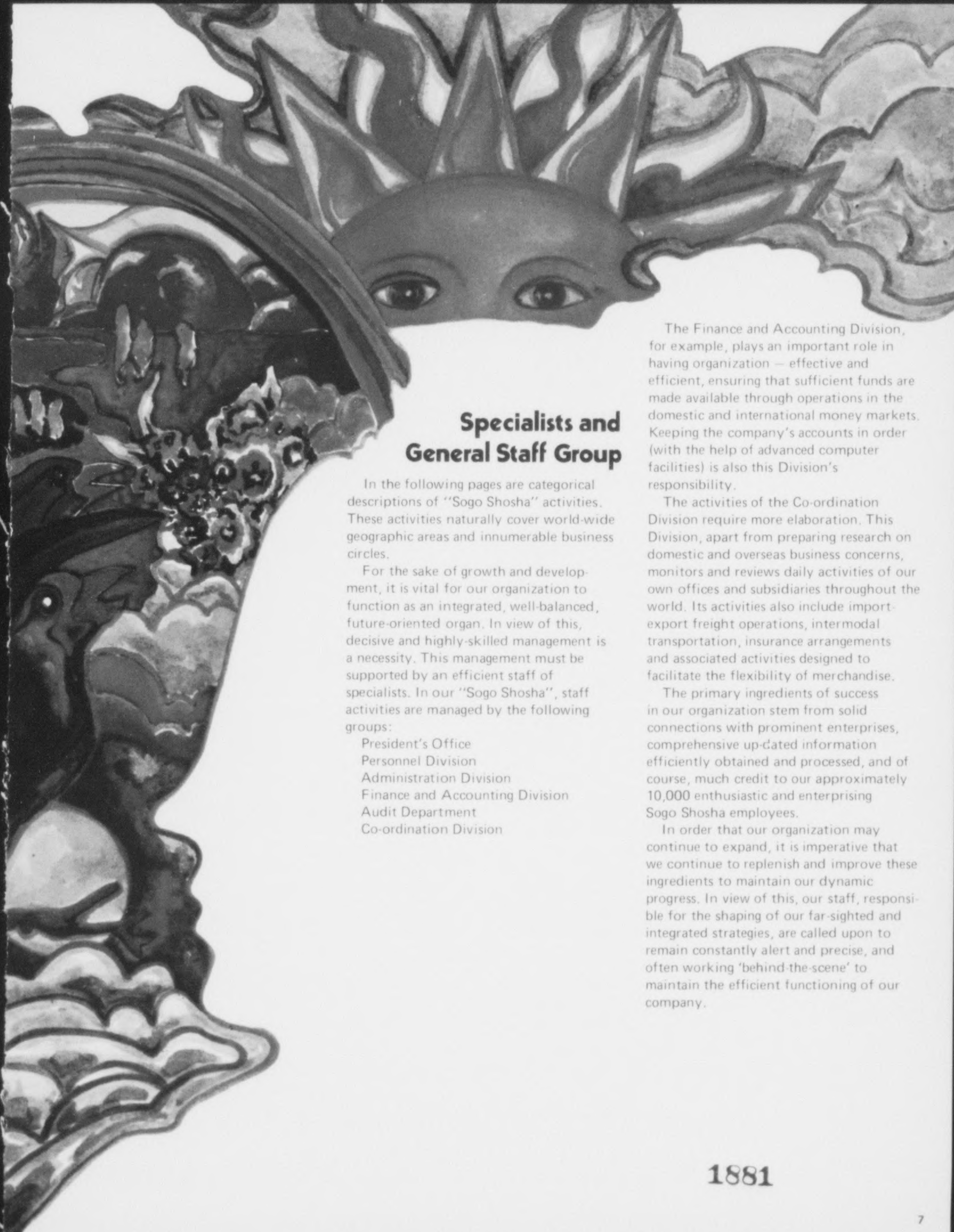

## Specialists and General Staff Group

In the following pages are categorical descriptions of "Sogo Shosha" activities. These activities naturally cover world-wide geographic areas and innumerable business circles.

For the sake of growth and development, it is vital for our organization to function as an integrated, well-balanced, future-oriented organ. In view of this, decisive and highly-skilled management is a necessity. This management must be supported by an efficient staff of specialists. In our "Sogo Shosha", staff activities are managed by the following groups:

President's Office
Personnel Division
Administration Division
Finance and Accounting Division
Audit Department
Co-ordination Division

The Finance and Accounting Division, for example, plays an important role in having organization — effective and efficient, ensuring that sufficient funds are made available through operations in the domestic and international money markets. Keeping the company's accounts in order (with the help of advanced computer facilities) is also this Division's responsibility.

The activities of the Co-ordination Division require more elaboration. This Division, apart from preparing research on domestic and overseas business concerns, monitors and reviews daily activities of our own offices and subsidiaries throughout the world. Its activities also include import-export freight operations, intermodal transportation, insurance arrangements and associated activities designed to facilitate the flexibility of merchandise.

The primary ingredients of success in our organization stem from solid connections with prominent enterprises, comprehensive up-dated information efficiently obtained and processed, and of course, much credit to our approximately 10,000 enthusiastic and enterprising Sogo Shosha employees.

In order that our organization may continue to expand, it is imperative that we continue to replenish and improve these ingredients to maintain our dynamic progress. In view of this, our staff, responsible for the shaping of our far-sighted and integrated strategies, are called upon to remain constantly alert and precise, and often working 'behind-the-scene' to maintain the efficient functioning of our company.

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## Metal Group

Turnover in the Iron and Steel Division totaled U.S.$1,555 million, with domestic sales amounting to U.S.$1,151 million, and exports, U.S.$404 million. This amounted to 12% of the raw steel produced in Japan for domestic use, and 11% of that exported. (A total of 93 million tons of raw steel was produced in Japan in the past year.)

The Steel Development Department, established in April 1970, and responsible for the handling of fabricated steel products for construction projects, had a fruitful year. It undertook the following projects, both in Japan and overseas:

- Construction of oil and gas drilling platforms, drilling rigs, production platforms, flare stacks, floating docks, etc.
- Construction of pipe-line systems and storage tanks for gas and fuel.
- Construction of high-rise buildings, bridges, highways, etc.
- Construction of sea-ports, air-ports, industrial parks.
- Promotion of various joint-ventures such as tubing plants, wire drawing mills and cold-rolled strip mills in developing countries.

The Overseas Iron and Steel Department contributed greatly to the expansion of off-shore business. Total off-shore volume almost tripled: U.S.$26 million from less than U.S.$10 million in 1971.

Domestically, the Iron and Steel Division strives for the improvement of circulation systems, especially in such pioneering areas as storage, processing and transportation. Toward this end, 15 stock-yards and 20 processing plants were built in various areas in Japan.

This Division is now investigating the possibility of closer ties with transportation companies, with the eventual goal of price stabilization and establishment of order in the distribution field.

The Iron and Steel Material Division plays a significant role in supplying the Japanese steel industry with raw materials. There was a turnover of U.S.$420 million during the period, ranking us among the leading traders of world raw materials.

The Iron Ore Department reports iron ore imports amounting to 15 million tons during the period. Although this contributed to about 15% of the Japanese total, it represented a slight drop from the previous year, due mainly to the fact that the demand for iron ore did not increase as a result of crude steel curtailment control under the recession cartel. However, we expect to compensate this loss in the future by increasing imports from such diverse sources as Australia, South America and Southeast Asia, according to long-term contracts concluded between the steel mills and overseas suppliers through the intermediation of our Department.

Despite a relatively market low caused by the aforementioned crude steel curtailment cartel, Japan imported about 2,237,000 tons of steel scrap during the period. Of this amount, Marubeni handled 452,000 tons or 21% of the total, the principal suppliers being Australia, the U.S.A. and the U.S.S.R.

Marubeni's share of the domestic steel scrap market was 7% — 958,000 out of a total 13,800,000 tons in Japan. Overall, we ranked No. 2 among steel scrap traders in total volume on domestic and imported scrap.

The Ferro-Alloy Department ranks first in Japan in chrome ore imports (249,000 of 833,000 tons). South Africa, India and Turkey were the suppliers.

We also retained top ranking in molybdenum imports, with an overwhelming 26.5% of the total for Japan.

Ferro-alloy sales were outstanding: 170,000 tons or 11% of the Japanese domestic market.

The Coal Department imported coal from the U.S.A., Canada, Australia, the U.S.S.R. and South Africa, totaling approximately 4 million tons during the period.

Referring to the "Hail Creek Project" in Queensland, Australia, final details and arrangements with Japanese steel mills, gas and coke manufacturers, will be worked out in early 1973. The projected scale envisions 3 – 5 million tons to be supplied annually, with delivery commencing approximately 3 years after the conclusion of a long-term contract with the mills.

*Steel Structure for offshore oil development*

The Non-Ferrous Metals Department had sales of U.S.$257 million in the fiscal year, 1972. During the past few years, this figure had increased noticeably despite severe depression heretofore unknown in the non-ferrous field.

The most notable achievements were a considerable increase in the domestic handling of copper ingots and a remarkable expansion of off-shore trade in zinc, lead and tin.

As a result of our continuous efforts to increase exports of non-ferrous products, a U.S.$8 million contract for a 230 KV Oil-Filled Cable has been concluded with a utility in Southeast Asia. And this will be the highest voltage cable ever to be installed there.

Simultaneously, the Department sought projection into many new commodity fields as well as promoted closer ties with major producers and customers.

Through our strong financing, the "Madrigal" mine in Peru began operations in April, 1972, and presently yields a steady supply of copper, lead and zinc.

Subsequently, we also established a joint-venture with the State-owned Mining Development Commission of Mexico to market Mexican minerals and metals on a world-wide basis. With the help of our marketing know-how, adequate machinery and equipment supply, Mexican-Japanese relations have entered a new era.

The Light Metals Department had a turnover of U.S.$220 million in the fiscal year, 1972.

As a result of tremendous efforts to increase business in foreign and domestic trade, we established many new markets. One of our notable advances in this area was the introduction of truly effective distribution systems for aluminum ingots and fabricated products.

Consequently, sales rose remarkably in spite of a depression in light metal industries which resulted in excess inventory pile-ups throughout the world.

Apart from sales, our business concerns also extended to overseas projects — exploration and development of bauxite, and the establishment of aluminum plants, to name but a few.

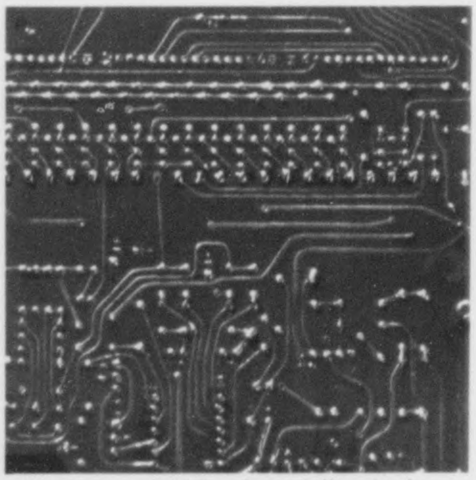
As a result of economic sluggishness in 1972, Japanese imports of foreign mineral ores were substantially curtailed. However, the Overseas Mining Projects Department believes that the demand for mineral ores will surely show an upward trend though it may not reach the levels achieved in the 1960's. Our Overseas Mining Projects Department is conducting world-wide study and exploration for the future development of non-ferrous ores.

In the province of British Columbia, Canada, joint-exploration was conducted with Cominco Ltd., in the Tyee Lake District. Further exploration was conducted in association with several Japanese partners with whom we established the Sumac Mines Ltd.

In the Philippines, cooperating with a leading Japanese smelter, we explored nickel ore areas. Other exploration projects are being pushed forward in Indonesia, Iran, Turkey, Australia, Central and South America.

This Department is also seeking to establish smelting plants in the ore-producing countries to facilitate and encourage the export of more processed materials.

# Machinery Group



Machinery Division-I specializes in the domestic sales of imported and Japanese-made machines, including micro-precision electronic parts, industrial plant machinery, nuclear fuel and pollution control systems. This Division also exports Japanese-made machine tools and aircraft.

Although we handle various kinds of machinery, we place strong emphasis on hospital construction, including the procurement of medical equipment. We are anticipating large hospital construction contracts in the near future.

Coupled with our social welfare interests (like the construction of hospitals), we are endeavoring to include air-pollution control and the recycling of water/solid wastes. We have already succeeded in getting orders for anti-air-pollution systems from Daishowa Paper Mill Co., Yahagi Seitetsu K.K. and others. And our reputation in this field is excellent. In addition, we have secured contracts for the construction of large-scale incinerators in Tokyo, Osaka, Kyoto, Yokohama and at many more localities.

As a matter of national interest, our company also concentrates heavily on oil development. This year, we received from Asia Kussaku K.K., orders amounting to U.S.$3 million for oil-drilling equipment, manufactured by the National Supply Division of Armco Steel Corporation.

The construction machinery business has been transferred to our newly-created company, Marubeni Construction Machinery Sales Company, with the dual aims of sales expansion and improved services to end-users.

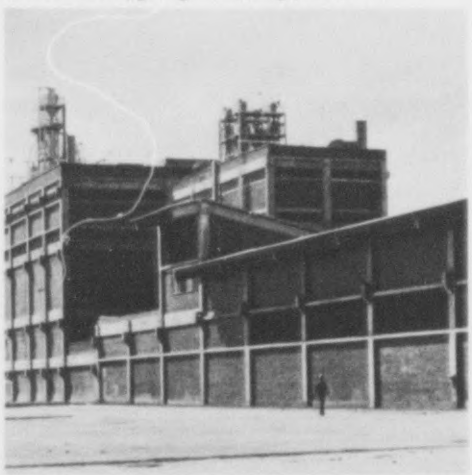
Machinery Division-II engages in international trade and business transaction of machinery: namely heavy machinery, chemical and industrial plants, construction and agricultural machinery, ships, electronic & industrial equipment, textile machinery and automobiles.

U.S.$1,358 million of annual gross sales were achieved by this Division during the period of October, 1971, to September, 1972, despite the yen revaluation.

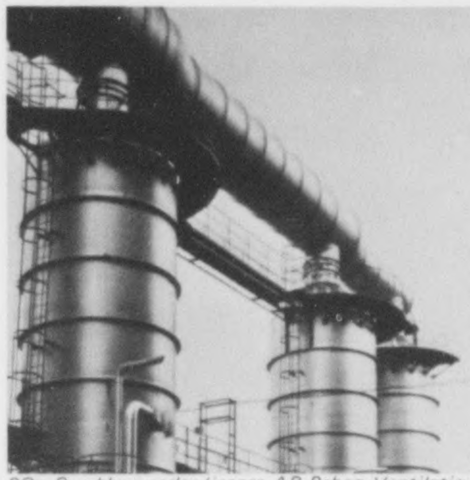
A contract worth over U.S.$180 million was signed with the Argentine National Railways for the modernization and electrification of existing urban lines in Buenos Aires. This contract provides engineering services, rolling stock, complete signalling and telecommunication equipment and incidental installation facilities.

A U.S.$13 million contract was awarded by the State Trading Corporation of Poland for the supply and construction of a fluid-catalytic-cracking plant, the first export of its kind to Europe.

In conjunction with the expansion program of the South Africa Iron and Steel Industrial Corporation, we obtained three contracts totaling U.S.$30 million for the supply and installation of two rolling mills and one oxygen-generating plant.



*Polyester manufacturing plant supplied to SAFRON-TEIJIN S.A. Brazil*



*$SO_2$ Scrubber under license AB Bahco Ventilation at Daishowa Paper Mfg. Co.,*

A U.S.$15 million Polyester manufacturing plant was supplied to SAFRON-TEIJIN S.A. Brazil, a joint-venture Polyester Fibre manufacturing enterprise, which began operating successfully in April, 1972.

Export of automobiles was enlarged to more than 330,000 cars during this period and this included a sale of 600 Hino buses to the Philippines. Hino de Guatemala S.A. was established by us for the distribution of Hino trucks in Guatemala.

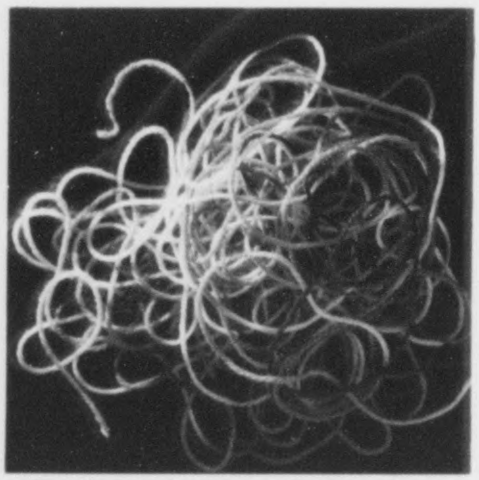
Sales of ships were active during the period with a turnover amounting to U.S.$242 million. This included 225,000 DWT tankers to Canadian Pacific (Bermuda) Ltd., 160,000 DWT ore/oil carriers to World-Wide (Shipping) Ltd., and 255,000 DWT tankers to Coulouthors Ltd.

MIIDA Electronics Inc. (U.S.A.), was jointly established with Marubeni America Corporation to promote the sales of audio and electronic equipment under "MIIDA" BRAND. Likewise, Koyo U.K. Ltd. was established jointly with the manufacturer, Koyo Seiko, for the distribution of bearings.

Marubeni-Komatsu Limited, London, U.K., (100% capital shares owned by us) was established as a sole distributer of Komatsu Construction Machinery in U.K. and Ireland. Kubota Tractor Corporation, a joint-venture with Kubota Ltd., was established in California, U.S.A., as a sole distributer of Kubota agricultural machinery in U.S.A. and Canada.

1884

# Textile Group



Textile Division-I is an all-embracing division, concerned with importing, exporting, off-shore trading of various kinds of textiles such as raw cotton and wool fibers, artificial fibers, filament, yarn and fabrics comprising nylon, polyester and acrylic blended with cotton or cotton-yarn cloth, synthetic yarn or cloth, knitted fabrics as well as made-up goods.

Owing to good foresight after the unforseen circumstances in 1971, we were able to adjust remarkably to the demands of the swiftly-changing international situation, expanding overseas markets and developing fresh merchandise. Simultaneously, taking precautions on inflationary tendencies on such raw materials as cotton and wool, we strove to increase our volume of imports, and were rewarded by an enormous volume increase in imports of cotton yarn or cloth, and made-up goods.

We have endeavored to strenghten off-shore trade, centered on neighboring countries like South Korea, Taiwan and Hong Kong. We are also doing our utmost to expand our enterprises in such strategic areas as Bangkok, Singapore and Manila.

Referring to our continual efforts to establish world-wide production and processing bases, we need not list in detail, our well-planned activities in either establishing new joint-ventures or our further enlargement of related activities in such areas as Southeast Asia, Central and South America.

Textile Division-II's chief responsibility is the handling of fibers, yarns, fabrics, and end-products of woven materials in the thriving domestic market. This Division's Printed Textile Department plays quite an active role in exports and ranks first in the domestic market.

Textile Division-II has expanded its activities to include vertical integration of the textile industry. Supplying spinners with fiber, weavers with yarn, and generally aiding in the coordination of makers-up are among its important functions. Collaboration with Kanebo in distributing "BELLEN" brand shirts and slacks is another example. Sources of supply extend overseas, and imports from Southeast Asia and Europe are increasing at a brisk rate.

In the field of physical distribution, Marubeni Textile Distribution Center, equipped with a computerized distribution system supplied by Munck International A/S of Norway, began swift operations and now efficiently delivers enormous quantities of goods to supermarkets, department stores and wholesalers on a nationwide scale.

Textile Division-III deals with knitwear, industrial textiles, interior decoration materials and also governmental procurement.

Recently, this Division expanded imports of quality cotton yarns and hand-knitting yarn from a leading Italian and other European spinners, and also increased imports from Korea, Taiwan, and other Far East cotton yarn exporters. All imports have been very successfully merchandised. In cooperation with foreign companies, we began widespread handling of brand-name merchandise such as "Fruit of the Loom", "Nelson Burton, Jr." bowling and town wear, and "Hush

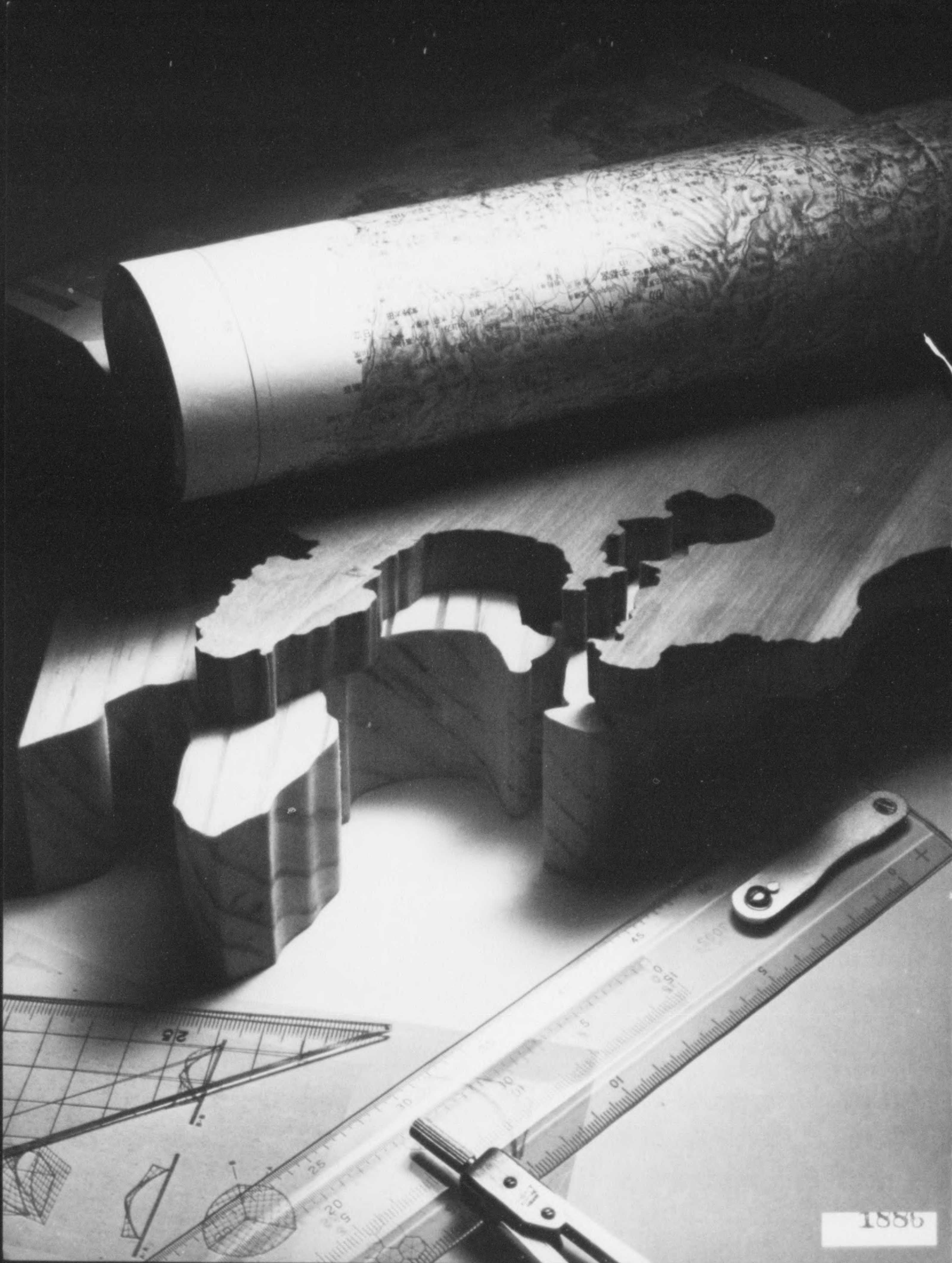

*Opening ceremony of P.T. Unitex, Indonesia*

Puppies" casual wear. These garments have been exceptionally well-received in Japan. Along the same lines, we established Unique Ltd. and P & B Ltd., joint-stock companies here at home, and succeeded in popularizing "B.V.D." and "Playboy" garments.

The Industrial Textile Department continued to expand its operations into various fields: marine, agricultural, industrial (including carpeting and furnishing materials), and in natural and synthetic fibers (including specialty non-woven and various new types of fibers.)

The Textile Development Department, in collaboration with the aforementioned three textile divisions, is making steady advancement into creative and other widely diversified fields. Cooperation with specialty retail chains in setting up new outlets for men's casual and sports wear is being promoted, and feasibility studies on possible joint-ventures with fashion specialty stores are being expedited.

1885


1886

# Development and Construction Group

One of the vital units of any "Sogo Shosha" is the Development and Construction Division. In this Division of Marubeni, we had a turnover in this period of U.S.$250 million, an astonishing increase of 40% over the previous period.
This turnover was concentrated in the following areas:

| | |
|---|---|
| Supermarkets | U.S.$43 million |
| Apartment buildings | 22 |
| Bowling alleys | 78 |
| Office buildings, warehouses, and Anti-pollution | 91 |
| Real estate | 16 |

This Division prides itself on responsibility, specifically in the fields of housing and anti-pollution, two major areas of concern in modern Japan.

We are happy to report on two remarkable news items. The first is Fuyo Group's joint-venture of 220 condominium units soon to be completed in Takahata-fudo in the western suburbs of Tokyo.
The second, being 1,321 condominium units now under construction in Inage — a neighboring town, South of Tokyo, in Chiba prefecture. In the first instance, we played the keyrole as organizer of the group comprising Taisei Construction, Yuraku Tochi, Tokyo Tatemono and Showa Denko. With regards to the second, the project which is noted for its scale and the extensive facilities provided (post office, municipal branch office, school, shopping center, etc.), we maintain this to be the largest project of its kind so far undertaken by a Japanese trading firm.

Concerning "Anti-pollution" and public sector investment, expenditure in both private and public sectors should increase in response to governmental publicity on its policy to "Remodel the Japanese Archipelago." And we can be especially proud in these fields, of our firmly established relations with customers, thanks to our long-time carrier and continued first-class services.

The construction of bowling alleys played a major role in our tremendous increase in turnover. Owing to the fluidity of Japanese recreational tastes however, the popularity of bowling seems to be declining slightly. On the other hand, athletic clubs appear to be the most promising, and we have begun construction accordingly, in jointventure with a reliable partner of an athletic club in Sapporo, Hokkaido, the site of the 1972 Winter Olympics.

Also deserving of mention are our increasing moves toward foreign investment,

*Housing development project in Inage, South of Tokyo*

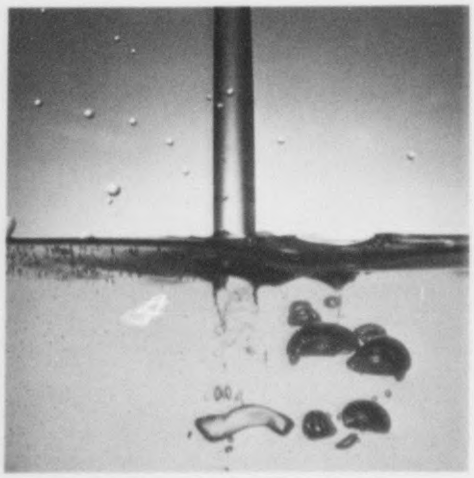
justified, we believe, by an abundant foreign currency reserve.

In the areas of foreign real estate, office buildings, housing, shopping centers and hotels, several projects are under negotiation; and these will be executed in the near future.

*Sapporo Athletic Club*

1887

# Oil and Gas Group



A totally-integrated oil business, our group is engaged in the development of crude oil and gas, the construction of tanks and refineries, transportation facilities and world-wide sales of crude oil and oil products.

The Oil and Gas Development Department has taken part in more than ten projects. And in 1972, took a major step forward by participating as a major partner of the Andes Petroleum Co., Ltd.

This Department is also planning to introduce LNG and methanol, related to coping with the air-pollution problem Various feasibility studies are underway on sites in Australia, Indonesia, Saudi Arabia and other Middle Eastern countries.

The Petroleum Department deals effectively with supply, transportation, import, export and domestic marketing of crude oil, bunker fuel, heavy fuel, lubricant oils, LPG and all other refined products. The various crude oil and oil products of Middle East origin — Iran, Saudi Arabia, Abu Dhabi, Khafji, some of African origin — Algeria, Libya, Nigeria, and others of Indonesian origin, are supplied to Japanese or foreign refiners by us under long and short-term contracts with international major and independent oil companies.

We are pleased to announce that the volume of crude oil handled is showing a steady annual increase. Off-shore business of crude oil and other petroleum products has also recently increased, thereby stabilizing the supply and demand of oil products in each country.

The commissioning of our fuel and crude oil terminal at Sakai in 1971 has added a greater degree of flexibility and competitiveness to our bunker fuel sales, and simultaneously contributed greatly to the long-term supply of low sulphur crude and fuel oil, available to our major customers.

Looking to the future, construction of our second terminal is now underway. In 1973, we will be ready to receive large ocean-going vessels carrying LPG, fuel and crude oils at this new terminal in Chiba Prefecture. Two more oil import terminals are in the offering, as we seek to meet increasing demand for low sulphur crude and fuel oil.

As is apparent, we import and market a great deal of LPG. Imports of Iranian LPG, under a long-term contract with the Kharg Chemical Co. have contributed greatly in view of this. We are considering securing a second source of supply in the Middle East or Australia.

This Department is also a very active marketer of automobile gasoline and household kerosene via our numerous service stations throughout Japan.

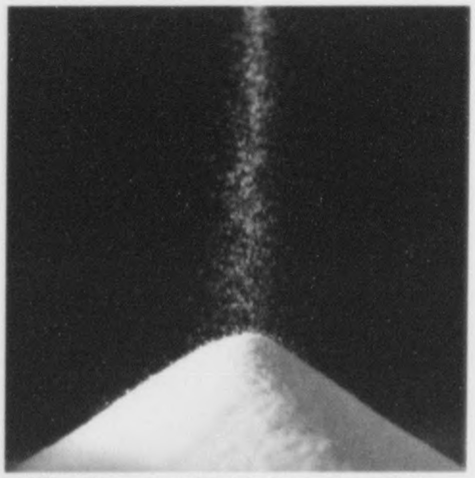
Utilizing accurate information provided by our world-wide marketing network, our Oil and Gas Group not only show positive activity but also aim to take even greater strides in the future to firmly establish our market.

By our great efforts, we endeavor ourselves to be one of the propelling forces of your "Sogo Shosha".

*Sakai Oil Terminal*

188C

# Chemicals Group



The Chemicals Division consists of the Chemicals Department, the Plastics Department and the Chemicals Export Department.

Our Chemicals Department deals in fundamental chemicals, petrochemicals, fine chemicals and natural resources for the chemical industry.

The main imports of this Department are para-xylene, salt, gypsum, zircon and boracite.

The Plastics Department mainly handles domestic business in all kinds of plastics and their related products. However, special engineering plastics like transparent nylon are imported.

The Chemicals Export Department engages in export and off-shore business in chemicals and plastics.

This Division had a turnover of U.S.$460.4 million, an increase of 3.8% over the previous period. It has been an amazing effort, considering that business conditions were unfavorable. Our customers can easily understand that the combined factors of overproduction and slowdown in trade have hampered various fields of the chemical industry. In this Division, however, we reacted innovatively. We found and developed new markets for new products, and further rationalized transportation facilities with emphasis on storage facilities, pipe-lines, tankers and bulk shipment.

In an attempt to weather the stormy conditions, some chemical and synthetic fiber manufacturers have entered the fine chemicals' field e.g. pharmaceuticals, food and feed additives, and chemical intermediates. We, too, endeavored to increase our handling of fine chemicals such as pharmaceuticals, cosmetics, flavors, and dyestuff intermediates.

However, Japanese chemical production, especially that of petrochemicals and plastics, seems to have reached saturation point. The unbalance between supply and demand was felt in many fields of the chemical and plastic industries. Almost all chemical manufacturers showed poor profits owing to sharp drops in prices. The petrochemical industry was often claimed to be a "prosperous industry without profit".

To improve the situation, the various manufacturers tried to cooperate with each other to create an orderly market. Thanks to this, prospects are again bright in the plastics and petrochemical industries.

Pollution, caused by waste plastics, waste water and gas, is a particularly serious problem in this industry. Realizing this, we have actively introduced to the industry such chemicals as catalysts, activated carbon and additives, to control pollution.

*Dampier Salt Farm in Western Australia*

As a result of the development of unique technology in the Japanese chemical field, exporting Japanese technology remained an important consideration for us. At the same time, we continued to put great emphasis on promoting joint-ventures overseas due to limited availability of land space in Japan.

To ensure constant supply of natural resources at favorable prices, much attention was given to developing our enterprises overseas.

A notable example is the Dampier Salt Farm, an A$26 million joint-venture in Australia, completed in December, 1971. Imports of Dampier Salt to Japan began in April, 1972, and were well received because of its exceptionally fine quality.

This venture should produce approximately 2 million tons of solar salt per annum for world-wide consumption.

During this period, we stressed on increasing imports. A special team for promoting imports was organized, and many specialists were dispatched to the U.S.A., Europe, and Southeast Asia.

Fruitful results are expected shortly in both bulk and fine chemicals, plastics and related products.

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## Food Group

The Food Group nourishes both profits and people. Our Grain Department imports wheat and barley from the U.S.A., Canada, Australia and France.

Off-shore business in wheat, rice and barley from other world-wide areas is also conducted.

We import peated malt for whisky, and hops and malt for beer.

The Grain Department also imports and does off-shore business in maize, grain-sorghum, animal-protein feeds, oilseed meals, as well as oilseeds for crushing purposes, including soybeans. It also deals in wheat flour and wheat flour products such as instant noodles and spaghetti.

We are known for our constant efforts to attain transportation efficiency and lower merchandising costs.

Construction has been going on at the grain discharging ports of Kagoshima, Ishinomaki and Kashima, in addition to our West and Central Japan grain terminals, noted for their large-scale discharging and storing facilities.

The Foodstuff and Agricultural Products Department imports lemons, oranges, grapefruits, coffee beans, cocoa beans, black tea, soybeans for edible use, peas, citrus juices, dry foods, frozen eggs, frozen vegetables, frozen fruits, molasses, crude alcohol, animal fats, oils, vegetable oils etc.

We have a big share of the coffee bean market in Japan. Our recent innovation in this field includes two new ventures in Brazil. In one of these, we joined the Colorado Co., a coffee exporter with the intention of enlarging our coffee bean collecting capacity. In the other, we obtained a major share of stocks in Cia. Iguacu de Café Solúvel which deals in soluble coffee, thereby extending our activities even further. Imports and domestic sales of dry foods, such as canned goods have shown satisfactory increases. Domestic rice for processing is also one of our important items.

Various kinds of fertilizers are being sold throughout Japan by our affiliated companies. We export fertilizers such as urea and ammonium sulphate to Southeast Asia, and import potash.

The British Ross Group Company entered into an agreement with our Feedstuff, Livestock and Meat Products Department for broilers. In regard to beef cattle production, about 10,000 head of beef cattle have been consigned to the contracted farmers' co-operatives.

These cattle are to be taken after 14 months, processed in our contracted slaughter houses and sold to large stores, chain stores and supermarkets.

This is our integrated system. The same arrangement is planned for pork and eggs.

In Okinawa, we assisted in setting-up a beef cattle industry. The Okinawa Chikusan K.K. began operations in August, 1969, with a capital of U.S.$100,000

This year, we also established a joint-venture meat company in Australia, the Consolidated Meat Holdings, Pty., Ltd. Similar meat projects for additional items in the U.S.A. and other countries are under negotiation.

Lamb and mutton are imported from Australia and New Zealand for leading ham and sausage processors in Japan, especially Ito Ham Provisions Co., Ltd., Nippon Ham Co., Ltd., and Prima Meat Co., Ltd. All these companies process 14 to 15% of Japan's total imports of such meats. We also import beef and pork from Australia and the U.S.A.

*Herring Roe Imported by Marine Products Dept.*

*Mizushima, West Japan Grain Terminal*

In an attempt to improve breed and to generally raise the standards of Japanese racing horses, many thoroughbred stallions, mares and yearlings have been brought in from the U.K., France, and the U.S.A.

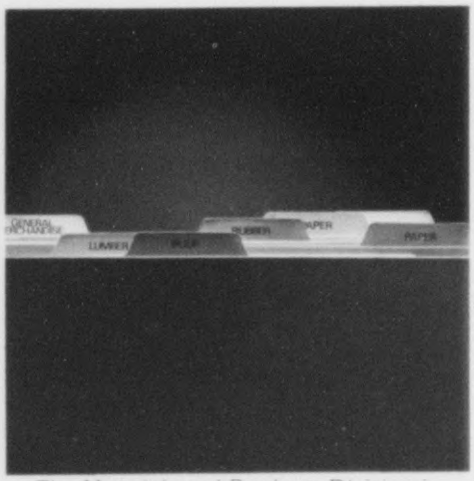
In the Sugar Department, a total of 800,000 tons of raw and refined sugar contributed to a remarkable increase in imports, off-shore and domestic business.

Japan's fishery production in 1972 reached a remarkable 9.5 million metric tons. Nevertheless, the number of edible fish in Japan is insufficient. With this in mind, our Marine Products Department imported frozen fish, shrimp, mollusca, salted salmon and herring roe, eel, etc., from all over the world. Total value of these imports: U.S.$70 million, or 20% of the national total, ranking Marubeni at the top.

Export-wise, frozen tuna, trawled fish and canned goods valued at U.S.$44.5 million were exported in 1972 from Japan and fishing grounds in the Atlantic to the U.S.A. Europe and other lands. To effect this trade and simultaneously expand our business, U.S.$25 million was invested in and made available to 57 overseas enterprises involved in fishing, processing, and cold storage.

**1891**

# Materials and Products Group




The Materials and Products Division is one of the more interesting members of our "Sogo Shosha".

This Division showed a 7.2% growth over the previous year — a growth firmly rooted in a total turnover of U.S.$956 million.

The General Merchandise Department is a very busy unit, handling poromeric leather, hides and skins, leather goods, "Hush Puppies" shoes, rubber of PVC boots and shoes, cement, glass, graphite electrodes, carbon products, sporting and other recreational goods, fishing tackle, musical instruments, optical goods, precious stones, fine arts and antiques, furniture and others.

Apart from being very active in exports, this Division has also come to acknowledge the increasing importance of imports, as well as domestic and overseas joint-venture operations.

The Rubber Department extends its coverage to include transactions in natural and synthetic rubber, latex, tires and tubes, industrial belts and hoses, and rubber goods in general.

The Pulp and Paper Department contributed to the profits of our "Sogo Shosha" with dealings in wood chips, cotton linters, pulp (both for paper and rayon), paper, boards, paper products and synthetic paper.

The Lumber Department chips in with good statistics annually in logs, cut lumber veneers, plywood, wood products and synthetic lumber.

Now for some of the year's highlights.

Exports increased markedly, and amounted to U.S.$84.5 million in tires and tubes, synthetic rubber and other industrial rubber products. Contributed to this total, our giant 3.5 ton truck tires sold to Australia for mining development there. Tires are growing steadily larger in response to demands from auto manufacturers who now turn out Dumpers with capacities of more than 200 tons.

Our Pulp and Paper Department's turnover reached U.S.$364 million, a hefty 25% rise over 1971, making us the leader among Japan's big trading firms.

Our affiliated firms and subsidiaries in this field are well-known in Japan. They include Toyo Pulp, Nagoya Pulp, Marusumi Paper, Fukuyama Paper, Ashikaga Paper Manufacturing, Koa Kogyo (producers), Marubeni Shigyo, Minatoya and Mineshima Seitai (dealers). Furthermore, we deal extensively with all the major pulp and paper mills in Japan. Leading North American and Scandinavian pulp and paper mills are among those providing us with prime products which we supply to our domestic and overseas clients.

Among important overseas projects is a paper-pulp joint-venture in British Columbia, Canada, the Cariboo Pulp and Paper Co., which commenced operations in December, 1972, with daily production of 750 short tons of bleached kraft pulp.

Our imports of logs and cut lumber reached 3 million cubic meters in 1972 — nearly 9% of Japan's total wood and lumber imports.

In developing forest resources, we began a project in Central Kalimantan, Indonesia. This is in addition to our Obi Island operation which began last year.

*Cariboo Pulp Corporation Vancouver B.C. Canada*

This type of operation should grow more important in the future. A lumber-jack of all trades, Marubeni is proud of this group's "Sogo Shosha" contributions.

On October 1, 1972, the Construction Materials and Wood Products Department was formed by re-organizing relative sections in our Divison, to handle lumber and non-lumber construction materials.

This new Department is expected to develop new merchandise and its distribution channels, both at home and abroad.

Principle elements of the Department are as follows:

Imports: Crysotile, marble products, plywood, Lauan sawn-lumber, and others.

Exports: Plywood and other construction materials

Domestic: Cement, cement products, non-flammable construction materials (plaster boards, asbestos products, etc.), plywood and its processed panels (printed, fancy, floor, etc.), synthetic boards (hard-board, particle board, etc.), furniture and other materials and products for construction.

1892

# Our Affiliates

Our company had 233 affiliated companies at the end of fiscal 1972: 136 domestic, 97 overseas. During the year, we welcomed 35 new companies as affiliates, consistent with our policy on diversifying and developing economic conditions both at home and abroad.

In recent years, the status of our "Sogo Shosha" has risen remarkably and its role in the world economy has steadily progressed. We are, internally, the organizer of industrial groups, the developer of town and regional areas, the planner and promoter of new and innovative industries, and the undertaker of reforms in merchandise circulation between producers' and consumers' markets. On the other hand, we are internationally engaged in the full development of overseas natural resources underground and the establishment of overseas bases of supply for both local and world markets in the form of manufacturing, processing, distributing and exporting of various commodities; and finally, as a result, the opening and development of overseas potential markets. We also act as a medium for international economic cooperation and large joint-venture businesses. Thus, we are always extending our role on a world-wide basis, and our success is largely dependent upon full cooperation with our group of affiliates.

Our "Sogo Shosha" recorded financial participation in the form of investments, loans and guarantees of about U.S.$258 million among domestic affiliates and about $100 million among overseas affiliates, at the end of the fiscal year. In the meantime, our domestic affiliates registered sales totaling approximately U.S.$1,898 million during the year.

Now we would like to introduce a few of these affiliates:

1) Marubeni Textile Distribution Center, Osaka:

Established in April, 1972, with paid-up capital of U.S.$333,000, wholly owned by us. Has fully automated warehouse of six stories, with total floor space of about 130,000 sq. ft., equipped with 7,788 racks. This total warehouse system is supplied by one of our affiliates, the Total Transportation Systems (Japan), Ltd., established in concert with Munck International A/S of Norway for the consulting, planning, manufacture and installation of fully automated warehouses. The handling capacity is about 166,000 garments per day, distributing these to about 900 nation-wide clients in department stores, supermarkets, wholesalers and retailers.

This exemplifies our role in promoting merchandise distribution within producers' and consumers' markets.

2) Daishowa-Marubeni International, Ltd. (DMI)

Completed pulp mill construction and started commercial operation in December, 1972.

A joint-venture company established in 1970 at Vancouver, Canada, with paid-up capital of C$12 million. Established by Daishowa Paper Manufacturing Co., Ltd. (50%), and Marubeni Corporation (50%), to supply bleached kraft pulp on a long-term basis. In a partnership under the name of Cariboo Pulp & Paper Co., (CPP), with Weldwood of Canada, Ltd., a subsidiary of U.S.A. Plywood Champion Papers, Inc. (Note: Since 1970, the joint mill CPP has been under construction at Quesnel, 400 miles north of Vancouver. 260,000 tons annually are sold to DMI and Weldwood on a 50-50 basis. The first shipment to Japan is expected in January, 1973.)

This is an example of our role to fully develop overseas natural resources.

3) Cia. Iguaçu de Café Solúvel:

Located in Parana, Brazil. Produces instant coffee by the spray-dry and freeze-dry process. Ranks first in the production of freeze-dry coffee, which has a bright future in the world market.

41% of common shares held by Marubeni, and 33% by Mr. Kunihiro Miyamoto, a prominent Japanese-Brazilian, forming joint-management of the company.

Marubeni, as the sole agent, aims at expansion in the world coffee market, a notable example of our role in establishing overseas bases of supply for both local and world markets.

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## Main Domestic Affiliated Companies

### METAL
Amatei Nails Ltd.
Hiratsuka Industries Co., Ltd.
Marubeni Steel Scrap Terminal Co., Ltd.
Tomiyasu Co., Ltd.
Sanyo Shokai Co., Ltd.
Fukuden Kogyo Co., Ltd.
Showa Kawneer K.K.

### MACHINERY
Nippei Industrial Co., Ltd.
Kaji Iron Works, Ltd.
Yutani Heavy Industries, Ltd.
Showa Crane Mfg. Co., Ltd.
Dengensha Mfg. Co., Ltd.
Fujikoshi Ltd.
Okano Valve Mfg. Co., Ltd.
Marubeni-Yamaguchi Bicycle Co., Ltd.
Marubeni Motors Co., Ltd.
Shintoyo Motors Co., Ltd.
Nippon System Controls, Ltd.
Marubeni Electronics Co., Ltd.
Total Transportation Systems (Japan) Ltd.

### TEXTILE
The Nankai Worsted Spinning Co., Ltd.
Taiyo Woolen Spinning Co., Ltd.
Suminoe Textile Co., Ltd.
Toyama Fishing Net Mfg. Co., Ltd.
Miyako Knitting Co., Ltd.
Daido Maruta Finishing Co., Ltd.
Bell Art Textile Co., Ltd.
Sanyo Co., Ltd.
Yokohama Knitting Industry Co., Ltd.

### FOOD
Nihon Koyu Co., Ltd.
Marubeni-Shiryo Co., Ltd.
Toyo Sugar Refining Co., Ltd.
West Japan Grain Terminal, Ltd.
Kyowa Inryo Co., Inc.
Tokyo Seifun Co., Ltd.

### PAPER & PULP
Toyo Pulp Co., Ltd.
Nagoya Pulp Co., Ltd.
Koa Kogyo Co., Ltd.
Minatoya Co., Ltd.

### CHEMICAL
Katakura Chikkarin Co., Ltd.
Marubeni Fuel Oil Co., Ltd.
Nissan Marubeni Shoji Co., Ltd.

### CONSTRUCTION & WAREHOUSE
Asano Engineering Co., Ltd.
Japan Camus Construction Co., Ltd.
Marubeni Cold Storage Co., Ltd.
Marubeni Fudosan Co., Ltd.
Showa Setsubi Kogyo Co., Ltd.

### LEASE
Fuyo General Lease Co., Ltd.
Marubeni Steel Lease Co., Ltd.

### CONSULTANT & ENGINEERING
Fuyo Ocean Development and Engineering Co., Ltd.
Nihon BS & B Co., Ltd.
Fuyo Data Processing and Systems Development, Ltd.

### OTHERS
Nippon Steiner Co., Ltd.
Fuyo Air & Sea Service Co., Ltd.
Ryutsu Shipping Co., Ltd.

## Main Overseas Affiliated Companies

### METAL
Pioneer Metal Products Co., Ltd. (Nigeria)
Sabean Metal Products, S.C. (Ethiopia)
P.T. Sermani Steel Corporation (Indonesia)
Samyang Special Steel Co., Ltd. (Korea)

### MINING
BRIMCO (Sungei Gau) Mining Co., Ltd. (Malaysia)
Western Australia Char Pty., Ltd. (Australia)
Austen & Butta Ltd. (Australia)

### MACHINERY
Nissan Mexicana S.A. de C.V. (Mexico)
N.V. Datsun Belgium, S.A. (Belgium)
Sanyo Marubeni (U.K.) Limited (England)
P.T. Indonesia Bicycle Industry (Indonesia)
Marubeni-Komatsu Ltd. (England)

### TEXTILE
Unitica do Brasil Industria Textil Ltda. (Brazil)
Cotton Company of Ethiopia, S.C. (Ethiopia)
Textiles Industriales de Centro America, S.A. (Costa Rica)
Safron-Teijin S/A Industrias Brasileiras de Fibras (Brazil)
P.T. UNITEX (Indonesia)
Erawan Textile Co., Ltd. (Thailand)
Marubeni-Nankai Wool Industry Pty., Ltd. (Australia)

### CONSTRUCTION
Atlantic, Gulf & Pacific Company of Manila Inc. (Philippines)

### CHEMICAL
Dampier Salt Ltd. (Australia)
Korea Petrochemical Ind., Co., Ltd. (Korea)

### FOODSTUFF
Pranburi Sugar Industry Co., Ltd. (Thailand)
Gambia Fisheries Ltd. (Gambia)
Société Industrielle et de Pêche a Madagascar (Madagascar)
Cia. Iguaçu de Café Solúvel (Brazil)

### GENERAL MERCHANDISE
Marubeni-Bridgestone Tyres (N.S.W.) Pty., Ltd. (Australia)

### PULP
Daishowa-Marubeni International Limited (Canada)

### OTHERS
International Hoteliers Ltd. (Hong Kong)

## The Fuyo Group

Back in the late 1950's, the rapid technological surge in chemicals and heavy industries and mass production began.

The result led to cooperative relations among Japan's gigantic concerns.

These cooperative relations became especially important in the new field of industries such as petrochemistry and atomic power where long range research and development were required.

This trend was reinforced and enlarged in the phase of production and finance in the late 1960's with Japan's entry into the OECD and the beginning of full-scale liberalization of capital transactions.

Against this background, Marubeni became a major member of "Fuyo Group", a leading industrial and financial group in Japan consisting of such prominent member companies as Hitachi, Nissan Motor, Nippon Kokan, Showa Denko and others with the Fuji Bank, as its core. Marubeni, with its worldwide net work and experiences in international operations takes a leading role in the group by maintaining the closest relations with these member companies.

At present, the following subsidiaries have been established by The Fuyo Group:

1. Fuyo Kondankai aims at increased mutual business, and is composed of 32 firms such as our company, Canon, Nissan, Nippon Kokan and others.

2. Fuyo Ocean Development and Engineering aims at oceanic development through joint investment of 34 leading enterprises such as Nippon Steel, Fuji Bank, Marubeni and such.

3. Fuyo Air and Sea Service was founded in November 1968 with a capital of ¥150 million aiming at a transport and guide service for air cargo and international tourists. 18 companies such as Marubeni, Showa Denko, Taisei Construction and others invested in the company.

4. Fuyo Data Processing and Systems Development represents 53 investors such as Marubeni, Dai Nippon Printing, Fuji Bank and more aiming at services of information and data processing by using computers.

5. Fuyo General Lease is a jointly financed leasing company comprised of 7 leading concerns such as First National City Bank, Fuji Bank, Marubeni and the like.

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# Financial Statement

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# Balance Sheet
As of September 30, 1971 and 1972

| ASSETS | Millions of Yen 1972 | Millions of Yen 1971 | Thousands of U.S. Dollars 1972 ¥301.10=US$1 | Thousands of U.S. Dollars 1971 ¥334.30=US$1 |
|---|---|---|---|---|
| **Current Assets** | **¥1,004,832** | **¥932,921** | **U.S.$3,337,204** | **U.S.$2,790,670** |
| Cash on Hand & in Banks | 158,188 | 121,443 | 525,367 | 363,274 |
| Notes & Bills Receivable | 301,845 | 302,530 | 1,002,474 | 904,967 |
| Trade Accounts Receivable | 358,576 | 361,624 | 1,190,887 | 1,081,736 |
| Securities | 11,411 | 6,934 | 37,898 | 20,743 |
| Merchandise in Stock | 56,984 | 52,682 | 189,253 | 157,590 |
| Merchandise in Transit | 12,893 | 5,945 | 42,820 | 17,783 |
| Advances on Merchandise | 70,738 | 51,997 | 234,932 | 155,541 |
| Temporary Payment | 1,709 | 1,481 | 5,676 | 4,429 |
| Miscellaneous Accounts Receivable | 7,613 | 5,069 | 25,284 | 15,162 |
| Short-Term Loans | 1,884 | 7,628 | 6,257 | 22,818 |
| Miscellaneous Deposits | 29,196 | 20,794 | 96,964 | 62,203 |
| Prepaid Expenses | 8,906 | 8,365 | 29,578 | 25,021 |
| Other Current Assets | 121 | 126 | 402 | 377 |
| Allowance for Doubtful Debts | (15,232) | (13,697) | (50,588) | (40,974) |
| **Fixed Assets** | **294,989** | **201,392** | **979,704** | **602,430** |
| **Tangible Fixed Assets** | **48,617** | **38,246** | **161,465** | **114,405** |
| Buildings | 8,693 | 7,569 | 28,871 | 22,641 |
| Structures | 3,245 | 2,191 | 10,777 | 6,553 |
| Machinery & Equipment | 1,226 | 974 | 4,072 | 2,912 |
| Vehicles | 421 | 406 | 1,398 | 1,216 |
| Furniture & Fixtures | 1,150 | 768 | 3,819 | 2,298 |
| Land | 33,102 | 26,099 | 109,937 | 78,071 |
| Construction in Process | 780 | 239 | 2,591 | 714 |
| **Intangible Fixed Assets** | **870** | **815** | **2,889** | **2,440** |
| Rights | 560 | 526 | 1,860 | 1,575 |
| Prepaid Expenses Amortizable after One Year | 310 | 289 | 1,029 | 865 |
| **Investments** | **245,502** | **162,331** | **815,350** | **485,585** |
| Invested Securities | 161,407 | 85,108 | 536,058 | 254,586 |
| Stocks of Subsidiaries | 18,710 | 13,072 | 62,139 | 39,102 |
| Investments | 513 | 487 | 1,704 | 1,456 |
| Investments in Subsidiaries | 882 | 568 | 2,929 | 1,700 |
| Long-Term Loans | 38,718 | 33,674 | 128,588 | 100,729 |
| Other Investments | 25,272 | 29,422 | 83,932 | 88,012 |
| **Total Assets** | **¥1,299,821** | **¥1,134,313** | **U.S.$4,316,908** | **U.S.$3,393,100** |

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| LIABILITIES | Millions of Yen 1972 | 1971 | Thousands of U.S. Dollars 1972 ¥301.10=US$1 | 1971 ¥334.30=US$1 |
|---|---|---|---|---|
| **Current Liabilities** | **¥985,690** | **¥896,664** | **U.S.$3,273,630** | **U.S.$2,682,212** |
| Notes & Bills Payable | 343,186 | 324,253 | 1,139,774 | 969,948 |
| Import Bills Accepted | 130,692 | 109,338 | 434,049 | 327,065 |
| Trade Accounts Payable | 158,251 | 131,956 | 525,576 | 394,723 |
| Short-Term Borrowings | 240,620 | 201,593 | 799,137 | 603,030 |
| Accounts Payable | 15,848 | 15,897 | 52,634 | 47,552 |
| Advances Received on Merchandise | 55,687 | 76,495 | 184,945 | 228,822 |
| Miscellaneous Deposits Received | 25,584 | 28,868 | 84,968 | 86,353 |
| Provision for Taxes | 3,700 | – | 12,288 | – |
| Other Current Liabilities | 12,122 | 8,264 | 40,259 | 24,719 |
| **Fixed Liabilities** | **249,986** | **191,950** | **830,243** | **574,186** |
| Long-Term Borrowings | 249,986 | 191,950 | 830,243 | 574,186 |
| **Reserves** | **15,591** | **10,691** | **51,780** | **31,980** |
| Reserve for Price Fluctuations | 2,400 | 2,200 | 7,971 | 6,581 |
| Reserve for Overseas Markets Development | 3,973 | 2,709 | 13,195 | 8,103 |
| Reserve for Overseas Investment Losses | 3,669 | 1,996 | 12,185 | 5,971 |
| Reserve for Foreign Exchange Losses | 1,000 | – | 3,321 | – |
| Reserve for Special Depreciation | 705 | 692 | 2,341 | 2,070 |
| Reserve for Succeeding Old Cost Basis | 591 | 594 | 1,963 | 1,777 |
| Reserve for Retirement Allowance | 3,253 | 2,500 | 10,804 | 7,478 |
| **Liabilities** | **¥1,251,267** | **¥1,099,305** | **U.S.$4,155,653** | **U.S.$3,288,378** |

| CAPITAL | | | | |
|---|---|---|---|---|
| **Capital Paid-up** | **¥27,500** | **¥25,000** | **U.S.$91,332** | **U.S.$74,783** |
| **Legal Reserves** | **12,724** | **3,424** | **42,258** | **10,244** |
| Capital Surplus | 9,856 | 856 | 32,733 | 2,562 |
| Earned Surplus | 2,868 | 2,568 | 9,525 | 7,682 |
| **Retained Surplus** | **8,330** | **6,584** | **27,665** | **19,695** |
| General Reserve | 4,412 | 4,212 | 14,653 | 12,600 |
| Voluntary Reserve for Retirement Allowance | 575 | 575 | 1,909 | 1,720 |
| Unappropriated Surplus | 3,343 | 1,797 | 11,103 | 5,375 |
| **Capital** | **48,554** | **35,008** | **161,255** | **104,722** |
| **Total Liabilities & Capital** | **¥1,299,821** | **¥1,134,313** | **U.S.$4,316,908** | **U.S.$3,393,100** |

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# Statement of Income and Unappropriated Surplus

Year Ending September 30, 1971 and 1972

| | Millions of Yen | | Thousands of U.S. Dollars | |
|---|---|---|---|---|
| | 1972 | 1971 | 1972 ¥301.10=US$1 | 1971 ¥334.30=US$1 |
| **Operating Income:** | | | | |
| Net Sales | ¥3,027,739 | ¥2,858,651 | U.S.$10,055,593 | U.S.$8,551,155 |
| Other Operating Income | 2,639 | 3,068 | 8,764 | 9,177 |
| | 3,030,378 | 2,861,719 | 10,064,357 | 8,560,332 |
| **Operating Expenses:** | | | | |
| Cost of Sales | 2,963,094 | 2,800,032 | 9,840,897 | 8,375,807 |
| Selling Administrative & General Expenses | 44,598 | 40,275 | 148,117 | 120,475 |
| | 3,007,692 | 2,840,307 | 9,989,014 | 8,496,282 |
| Operating Profit | 22,686 | 21,412 | 75,343 | 64,050 |
| **Non-operating Income (Expense):** | | | | |
| Interest Income | 30,182 | 23,524 | 100,239 | 70,369 |
| Dividend Income | 4,377 | 3,369 | 14,537 | 10,078 |
| Miscellaneous-Net | 6,539 | 3,201 | 21,717 | 9,577 |
| Interest Expense | (44,712) | (40,399) | (148,495) | (120,848) |
| Provision for Various Reserves | (5,731) | (5,583) | (19,034) | (16,702) |
| Loss on conversion of foreign currencies—net | (3,535) | (979) | (11,740) | (2,930) |
| | (12,880) | (16,867) | (42,776) | (50,456) |
| Income before Income Taxes | 9,806 | 4,545 | 32,567 | 13,594 |
| Provision for Income Taxes | 4,700 | 1,000 | 15,609 | 2,991 |
| Net Income | 5,106 | 3,545 | 16,958 | 10,603 |
| Unappropriated Surplus at October 1, 1970 & 1971 Previously reported | 1,797 | 1,907 | 5,375 | 5,298 |
| Add. gain on translation of foreign currency as adjusted (see Note) | — | — | 593 | 408 |
| | 1,797 | 1,907 | 5,968 | 5,706 |
| | 6,903 | 5,452 | 22,926 | 16,309 |
| **Appropriations made during current year:** | | | | |
| Dividends Paid | 3,000 | 2,525 | 9,964 | 7,553 |
| Directors Bonus | 60 | 70 | 199 | 210 |
| Transfer to Legal Reserve | 300 | 260 | 996 | 778 |
| Transfer to General Reserve | 200 | 800 | 664 | 2,393 |
| | 3,560 | 3,655 | 11,823 | 10,934 |
| Unappropriated Surplus at Sept. 30, 1971 & 1972 | ¥3,343 | ¥1,797 | U.S.$11,103 | U.S.$5,375 |

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# Profit Disposal Statement

| | Millions of Yen | | Thousands of U.S. Dollars | |
|---|---|---|---|---|
| | 1972 | 1971 | 1972 ¥301.10=US$1 | 1971 ¥334.30=US$1 |
| Unappropriated Surplus at Sept. 30, 1971 & 1972 | ¥3,343 | ¥1,797 | U.S.$11,103 | U.S.$5,375 |
| Legal Reserve | 165 | 150 | 548 | 448 |
| General Reserve | 1,200 | — | 3,986 | — |
| Dividend (@ 12% p.a.) | 1,650 | 1,500 | 5,480 | 4,487 |
| Bonuses for Directors | 40 | 25 | 133 | 75 |
| Balance Carried Forward | ¥288 | ¥122 | U.S.$956 | U.S.$365 |

(Note 1)

The United States dollar amounts are included solely for convenience and are stated, as a result of freeing the exchange rate for Japanese yen effective August 28, 1971, at the current rate of ¥334.30 to $1 on the balance sheet date. For prior years, the official rate had been fixed at ¥360 = $1. The United States dollar amount of $408 thousand shown as gain on translation of foreign currency in the statement of income and unappropriated surplus results from change in the exchange rate mentioned above.

(Note 2)

The United States dollar amounts are included solely for convenience and are stated at the current rate of ¥301.10 to $1 on the balance sheet date.

For prior years, the rate had been exchanged at ¥334.30 = $1. The United States dollar amount of $593 thousand shown as gain on translation of foreign currency in income and unappropriated surplus results from change in the exchange rate mentioned above.

Having audited the foregoing Business Report of the Company, we hereby acknowledge that it is fair and correct.

Nov. 15, 1972

| | |
|---|---|
| Tokuo Muragishi | Auditor (Statutory) |
| Jiro Fukushi | Auditor (Statutory) |
| Yuzuru Nakabayashi | Auditor (Statutory) |
| Kohji Nuiya | Auditor (Statutory) |
| Shoichiro Ohashi | Auditor (Statutory) |

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# Organization

Auditor (Statutory)

President's Office

Personnel Division
Taiichiro Matsuo
(General Manager & Executive Vice President)

Administration Division
Takeshi Sakurai
(General Manager & Director)

History Compilation Dept.
(Company History)

Finance & Accounting Division
Sueo Koyama
(General Manager & Executive Vice President)

Audit Dept.

Co-ordination Division
Matsujiro Ikeda
(General Manager & Managing Director)

Domestic Branches & Offices

Overseas Branches & Offices

Overseas Subsidiaries

**Textile Division-1**
Yasuro Shime
(General Manager & Director)

- Textile Administration Dept.-1
- (Textile Administration (Tokyo) Dept.)
- Cotton Dept.
- Wool Dept.
- Staple & Yarn Export Dept.
- Fabrics Export Dept.
- Textile Made-up Goods Export Dept.
- Textile Goods Import Dept.
- (Textile (Tokyo) Dept.-2)
- (Textile (Nagoya) Dept.)

**Textile Division-2**
Juta Matsumoto
(General Manager & Director)

- Textile Administration Dept 2
- (Textile Administration (Tokyo) Dept.)
- Staple & Yarn Dept. 1
- Staple & Yarn Dept. 2
- Fabrics Dept. 1
- Fabrics Dept.-2
- Printed Textile Dept.
- Textile Made-up Goods Dept.
- (Textile (Tokyo) Dept.-1)
- (Textile (Nagoya) Dept.)
- Textile Development Dept.

**Textile Division-3**
Fusakichi Kubo
(General Manager & Managing Director)

- Textile Administration Dept.-3
- (Textile Administration (Tokyo) Dept.)
- Knitting Yarn Dept.
- Knit Goods Dept.
- Industrial Textile Dept.
- Special Procurement Dept.
- (Textile (Tokyo) Dept. 2)
- (Textile (Nagoya) Dept.)

**Iron & Steel Division**
Takeki Haraoka
(General Manager & Managing Director)

- Iron & Steel Administration Dept.
- Steel Development Dept.
- Steel Sheets Dept.
- Steel Plates & Tubular Goods Dept.
- Steel Structural Material & Fabrication Dept.
- Special Steel & Wire Dept.
- Overseas Iron & Steel Dept.
- Iron & Steel (Osaka) Dept.
- Iron & Steel (Nagoya) Dept.

**Iron & Steel Material Division**
Ryuta Kawasaki
(General Manager & Senior Managing Director)

- Iron & Steel Material Administration Dept.
- Iron & Steel Material Development Dept.
- Iron Ore Dept.
- Steel Material Dept.
- Ferro Alloy Dept.
- Coal Dept.
- Iron & Steel Material (Osaka) Dept.
- Iron & Steel Material (Nagoya) Dept.
- Overseas Resources Research Dept.

**Non-Ferrous & Light Metals Division**
Ryuta Kawasaki
(General Manager & Senior Managing Director)

- Non-Ferrous & Light Metals Administration Dept.
- Overseas Mining Projects Dept.
- Non-Ferrous Metals Dept.
- Light Metals Dpet.
- Non-Ferrous & Light Metals (Osaka) Dept.
- Non-Ferrous & Light Metals (Nagoya) Dept.



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- Board of Directors
  - President — Chairman
    - Vice President

## Machinery Division-1

Toshiharu Okubo (General Manager & Managing Director)

- Machinery Administration Dept.-1
- Machinery Project & Development Dept.
- Heavy Machinery Dept.
- Construction Machinery Dept.
- Transportation Machinery Dept.
- Electric & Nuclear Power Dept.
- Chemical Machinery Dept.
- Industrial Machinery Dept.
- Electric & System Machinery Dept.
- Machine Tool Dept.
- Machinery (Osaka) Dept.-1
- Machinery (Nagoya) Dept.

## Machinery Division-2

Shigeo Yano (General Manager & Managing Director)

- Machinery Administration Dept.-2
- Overseas Project Development Dept.
- Heavy Machinery Export Dept.
- Plant Export Dept.
- Vehicle Dept.
- Agricultural & Construction Machinery Export Dept.
- Electronics & Industrial Equipment Export Dept.
- Textile Machinery Dept.
- Ship Dept.
- Machinery (Osaka) Dept.-2

## Development & Construction Division

Kitaro Kawamura (General Manager & Senior Managing Director)

- Development & Construction Administration Dept.
- General Planning Dept.
- Construction & Technical Engineering Dept.
- Development & Housing Project Dept.
- Construction & Engineering Dept.
- Overseas Development & Construction Dept.
- Real Estate Dept.
- Development & Construction (Osaka) Dept.
- Development & Construction (Nagoya) Dept.

## Oil & Gas Division

Ryuta Kawasaki (General Manager & Senior Managing Director)

- Oil & Gas Administration Dept.
- Oil & Gas Development Dept.
- Petroleum Dept.
- Petroleum (Osaka) Dept.
- Petroleum (Nagoya) Dept.
- Sakai Oil Terminal
- L.N.G. Project Dept.

## Chemicals Division

Yutaka Tsukuma (General Manager & Director)

- Chemicals Administration Dept.
- Chemicals Development Dept.
- Chemicals Dept.
- Plastics Dept.
- Chemicals Export Dept.
- Chemicals (Osaka) Dept.
- Plastics (Osaka) Dept.
- Chemicals (Nagoya) Dept.

## Produce Division

Shunsuke Awano (General Manager & Managing Director)

- Produce Administration Dept.
- Produce Development Dept.
- Grain Dept.
- Foodstuff & Agricultural Products Dept.
- Feedstuff, Livestock & Meat Products Dept.
- Sugar Dept.
- Marine Products Dept.
- Produce & Foodstuff (Osaka) Dept.
- Produce & Foodstuff (Nagoya) Dept.

## Materials & Products Division

Teiichi Nakajima (General Manager & Managing Director)

- Materials & Products Administration Dept.
- Materials & Products Development Dept.
- General Mdse. Dept.
- Rubber Dept.
- Pulp & Paper Dept.
- Lumber Dept.
- Construction Materials & Wood Products Dept.
- General Mdse. (Osaka) Dept.
- Pulp & Paper (Osaka) Dept.
- Lumber (Osaka) Dept.
- Construction Materials & Wood Products (Osaka) Dept.
- Materials & Products (Nagoya) Dept.

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| 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 |
|---|---|---|---|---|---|---|---|---|---|
| US$1=301.10 | US$1=334.30 | US$1=360 | US$1=360 | US$1=360 | US$1=360 | US$1=360 | US$1=360 | US$1=360 | US$1=360 |
| US$ 10,056 | US$ 8,551 | US$ 6,768 | US$ 5,365 | US$ 4,697 | US$ 4,122 | US$ 3,479 | US$ 3,232 | US$ 2,979 | US$ 2,357 |
| 75 | 64 | 59 | 41 | 38 | 31 | 22 | 21 | 19 | 19 |
| 33 | 14 | 14 | 11 | 8 | 10 | 5 | 11 | 11 | 10 |
| 17 | 11 | 9 | 7 | 6 | 6 | 3 | 6 | 7 | 6 |
| 10 | 8 | 6 | 5 | 5 | 5 | 5 | 5 | 4 | 3 |
| 2.00 | 1.80 | 1.90 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 |
| 3,337 | 2,791 | 2,251 | 1,701 | 1,407 | 1,199 | 1,093 | 838 | 812 | 667 |
| 980 | 602 | 322 | 273 | 226 | 186 | 154 | 112 | 97 | 70 |
| 4,317 | 3,393 | 2,573 | 1,974 | 1,633 | 1,385 | 1,247 | 950 | 909 | 737 |
| 3,274 | 2,682 | 2,120 | 1,679 | 1,405 | 1,205 | 1,078 | 797 | 762 | 604 |
| 830 | 574 | 339 | 219 | 158 | 112 | 102 | 86 | 80 | 66 |
| 52 | 32 | 19 | 11 | 7 | 6 | 5 | 4 | 6 | 6 |
| 4,156 | 3,288 | 2,478 | 1,909 | 1,570 | 1,323 | 1,185 | 887 | 848 | 676 |
| 161 | 105 | 95 | 65 | 63 | 62 | 62 | 63 | 61 | 61 |
| 10,000 | 9,900 | 9,500 | 9,100 | 8,700 | 7,300 | 7,500 | 7,300 | 6,100 | 5,400 |
| 10,797 | 12,235 | 13,276 | 11,879 | 13,685 | 16,426 | 22,897 | 16,491 | 16,388 | 15,398 |
| 77,795 | 65,474 | 52,565 | 40,897 | 34,177 | 30,149 | 25,424 | 23,208 | 20,626 | 15,995 |
| 300,827 (Estimated) | 229,035 | 197,180 | 167,339 | 143,634 | 120,958 | 102,211 | 89,067 | 80,335 | 67,956 |

# The Board of Directors and Auditors

CHAIRMAN OF THE BOARD OF DIRECTORS

PRESIDENT & DIRECTOR

Shinobu Ichikawa | Hiro Hiyama

EXECUTIVE VICE PRESIDENT & DIRECTOR

SENIOR MANAGING DIRECTOR

Taiichiro Matsuo | Hiroshi Morihiro | Sueo Koyama | Seibei Ishii | Ryuta Kawasaki | Kitaro Kawamura

MANAGING DIRECTOR

Matsujiro Ikeda | Shigeo Yano | Takeki Haraoka | Shunsuke Awano | Fusakichi Kubo

Toshiharu Okubo | Kazuo Haruna | Genzo Kobayashi | Hiroshi Ito | Teiichi Nakajima | Taizo Noguchi

DIRECTOR

Takeshi Sakurai | Masao Kawamura | Tomejiro Tanaka | Tokuzo Morita | Kazuo Kondo | Atsuro Fukumoto

Masaoki Kojima | Juta Matsumoto | Yutaka Tsukuma | Yoshiyuki Kato | Koichi Aoi | Tatsuo Uesugi

Yasuro Shime | Masatake Yuhara | Nobutaka Egoshi | Isao Hiroe | Satoru Nishio | Kazuo Ikoma

AUDITOR (STATUTORY)

Tokuo Muragishi | Jiro Fukushi | Yuzuru Nakabayashi | Kohji Nuiya | Shoichiro Ohashi

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As of Dec. 1, 1972

# Ten-Year Financial Review

Year-End Statistical Summary —
As Reported in the Company's Annual Report

Note: Figures in Millions of US$ except Cash Dividends per 100 Common Shares, which are in Dollars

Fiscal Year Ending — Sept, 30.
Value of Japanese Yen

**Sales and Earnings**

Net Sales
Operating Profit
Income before Income Taxes
Net Income
Cash Dividends Paid
Cash Dividends Per 100 Shares

**Financial Position (at Year End)**

Current Assets
Fixed Assets
Total Assets
Current Liabilities
Fixed Liabilities
Reserves
Total Liabilities
Capital

**Other Data**

Number of Employees
Number of Shareholders
Net Sales of Japan's "Big 10" Trading Companies
Gross National Product

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## Overseas Subsidiaries, Branches and Offices

Marubeni America Corporation New York Headquarters
Marubeni America Corporation, New York Branch
Marubeni America Corporation, Los Angeles Branch
Marubeni America Corporation, San Francisco Branch
Marubeni America Corporation, Chicago Branch
Marubeni America Corporation, Houston Branch
Marubeni America Corporation, Seattle Branch
Marubeni America Corporation, Portland Office
Marubeni America Corporation, Washington D.C. Office
Marubeni America Corporation, New Orleans Office
Marubeni America Corporation, Detroit Office
Marubeni America Corporation, St. Louis Office
Marubeni America Corporation, Anchorage Office
Marubeni America Corporation, Atlanta Office
Marubeni America Corporation, Port Angeles Office
Marubeni Cotton Corporation (Dallas)
Marubeni Canada Ltd. (Toronto)
Marubeni Canada Ltd., Vancouver Branch
Marubeni Canada Ltd., Calgary Office
Marubeni Canada Ltd., Montreal Office
Marubeni Mexico S.A. de C.V. (Mexico City)
San Jose Office
Panama Office
Guatemala Office
Marubeni Brasil Ltda. (Sao Paulo)
Marubeni Brasil Ltda., Rio de Janeiro Office
Marubeni Argentina S.R.L. (Buenos Aires)
Marubeni Peru S.A. (Lima)
Quito Office
Corresponsal en La Paz
Santiago Office
Marubeni Venezuela C.A. (Caracas)
Bogota Office
Marubeni Deutschland GmbH (Dusseldorf)
Marubeni Deutschland GmbH, Hamburg Branch
Marubeni Deutschland GmbH, Zweigniederlassing Zürich
Marubeni Benelux S.A. (Brussels)
Marubeni Benelux S.A., Rotterdam Branch
Marubeni France S.A. (Paris)
Marubeni Italia S.p.A. (Milano)
London Branch
Marubeni Iberia S.A. (Madrid)
Marubeni Corporation, Delegação de Lisboa
Marubeni Iberia S.A., Oficina de Las Palmas
Marubeni Scandinavia AB (Stockholm)
Marubeni Scandinavia AB, Oslo Office
Wien Liaison Office
Warsaw Technical Office
Moscow Office
Berlin Liaison Representative
Praha Liaison Representative
Bucharest Liaison Representative
Beograd Liaison Representative
Khartoum Liaison Office
Cairo Office
Tripoli Liaison Representative
Algiers Office
Casablanca Office
Marubeni Nigeria Ltd. (Lagos)
Accra Office
Nairobi Office
Addis Ababa Office
Kinshasa Office
Lusaka Office
Kabul Office
Johannesburg Branch
Marubeni Iran Co. Ltd. (Teheran)
Beirut Liaison Office
Kuwait Office
Abu Dhabi Liaison Office
Baghdad Office
Ankara Office
Athens Office
Jeddah Office
Karachi Office
Lahore Office
Chittagong Office
Dacca Office
New Delhi Branch
Bombay Branch
Calcutta Office
Madras Office
Colombo Liaison Office
Bangkok Branch
Vientiane Office
Rangoon Liaison Representative
Saigon Liaison Office
Phnom-Penh Liaison Office
Singapore Branch
Kuala Lumpur Branch
Sandakan Liaison Office
Jakarta Office
Surabaya Representative
Medan Representative
Balikpapan Representative
Manila Branch
Davao Representative
Hongkong Branch
Taipei Branch
Kaohsiung Office
Seoul Branch
Pusan Liaison Office
Marubeni Australia Pty Ltd. (Sydney)
Marubeni Australia Pty. Ltd., Melbourne Branch
Marubeni Australia Pty. Ltd., Perth Office
Marubeni Australia Pty. Ltd., Fremantle Office
Marubeni Australia Pty. Ltd., Brisbane Office
Marubeni Australia Pty. Ltd., Adelaide Office
Marubeni New Zealand Ltd. (Wellington)
Marubeni New Zealand Ltd., Auckland Office
Marubeni New Zealand Ltd., Mt. Maunganui Office
Pago Pago Liaison Representative


1905

**Marubeni**

1906

Head Office: 3, Hommachi 3-chome, Higashi-ku, Osaka, Japan C.P.O. Box 1000, OSAKA 530-91, JAPAN Tel. Osaka (266) 2111 Cable Add. MARUBENI OSAKA Telex J63261, J63262
Tokyo Head Office: 4-2 Ohtemachi 1-chome, Chiyoda-ku, Tokyo, Japan C.P.O. Box 595, TOKYO 100-91, JAPAN Tel. Tokyo (282) 2111 Cable Add. MARUBENI TOKYO Telex J22326, J22327, J22328
Nagoya Office: 2-4, Nishiki 2-chome, Naka-ku, Nagoya, Japan Tel. Nagoya (202) 6111 Cable Add. MARUBENI NAGOYA Telex J59936

Printed in Japan

MARUBENI LEASING CORPORATION
(A Wholly Owned Subsidiary of
Marubeni America Corporation)

Approximately
$4,800,000

Industrial Revenue Bond Issue

MARUBENI LEASING CORPORATION
(A Wholly Owned Subsidiary of Marubeni America Corporation)

Approximately
$4,800,000

Industrial Revenue Bond Issue

This memorandum is submitted on a confidential basis for use solely in connection with consideration of the purchase in a private placement of securities of Maurbeni Leasing Corporation. Counsel has advised that, because of the confidential nature of this memorandum, its use for any other purpose might involve serious legal consequences. It may not be reproduced in whole or in part.

The information contained in this memorandum has been obtained from Marubeni America Corporation from annual reports and audits. No representation or warranty is made by Interstate Securities Corporation as to the accuracy or completeness of such information.

Interstate Securities Corporation

April 30, 1973

MARUBENI LEASING CORPORATION
(A Wholly Owned Subsidiary of Marubeni America Corporation)

Preliminary Summary of Major Terms
for Tax-Exempt Industrial Revenue Bonds

Bonds: Approximately $4,800,000

Rating: None

Facility: New plant and equipment located outside Camden, South Carolina. The following is the approximate cost of the project:

| | | |
|---|---|---|
| **Plant** | | |
| Building | $1,700,000 | |
| Pollution Equipment | 70,000 | |
| Well & Water Lines | 26,000 | |
| Architectural Fees | 100,000 | |
| Miscellaneous | 30,000 | |
| | | $1,926,000 |
| **Equipment** | | |
| Water-Jet Looms | 2,000,000 | |
| Slashers | 500,000 | |
| Peripheral Equipment & Parts | 300,000 | |
| | | 2,800,000 |
| Total | | $4,726,000 |

Issuer: Kershaw County, South Carolina, under the State of South Carolina Industrial Revenue Bond Act.

Security:
A. First mortgage on land, plant and equipment
B. Lease by Marubeni Leasing Corporation, a wholly owned subsidiary of Marubeni America Corporation
C. A guarantee by Marubeni America Corporation

Date of Issue: Approximately June 1, 1973

| | | |
|---|---|---|
| Maturity: | Serial bonds with a maturity pattern as follows: | |
| | June 1, 1976 | $ 600,000 |
| | June 1, 1977 | 600,000 |
| | June 1, 1978 | 600,000 |
| | June 1, 1979 | 600,000 |
| | June 1, 1980 | 600,000 |
| | June 1, 1981 | 600,000 |
| | June 1, 1982 | 600,000 |
| | June 1, 1983 | 600,000 |
| | | $4,800,000 |
| Interest Payments: | Semi-annual interest payments (June 1 & December 1) beginning 12-1-1973. | |
| Interest Rate: | Average interest rate - 5½% | |
| Call Feature: | None | |
| Special Provisions as to Lease: | The primary lease will be with Marubeni Leasing Corporation in order that they can receive the benefits of the investment tax credit. Marubeni Leasing Corporation will sub-lease the facilities to Wateree Textiles Corporation which will operate the facilities. Wateree Textiles is also a subsidiary of Marubeni America Corporation. | |

USE OF FUNDS

Marubeni America Corporation proposes to guarantee a South Carolina industrial revenue bond issue of approximately $4,800,000, the proceeds to be used for land, buildings and equipment for a textile mill using the latest Japanese technology in water jet looms. The plant will be located in Kershaw County, South Carolina near the town of Camden. The purchaser of the bonds will have a first mortgage on the plant and machinery. The primary lessee of the building will be Marubeni Leasing Corporation, which in turn will sub-lease to Wateree Textiles Corporation, and the lease will be further guaranteed by Marubeni America Corporation.

HISTORY OF THE COMPANY

Marubeni America Corporation:

November 27, 1951 -- Marubeni Company (New York), Inc. filed a Certificate of Corporation with the State of New York. Capital: 1,000 shares, $50,000 at $50 each.

September 1, 1955 -- Certificate of Consolidation of Marubeni Company (New York), Inc. and Iida and Co.,New York, Inc. into Marubeni-Iida (New York), Inc. filed with the State of New York.

August 5, 1947 -- Change of Corporation name to Marubeni-Iida (America), Inc. filed with the State of New York.

July 20, 1959 -- Increase in Capital to $1,000,000.

July 1, 1963 -- Increase in Capital to $1,500,000.

March 15, 1966 -- Amendment of Certificate of Incorporation of Marubeni-Iida (America), Inc. Authorization of Issuance of additional shares to 31,000.

March 25, 1966 -- Increase in Capital to $3,000,000.

April 1, 1966 -- Merger with Tokyo International Commerce Co. Inc. Increase in Capital to $3,050,000.

January 1, 1968 -- Increase in Capital to $6,000,000.

February 3, 1969 -- Increase in Capital to $16,000,000.

January 1, 1972 -- Amendment of Certificate of Incorporation re: Change of Corporation name to Marubeni America Corporation filed with State of New York.

January 20, 1972 -- Increase in Capital to $25,000,000.

March, 1973 -- Increase in Capital to $50,000,000. Please note

Established: October 27, 1951

Branch Offices: Los Angeles, San Francisco, Chicago, Houston, Seattle, Portland, Washington, Detroit, St. Louis, Anchorage, New Orleans

Sales: $1,450,000,000 FY 1971
Export from USA: $790,000,000
Import to USA: $660,000,000
Sales: $1,776,499,000 FY 1972

Earnings
Gross: $2,500,000 (1971)
Gross: $5,000,000 (Expected 1972)
Net: $1,300,000 (1971)
Net: $2,560,000 (1972)

Parent Company: Marubeni Corporation (Japan)

Type of Business: Import and Export, General Merchandise

Merchandise: Textile, Metals, Machinery, Construction, Chemical, Foodstuffs, Pulp, General Merchandise, Lumber, Oil and Gas, Paper.

Main Banks: First National City Bank, Bank of Tokyo, The Fuji Bank

Officers: Kazuo Haruna, President, Director
Katsumi Akabane, Exec. Vice President, Director
Tomotake Asama, Exec. Vice President, Director
Tokiji Sugiyama, Sr. Vice President-Secretary, Director
Minoru Hyogo, Vice President, Director
Hiroshi Tahara, Vice President, Director
Michitoshi Kobayashi, Vice President - Treasurer

Employees: 520 (250 Japanese and 270 American)

Marubeni Corporation (Japan):

Marubeni deals in textiles, metals and metal products, machinery and construction, petroleum and chemical products, foodstuffs, pulp, paper, lumber and others, along with offshore trading.

The corporation began as a dry goods merchant in Kinki district in 1858. Through a merger with former C. Itoh & Co. and Kishimoto Shoten, was renamed Sanko KK, in 1941. Further merged with Kureha Spinning and Daido Trading Co., to be renamed Daiken Industries in 1944. Merged with Iida & Co. in 1955, resulting in Marubeni-Iida Co., Ltd. Merged with Totsu Co. to become Japan's third largest general trading firm. Changed name to present Marubeni Corporation in January of 1972. Marubeni Corporation has many overseas branch offices.

Capital: $84,000,000

Sales: $4,851,743,333 (net)

Earnings
  Net: $10,603,000 (FY 1971)

Branch Offices
  Domestic: 54
  Overseas: 113
  Others: 123 Japanese and 83 foreign affiliates.

Main Banks: Fuji Bank, Bank of Tokyo, Bank of Kobe, Sumitomo Bank, Yasuda Trust and Banking

Officers: Shinobu Ichikawa, Chairman
Hiro Hiyama, President

Employees: 8,137 (5,031 Male and 3,106 Female).

## COMPANY PHILOSOPHY

There is a widening belief that the time has come to change the basic orientation of the Japanese economy from an investment-fueled high growth economy seeking market expansion, to a more balanced situation through large public works expenditures.

As an international enterprise, Marubeni will direct further efforts to strengthen their corporate structure with a long-range outlook for the future to utilize their creative talents and manueverability.

## COMPANY MOTTO

To become a true Multinational American Trading Company, deeply rooted in the U.S.A.

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK N.Y. 10017

The Board of Directors
Marubeni America Corporation

We have examined the accompanying consolidated balance sheet of Marubeni America Corporation, a wholly-owned subsidiary of Marubeni Corporation, at September 30, 1972 and the related consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously made a similar examination of the financial statements for the prior year.

In our opinion, the statements mentioned above present fairly, on the basis described in Note 1, the consolidated financial position of Marubeni America Corporation at September 30, 1972 and 1971 and the consolidated results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

January 23, 1973

MARUBENI AMERICA CORPORATION

CONSOLIDATED BALANCE SHEET

September 30, 1972 and 1971

(Note 1)

| ASSETS | 1972 | 1971 |
|---|---|---|
| Cash | $ 29,421,000 | $ 19,677,000 |
| Time deposits, pledged as security for notes payable to banks | 6,845,000 | 2,800,000 |
| Marketable securities, at cost (market value $1,296,000 in 1972 and $860,000 in 1971) | 635,000 | 518,000 |
| Accounts and advances receivable from U.S. and foreign customers (Notes 1 and 4) | 330,354,000 | 281,936,000 |
| Accounts (including advances for merchandise) with Marubeni Corporation (parent company) and affiliates | 213,002,000 | 241,489,000 |
| Merchandise inventory, at the lower of specific cost or market (Note 2) | 74,115,000 | 50,551,000 |
| Prepaid expenses and other assets | 4,876,000 | 3,638,000 |
| Investments, principally bonds, at cost which approximates market | 4,485,000 | 2,484,000 |
| Property, plant, equipment and leasehold improvements, at cost less accumulated depreciation and amortization of $985,000 in 1972 and $666,000 in 1971 | 2,264,000 | 1,266,000 |
| Total assets | $665,997,000 | $604,359,000 |

See accompanying notes.

| LIABILITIES AND STOCKHOLDER'S EQUITY | 1972 | 1971 |
|---|---|---|
| Notes payable to banks (Note 1) | $505,538,000 | $307,887,000 |
| Acceptances payable to banks (Note 2) | 97,448,000 | 212,333,000 |
| Notes payable to parent company, plus accrued interest | - | 6,017,000 |
| Accounts payable | 24,504,000 | 51,694,000 |
| Accrued liabilities | 10,353,000 | 7,682,000 |
| Federal income tax | 359,000 | 271,000 |
| Total liabilities | 638,202,000 | 585,884,000 |
| Commitments and contingent liabilities (Note 3) | | |
| Stockholder's equity: | | |
| Common stock, without par value (Note 5); authorized 31,000 shares; issued and outstanding - 30,640 shares in 1972 and 30,550 shares in 1971 | 25,000,000 | 16,000,000 |
| Retained earnings (Note 5) | 2,795,000 | 2,475,000 |
| Total stockholder's equity | 27,795,000 | 18,475,000 |
| Total liabilities and stockholder's equity | $665,997,000 | $604,359,000 |

MARUBENI AMERICA CORPORATION

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years ended September 30, 1972 and 1971

(Note 1)

| | 1972 | 1971 |
|---|---|---|
| Total volume of trading transactions | $1,776,499,000 | $1,463,111,000 |
| Gross trading profit | $ 16,448,000 | $ 11,202,000 |
| Interest income | 34,537,000 | 16,533,000 |
| | 50,985,000 | 27,735,000 |
| Interest expense | 32,794,000 | 13,683,000 |
| Selling, general and administrative expenses | 13,849,000 | 11,512,000 |
| | 46,643,000 | 25,195,000 |
| Income before taxes on income | 4,342,000 | 2,540,000 |
| Taxes on income | 2,282,000 | 1,360,000 |
| Net income | 2,060,000 | 1,180,000 |
| Retained earnings at beginning of year | 2,475,000 | 1,935,000 |
| | 4,535,000 | 3,115,000 |
| Cash dividends | 1,740,000 | 640,000 |
| Retained earnings at end of year | $ 2,795,000 | $ 2,475,000 |

See accompanying notes.

MARUBENI AMERICA CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended September 30, 1972 and 1971

| | 1972 | 1971 |
|---|---|---|
| Sources: | | |
| Operations: | | |
| Net income | $ 2,060,000 | $ 1,180,000 |
| Charges against income not involving the use of cash during the period: | | |
| Depreciation and amortization - principally straight-line | 308,000 | 205,000 |
| Funds provided by operations | 2,368,000 | 1,385,000 |
| Increase in notes payable to banks | 197,651,000 | 151,941,000 |
| Decrease (increase) in accounts with parent company and affiliates | 28,487,000 | (153,778,000) |
| Issuance of capital stock | 9,000,000 | - |
| Increase in accrued liabilities | 2,671,000 | 2,630,000 |
| Increase (decrease) in federal income tax | 88,000 | (189,000) |
| | 240,265,000 | 1,989,000 |
| Applications: | | |
| Decrease (increase) in acceptances payable to banks | 114,885,000 | (85,878,000) |
| Increase in accounts and advances receivable from U.S. and foreign customers | 48,418,000 | 86,364,000 |
| Decrease (increase) in accounts payable | 27,190,000 | (22,845,000) |
| Increase in merchandise inventory | 23,564,000 | 21,275,000 |
| Decrease in notes payable to parent company | 6,017,000 | 8,977,000 |
| Increase in prepaid expenses and other assets | 1,238,000 | 2,267,000 |
| Dividends on common stock | 1,740,000 | 640,000 |
| Additions to property, plant, equipment and leasehold improvements | 1,306,000 | 711,000 |
| Increase (decrease) in investments | 2,001,000 | (429,000) |
| | 226,359,000 | 11,082,000 |
| Increase (decrease) in cash and marketable securities | 13,906,000 | (9,093,000) |
| Cash and marketable securities at beginning of year | 22,995,000 | 32,088,000 |
| Cash and marketable securities at end of year | $ 36,901,000 | $ 22,995,000 |

See accompanying notes.

MARUBENI AMERICA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 1972 and 1971

## Note 1 - Basis of financial statements

Marubeni America Corporation (the Company) is a wholly-owned subsidiary of Marubeni Corporation, a Japanese corporation which operates in Japan and, either directly or through subsidiaries, throughout the world. A substantial portion of total volume of trading transactions, gross trading profit, and interest income results from transactions to which the parent company or its affiliates is a party. In this connection the parent company undertakes responsibility for the collectibility of portions of the Company's receivables and the realization of certain other assets of the Company and has guaranteed portions of the notes payable. The Company, in turn, has guaranteed obligations of certain related parties (see Note 3). The financial statements reflect the effects of transactions with related companies on bases determined by management of the affiliated group.

Transactions to which the Company is a party take many forms depending upon local practice, preferences of the parties and legal considerations. Such transactions consist of sales in which the Company acts as principal and transactions in which the Company acts as agent. In those transactions in which the Company acts as agent, payment for goods is occasionally made directly by the purchaser to the supplier. Total volume of trading transactions includes the contract value of all transactions in which the Company participates regardless of the form of the transaction, and gross trading profit consists of gross profit on those transactions in which the Company acts as principal and commissions on those transactions in which the Company acts as agent.

## Note 2 - Acceptances payable to banks

Acceptances payable to banks are generally secured by trust receipts on inventory, the standard terms of which provide that proceeds of sales of the collateral be delivered to the bank to be applied against the outstanding acceptance. The Company has followed the practice of paying acceptances on original maturity dates.

## Note 3 - Commitments and contingent liabilities

At September 30, 1972 the Company was contingently liable for drafts discounted of approximately $180,000,000, substantially all of which were drawn on the parent company. At that same date the Company had guaranteed indebtedness of other issuers aggregating approximately $100,000,000 of which $88,000,000 was debt of related parties. $20,000,000 of such guarantees in effect

MARUBENI AMERICA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 1972 and 1971

Note 3 - Commitments and contingent liabilities (Cont'd)

at September 30, 1971 were not included in amounts reported as contingent liabilities at that date.

The Company has undertaken commitments to invest an aggregate of $4,700,000 in real estate over the next five years.

Note 4 - Accounts with a major customer

Included in accounts and advances receivable at September 30, 1972 and 1971 are $103,862,000 and $100,460,000, respectively, due from a Japanese automobile manufacturer; trading volume with this customer aggregated $575,965,000 and $378,700,000, respectively, for the years ended September 30, 1972 and 1971.

Note 5 - Change in capitalization and subsequent dividend

In January 1972 the parent company purchased an additional 90 shares of the Company's no par value common stock for $9,000,000.

On October 26, 1972, the Board of Directors of the Company declared a dividend payable to its parent in an amount aggregating $1,500,000.

MARUBENI LEASING CORPORATION
(A Wholly Owned Subsidiary of Marubeni America Corporation)

Summary of Major Terms
for Tax-Exempt Industrial Revenue Bonds

| | |
|---|---|
| Bonds: | Approximately $4,800,000 |
| Rating: | None |
| Facility: | New plant and equipment located outside Camden, South Carolina. The approximate cost of the project is $4,800,000. |
| Issuer: | Kershaw County, South Carolina, under the State of South Carolina Industrial Revenue Bond Act. |
| Security: | A. First mortgage on land, plant and equipment<br>B. Lease by Marubeni Leasing Corporation, a wholly owned subsidiary of Marubeni America Corporation<br>C. An unconditional guarantee by Marubeni America Corporation |
| Date of Issue: | Approximately June 1, 1973 |
| Maturity: | Serial bonds with an approximate maturity pattern as follows: |

| | |
|---|---|
| June 1, 1976 | $ 600,000 |
| June 1, 1977 | 600,000 |
| June 1, 1978 | 600,000 |
| June 1, 1979 | 600,000 |
| June 1, 1980 | 600,000 |
| June 1, 1981 | 600,000 |
| June 1, 1982 | 600,000 |
| June 1, 1983 | 600,000 |
| | $4,800,000 |

| | |
|---|---|
| Interest Payments: | Semi-annual interest payments (June 1 & December 1) beginning 12-1-1973. |
| Interest Rate: | 5½% |

| | |
|---|---|
| Call Feature: | None |
| Special Provisions as to Lease: | The primary lease will be with Marubeni Leasing Corporation in order that they can receive the benefits of the investment tax credit. Marubeni Leasing Corporation will sub-lease the facilities to Wateree Textiles Corporation which will operate the facilities. Wateree Textiles is also a subsidiary of Marubeni America Corporation. |
| Bond Attorney: | To be appointed by First Union National Bank with the approval of Interstate Securities Corporation and Marubeni America Corporation. |
| Trustee and Paying Agent: | First Union National Bank |

INDUCEMENT CONTRACT

THIS CONTRACT made and entered into by and between Kershaw County, a body politic and corporate, and a political subdivision of the State of South Carolina (the County), and Marubeni America Corporation, a corporation organized and existing under the laws of the State of ~~Delaware~~ New York (the Industry).

W I T N E S S E T H:

ARTICLE I.

RECITATION OF FACTS

SECTION 1.01.

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Contract, the following statements of fact are herewith recited:

1. The County is a body politic and corporate, and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of Act No. 103 enacted at the 1967 Session of the General Assembly of South Carolina, as amended (the Act), to acquire, enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

2. The Industry proposes itself or by its subsidiary corporation to construct an industrial building and purchase and install all necessary machinery and equipment therein on approximately twenty (20) acres of land located in Kershaw County which will be used for a textile manufacturing operation. The cost of the land, improvements thereon, equipment and machinery installed (the Project), is estimated to be just under Five Million ($5,000,000.00) Dollars. The project when completed and in operation will provide permanent employment for approximately one hundred (100) persons.

3. The Industry has advised the County that its contemplated program is dependent upon the availability of assistance which the County might render through the sale of Kershaw County Industrial Revenue Bonds (the Bonds) pursuant to the Act, whereby the County would finance the cost of land acquisition, building construction, machinery and equipment acquisition and installation for the Project and lease the Project to the Industry.

4. The County has given due consideration to all of the proposals and requests of the Industry and has agreed to endeavor to effect the issuance of the Bonds at the time and on the terms and conditions hereafter set forth. In executing this Inducement Contract, the County is confirming commitments heretofore made on behalf of the County prior to the commencement of the Project that the Bonds would be issued to so finance the Project, including the reimbursement of any loans incurred or advances made by the Industry for that purpose.

## ARTICLE II.

## UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

SECTION 2.01.

That it will accept a conveyance of the real property, improvements, machinery and equipment referred to in Paragraph 2 of Section 1.01.

SECTION 2.02.

That it will, subject to the approval by the State Budget and Control Board required by the Act, authorize the issuance of not in excess of Five Million ($5,000,000.00) Dollars Kershaw County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1973 (Marubeni America Corporation or its subsidiary - Lessee), at such time as the Industry may request the County to do so.

SECTION 2.03.

That it will permit the Industry to arrange for the sale of the Bonds, in an amount sufficient to pay for the Project as aforesaid and if successful market arrangements can be made, it will adopt such proceedings as are necessary for the making of the Lease spoken of in Section 2.06 and the issuance and securing of the Bonds.

SECTION 2.04.

That if the Bonds shall be sold, it will provide that the proceeds thereof shall be applied to the payment of the costs theretofore and thereafter to be incurred in connection with the issuance of the Bonds and construction of the Project, including the necessary land, buildings, machinery, equipment and other purposes permitted by the Act, and the repayment of any funds advanced or loans incurred by the Industry for such purposes.

SECTION 2.05.

That prior to the issuance of the Bonds it will enter into an Indenture with the trustee bank to be selected by the Industry pursuant to which the Bonds will be issued. Such Indenture shall be substantially in the form used in connection with the issuance of South Carolina Industrial Revenue Bonds and shall constitute a lien on the Project to secure the payment of the Bonds. At the option of the Industry the County will issue the Bonds in the form of a note secured by a mortgage upon the Project in which event no indenture will be necessary.

SECTION 2.06.

That simultaneously with the issuance of the Bonds, it will lease to the Industry or its subsidiary corporation the said tract of land with the building, machinery and equipment hereinbefore spoken of for a term commensurate with the life of the Bonds and at a rental which will provide the County with sums required to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable; and when the Bonds have been paid, the County will convey the Project to the Industry or such subsidiary corporation for One ($1.00) Dollar.

SECTION 2.07.

That, if requested by the Industry and in order to provide interim financing pending the issuance of the Bonds, the County will adopt the necessary proceedings and provide for the issuance of Bond Anticipation Notes pursuant to Act No. 116 of the Acts of the General Assembly of the State of South Carolina for the year 1965, as amended, in anticipation of the issuance of the Bonds.

SECTION 2.08.

That it will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III.

UNDERTAKINGS ON THE PART OF THE INDUSTRY

The Industry agrees as follows:

SECTION 3.01.

That County will have no obligation to find a purchaser of the Bonds.

SECTION 3.02.

If the plan proceeds as contemplated, the Industry further agrees as follows:

(a) to convey, or cause to be conveyed, to the County, the tract of land and all improvements thereon including all machinery and equipment therein referred to in Paragraph 2 of Section 1.01.

(b) to enter into a lease with the County, under the terms of which it will obligate itself to pay to the County sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable, said Lease to be in form and contain such provisions as shall be satisfactory to the County and to the Industry.

(c) that it will obligate itself to make the additional rental payments required by the Act, including, but not limited to, payments in lieu of taxes.

(d) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Contract and in the implementation of its terms and provisions.

(e) that it will perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing.

(f) that it will convenant and agree in the Lease spoken of hereinabove to install in the building which is a part of the Project all

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necessary equipment and machinery for a textile manufacturing operation and that it will thereafter operate the Project as a plant for the manufacture and distribution of textiles or such other products as the Industry deems appropriate.

(g) that if Marubeni America Corporation does not itself construct, equip and/or lease the Project, such will be done by a subsidiary corporation of Marubeni America Corporation either heretofore or hereafter organized and existing under the laws of a state of the United States and Marubeni America Corporation shall unconditionally guarantee the performance of all the Industry's (subsidiary corporation) obligations hereunder including the payment of all rentals and other amounts to be paid under the Lease to which reference is hereinabove made.

## ARTICLE IV.

## GENERAL PROVISIONS

### SECTION 4.01.

All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Contract shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

### SECTION 4.02

The parties agree that the Industry or its subsidiary corporation may proceed with the Project including land acquisition, construction and installation of machinery and equipment prior to the issuance of the Bonds.

### SECTION 4.03.

All commitments of the County and the Industry hereunder are subject to the condition that the County and the Industry do agree on mutually acceptable terms and conditions of all documents whose execution and delivery are contemplated by the provisions hereof.

### SECTION 4.04.

The parties understand that the Industry may choose not to finance the Project as herein provided, in which event this agreement shall become void.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Contract on the dates indicated.

KERSHAW COUNTY, SOUTH CAROLINA (SEAL)

By: Edward M Royall

EDWARD M. ROYALL

Chairman of the Kershaw County Council

ATTEST:

John L. Peake

Clerk of the Kershaw County Council

Dated: April 25, 1973

MARUBENI AMERICA CORPORATION (SEAL)

By: T Sugiyama

T. SUGIYAMA

SENIOR VICE PRESIDENT

ATTEST: [illegible]

Dated: May 3, 1973



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EXHIBIT II
MAY 24, 1973

May 25, 1973

Mr. M. Gault Beeson, Chairman
Marion County Board of Commissioners
Marion, South Carolina

Dear Mr. Beeson:

On the basis of the resolution adopted by your Board, supported by affirmative action of your County Industrial Board, and with the endorsement of your County Legislative Delegation, the State Budget and Control Board has reaffirmed its approval of your petition to issue $2,000,000.00 of Marion County Industrial Revenue Bonds for the benefit of Schoolfield Industries, Inc.

The above action of the Budget and Control Board thus authorizes you to proceed with the issuance of these bonds.

Very truly yours,

P. C. Smith, Secretary
State Budget and Control Board

PCS:dr

Portman

SINKLER GIBBS SIMONS & GUÉRARD
ATTORNEYS & COUNSELLORS AT LAW
PROFESSIONAL ASSOCIATION

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUÉRARD
. DANA SINKLER
THOMAS G. BUIST
RUTH WILLIAMS

THOMAS A. HUTCHESON
ROBERT H. HOOD
CHARLES F. AILSTOCK

TELEPHONE 722-3366
AREA CODE 803

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402
POST OFFICE BOX 340

May 7, 1973

Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Pat:

Re: $2,000,000 Marion County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1973 (Schoolfield Furniture Industries, Inc.-Lessee)

Enclosed you will find a copy of the Minutes of the Board of Directors of Schoolfield Furniture Industries, Inc. adopted at the April 25th meeting. I received a copy of these Minutes on Friday, May 4th, at which time I noticed the opposition of one of the Directors, Mr. Davis, more fully set forth therein.

It is my understanding from our telephone conversation of this morning that the State Board will have to reconsider this matter in the light of Mr. Davis' objection. I am sure that you will be hearing from Mr. Adams shortly on this point so that the matter can be reconsidered promptly.

Very truly yours,

Peggy

TBG:mbd
Enclosure

cc: (with enclosure)
Cecil A. Citron, Esq.
Raymond Pridgen, Esq.
M. C. Wood, Jr., Esq.
Joseph A. Few, Esq.
John D. Adams, Esq.
Marvin Katz, Esq.

1929

MINUTES OF SPECIAL MEETING
OF BOARD OF DIRECTORS OF
SCHOOLFIELD FURNITURE INDUSTRIES, INC.

MINUTES of a Special Meeting of the Board of Directors of SCHOOLFIELD FURNITURE INDUSTRIES, INC., held at the office of the company on April 25, 1973 at 1:15 p.m.

PRESENT:

JOHN D. ADAMS, Chairman
JACK BLOCK
PHILIP S. DAVIS, JR.,

directors, and

JOELLEN TOWNSEND, Secretary.

By Invitation:

LAWRENCE PHILIP, CPA
CECIL A. CITRON, ESQ.

The meeting was called to order by the Chairman.

The Secretary presented and read to the meeting a waiver of notice of meeting, signed by all of the directors of the corporation, and it was ordered that it be appended to the minutes of this meeting.

It was suggested that the question of reading and approving the minutes of the previous meeting be tabled.

The Board's attention was brought to the fact that all of the technical aspects pertaining to the loss of eight certificates for approximately 17,000 shares of the company's stock had been completed, including an indemnity agreement in

MINUTES OF SPECIAL MEETING
OF BOARD OF DIRECTORS OF
SCHOOLFIELD FURNITURE INDUSTRIES, INC.

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directors, and

JOELLEN TOWNSEND, Secretary.

By Invitation:

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It was suggested that the question of reading and approving the minutes of the previous meeting be tabled.

The Board's attention was brought to the fact that all of the technical aspects pertaining to the loss of eight certificates for approximately 17,000 shares of the company's stock had been completed, including an indemnity agreement in favor of the company. The officers of the company were thereupon directed to issue certificates in substitution for those that had been lost.

The Chairman called the Board's attention to the fact that at the last stockholders' meeting it had been resolved that the corporation be authorized to issue additional shares and that there be a stock split of two (2) shares for one (1) share, i.e. for every share then issued and outstanding, another share would be issued; that it was essential therefore, that the par value be reduced accordingly from $1.00 par to 50¢ par. The officers were directed to have counsel prepare the necessary amendment to the Certificate of Incorporation and for them to execute the same and cause it to be filed with the appropriate authorities.

It was then proposed that the company execute and deliver all documents, papers and instruments, including but not limited to, the execution of a deed to the property owned by the company's subsidiary, Schoolfield Realty, Inc., to Marion County, South Carolina and a lease between Marion County and the company, all in connection with a Two Million Dollar Marion County, South Carolina first mortgage industrial revenue bond. The motion was seconded by Mr. Adams.

Discussion then ensued during which Mr. Davis expressed his opposition to the proposed program. He indicated that in his opinion it was not in the best interests of stockholders. He stated that he had no confidence in the cash flow as indicated in a prepared projection, and among other things referred to the fact that it was based on a percentage of sales, that a possible increase in interest rates was not taken into consideration. He also referred to the inability to raise prices and that the company would be overextended. Mr. Adams then gave details concerning the saving of expenses, the increased productivity, the further reduction in expenses, termination of present leases, savings on the SBA loan and in summary, gave a conservative estimate of an annual savings of about $200,000.00. Mr. Adams also submitted a "proposed distribution of the Two Million Dollars". All present conceded that a substantial sum was required to comply with OSHA.

After full and complete discussion, upon motion duly made, seconded and carried, and by a vote of two in favor and one opposed (Mr. Davis), it was

RESOLVED, that

Mr. Davis then brought up for discussion the calling of the annual special meeting of stockholders for the election of directors and any other action that might be necessary. After full and complete discussion, it was determined that no meeting at this time would be necessary. However, it was suggested that the company send the annual report to all stockholders as soon as it was available.

There being no further business before the meeting, on motion duly made, seconded and carried, it was adjourned.

JOELLEN TOWNSEND, Secretary

JOHN D. ADAMS, Chairman

JOHN D. ADAMS

JACK BLOCK

PHILIP S. DAVIS, JR.

May 7, 1973

Mr. Gault Beeson, Chairman
Marion County Board of Commissioners
Marion, South Carolina

Dear Mr. Beeson:

This is to confirm our telephone conversation of today regarding the proposed issuance of Marion County Industrial Revenue Bonds for Schoolfield Industries.

Mr. Guerard, of the legal firm of Sinkler, Gibbs, Simons & Guerard, who have served as counsel on this bond issue, called me this morning to advise that he had in his possession a copy of the minutes of a meeting of the Board of Directors of Schoolfield held April 25, 1973. There are three members of the Schoolfield Board. At the April 25 meeting, the subject of the proposed expansion of Schoolfield, to be financed by the proceeds of the Industrial Revenue Bonds, was discussed. According to the minutes one member of the Board objected rather strenuously to the propriety of the proposed expansion and questioned the validity of financial projections made in connection therewith. It appears that he was concerned with the prospective capacity of the company to meet its obligation to repay the bonds.

The Schoolfield Board meeting of April 25, 1973 occurred after the State Budget and Control Board had given its formal approval to the petition of your County Board to be allowed to proceed with the issuance of the Bonds. In the light of the above disagreement within the Schoolfield Board itself, it appears prudent that the Budget and Control Board (and possibly your Board also) should review its approval given your petition.

Under these circumstances I am almost compelled, as Secretary of the State Budget and Control Board, to ask you to withhold actual issuance of the Bonds until the matter can be resubmitted to our Board for either a confirmation of its original approval, or for such other action as it may deem appropriate.

The above information submitted by Mr. Guerard will be given the Budget and Control Board as soon as a meeting for that purpose can be called. You will, of course, be advised of the Board's action immediately.

Very truly yours,

P. C. Smith, Secretary
State Budget and Control Board

PCS:dr
Copy to: Hon. E. P. Guerard

1934

Wheat, First Securities, Inc., 801 E. Main Street, Richmond, Virginia 23219 • (Area Code 703) 649-2311

**Wheat**
**First Securities**

May 21, 1973

Mr. Patrick C. Smith, Auditor
State of South Carolina
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

As requested, I am following up our phone conversation of last week with this letter outlining my objections to the proposed $2 million Industrial Revenue financing for Schoolfield Furniture Industries, Inc.

In spite of the fine job being done by management, there are several factors which prompt me not to support this financing.

My major objection is that this financing would result in a capital structure for Schoolfield heavily weighted to debt. Should there be a future business turndown, the Company may be unable to meet its obligations.

I am also concerned about the marketing of these securities. While Company management has dealt with Henderson, Few & Co., I understand the bonds are to be marketed to the public by Paragon Securities Company of West Orange, New Jersey. I know little about this company except through an article which appeared in the February 1, 1973 edition of Forbes Magazine and am uncomfortable with this marketing arrangement.

I am now in possession of Schoolfield's audited financial statements for 1972 thereby removing that objection which I discussed with you.

I hope this serves to adequately present my position. Please feel free to call upon me if I can be of additional help in your evaluation of this financing.

Very truly yours,

Philip P. Davis, Jr.

Philip P. Davis, Jr.
Vice President

cc: Mr. John Adams
Mr. Jack Block

1935

May 14, 1973

Mr. Gault Beeson, Chairman
Marion County Board of Commissioners
Marion, South Carolina

Dear Mr. Beeson:

This is to confirm our telephone conversation this morning with further reference to the proposed Marion County Industrial Revenue Bond issue for Schoolfield Industries.

On May 9, I called Mr. Phil Davis who was the member of the Schoolfield Board who raised objection to the proposed expansion program of Schoolfield. Mr. Davis is an official in the securities firm of Wheat First Securities Company, of Richmond, Virginia.

Mr. Davis discussed his position with respect to the proposed Bonds at some length, and confirmed the minutes of the April 25, 1973 meeting of the Schoolfield Board at which he had voiced very definite opposition to expanding Schoolfield. Although he expressed some regard for the progress made under Mr. Adams' executive leadership, it was his feeling the proposed expansion would over extend the company and could possibly impair the firm's capacity to meet payments on the Bonds.

Since writing you May 7, I have been unable to get a formal meeting of the State Budget and Control Board, but have contacted several members individually. Governor West was concerned that the newly acquired information regarding Mr. Davis' position might possibly alter the Board's view of the petition from your Marion County Board. He recommended, and other Board members have concurred, that the matter be referred back to the Marion County Board for reconsideration before being reviewed again by the Budget and Control Board.

It is accordingly requested that your Board review its action in the light of recent developments and advise us of any reconfirmation or change of position. Governor West further suggested that your Board confer with the Marion County Legislative Delegation and your County Industrial Development Board, if you have such a Board in Marion County.

1936

May 14, 1973

We regret very much that these circumstances arose and hope you will understand the Board's action in temporarily withdrawing its approval of these Bonds.

Very truly yours,

P. C. Smith, Secretary
State Budget and Control Board

PCS:dr

WHEREAS, the Board of County Commissioners of Marion County did heretofore and on May 22nd, 1973, duly adopted the following resolution "PROVIDING FOR THE ISSUANCE OF $2,000,000 MARION COUNTY, SOUTH CAROLINA, FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1973, (SCHOOLFIELD FURNITURE INDUSTRIES, INC. - LESSEE); THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BETWEEN MARION COUNTY AND SCHOOLFIELD FURNITURE INDUSTRIES, INC.; THE EXECUTION AND DELIVERY OF A TRUST INDENTURE BY MARION COUNTY TO THE NATIONAL BANK OF SOUTH CAROLINA OF SUMTER, AS TRUSTEE; AND THE MAKING OF AN ELECTION TO HAVE THE PROVISIONS OF SECTION 103 (c) (6) (D) OF THE INTERNAL REVENUE CODE OF 1954 APPLIED TO THE SAID BONDS, AND OTHER MATTERS RELATING THERETO" and

WHEREAS, a request for reconsideration of the said resolution has been submitted and due deliberation having been had,

NOW, therefore, the Board of County Commissioners of Marion County in meeting duly assembled do hereby resolve "THAT THE AFORE DESCRIBED RESOLUTION OF MAY 22nd, 1973, BE AND THE SAME HEREBY IS IN ALL RESPECTS RATIFIED, REAFFIRMED AND REAPPROVED".

DONE IN MEETING ASSEMBLED this 22nd of May, AD, 1973.

M. Paul Benson
Chairman

D. M. Wiggins

SEAL

E. S. Baker

Marion Ferguson

George Ralph

R. H. Johnson

Lonnie C. Richardson

L. C. Lane

Constituting the members of the Board of County Commissioners of Marion County

ATTEST

Mary Sepur Hood
Secretary of the Board of County Commissioners of Marion County

*From the desk of:*

MALCOLM C. WOODS, JR.

Bobby:
I corrected a little grammatical error in line 2.
The date of adoption of the prior resolution should be inserted in the first 2 blanks.
The date of adoption of the current resolution should be inserted in the 3rd blank.
Seems satisfactory otherwise.
M.C.W., Jr.

1939

WHEREAS, the Marion County Development Board did heretofore and on May ___, 1973, duly adopted the following resolution "PROVIDING FOR THE ISSUANCE OF $2,000,000 MARION COUNTY, SOUTH CAROLINA, FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1973, (SCHOOLFIELD FURNITURE INDUSTRIES, INC. - LESSEE); THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BETWEEN MARION COUNTY AND SCHOOLFIELD FURNITURE INDUSTRIES, INC.; THE EXECUTION AND DELIVERY OF A TRUST INDENTURE BY MARION COUNTY TO THE NATIONAL BANK OF SOUTH CAROLINA OF SUMTER, AS TRUSTEE; AND THE MAKING OF AN ELECTION TO HAVE THE PROVISIONS OF SECTION 103 (c) (6) (D) OF THE INTERNAL REVENUE CODE OF 1954 APPLIED TO THE SAID BONDS, AND OTHER MATTERS RELATING THERETO" and

WHEREAS, a request for reconsideration of the said resolution has been submitted and due deliberation having been had,

NOW, therefore, the Marion County Development Board in meeting duly assembled do hereby resolve "THAT THE AFORE DESCRIBED RESOLUTION OF MAY ___, 1973, BE AND THE SAME HEREBY IS IN ALL RESPECTS RATIFIED, REAFFIRMED AND REAPPROVED".

DONE IN MEETING ASSEMBLED this ___ of May, AD, 1973.

Chairman

Robert G. Moore

W. Harry Bryant

James C. Hooks Jr.

D. L. Bostick

S. Williams

H. A. Anderson

James G. Battle

Layton L. Henson

J. L. Hardwick Jr.

Charlie B. Wilson

Constituting the members of the Marion County Development Board

SEAL

ATTEST

Secretary of the Marion County Development Board

A. Ralph Gasque

John W. Waller Jr.

Constituting the members of the Marion County Delegation

1940

STATE OF SOUTH CAROLINA

# DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION

EXHIBIT III
MAY 24, 1973

COLUMBIA

May 18, 1973

His Excellency John Carl West
Governor of South Carolina
Chairman, Budget and Control Board
The State House
Columbia, South Carolina
Honorable Grady L. Patterson, Jr.
State Treasurer
Post Office Box 11778
Columbia, South Carolina

Gentlemen:

At a meeting of the State Board of Education on May 11 the members of the Board unanimously approved a resolution that the Governor and the State Treasurer be requested to sell $13,500,000 worth of school building bonds to carry on the building program during the 1973-74 school year.

We are attaching for your information the material that was presented to the State Board of Education. I believe that this enclosure will explain the need for this request and the condition of the school bond account in South Carolina. In the past this request has been considered routine as the Board makes this request each year.

With the many changes that are taking place in South Carolina today, there probably never has been a time when this building fund was needed more by the school districts. Your early consideration of this request and your reply will greatly benefit us in the administration of the school building program. Commitments have always been made to the school districts around July 1, and if we are to make the usual allocation, we must have a definite commitment from you before this time.

Sincerely yours,

Pat: This is your copy, and one for Aycock, Dennis + Mills
Ralph

Cyril B. Busbee
State Superintendent of Education

CBB:et
CC: P. C. Smith, Secretary
Budget and Control Board

RECOMMENDATION FOR ISSUING SOUTH CAROLINA SCHOOL BUILDING BONDS
1973-74

May 3, 1973

The State Public School Building Program is financed each year by an appropriation made by the General Assembly and also from the proceeds of State School Bonds issued by the Governor and State Treasurer at the request of the State Board of Education. The funds from these two sources, by law, are used first for the payment of principal and interest on any bonds previously issued coming due during the year in question. When funds for the payment of bonds and interest have been reserved, the remainder of the appropriation and bond issue is allocated to the school districts on the basis of the 35-day enrollment of the preceding year.

For the fiscal year 1973-74 we recommend that the State Board of Education request the Governor and State Treasurer to approve a bond issue of $13,500,000. It is our estimate that this amount will provide an approximate allocation of $27.00 per pupil. It is necessary that a commitment to issue the bonds be made at this time so that, as usual, the allocation of funds can be made to the school districts as soon as the final reports of the 1972-73 35-day enrollment are received and tabulated. However, none of these funds allocated to the districts for 1973-74 will become available until after July 1, 1973.

The statutory limitation on indebtedness for this program is $137,500,000. The total amount of bonds outstanding and the amount recommended for 1973-74 is well within this limitation. Our records will show that outstanding bonds on June 30, 1973 will be $104,900,000. If the $13,500,000 requested is issued, the principal balance on June 30, 1974 will be $106,275,000.

The school districts in South Carolina lean heavily on this yearly allocation of funds for renovations of buildings, new classrooms, new equipment and district bond amortization and interest. All of the above are permissible under the law and the need of the districts for these funds never seems to diminish.

We are requesting that you direct us to request the Governor and the State Treasurer to issue $13,500,000 in school building bonds so that we may continue payments to the districts in the amount of $27.00 per pupil on 35-day enrollment.

EXHIBIT IV

MAY 24, 1973

State Board of Juvenile Placement and Aftercare



DEPARTMENT OF
JUVENILE PLACEMENT AND AFTERCARE
1001 MAIN STREET - ROOM 203
COLUMBIA, S. C. 29201
Phone: 758-2840—3610

23 May 1973

Atten: Mr. Tate

Mr. P. C. Smith, State Auditor
P. O. Box 11333
Columbia, S. C. 29211

Dear Mr. Smith:

In complying with the request from Mr. Tate, during telephone conversation of this date, requesting that I submit additional information on my request for additional funds, in the amount of $7,875.00 for the 1972-73 budget of this Department, which funds are to be used for the following:

.02 Contractual Services (Travel)

The following information is being submitted:

Investigated and prepared during the month of April 1973 to be submitted for action by the May 1973 Board, 115 cases. Approved by the Board as follows:

| | | |
|---|---|---|
| | 52 | Conditional Releases |
| | 17 | Unconditional Releases |
| | 5 | Interstate Compact cases received into the state for supervision |
| Total | 74 | cases added to the caseload of the Department |

The above figure of 74 was added to the preceeding figure of cases handled by the Department, gave the Department 600 cases requiring intensive supervision. Also, the Board reviewed and acted upon 10 revocations during the May 1973 Board.

During the month of April 1973, there were 799 home visits made by Counselors; 29 children were placed in jobs (part-time and full-time), 219 public officials (school) were contacted, 468 contacts made with other agencies in the state, and 6 children joined the Job Corps, and 4 were placed in Vocational Training.

The above figures consist of a breakdown from the April monthly report, and the Agenda submitted to the May 1973 Board and approved by the Board.

We are anticipating an even greater amount of activity on the June Board, for which material was prepared in May 1973, to increase approximately 15% over the May 1973 Board. This is due to the fact that we have been withholding action on children in order to give them the opportunity to complete the academic year within the institutions.

The material to be taken up by the July 1973 Board, will be prepared during the month of June 1973.

With the aid of the additional funds requested, it is anticipated that approximately 160 children will be processed from the institutions to this Department during the last 2½ months of fiscal year 1972-73. Recently the children received by the Department for supervision, require more intensive supervision causing our travel mileage to increase due to closer intervals between visits.

If any additional information is needed, please request it immediately.

Thanking you for your cooperation and concern in the past, and with the hope that this request for additional funds will be acted upon favorably and expediently, I am

Sincerely,

James K. Hope, Jr.

JKHjr/td

James K. Hope, Jr., Director - Department of Juvenile Placement and Aftercare

EXHIBIT V
MAY 24, 1973

SOUTH CAROLINA
**state board for technical and comprehensive education**
1429 SENATE STREET, COLUMBIA, SOUTH CAROLINA 29201 • 803/758-3171

O. STANLEY SMITH, JR.
EXECUTIVE DIRECTOR



May 8, 1973

The Honorable P. C. Smith
State Auditor
Wade Hampton State Office Building
Columbia, South Carolina 29201

Dear Pat:

Item 7 of Act 1272 of the 1970 General Assembly authorized the issuance of $3,154,000 in State Bonds in favor of the Advisory Committee for Technical Training. Without enumerating the line item amounts, $120,000 was authorized for Columbia Area Trade School (Columbia TEC). On last Wednesday, we received bids for Phase I construction at Columbia TEC. The bids exceeded authorized funding by $125,000.

Columbia TEC is serving one of the fastest growing areas of our State and within 2 to 3 years will be serving between 100,000 to 120,000 persons. The facilities at Columbia TEC are either World War II buildings or buildings constructed of non-permanent materials by student labor. Further, the buildings were constructed without any campus planning or in most without architectural assistance. This has resulted in poorly planned, poorly designed and poorly constructed facilities which must be replaced as monies are available. We must have a well conceived campus with buildings designed to meet the needs of an institution such as Columbia TEC if we are to meet the needs of that community.

We respectfully request the transfer of $125,000 from "For Technical Education Centers under the jurisdiction of the Technical Education Department" to "Columbia Area Trade School for Improvements". This transfer would enable us to award the contract for Phase I construction at Columbia TEC.

Your favorable consideration of this request would be appreciated.

Sincerely yours,

Wyman D. Shealy

Wyman D. Shealy
Director of Management

WDS/clb

cc Dr. Phares Nye

EXHIBIT VI
MAY 24, 1973

# THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

May 10, 1973

*Office of the President*

State Budget and Control Board
Room 205, Wade Hampton Office Building
P. O. Box 11333
Columbia, South Carolina 29211

Attention: Mr. P. C. Smith

Gentlemen:

The Council of Presidents at their meeting convened in Columbia on May 9, 1973, adopted unanimously the following resolution relating to employer contributions to fringe benefit programs:

> "Any additional costs to institutions of higher learning brought about by a change in the current arrangement for providing employer contributions to fringe benefit programs would increase costs to students and have a detrimental effect on essential programs and activities of the institutions. It is therefore respectfully requested that the State Budget and Control Board approve for colleges and universities the continuation for ensuing years of the arrangement in effect in 1972-73 for payment of employer contributions for Federal Social Security, the South Carolina Retirement Systems (including the pre-retirement death benefit program), and the Health Insurance Program for State employees. As in 1972-73, institutions of higher learning would continue to pay all employer contributions to these programs on salaries paid from federal and private grants and contracts, and the proportion of health insurance premiums applicable to employees' salaries paid from federal appropriations."

The Council of Presidents appreciates you bringing this matter to the attention of the Budget and Control Board. Should any further information be desired, it will be provided upon request.

Sincerely,

Theodore S. Stern

Theodore S. Stern
President
Chairman, Council of Presidents

TSS:jts

FOUNDED 1770

EXHIBIT VII
MAY 24, 1973

# South Carolina Aeronautics Commission



TELEPHONE 803 - 758-2766
DRAWER 88
WEST COLUMBIA, S. C. 29169

JOHN W. HAMILTON, DIRECTOR
JOHN F. BARRY, DEPUTY DIRECTOR

May 23, 1973

Mr. P. C. Smith
State Auditor
Wade Hampton Office Building
Columbia, South Carolina

Dear Mr. Smith:

The Aeronautics Commission was appropriated $38,500 for Contractual Services, Airport Maintenance. Of this amount $23,000 was budgeted for Repairs (aircraft, motor vehicle, etc.).

In February and March $2,000 and $1600 had to be transferred from Revenue Clearing to cover expenses. Due to the necessary repairs and preventive maintenance required on the Commission aircraft, primarily the Queenair, we have expended to date $26,502.53 on Repairs and have a balance of $97.47 in this account. Enclosed are copies of monthly operations reports that will show an excessive amount of repairs on the Queenair.

The Commission is presently holding repair invoices totaling $11,958.71. With an anticipated $3,600.00 needed to cover invoices not yet received and for routine maintenance, the Aeronautics Commission requires an additional $15,558.71 to meet repair expenses for the remainder of the fiscal year.

Yours very truly,

John W. Hamilton
Director

JWH/jmd

Enclosure



Balance - Aircraft Equipment $16,203.95

## ESTIMATED OPERATING COST MODEL B55 BARON

| DIRECT OPERATING COSTS PER HOUR | 400 Hrs. 84,000 Miles/Year | 500 Hrs. 105,000 Miles/Year | 600 Hrs. 126,000 Miles/Year | 700 Hrs. 147,000 Miles/Year |
|---|---|---|---|---|
| (1) Gasoline | $10.60 | $10.60 | $10.60 | $10.60 |
| (2) Oil | .87 | .87 | .87 | .87 |
| (3) Inspection, Maintenance and Propeller Overhaul | $ 5.90 | $ 5.90 | $ 5.90 | $ 5.90 |
| (4) Engine Exchange Allowance | $ 5.92 | $ 5.92 | $ 5.92 | $ 5.92 |
| **Total Direct Operating Cost Per Hour** | $23.29 | $23.29 | $23.29 | $23.29 |
| **INDIRECT OPERATING COSTS** | | | | |
| (5) Hangar Rental | $ 2.75 | $ 2.30 | $ 2.00 | $ 1.79 |
| (6) Insurance | $ 1.83 | $ 1.46 | $ 1.22 | $ 1.04 |
| **Total Indirect Operating Cost Per Hour** | $ 4.58 | $ 3.46 | $ 3.22 | $ 2.83 |
| **TOTAL OPERATING COST PER HOUR** | $27.87 | $26.75 | $26.51 | $26.12 |
| **COST PER MILE** | | | | |
| (7) Operating Cost Per Mile | 13.3c | 12.7c | 12.6c | 12.4c |
| (8) Cost Per Seat Mile (4 Seats) | 2.2c | 2.1c | 2.1c | 2.1c |

Revised 2-1-66

11

Depreciation Allowance for tax purposes should be determined after consultation with your financial adviser.

## ESTIMATED OPERATING COST QUEEN AIR B80

| DIRECT OPERATING COSTS PER HOUR | 400 Hrs. 84,000 Miles/Year | 600 Hrs. 126,000 Miles/Year | 800 Hrs. 168,000 Miles/Year | 1,000 Hrs. 210,000 Miles/Year |
|---|---|---|---|---|
| (1) Gasoline | $14.80 | $14.80 | $14.80 | $14.80 |
| (2) Oil | $ 1.16 | $ 1.16 | $ 1.16 | $ 1.16 |
| (3) Inspection, Maintenance and Propeller Overhaul | $16.95 | $16.95 | $16.95 | $16.95 |
| (4) Engine Exchange Allowance | $16.09 | $16.09 | $16.09 | $16.09 |
| **Total Direct Operating Cost Per Hour** | $49.00 | $49.00 | $49.00 | $49.00 |
| **INDIRECT OPERATING COSTS** | | | | |
| (5) Hangar Rental | $ 3.50 | $ 2.50 | $ 2.00 | $ 1.70 |
| (6) Insurance | $ 4.85 | $ 3.24 | $ 2.43 | $ 1.94 |
| **Total Indirect Operating Cost Per Hour** | $ 8.35 | $ 5.74 | $ 4.43 | $ 3.64 |
| **TOTAL OPERATING COST PER HOUR** | $57.35 | $54.74 | $54.43 | $52.64 |
| **COST PER MILE** | | | | |
| (7) Operating Cost Per Mile | 27.3c | 26.1c | 25.9c | 25.1c |
| (8) Cost Per Seat Mile (6 Seats) | 4.6c | 4.4c | 4.3c | 4.2c |

Revised 2-1-66

Depreciation Allowance for tax purposes should be determined after consultation with your financial adviser.

1948

# MONTHLY OPERATIONS REPORT SEPTEMBER

1949

| AIRCRAFT | HOURS | FUEL | | OIL | | MAINTENANCE | | AVIONICS | | RENTALS | | PILOT HOURS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NO. | FLOWN | GALS. | COST | QTS. | COST | LABOR | PARTS | LABOR | PARTS | AIRCRAFT | PILOTS | FLOWN | |
| N-1-SC | 29.2 | 1354.2 | 440.96 | 13 | 4.55 | 160.00 | 738.56 | 15.60 | 4.74 | | | Hamilton | 13.4 |
| N-2-SC | 42.9 | 1114.6 | 345.90 | 39 | 23.45 | 510.00 | 146.39 | 61.60 | — | | | Fraley | 34.3 |
| N-3-SC | 21.8 | 105 | 32.15 | — | — | 130.00 | 5.20 | 52.00 | 15.82 | | | Smoak | 29.8 |
| N-9019-T | 17.2 | 116 | 37.85 | 11 | 3.85 | — | — | — | — | | | Anderson | 34.0 |
| | | | | | | | | | | | | Shearn | 27.4 |
| Totals | 111.1 | 2689.8 | 856.86 | 63 | 31.85 | 800.00 | 890.15 | 129.20 | 20.56 | | | | 139.4 |

# MONTHLY OPERATIONS REPORT October

1950

| AIRCRAFT NO. | HOURS FLOWN | FUEL GALS. | FUEL COST | OIL QTS. | OIL COST | MAINTENANCE LABOR | MAINTENANCE PARTS | AVIONICS LABOR | AVIONICS PARTS | RENTALS AIRCRAFT | RENTALS PILOTS | PILOT HOURS FLOWN | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N-1-SC | 32 | 1831.9 | 648.45 | 60 | 36.57 | 1710.00 | 701.02 | 670.50 | 58.13 | 902.50 | | Hamilton | 21.7 |
| N-2-SC | 35 | 1132.1 | 348.72 | 59 | 23.06 | 102.50 | 566.32 | 29.40 | 3.65 | | | Fraley | 25.0 |
| N-3-SC | 7.7 | 128.0 | 41.50 | 4 | 2.62 | 45.00 | .11 | — | — | | | Smoak | 25.3 |
| N-9019-T | 18.6 | 260.6 | 78.59 | 1 | .37 | — | — | 11.00 | — | | | Anderson | 28.7 |
| N-5149-G | 0 | 0 | 0 | 16 | 12.11 | — | — | — | — | | | Shearn | 25.6 |
| Totals | 93.3 | 3353.6 | 1117.26 | 140 | 74.73 | 1857.50 | 1267.45 | 710.90 | 61.78 | 902.50 | | | 126.3 |

# MONTHLY OPERATIONS REPORT November

| AIRCRAFT NO. | HOURS FLOWN | FUEL GALS. | FUEL COST | OIL QTS. | OIL COST | MAINTENANCE LABOR | MAINTENANCE PARTS | AVIONICS LABOR | AVIONICS PARTS | RENTALS AIRCRAFT | RENTALS PILOTS | PILOT HOURS FLOWN | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N-1-SC | 42.3 | 2034.6 | 691.15 | 71 | 28.14 | 105.00 | 2642.20 | 356.00 | 1172.13 | | 209.00 | Hamilton | 24.8 |
| N-2-SC | 31.5 | 1208.9 | 388.40 | 20 | 7.85 | 133.00 | 156.71 | 98.40 | — | | | Fraley | 36.6 |
| N-3-SC | 4.2 | 37 | 14.25 | 0 | 0 | 65.00 | — | — | — | | | Smook | 23.9 |
| N-9019-T | 7.6 | 85 | 22.87 | 0 | 0 | 27.00 | 1.87 | — | — | | | Anderson | 29.8 |
| N-5149-G | 0 | 0 | 0 | 0 | 0 | | | | | | | Shearn | 7.7 |
| | | | | | | | | | | | | Schriver | 18.8 |
| Landing Fees | N-1-SC $10.40 | N-2-SC $11.00 | | | | | | | | | | | |
| Totals | 85.6 | 3365.5 | 1116.67 | 91 | 35.99 | 330.00 | 2800.78 | 454.40 | 1172.13 | | 209.00 | | 141.6 |

1951

# MONTHLY OPERATIONS REPORT *December* 1952

| AIRCRAFT | HOURS | FUEL | | OIL | | MAINTENANCE | | AVIONICS | | RENTALS | | PILOT HOURS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NO. | FLOWN | GALS. | COST | QTS. | COST | LABOR | PARTS | LABOR | PARTS | AIRCRAFT | PILOTS | FLOWN | |
| N-1-SC | 48.8 | 2592.9 | 908.46 | 70 | 30.25 | 205.00 | 241.37 | 7480 | 7.07 | 65400 | 310.62 | Hamilton | 12.3 |
| N-2-SC | 25.3 | 865 | 290.81 | 12 | 4.73 | 1330.00 | 537.39 | — | — | | | Fraley | 26.5 |
| N-3-SC | 0 | — | — | — | — | 80.00 | 60.46 | — | — | | | Smoak | 31.1 |
| N-9019-T | 5.0 | 74 | 19.91 | 1 | .36 | — | — | — | — | | | Anderson | 36.7 |
| N-5149-G | 0 | — | — | — | — | 580.00 | 311.27 | — | — | | | Sheorn | 15.6 |
| Parking + Landing | 39.61 | | | | | | | | | | | | |
| Totals | Hours 79.1 | 3531.4 | #1219.18 | 83 | 35.34 | #2195.00 | #1150.49 | #74.80 | #7.07 | 65400 | 310.62 | | 122.2 |

1953

# MONTHLY OPERATIONS REPORT January

| AIRCRAFT NO. | HOURS FLOWN | FUEL GALS. | FUEL COST | OIL QTS. | OIL COST | MAINTENANCE LABOR | MAINTENANCE PARTS | AVIONICS LABOR | AVIONICS PARTS | RENTALS AIRCRAFT | RENTALS PILOTS | PILOT HOURS FLOWN | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N-1-SC | 17.0 | 915.3 | 385.89 | 51 | 32.43 | 2,298.00 | 2,218.12 | | | 19.80 | | Hamilton | 7.4 |
| N-2-SC | 30.8 | 1065.9 | 373.60 | 15 | 7.86 | 44.00 | 65.58 | 89.50 | 15.18 | | | Fraley | 24.5 |
| N-3-SC | 10.6 | 162.0 | 43.58 | 1 | .35 | 88.00 | 37.98 | | | | | Smoak | 21.9 |
| N-9019-T | 3.4 | 75.3 | 26.93 | 16 | 8.91 | 549.00 | 154.48 | | | | | Anderson | 23.4 |
| N-5149-G | 11.6 | 364.2 | 111.29 | 44 | 25.97 | 322.50 | 4.54 | 121.20 | 7.02 | | | Shearn | 35.6 |
| Parking Fees + Tie downs | # 11.70 | | | | | | | | | | | | |
| Totals | 73.4 | 2582.7 | 941.29 | 127 | 75.52 | 3,301.50 | 2,480.70 | 210.70 | 22.20 | 19.80 | | | 112.8 |

# MONTHLY OPERATIONS REPORT February

195

| AIRCRAFT | HOURS | FUEL | | OIL | | MAINTENANCE | | AVIONICS | | RENTALS | | PILOT HOURS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NO. | FLOWN | GALS. | COST | QTS. | COST | LABOR | PARTS | LABOR | PARTS | AIRCRAFT | PILOTS | FLOWN | |
| N-1-SC | 30.1 | 1607 | 593.02 | 32 | 13.67 | 117.75 | 57.43 | 245.00 | 529.43 | | 447.67 | Hamilton | 7.2 |
| N-2-SC | 20.0 | 671 | 202.95 | 39 | 13.75 | — | — | 57.70 | 22.88 | A+P | 912.00 | Fraley | 21.1 |
| N-3-SC | 2.0 | 22 | 10.21 | — | — | — | — | 110.00 | — | | | Smoak | 14.7 |
| N-9019-T | 8.0 | 49 | 13.18 | 3 | 1.06 | 12.00 | 88.44 | — | — | | | Anderson | 26.8 |
| N-5149-C | 2.0 | 82 | 22.06 | 3 | 1.06 | — | — | — | — | | | Shearn | 13.7 |
| Base station Radio | | | | | | | | 620.00 | 70.41 | | | | |
| Tie-down + Parking | | | | | | | | | | 5.50 | | | |
| Totals | 62.1 | 2331 | 841.42 | 77 | 29.54 | 129.75 | 145.87 | 1032.70 | 622.72 | 5.50 | 1359.67 | | 83.5 |

# MONTHLY OPERATIONS REPORT MARCH 1973

1955

| AIRCRAFT NO. | HOURS FLOWN | FUEL GALS. | FUEL COST | OIL QTS. | OIL COST | MAINTENANCE LABOR | MAINTENANCE PARTS | AVIONICS LABOR | AVIONICS PARTS | RENTALS AIRCRAFT | RENTALS PILOTS | PILOT HOURS FLOWN | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N-1-SC | 27.6 | 1431.1 | 415.77 | 67 | 24.12 | 703.00 | 1581.32 | 168.00 | 256.95 | 500.00 | 210.00 | Hamilton | 17.9 |
| N-2-SC | 49.3 | 1672.6 | 574.78 | 79 | 39.74 | 346.50 | 439.16 | 56.00 | 7.91 | | | Fraley | 42.5 |
| N-3-SC | .5 | — | — | | | 269.50 | 482.34 | | | | | Smoak | 21.6 |
| N-9019-T | 5.5 | 94 | 25.29 | | | | | | | | | Anderson | 33.4 |
| N-5149-G | 4.0 | 38 | 16.05 | | | | | | | | | Shearn | 28.2 |
| Parking & Landing Fee | $18.50 | | | | | | | | | | | | |
| Totals | 86.9 | 3116.9 | 1091.84 | 146 | 63.86 | 1319.00 | 2502.82 | 224.00 | 264.86 | 500.00 | 210.00 | | 148.6 |

# MONTHLY OPERATIONS REPORT APRIL 195[illegible]

| AIRCRAFT | HOURS | FUEL | | OIL | | MAINTENANCE | | AVIONICS | | RENTALS | | PILOT HOURS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NO. | FLOWN | GALS. | COST | QTS. | COST | LABOR | PARTS | LABOR | PARTS | AIRCRAFT | PILOTS | FLOWN | |
| N-1-SC | 33.0 | 1650.0 | 495.00 | 72 | 25.92 | 1465.00 | 1053.16 | 5.08 | — | 405.00 | 650.74 | Hamilton | 35.1 |
| N-2-SC | 64.2 | 1600.0 | 480.00 | 86 | 30.96 | 625.00 | 364.88 | 16.08 | — | | | Fraley | 47.9 |
| N-3-SC | 3.1 | 40.3 | 12.09 | 1 | .36 | — | — | — | — | | | Smoak | 39.6 |
| N-9019-T | 14.3 | 11.0 | 15.73 | 2 | .72 | 24.00 | — | — | — | | | Anderson | 45.1 |
| N-5149-G | 5.6 | 123.2 | 36.96 | 6 | 2.16 | — | — | 7.70 | — | | | Sheorn | 35.4 |
| Parking & Landing Fees | $20.10 | | | | | | | | | | | | |
| Totals | 120.2 | 3424.5 | $1039.78 | 167 | $60.12 | $2114.00 | $1418.04 | $28.86 | — | 405.00 | 650.74 | | 203.1 |

EXHIBIT VIII
MAY 24, 1973

DRAFT

## PROPOSED TRAVEL AND PER DIEM REGULATIONS

The regulations contained herein are promulgated by the State Budget and Control Board.

POLICY:
These regulations apply to all State salaried, and wage employees not otherwise specifically covered by law.

Travel and transportation on State expense will be authorized only when officially justified and by those means which meet State government requirements consistent with good management practices.

A traveler on official business will exercise the same care in incurring expenses and accomplishing an assignment that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, delays or luxury accommodations unnecessary or unjustified in the performance of an assignment are not considered acceptable as exercising prudence. Travel by commercial airlines will be accomplished in coach or tourist class, except where existencies require otherwise.

It is the duty and responsibility of the respective department heads to insure compliance with these regulations.

## DEFINITIONS

PER DIEM ALLOWANCE: A flat daily allowance for employees or persons while traveling or on a temporary work assignment on official business. It is intended to offset the necessary subsistence costs of travel and assignment not otherwise reimbursable. It is to compensate for the expense of meals, lodging, fees and tips to waiters, dining room stewards, and transportation between places of loding or business and places where meals are taken.

PERMANENT PLACE OF EMPLOYMENT: The location of the place or activity where a State employee is regularly assigned and performs work. The corporate limits of the city or town in which the employee's place of work is located. If an employee is not employed in an incorporated city or town, his permanent place of employment is the place of work. For transportation purposes, the place from which an employee commutes daily to his designated place of employment is synonymous with permanent place of employment.

PRIVATELY-OWNED MOTOR VEHICLE: "Privately-owned motor vehicle" means a wheeled, self-propelled motor vehicle designed and intended primarily for transportation of passengers, in the possession of and used by an employee.

RESIDENCE (ACTUAL): The fixed or permanent domicile of a person that can be reasonably justified as a bona fide place of actual residence.

SUBSISTENCE EXPENSES: When actual subsistence expense reimbursement is involved, items of subsistence expenses are the same as those included under Per Diem Allowance.

TEMPORARY PLACE OF EMPLOYMENT: The location of an activity, area, or place of work to which an employee is assigned temporarily in connection with State business and from which he will proceed or return to his permanent place of employment.

TEMPORARY TRAVEL: Travel to one or more places away from a permanent place of employment to perform duties for a temporary period of time and upon completion of assignment return or proceed to permanent place of employment.

MILEAGE ALLOWANCE: A rate per mile in lieu of actual expenses of operation of a privately-owned conveyance. Certain restrictions and conditions are prescribed in these regulations about the allowable reimbursement amount.

## GENERAL RULES FOR COMPUTATION OF PER DIEM

1. MAXIMUM PER DIEM RATE: A rate of per diem may be the legal maximum per diem rate ($15.00 per day while traveling in the State and $18.50 per day while traveling outside the State, or $21.00 for agents, auditors, investigators or other such employees of the State who are required in the performance of their regular audit or investigative duties to travel to cities of 250,000 or greater population) or a reduced amount. Authorization will be for only such per diem allowances as are justified by the circumstances affecting the travel. To this end, care should be exercised to prevent the fixing of a per diem allowance in excess of that required to meet the necessary authorized expenses.

2. SIX-HOUR RULE FOR PERIODS OF TRAVEL EXCEEDING 24 HOURS AND 20 MILES: In computing the per diem allowance for periods exceeding 24 hours, the calendar day (midnight to midnight) will be the unit; provided no allowance is authorized within 20 miles of residence of traveler. Per diem is allowable at the rate of one-quarter of the daily rate for each of the following periods of 6 hours or fractions thereof: Midnight to 6:00 A.M.; 6:01 A.M. to Noon; 12:01 P.M. to 6:00 P.M.; 6:01 P.M. to Midnight. Such periods of 6 hours must be consecutive, the first of which must begin with the time that travel status begins. For example, a traveler leaves his permanent place of employment at 5:00 P.M. Monday and returns at 9:00 A.M. Thursday. The number of days for which per diem would be allowable is computed as follows:

| | DAYS |
|---|---|
| 5:00 P.M. to 6:00 P.M. Monday---------------- | 1/4 |
| 6:01 P.M. to Midnight Monday----------------- | 1/4 |
| 12:01 A.M. to Midnight Tuesday--------------- | 1 |
| 12:01 A.M. to Midnight Wednesday------------- | 1 |
| 12:01 A.M. to 6:00 A.M. Thursday------------- | 1/4 |
| 6:01 A.M. to 9:00 A.M. Thursday-------------- | 1/4 |
| TOTAL-------------- | 3 |

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3. SIX-HOUR RULE FOR PERIODS OF TRAVEL OF 24 HOURS OR LESS: The unit, midnight to midnight, will not be used in computing per diem allowance for periods of 24 hours or less. The per diem period will be regarded as commencing with the beginning of the travel and ending with the completion thereof. Under these conditions, per diem is allowable as follows:

| | | |
|---|---|---|
| Breakfast------ | $ 1.75, | if the traveler leaves his residence before 6:00 A. M. |
| Lunch--------- | 3.00 | |
| Supper-------- | 4.00, | if the traveler returns to his residence after 9:00 P. M. |

4. TEMPORARY WORK AT NEARBY PLACES OUTSIDE THE PERMANENT PLACE OF EMPLOYMENT: Per diem allowance will not be authorized when an employee does not incur additional subsistence expenses because of a temporary work assignment in the vicinity of, but outside, the permanent place of employment area regardless of whether or not travel begins or ends at his regular place of work or his residence.

5. DEPENDENTS ACCOMPANYING EMPLOYEE ON TEMPORARY WORK ASSIGNMENT: The fact that an employee's dependents may accompany him at his own expense on temporary work assignments will not affect the per diem rate prescribed for the employee.

6. PER DIEM FOR TRAINEES AT PERMANENT PLACE OF EMPLOYMENT: When a training session to which an employee is assigned is held at the employee's permanent place of employment and it is necessary for the employee to incur additional subsistence expenses, an appropriate per diem allowance may be authorized or approved. Such situations occur when a training session is held in a hotel located at the employee's permanent place of employment and the employee must obtain his meals and/or lodging at the hotel because of training sessions being held at night as well as day, or because of a "live-in" requirement.

COMPUTATION OF ALLOWANCE FOR TRAVEL BY PRIVATELY-OWNED CONVEYANCE: Reimbursement for travel by privately-owned conveyance to the extent authorized in these regulations and approved by the respective department head may be allowed as follows:

Payment on a mileage basis at the rate of $.10 per mile will be allowed when claimed for the use of privately-owned automobile as follows; Round trip mileage from an employee's residence or place of abode to a temporary place of work.

DETERMINATION OF MILEAGE: Mileage for travel by a privately-owned vehicle will be shown by the speedometer readings upon departure and arrival from each location claimed on the travel voucher. Such mileage will be used as a basis for reimbursement. Authorized mileage between cities will be the mileage shown in the chart of the current State Highway Primary System Map, South Carolina State Highway Department, Columbia, South Carolina.

May 8, 1973

Exhibit IX
May 24, 1973

Ok accept 1.7

SUMMARY OF PROPOSED REVISIONS
TO THE ANNUAL LEAVE GUIDELINES

Section 1-1. DEFINITIONS

(c) Redefinition of permanent part-time employee to include employees of educational institutions who work on a full school year basis consisting of nine months or more.

(d) Inclusion of definition of a temporary employee.

(e) Inclusion of definition of a student employee.

Section 1-3. ANNUAL LEAVE RECORD

Rewording to provide for (1) the equating of days to hours on all leave records and (2) the submission of leave records to the individual employees for review at least once a year.

Section 1-4. ANNUAL LEAVE EARNINGS

A.1.(a) Provision for employees to use annual leave under special circumstances at discretion of supervisors during the first six months of State service.

(c) Revision to procedure for crediting additional annual leave earnings to employees with more than ten years of service to pro-rate such earnings on a month by month basis. This new procedure would simplify record keeping and eliminate the problems which have arisen under the present procedure.

2.(a) and (b) Same as in A.1.(a) above as the procedure relates to employees who work five and one-half days and six days per workweek respectively.

B.1. Same as A.1.(a) as related to part-time employees.

Section 1-7. USING AND SCHEDULING LEAVE

A.1., 2., and 3. Provision for full-time and eligible part-time employees on either a five days, five and one-half days or six days workweek to use up to a maximum of forty-five workdays of annual leave during any one calendar year. The present limit is thirty workdays.

Hold

Section 1-9. CREDITED SERVICE

C. Changes from five workdays per pay period to twenty workdays per year the period of authorized leave without pay which shall not be credited as service for determining annual leave earnings. This revision is more fair to employees and is strongly supported throughout the State agencies because it reduces paper work.

D. Requires adjustments in employees' anniversary dates after periods of leave without pay or other breaks in service of twenty working days in lieu of the present five working days.

E. Provision for crediting additional leave earnings after ten years of service on a month-by-month basis beginning with the month following the employees' adjusted anniversary dates.

## ANNUAL LEAVE GUIDELINES

The June 2, 1972, Annual Leave Act for State employees establishes a standard annual leave earning rate that shall apply to all State employees except teaching personnel and officials of academic rank at State-supported institutions of higher learning.

Section 1-1. <u>DEFINITIONS</u>

For the purpose of these guidelines, the following definitions apply:

(a) Agency: an instrumentality of State government, such as, but not limited to, the following: Authority, Board, Bureau, Commission, Committee, Council, Division, Department, or Institution of Higher Learning.

(b) Permanent full-time employee: one who has completed six (6) months of satisfactory service; one who is scheduled to work the agency's official workweek (but in no event less than 37.5 hours per workweek); and who is not a temporary or student employee.

*(c) Permanent part-time employee: One who has completed six (6) months of satisfactory service; who is scheduled to work at least one-half (½) the workweek of the agency on a twelve month basis; or who is scheduled to work the full school or academic year of nine months or more for a State administered educational facility; and who is not a temporary or student employee.*

*(d) Temporary employee: one who is employed on a full-time or part-time basis for a period not exceeding six (6) months to provide for specific, defined projects, for peak work loads, and for short-time replacements of permanent employees on leave of absence. Temporary employees have no continuing status.*

*(e) Student employee: one who is employed in the school or institution of higher learning in which he or she is enrolled.*

(f) Day: the total hours in a workday that an employee is regularly scheduled to work.

(g) Year: calendar year, from January 1 through December 31.

Section 1-2. ELIGIBILITY

Annual leave shall be accrued by and granted to:

(a) permanent full-time employees, and

(b) permanent part-time employees,

in accordance with the definitions and in the amounts as prescribed herein.

Section 1-3. ANNUAL LEAVE RECORD

A leave record shall be maintained by the employing agency for each employee covered under the provisions of the Act, which shall be subject to audit by the State Budget and Control Board. Such record shall:

- *reflect leave earnings and charges in terms of days and equivalent hours,*
- *indicate the number of leave days/hours earned during the current calendar year,*
- *indicate the number of leave days/hours used during the current calendar year,*
- *indicate the number of leave days/hours carried forward from the previous calendar year, but not exceeding the maximum accrual authorized,*
- *indicate the number of hours in the employee's official workweek,*
- *include any other information the agency may require,*
- *be reviewed by or reported in writing to the employee no less than once per calendar year and be supported by individual leave slips signed by the employee and the supervisor. These leave slips shall be retained for not less than two (2) weeks after review by the employee.*

Section 1-4. ANNUAL LEAVE EARNINGS

A. FULL-TIME EMPLOYEES

1. FIVE (5) DAYS PER WORKWEEK SCHEDULE

(a) *Service of less than six (6) months*

*During the first six (6) months of State service, employees shall not be authorized the use of annual* *leave except for emergency or exceptional circumstances subject to specific prior approval of an appropriate supervisor. No State employee who is separated from State employment, either voluntarily or involuntarily, prior to the completion of six (6) months of service shall be paid for any accrued annual leave.*

(b) Service of ten (10) years or less

Full-time employees, upon the completion of their first six (6) months of service, on five (5) days per workweek schedule with State service of less than ten (10) years, shall earn annual leave dating from date of employment at the rate of one and one-fourth (1¼) working days per full month of service in each calendar year.

*(c) Service of more than ten (10) years*

*Full-time employees on a five (5) days per workweek schedule with State service of more than ten (10) years, shall earn annual leave at the rate of:*

| *YEARS OF SERVICE* | *EARNING RATE* | *WORKING DAYS* |
|---|---|---|
| | *MONTH* | *YEAR* |
| 11 | 1.4 | 16¼ |
| 12 | 1.5 | 17½ |
| 13 | 1.6 | 18-3/4 |
| 14 | 1.7 | 20 |
| 15 | 1.8 | 21¼ |
| 16 | 1.9 | 22½ |
| 17 | 2.0 | 23-3/4 |
| 18 | 2.1 | 25 |
| 19 | 2.2 | 26¼ |
| 20 | 2.3 | 27½ |
| 21 | 2.4 | 28-3/4 |
| 22 or over | 2.5 | 30 |

2. WORKWEEK SCHEDULES OF MORE THAN FIVE (5) DAYS

Full-time employees on regularly scheduled workweeks of more than five (5) days shall earn annual leave at rates that produce the equivalent earnings of the employees on a five (5) days per workweek schedule. For example:

(a) Five and one-half (5½) days per workweek schedule

| YEARS OF SERVICE | DAYS PER MONTH | DAYS PER YEAR |
|---|---|---|
| 1-10 | 1.4 | 16.5 |
| 11 | 1.5 | 17.8 |
| 12 | 1.6 | 19.3 |
| 13 | 1.7 | 20.6 |
| 14 | 1.8 | 22.0 |
| 15 | 2.0 | 23.4 |
| 16 | 2.1 | 24.8 |
| 17 | 2.2 | 26.1 |
| 18 | 2.3 | 27.5 |
| 19 | 2.4 | 28.9 |
| 20 | 2.5 | 30.2 |
| 20 | 2.6 | 31.6 |
| 22 or over | 2.8 | 33.0 |

(b) Six (6) days per workweek schedule

| YEARS OF SERVICE | DAYS PER MONTH | DAYS PER YEAR |
|---|---|---|
| 1-10 | 1.5 | 18.0 |
| 11 | 1.6 | 19.5 |
| 12 | 1.8 | 21.0 |
| 13 | 1.9 | 22.5 |
| 14 | 2.0 | 24.0 |
| 15 | 2.1 | 25.5 |
| 16 | 2.3 | 27.0 |
| 17 | 2.4 | 28.5 |
| 18 | 2.5 | 30.0 |
| 19 | 2.6 | 31.5 |
| 20 | 2.8 | 33.0 |
| 21 | 2.9 | 34.5 |
| 22 or over | 3.0 | 36.0 |

## B. PART-TIME EMPLOYEES

1. Service of less than six (6) months

*During the first six (6) months of State service, part-time employees shall not be authorized the use of annual leave except for emergency or exceptional circumstances subject to specific prior approval of an appropriate supervisor. No State employee who is separated from State employment, voluntarily or involuntarily, prior to the completion of six (6) months of service shall be paid for any accrued annual leave.*

2. Service of more than six (6) months

Part-time employees, upon the completion of their first six (6) months of service, shall earn annual leave dating from date of employment on a pro-rata basis that produces the equivalent earnings of the employees on a five (5) days per workweek schedule. (See Section 1-1. DEFINITIONS, Item (c), Permanent Part-Time Employee.)

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Section 1-5. MAXIMUM ACCUMULATION

A. FULL-TIME EMPLOYEES

1. Five (5) days per workweek schedule

Full-time employees on a five (5) days per workweek schedule shall be permitted to carry over from one calendar year to the next any unused earned annual leave up to a total accumulation of forty-five (45) days; EXCEPT THAT, employees of a merit system agency that previously provided for a maximum accumulation in excess of forty-five (45) days as of June 2, 1972, shall not forfeit the excess, but shall retain such excess leave which shall be the maximum amount the employee may carry over into future years. If the employee subsequently reduces the amount of such leave carried over, the reduced amount, if in excess of forty-five (45) days, shall become the employee's maximum carry over into future years. If the employee further reduces the amount of such leave carried over to forty-five (45) days or less, forty-five (45) days shall become the maximum amount of unused annual leave the employee may thereafter accumulate.

2. Workweek schedules of more than five (5) days

Full-time employees on regularly scheduled workweeks of more than five (5) days shall be permitted to carry over from one calendar year to the next any unused annual leave up to a total accumulation that is equivalent to the maximum accumulation of forty-five (45) days for employees on a five (5) days per workweek schedule. For example:

(a) Five and one-half ($5\frac{1}{2}$) days per workweek schedule

The maximum accumulated annual leave for employees regularly scheduled to work five and one-half ($5\frac{1}{2}$) days per workweek shall be forty-nine and one-half ($49\frac{1}{2}$) working days.

(b) Six (6) days per workweek schedule

The maximum accumulated annual leave for employees regularly scheduled to work six (6) days per workweek shall be fifty-four (54) working days.

B. PERMANENT PART-TIME EMPLOYEES

Permanent part-time employees shall be permitted to carry over from one calendar year to the next any unused annual leave up to a total accumulation that, on a pro-rata basis, produces the equivalent maximum accumulation of the employees on a five (5) days per workweek schedule.

Section 1-6. EARNED LEAVE IN EXCESS OF MAXIMUM ACCUMULATION

All eligible employees shall be entitled to bring into any calendar year the maximum accumulation as authorized in Section 1-5. Any eligible employee that does bring the maximum accumulation into a calendar year shall also be entitled to earn and use annual leave up to a maximum as authorized in Section 1-7(A) during that calendar year. However, only the maximum accumulation as authorized in Section 1-5 may be carried over into the next calendar year.

Section 1-7. USING AND SCHEDULING LEAVE

A. MAXIMUM DAYS USED PER YEAR

The maximum number of earned or accumulated working days of annual leave that may be used in any one calendar year shall not exceed:

1. *For employees on a five (5) days per workweek schedule - forty-five (45) working days;*

2. *For employees on regularly scheduled workweeks of more than five (5) days - a total number of working days that are equivalent to forty-five (45) working days for a five (5) days per workweek schedule, or*

3. *For employees on a part-time schedule - the pro-rata portion of the forty-five (45) working days maximum that is applicable to employees on a five (5) days per workweek schedule.*

B. SCHEDULING LEAVE

To the degree possible, employees' requests for specific periods of annual leave shall be honored. However, considerations of workloads, work distribution, and similar factors may necessitate changes. Approval of the appointing authority is required for:

1. the specific periods that employees shall be on annual leave, and

2. the length of any annual leave, i.e., the number of consecutive working days in any one leave period.

C. UNITS OF ANNUAL LEAVE

The appointing authority shall establish policies on the using and scheduling of annual leave but in no event shall leave be used and charged in units of less than one (1) hour.

D. HOLIDAY DURING LEAVE

A holiday observed by the employing agency while an employee is on a period of annual leave that falls on a day that the employee would otherwise have scheduled to work shall not be charged as a day of annual leave.

Section 1-8. LEAVE COMPUTATION

For ease of administration, records on leave earned, leave taken, and leave accumulated should be converted to the hourly equivalent. By so doing, varied work schedules can be readily equated to the base of a five (5) day workweek schedule.

Section 1-9. CREDITED SERVICE

A. EMPLOYEES HIRED PRIOR TO JUNE 2, 1972

Employees as of June 2, 1972, shall carry forward all service as a State employee prior to June 2, 1972, for purposes of determining annual leave earnings.

B. CUMULATIVE SERVICE

Subsequent to June 2, 1972, employees who terminate employment with the State and who are rehired shall be given credit for the period of service prior to termination but shall not be given service credit for the period between termination and reemployment. (No prior leave accrual shall be reinstated.)

C. LEAVE WITHOUT PAY AND EDUCATIONAL LEAVES

*Periods of authorized leave without pay or educational leave without pay of over twenty (20) working days in any one calendar year shall not be credited as service for determining annual leave earnings.*

D. ANNIVERSARY DATE

*Employees' anniversary dates shall be adjusted for the total length of periods of authorized leave without pay or educational leave without pay of over twenty (20) working days in any one calendar year and for periods of breaks in service as defined above.*

E. CREDITING LEAVE FOR SERVICE OF OVER TEN (10) YEARS

*The increased leave earnings based upon service of over ten (10) years shall be granted to employees on a monthly basis beginning the month after their adjusted anniversary dates.*

Section 1-10. TRANSFER

Employees who transfer from one State agency to another shall transfer their accumulated unused leave up to that total amount authorized adjusted to the scheduled workweek of the gaining agency.

In the case of an employee transferring from a merit system agency who has a maximum accumulation in excess of that currently authorized by the gaining agency, the excess shall be paid in lump sum to the employee by the losing agency at the time of transfer.

An employee's transfer from one State agency to another shall not constitute a break in service.

Section 1-11. HIRING ADDITIONAL EMPLOYEES

Additional employees shall not be hired to replace employees on annual leave. When a vacancy occurs due to termination of employment, a replacement may be employed.

Section 1-12. TERMINATION OF EMPLOYMENT

Upon termination of employment with the State, employees shall be paid in lump sum for the authorized unused annual leave earnings accumulated to their credit, except that:

1. the total number of working days used by an employee in that calendar year, plus

2. the total number of working days paid in lump sum to such employee,

shall not exceed the maximum allowable number of working days accumulation as defined in Section 1-5.

No additional annual leave earnings apply during the period represented by the lump sum payment and service credits are not given for such period.

Section 1-13. PAYMENT UPON DEATH OF EMPLOYEES

Upon the death of an employee while in active service, the legal representative shall be entitled to payment in lump sum for the authorized unused annual leave earnings accumulated to his or her credit up to the date of death, except that:

1. the total number of working days used by the employee in that calendar year, plus

2. the total number of working days paid in lump sum to the employee's legal representative,

shall not exceed the maximum allowable number of working days accumulation as defined in Section 1-5.

Section 1-14. QUESTIONS AND PROBLEMS

State agencies that have problems regarding the administration of annual leave or questions about the policies herein are to contact the State Personnel Division for assistance. As needed, interpretive memoranda shall be issued by the State Personnel Division to clarify intent or to give examples that will be helpful in carrying out the provisions of the Annual Leave Act.

EXHIBIT X
MAY 24, 1973

PROPOSED AMENDMENT TO SECTION 6 OF THE ANNUAL LEAVE ACT

Leave, as authorized by this act, shall be based upon a five-day workweek with office hours from 8:30 a.m. until 5:00 p.m., Monday through Friday, except where services are maintained seven days a week; provided, however, these provisions shall not apply to teaching personnel and officials of academic rank at state-supported institutions of higher learning. The State Budget and Control Board, through the State Personnel Division, may establish, by appropriate regulation, procedures for the equitable calculation of leave for those employees who work a different number of days, including permanent part-time employees.

Amend by substituting the following words for those underlined above:

The daily office hours of each agency may be scheduled at the discretion of the agency heads subject to the approval of the State Budget and Control Board; provided that no agency shall schedule a workday of less than 7½ hours, except where services are maintained seven days a week; and provided further, . . . .

EXHIBIT XII
MAY 24 1973



## COMMITTEE REPORT

Messrs. BRISTOW and CARTER spoke upon the Report of the Committee to Study the Total Health Care Delivery System in South Carolina.

## INTRODUCTION OF BILLS AND RESOLUTIONS

The following were introduced:

S. 290.—Messrs. WADDELL, BALLENGER, BOWEN, BRISTOW, CARTER, CHAPMAN, DENNIS, DOAR, DOOLEY, DRUMMOND, EDWARDS, FLOYD, GARRETT, GARRISON, GASQUE, GRESSETTE, HARRELSON, HARRIS, HARTNETT, HOLLAND, LAKE, LAUGHLIN, LINDSAY, LONG, LOURIE, JIMMY MARTIN, JOHN A. MARTIN, McDONALD, McMILLAN, MEDLOCK, MENDENHALL, MOORE, MORRIS, RILEY, RODDEY, RUBIN, SALEEBY, HARRIS P. SMITH, HORACE C. SMITH, J. VERNE SMITH, THOMAS E. SMITH, JR., STEPHEN, STEVENS, TAYLOR, WILLIAMS and WISE: A Concurrent Resolution to request the State Budget and Control Board to name the Criminal Justice Academy Building in honor of Chief J. P. Strom.

Whereas, the Criminal Justice Academy Building at State Law Enforcement Headquarters constitutes a tangible example of the progress and improvement in law enforcement in this State; and

Whereas, for many years Chief J. P. Strom of the State Law Enforcement Division has led the way in this progress and improvement and has been nationally recognized for his many contributions to more effective law enforcement; and

Whereas, the outstanding record of Chief Strom merits the praise and thanks of all South Carolinians and a permanent monument recognizing the public service of this fine law enforcement officer would be most appropriate and well deserved. Now, therefore,

*Be it resolved* by the Senate, the House of Representatives concurring:

That the General Assembly by this resolution expresses its desire that the Criminal Justice Academy Building at State Law Enforcement Headquarters near Columbia be named in honor of Chief J. P. Strom of the State Law Enforcement Division as a lasting tribute to his exceptional contributions to law enforcement in South Carolina and urges the State Budget and Control Board to take appropriate action to implement the sentiments expressed herein.

STATE OF SOUTH CAROLINA
PERSONNEL DIVISION

EXHIBIT IX
MAY 24, 1973

JACK S. MULLINS
State Director

TELEPHONE
(803) 758-3334

700 KNOX ABBOTT DRIVE
CAYCE, SOUTH CAROLINA 29033

July 3, 1973

The Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

Pursuant to your instructions, I have contacted a majority of the members of the State Budget and Control Board to secure their consent for us to change the wording of the revised leave regulations to reflect the fact that no person can take or be paid for more than 45 days of annual leave in any one year. This was necessitated by the legislation stipulating that the maximum allowable days that can be taken or paid for is 45 days. I did not contact Mr. Grady Patterson because he was absent from the meeting in question, and I have been unable to speak with Senator Dennis on this subject. All other members have registered their approval for this change to be reflected in the minutes of the Budget and Control Board. Accordingly I am enclosing a revised set of leave guidelines for inclusion in the minutes of the Board.

We appreciate very much your cooperation on this matter.

Sincerely yours,

Jack

Jack S. Mullins

JSM:cw

Enclosure

July 3, 1973

TO: AGENCY HEADS AND PERSONNEL ADMINISTRATORS

Enclosed are the new Annual Leave Guidelines as revised by the State Budget and Control Board on June 19, 1973. The new Guidelines supersede those which were issued on October 12, 1972, and will be effective beginning July 1, 1973.

For easier reference purposes, the revised portions of the earlier Guidelines are in italic print.

Please refer any questions to the Employee Relations Unit of the State Personnel Division.

Sincerely,

Jack S. Mullins

Jack S. Mullins
State Director of Personnel

JSM:bjc

Enclosures

July 3, 1973

TO: AGENCY HEADS AND PERSONNEL ADMINISTRATORS

Enclosed are the new Annual Leave Guidelines as revised by the State Budget and Control Board on June 19, 1973. The new Guidelines supersede those which were issued on October 12, 1972, and will be effective beginning July 1, 1973.

For easier reference purposes, the revised portions of the earlier Guidelines are in italic print.

Please refer any questions to the Employee Relations Unit of the State Personnel Division.

Sincerely,

Jack S. Mullins

Jack S. Mullins
State Director of Personnel

JSM:bjc

Enclosures

ANNUAL LEAVE GUIDELINES

Revised June 19, 1973

The June 2, 1972, Annual Leave Act for State employees establishes a standard annual leave earning rate that shall apply to all State employees except teaching personnel and officials of academic rank at State-supported institutions of higher learning.

Section 1-1. DEFINITIONS

For the purpose of these guidelines, the following definitions apply:

(a) Agency: an instrumentality of State government, such as, but not limited to, the following: Authority, Board, Bureau, Commission, Committee, Council, Division, Department, or Institution of Higher Learning.

(b) Permanent full-time employee: one who has completed six (6) months of satisfactory service; one who is scheduled to work the agency's official workweek (but in no event less than 37.5 hours per workweek); and who is not a temporary or student employee.

(c) *Permanent part-time employee: One who has completed six (6) months of satisfactory service; who is scheduled to work at least one-half (½) the workweek of the agency on a twelve month basis; or who is scheduled to work the full school or academic year of nine months or more for a State administered educational facility; and who is not a temporary or student employee.*

(d) *Temporary employee: one who is employed on a full-time or part-time basis for a period not exceeding six (6) months to provide for specific, defined projects, for peak work loads, and for short-time replacements of permanent employees on leave of absence. Temporary employees have no continuing status.*

(e) *Student employee: one who is employed in the school or institution of higher learning in which he or she is enrolled.*

(f) Day: the total hours in a workday that an employee is regularly scheduled to work.

(g) Year: calendar year, from January 1 through December 31.

Section 1-2. ELIGIBILITY

Annual leave shall be accrued by and granted to:

(a) permanent full-time employees, and

(b) permanent part-time employees,

in accordance with the definitions and in the amounts as prescribed herein.

Section 1-3. ANNUAL LEAVE RECORD

A leave record shall be maintained by the employing agency for each employee covered under the provisions of the Act, which shall be subject to audit by the State Budget and Control Board. Such record shall:

- *reflect leave earnings and charges in terms of days and equivalent hours,*
- *indicate the number of leave days/hours earned during the current calendar year,*
- *indicate the number of leave days/hours used during the current calendar year,*
- *indicate the number of leave days/hours carried forward from the previous calendar year, but not exceeding the maximum accrual authorized,*
- *indicate the number of hours in the employee's official workweek,*
- *include any other information the agency may require,*
- *be reviewed by or reported in writing to the employee no less than once per calendar year and be supported by individual leave slips signed by the employee and the supervisor. These leave slips shall be retained for not less than two (2) weeks after review by the employee.*

Section 1-4. ANNUAL LEAVE EARNINGS

A. FULL-TIME EMPLOYEES

1. FIVE (5) DAYS PER WORKWEEK SCHEDULE

(a) *Service of less than six (6) months*

*During the first six (6) months of State service, employees shall not be authorized the use of annual* *leave except for emergency or exceptional circumstances subject to specific prior approval of an appropriate supervisor. No State employee who is separated from State employment, either voluntarily or involuntarily, prior to the completion of six (6) months of service shall be paid for any accrued annual leave.*

(b) Service of ten (10) years or less

Full-time employees, upon the completion of their first six (6) months of service, on five (5) days per workweek schedule with State service of less than ten (10) years, shall earn annual leave dating from date of employment at the rate of one and one-fourth (1¼) working days per full month of service in each calendar year.

*(c) Continuous service after ten (10) years*

*Full-time employees on a five (5) days per workweek scheduled with State service of more than ten (10) years, shall earn additional annual leave for continuous service at the rate of:*

| *YEARS OF SERVICE* | *EARNING RATE* | *WORKING DAYS* |
|---|---|---|
| | *MONTH* | *YEAR* |
| *11* | *1.4* | *16¼* |
| *12* | *1.5* | *17½* |
| *13* | *1.6* | *18-3/4* |
| *14* | *1.7* | *20* |
| *15* | *1.8* | *21¼* |
| *16* | *1.9* | *22½* |
| *17* | *2.0* | *23-3/4* |
| *18* | *2.1* | *25* |
| *19* | *2.2* | *26¼* |
| *20* | *2.3* | *27½* |
| *21* | *2.4* | *28-3/4* |
| *22 or over* | *2.5* | *30* |

2. WORKWEEK SCHEDULES OF MORE THAN FIVE (5) DAYS

Full-time employees on regularly scheduled workweeks of more than five (5) days shall earn annual leave at rates that produce the equivalent earnings of the employees on a five (5) days per workweek schedule. For example:

(a) *Five and one-half (5½) days per workweek schedule*

| *YEARS OF SERVICE* | *DAYS PER MONTH* | *DAYS PER YEAR* |
|---|---|---|
| 1-10 | 1.4 | 16.5 |
| 11 | 1.5 | 17.8 |
| 12 | 1.6 | 19.3 |
| 13 | 1.7 | 20.6 |
| 14 | 1.8 | 22.0 |
| 15 | 2.0 | 23.4 |
| 16 | 2.1 | 24.8 |
| 17 | 2.2 | 26.1 |
| 18 | 2.3 | 27.5 |
| 19 | 2.4 | 28.9 |
| 20 | 2.5 | 30.2 |
| 20 | [illegible] | 31.6 |
| 22 or over | 2.8 | 33.0 |

(b) *Six (6) days per workweek schedule*

| *YEARS OF SERVICE* | *DAYS PER MONTH* | *DAYS PER YEAR* |
|---|---|---|
| 1-10 | 1.5 | 18.0 |
| 11 | 1.6 | 19.5 |
| 12 | 1.8 | 21.0 |
| 13 | 1.9 | 22.5 |
| 14 | 2.0 | 24.0 |
| 15 | 2.1 | 25.5 |
| 16 | 2.3 | 27.0 |
| 17 | 2.4 | 28.5 |
| 18 | 2.5 | 30.0 |
| 19 | 2.6 | 31.5 |
| 20 | 2.8 | 33.0 |
| 21 | 2.9 | 34.5 |
| 22 or over | 3.0 | 36.0 |

## B. PART-TIME EMPLOYEES

1. *Service of less than six (6) months*

   *During the first six (6) months of State service, part-time employees shall not be authorized the use of annual leave except for emergency or exceptional circumstances subject to specific prior approval of an appropriate supervisor. No State employee who is separated from State employment, voluntarily or involuntarily, prior to the completion of six (6) months of service shall be paid for any accrued annual leave.*

2. Service of more than six (6) months

   Part-time employees, upon the completion of their first six (6) months of service, shall earn annual leave dating from date of employment on a pro-rata basis that produces the equivalent earnings of the employees on a five (5) days per workweek schedule. (See Section 1-1. DEFINITIONS, Item (c), Permanent Part-Time Employee.)

Section 1-5. MAXIMUM ACCUMULATION

A. FULL-TIME EMPLOYEES

1. Five (5) days per workweek schedule

Full-time employees on a five (5) days per workweek schedule shall be permitted to carry over from one calendar year to the next any unused earned annual leave up to a total accumulation of forty-five (45) days; EXCEPT THAT, employees of a merit system agency that previously provided for a maximum accumulation in excess of forty-five (45) days as of June 2, 1972, shall not forfeit the excess, but shall retain such excess leave which shall be the maximum amount the employee may carry over into future years. If the employee subsequently reduces the amount of such leave carried over, the reduced amount, if in excess of forty-five (45) days, shall become the employee's maximum carry over into future years. If the employee further reduces the amount of such leave carried over to forty-five (45) days or less, forty-five (45) days shall become the maximum amount of unused annual leave the employee may thereafter accumulate.

2. Workweek schedules of more than five (5) days

Full-time employees on regularly scheduled workweeks of more than five (5) days shall be permitted to carry over from one calendar year to the next any unused annual leave up to a total accumulation that is equivalent to the maximum accumulation of forty-five (45) days for employees on a five (5) days per workweek schedule. For example:

(a) Five and one-half (5½) days per workweek schedule

The maximum accumulated annual leave for employees regularly scheduled to work five and one-half (5½) days per workweek shall be forty-nine and one-half (49½) working days.

(b) Six (6) days per workweek schedule

The maximum accumulated annual leave for employees regularly scheduled to work six (6) days per work-week shall be fifty-four (54) working days.

B. PERMANENT PART-TIME EMPLOYEES

Permanent part-time employees shall be permitted to carry over from one calendar year to the next any unused annual leave up to a total accumulation that, on a pro-rata basis, produces the equivalent maximum accumulation of the employees on a five (5) days per workweek schedule.

Section 1-6. EARNED LEAVE IN EXCESS OF MAXIMUM ACCUMULATION

All eligible employees shall be entitled to bring into any calendar year the maximum accumulation as authorized in Section 1-5. Any eligible employee that does bring the maximum accumulation into a calendar year shall also be entitled to earn and use annual leave up to a maximum as authorized in Section 1-7(A) during that calendar year. However, only the maximum accumulation as authorized in Section 1-5 may be carried over into the next calendar year.

Section 1-7. USING AND SCHEDULING LEAVE

A. MAXIMUM DAYS USED PER YEAR

The maximum number of earned or accumulated working days of annual leave that may be used in any one calendar year shall not exceed:

1. For employees on a five (5) day per workweek schedule - thirty (30) working days,

2. For employees on regularly scheduled workweeks of more than five (5) days - a total number of working days that are equivalent to thirty (30) working days for a five (5) days per workweek schedule, or

3. For employees on a part-time schedule - the pro-rata portion of the thirty (30) working days maximum that is applicable to employees on a five (5) days per workweek schedule.

B. SCHEDULING LEAVE

To the degree possible, employees' requests for specific periods of annual leave shall be honored. However, considerations of workloads, work distribution, and similar factors may necessitate changes. Approval of the appointing authority is required for:

1. the specific periods that employees shall be on annual leave, and

2. the length of any annual leave, i.e., the number of consecutive working days in any one leave period.

C. UNITS OF ANNUAL LEAVE

The appointing authority shall establish policies on the using and scheduling of annual leave but in no event shall leave be used and charged in units of less than one (1) hour.

D. HOLIDAY DURING LEAVE

A holiday observed by the employing agency while an employee is on a period of annual leave that falls on a day that the employee would otherwise have scheduled to work shall not be charged as a day of annual leave.

Section 1-8. LEAVE COMPUTATION

For ease of administration, records on leave earned, leave taken, and leave accumulated should be converted to the hourly equivalent. By so doing, varied work schedules can be readily equated to the base of a five (5) day workweek schedule.

Section 1-9. CREDITED SERVICE

A. EMPLOYEES HIRED PRIOR TO JUNE 2, 1972

Employees as of June 2, 1972, shall carry forward all service as a State employee prior to June 2, 1972, for purposes of determining annual leave earnings.

B. CUMULATIVE SERVICE

Subsequent to June 2, 1972, employees who terminate employment with the State and who are rehired shall be given credit for the period of service prior to termination but shall not be given service credit for the period between termination and reemployment. (No prior leave accrual shall be reinstated.)

C. LEAVE WITHOUT PAY AND EDUCATIONAL LEAVES

*Periods of authorized leave without pay or educational leave without pay of over twenty (20) working days in any one calendar year shall not be credited as service for determining annual leave earnings.*

D. ANNIVERSARY DATE

*Employees' anniversary dates shall be adjusted for the total length of periods of authorized leave without pay or educational leave without pay of over twenty (20) working days in any one calendar year and for periods of breaks in service as defined above.*

E. CREDITING LEAVE FOR SERVICE OF OVER TEN (10) YEARS

*The increased leave earnings based upon service of over ten (10) years shall be granted to employees on a monthly basis beginning the month after their adjusted anniversary dates.*

Section 1-10. TRANSFER

Employees who transfer from one State agency to another shall transfer their accumulated unused leave up to that total amount authorized adjusted to the scheduled workweek of the gaining agency.

In the case of an employee transferring from a merit system agency who has a maximum accumulation in excess of that currently authorized by the gaining agency, the excess shall be paid in lump sum to the employee by the losing agency at the time of transfer.

An employee's transfer from one State agency to another shall not constitute a break in service.

Section 1-11. HIRING ADDITIONAL EMPLOYEES

Additional employees shall not be hired to replace employees on annual leave. When a vacancy occurs due to termination of employment, a replacement may be employed.

Section 1-12. TERMINATION OF EMPLOYMENT

Upon termination of employment with the State, employees shall be paid in lump sum for the authorized unused annual leave earnings accumulated to their credit, except that:

1. the total number of working days used by an employee in that calendar year, plus

2. the total number of working days paid in lump sum to such employee,

shall not exceed the maximum allowable number of working days accumulation as defined in Section 1-5.

No additional annual leave earnings apply during the period represented by the lump sum payment and service credits are not given for such period.

Section 1-13. PAYMENT UPON DEATH OF EMPLOYEES

Upon the death of an employee while in active service, the legal representative shall be entitled to payment in lump sum for the authorized unused annual leave earnings accumulated to his or her credit up to the date of death, except that:

1. the total number of working days used by the employee in that calendar year, plus

2. the total number of working days paid in lump sum to the employee's legal representative,

shall not exceed the maximum allowable number of working days accumulation as defined in Section 1-5.

Section 1-14. QUESTIONS AND PROBLEMS

State agencies that have problems regarding the administration of annual leave or questions about the policies herein are to contact the State Personnel Division for assistance. As needed, interpretive memoranda shall be issued by the State Personnel Division to clarify intent or to give examples that will be helpful to carrying out the provisions of the Annual Leave Act.

EXHIBIT XI
MAY 24, 1973

STATE OF SOUTH CAROLINA
PERSONNEL DIVISION

JACK S. MULLINS
State Director

TELEPHONE
(803) 758-3334

700 KNOX ABBOTT DRIVE
CAYCE, SOUTH CAROLINA 29033

May 23, 1973

The Honorable P. C. Smith
Secretary
Budget and Control Board
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

The S. C. State Personnel Division requests permission to authorize the State Board for Technical and Comprehensive Education to pay the consulting instructors' fees for the Executive Development Program for Assistant Agency Heads, scheduled June 12-14, 1973.

The following is a breakdown of the program requirements:

A. NATURE OF PROGRAM

The program will center around the MBO/OD theme with supplemental materials and information of practical value to South Carolina State Government executives.

B. DURATION AND LOCATION

The program will last three (3) days and is scheduled for June 12-14, 1973, at Wampee Plantation, Pinopolis, South Carolina. Thirty-five to forty (35-40) assistant state agency heads are expected to participate.

C. CONSULTING INSTRUCTORS AND COSTS

1. Dr. William M. Morgenroth - U.S.C. School of Business Administration, Head of Marketing Department and holder of the Citizens and Southern National Bank Management Chair. Dr. Morgenroth will be the primary instructor and consultive coordinator of the total program, MBO/OD approach to management. His fee is based on three (3) full days at $250.00 per day, or a total of $750.00.

2. Dr. Lyle Wilcox - Clemson University Dean of the School of Engineering. Dr. Wilcox will play the role of secondary instructor and consultant. He will present and demonstrate the use of the computer and

systems approach to management. His fee is based on 12½ hours (over a two-day period) at $250.00 per day, or a total of $400.00.

3. Dr. Charles Rudy Milton - U.S.C. School of Business Administration. Dr. Milton's role will be as secondary instructor and consultant. His presentation will include the goal setting process as it relates to the organization and the individual, the innovative organization, and the planning of change and organizational effectiveness. His fee is based on approximately six (6) hours (over a day and one-half period) at $250.00 per day, or a total of $200.00.

4. Total Cost for Consulting Instructors

| | | |
|---|---|---|
| Dr. Morgenroth | - | $ 750.00 |
| Dr. Wilcox | - | 400.00 |
| Dr. Milton | - | 200.00 |
| | | $1,350.00 + Travel @ 10¢ per mile. |

Presentation materials and developmental costs are included in the above fees.

D. INSTRUCTOR AUTHORIZATION

Each instructor has been authorized by his respective superior to participate in the Executive Program:

Dr. Morgenroth/Dr. Milton - authorized by Dean James F. Kane, Business Administration, U.S.C.
Dr. Wilcox - authorized by Dr. Victor Hurst, Vice President for Academic Affairs, Clemson University.

E. PRESENT SALARIES OF INSTRUCTORS

All are presently on vacation from University.

F. EXECUTIVE DEVELOPMENT PROGRAM EXPERIENCE

This program, the last in the current series for assistant agency heads, is now in its third year and is billed at the same per-day instructor cost as in the past, with the following exceptions:

1. There will be no instructor materials or developmental costs this year.
2. Mileage to and from Wampee will be the only expense costs this year. (Previously air travel and sussistence for Mr. Ken Henning of the University of Georgia were included.)

Sincerely,

Jack S. Mullins

Jack S. Mullins
State Director of Personnel

1985

GBF:JSM:cw

STATE OF SOUTH CAROLINA
OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

June 11, 1973

Dr. Jack S. Mullins
State Director of Personnel
700 Knox Abbott Drive
Cayce, South Carolina 29033

Dear Jack:

At its meeting of May 24, 1973, the State Budget and Control Board approved of your using the individuals listed below as consultants in the Executive Development Program.

Dr. William M. Morgenroth - University of South Carolina
Rate Of Pay - $250.00 per day

Dr. Lyle Wilcox - Clemson University
Rate Of Pay - $250.00 per day

Dr. Charles Rudy Milton - University of South Carolina
Rate Of Pay - $250.00 per day

Yours very truly,

William T. Putnam
Assistant State Auditor

WTP:sc

E N D

1987