

# UNITED CORPORATIONS LIMITED

ANNUAL REPORT 2005

# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



## THE FISCAL YEAR AT A GLANCE

Year ended March 31	2005	2004
Net equity value per common share .....	\$ 67.13	\$ 61.32
Net investment income per common share .....	\$ 1.02	\$ 0.91
Regular dividends per common share .....	\$ 0.80	\$ 0.80
Net assets .....	\$ 826,344	\$ 755,491
Investment income .....	\$ 19,786	\$ 17,277
Net investment income .....	\$ 12,840	\$ 11,419
Number of common shares outstanding at year end .....	12,194,193	12,194,193

In thousands of dollars, except number of common shares outstanding and per share amounts.

## ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 11:45 a.m. on Tuesday, June 28, 2005, at the Head Office of The Dominion of Canada General Insurance Company, 4th Floor, 165 University Avenue, Toronto. All Shareholders are invited to attend.

### HEAD OFFICE

Tenth Floor, 165 University Avenue, Toronto, Ontario, M5H 3B8

Tel: 416-947-2578

Fax: 416-868-6199

### SHARES LISTED

Toronto Stock Exchange

### STOCK SYMBOLS

Common	UNC
First Preferred	UNC.PR.A
Second Preferred, 1959 Series	UNC.PR.B
Second Preferred, 1963 Series	UNC.PR.C

### BANKERS

The Bank of Nova Scotia

### AUDITORS

PricewaterhouseCoopers LLP

### TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.

### WEBSITE

[www.ucorp.ca](http://www.ucorp.ca)

**BOARD OF DIRECTORS**

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J. CHRISTOPHER BARRON	Chairman Scotia Cassels Investment Counsel Limited
E. KENDALL CORK	President Sentinel Associates Limited
DUNCAN N. R. JACKMAN	Chairman and Chief Executive Officer E-L Financial Corporation Limited
THE HONOURABLE HENRY N. R. JACKMAN	Honorary Chairman The Empire Life Insurance Company
A. STEPHEN PROBYN	Chairman and Chief Executive Officer The Probyn Group
HELEN J. ROTENBERG	Corporate Director
MARK M. TAYLOR	Executive Vice-President and Chief Financial Officer E-L Financial Corporation Limited
J. CHRISTOPHER WANSBROUGH	Chairman Rogers Telecommunications Ltd.
MICHAEL J. WHITE	Corporate Director

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**OFFICERS**

DUNCAN N. R. JACKMAN	Chairman and President
MARK M. TAYLOR	Secretary
TRAVIS R. EPP	Treasurer

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial position and results of operations for the years ended March 31, 2005 and 2004. This MD&A should be read in conjunction with the Company's March 31, 2005 year-end financial statements, which form part of the United Corporations Limited ("United" or the "Company") 2005 Annual Report dated May 3, 2005. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian dollars.

The MD&A contains certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that the results, performance or achievements expressed in, or implied by, the forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

### Market Review

Global stock markets performed reasonably well in fiscal 2005. The performance of global equities was somewhat mitigated by certain foreign currency movements in fiscal 2005. In particular, the Canadian dollar rose 8.3% relative to the United States dollar.

The net equity value return of the Company's common shares is determined by deducting the outstanding preferred shares at their cost of redemption from the net assets. Net equity value per common share is the net equity value divided by the number of common shares outstanding. Overall, the Company's net equity value per share increased to \$67.13 at March 31, 2005 from \$61.32 at March 31, 2004. Including the reinvestment of dividends at month-end net equity values, the Company's net equity value per share increased 10.9% in fiscal 2005.

The Company's global investment portfolio performed well in fiscal 2005. Jarislowsky Fraser Limited ("Jarislowsky"), which manages approximately 67% of the investment portfolio, achieved a return of 14.1% in fiscal 2005. Sanford C. Bernstein & Co. Inc., LLC, a wholly owned subsidiary of Alliance Capital Management L.P. ("Bernstein"), which manages approximately 29% of the investment portfolio, achieved a return of 10.6%. A portion of Bernstein's performance was due to a successful currency hedging strategy which preserved capital.

In Canadian dollar terms, in fiscal 2005, the TSX Total Return Index increased 13.9%, the MSCI World Index (C\$) increased 2.1% and the S&P 500 Index (C\$) decreased 1.5%. The fiscal 2005 market performance was lower than the strong returns of fiscal 2004 in which the TSX Total Return Index increased 37.7%, the MSCI World Index (C\$) increased 28.9% and the S&P 500 Index (C\$) increased 20.5%.

### Operating Results - Fiscal 2005

#### *Net Investment Income*

Net investment income increased to \$12,840,000 in fiscal 2005 from \$11,419,000 in fiscal 2004, an increase of 12.4%. The increase was due to a large increase in foreign dividends during the year. Foreign dividends increased due to a shift to more non-Canadian assets as well as certain special dividends received during the year from InterContinental Hotels Group PLC and Microsoft Corporation. Canadian dividends increased even though the investment in Canadian equities was reduced during the year. The Company also benefited from a special dividend paid by Molson Coors Canada Inc. during the year. Management costs, which are based on assets under management, increased to \$2,517,000 in fiscal 2005 from \$1,966,000 in fiscal 2004 due to the performance in the global equity markets and the revision to the administration agreement in fiscal 2004. The increase in foreign dividends increased the provision for taxes in the current year. The Company continued to maintain its low management expense ratio ("MER"). The MER in fiscal 2005 was 0.41% compared to 0.37% in fiscal 2004.

#### *Net Gain on Investments*

The Company realized a net gain on investments sold of \$24,405,000 in the current year compared to a net gain of \$13,912,000 in fiscal 2004. The majority of the Company's realized gains were as a result of the sale of Canadian equities. The largest gains realized were from The Bank of Nova Scotia, Metro Inc., Talisman Energy Inc. and Cameco Corporation. The most significant losses realized during the year resulted from sales of Royal & Sun Alliance Insurance Group plc, Merck & Co. Inc. and Pfizer Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

In addition to the net realized gains achieved in the year, the Company's unrealized appreciation of investments increased by \$43,867,000 in fiscal 2005 (2004 - \$131,025,000). While many investments performed well during the year, it was the Company's exposure to Canadian equities and specifically equities in the energy sector that were most rewarding. The largest gains were from the investments in Algoma Central Corporation, Imperial Oil Limited, Nexen Inc., Potash Corporation of Saskatchewan, Talisman Energy Inc., ConocoPhillips and Continental AG. Fannie Mae, American International Group Inc. and JPMorgan Chase & Co. were some of the poorest performers in fiscal 2005 which remain in the investment portfolio.

**Operating Results - Fourth Quarter, Fiscal 2005**

Global stock markets generally posted negative results in the quarter ended March 31, 2005. Canada was one of the exceptions due to its relatively heavy weighting in energy stocks. The Canadian dollar was relatively flat compared to the U.S. dollar in the quarter. In Canadian dollar terms, in the fourth quarter of fiscal 2005, the S&P/TSX Composite Index increased 4.4%, the MSCI World Index (C\$) decreased 0.6% and the S&P 500 Index (C\$) decreased 1.7%.

The Company's global investment portfolio performed well in the fourth quarter of fiscal 2005. Jarislowsky achieved a return of 5.2% and Bernstein achieved a return of 1.4%.

The Company's net equity value per share increased to \$67.13 at March 31, 2005 from \$65.03 at December 31, 2004. Including the reinvestment of dividends at month-end net equity values, the Company's net asset value per share increased 3.5% in the fourth quarter of fiscal 2005.

**Three Year Results**

A summary of various financial data for each of the last fiscal three years is as follows (in thousands of dollars, except "per share" amounts):

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net investment income per share .....	\$ 1.02	\$ 0.91	\$ 0.97
Net gain (loss) on investments per share .....	5.60	11.88	(12.37)
Cash dividends per common share .....	0.80	0.80	0.80
Cash dividends per preferred share .....	1.50	1.50	1.50
Total assets .....	863,442	783,752	612,198
Investment income .....	19,786	17,277	17,186
Net investment income .....	12,840	11,419	12,150
Net gain (loss) on investments .....	68,272	144,937	(150,802)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**
**Quarterly Review - Fiscal 2005 and 2004**

The following tables summarize various financial results on a quarterly basis for the current and prior fiscal years:

	2005 Fiscal Year			
	Quarter ended			
	Jun. 30	Sep. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except "per share" amounts)			
Investment income	\$ 6,567	\$ 4,039	\$ 4,549	\$ 4,631
Net investment income	4,239	2,651	2,971	2,979
Per common share: <sup>1</sup>				
Net investment income	\$ 0.34	\$ 0.21	\$ 0.24	\$ 0.23
Net gain (loss) on investments	1.11	(0.90)	3.31	2.08
Increase (decrease) in net assets from operations	\$ 1.45	\$ (0.69)	\$ 3.55	\$ 2.31
	2004 Fiscal Year			
	Quarter ended			
	Jun. 30	Sep. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except "per share" amounts)			
Investment income	\$ 5,627	\$ 3,809	\$ 3,581	\$ 4,260
Net investment income	3,755	2,530	2,418	2,716
Per common share: <sup>1</sup>				
Net investment income	\$ 0.30	\$ 0.20	\$ 0.19	\$ 0.22
Net gain on investments	4.01	1.55	4.61	1.71
Increase in net assets from operations	\$ 4.31	\$ 1.75	\$ 4.80	\$ 1.93

<sup>1</sup> The net investment income per common share is net of preferred dividends paid during the period.

**Investment Strategy**

United Corporations Limited is a closed-end investment corporation that trades on the Toronto Stock Exchange. United has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest bearing short-term securities pending the selection of suitable equity investments.

The objective of the Company is to earn an above average rate of return through long-term capital appreciation and dividend income from the Company's portfolio of equity investments. Commencing with the fiscal 2003 year, the investment strategy of the Company changed to allow for increased investment in non-Canadian capital markets. The equity investments in the portfolio currently reflect investment opportunities all over the world.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The investment portfolio of the Company is comprised of a mix of high yielding and low yielding foreign and Canadian equities. Net investment income, net realized gains (losses) on investments, net change in unrealized appreciation of investments and net equity value per share will vary significantly from period to period depending on the selection of the global equities which moves with the constantly changing economic environment and market conditions.

The external investment portfolio of the Company is managed by Jarislowsky Fraser Limited and Sanford C. Bernstein & Co. Inc., LLC. Each of the managers has a global equity mandate and is allowed to hedge the foreign currency exposure of any non-Canadian investment.

The Company also manages a portion of the investments in the portfolio. The two investments managed by the Company are Algoma Central Corporation and the Emerging Markets Investors Fund.

### Risks

The Company faces a broad range of risks and uncertainties in managing a global equity portfolio. Risks of investing in United include, amongst others, business risk, market risk, foreign currency risk, sovereign risk, liquidity risk and securities lending risk. These risks are described in the Risk section of the Company's Annual Information Form.

### Share Data

At March 31, 2005, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 Second Preferred shares, 1959 Series, 119,710 Second Preferred shares, 1963 Series and 12,194,193 common shares.

### Liquidity and Capital Resources

Liquidity refers to the Company's ability to maintain a cash flow adequate to fund operations and capital investments on a timely and cost efficient basis. The Company's income from operations after payment of taxable dividends is used to fund operating costs as well as provide resources for additional investments.

### Additional Information

Additional information relating to United, including the Company's Annual Information Form, may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

May 3, 2005

Duncan N.R. Jackman  
Chairman of the Board

# UNITED CORPORATIONS LIMITED

## STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended March 31, 2005

DATA PER COMMON SHARE	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
NET EQUITY VALUE, beginning of year	\$ 61.32	\$ 49.33	\$ 61.53	\$ 58.94	\$ 64.37
<b>INCOME FROM INVESTMENT OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS</b>					
Net investment income	1.02	0.91	0.97	0.95	0.87
Net realized and unrealized gain (loss) on investments	5.60	11.88	(12.37)	3.41	(4.16)
	<b>6.62</b>	<b>12.79</b>	<b>(11.40)</b>	<b>4.36</b>	<b>(3.29)</b>
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>					
From net investment income	(0.80)	(0.80)	(0.80)	(0.94)	(0.79)
From net realized gain on investments	—	—	—	(5.63)	(15.88)
	<b>(0.80)</b>	<b>(0.80)</b>	<b>(0.80)</b>	<b>(6.57)</b>	<b>(16.67)</b>
Less: Shares issued as stock dividends	—	—	—	3.94	11.11
Cash distributions to common shareholders	<b>(0.80)</b>	<b>(0.80)</b>	<b>(0.80)</b>	<b>(2.63)</b>	<b>(5.56)</b>
<b>TAXATION CHANGES</b>					
Income taxes recoverable on distributions from net realized gain on investments	—	—	—	1.07	4.70
Change in refundable capital gains tax on hand	—	—	—	(0.21)	(1.28)
Increase in refundable dividend tax on hand	(0.01)	—	—	—	—
	<b>(0.01)</b>	<b>—</b>	<b>—</b>	<b>0.86</b>	<b>3.42</b>
NET EQUITY VALUE, end of year	\$ 67.13	\$ 61.32	\$ 49.33	\$ 61.53	\$ 58.94

All per share figures have been restated based on the number of common shares outstanding at March 31, 2005.



## MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Company are described in Note 1 to the financial statements. Financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Board of Directors carries out its responsibilities principally through its Audit Committee. The Audit Committee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors, who are appointed by the shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on this page.

Duncan N.R. Jackman  
Chairman of the Board  
May 3, 2005

Travis R. Epp  
Treasurer

## AUDITORS' REPORT

### To the Shareholders of United Corporations Limited

We have audited the accompanying consolidated statement of investments as at March 31, 2005 and the consolidated statement of net assets of United Corporations Limited as at March 31, 2005 and 2004, and the consolidated statements of operations, retained earnings and changes in net assets for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2005 and 2004 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

May 3, 2005  
Toronto, Canada

**PricewaterhouseCoopers LLP**  
Chartered Accountants

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS

	March 31	
	2005	2004
<b>ASSETS</b>	(000's)	
Investments, at market value (cost - \$644,571; 2004 - \$615,875)	\$ 828,382	\$ 746,771
Cash	4,449	8,144
Short-term investments	26,291	25,796
Receivable in respect of investments sold	2,047	865
Accrued income on investments	1,852	1,833
Other assets	421	343
	<b>863,442</b>	<b>783,752</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	743	572
Payable in respect of investments purchased	597	1,384
Income taxes payable	2,235	1,982
Future income taxes (Note 2)	33,523	24,323
	<b>37,098</b>	<b>28,261</b>
<b>NET ASSETS</b>	<b>\$ 826,344</b>	<b>\$ 755,491</b>
<b>SHAREHOLDERS' EQUITY</b>		
Stated capital (Note 5)		
52,237 First Preferred Shares	\$ 119	\$ 119
200,000 Second Preferred Shares	6,000	6,000
12,194,193 Common Shares	534,881	534,881
	<b>541,000</b>	<b>541,000</b>
Retained earnings	134,445	107,459
Unrealized appreciation of investments (Note 3)	150,899	107,032
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 826,344</b>	<b>\$ 755,491</b>

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN, Director

J. CHRISTOPHER WANSBROUGH, Director

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF OPERATIONS

	Year ended March 31	
	2005	2004
	(000's)	
<b>INVESTMENT INCOME</b>		
Dividends		
Foreign	\$ 12,453	\$ 9,826
Canadian	6,533	6,094
	18,986	15,920
Interest, including securities lending income (Note 7)	800	1,357
	19,786	17,277
<b>EXPENSES</b>		
Management costs	2,517	1,966
Directors' and officers' remuneration	166	171
Office and miscellaneous	185	158
Transfer, registrar and custodial agents' fees	276	228
Professional fees	58	51
Capital tax	99	134
	3,301	2,708
Investment income before income taxes	16,485	14,569
Income taxes (Note 2)	3,645	3,150
<b>NET INVESTMENT INCOME</b>	<b>12,840</b>	<b>11,419</b>
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Net realized gain on investments (Note 4)	24,405	13,912
Net change in unrealized appreciation of investments	43,867	131,025
<b>NET GAIN ON INVESTMENTS</b>	<b>68,272</b>	<b>144,937</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 81,112</b>	<b>\$ 156,356</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE</b>	<b>\$ 6.62</b>	<b>\$ 12.79</b>

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended March 31	
	2005	2004
	(000's)	
<b>BEGINNING OF YEAR</b>	<b>\$ 107,459</b>	<b>\$ 92,262</b>
Add:		
Net investment income	12,840	11,419
Net realized gain on investments	24,405	13,912
Refundable dividend taxes recovered	2,063	1,977
	146,767	119,570
Deduct:		
Dividends:		
First Preferred Shares (per share - \$1.50)	78	78
Second Preferred Shares (per share - \$1.50)	300	300
Common Shares (per share - \$0.80)	9,756	9,756
Provision for refundable dividend taxes	2,188	1,977
	12,322	12,111
<b>END OF YEAR</b>	<b>\$ 134,445</b>	<b>\$ 107,459</b>

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31	
	2005	2004
	(000's)	
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 81,112	\$ 156,356
INCREASE IN REFUNDABLE DIVIDEND TAXES ON HAND	(125)	—
DISTRIBUTIONS TO SHAREHOLDERS		
Cash distributions to common shareholders	(9,756)	(9,756)
Cash distributions to preferred shareholders	(378)	(378)
	<u>(10,134)</u>	<u>(10,134)</u>
INCREASE IN NET ASSETS	70,853	146,222
NET ASSETS, BEGINNING OF YEAR	755,491	609,269
NET ASSETS, END OF YEAR	<u>\$ 826,344</u>	<u>\$ 755,491</u>

(See accompanying notes)

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS  
MARCH 31, 2005

**1. Summary of significant accounting policies**

- (a) Principles of consolidation  
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, UNC Holdings No. 3 Limited.
- (b) Investments  
Investments are carried at market value which is determined based on closing market quotations on stock exchanges. When no quoted market value is available, the market value of these investments is determined by the Company's investment managers.
- (c) Investment transactions  
Investment transactions are accounted for on a trade date basis, and realized gains and losses from such transactions are calculated on an average cost basis.
- (d) Short-term investments  
Short-term investments consist of treasury bills, commercial paper, guaranteed investment certificates and bankers' acceptances held for investment purposes. These investments are carried at cost, which, together with accrued interest, approximates fair value.
- (e) Dividend and interest income  
Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.
- (f) Foreign exchange  
The average cost of foreign investments is the cost thereof translated into Canadian dollars at the rate of exchange prevailing at the time of purchase. The market value of investments and short-term investments have been translated into Canadian dollars at the closing rates of exchange. The foreign exchange gains or losses related to the investments have been included in Net realized gain on investments and Unrealized appreciation of investments.
- (g) Forward currency contracts  
The Company periodically utilizes forward currency contracts to reduce foreign currency exposure on foreign equity investments. Contracts are carried at market and upon maturity the realized gain or loss is included in Net realized gain on investments.
- (h) Income taxes  
Income taxes are accounted for using the asset and liability method. The asset and liability method requires the recognition of future tax liabilities and assets for the expected future tax consequences of temporary differences between the book values and tax basis of assets and liabilities. However, future tax assets are only recognized to the extent that it is more likely than not that the Company will realize the benefits of that future tax asset.
- (i) Accounting estimates  
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reported period. Actual results could differ from these estimates.
- (j) Financial instruments  
Investments are carried at estimated fair value. The fair value of all other assets and liabilities approximate their carrying value due to their short term to maturity.

**2. Income taxes**

The Company is a public corporation under the Act and is subject to tax at normal corporate rates on its realized net taxable capital gains and on investment income other than taxable dividends received from corporations resident in Canada. The Company is also subject to a special tax of up to 33 1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1.00 of each \$3.00 of such dividends paid. The amount eligible for refund at March 31, 2005, all of which is included in the statement of retained earnings, amounted to approximately \$125,000 (2004 - \$Nil).

NOTES TO CONSOLIDATED  
 FINANCIAL STATEMENTS  
 MARCH 31, 2005

**2. Income taxes (continued)**

The Company's provision for income taxes is determined as follows:

	2005	2004
Basic combined federal and provincial rate	36.12%	36.50%
Effect of tax on subsidiaries' income at basic tax rate and other adjustments	0.51	0.67
<b>Effective tax rate</b>	<b>36.63%</b>	<b>37.17%</b>

	(000's)	
Applied to:		
Investment income before income taxes	\$ 16,485	\$ 14,569
Less: Dividends from taxable Canadian companies	6,533	6,094
	<b>\$ 9,952</b>	<b>\$ 8,475</b>
Provision for income taxes	<b>\$ 3,645</b>	<b>\$ 3,150</b>

The Company's income tax expense includes provisions for current and future taxes as follows:

	2005	2004
	(000's)	
Current	\$ 3,595	\$ 2,691
Future	50	459
Provision for income taxes	<b>\$ 3,645</b>	<b>\$ 3,150</b>

The future income tax liability arises primarily due to the difference between the market value and the tax cost of the investments as well as the timing of the inclusion of accrued dividends for income tax purposes:

	2005	2004
	(000's)	
Unrealized appreciation of investments	\$ 32,912	\$ 23,864
Accrued foreign dividends	509	459
Other	102	—
Future income taxes	<b>\$ 33,523</b>	<b>\$ 24,323</b>

**3. Unrealized appreciation of investments**

The details of unrealized appreciation of investments as at March 31 are as follows:

	2005	2004
	(000's)	
Investments at market value	\$ 828,382	\$ 746,771
Investments at cost	644,571	615,875
Unrealized appreciation of investments before provision for future income taxes	183,811	130,896
Future income taxes	32,912	23,864
Unrealized appreciation of investments	<b>\$ 150,899</b>	<b>\$ 107,032</b>

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS  
MARCH 31, 2005

**4. Net realized gain on investments**

The following are the details of the net realized gain on investments during the years indicated:

	2005	(000's)	2004
Proceeds on sales of investments	\$ 150,974		\$ 137,241
Cost of investments, beginning of year	615,875		592,698
Cost of investments purchased during the year	149,580		142,591
	765,455		735,289
Cost of investments, end of year	644,571		615,875
Cost of investments sold during the year	120,884		119,414
Realized gain on investments sold before taxes	30,090		17,827
Taxes on realized net taxable capital gains	5,685		3,915
Net realized gain on investments	\$ 24,405		\$ 13,912

**5. Stated capital**

The classes of shares and, where applicable, the maximum number of shares that the Company is authorized to issue are as follows:

- (a) 52,237 First Preferred Voting Shares without nominal or par value are redeemable at \$30.00 each;
- (b) 200,000 Second Preferred Shares without nominal or par value, issuable in series of which 80,290 shares are designated \$1.50 Cumulative Redeemable Second Preferred Shares, 1959 Series and are redeemable at \$30.00 each and 119,710 shares are designated \$1.50 Cumulative Redeemable Second Preferred Shares, 1963 Series and are redeemable at \$31.50 each;
- (c) Third Preferred Shares without nominal or par value, issuable in series. The maximum number of Third Preferred Shares that may be outstanding at any time shall be that number of which the stated value does not exceed \$15,000,000; and
- (d) an unlimited number of Common Shares.

**6. Related party information**

Included in the Company's investments is Algoma Central Corporation ("Algoma") with a market value of \$29,187,000 (2004 - \$22,479,000). Dividends from Algoma for the fiscal years ended March 31, 2005 and March 31, 2004 amounted to \$363,000 per year. Included in management costs are fees for administrative services paid to E-L Financial Corporation Limited ("E-L Financial"). The total fees for the year ended March 31, 2005 amounted to \$837,000 (2004 - \$474,000). E-L Financial, directly or indirectly, has a significant ownership in both the Company and Algoma.

**7. Securities lending**

The Company has entered into a securities lending agreement with its custodian, Royal Trust Corporation of Canada ("Royal Trust"). The Company will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally be comprised of obligations guaranteed by the Government of Canada or a province thereof, or other governments with appropriate credit ratings. In the event that any of the loaned securities are not returned to Royal Trust, Royal Trust at its option, may either restore to the Company securities identical to the loaned securities or it will pay to the Company the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned to Royal Trust ("Valuation date"). If the collateral is not sufficient to allow Royal Trust to pay such market value to the Company, Royal Trust shall indemnify the Company only for the difference between the market value of the securities and the value of such collateral on the Valuation date.

As at March 31, 2005, the Company has loaned approximately \$208,685,000 (2004 - \$258,880,000) in securities, received approximately \$222,400,000 (2004 - \$280,690,000) in collateral, and recognized \$205,000 (2004 - \$276,000) in securities lending income. Securities lent in the program earn income at current securities lending rates. The Company has the right to direct Royal Trust to call or terminate any particular loan in accordance with the applicable loan agreement.

NOTES TO CONSOLIDATED  
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**8. Net equity value of the Company's Common Shares**

The net equity value of the Company's common shares is determined by deducting the outstanding preferred shares at their cost of redemption from the net assets of the Company. The net equity value per common share is the net equity value divided by the number of common shares outstanding.

	March 31	
	<u>2005</u>	<u>2004</u>
	(000's)	
Net assets	<b>\$ 826,344</b>	\$ 755,491
Deduct:		
Cost to redeem (Note 5)		
First Preferred Shares	<b>1,567</b>	1,567
Second Preferred Shares	<b>6,180</b>	6,180
	<b>7,747</b>	7,747
Net equity value	<b>\$ 818,597</b>	\$ 747,744
Net equity value per Common Share	<b>\$ 67.13</b>	\$ 61.32

**9. Comparative information**

Certain comparative information has been reclassified to conform to the basis of presentation adopted in 2005.



# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>North America</b>				
<b>Canada</b>				
<b>Preferred</b>				
140,000	Nortel Networks Limited \$1.275 Series F .....	\$ 3,512	\$ 2,577	0.3
<b>Common</b>				
41,700	Alcan Inc. ....	2,092	1,918	
362,568	Algoma Central Corporation .....	6,201	29,187	
551,204	Bank of Nova Scotia .....	9,503	21,800	
81,500	Cameco Corporation .....	568	4,366	
50,900	Canadian National Railway Company .....	3,004	3,886	
171,800	Canadian Tire Corp. Ltd. Class A .....	4,899	9,801	
90,000	Canadian Utilities Class A .....	4,405	5,521	
297,702	Canfor Corporation .....	2,222	4,835	
153,413	Enbridge Inc. ....	4,184	9,542	
104,200	Encana Corporation .....	3,623	8,902	
390,000	Great-West Lifeco Inc. ....	5,573	10,374	
106,480	Imperial Oil Limited .....	3,199	9,798	
230,676	Jean Coutu Group Inc. ....	2,134	4,321	
110,000	Loblaw Cos. Limited .....	5,470	7,991	
314,200	Manulife Financial Corporation .....	10,399	18,145	
324,000	Metro Inc. ....	3,021	9,056	
18,044	Molson Coors Canada Inc. Class B .....	1,523	1,680	
224,165	Nexen Inc. ....	7,118	14,840	
52,400	Nova Chemicals Corporation .....	1,490	2,707	
2,940	Novelis Inc. ....	73	78	
71,000	Potash Corp. of Saskatchewan .....	3,097	7,535	
219,000	Power Financial Corporation .....	1,259	7,019	
160,000	Quebecor Inc. ....	5,823	4,968	
124,900	Rogers Communications Inc. Class B .....	2,562	4,113	
190,000	Rothmans Inc. ....	2,045	4,558	
283,428	Royal Bank of Canada .....	8,239	20,849	
219,200	Shaw Communications Inc. Class B .....	6,987	5,379	
131,420	Shell Canada Ltd. Class A .....	4,323	11,433	
138,550	SNC-Lavalin Group Inc. Class A .....	1,752	9,683	
116,305	Sun Life Financial Services of Canada .....	2,651	4,588	
362,830	Talisman Energy Inc. ....	5,426	15,018	
224,110	Thomson Corporation (The) .....	10,147	9,092	
309,608	Toronto-Dominion Bank .....	6,341	15,511	
344,700	TransCanada Pipelines Limited .....	5,236	10,279	
240,000	TVA Group Inc. Class B .....	3,202	5,208	
120,600	West Fraser Timber Co. Ltd. ....	2,751	6,126	
55,000	Weston (George) Limited .....	5,073	6,005	
		157,615	326,112	39.4
<b>United States</b>				
64,000	Abbott Laboratories .....	3,891	3,609	
134,000	Altria Group, Inc. ....	10,690	10,599	
71,100	American International Group Inc. ....	5,841	4,765	
116,760	Aramark Corporation Class B .....	4,198	3,712	
86,600	Bank of America Corporation .....	4,466	4,620	
50,000	Cardinal Health, Inc. ....	3,949	3,375	
88,000	Chevrontexaco Corporation .....	5,420	6,207	
30,500	The Chubb Corporation .....	2,784	2,924	
111,000	Citigroup Inc. ....	6,969	6,034	
80,500	Colgate Palmolive Company .....	5,752	5,080	
108,300	Comcast Corporation Special Class A .....	4,286	4,381	
73,900	ConocoPhillips .....	5,551	9,640	
110,000	CVS Corporation .....	5,271	7,001	
126,000	Disney (Walt) Company .....	4,644	4,379	
50,000	Emerson Electric Company .....	4,279	3,927	
49,700	E. W. Scripps Company Class A .....	2,894	2,931	
59,800	Exxon Mobile Corporation .....	3,621	4,311	
112,700	Fannie Mae .....	10,840	7,423	
84,000	Fifth Third Bancorp .....	6,009	4,367	
34,800	Freddie Mac .....	2,774	2,660	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005 (continued)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>United States (continued)</b>				
208,600	General Electric Company .....	9,172	9,099	
45,000	Gillette Company .....	2,120	2,748	
95,400	Hartford Financial Services Group, Inc. ....	8,066	7,911	
140,900	HCA Inc. ....	7,994	9,130	
308,600	Hewlett-Packard Company .....	8,712	8,190	
50,000	Jefferson-Pilot Corp. ....	3,616	2,967	
74,700	Johnson & Johnson .....	5,298	6,068	
186,600	JPMorgan Chase & Co. ....	9,893	7,810	
67,000	Kimberly Clark Corporation .....	5,719	5,327	
192,500	Kroger Co. ....	4,433	3,733	
40,000	Medtronic Inc. ....	2,402	2,465	
39,100	Metlife, Inc. ....	1,383	1,849	
186,200	Microsoft Corporation .....	7,079	5,444	
2,030	Neenah Paper Inc. ....	93	83	
7,000	Occidental Petroleum Corporation .....	456	603	
40,300	PartnerRe Ltd. ....	3,103	3,149	
80,000	Pepsico, Inc. ....	5,243	5,132	
110,000	Pfizer Inc. ....	5,988	3,495	
40,000	Procter & Gamble Company .....	2,543	2,564	
171,900	Safeway Inc. ....	4,363	3,853	
42,400	Smurfit-Stone Container Corporation .....	1,011	793	
33,632	St. Paul Travelers Companies, Inc. ....	1,832	1,494	
15,700	Textron Inc. ....	1,185	1,417	
412,050	Time Warner Inc. ....	10,269	8,747	
68,600	Wal-Mart Stores Inc. ....	5,131	4,158	
62,000	Wells Fargo & Company .....	4,112	4,485	
27,500	XL Capital Ltd Class A .....	3,053	2,406	
		<u>228,398</u>	<u>217,065</u>	26.2
	<b>Total North America</b>	<b>389,525</b>	<b>545,754</b>	<b>65.9</b>
<b>Latin America</b>				
91,200	Petroleo Brasileiro S.A. ADR .....	2,851	4,244	
90,000	Votorantim Cellulose ADR .....	1,588	1,415	
		<u>4,439</u>	<u>5,659</u>	0.7
<b>Europe, excluding United Kingdom</b>				
30,167	L'Air Liquide SA .....	5,636	6,716	
200,760	Arcelor .....	4,005	5,553	
58,700	Assurances Générales de France .....	4,438	5,581	
100,000	AXA .....	3,349	3,224	
260,000	Banco Santander Central Hispano SA .....	3,399	3,830	
68,600	Continental AG .....	2,832	6,430	
104,800	Credit Suisse Group .....	5,002	5,445	
16,600	Delhaize Group .....	1,048	1,376	
60,960	Depfa Bank PLC .....	1,235	1,166	
35,000	Endesa S.A. ....	999	953	
141,000	ENI S.P.A. ....	3,238	4,433	
1,000,000	Ericsson LM - B .....	3,480	3,407	
61,620	Essilor International SA .....	3,834	5,390	
160,000	Fresenius Medical Care AG ADR .....	5,172	5,260	
42,000	Groupe Danone .....	4,522	5,057	
39,687	HeidelbergCement AG .....	2,140	3,013	
3,052	HeidelbergCement AG - New .....	171	229	
127,500	Heineken NV .....	6,103	5,347	
110,000	ING Groep N.V. ADR .....	4,093	4,022	
88,600	ING Groep N.V. ....	3,227	3,239	
52,000	L'Oreal SA .....	4,990	5,038	
240,000	Luxottica Group SPA ADR .....	5,944	5,922	
41,300	Man AG .....	1,926	2,230	
23,600	Mol Magyar OLAJ - ES Gazipari .....	984	2,300	
6,200	Muenchener Rueckversicherungs-Gesellschaft AG .....	913	903	
62,000	Nestlé S.A. ADR .....	5,126	5,130	
50,000	Novartis AG ADR .....	2,630	2,829	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005 (continued)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>Europe, excluding United Kingdom (continued)</b>				
42,000	Renault SA .....	4,562	4,540	
169,300	Repsol YPF, SA .....	4,717	5,424	
32,000	Roche Holding AG .....	4,261	4,151	
95,000	Royal Dutch Petroleum Company .....	6,489	6,899	
19,285	Sanofi-Aventis .....	1,137	1,968	
103,000	Svenska Cellulosa AB-B (SCA) .....	5,397	4,699	
25,000	Synthes Inc. ....	2,848	3,364	
37,400	Total SA ADR .....	4,279	5,303	
91,300	Vestas Wind Systems A/S .....	2,794	1,597	
		126,920	141,968	17.1
<b>United Kingdom</b>				
195,541	Aviva PLC .....	1,911	2,837	
355,700	BP PLC .....	4,177	4,458	
75,000	Diageo PLC ADR .....	5,729	5,162	
50,000	GlaxoSmithKline PLC ADR .....	3,548	2,777	
66,880	HSBC Holdings PLC ADR .....	6,182	6,423	
304,176	InterContinental Hotels Group PLC .....	2,883	4,292	
92,600	Reckitt Benckiser PLC .....	3,446	3,559	
95,000	Royal Bank of Scotland Group PLC .....	3,566	3,655	
290,000	Smith & Nephew PLC .....	3,437	3,296	
140,000	Vodafone Group PLC ADR .....	4,559	4,498	
1,343,600	Vodafone Group PLC .....	3,705	4,313	
114,000	Whitbread PLC .....	1,641	2,426	
129,000	Xstrata PLC .....	2,264	2,977	
		47,048	50,673	6.1
<b>Asia</b>				
50,325	Aiful Corporation .....	4,215	4,872	
697,000	Bank Hapoalim Limited .....	2,115	2,838	
48,300	Canon Inc. ....	2,744	3,134	
4,634,000	China Petroleum & Chemical Corporation .....	1,677	2,264	
562,395	Compal Electronics Inc. ....	3,422	3,197	
107,786	Emerging Markets Investors Fund .....	3,739	4,432	
54,100	Flextronics International Ltd. ....	1,020	788	
80,000	Fuji Photo Film Co., Ltd. ....	3,678	3,538	
80,000	Honda Motor Co., Ltd. ....	5,159	4,847	
35,000	Hyundai Motor Co. Ltd. ....	1,985	2,293	
65,800	JFE Holdings Inc. ....	2,257	2,220	
40,800	Kookmin Bank .....	1,727	2,204	
35,000	Kyocera Corporation ADR .....	3,302	3,024	
317,600	Nissan Motor Co., Ltd. ....	3,299	3,938	
25,800	Posco .....	3,316	6,176	
14,500	Promise Co., Ltd. ....	654	1,199	
4,250	Samsung Electronics Co. Ltd. ....	2,635	2,541	
104,910	Shinhan Financial Group Co., Ltd. ....	1,351	3,399	
37,200	Siam Investment Fund .....	527	308	
1,464,360	Singapore Telecommunications Limited .....	2,633	2,769	
92,820	Sony Corporation ADR .....	5,982	4,493	
4,000	Sony Corporation .....	580	193	
766	Sumitomo Mitsui Financial Group .....	4,815	6,275	
361,865	Taiwan Semiconductor Manufacturing Company Ltd. ADR .....	3,811	3,712	
530,000	Television Broadcasts Limited .....	3,268	3,230	
337	UFJ Holdings, Inc. ....	1,592	2,145	
		71,503	80,029	9.7

**CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005 (continued)**

<u>Number of Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>% of Market</u>
		(000's)		
	<b>Australia</b>			
176,000	National Australia Bank Limited .....	5,136	4,665	0.6
	<b>Total equities</b> .....	644,571	828,748	100.0
	<b>Forward Currency Contracts, net - Schedule 1</b> .....	—	(366)	—
	<b>Total investments</b> .....	<u>\$ 644,571</u>	<u>\$ 828,382</u>	<u>100.0</u>

**Schedule 1 - Forward Currency Contracts, net**

**Forward contracts to sell foreign currencies for Canadian dollars:**

<u>Par value (in millions)</u>	<u>Currency</u>	<u>Number of Contracts</u>	<u>Contract Rates</u>	<u>Settlement Date</u>	<u>Unrealized loss (in thousands)</u>
64.4	USD	2	1.2031 - 1.2037	June 15, 2005	\$ (366)

All counterparties have an approved credit rating equivalent to A-1+.

## COMPANY BACKGROUND

Consolidated Investment Corporation of Canada was incorporated in February 1929 and its bonds and preferred shares were offered for sale to the public. The Company was capitalized with \$15,000,000 4½% First Collateral Trust Gold Bonds due 1959, and \$10,000,000 (\$100 par) of 5% Cumulative Preferred shares. 1,375,000 common shares (no par value) were issued of which 375,000 were deposited in trust or reserved for sale to the Company's senior security holders. The Company's securities were sold for \$32,000,000 plus accrued interest and organizational expenses.

The trust deed securing the First Collateral Trust Gold Bonds covenanted that assets pledged with the trustee should at all times be equal to 125% of the principal amount of bonds outstanding. With the decline in security values beginning in late 1929, the Company attempted to satisfy this covenant by purchasing the Company's bonds for cancellation at discount prices. The continued deterioration of security markets into 1932 made the continuation of this policy impracticable. The Company therefore defaulted under its covenants and the Company was reorganized.

Under the February 13, 1933 arrangement, the Company's remaining \$6,427,000 4½% Gold Bonds (\$8,573,000 out of the original \$15,000,000 had been purchased for cancellation) received 70% of their face value in a new issue of 5% "income" bonds due 1953, and 30% of their face value in Class "A" 5% "preferred" shares. The bondholders were also given 53.61% of the common equity (Class "B" shares) with the old preferred shareholders and common shareholders receiving 41.70% and 4.69% of the new equity respectively.

Under the February 13, 1933 reorganization, the Company's name was changed to United Corporations Limited.

On December 23, 1959, United Corporations acquired all of the assets of London Canadian Investment Corporation for \$7,925,483. Consideration was satisfied by issuing \$2,408,700 par value of 5% preferred shares (1959 series) and common (Class B) shares equal to 15.7% of the total common shares to be outstanding after the completion of this transaction.

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD: 1929 - 2005

Year	Total Net Assets at Market Value* (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Income available for Common Shares (000's)	Net Income per Common Share**
Consolidated Investment Corporation of Canada							
Feb 1929	\$ 32,000	\$ 15,000	\$ 10,000	\$ 7,000	N/A	N/A	N/A
Dec 1931	9,616	7,161	10,000	(7,545)	N/A	N/A	N/A
1932	4,726	6,427	10,000	(11,701)	N/A	N/A	N/A
United Corporations Limited							
1933	6,120	4,499	2,000	(379)	(0.04)	—	—
1934	8,147	4,499	2,097	1,551	0.16	(95)	(0.01)
1935	9,378	4,499	2,161	2,718	0.28	(13)	—
1936	12,892	4,499	2,097	6,296	0.64	49	0.01
1937	9,542	4,499	1,928	3,115	0.32	109	0.01
1938	9,485	3,779	1,620	4,087	0.41	44	0.01
1939	9,844	3,705	1,588	4,550	0.46	58	0.01
1940	8,676	3,705	1,588	3,383	0.34	48	0.01
1941	8,175	3,599	1,588	2,988	0.30	82	0.01
1942	8,712	3,499	1,580	3,633	0.37	108	0.01
1943	9,746	3,000	1,580	5,166	0.52	78	0.01
1944	11,298	2,900	1,580	6,818	0.69	155	0.02
1945	14,444	2,800	1,580	10,064	1.02	173	0.02
1946	14,059	2,700	1,580	9,779	0.99	243	0.03
1947	13,668	2,600	1,580	9,489	0.96	339	0.03
1948	13,443	2,500	1,567	9,376	0.95	370	0.04
1949	14,772	2,400	1,567	10,805	1.10	385	0.04
1950	17,410	2,300	1,567	13,543	1.37	564	0.06
1951	20,392	2,200	1,567	16,625	1.69	578	0.06
1952	19,360	2,000	1,567	15,793	1.60	614	0.06
1953	19,130	1,900	1,567	15,663	1.59	639	0.07
1954	25,101	1,800	1,567	21,734	2.21	699	0.07
1955	29,015	1,700	1,567	25,748	2.62	732	0.07
1956	28,054	1,316	1,567	25,171	2.56	779	0.08
1957	24,447	879	1,567	22,001	2.24	834	0.09
1958	30,381	—	1,567	28,814	2.93	898	0.09
1959	38,197	—	3,976	34,221	2.93	900	0.08
1960	37,600	—	3,976	33,624	2.88	1,110	0.10
1961	44,352	—	3,976	40,376	3.44	1,117	0.10
1962	41,868	—	3,976	37,893	3.22	1,141	0.10
1963	52,321	—	7,747	44,574	3.75	1,179	0.10
1964	62,861	—	7,747	55,114	4.64	1,348	0.11
1965	66,117	—	7,747	58,370	4.91	1,503	0.13
1966	63,156	—	7,747	55,409	4.66	1,583	0.13
1967	74,757	—	7,747	67,010	5.59	1,741	0.15
1968	84,930	—	7,747	77,174	6.43	1,714	0.14
1969	78,769	—	7,747	71,022	5.90	1,866	0.16
1970	71,202	—	7,747	63,456	5.28	1,981	0.17
1971	73,401	—	7,747	65,655	5.46	1,669	0.14
1972	86,757	—	7,747	79,010	6.57	1,724	0.14
1973(a)	83,758	—	7,747	76,012	6.32	374	0.03

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD: 1929 - 2005 (continued)

Year	Total Net Assets at Market Value* (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Income available for Common Shares (000's)	Net Income per Common Share**
1974	\$ 82,457	\$ —	\$ 7,747	\$ 74,711	\$ 6.21	\$ 1,996	\$ 0.17
1975	71,674	—	7,747	63,928	5.31	2,791	0.23
1976	80,075	8,000	7,747	64,544	5.36	2,522	0.21
1977	78,614	8,000	7,747	63,083	5.24	2,116	0.18
1978	82,829	8,000	7,747	67,298	5.59	2,335	0.19
1979	116,793	9,506	7,747	100,285	8.32	1,478	0.12
1980	141,700	9,657	7,747	129,232	10.60	3,703	0.30
1981	197,143	8,000	7,747	194,350	15.94	4,808	0.39
1982	127,643	8,000	7,747	121,412	9.95	4,437	0.36
1983	182,227	8,000	7,747	174,692	14.31	4,468	0.37
1984	201,172	8,000	7,747	191,984	15.73	3,934	0.32
1985	247,596	8,000	7,747	234,514	19.22	4,788	0.39
1986	327,327	8,000	7,747	319,783	26.21	4,816	0.40
1987	370,718	—	7,747	371,437	30.44	4,841	0.40
1988	316,009	—	7,747	322,434	26.43	6,785	0.56
1989	329,082	—	7,747	321,668	26.37	8,778	0.72
1990	340,980	—	7,747	343,482	28.16	16,989	1.39
1991	311,586	—	7,747	304,079	24.93	9,339	0.77
1992	308,237	—	7,747	300,992	24.68	7,880	0.65
1993	314,603	—	7,747	308,617	25.30	7,617	0.63
1994	359,673	—	7,747	363,496	29.80	7,192	0.59
1995	355,050	—	7,747	352,874	28.94	7,963	0.65
1996	396,725	—	7,747	399,853	32.79	7,969	0.65
1997	478,172	—	7,747	475,416	38.99	8,960	0.74
1998	649,802	—	7,747	667,137	54.71	9,174	0.75
1999	612,872	—	7,747	620,107	50.85	9,635	0.79
2000	774,519	—	7,747	784,932	64.37	8,403	0.69
2001	723,950	—	7,747	718,712	58.94	10,640	0.87
2002	758,055	—	7,747	750,308	61.53	11,606	0.95
2003	609,269	—	7,747	601,522	49.33	11,772	0.97
2004	755,491	—	7,747	747,744	61.32	11,041	0.91
2005	826,344	—	7,747	818,597	67.13	12,462	1.02

= Preferred Shares at the cost of redemption, including dividend arrears in 1933 - 1936.

\* Total assets at market value less liabilities exclusive of short term debt.

(a) For three months ending March 31, 1973. Figures in this table are for fiscal years ending December 31 prior to 1973 and March 31 thereafter.

### Historical Stock Dividends \*\*

Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price
1953	4 for 1	Split	1988	1 for 15	\$ 65.46	1998	1 for 33.1645	\$ 76.61
1964	3 for 1	Split	1989	1 for 8	54.53	1999	1 for 13.5404	78.67
1982	1 for 6.4725	\$ 38.81	1989	1 for 55	48.30	2000	1 for 20.9744	69.74
1984	1 for 10	40.41	1991	1 for 16	50.72	2001	1 for 20.94286	80.63
1985	1 for 10	40.93	1993	1 for 38	42.18	2001	1 for 7.9472	76.77
1986	1 for 30	46.53	1995	1 for 16.42525	49.44	2002	1 for 15.3238	64.36
1987	1 for 13	60.52	1997	1 for 14.47926	62.84			