AMERON INTERNATIONAL CORP
Form 10-K
February 02, 2006

United States
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

/x/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 2005

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-9102

AMERON INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**77-0100596**
(State of Incorporation)	(I.R.S. Employer Identification No.)

245 South Los Robles Avenue
Pasadena, CA 91101-3638
(Address and Zip Code of principal executive offices)

Registrant's telephone number, including area code: (626) 683-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock $2.50 par value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes **/ /** No **/x/**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes **/ /** No **/x/**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **/x/** No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **/x/**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes **/x/** No / /

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes **/ /** No **/x /**

The aggregate market value of voting and non-voting common equity held by non-affiliates was approximately $275 million on May 29, 2005, based upon the last reported sales price of such stock on the New York Stock Exchange on that date.

On February 1, 2006 there were 8,695,891 shares of Common Stock, $2.50 par value, outstanding. No other class of Common Stock exists.

DOCUMENTS INCORPORATED BY REFERENCE

1. PORTIONS OF AMERON'S PROXY STATEMENT FOR THE 2006 ANNUAL MEETING OF STOCKHOLDERS (PART III).

PART I

AMERON INTERNATIONAL CORPORATION

AMERON INTERNATIONAL CORPORATION, a Delaware corporation, and its consolidated subsidiaries are collectively referred to herein as "Ameron", the "Company", the "Registrant" or the "Corporation" unless the context clearly indicates otherwise. The business of the Company has been divided into business segments in Item 1(c)(1), herein. Substantially all activities relate to the manufacture of highly engineered products for sale to the industrial, chemical, energy and construction markets. All references to "the year" or "the fiscal year" pertain to the 12 months ended November 30, 2005. All references to the "Proxy Statement" pertain to the Company's Proxy Statement to be filed on or about February 22, 2006 in connection with the 2006 Annual Meeting of Stockholders.

ITEM 1 - BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS.

Although the Company's antecedents date back to 1907, it evolved directly from the merger of two separate firms in 1929, resulting in the incorporation of American Concrete Pipe Company on April 22, 1929. Various name changes occurred between that time and 1942, at which time the Company's name became American Pipe and Construction Co. By the late 1960's the Company was almost exclusively engaged in manufacturing and had expanded its product lines to include not only concrete and steel pipe but also high-performance protective coatings, ready-mix concrete, aggregates and fiberglass pipe and fittings. At the beginning of 1970, the Company's name was changed to Ameron, Inc. In the meantime, other manufactured product lines were added, including concrete and steel poles for street and area lighting and steel poles for traffic signals. In 1996, the Company's name was changed to Ameron International Corporation.

(b) FINANCIAL INFORMATION AS TO INDUSTRY SEGMENTS.

Financial information on segments and joint ventures may be found in Notes (1), (5) and (17) of the Notes to Consolidated Financial Statements, under Part II, Item 8, herein.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

(1) For geographical and operational convenience, the Company is organized into divisions. These divisions are combined into groups serving various industry segments, as follows:

a) The Performance Coatings & Finishes Group develops, manufactures and markets high-performance coatings and surfacer systems on a worldwide basis. These products are utilized for the preservation of structures, such as metallic and concrete facilities and equipment, to prevent degradation by corrosion, abrasion, marine fouling and other forms of chemical and physical attack. The primary markets served include marine, offshore, petrochemical, power generation, petroleum, chemical, steel, pulp and paper, railroad, bridge, mining, metal processing and original equipment manufacturing. These products are marketed by direct sales, as well as through manufacturers' representatives, distributors and licensees. Competition is based upon quality, price and service. Manufacture of these products is carried out in the Company's plant in Arkansas, by wholly-owned subsidiaries in the Netherlands, the United Kingdom, Australia and New Zealand, by a joint venture in Saudi Arabia and by various third-party licensees.

b) The Fiberglass-Composite Pipe Group develops, manufactures and markets filament-wound and molded fiberglass pipe and fittings. These products are used by a wide range of process industries, including industrial, petroleum, chemical processing and petrochemical industries, for service station piping systems, aboard marine vessels and offshore oil platforms, and are marketed as an alternative to metallic piping systems which ultimately fail under corrosive operating conditions. These products are marketed directly, as well as through manufacturers' representatives, distributors and licensees. Competition is based upon quality, price and service. Manufacture of these products is carried out in the Company's plant in Texas, by its wholly-owned domestic subsidiary, Centron International Inc. ("Centron"), at a plant in Texas, by wholly-owned subsidiaries in the Netherlands, Singapore, and Malaysia, by a joint venture in Saudi Arabia and by a third-party licensee.

c) The Water Transmission Group supplies products and services used in the construction of water pipelines. Five pipe manufacturing plants are located in Arizona and California. Also included within this group is American Pipe & Construction International, a wholly-owned subsidiary, with two plants in Colombia. These plants manufacture concrete cylinder pipe, prestressed concrete cylinder pipe, steel pipe and reinforced concrete pipe for water transmission, storm and industrial waste water and sewage collection. These products are marketed directly using the Company's own personnel and by competitive bidding. Customers include local, state and federal agencies, developers and general contractors. Normally no one customer or group of customers will account for sales equal to or greater than 10 percent of the Company's consolidated revenue. However, occasionally, when more than one unusually large project is in progress, combined sales to U.S., state or local government agencies and/or general contractors for those agencies can reach those proportions. Besides competing with several other welded steel pipe and concrete pipe manufacturers located in the market area, alternative products such as ductile iron, plastic, and clay pipe compete with the Company's concrete and steel pipe products, but ordinarily these other materials do not offer the full diameter range produced by the Company. Principal methods of competition are price, delivery schedule and service. The Company's technology is used in the Middle East through affiliated companies. This segment also includes the manufacturing and marketing, on a worldwide basis directly and through manufacturers' representatives, of polyvinyl chloride and polyethylene sheet lining for the protection of concrete pipe and cast-in-place concrete structures from the corrosive effects of sewer gases, acids and industrial chemicals. Competition is based upon quality, price and service. Manufacture of this product is carried out in the Company's plant in California. This segment also includes engineered design, fabrication and direct sale of specialized proprietary equipment which is outside the regular business of the Company's other business segments. Competition for such work is based upon quality, price and service.

d) The Infrastructure Products Group supplies ready-mix concrete, crushed and sized basaltic aggregates, dune sand, concrete pipe and box culverts, primarily to the construction industry in Hawaii, and manufactures and markets concrete and steel poles for highway, street and outdoor area lighting and for traffic signals nationwide. Ample raw materials are available locally in Hawaii. As to rock products, the Company has exclusive rights to quarries containing many years' reserves. There is only one major source of supply for cement in Hawaii. Within the market area there are competitors for each of the segment's products. No single competitor offers the full range of products sold by the Company in Hawaii. An appreciable portion of the segment's business is obtained through competitive bidding. Sales of poles are nationwide, but with a stronger concentration in the western U.S. Marketing is handled by the Company's own sales force and by outside sales agents for poles. Competition for such products is mainly based on price and quality, but with some consideration for service and delivery. Poles are manufactured in two plants in California, as well as in plants in Washington, Oklahoma and Alabama.

e) The Company has four partially-owned affiliated companies ("joint ventures"): Ameron Saudi Arabia, Ltd. ("ASAL"), Bondstrand, Ltd. ("BL"), Oasis-Ameron, Ltd. ("OAL") and TAMCO. ASAL, owned 30% by the Company, manufactures and sells concrete pressure pipe and provides steel pipe lining and coating services to customers in Saudi Arabia. BL, owned 40% by Ameron, manufactures and sells glass reinforced epoxy pipe and fittings in Saudi Arabia. OAL, 40% owned by the Company, sells protective and architectural coatings in Saudi Arabia. TAMCO, 50% owned by the Company, operates a steel mini-mill in California, used for the production of reinforcing bar sold into construction markets in the western U.S. ASAL is included under the Water Transmission Group segment. BL is in the Fiberglass-Composite Pipe Group, and OAL is in the Performance Coatings & Finishes Group. TAMCO is not included in the four operating groups.

The Company benefits from the payment of dividends and certain license fees from its joint ventures. Additionally, Ameron's consolidated operations sell product into Middle Eastern markets, primarily fiberglass pipe and coatings. While the joint ventures in Saudi Arabia and, to a limited extent, the Company's direct sales of products into the Middle East are subject to political and economic conditions throughout the Middle East, the Company's exposure is concentrated primarily in Saudi Arabia. Significant unrest in the Middle East or Saudi Arabia could have a material impact on the Company. Ameron's and its joint ventures' products have not been typically sold into Iraq. Therefore, unrest in Iraq has not had a material impact on the Company.

f) Except as individually shown in the above descriptions of industry segments, the following comments or situations apply to all segments:

(i) Because of the number of manufacturing locations and the variety of raw materials essential to the business, no critical situations exist with respect to supply of materials. The Company has multiple sources for raw materials. The effects of increases in costs of energy are being mitigated to the extent practical through conservation and through addition or substitution of equipment to manage the use and reduce consumption of energy.

(ii) The Company owns certain patents and trademarks, both U.S. and foreign, related to its products. The Company licenses its patents, trademarks, know-how and technical assistance to various of its subsidiary and affiliated companies and to various third-party licensees. It licenses these proprietary items to some extent in the U.S., and to a greater degree abroad. These patents, trademarks, and licenses do not constitute a material portion of the Company's total business. No franchises or concessions exist.

(iii) Many of the Company's products are used in connection with capital goods, water and sewage transmission and construction of capital facilities. Favorable or adverse effects on general sales volume and earnings can result from weather conditions. Normally, sales volume and earnings will be lowest in the first fiscal quarter. Seasonal effects typically accelerate or slow the business volume and normally do not bring about severe changes in full-year activity.

(iv) With respect to working capital items, the Company does not encounter any requirements which are not common to other companies engaged in similar industries. No unusual amounts of inventory are required to meet seasonal delivery requirements. All of the Company's industry segments turn their inventory between four and nine times annually. Average days' sales in accounts receivable range between 43 and 138 for all segments.

(v) The value of backlog orders at November 30, 2005 and 2004 by industry segment is shown below. A substantial portion of the November 30, 2005 backlog is expected to be billed and recorded as sales during 2006. The Fiberglass-Composite Pipe Group experienced a 50% increase in backlog due to the significant surge in oilfield activity. The Water Transmission Group's backlog declined 16% from the end of 2004. The backlog at the end of 2004 included a series of orders totaling approximately $76,000,000 for a major sewer upgrade program in Sacramento, California and an award for a major water distribution piping project in Southern California totaling

$25,000,000. The decline in backlog at the end of 2005 was the result of partially fulfilling these two large orders during 2005.

SEGMENT		2005		2004
		(in thousands)		
Performance Coatings & Finishes Group	**$**	**4,880**	$	6,209
Fiberglass-Composite Pipe Group		**43,240**		28,914
Water Transmission Group		**129,321**		154,747
Infrastructure Products Group		**30,222**		27,935
Total	**$**	**207,663**	$	217,805

(vi) There was no significant change in competitive conditions or the competitive position of the Company in the industries and localities in which it operates. There is no knowledge of any change in the competitive situation which would be material to an understanding of the business.

(vii) Sales contracts in all of the Company's business segments normally consist of purchase orders, which in some cases are issued pursuant to master purchase agreements. Contracts seldom involve commitments of more than one year by the Company. In those instances when the Company commits to sell products under longer-term contracts, the Company will typically contractually arrange to fix a portion of the associated costs. Payment is normally due from 30 to 60 days after shipment, with progress payments prior to shipment in some circumstances. It is the Company's practice to require letters of credit prior to shipment of foreign orders, subject to limited exceptions. The Company does not typically extend long-term credit to purchasers of its products.

(viii) A number of the Company's operations operate outside the U.S. and are affected by changes in foreign exchange rates. Sales, profits, assets and liabilities could be materially impacted by changes in foreign exchange rates. From time to time, the Company borrows in various currencies to reduce the level of net assets subject to changes in foreign exchange rates or purchases foreign exchange forward and option contracts to hedge firm commitments, such as receivables and payables, denominated in foreign currencies. The Company does not typically hedge anticipated sales or items subject to translation adjustments, such as intercompany transactions of a long-term investment nature.

(2) a) Approximate costs during each of the last three fiscal years for research and development were approximately $6,729,000 in 2005, $5,645,000 in 2004, and $5,653,000 in 2003. These costs, which are included in selling, general and administrative expenses, relate primarily to the development, design and testing of products, and are expensed as incurred.

b) The Company's business is not dependent on any single customer or few customers, the loss of any one or more of whom would have a material adverse effect on its business, except as described above.

c) For many years the Company has been consistently installing or improving devices to control or eliminate the discharge of pollutants into the environment. Accordingly, compliance with federal, state, and locally-enacted provisions relating to protection of the environment is not having, and is not expected to have, a material effect upon the Company's capital expenditures, earnings, or competitive position.

d) At year-end the Company and its consolidated subsidiaries employed approximately 3,000 persons. Of those, approximately 1,000 were covered by labor union contracts. One separate bargaining agreement remains subject to renegotiation in 2006.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES.

Export sales in the aggregate from U.S. operations during the last three fiscal years were:

		In thousands
2005	$	22,858
2004		20,824
2003		25,095

Financial information about foreign and domestic operations may be found in Notes (1), (5), and (17) of the Notes to Consolidated Financial Statements, under Part II, Item 8.

(e) AVAILABLE INFORMATION

(1) The Company's Internet address is www.ameron.com

(2) The Company makes available free of charge through its Internet website, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission (the "Commission").

ITEM 2 - PROPERTIES

(a) The location and general character of principal plants and other materially important physical properties used in the Company's operations are tabulated below. Property is owned in fee simple except where otherwise indicated by footnote. In addition to the property shown, the Company owns vacant land adjacent to or in the proximity of some of its operating locations and holds this property available for use when it may be needed to accommodate expanded or new operations. Properties listed do not include any temporary project sites which are generally leased for the duration of the respective projects or leased or owned warehouses that could be easily replaced. With the exception of the Kailua, Oahu property, shown under the Infrastructure Products Group industry segment, there are no material leases with respect to which expiration or inability to renew would have any material adverse effect on the Company's operations. The lease term on the Kailua property extends to the year 2052. Kailua is the principal source of quarried rock and aggregates for the Company's operations on Oahu, Hawaii; and, in management's opinion, rock reserves are adequate for its requirements during the term of the lease.

(b) The Company believes that its existing facilities are adequate for current and presently foreseeable operations. Because of the cyclical nature of certain of the Company's operations, and the substantial amounts involved in some individual orders, the level of utilization of particular facilities may vary significantly from time to time in the normal course of operations.

INDUSTRY SEGMENT - GROUP

Division - Location	Description
PERFORMANCE COATINGS & FINISHES GROUP	
Coatings Division - USA	
Alpharetta, GA	*Office
Brea, CA	Office, Laboratory, Warehouse
Little Rock, AR	Office, Plant
Houston, TX	Warehouse
Ameron B.V.	
Geldermalsen, the Netherlands	Office, Plant
Huthwaite, UK	Office, Plant
Ameron (UK) Limited	
Hull, UK	Office, Plant
Ameron (Australia) Pty. Limited	
Sydney, Australia	Office, Plant
Adelaide, Australia	Plant
Ameron (New Zealand) Limited	
Auckland, New Zealand	Office, Plant
FIBERGLASS-COMPOSITE PIPE GROUP	
Fiberglass Pipe Division - USA	
Houston, TX	*Office
Burkburnett, TX	Office, Plant
Centron International, Inc.	
Mineral Wells, TX	Office, Plant
Ameron B.V.	
Geldermalsen, the Netherlands	Office, Plant
Ameron (Pte) Ltd.	
Singapore	*Office, Plant
Ameron Malaysia Sdn. Bhd.	
Malaysia	*Office, Plant
WATER TRANSMISSION GROUP	
Rancho Cucamonga, CA	*Office
Etiwanda, CA	Office, Plant
Fontana, CA	Office, Plant
Lakeside, CA	Office, Plant
Phoenix, AZ	Office, Plant
Tracy, CA	Office, Plant
Protective Linings Division	
Brea, CA	Office, Plant
American Pipe & Construction International	
Bogota, Colombia	Office, Plant
Cali, Colombia	Office, Plant
INFRASTRUCTURE PRODUCTS GROUP	

Hawaii Division	
Honolulu, Oahu, HI	*Office, Plant
Kailua, Oahu, HI	*Plant, Quarry
Barbers Point, Oahu, HI	Office, Plant
Puunene, Maui, HI	*Office, Plant, Quarry
Pole Products Division	
Ventura, CA	*Office
Fillmore, CA	Office, Plant
Oakland, CA	*Plant
Everett, WA	*Office, Plant
Tulsa, OK	*Office, Plant
Anniston, AL	*Office, Plant
CORPORATE	
Corporate Headquarters	
Pasadena, CA	*Office
Corporate Research & Engineering	
Long Beach, CA	*Office
South Gate, CA	Office, Laboratory

*Leased

ITEM 3 - LEGAL PROCEEDINGS

The Company is one of numerous defendants in various asbestos-related personal injury lawsuits. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposure to products previously manufactured by the Company and others, and at this time the Company is generally not aware of the extent of injuries allegedly suffered by the individuals or the facts supporting the claim that injuries were caused by the Company's products. Based upon the information available to it at this time, the Company is not in a position to evaluate its potential exposure, if any, as a result of such claims or future similar claims, if any, that may be filed. Hence, no amounts have been accrued for loss contingencies related to these lawsuits in accordance with Statements of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies." The Company continues to vigorously defend all such lawsuits. As of November 30, 2005, the Company was a defendant in asbestos-related cases involving 8,906 claimants, compared to 18,298 claimants as of November 30, 2004. The Company is not in a position to estimate the number of additional claims that may be filed against it in the future. For the fiscal year ended November 30, 2005, there were new claims involving 72 claimants, dismissals and/or settlements involving 9,464 claimants and no judgments. No net costs and expenses were incurred by the Company for the fiscal year ended November 30, 2005 in connection with asbestos-related claims.

The Company is one of numerous defendants in various silica-related personal injury lawsuits. These cases generally seek unspecified damages for silica-related diseases based on alleged exposure to products previously manufactured by the Company and others, and at this time the Company is not aware of the extent of injuries allegedly suffered by the individuals or the facts supporting the claim that injuries were caused by the Company's products. Based upon the information available to it at this time, the Company is not in a position to evaluate its potential exposure, if any, as a result of such claims or future similar claims, if any, that may be filed. Hence, no amounts have been accrued for loss contingencies related to these lawsuits in accordance with SFAS No. 5. The Company continues to vigorously defend all such lawsuits. As of November 30, 2005, the Company was a defendant in silica-related cases involving 7,447 claimants, compared to 8,226 claimants as of November 30, 2004. The Company is not in a position to estimate the number of additional claims that may be filed against it in the future. For the fiscal year ended November 30, 2005, there were new claims involving 1,187 claimants, dismissals and/or settlements involving 1,966 claimants and no judgments. Net costs and expenses incurred by the Company for the fiscal year ended November 30, 2005 in connection with silica-related claims were approximately $.4 million.

In May 2003, Dominion Exploration and Production, Inc. and Pioneer Natural Resources USA, Inc. (collectively "Dominion") brought an action against the Company in Civil District Court for the Parish of Orleans, Louisiana as owners of an offshore production facility known as a SPAR constructed for Dominion by J. Ray McDermott, Inc. and certain of its affiliates (collectively "McDermott"). Dominion seeks damages allegedly sustained by it resulting from delays in McDermott's delivery of the SPAR caused by the removal and replacement of certain coatings containing lead and/or lead chromate for which McDermott alleged the Company was responsible. Dominion contends that the Company made certain misrepresentations and warranties to Dominion concerning the lead-free nature of those coatings. Dominion's petition as filed alleged a claim for damages in an unspecified amount; however, Dominion's economic expert has since estimated Dominion's damages at approximately $128 million, a figure which the Company contests. This matter is in discovery and no trial date has yet been established. The Company believes that it has meritorious defenses to this action. Based upon the information available to it at this time, the Company is not in a position to evaluate the ultimate outcome of this matter.

In April 2004, Sable Offshore Energy Inc. ("Sable"), as agent for certain owners of the Sable Offshore Energy Project, brought an action against various coatings suppliers and application contractors, including the Company and two of its subsidiaries, Ameron (UK) Limited and Ameron B.V. (collectively "Ameron Subsidiaries") in the Supreme Court of Nova Scotia, Canada. Sable seeks damages allegedly sustained by it resulting from performance problems with several coating systems used on the Sable Offshore Energy Project, including coatings products furnished by the Company and the Ameron Subsidiaries. Sable's originating notice and statement of claim alleged a claim for damages in an unspecified amount; however, Sable has since alleged that its claim for damages against all defendants is approximately 428 million Canadian dollars, a figure which the Company and the Ameron Subsidiaries contest. This matter is in discovery, and no trial date has yet been established. The Company believes that it has meritorious defenses to this action. Based upon the information available to it at this time, the Company is not in a position to evaluate the ultimate outcome of this matter.

In addition, certain other claims, suits and complaints that arise in the ordinary course of business, have been filed or are pending against the Company. Management believes that these matters are either adequately reserved, covered by insurance, or would not have a material effect on the Company's financial position, cash flows, or its results of operations if disposed of unfavorably.

The Company is subject to federal, state and local laws and regulations concerning the environment and is currently participating in administrative proceedings at several sites under these laws. While the Company finds it difficult to estimate with any certainty the total cost of remediation at the several sites, on the basis of currently available information and reserves provided, the Company believes that the outcome of such environmental regulatory proceedings will not have a material effect on the Company's financial position, cash flows, or its results of operations.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter submitted to a vote of security holders during the fourth quarter of 2005.

Executive Officers of the Registrant

The following sets forth information with respect to individuals who served as executive officers as of November 30, 2005 and who are not directors of the Company. All executive officers are appointed by the Board of Directors to serve at the discretion of the Board of Directors.

Name	Age	Title and Year Elected as Officer

Ralph S. Friedrich	58	Vice President-Research & Engineering	2003
Thomas P. Giese	61	Vice President; Group President, Water Transmission Group	1997
James R. McLaughlin	58	Senior Vice President-Chief Financial Officer & Treasurer	1997
Terrence P. O'Shea	59	Vice President-Human Resources	2003
William M. Smith	50	Senior Vice President, Operations; Group President, Infrastructure Products Group	2004
Javier Solis	59	Senior Vice President of Administration, Secretary & General Counsel	1984
Gary Wagner	54	Executive Vice President & Chief Operating Officer	1990

All of the executive officers named above have held high-level managerial or executive positions with the Company for more than the past five years.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock, $2.50 par value, of the Company, its only outstanding class of common equity, is traded on the New York Stock Exchange, the only exchange on which it is presently listed. On February 1, 2006, there were 1,095 stockholders of record of such stock. Information regarding incentive stock compensation plans may be found in Note (12) of the Notes to Consolidated Financial Statements, under Part II, Item 8.

Dividends have been paid each quarter during the prior two years. Information as to the amount of dividends paid during the reporting period and the high and low prices of the Company's common stock during such period are set out in Supplementary Data - Quarterly Financial Data (Unaudited) following the Notes to Consolidated Financial Statements, under Part II, Item 8.

Terms of lending agreements which place restrictions on cash dividends are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7, herein, and Note (10) of the Notes to Consolidated Financial Statements, under Part II, Item 8.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit	(c) Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased under the Plans or Programs**
8/29/05 thru 9/25/05	-	N/A	-	40,774
9/26/05 thru 10/30/05	-	N/A	-	40,774
10/31/05 thru 11/30/05	-	N/A	-	40,774

**Shares may be repurchased by the Company to pay taxes applicable to the vesting of restricted stock. The number of shares does not include shares which may be repurchased to pay social security taxes applicable to the vesting of such restricted stock.

ITEM 6 - SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(Dollars in thousands, except per share data)	Year ended November 30, 2005	2004	2003	2002	2001
PER COMMON SHARE DATA (1)					
Net income - basic	**$ 3.88**	$ 1.63	$ 3.77	$ 3.61	$ 3.58
Net income - diluted	**3.80**	1.59	3.67	3.49	3.45
Dividends	**.80**	.80	.76	.64	.64
Weighted-average shares (basic)	**8,410,563**	8,270,487	7,925,229	7,772,032	7,742,690
Weighted-average shares (diluted)	**8,579,194**	8,448,987	8,149,460	8,052,164	8,048,588
Stock price - high	**46.61**	40.05	35.53	38.74	38.94
Stock price - low	**31.76**	28.60	24.89	22.26	17.03
Price/earnings ratio (range)	**12-8**	25-18	10-7	11-6	11-5
OPERATING RESULTS			&nbs		