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EAGLE- PICHER

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COVERING NEW YORK,
AMERICAN & REGIONAL
STOCK EXCHANGES &
INTERNATIONAL COMPANIES

MOODY'S®

INDUSTRIAL MANUAL

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EAGLE-PICHER INDUSTRIES, INC.

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1980	Times Charges Earned 1979	Interest Dates	Call Price	[3]Price Range 1980	[3]Price Range 1979
1. Various notes and leases payable	....	$83,555,952	8.25	12.74	....	.....	....	....

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1980	Earned per Sh. 1979	Divs. per Sh. 1980	Divs. per Sh. 1979	Call Price	[3]Price Range 1980	[3]Price Range 1979
1. $1.40 conv. pref., Series A	No par	14,430 shs.	$360.98	$419.52	$1.40	$1.40	[1].....	....	....
2. $1.40 conv. pref., Series C	No par	44,771 shs.			1.40	1.40	[1].....	....	....
3. Common	$1.25	[4]9,714,697 shs.	[2]2.14	[2]3.07	0.90	0.86	.....	23¾- 14⅝	25⅝- 19¼

[1]See text. [2]Based on avg. shs. as reported by Co. For other per share data, see "Statistical Record" below. [3]Calendar years. [4]Year end shares outstanding.

HISTORY

Incorporated in Ohio, Jan. 10, 1867, as Eagle White Lead Co., which was founded in 1843. On June 1, 1916, merged the Picher Lead Co. and name changed to Eagle-Picher Lead Co.; name changed to Eagle-Picher Co. Mar. 27, 1945; and present title adopted Mar. 22, 1966.

On Dec. 28, 1938 Eagle-Picher Mining & Smelting Co. acquired Commerce Mining & Royalty Co. for $5,000,000 cash and $4,750,000 payable from earnings of newly-acquired properties on basis of 60% of each year's operating profits.

In 1952, acquired at cost of $8,000,000 entire common stock of Ohio Rubber Co., now operated as a division.

In 1954, company acquired at a cost of $9,900,000 entire common stock of Fabricon Products, Inc., now operated as a division.

In May 1955, company purchased Wilson & Hoppe Plastics, Cal.; manufacturer of laminated products.

In Nov., 1956, acquired Chicago Vitreous Corp. and affiliate Lusterlite Corp., now operated as divisions. Lusterlite Corp. was subsequently dissolved.

In July 1964, acquired Akron Standard Mold Co. now operated as a division.

In Oct. 1964, acquired, for cash, Davis Wire Corp.

In Oct. 1965, acquired Premier Rubber Manufacturing Co., now operated as a division.

In Oct. 1967, acquired Wolverine Fabricating & Mfg. Co. for 109,031 common shs., now operated as a division.

In Nov. 1967, acquired Markey Bronze Corp. for 136,362 shs. of $1.35 series B conv. pfd. (now Bearings Division).

In Nov. 1968, acquired Cincinnati Cleaning & Finishing Machinery Co. (name subsequently changed to Cincinnati Industrial Machinery Co.) for cash, now operated as a division.

In Dec. 1968, acquired Union Steel Products Co. for 205,719 shares of $1.40 series C convertible preferred stock, now operated as a division.

In Nov. 1969, acquired Ross Pattern & Foundry, Inc. (now Ross Aluminum Foundries).

In Nov. 1971 acquired A.D. Weiss Lithograph Co., Inc., Hollywood, Fla., printer of magazines, catalogues and other commercial publications, for cash.

In Dec. 1971 acquired Hillsdale Tool & Manufacturing Co. and associated company, Daisy Parts, Inc. for a maximum of 162,750 common shares.

In May 1972, disposed of the Davis Wire Corp. for $24,500,000 cash.

In Mar. 1973 acquired Johnson Mfg. Co. for cash (now Construction Equipment division).

In Apr., 1973 acquired Plas-Chem. Corp. for common shares.

In June, 1973 acquired Faulkner Concrete Pipe Co. for cash.

In Oct. 1976 acquired Elmac Corp. for cash. Also acquired Pritchett Engineering and Machine, Inc. for cash.

In Jan. 1980 acquired Agri-Sul, Inc. (now included in Agricultural Chemicals Division).

In Feb. 1980, acquired Nuclear Ceramics, Inc., American Furnace Co. and U.S. Nuclear, Inc. (now included in Specialty Materials division).

SUBSIDIARIES

Owns entire capital stock or majority interest of following companies:

Chicago Vitreous (Canada) Ltd., (Canada)
Consolidated Industrial Equipment Co., Inc., (Del.)
Canadian Eagle-Picher Industries Ltd. (Canada)
A.D. Weiss Lithograph Co., Inc., (Fla.)
Hillsdale Tool and Manufacturing Co., (Mich.)
Daisy Parts, Inc., (Mich.)
Faulkner Concrete Pipe Co., (Fla.)
EPI International, Inc. (Ohio)
Diehl & Eagle-Picher GmbH (W. Germany)
Orcomatic Gummi-Spezialleite GmbH (W. Germany)
Ohio Rubber Co.
Premier Rubber Manufacturing Co.
Pritchett Engineering & Machine Inc.
Wolverine Fabricating Co.

BUSINESS AND PRODUCTS

Eagle-Picher Industries manufactures a wide variety of specialized products that are primarily sold in industrial markets worldwide thru 3 product groups:

Industrial Group:

This group is composed of those operations which manufacture or process basic materials or chemicals for internal manufacturing and for sale and distribution to other various manufacturers.

Products included in this group are agricultural micronutrients such as compounds of zinc, copper, manganese and other minerals which replace trace elements in soil that has been depleted and animal feed minerals used as additions to feed supplements which increase nutritional value. Also produces a pulled free flowing water degradable sulphur compound.

Eagle-Picher is also a leading producer of diatomaceous earth products, which are used in filtration, as a soil conditioner, industrial absorbent, as a catalyst carrier and as a filler in paint, paper and polishes.

Other specialty products include porcelain enamel frit for major appliances; new applications include frit formulas used in the continuous cast steel process and as welding fluxes and boron frit used in cement to shield nuclear devices.

Concrete pipe products are manufactured in sizes ranging from 4 inches to 108 inches in diameter for use in sanitary sewage, storm drainage and pollution control projects.

Lead chemicals produced by Company are used as stabilizers in vinyl wire, in lubricants, crystal and glass, tire manufacturing, in ceramic tile and optical glass.

Industrial insulations primarily are used in construction of power and chemical processing facilities. Eagle-Picher recently introduced an asbestos-free molded pipe covering which complies with strict government regulations prohibiting asbestos in construction materials.

Operations also include protective coatings for use where corrosion is a serious problem. Uses include off-shore drilling platforms, bridges and commercial buildings.

Company also manufactures printed packaging materials for the foods and confectionary products industries and low pressure decorated laminates used in all types of commercial construction.

Eagle-Picher produces high-purity germanium and gallium (up to 99.99999% pure) for semi-conductors, medical instrumentation and infra-red optics. Company is the only manufacturer in the Western Hemisphere that separates and refines the Boron 10 isotope which is the most efficient material available for use as control rods in nuclear reactors.

Company manufactures reinforced molded products and semi-pneumatic tires for general industrial uses. Also custom designed, cast and injection molded polyurethane parts for automotive oil drilling and other general industrial uses.

The Orcomatic Division makes precision molded rubber products for the plumbing and construction markets.

Other activities are printing and publishing of controlled circulation publications such as medical journals and periodicals serving the Southeastern United States and Central America.

Machinery Group:

Products in this group comprise capital goods manufactured by Company or parts which are sold to other capital goods producers for incorporation into their products.

Included is a wide range of machinery and equipment such as drums and molds used in the tire building and testing industry. Conversion to the radial tire has required development of more sophisticated equipment which Eagle-Picher produces.

Eagle-Picher is the sole supplier to the Caterpillar Tractor Co. of two models of elevating scrapers, the 613, an 11 cubic yard scraper and the 623, a 22 cubic yard unit. Both of these units utilize an Eagle-Picher patented hydraulic drive system.

Metal preparation and finishing machinery for high volume industrial applications are also among the Company's products. Company engineered and developed a line of can cleaning machinery capable of processing up to 3000 cans per minute which is particularly suited for processing the lightweight two-piece can which is being adapted by can food and beverage manufacturers.

Non-ferrous (aluminum, bronze and brass) castings, bushings and bearings are used in a wide range of industrial applications serving both the original equipment and replacement markets.

Eagle-Picher manufactures a complete line of special purpose batteries. These include magnesium perchlorate, lithium, nickle-cadmium, thermal water activated and silver-zinc, nickel-hydrogen and lead-acid (Carefree®) maintenance free batteries. Design and manufacture of proto-type electric vehicle powered by a nickel-iron system. Important applications are power systems for defense and aerospace projects.

Also in this group are computer cabinetry, steel shelving for the appliance industry and materials handling equipment, particularly woven wire containers which utilize a patented design and are marketed under the trade name "Palletainers".

This group also manufactures machinery, parts and equipment for the underground coal mining and hard rock mining industry.

The group has widely diverse capabilities for precision machining and fabricating castings, forgings and bar stock for the oil drilling and steel pipe mill industries.

Eagle-Picher produces high quality, precision aluminium castings which are used for a variety of component parts by machinery manufacturers; defense and aircraft industries.

Automotive Group:

This group contains operations which manufacture original equipment and replacement parts for passenger cars, trucks, buses, aircraft and railroads.

Company's "Orcomatic" molded precision rubber products utilize a patented process that can mold single parts to precise tolerances in quantities of millions.

"Orthane" is a formulated proprietary polyurethane compound which combines the elasticity of rubber and the hardness of plastic and is used as a substitute for both materials. Present applications cover products from watchbands to truck brake diaphragms.

Eagle-Picher also produces engineered coated metals. Steel or aluminum is continuously coated with an elastomeric compound. This product is ideal for high torque, extreme temperature and high compression applications in the automotive, refrigeration, and air-conditioning industries.

Company manufactures elastomeric hose which involves a patented hose building method capable of withstanding higher engine operating temperatures in the emission control heating and air conditioning systems.

Vibration dampening devices are becoming increasingly important in the automotive industry. These are engineered and manufactured by the Company.

Increasingly important as a feature of newer models, the company manufactures precision aluminium castings, which by example, are used as impellers in turbochargers.

Other products included in this group are rubber windshield wiper blades principally for the replacement market, original equipment floor mats, reinforced molded fiberglass parts and insulating materials.

Net Sales & Income, By Product Group (in $000):

[1]Industrial:	1980	1979	1978
Net sales	$200,972	$197,655	$177,500
Income bef. taxes	15,925	18,313	16,900
Machinery:			
Net sales	219,787	236,551	187,700
Income bef. taxes	16,116	21,359	15,000
Automotive:			
Net sales	122,538	155,812	161,300
Income bef. taxes	4,657	14,632	19,300

[1]Adjusted to exclude results of divestitures and discontinued operations.

PRINCIPAL PLANTS AND PROPERTIES

Agricultural Chemicals Division: Cedartown, Ga.; Fairbury, Neb.; Mineola, Tex.
Akron Standard Co.: Akron & Greenwich, O.; Corinth, Miss.; Cuyahoga Falls, O.
Chemicals and Fibers Division: Joplin, Mo.; Hillsboro, Ill.; St. Louis, Mo.; Jacksonville, Fla.
Chi-Vit Corporation: Oak Brook, Ill.; Urbana, Ohio; Leesburg, Ala.; Ontario.
Cincinnati Industrial Machinery Co: Sharonville, O.
Consolidated Ind. Eq. Co.: Picher, Okla.; Bixby & Joplin, Mo.
Electronics Division: Joplin, Seneca & Stella, Mo.; Colorado Springs, Col.; Socorro, N.M.
Elmac Corp.: Beckley, W.Va.; Rich Creek, Va.; Whitesburg, Ky.; Medina, O.; Carlsbad, N.M.; Marion, Ill., Logan and Westover, W.Va., Pikeville, Ky., Price, Utah, Richlands, Va.
Fabricon Automotive Products Division: River Rouge, and Kalkaska, Mich.
Fabricon Products Division: River Rouge, Mich.; Philadelphia, Pa.
Faulkner Concrete Pipe Co.: 7 plants in Miss. & Ala.

Hillsdale Tool and Manufacturing Co.: Hillsdale & Jonesville, Mich.
Construction Equipment division: Lubbock, Texas.
Lamin-Art: Los Angeles, Cal.
Bearings division: Lima, Cleveland, Delta, Mansfield & Hudson, O.; South San Francisco, San Francisco & Los Angeles, Calif.; South Bend, Ind., New Brunswick, N.J., Atlanta, Ga., Madison Heights, Mich.; Chicago, Ill.; Toledo, Ohio.
Minerals Division: Clark, Lovelock & Reno, Nev.
The Ohio Rubber Company: Willoughby, Ohio; Conneautville, Pa.; Summerville, S.C.; Denton, Texas; Elkhart, Ind.
Orcomatic Division: Stratford & Norwich, Conn.
Plastics Division: Grabill, Ind.; Ashley, Ind.
The Premier Rubber Manufacturing Co.: Dayton Ohio; Paris, Ill.; Lenoir City, Tenn.
Pritchett Engineering & Machine, Inc.: Houston, Tex.
Ross Aluminum Foundries: Sidney & Avon, Ohio.
Specialty Materials Division: Quapaw & Miami, Okla.; Oak Ridge, Tenn.
Union Steel Products Co.: Albion, Mich. and Elizabethtown, Ky.
A.D. Weiss Lithograph Co.: Hollywood, Fla.
Wolverine Fabricating and Manufacturing Co.: Inkster, Mich. & Blacksburg, Va.; Leesburg, Fla.

MANAGEMENT

Officers

W.D. Atteberry, Chmn. & Chief Exec. Off.
T.E. Petry, President & Chief Oper. Off.
J.W. Painter, Exec. Vice-Pres.
R.R. Axelson, Exec. Vice-President
J.E. Powers, Senior Vice-Pres.
W.A. Suhre, Senior Vice-Pres.
J.M. Dines, Group Vice-President
J.W. Hudson, Group Vice-President
G.A. Patterson, Jr., Vice-President
J.R. Nall, Vice-President
J.G. Baird, Vice-Pres.
W.A. Suhre, Jr., Vice-Pres. & Gen. Counsel
D.N. Hall, Vice-Pres. & Treas.
C.S. Dautel, Vice-Pres. & Secretary
D.W. Matthews, Ass't Secretary
J.E. Adams, Ass't Treas.
C.D. Curless, Ass't Controller

Directors

(Showing Principal Corporate Affiliations)

William D. Atteberry, Chmn. of Bd. and Chief Exec. Off., Eagle-Picher Industries, Inc.

Robert R. Axelson, Exec. Vice-Pres., Eagle-Picher Industries, Inc.

Charles M. Barrett, Pres., Western & Southern Life Ins. Co.

Sanford M. Brooks, Chmn. of Bd. and Chief Exec. Off., Xtek, Inc.

Paul W. Christensen, Jr., Chmn. of Bd., Cincinnati Gear Co.

V. Anderson Coombe, Pres., Wm. Powell Co.

Jefferson W. Hudson, Group Vice-Pres., Eagle-Picher Industries, Inc.

Wickliffe Jones, Pres., R.A. Jones & Co., Inc.

Daniel W. LeBlond, Chmn. of Bd. and Pres., LeBlond Inc.

Charles S. Mechem, Jr., Chmn. of Bd. and Chief Exec. Off., Taft Broadcasting Co.

Paul A. Miller, Vice-Chmn. of Bd., Cardinal American Corp.

John W. Painter, Exec. Vice-Pres., Eagle-Picher Industries, Inc.

Thomas E. Petry, President & Chief Oper. Officer, Eagle-Picher Industries.

Sidney J. Weinberg, Jr., General Partner, Goldman, Sachs & Co.

Annual Meeting: Fourth Tuesday in March.

Shareholder Relations: J.R. Nall, Vice-Pres. & Mgr. Financial Relations. **Tel.**: (513)721-7010.

Director Meetings: First Wed. of Feb., May, Aug. and Nov.

Auditors: Peat, Marwick, Mitchell & Co.

No. of Stockholders: Nov. 30, 1980: Preferred, 160; common, 10,069.

No. of Employees: Nov. 30, 1980, 9,400.

General Office: P.O. Box 779, Cincinnati, OH 45201. **Tel.**: (513)721-7010.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED NOV. 30
(in thousands of dollars)

	1980	1979	[1]1978	1977	1976	1975	1974
Net sales	543,297	590,018	526,497	474,039	400,315	347,081	367,294
Other income	1,592	1,401	677	1,326	2,046	1,601	1,079
Total income	544,890	591,419	527,175	475,365	402,361	348,682	368,373
Manufacturing costs	449,043	481,375	425,373	382,610	322,327	278,575	298,600
Selling and adm. expenses	54,087	51,113	46,181	41,688	36,494	31,718	31,266
Interest expense	5,063	4,627	4,516	3,764	2,480	3,306	3,778
Total expenses	508,193	537,114	476,070	428,062	361,301	313,599	333,643
Income before taxes	36,697	54,304	51,104	47,303	41,060	35,083	34,730
Income taxes	15,400	23,600	23,300	21,300	19,000	16,400	16,700
Net income	21,297	30,704	27,804	26,003	22,060	18,683	18,030
Previous retained earnings	185,249	163,147	143,173	124,167	108,107	101,179	88,194
Preference dividends paid	91	117	199	288	441	475	485
Common dividends paid	8,782	8,485	7,631	6,709	5,558	4,862	4,512
Other debits	......	......	......	......	......	6,419	47
Retained earnings, Nov. 30	197,673	185,249	163,147	143,173	124,167	108,107	101,179

[1]Reclassified to conform to 1979 presentation.

Statement of Changes in Financial Position (in $000):

Source of Funds:	1980	1979
Net income	21,298	30,704
Deprec. and amort.	20,364	18,864
Deferred taxes and other	3,661	2,347
Issuance of long term obligations	28,028	7,800
Disposals of property, plant & equip.	1,865	2,924
Issuance of com. shares	339	301
Total	75,555	62,940
Disposition of Funds:		
Dividends	8,873	8,602
Additions to prop., plt. and equip.	39,689	36,203
Reductions of long term obligations	3,564	4,688
Purchase of treasury shares	2,865	3,569
Other	1,217	1,110
Total	56,209	54,172
Incr. in work. capital	19,346	8,768

Record of Earnings, years ended Nov. 30 (in thousands of dollars):

Year	Net Sales	Cost and Expenses	Balance	Oth. Inc. & Ded.(Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	[2]Com. Shs. Outstand.	[2]Earn. Per Com. Sh.
1961	109,895	105,173	4,722	111	4,833	2,150	2,683	2,469	9,075,352	0.30
1962	116,006	109,350	6,656	88	6,744	3,300	3,444	2,448	8,923,187	0.39
1963	116,184	110,013	6,171	520	6,691	3,115	3,576	2,436	8,892,818	0.40
1964	130,674	123,265	7,409	202	7,611	3,300	4,311	2,410	8,723,678	0.48
1965	164,156	154,653	9,503	175	9,678	3,900	5,778	2,398	8,977,417	0.60
1966	170,914	159,089	11,825	533	12,358	5,000	7,358	2,718	8,795,477	0.80
1967	179,420	165,212	14,208	502	14,710	6,100	8,610	2,833	9,196,462	0.88
1968	200,220	182,616	17,604	239	17,843	7,800	10,043	3,348	9,567,758	0.99
1969	226,945	206,351	20,594	483	21,077	10,100	10,977	3,491	9,698,755	1.08
1970	227,689	210,298	17,391	1,431	18,822	8,700	10,122	3,626	9,684,990	1.00
1971	227,756	210,978	16,778	1,385	18,163	8,000	10,163	3,929	9,790,000	0.99
1972	255,943	235,611	20,332	1,805	22,137	10,300	11,837	4,102	9,590,000	1.18
1973	312,990	286,885	26,105	2,261	28,366	13,600	14,766	4,224	9,574,000	1.49
1974	367,294	333,643	33,651	1,079	34,730	16,700	18,030	4,512	9,464,000	1.85

[2]Adjusted for: 2-for-1 split in 1968; 10% stock dividend in 1975; 2-for-1 split in 1977.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF NOV. 30
(in thousands of dollars)

ASSETS:	1980	1979	[6]1978	1977	1976	1975	1974
Cash & short term investments	19,000	4,680	10,097	11,911	11,520	26,382	10,121
Receivables, net	78,770	74,041	72,156	62,516	55,510	44,623	46,360
[3]Inventories	94,484	105,997	88,687	78,437	76,396	56,237	68,951
Prepaid expenses	7,128	5,151	4,066	3,118	3,780	3,897	3,605
Total current assets	199,382	189,869	175,006	155,982	147,215	131,139	129,037
[4]Plant & equipment	278,842	250,778	221,805	203,517	178,361	151,343	142,075
Depreciation, depletion, etc.	124,079	114,275	100,466	87,111	82,091	73,910	70,087
Net property	154,763	136,503	121,339	116,406	96,270	77,433	71,988
Patents, at cost—less amort.	823	851	1,263	1,538	1,814	2,088	2,364
Other assets	3,776	2,994	1,884	1,018	1,270	1,331	2,176
Excess cost of assets acq.	6,792	7,128	7,465	7,801	8,529	6,700	6,948
Total	365,536	337,345	306,957	282,746	255,099	218,692	212,512
LIABILITIES:							
Accounts payable	30,[illegible]	35,421	30,441	25,749	27,424	18,816	23,740
Accrued liabilities	22,[illegible]	23,476	20,863	20,624	16,522	12,843	13,250

BALANCE SHEETS (Cont'd):	1980	1979	[8]1978	1977	1976	1975	1974
Income tax	4,026	7,989	10,496	9,551	10,926	7,614	6,968
Long-term debt (current portion)	3,516	3,461	2,453	2,460	6,599	2,745	2,695
Total current liabilities	60,515	70,347	64,252	58,384	61,471	42,017	46,654
Long term debt	80,040	55,576	52,464	54,970	40,840	41,518	42,865
Employee benefits	3,290	4,098	3,199	3,005	3,436	3,108	3,595
Deferred Federal income taxes	11,307	6,839	5,390	1,089	828	281	972
[5]$1.40 A conv. pref. stock (no par)					549	554	600
[6]$1.35 B conv. pref. stock (no par)	1,954	2,415	3,430	5,888	3,288	4,417	4,500
[7]$1.40 C conv. pref. stock (no par)					5,806	6,131	6,470
[3]Common stock	12,500	12,500	12,500	12,500	12,344	12,344	11,275
Addit. paid-in capital	4,268	4,306	4,767	5,425	4,888	5,317	......
Retained earnings	197,673	185,249	163,147	143,172	124,167	108,107	101,179
Total stockholders' equity	216,395	204,471	183,844	166,985	151,043	136,870	124,023
[2]Less: Treasury stock	6,011	3,985	2,193	1,689	2,519	5,102	5,597
Net stockholders' equity	210,384	200,485	181,651	165,297	148,523	131,768	118,426
Total	365,536	337,345	306,957	282,746	255,099	218,692	212,512
Net current assets	138,867	119,522	110,754	97,598	85,744	89,122	82,383

[1]See general note (b) below.
[2]Shares: 1980, 285,303; 1979, 178,772; 1978, 99,709; 1977, 87,585; 1976, 90,953; 1975, 190,054; 1974, 208,216.
[3]Par: 1980-77, $1.25; 1976 & prior, $2.50.
[4]1980 Comprises:

(in thousands)

	Book Value	Reserves
Land	$12,043	$3,028
Buildings	64,998	24,459
Mach. & equip.	188,138	96,593
Constr. in prog.	13,664	......
Total	$278,843	$124,080

[5]Represented by: 1980, 14,430; 1979, 15,455; 1978, 16,230; 1977, 16,335; 1976, 16,635; 1975, 16,777; 1974, 18,177 shares.
[6]Represented by: 1980-77, nil; 1976, 99,646; 1975, 133,862; 1974-72, 136,362 shares.
[7]Represented by: 1980, 44,771; 1979, 57,735; 1978, 87,696; 1977, 162,091; 1976, 175,931; 1975, 185,775; 1974, 196,058 shares.
[8]Reclassified to conform to 1979 presentation.

General Notes

(a) Consolidated financial statements include the accounts of all of the Co.'s subsidiaries. Inter-company accounts and transactions are eliminated.

(b) Inventories are valued at the lower of cost or market. The last-in first-out (LIFO) method was used for approximately 70% of the November 30, 1980 inventory and 25% of the November 30, 1979 inventory. The remainder of the inventory was valued by the standard or average cost method.

The Company's extension of the use of the LIFO method of inventory valuation to a substantially larger portion of its inventory in 1980 had the effect of reducing net income per share by 27 cents.

If inventory values were shown at standard or average costs, which approximate current costs, rather than at LIFO values, inventories would have been $9,793,000 and $5,452,000 higher than reported at November 30, 1980 and 1979 respectively.

(c) Depreciation is calculated principally on the straight-line method based upon estimated economic lives of the assets. While accelerated methods are used for tax purposes, tax lives are generally longer, so both methods result in about the same depreciation.

(d) Cost in Excess of Net Assets Acquired amounts are being amortized over an average of 25 years.

(e) Income Taxes: Although no taxes are currently payable on the undistributed earnings of the Company's DISC, a provision for such taxes has been made. Deferred taxes are provided for items included in the statement of income which are reported for income tax purposes in periods different from those for financial statement purposes.

Auditor's Report

The following is an excerpt from the Report of Independent Auditors, Peat, Marwick, Mitchell & Co., as it appeared in 1980 Annual Report.

"In our opinion, the aforementioned financial statements present fairly the financial position of Eagle-Picher Industries, Inc. and subsidiaries at November 30, 1980 and 1979 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles which, except for the change in 1980, with which we concur, in the method of valuing inventories as described in the notes to the financial statements, have been applied on a consistent basis."

STATISTICAL RECORD, FISCAL YEARS

	1980	1979	1978	1977	1976	1975	1974
Earned per share—preference	$360.98	$419.52	$267.54	$145.74	$75.49	$55.54	$51.43
Earned per share—Common:							
Year end	$2.19	$3.11	$2.79	$2.59	$4.38	$3.69	$4.08
Average	$2.16	$3.07	$2.76	$2.57	$4.45	$3.81	$4.09
Fully diluted	$2.14	$3.03	$2.70	$2.49	$4.23	$3.61	$3.89
[1]Divs. paid per share—$1.40 pref. A	$1.40	$1.40	$1.40	$1.40	$1.40	$1.40	$1.40
—$1.35 pref. B	......	......	......	$1.35	$1.35	$1.35	$1.35
—$1.40 pref. C	$1.40	$1.40	$1.40	$1.40	$1.40	$1.40	$1.40
—common	$0.90	$0.86	$0.77	[4]$0.85	$1.16	[2]$1.04	$1.04
[1]Price range—common	23¾-14⅝	25⅝-19¼	25½-16	[3]22-17¾	40⅛-25½	26¾-14⅝	22½-13
Times charges earned:							
Before income taxes	8.25	12.74	12.32	13.57	17.56	11.61	10.19
After income taxes	5.21	7.64	7.16	7.91	9.90	6.65	5.77
Net tang. assets per sh.—pref.	$3,425.10	$2,627.00	$1,663.90	$874.07	$472.87	$365.56	$311.23
Net tang. assets per sh.—common	$20.67	$19.36	$17.12	$15.14	$26.03	$22.66	$22.68
Net tang. assets per $1,000 lg. tm. debt	$3,533	$4,464	$4,297	$3,837	$4,383	$3,962	$3,546
Net curr. assets per $1,000 lg. tm. debt	$1,735	$1,699	$2,089	$1,775	$2,100	$2,159	$1,922
Number of shares—$1.40 pref. A	14,430	15,455	16,230	16,335	16,635	16,777	18,177
—$1.35 pref. B	......	......	......	99,646	99,646	133,862	136,362
—$1.40 pref. C	44,771	57,735	87,696	162,091	175,932	185,775	196,058
—Year end com.	9,714,697	9,821,228	9,900,291	9,912,415	4,937,722	4,937,722	4,301,594
—average common	9,967,871	9,999,000	10,059,000	10,022,000	4,862,000	4,786,000	4,293,000
Adjusted data for stock split and stock dividends:							
Earned per share—common:							
Year-end shares	$2.19	$3.11	$2.81	$2.59	$2.23	$1.92	$1.85
Average shares	$2.16	$3.07	$2.76	$2.57	$2.23	$1.90	$1.86
Fully diluted	$2.14	$3.03	$2.70	$2.49	$2.12	$1.81	$1.77
[1]Price range—common	23¾-14⅝	25⅝-19¼	25.50-16.00	22-17¾	20.25-12.75	13.375-7.188	11.25-6.50
Net tangible assets per common sh.	$20.67	$19.36	$17.12	$15.14	$13.02	$11.33	$10.31
Number of common shares:							
Year end	9,714,697	9,821,228	9,900,291	9,912,415	9,694,000	9,495,000	9,464,000
Average	9,875,024	9,999,000	10,059,000	10,022,000	9,723,000	9,572,000	9,444,000
Fully diluted	9,967,871	10,127,000	10,295,000	10,422,000	10,424,000	10,342,000	10,202,000

[1]Calendar years. [2]Also paid 10% stk. div. [3]After 2-for-1 split; before 41⅞-38⅞. [4]Includes $0.34 paid prior to 2-for-1 split.

Financial & Operating Ratios:

	1980	1979	1978	1977	1976	1975	1974
Current assets ÷ Current liabilities	3.29	2.70	2.72	2.67	2.39	3.12	2.77
% Cash & securities to current assets	9.53	2.47	5.79	7.64	7.83	20.12	7.84
% Inventories to current assets	47.39	55.83	50.85	50.29	51.89	42.88	53.43
% Net current assets to net worth	64.17	59.62	59.29	58.81	57.73	68.01	69.56
% Property depreciated	44.50	45.57	45.29	42.80	46.03	48.84	49.33
% Annual depr., etc. to gross property	7.38	7.52	6.02	6.38	5.64	6.03	6.48
Capitalization:							
% long term debt	27.56	21.71	22.41	24.83	21.57	23.96	27.78
% preferred stock	0.67	0.94	1.46	2.68	5.09	6.41	7.06
% common stock & surplus	71.77	77.35	76.13	72.49	73.34	69.63	65.16
Sales ÷ Inventories	5.75	5.57	5.94	6.04	5.24	6.17	5.33
Sales ÷ Receivables	6.90	7.97	7.30	7.58	7.21	7.78	7.92
% sales to net property	351.05	432.24	433.91	407.23	415.83	448.24	510.22
% sales to total assets	148.79	174.90	171.85	167.66	156.93	158.71	172.83
% net income to total assets	5.83	9.10	9.08	9.20	8.65	8.54	8.48
% net income to net worth	10.18	15.31	15.31	15.73	14.85	14.18	15.22
Analysis of Operations:	%	%	%	%	%	%	%
Gross sales, less returns, allow., etc.	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	82.65	81.59	80.79	80.71	80.52	80.26	81.30
Selling, general, etc., expenses	9.96	8.66	8.77	8.79	9.12	9.14	8.51
Operating profit	7.39	9.75	10.44	10.50	10.36	10.60	10.19
Other income	0.29	0.23	0.13	0.28	0.51	0.46	0.29
Total	7.68	9.98	10.57	10.77	10.87	11.06	10.48
Interest paid	0.93	0.78	0.86	0.79	0.62	0.95	1.03
Balance	6.75	9.20	9.71	9.98	10.25	10.11	9.46
Prov. Fed. inc. tax & min. int.	2.83	4.00	4.43	4.49	4.75	4.73	4.55

LONG TERM DEBT

1. Various Notes and Leases Payable: Outstanding Nov. 30, 1980, $83,555,959 comprised of:

(1) $24,000,000 9⅛% notes due to 1996.
(2) $14,500,000 5⅛% notes due 1988.
(3) $23,203,663 7¼% industrial revenue bonds.
(4) $19,861,278 revolving credit agreement.
(5) $1,991,010 other.

Certain of loan agreements contain requirements as to levels of working capital and payments of dividends. At Nov. 30, 1980, all such requirements had been exceeded by a substantial margin.

Revolving Credit Agreement: Co. entered into an agreement with a commercial bank for a revolving credit which permits Co. to borrow up to $20,000,000. Subsequent to Nov. 30, 1982, bank may terminate agreement upon giving Co. 13 months notice; however, at any time prior to Nov. 30, 1982, Co. has the option to convert debt into an 8-year term loan, repayable in equal semi-annual installments. Co. may terminate the agreement at any time.

Interest rates on borrowings under revolving credit averaged approximately 12¾%.

CAPITAL STOCK

1. Eagle-Picher Industries, Inc. $1.40 convertible preference, Series A; no par:

AUTH.—All series, 932,658 shs.; outstanding, Nov. 30, 1980, ser. A, 14,430 shs.; no par.

PREFERENCES—Has preference with other series over com. as to assets and divs.

DIVIDEND RIGHTS—Entitled to cum. divs. of $1.40 a sh. annually, payable quarterly Jan. 2, etc.

DIVIDEND RECORD—Initial dividend of $0.31 paid Oct. 2, 1964; quarterly dividends paid regularly thereafter.

DIVIDEND RESTRICTION—See Long Term Debt above.

VOTING RIGHTS—Has one-half vote per sh.; also, on default of 6 quarterly divs., preference of all series is entitled to elect 2 directors until all accrued divs. have been paid. Cumulative voting for directors permitted.

Consent of 66⅔% of serial pref. (or, if less than all series are affected, then of affected series) required to (1) amend terms adversely, including amendment to create, or increase authorized amount of, serial pref. or any shs. of any class on a parity with serial pref.; (2) create, or increase authorized amount of, any shs. of any class ranking prior to serial pref.; (3) purchase or redeem (for sinking fund or otherwise) less than all serial pref. outstanding except under stock purchase offer made to all holders of serial pref., when any divs. or sinking fund obligations on serial pref. are in arrears.

Consent of majority of serial pref. required to sell all or substantially all property, part voluntarily with control thereof or consolidate or merge, except as provided.

Consent of majority of series A pref. required to issue serial pref. if thereafter either (a) 90% of total amount payable on redemption of all such shs. then outstdg. or (b) total amount of involuntary liquidation preference of all such shs. then outstdg. (excluding in each such computation accrued but unpaid divs.) would exceed $20,000,000.

LIQUIDATION RIGHTS—On liquidation, entitled to $33 a sh., if involuntary; on voluntary liquidation, $36 a sh. to June 15, 1974; thereafter, $33 a sh.; plus divs.

CALLABLE—As a whole or in part on and after June 15, 1969 at $36 a sh. to June 15, 1974 and at $33 a sh. thereafter; plus divs.

CONVERTIBLE—Into com. at any time (if called, on or before date preceding redemption date) at rate of 4.84 com. shs. for each series A pref. sh.; no adjustment made for divs.; cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

PREEMPTIVE RIGHTS—None.

PURPOSE—Issued (250,000 shs.) in exchange, sh. for sh., for 250,000 com. shs. of Akron Standard Mold Co.

TRANSFER AGENTS—Morgan Guaranty Trust Co., NYC; Central Trust Co., Cincinnati.

REGISTRARS—Morgan Guaranty Trust Co., NYC; Fifth Third Bank, Cincinnati.

2. Eagle-Picher Industries, Inc. $1.40 convertible preference, series C; no par:

AUTHORIZED—All series, 932,658 shs.; outstanding Nov. 30, 1980, Series C, 44,771 shs.; no par.

PREFERENCE—Has preference with other series over common as to assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of $1.40 per share annually.

DIVIDEND RECORD—Initial dividend of $0.35 paid Apr. 2, 1969. Regular quarterly dividends paid thereafter.

VOTING RIGHTS—Same as ser. A.

LIQUIDATION RIGHTS—On liquidation, entitled to $33 a share, if involuntary. On voluntary liquidation entitled to $36 a share to Dec. 15, 1978 incl.; $33 a share thereafter plus divs.

CALLABLE—As a whole or in part beginning Dec. 15, 1973 to Dec. 15, 1978 incl. at $36 a share and $33 a share thereafter.

CONVERTIBLE—Into common at any time (if called on or before date preceding redemption date) at rate of 1.822 common shares for each pref. share; no adjustment made for dividends; cash paid in lieu of fractional shares. Conversion privilege protected against dilution.

PREEMPTIVE RIGHTS—None.

PURPOSE—Issued in Dec. 1968, in exchange for stock of Union Steel Products Co.

TRANSFER AGENT—Central Trust Co., N.A., Cincinnati.

REGISTRAR—Fifth Third Bank, Cincinnati.

3. Eagle-Picher Industries, Inc. common; par $1.25:

AUTHORIZED—15,000,000 shares; outstanding, Nov. 30, 1980, 9,714,697 shs.; in treasury, 285,303 shs.; reserved for options, 286,680 shs.; reserved for conversion of preferred, 151,414 (series A, 69,841; series C, 81,573); par $1.25.

Par changed from $100 to $20 in May 1920, by 5-for-1 split; from $20 to $10, Nov. 26, 1935, share-for-share; from $10 to $5, Jan. 5, 1960, by 2-for-1 split; from $5 to $2.50, Mar. 26, 1968 by 2-for-1 split; from $2.50 to $1.25, Apr. 20, 1977 by 2-for-1 split.

VOTING RIGHTS—Has one vote per share.

PREEMPTIVE RIGHTS—Has preemptive rights.

DIVIDEND RESTRICTIONS—See long term debt above.

DIVIDENDS PAID—(calendar years):

On $100 par shares:					
[1]1921		[1]1922-23	$6.00	1924	$1.50
On $20 par shares:					
1924	$0.80	1925-27	1.60	1928	Nil
1929	0.60	1930	0.40	1931-35	Nil
On $10 par shares:					
1935	Nil	1936	0.60	1937	0.40
1938	0.10	1939	0.20	1940	0.40
1941-44	0.60	1945	0.65	1946	1.00
1947	1.50	1948-49	1.80	[1]1950-54	1.50
1955	1.80	1956	2.00	1957-59	2.20
On $5 par shares:					
1960-65	1.20	1966	1.35	1967	1.40
1968	0.35				
On $2.50 par shares:					
1968	0.60	1969	0.80	1970	0.82½
1971	0.90	1972	0.936	1973	0.972
[1]1974-75	1.04	1976	1.16	1977	0.34
On $1.25 par shares:					
1977	0.51	1978	0.77	1979	0.86
1980	0.90	[2]1981	0.24		

[1]Paid stock dividend of 11⁷⁄₁₀% in 1921; 100% in 1922; 11⅑% in Oct., 1923; 10% Dec. 10, 1951 and Apr. 1, 1975.

[2]To Mar. 10.

DIVIDEND REINVESTMENT PLAN—Company offers its holders of common stock the opportunity to buy additional shares of common stock through its Automatic Dividend Reinvestment and Voluntary Cash Payment Plan. Participating share-owners may invest each month from $10.00 to $1,000, in addition to their dividend, at their option. Plan is administered through The Central Trust Co. of Cincinnati, O.

Under the Plan, the full dividend and any optional cash payment of participating shareowners is automatically applied to the purchase of newly-issued shares priced at the average market value on each quarterly dividend payment date.

TRANSFER AGENTS—Central Trust Co., Cincinnati; Morgan Guaranty Trust Co., NYC.

REGISTRARS—Fifth Third Bank, Cincinnati; Morgan Guaranty Trust Co., NYC.

LISTED—On NYSE (Symbol: EPI); also listed on Cincinnati Stock Exchange.