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COVERING NEW YORK,
AMERICAN & REGIONAL
STOCK EXCHANGES

MOODY'S®

INDUSTRIAL MANUAL

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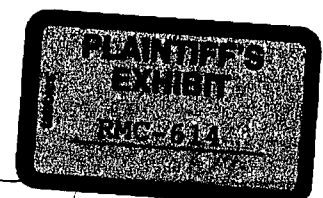
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REYNOLDS METALS COMPANY

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned
1. 5%-5.8% First Mtge. bonds, due 1993		\$185,100,000	
2. 8 7/8%-9.3% First Mtge. bonds, due 1998		162,900,000	
3. Conv. subord. deb. 4 1/8%, 1991	Ba 3	32,400,000	2.83
4. Other debt		782,200,000	
5. Eurodollar conv. deb. 5s, 1988		32,500,000	

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh.
1. 4 1/4% conv. second preferred	100	284,169 shs.	\$483.17
2. Common	No par	121,375,818 shs.	\$6.07

①As reported by Co. based on avg. shs. outstg.; before extraord. gain of 1984, cr \$0.29 and cum. effect of acctg. change, 1983, dr \$0.42. ②See text. ③Sold privately. ④Subject to change; see text.

HISTORY

Incorporated in Delaware July 18, 1928 with a perpetual charter, and acquired the foil business and operating assets of United States Foil Co. In Aug., 1928 purchased entire capital stock of Robertshaw Thermostat Co., incorporated 1914; also acquired control of Fulton Sylphon Co., incorporated 1926.

On Jan. 3, 1930 purchased and transferred to newly organized subsidiary Midland Foil Co., Inc. substantially all assets of Midland Metal Co. of Chicago. On May 29, 1930 acquired certain assets of Lehmaier, Schwartz & Co., Inc., New York, manufacturers of metal foils. On Aug. 8, 1930 purchased net assets of Embossed Metal Products Corp., New York. On Dec. 18, 1933 acquired net assets of Standard Art Works, Louisville, Ky. In 1935 acquired interest in Richmond Radiator Co. (later merged with Rheem Mfg. Co. in 1956).

In Feb., 1936 acquired through Robertshaw Thermostat Co. entire stock of Grayson Heat Control Ltd., Lynwood, Cal. In Mar., 1936 formed Bridgeport Thermostat Co., Inc. to acquire property and rights obtained from Bridgeport Brass Co. In Mar., 1938 acquired through Robertshaw Thermostat Co. entire common stock of American Thermometer Co.

On Oct. 9, 1940 company incorporated Bauxite Mining Corp. (Del.) to conduct bauxite exploration and mining activities; name changed to Reynolds Mining Corp., Aug. 9, 1941.

On Jan. 23, 1941, organized Reynolds Alloys Co. and Reynolds Ore Co.; former merged in 1955 and latter dissolved June 13, 1945. In Oct., 1943, purchased stock of Charter Oak Stove & Range Co.; name changed to Reynolds Sales Co. on May 18, 1951; name changed to Reynolds Aluminum Recycling Co. on May 12, 1975.

In 1945, organized Reynolds Internacional de Mexico, S.A. (now Reynolds Aluminio, S.A.) to operate an aluminum plant in Mexico. Also purchased plants, and other assets of Aluminum Products Co. of La Grange and Lemont, Illinois.

During 1947, Robertshaw Thermostat Co., Fulton Sylphon Co., and Bridgeport Thermostat Co. wholly owned subsidiaries were merged into Fulton Sylphon Co. (name subsequently changed to Robertshaw Controls Co.). On Oct. 31, 1947 securities of latter were sold in the market and company received approximately \$12,000,000 in cash and at the same time retained approximately 50% interest in the common stock of Robertshaw-Fulton Controls Co. (subsequently reduced).

In 1949 acquired outstanding capital stock of Reynolds Research Institute, Inc. (name changed to Reynolds Aluminum Service Corp. on June 17, 1954 and to Reynolds Aluminum Service Corp. of Virginia on Nov. 8, 1957 and to Reynolds Metals Development Co. on July 31, 1963).

During 1949, Reynolds Aluminum Co. acquired from U.S. Government six plants, formerly leased, for \$57,581,958.

On July 18, 1949, organized Reynolds Jamaica Mines, Ltd., to develop and operate Jamaica ore properties. Company subscribed \$1,910,500 for common stock and subsequently arranged with Mutual Security Agency (formerly ECA) for advance to subsidiary of \$14,287,033 against agency's purchase of aluminum over 20-year period.

In June, 1950, company exercised its option to purchase controlling stock interest in Southern States Iron Roofing Co. (name changed to Reynolds Aluminum Supply Co. Nov. 1, 1957 and dissolved in 1965).

In Dec., 1952, purchased bauxite rights and assets of Berbice Co., Ltd., in British Guiana. Acquisition included mining leases and exclusive permissions covering some 490,000 acres, complete mining equipment, houses, washing plant, drying plant, service facilities, short railroad and barge line.

In 1953, organized Reynolds International, Inc. to consolidate and expand foreign operations.

In 1955 Reynolds Alloys Co., Reynolds Aluminum Co. and Reynolds Reduction Co. were merged into parent company.

In 1956 acquired Arrow Brands, Inc., Long Beach, Cal., and Security Chain Link Fence Co., Both lat. dissolved.

In Mar., 1958, acquired minority interest in Venesta Ltd., London, Eng., manufacturer of aluminum foil, etc., from Ekco Products Co. Company and Tube Investments Ltd. (owners of Reynolds T.I. Aluminum Ltd.) ac-

quired at various times (about 96%) of ordinary shares of The British Aluminium Co. Ltd. Company owns 48% interest and Tube Investments Ltd., 48% interest in this stock.

In 1959 the foil business of Venesta was transferred to a new subsidiary, Venesta Foils, Limited, and sold to Reynolds T.I. Aluminium, Ltd.

On Apr. 10, 1961, merged United States Foil Co. Under the plan United States Foil Co. class A and B no par common was reclassified into single class of voting stock on basis of 3 shares for each class A share and one share for each class B share; new stock was subsequently exchanged for company stock on basis of 0.85 share for each United States Foil Co. new share.

On July 31, 1961 merged Tilo Roofing Co., Inc. providing for exchange of one share of \$4.50 convertible second preferred for each 5% common shares of Tilo.

In Nov. 1961 Reynolds International, Inc., subsidiary acquired for cash Aluminum Extruders Ltd. from Kruger Organization Ltd.

In early 1965 Reynolds International Inc. subsidiary acquired all stock of Filter Lite All-Weather (Alum.) Ltd. in which it previously held 50% interest. Name changed to R.M.P. (Quebec) Ltd. May 10, 1965, and to Reynolds Cable Co. Ltd. Aug. 1, 1967.

On Jan. 1, 1968 acquired facilities and business of Foote-Burt Co., a machine tool manufacturer (subsequently discontinued operations).

In Aug. 1969, acquired Industrial Metals, Inc., Kansas City-based metals distributor, thru an exchange offer under which all but one shareholder of Industrial exchanged one Industrial capital sh. for 10.75 Company common shs. 18,367 common shs. were issued at this ratio. Remaining shareholder exchanged one Industrial sh. for 9.7561 Company common shs. and 19,912 common shs. were issued at this ratio. Up to 31,721 additional Company common shs. will be issued to this shareholder contingent upon future earnings (dissolved in Mar. 1973).

On July 31, 1970 merged Canadian British Aluminum Co. (see Moody's 1970 Industrial Manual) a subsidiary Co. also merged CRM Capital Ltd. Through merger Co. formed a new subsidiary Canadian Reynolds Metals Co., Ltd.

In Aug. 1971 acquired assets (which were contributed to El Campo Aluminum Co., a new wholly owned subsidiary) of May Aluminum Co. for 51,226 common shares. During third quarter of 1974 these shares were repurchased by Co. Additional consideration was given for waiver of rights to receive an indeterminate number of additional shares of Reynolds common stock.

On Jan. 1, 1975 assets of Reynolds Guyana Mines, Ltd., were nationalized by Gov't of Guyana. Under an agreement between Company, Reynolds Guyana Mines, Ltd., Gov't of Guyana, and Overseas Private Investment Corp., a U.S. gov't agency. Company received payment of \$10,000,000 on Feb. 20, 1975 for nationalized assets.

In Sept. 1978 Co. sold its interest in British Aluminum Co. and Reynolds T.I. Aluminum Ltd. for \$86,000,000.

In Nov. 1978, Reynolds Mining Corp., subsidiary, was merged into Company.

In Dec. 1983, purchased Consolidated Aluminum Corp.'s Plant Complex.

Proposed Acquisition: In May 1985 company signed a letter of intent for the purchase of Alcan Aluminum Corp.'s metal goods division.

Sale of Mineral Properties: In late 1973 Co. transferred to Texaco, Inc. a major portion of its interests in over 30,000 acres of land owned and held under contract, as well as associated coal and water rights and permits, located in Wyoming. Pursuant to transfer, Co. received initial payment of \$15,282,000. Agreement also provides that Co. shall receive minimum advance royalties of \$12,000,000 per year for next 10 years beginning in 1974 to apply against first 700 million tons of coal to be mined. Thereafter Co. is to receive a royalty of \$0.20 per ton of coal mined, with provision for escalation. Co. has retained certain land, coal and water rights in Wyoming to provide for future manufacturing operations.

In early 1980, Co. sold 51% of its Jamaican mining assets and operations and all of its land holdings in Jamaica to Jamaican government.

SUBSIDIARIES & ASSOCIATED COMPANIES

Set forth below is a list of the subsidiaries and associated companies of Reynolds Metals Company.

Alreco Metals, Inc. (Del.)
Alumina Partners of Jamaica (Partnership) (Del.)
Aluminio Reynolds de Venezuela, S.A. (Venezuela)
Aluminum Oxid Stade Gesellschaft mit beschränkter Haftung (West Germany)
Canadian Reynolds Metals, Limited—Societe Canadienne de Metaux Reynolds, Limitee (Quebec)
Caribbean Steamship Co., S.A. (Panama)
El Campo Aluminum Co. (Del.)
Eskimo Pie Corp. (Del.)
Hamburger Aluminium-Werk Gesellschaft mit beschränkter Haftung (West Germany)
Industria Navarra del Aluminio, S.A. (Spain)
Jamaica Alumina Security Co. Ltd. (Del.)
Jamaica Reynolds Bauxite Partners (Partnership) (Jamaica)
Latas de Aluminio Reynolds, Inc. (Del.)
Malakoff Industries, Inc. (Tex.)
Manicouagan Power Co.—La Compagnie Hydroelectrique Manicouagan (Quebec)
Reymet Insurance Company Limited (Bermuda)
Reynolds Aluminio, Sociedad Anonima (Mexico)
Reynolds Aluminum Deutschland, Inc. (Del.)
Reynolds Aluminum Europe, S.A. (Belgium)
Reynolds Aluminum Holland B.V. (Netherlands)
Reynolds Aluminiumwerke Gesellschaft mit beschränkter Haftung (West Germany)
Reynolds Aluminum Building Products Co. (Del.)
Reynolds Aluminum Export Corp. (Del.)
Reynolds Aluminum Co. of Canada Ltd.—Societe d'Aluminium Reynolds (Canada) Limited (Canada)
Reynolds Aluminum Credit Corp. (Del.)
Reynolds Aluminum International Services Inc. (Del.)
Reynolds Aluminum Recycling Co. (Missouri)
Reynolds Australia Mines Pty. Limited (Australia)
Reynolds of Hawaii, Inc. (Del.)
Reynolds International, Inc. (Panama)
Reynolds Jamaica Alumina, Ltd. (Del.)
Reynolds Jamaica Mines, Ltd. (Del.)
Reynolds Kansas City Can Co. (Del.)
RMC Properties Ltd. (Del.)
Reynolds Metals Development Co. (Del.)
Reynolds Metals European Capital Corp. (Del.)
Reynolds Metals European Finance Corp. N.V. (Netherlands, Antilles)
Reynolds Philippine Corp. (Philippines)
Reynolds Seattle Can Co. (Del.)
Robertshaw Controls Co. (Del.)
Societa Lavorazioni Industriali Metalli S.p.A. (Italy)
Societa per Azioni Fonderpress (Italy)
Southern Gravure Service, Inc. (Kentucky)

The names of a number of subsidiaries and associated companies have been omitted because considered in the aggregate they would not constitute a significant subsidiary.

Joint Ventures:

In 1980, Reynolds completed implementation of a basic agreement with Government of Jamaica covering Reynolds' bauxite mining operation. Reynolds sold a 51% interest in Jamaican mining assets and substantially all of its land holdings to the Government of Jamaica. Reynolds and the Government of Jamaica then entered into a partnership which will mine and supply bauxite to Reynolds at cost. Reynolds will be the Managing Partner until at least 1987. The Government of Jamaica granted to Reynolds a mining lease covering sufficient bauxite to operate Reynolds Texas alumina plant at 82% of its current rated capacity until the year 2020. The Government of Jamaica has agreed to a formula taxation, including a production levy, through 1983. In 1984, Reynolds discontinued acquisition of bauxite through its partnership with the Government of Jamaica. The partnership had mined and supplied bauxite to Reynolds for use at Reynolds' Sherwin plant. Reynolds now supplies this plant with bauxite from sources in Australia, Brazil and Guinea. Negotiations with the Government of Jamaica regarding partnership assets are continuing. Reynolds and various other companies are participating in the Trombetas bauxite mining project in Brazil. Reynolds has a 5% equity

interest in the project and has agreed to purchase approximately 350,000 dry metric tons of bauxite per year from the project through 1999. A study on the potential expansion of the Trombetas project was initiated in 1980 and is continuing.

In 1980, Reynolds through a subsidiary agreed to participate in a joint venture to mine bauxite and produce alumina in Western Australia (the "Worsley Project"). In 1981, Reynolds transferred the subsidiary to the Worsley Alumina Trust. Reynolds has the right to purchase the Trust's share of the Worsley Project's alumina through at least 2015.

In 1984, Reynolds purchased a 6% interest in Halco (Mining), Inc. ("Halco"). Halco owns 51% and the Guinean government owns 49% of Compagnie des Bauxites de Guinée ("CBG"), which has the exclusive right through 2038 to develop and mine bauxite in a 10,000 square-mile area in Northwestern Guinea. Reynolds also acquired rights and obligations under bauxite purchase contracts with CBG, which will provide Reynolds with an aggregate of approximately 5,098,000 metric tons of bauxite for the period 1985 through 1995.

BUSINESS & PRODUCTS

Company is a major worldwide, vertically integrated producer of primary and reclaimed aluminum and fabricated aluminum products. In terms of primary aluminum production capacity, it ranks second in the United States and fourth in the world. The principal operations of Reynolds are the exploration, mining and processing of bauxite, an aluminum bearing ore; the refining of bauxite into alumina; the reduction of alumina to aluminum; the production of reclaimed aluminum from aluminum scrap; and the fabrication of aluminum and aluminum alloys into a wide range of semifinished and finished products.

Company has separated its vertically integrated operations into two areas, (1) Aluminum Production and Processing and (2) Finished Products and Other Sales. Aluminum Production and Processing includes the mining of bauxite, refining of bauxite into alumina, ocean shipping of bauxite and alumina, and calcination of petroleum coke, all of which are vertically integrated with aluminum production and processing plants. These plants produce and sell primary and reclaimed aluminum and a wide range of semifinished aluminum mill products, including flat rolled products, extruded and drawn products and other aluminum and nonaluminum products. Aluminum Production and Processing also includes the sale of technology and various licensing, engineering and other services related to the production and processing of aluminum.

Finished Products and Other Sales includes the manufacture and distribution of various finished aluminum products, including flexible packaging products, containers, household foil (including Reynolds Wrap) and printed foil, and aluminum building products. Finished Products and Other Sales also includes the sale of miscellaneous nonaluminum products, such as building products, plastic film, printing cylinders and machinery.

Products include:

Principal Reynolds Products

Chemicals and Ore:
Aluminas
Cryolite, Aluminum Fluoride
Hydrated Alumina

Primary aluminum:

Ingot and billet
Molten
Calcined Coke
Silicon

Mill products:

Sheet, flat and coiled
Sheet, patterned and embossed
Can Stock, bare and coated
Blanks, circles

Plate:

Plate, machined and sculptured

Shapes, extruded and drawn

Tube, extruded and drawn

Pipe, irrigation, drill pipe

Forging stock

Structurals and structural fabrication

Sign sheet

Light pole tubing

Culvert sheet

Powders and pastes

Screw machine stock

Building products:

American Classic residential siding and accessories
Rain carrying equipment
Vinyl residential siding
Goffit and trim
Asphalt roofing and accessories
Shutters, louvers, vents and flashing
Classic and Shadowcrest aluminum roofing
Residential colonial columns
Climate Guard insulating windows
Climate Guard insulating sliding glass doors
Climate Guard extrusions
Climate Guard insulation board
Painted extrusions

Commercial roofing and siding and accessories

Reyno-Rail commercial railing systems
Farm roofing and siding and accessories
Do-It-Yourself Aluminum products

Fabricated products:

Custom Fabricating-welding, stamping, drawing and forming, finishing
Integral finned tube
Stadium seating
Pedestrian bridges
Railing systems
Textile pins and bobbins

Reclamation products:

Ingot
Deoxidizing products
Exothermic products
Cathode production products

Flexible Packaging products:

Aluminum foil, plain, printed, colored, coated, and die cut sheets and rolls
Foil laminations to papers, paper board and plastics with foil surface uncoated, coated, colored or printed
Reyseal heat sealable overwraps
Foil heat-sealable pouch materials, printed plastic films
Foil laminated folding cartons, printed and embossed
Foil laminated labels, printed and embossed
Foil containers, formed and folded, uncoated, colored, coated
Reynolds foodservice foil, film and aluminum containers, Cushion Fold sandwich wraps and bags, inter-folded sheets
Reynolds Flex-Can laminated pouch material

Special packaging machinery, sales and leasing

Reynolon PVC shrink and stretch films
Tight wrap oven film and cook-in bags
Bag-in-Box

Beverage container products:

All-aluminum beer and soft drink cans
All-aluminum can ends
Stay-on-Tab non-detachable can ends
Can making machinery

Consumer products:

Reynolds Wrap household foil
Diamond household foil
Reynolds Oven Cooking Bags
Reynolds Redi-Pan containers
Eskimo freezer paper

Electrical products:

Stranded aluminum and aluminum alloy conductors
SSAC and ACSR
Line wire and service drop cables
Insulated aluminum power cables

Solar products:

Reynolds Aluminum solar hot water systems

Research and Development:

Reynolds engages in a continuous program of basic and applied research and development. This program deals with materials, products and processes and involves the development and expansion of products and markets which benefit from aluminum's relatively light weight, strength, resistance to corrosion, ease of fabrication, high heat and electrical conductivity, recyclability and other properties.

Reynolds owns certain patents relating to its products and processes based predominantly upon its in-house research and development activities. Generally, the patents owned by Reynolds, or under which it is licensed, concern particular products or manufacturing techniques. However, Reynolds' business is not materially dependent on patents.

PRINCIPAL PLANTS & PROPERTIES

Co. operates facilities located as follows:

ALUMINUM PRODUCTION & PROCESSING

Calcined Coke

Baton Rouge, La.

Lake Charles, La.

Carbon Anodes

Lake Charles, La.

Alumina

Corpus Christi, Tex.

Eagle Pass, Tex.

Shipping

Corpus Christi, Tex.

Power Generation

Jones Mills, Ark.

Primary Aluminum

Arkadelphia, Ark.

Baie Comeau, Quebec

Jones Mills, Ark.

Recycling and Reclamation

Bellwood, Va. (2)

Listerhill, Ala. (2)

Benton Harbor, Mich.

Corpus Christi, Tex.

Recycling Plants & Service Centers (89)

Electrical Products

La Malbaie, Quebec

Longview, Wash.

Malvern, Ark.

Listerhill, Ala.

Longview, Wash.

Massena, N.Y.

Troutdale, Ore.

Bellwood, Va.
Bologna, Italy (2)
Hamburg, West Germany
Listerhill, Ala.

Mill Products

McCook, Ill.
Merxheim, France

Extruded Products

Bellwood, Va.
Grand Rapids, Mich.
Harderwijk, The Netherlands
Mons-Ghlin, Belgium
Richmond Hill, Ontario
Torrance, Cal.

El Campo, Tex.
Louisville, Ky.
Maracay, Venezuela
Nachrodt, West Germany
St. Therese, Quebec

Powder and Paste

Louisville, Ky.

Continuous Rolling

Hot Spring County, Ark.

FINISHED PRODUCTS & OTHER SALES

Packaging & Consumer Products

Bellwood, Va.

Grottoes, Va.

Louisville, Ky.

Building Products

Ashville, Ohio

Bourbon, Ind.

Eastman, Ga.

Mons-Ghlin, Belgium
Richmond, Va.
Downingtown, Pa.

Elizabethtown, Ky.
Stratford, Conn.

Cans

Bristol, Va.

Guayama, Puerto Rico

Honolulu, Hawaii

Houston, Tex.

Kansas City, Mo.

Rocklin, Cal.

San Francisco, Cal.

Seattle, Wash.

Tampa, Fla.

Torrance, Cal.

Waikiki, N.Y.

Salisbury, N.C.

Can Machinery and Systems

Chesterfield County, Va. (2)

Richmond, Va.

Reynolds Aluminum Supply Company

Service Centers (23)

RESEARCH & DEVELOPMENT FACILITIES

Reduction:

Listerhill, Ala.

Metallurgical:

Richmond, Va.

Product & Process Development:

Richmond, Va.

Electrical Technology:

Bellwood, Va.

Can Development:

Richmond, Va.

Packaging Technology:

Bellwood, Va.

Grottoes, Va.

Recycling & Reclamation Technology:

Bellwood, Va.

Other Minerals and Fuel Properties

Coal: Kentucky, Wyoming

Oil & Gas: Texas, Utah, New Mexico, Louisiana, Kentucky, Oklahoma and Arkansas.

Lateite and Clay: Oregon, Washington, Georgia

Limestone: Kentucky, Arkansas

Fluorspar (mineral claims): Colorado, Kentucky

OTHER OPERATIONS—DOMESTIC

Real Estate Projects

Dover, N.J.

East Syracuse, N.Y.

Fort Myers, Fla.

Hartford, Conn.

Kittanning, Pa.

New York Mills, N.Y.

Philadelphia, Pa.

East Orlando, Fla.

Clearwater, Fla.

Penfield, N.Y.

West Deptford Township, N.J.

Pinellas Park, Fla.

Providence, R.I.

South Glens Falls, N.Y.

Rockland County, N.Y.

Titusville, Pa.

Phoenix, Ariz.

Watertown, N.Y.

Canandaigua, N.Y.

Torrance, Cal.

Shelton, Conn.

OTHER OPERATIONS—ABROAD

Co. has varying interests in these operations in the following countries:

Australia

Bauxite and alumina

Brazil

Bauxite (2), primary aluminum

Canada

Electric power generation, mill products, foil packaging, building products

Columbia

Mill products, extrusions, foil, utensils, shipbuilding

Egypt

Extrusions

Ghana

Primary aluminum

Guinea

Bauxite

Italy

Mill products, extrusions, foil

Jamaica

Bauxite and Alumina

Mexico

Mill products, extrusions, foil

Philippines
Mill products, extrusions, foil, utensils

Spain
Mill products, extrusions, foil, wire and cable

Venezuela
Primary aluminum, mill products, foil, cans, recycling

West Germany
Alumina, and primary aluminum

MANAGEMENT

Officers
D.P. Reynolds, Chmn. & Chief Exec. Off.
W.S. Leonhardt, Vice-Chmn.
J.E. Blomquist, Vice-Chmn.
W.O. Bourke, Pres. & Chief Oper. Off.
R.B. Crowl, Exec. Vice-Pres. & Chief Finl. Off.
R.G. Holder, Exec. Vice-Pres. (Fabricating Oper.)
J.H. Galea, Senior Vice-Pres. and Gen. Counsel
R.H. Featherston, Vice-Pres. (Raw Materials)
Paul Murphy, Vice-Pres. (Special Assignment)
J.R. McGill, Vice-Pres. (Personnel)
T.N. Brown, Vice-Pres. (Mill Prod. Div.)
Y.M. Brandt, Vice-Pres. (Flexible Pkg. Div.)
J.M. Noonan, Vice-Pres. (Construction Prod. & Properties Div.)
R.E. Hanneman, Vice-Pres. (Corp. Quality Assur. & Tech.)
R.D. O'Donnell, Vice-Pres. (Can Div.)
E.H. Lucas, Jr., Vice-Pres. (Extrusion Div.)
A.D. Reynolds, Vice-Pres. (Alumina Marine & Chem. Div.)
R.N. Bolling, Vice-Pres. (Recycling & Reclamation Div.)
H.V. Helton, Vice-Pres. (Primary Metals Div.)
W.G. Reynolds, Jr., Vice-Pres. (Gov't Relations & Pub. Affairs)
R.N. Reynolds, Vice-President

C.S. Thomas, Vice-President
J.H. Taylor, Treasurer
D.T. Cowles, Secretary
D.C. Bilsing, Controller

Directors

(Showing Principal Corporate Affiliations)
David P. Reynolds, Chmn. & Chief Exec. Off. of Co.; Chmn., Robertshaw Controls Co.; Chmn., Reynolds Metals European Capital Corp.; Dir., United Virginia Bankshares, Inc.; United Virginia Bank.
John E. Blomquist, Vice-Chmn. of Co.; Dir., Robertshaw Controls Co., Reynolds Metals European Capital Corp.
William S. Leonhardt, Vice-Chmn. & Chief Fin. Off. of Co.; Dir., Robertshaw Controls Co., Reynolds Metals European Capital Corp., Royal Bank & Trust Co.
William O. Bourke, Pres. & Chief Oper. Off. of Co.; Dir., Dart & Kraft, Inc., Abex Corp.
Paul Murphy, Vice-Pres. of Co.
Ralph S. Thomas, Pres. & Chief Exec. Off., Robertshaw Controls Co.; Dir., Robertshaw Controls Co., Bank of Virginia Trust Co.; Bank of Virginia Co.
J.K. Finlayson, Former Pres., Royal Bank of Canada, Dir., PanCanadian Petroleum Ltd., Sun Life Assurance Co. of Canada, Royal Insurance Group and United Corp. Ltd.
Herbert Stein, Prof. of Economics Emeritus, Univ. of Virginia.
R. Barn Crowl, Exec. Vice-Pres. & Chief Finl. Off. of Co.
Richard G. Holder, Exec. Vice-Pres. of Co.
Randolph N. Reynolds, Pres. & Chief Exec. Off., Reynolds Aluminum International Services, Inc.

William T. Young, Former Board Chmn., Roy. al Crown Companies.

Henry R. Linden, Pres., Gas Research Institute; Dir., Sonat Inc., UGI Corp.

Thomas A. Graves, Jr., Dir., Winterthur Museum; Dir., Life Insurance Co. of Virginia, United Virginia Bank.

Richard L. Terrell, Former Vice-Chmn., General Motors Corp. Dir., Esmark, Inc., NCR Corp., Missouri Pacific Corp., Canada Life Insurance Co., Ashland Oil Inc., First National Bank & Trust Co. of Naples.

Tom K. Smith, Jr., Former Senior Vice-Pres., Monsanto Co.; Dir., Federal Reserve Bank of St. Louis, Clayton Federal Savings & Loan Association.

Auditors: Ernst & Whinney.

Annual Meeting: Third Wed. in Apr.

Shareholder Relations: Donald T. Cowles, Corporate Secretary. Tel: (804)281-2811.

Director Meetings: 3rd Friday of each month.

No. of Stockholders: Dec. 31, 1983: pfd., 1,447; com., 21,817.

No. of Employees: Dec. 31, 1984 (avg.), 28,800.

Executive Office: 6601 Broad Street Road, Richmond, VA 23230. Tel.: (804)281-2000.

Primary Production (tons) year to Dec. 31:

	1984	1983	1982	1981	1980	1979	1978
1984	891,700	694,200	657,700	959,600	1,073,400	1,093,400	1,059,900

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
(taken from reports filed with Securities & Exchange Commission)

	1984	1983	1982	1981	1980	1979	1978
Net sales	3,728,300	3,340,800	2,992,400	3,537,600	3,769,000	3,380,100	2,883,600
Other revenues	51,200	47,500	66,000	86,100	75,100	54,600	53,700
Balance	3,779,500	3,388,300	3,058,400	3,623,700	3,844,100	3,434,700	2,937,300
Cost of products sold	3,085,200	3,026,300	2,617,100	3,081,100	3,124,600	2,724,500	2,322,200
Selling, adv., res., admin. & gen. exp.	260,900	244,000	243,900	247,400	253,900	231,500	207,000
Depreciation, deplet. and amort.	153,000	146,300	138,400	109,100	91,900	84,900	80,300
Interest and debt expense	91,600	92,700	103,900	67,400	67,000	72,600	70,500
Other deductions	27,400	114,200	39,000	22,300	22,300	35,400	32,800
Inc. bef. taxes	161,400	235,200	283,900	118,700	284,400	285,800	224,500
Taxes on income	30,400	214,400	260,200	32,000	104,100	108,700	110,600
Income bef. extraord. gain & cum. effect acctg. change	131,000	20,800	23,700	86,700	180,300	177,100	113,900
Extraordinary gain	6,300	28,300	23,700	7,700	180,300	177,100	113,900
Cum. effect of acctg. change	137,300	49,100	7,700	86,700	180,300	177,100	113,900
Net income	962,000	1,085,000	1,113,600	1,073,700	937,600	800,200	718,300
Retained earnings, begin. of year	1,300	4,300	2,900	1,600	2,200	2,700	3,000
Preferred dividends	20,800	19,600	33,400	45,200	42,000	37,000	29,000
Common dividends—cash	1,077,200	962,000	1,085,000	1,113,600	1,073,700	937,600	800,200
Retained earnings, end of year	271,300	259,300	307,900	307,900	306,200	266,700	229,400
Maintenance & repairs	51,900	58,900	95,500	95,500	100,500	104,700	101,500
Taxes other than income	29,300	28,300	26,800	26,800	26,800	26,800	26,800
Research and development	29,300	28,300	26,800	26,800	26,800	26,800	26,800
Includes related portions of items shown under "Supplementary P. & L. Data" below statement.							
Restated, see footnote 2 below.							
1983-78, excludes payroll taxes.							
Restated to reflect chge. in acctg. methods in 1982.							
1984: Related to utilization of state and foreign tax loss carryforwards not previously recorded.							
1982: Gain on early extinguishment of debt.							
1983-82: See General Note (changes in accounting policies) below.							
Statement of Changes in Consolidated Financial Position, years ended Dec. 31 (in \$ millions):							
Cash provided by (used in) oper.:							
Net income	1984	1983					
Facility close	131.0	(90.8)					
Def. Taxes	50.2	(112.1)					
Other	(54.0)	(8.3)					
Deprec., amort. and depl.	153.0	146.3					
Funds prov. by oper.	280.2	16.7					
Termination of salaried pension plan			178.8				
Capital and other invest.:			(429.2)				
Capital expend.			(14.9)				
Incr. in funds desig. for cap. expend.			77.632				
Invest. in and adv. to unconsol. subs. and affil.			(11.3)				
Inc. Bef. Taxes			82,866				
Income Taxes			105,627				
Net Income			74,460				
Net			36,758				
Common			79,001				
Com. Shs.			69,233				
Outstand.			33,328				
Earn. Per Com. Sh.			5,453				
			d5,115				
			d38,199				
			d30,189				
			d24,100				
			d16,255				
			d20,648				
			96,415				
			21,350				
			78,653				
			17,615				
			60,017				
			75,065				
			18,891				
			114,243				
			16,692				
			18,681				
			17,235,782				
			17,243,704				
			17,247,667				
			17,256,865				

Year	Net Sales	Cost and Expenses	Balance	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
1977	2,352,755	2,198,063	154,692	dr33,148	121,500	38,300	83,200	24,024	18,757,790	4.42
(1) 1978	2,883,600	2,609,500	274,100	dr49,600	224,500	110,600	113,900	29,000	18,778,519	5.99

(1) Restated to conform to 1976 presentation.
 (2) Restated to include equity in undistributed net income of additional associated companies.
 (3) Restated to include provision for deferred taxes on undistributed net income of certain unconsolidated subsidiaries and associated companies.
 (4) Before special items, after, \$52,146,000 and \$2.89.
 (5) Restated in 1975.
 (6) Before special items, after, \$56,36,000 and \$0.24.
 (7) Restated for accounting change in 1982.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEETS, AS OF DEC. 31
(taken from reports filed with Securities & Exchange Commission)

	1984	1983	1982	(1) 1981	(2) 1980	(3) 1979	(4) 1978
ASSETS							
Current Assets:							
Cash & marketable securities	23,300	64,600	28,600	20,300	55,800	167,000	199,300
(1) Receivables	491,500	483,700	364,800	439,500	509,400	467,600	417,500
Inventories	795,400	636,100	862,100	885,500	729,900	715,200	703,900
Prepaid expenses	10,700	8,900	23,000	8,500	12,300	26,600	12,300
Total current assets	1,320,900	1,193,300	1,278,500	1,353,800	1,307,400	1,376,400	1,333,000
Investments in unconsol. subs. and associated companies	226,500	212,100	233,600	261,600	243,200	226,100	199,300
Prop., plt. & equip.—at cost	3,561,600	3,237,800	3,039,300	2,860,400	2,669,400	2,448,800	2,236,200
Less allow. for deprec., depl. & amort.	1,673,900	1,623,800	1,479,700	1,350,300	1,255,900	1,207,600	1,137,800
Net property account	1,887,700	1,614,000	1,559,600	1,510,100	1,413,500	1,241,200	1,098,400
Deferred charges and other assets	347,400	274,100	273,400	214,500	181,900	147,800	130,200
Total	3,782,500	3,293,500	3,345,100	3,340,000	3,146,000	2,991,500	2,760,900
LIABILITIES							
Current Liabilities:							
Accounts payable and accruals	565,100	589,200	422,200	461,100	463,700	430,200	345,200
Indebtedness	201,300	176,900	217,800	263,700	161,200	167,600	142,100
Taxes on income	42,700	68,900	68,900	74,400	98,700	103,900	92,700
Total current liabilities	766,400	808,800	708,900	799,200	723,600	701,700	580,000
Long-term debt (excl. conv. sub. debts.)	1,081,200	849,300	753,000	702,600	675,200	717,500	735,800
(2) Deferred credits and other liabilities	204,700	240,400	206,000	172,700	323,800	279,500	284,100
Deferred inc. tax	154,300	108,000	226,900	208,100	.....	.....	.....
Deferred income related to pension plan termination	169,900	.....	.....	.....	.....	.....	.....
Convertible subordinated debentures	64,900	67,400	77,200	94,000	99,900	106,000	112,000
4 1/2% 2nd pfd.	28,400	29,900	61,100	31,200	41,300	51,300	59,600
(3) Common stock	279,400	267,100	227,000	218,600	208,500	197,900	189,200
Retained earnings	1,077,200	962,000	1,085,000	1,113,600	1,073,700	937,600	800,200
Conv. curr. trans. adj.	(43,900)	(39,400)	.....	.....	.....	.....	.....
Total	3,782,500	3,293,500	3,345,100	3,340,000	3,146,000	2,991,500	2,760,900
PROPERTY ACCT.—ANALYSIS							
Net current assets	554,500	384,500	569,600	559,200	583,800	674,700	733,000
Additions at cost	444,100	(8)	(8)	(8)	273,400	(8)	(8)
Retirements or sales	105,000	(8)	(8)	(8)	76,200	(8)	(8)
Other additions—net	(15,300)	(8)	(8)	(8) .....	.....	(8)	(8)
DEPREC. RESERVE—ANALYSIS							
Additions charged to income	153,000	146,300	138,400	109,100	91,000	82,900	77,700
Retire. renewals charged to res.	81,600	55,300	49,400	14,700	52,000	16,700	25,800
Other additions	(21,300)	53,000	40,400	.....	.....	2,400	.....

(1) After reserves (1984, \$17,000,000).

(2) Restated to reflect chg. in acctg. method in 1982.
 (3) No par shares (after deducting treasury shares 1983-79, none; 1978-77, 7,449); 1983, 21,177,424; 1982, 19,811,167; 1981, 19,376,879; 1980, 19,167,666; 1979, 18,953,136; 1978, 18,778,519.

(4) Total additions: 1983, \$259,200,000; 1982, \$235,400,000; 1981, \$227,000,000; 1979, \$233,500,000; 1978, \$156,800,000; 1977, \$92,977,000. Total deductions: 1982, \$56,500,000; 1981, \$36,000,000; 1979, \$20,900,000; 1978, \$32,900,000.

(5) Incl. \$1,900,000 (1981, \$2,900,000) 4 1/2% Series A pfd. stk. which has mandatory sinking fund requirements.

Auditor's Report

The following is an excerpt from the Report of the Independent Auditors, Ernst & Whinney, as it appeared in 1984 Annual Report.

"In our opinion, the financial statements referred to above present fairly the consolidated financial position of Reynolds Metals Company and consolidated subsidiaries at December 31, 1984 and 1983, and the consolidated results of their operations and changes in their financial position for each of the years in the three year period ended December 31, 1984, in conformity with generally accepted accounting principles consistently applied during the periods subsequent to the change made as of January 1, 1982 in the method of accounting for pot lining costs; and except for the changes during 1983 in the methods of accounting for foreign currency translation and special termination benefits paid to employees which changes are described in note A and with which we concur."

Notes To Consolidated Financial Statements

Principles of consolidation:

The accounts of the company and wholly-owned subsidiaries are included in the consolidated financial statements after elimination of significant intercompany transactions and profits and losses. Investments in unconsolidated subsidiaries and associated (20 to 50% owned) companies are carried at cost, adjusted for the company's equity in their undistributed net income. Certain foreign subsidiaries and associated companies are accounted for on a three-month lag basis. In the opinion of the company's management, the excess cost (approximately \$26 million) of investments in consolidated subsidiaries over equity in related net assets does not require amortization.

Inventories:

Inventories are stated at the lower of cost or market. Cost of inventories of approximately \$470 million in 1984 and \$328 million in 1983 is determined by the last-in, first-out method (LIFO). Remaining inventories of approximately \$325 million in 1984 and \$308 million in 1983 are determined by the average or first-in, first-out method. If the latter method were applied to all inventories, they would increase by approximately \$569 million and \$112 million at December 31, 1984 and 1983, respectively. In addition, as a result of LIFO, cost of products sold decreased by \$40 million in 1984 and increased by \$5 million in 1983 and \$19 million in 1982 before considering decreases of \$3, \$59 and \$105 million, respectively, resulting from liquidations of certain LIFO inventories carried at lower costs prevailing in prior years as compared with current cost.

Since certain inventories of the company may be sold at various stages of processing, no practical distinction can be made between finished products, in-process products and other materials and therefore inventories are presented as a single classification.

Depreciation, amortization and other expenses:

Depreciation of plant and equipment is provided by the straightline method over their estimated useful lives. Capital leases and improvements to leased properties are amortized generally on the basis of the shorter of the terms of the respective leases or the estimated useful lives of the related facilities.

Pre-operating and start-up expenses applicable to certain new facilities are amortized by the straight-line method over various periods up to ten years. Expenses in connection with the issuance of long-term debt are amortized in proportion to the amount of debt outstanding.

Investment tax credits:

Investment tax credits are accounted for by the flow-through method.

Pension plans:

The company has several pension plans covering substantially all employees. The provision for pension costs includes, as to certain of the plans, amortization of prior service cost over various periods not exceeding forty years. It is the company's policy to fund substantially all of its annual pension costs.

Earnings per common share:

Primary earnings per share are after preferred dividend requirements. Fully diluted earnings assume full conversion of convertible securities provided the effect is not anti-dilutive.

Changes in accounting policy:

Effective January 1, 1983 the company adopted Financial Accounting Standard Board (FASB) Statement No. 52—Foreign Currency Translation. This statement generally requires that exchange adjustments resulting from foreign currency transactions be recognized currently in income and adjustments resulting from translation of foreign assets and liabilities (at the current rate of exchange) be reflected in a separate component of stockholders' equity.

In the second quarter of 1983 the company adopted FASB Statement No. 74—Accounting for Special Termination Benefits Paid to Employees and elected retroactive application. In accordance with this standard the company recognizes a liability and an expense when employees accept an offer of special termination benefits and the amount of the benefit can be reasonably estimated. In 1982 the company deferred and amortized these costs over a five-year period. The cumulative effect of this change reduced net income for 1983 \$8.3 million (net of \$7.1 million of related come taxes).

Effective January 1, 1982 the company changed its method of accounting for the placement of reduction plant pot lining. These linings, which are normally replaced an average four-year operating cycle, have been charged to expense at the time of placement. To better reflect its investment facilities and to achieve a better matching costs with revenues, the company now capitalizes these replacement lining costs and amortizes them over their estimated productive lives. The prior years' cumulative effect of accounting change increased 1982 net income by \$26.8 million (net of \$23.3 million of related income taxes) and increased net property and equipment by \$50.1 million. The effect of this accounting change was not material to the 1982 results of operations excluding the extraordinary gain and cumulative effect of accounting change.

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FINANCIAL & OPERATING DATA

Statistical Record	1984	1983	1982	1981	1980	1979	1978
Earned per share—4½% preferred	\$483.17			\$276.95	\$436.96	\$344.96	\$190.36
—common (year end shs.)	\$6.31	\$5.15	\$0.26	\$4.39	\$9.29	\$9.20	\$5.99
—common (avg. shs.)							
Inc. bef. extraord. gain & cum. effect.							
accg. chge.	\$6.07	\$54.73	\$31.34	\$4.40	\$9.32	\$9.25	\$5.91
Extraord. gain	\$0.29		\$0.23				
Cum. effect. accg. chge.		\$0.42	\$1.37				
Net income	\$6.36	\$5.15	\$0.26	\$4.40	\$9.32	\$9.25	\$5.91
—fully diluted	\$5.97			\$4.08	\$8.32	\$8.16	\$5.22
Dividends per share—4½% preferred		\$2.375	\$2.375	\$2.375	\$2.375	\$2.375	\$2.375
—4½% preferred	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
—common	\$1.00	\$1.00	\$1.75	\$2.40	\$2.25	\$2.00	\$1.575
Price range—4½% preferred	88½-58½	87½-56	57½-43	81-48½	82-59	80½-59	84-61½
—common	41½-26	41½-24½	27½-18½	39½-23½	40½-27½	39½-28½	39½-24½
Net tangible assets per share—com.	\$60.89	\$56.18	\$66.23	\$68.63	\$66.90	\$59.91	\$52.41
Fixed charges earned:							
Before income taxes	2.83		0.49	2.76	5.25	4.94	4.18
After income taxes	2.50		1.07	2.38	3.69	3.44	2.61
Times charges & pfd. divs. earned	2.46		0.80	2.21	3.57	3.31	2.51
Price range deb. 4½% 1991	80-61	78½-58½	60-49	72-51½	75-57½		78-65
Net tangible assets \$1,000 lg.-tm. debt	\$2,240	\$2,260	\$2,688	\$2,788	\$2,784	\$2,537	\$2,339
Net curr. assets per \$1,000 lg.-tm. debt	\$513	\$424	\$700	\$733	\$787	\$874	\$961
Number of shares—4½% preferred			38,000	58,000	70,389	89,249	103,249
—13% preferred			600,000				
—4½% preferred	284,169	299,427	310,784	312,052	412,620	513,393	595,778
—common (year end)	21,557,739	21,177,424	19,811,167	19,376,879	19,167,666	18,953,136	18,778,519
—common (avg.)	21,375,818	20,148,481	19,674,453	19,317,286	19,111,596	18,852,360	18,786,478
—fully diluted	23,305,066			21,832,211	21,888,824	21,961,598	22,231,258
Financial And Operating Ratios							
Current assets & current liabilities	1.72	1.47	1.80	1.69	1.81	1.96	2.30
% cash to current assets	1.76	5.41	2.24	1.50	4.27	12.13	14.95
% inventory to current assets	60.22	53.31	67.43	65.41	55.83	51.96	52.81
% net current assets to net worth	41.35	31.53	41.48	41.02	44.11	56.85	71.78
% property depreciated	47.00	50.15	48.69	47.21	47.05	49.31	50.88
Capitalization:							
% long-term debt	44.64	42.63	37.20	35.87	35.93	39.41	42.76
% preferred stock	1.17	1.41	2.79	1.47	2.00	2.62	3.25
% common stock and surplus	54.19	55.96	60.01	62.66	62.07	57.97	53.99
Sales + inventories	4.69	5.25	3.46	3.98	5.16	4.72	3.34
Sales + receivables	7.59	6.91	8.20	8.05	7.40	7.23	5.64
% sales to net property	197.50	206.99	191.87	234.26	266.66	272.33	214.20
% sales to total assets	98.57	101.44	89.46	105.92	119.80	112.99	85.22
% net income to net worth	3.63		0.56	6.36	13.63	14.62	10.98
Pfd. dividends times earned	10.24				81.95	65.59	37.96
Analysis of Operations							
Sales, less disc., returns, allow., etc.	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Net sales	98.65	98.60	97.84	97.62	98.02	98.41	98.17
Other revenue	1.35	1.40	2.16	2.38	1.95	1.59	1.83
Balance	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of products sold	81.63	89.32	85.57	85.03	81.28	79.32	79.06
Selling admin. & other exp.	6.90	7.20	7.97	6.83	6.60	6.74	7.05
Depreciation, deplet. & amort.	4.05	4.32	4.53	3.00	2.39	2.47	2.73
Interest & debt expense	2.42	2.74	3.40	1.86	1.74	2.11	2.40
Other deductions	0.72	1.37	1.27		0.57	1.03	1.12
Income before taxes & extraord. item	4.28	\$6.95	\$2.74	3.28	7.40	8.33	7.64
Taxes on income	0.80	\$4.26	\$1.97	0.88	2.71	3.16	3.77
Extraord. items	0.17		\$0.15				
Cum. eff. of acct. chge.			\$0.88				
Net income	3.65	2.93	0.26	2.40	4.69	5.17	3.87

As reported by Company.

LONG TERM DEBT

First Mortgage bonds outstg., Dec. 31, 1984, \$348,000,000 comprised of:

- (1) \$185,100,000 5%-5.8% first mortgage bonds, due 1993.
- (2) \$162,900,000 8.9%-9.3% first mortgage bonds, due 1998.

3. Reynolds Metals Co. convertible subordinated debenture 4½%, due 1991:

Rating—Ba3

AUTH.—\$75,000,000; outstg. Dec. 31, 1984, \$32,400,000.

DATED—Mar. 1, 1966. DUE—Mar. 1, 1991.

INTEREST—M&SI at office of trustee.

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

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

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

1985 100% 1986 100% 1991 100%

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

SINKING FUND—Cash (or debts.) to retire each Mar. 1, 1977-90, \$3,500,000 debts. outstg., plus similar optional payments.

CONVERTIBLE—Into com. at any time (if called, on or before redemption date) at \$57.27 a sh. No adjustment for interest or divs. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

SECURITY—Not secured; subordinated to all senior debt.

DIVIDEND RESTRICTION—Co. may not pay cash divs. on or acquire capital stock in excess of (1) consolidated net income after Dec. 31, 1965; (2) proceeds from sale of stock after such date; and (3) \$35,000,000.

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

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

PURPOSE—Proceeds to finance portion of expansion program.

LISTED—On New York Stock Exchange.

OFFERED—(\$75,000,000) at 100 (proceeds to Co., 98⅔%) on Mar. 16, 1966 thru Dillon, Read & Co., Inc., and Reynolds & Co., NYC, and associates.

4. Other Debt: Outstg., Dec. 31, 1984, \$782,200,000 comprising:

(1) \$505,100,000 10%-16½% mortgage and other notes pay. thru 2009.

(2) \$220,900,000 5.9%-12.3% industrial and environmental control revenue bonds due thru 2014.

(3) \$56,200,000 8.0%-8.3% other debt due thru 1998.

5. Subsidiary Eurodollar Debentures: Outstanding Dec. 31, 1984, \$32,500,000 5% subordinated guaranteed convertible debentures due 1988 of Reynolds Metals European Capital Corp. For complete description, see appended statement.

CAPITAL STOCK

1. Reynolds Metals Co. 4½% convertible second preferred; par \$100:

AUTHORIZED—All series, 1,000,000 shares; outstanding, this series, Dec. 31, 1984, 284,169 shares; par \$100.

PREFERENCES—Has second preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$4.50 per share annually, payable quarterly, Feb. 1, etc.

DIVIDEND RECORD—Initial dividend of 87½ cents paid May 1, 1959; regular dividends paid quarterly thereafter.

DIVIDEND RESTRICTION—Company may not pay cash dividends on or acquire junior stock in excess of consolidated net income after Dec. 31, 1957. Junior shares may be acquired for not exceeding proceeds of junior stock sold after Dec. 31, 1957.

VOTING RIGHTS—Has no voting power except on default of 4 quarterly dividends or any sinking fund payment, when, as a class, it has right to elect 2 directors.

Consent of 66⅔% of second preferred required to increase authorized preferred or create senior stock; change terms adversely or merge if rights would be affected adversely.

Consent of majority of second preferred required to increase authorized second preferred or create parity stock.

Company may not merge or alter articles providing for issue of series second preferred adversely affecting rights of any series without consent of 66⅔% of series affected.

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

CALLABLE—As a whole or in part at any time on at least 30 days' notice at \$100 per share plus accrued dividends.

CONVERTIBLE—Into common (if called, on or before 3rd full business day before redemption date) at \$46.92 per share, with no adjustment for dividends; scrip or cash paid in lieu of fractional shares. Conversion privilege protected against dilution; however, no adjustment in conversion price is required on issue or sale at less than conversion price of (a) treasury shares; (b) common shares on options to officers or employees or under any sale plan; (c) until accumulated change in conversion price would be 50 cents or more.

PREEMPTIVE RIGHTS—None.

PURPOSE—Proceeds to reimburse treasury for acquisition of British Aluminum Co. Ltd. ordinary stock.

TRANSFER AND DIVIDEND DISBURSING AGENT—Chase Manhattan Bank, New York.

REGISTRAR—Morgan Guaranty Trust Co., New York.

OFFERED—(550,000 shares) at \$100 per share (proceeds to company, \$97.25 per share) on Feb. 11, 1959 by Dillon, Read & Co., Inc., Reynolds & Co., Inc. and Kuhn, Loeb & Co., New York, and associates.

LISTED—On NYSE (Symbol: RLM Pr B).

2. Reynolds Metals Co. common; no par:

AUTHORIZED—100,000,000 shares; outstanding, Dec. 31, 1984, 21,557,739 shares; reserved for conversion of preferred, 605,279 shares; reserved for conversion of debentures, 1,314,982 shares; reserved for options, 594,572 shares; no par.

Par changed from no par to \$1 Sept. 15, 1955 by 5-for-1 split; from \$1 to no par Oct. 13, 1959, by 3-for-2 split.

Original capital stock represented by class A and B no par common shares was converted in October 1929 into one class of common stock (no par) and class A received in exchange 1⅓ shares of common for each share held while the class B common was exchanged on a share for share basis.

Dividend Record (in \$)

(No par class A shares)

1928 1.00 1929 3.41

(No par class B shares)

1928-29 Nil

(No par common shares)			
1929	0.35 1/2	1930	2.20
1931	1.75	1932	1.25
1933	1.00	1934	0.30
1935	0.15	1936	0.10
1937	0.10	1938	0.10
1939	0.10	1940	0.10
1941	0.10	1942	0.10
1943	0.10	1944	0.10
1945	0.10	1946	0.10
1947	0.10	1948	0.10
1949	0.10	1950	0.10
1951	0.10	1952	0.10
1953	0.10	1954	0.10
1955	0.10	1956	0.10
1957	0.10	1958	0.10
1959	0.10	1960	0.10
1961	0.10	1962	0.10
1963	0.10	1964	0.10
1965	0.10	1966	0.10
1967	0.10	1968	0.10
1969	0.10	1970	0.10
1971	0.10	1972	0.10
1973	0.10	1974	0.10
1975	0.10	1976	0.10
1977	0.10	1978	0.10
1979	0.10	1980	0.10
1981	0.10	1982	0.10
1983	0.10	1984	0.10
1985	0.10	1986	0.10
1987	0.10	1988	0.10
1989	0.10	1990	0.10
1991	0.10	1992	0.10
1993	0.10	1994	0.10
1995	0.10	1996	0.10
1997	0.10	1998	0.10
1999	0.10	2000	0.10

(1) Plus 25% stock in 1934 and \$1 per share in 15-year debenture 3 1/2%, 1951 paid in 1936.
 (2) Stock dividends paid: 1947, 1948, 1950 and 1952, 10%; 1953, 1954 and 1955, 5%; 1958, 2%.
 (3) To Apr. 1.

DIVIDEND REINVESTMENT PLAN—Co. offers its holders of common stock the opportunity to buy additional shares of common stock through its Automatic Dividend Reinvestment and Optional Cash Payment Plan administered by United Virginia Bank, Richmond, Va. Participating share-owners may invest each quarter from \$25.00 to \$3,000, in addition to their dividend, at their option.

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

There are no brokers' commissions or any service charges connected with stock purchases for shareholders. All costs are paid by Company.

DIVIDEND LIMITATION—See Long Term Debt.

VOTING RIGHTS—Has sole voting rights (one vote per share) with restrictions (see Preferred No. 1).

PREEMPTIVE RIGHTS—None.

TRANSFER AGENTS—Chase Manhattan Bank, New York, and United Virginia Bank, Richmond, Va.

DIVIDEND DISBURSING AGENT—Chase Manhattan Bank, New York.

REGISTRARS—Chase Manhattan Bank, N.A., New York and Sovran Bank, N.A., Richmond, Va.

OFFERED—On July 6, 1937, the unsubscribed portion of shares originally offered to stockholders was offered publicly at \$17 per share by Lehman Bros. and Reynolds & Co., New York.

(1,500,000 no par shs.) at \$38.50 per sh. on June 29, 1977 thru Dillon, Read & Co., Inc., Goldman Sachs & Co., Reynolds Securities, Inc. and associates. Proceeds for general corporate purposes.

LISTED—On NYSE (Symbol: RLM); unlisted trading on Pacific, Philadelphia, Cincinnati and Midwest Stock Exchanges.

REYNOLDS METALS EUROPEAN CAPITAL CORPORATION

(Controlled by Reynolds Metals Co.)

History: Incorporated in Delaware in 1968 as a wholly-owned subsidiary of Reynolds Metals Co. (see preceding statement).

Business: Co. was formed for the principal purpose of assisting in the financing of parent Co.'s foreign operations.

Control: Reynolds Metals Co. owns all outstg. com. stock.

Officers

D.P. Reynolds, Chmn.
 W.S. Leonhardt, Vice-Chmn.
 J.E. Blomquist, Pres.
 R.B. Crowl, Exec. Vice-Pres.
 J.H. Galea, Vice-Pres. & Gen. Counsel
 A.D. Reynolds, III, Vice-Pres.
 D.C. Bilsing, Contr.
 R.I. Dawes, Sec.
 J.H. Taylor, Treas.

Directors

R.B. Crowl
 D.P. Reynolds
 J.H. Galea
 W.O. Bourke
 J.E. Blomquist
 W.S. Leonhardt

Auditors: Ernst & Whinney.

Executive Office: 6601 Broad St. Road, Richmond, VA 23261. Tel: (804)281-2000.

Long Term Debt: Reynolds Metals European Capital Corp. subordinated guaranteed convertible debentures 5s, due 1988.

AUTH.—\$50,000,000; outstg., Dec. 31, 1983, \$35,000,000.

DATED—June 1, 1968. **DUE**—June 1, 1988.

INTEREST—J&D1. Principal and interest payable in U.S. dollars (a) at corporate trust office of Chemical Bank in NYC or (b) subject to applicable laws in country of following offices, at offices of Chemical Bank New York

Trust Co. in London, S.G. Warburg & Co. Ltd. in London and Banque Internationale a Luxembourg S.A. in Luxembourg. Payments referred to in (b) above will be made by a U.S. dollar check drawn on a bank in NYC or by transfer to a U.S. dollar account maintained by payee with a bank in NYC.

TRUSTEE—Chemical Bank, New York.
DENOMINATION—Bearer coupon, \$1,000.
CALLABLE—As a whole or in part on at least 30 days' notice at 100.

Debs. may not be so redeemed, however, prior to June 1, 1973 unless current market price for com. stock of Guarantor on each day on which there was such a current market price within the 30 days preceding the 15th day prior to redemption notice is at least 150% of the conversion price in effect on each such day.

If, at any time, Co. or Guarantor shall become obligated to pay additional interest as described under heading "Taxes on Principal, Premium or Interest" as a result of any change in, or amendment to, laws of the U.S. or any subdivision thereof affecting taxation, or any change in the official application of, or execution of, or amendment to, any treaty or treaties affecting taxation to which the U.S. is a party, which change, amendment, change in the application of or execution becomes effective on or after June 1, 1968, debs. may be redeemed as a whole on at least 30 days' notice at 100.

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

SINKING FUND—Annually, each June 1, 1979-87, to retire debs., cash (or debs.), equal to 5% of debs. outstg. Mar. 1, 1979; plus similar optional payments.

SECURITY—Direct obligation of issuer.

GUARANTEED—Unconditionally as to principal, premium and interest by Reynolds Metals Co. Payment of guarantee subordinated to certain senior debt of Guarantor.

CONVERTIBLE—Into com. of parent at any time on or after Mar. 31, 1969 (if called, on or before redemption date) at \$43.68 a sh. No adjustment for interest on divs. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

TAXES ON PRINCIPAL, PREMIUM OR INTEREST—Co. will pay as additional interest such amounts as may be necessary to reimburse non-resident alien holders for any present or future U.S. withholding tax.

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

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66 2/3% of debs. outstg.
LISTED—On New York and Luxembourg Stock Exchanges.

PURPOSE—Proceeds for parent Co.'s foreign operations.

OFFERED—(\$50,000,000) at 100 on June 19, 1968 thru Dillon, Read & Co., Inc., S.G. Warburg & Co. Ltd. and Reynolds & Co. and associates.

Capital Stock: Reynolds Metals European Capital Corp.; common; \$1 par.

Auth., 100,000 shs.; outstg., 1,055 shs. all owned by parent co.; par \$1.