

RVI Corporation

You can't see forever from the 29th floor of Mies van der Rohe's One IBM Plaza Building—even on a clear day. But you can see to the lake's horizon. Jets cross overhead to and from O'Hare Field and smaller planes and helicopters disappear behind the buildings heading for Meigs Field. You can see the harbor and the breakwaters, the yacht basins and the locks on the brown wrong way river with the bascule bridges carrying the north-south streets. Cars, buses, trucks and elevated trains scurry below. Foreign ships are tied up at the river warehouses attended by locomotives and strings of freight cars.

The passenger trains are six blocks to your rear or this window would unfold all of the requirements for an updated WPA post office mural titled "The Romance of Commerce and Transportation."

The world's only double-decked and counterweighted bridge carries thousands of designers, photographers, artists, copywriters and art directors back and forth across the river on Michigan Avenue. Agencies, studios and design offices are stacked by the hundreds in the steel curtain wall towers and the funky neoclassic "skyscrapers."

Chicago's pride in its lakefront beaches, parks and buildings is no mere vanity. No matter that this long, narrow strip is a Chinese wall separating the "loop" and the "gold coast" from an immense reality of sprawling housing and industry crumble—the view here is grand and only interrupted by high architectural achievement. This is the locus of Chicago's communications industry.

For years, the Michigan Avenue area provided a happy compromise between the fiercely competitive New York scene and the sunny, laid-back but

labor saturated west coast. A little flatfooted perhaps, hard to get rich and famous here, and impossible to keep a year-round tan—but friendly and open, the best starting salary levels anywhere and, traditionally, a very good freelance town with a fair number of medium to large sized graphic design offices doing high quality work.

In the seventies, many of these offices have closed, broken up or withered. Chicago probably has more designers working today than ever before, however many of the bigger offices—the flagships and the trainers of young designers—have suffered. Nevertheless one of the oldest, and always one of the best, not only survives but through all of the changes of 20 years in the business and the economy, is doing very well here on the 29th floor.

Bob Vogele started Robert Vogele Design in 1958. After graduating from the University of Illinois, he worked at the University Press and then came to Chicago in 1955 to be manager of graphics, packaging and corporate I.D. for Latham, Tyler, Jensen. When he left LTJ to be "A Corporate Identity Consultant," his intention was to handle a few selected accounts, with no employees, from his home—and to take a week off every month. His clients were amused by this, as I was when he told me. It doesn't fit my perception of him. I have always seen Bob as a high energy, disciplined, ambitious and business oriented type.

Over the years as his operation was evolving into its present form, Vogele, first with Chad Taylor and later with Wayne Webb (who joined in 1966 and is now President of RVI), consistently experimented with his organization's structure in ways that sometimes puzzled his peers. But these innovations were always done with a clear goal in mind: to put his design services



in a position where they would be viewed by business management as legitimate tools to assist growth and increase profits.

In 1960 Vogele headed a "communications clinic"—a consortium of three organizations; Vogele and Taylor, Inc.; Robert Kennedy Associates; and Brad Sebstadt, Inc. providing design, packaging and advertising services either as discreet entities or in combination. The idea being that the individual groups developed their own clients, gained motivation from the autonomy of the smaller profit centers, and their clients carried the overhead only for the specific services wanted. This plan worked very well until Taylor left to teach at the Institute of Design and other developments within the groups dictated combining them under a single management. The new organization was named Robert Vogele, Inc. in 1967 with Bob as Chairman and Chief Executive Officer.

Thus began a period when Vogele seemed to some to be a designer playing 'Big Corporation' as a fresh litter of divisions were spawned: RVI Public Relations, RVI Marketing Communications, RVI Publishing, RVI Financial Management, etc. At one time there were five group presidents in a total staff approaching forty. This was a bit rococo even for Bob's notable management skills and some of the specific efforts were not sufficiently productive.

1970 brought a general business recession along with client management changes that saw the end of the long relationships with The Ansul Company and SRA and another re-grouping of the design organization. The single entity, RVI Corporation, emerged in 1971 and continues today.

Bob is extremely articulate and his comments provide a clear picture of

the approach that has guided the firm through the rocks and shoals of the volatile design consulting business. Ansul was the largest among his original accounts. The Ansul program had been originally designed by the Chicago Loewy office and was a tightly controlled, comprehensive corporate I.D. program; but that was as far as it went.

"I maintained that given a communication objective we could develop and implement that objective in a form that would meet all of the marketing and design goals within a high level of creative excellence. I felt that it was critical that Ansul have a totally integrated program and that we were an organization that could approach communication problems from an unprejudiced point of view. We weren't dependent on media commissions. Tell us what you want to happen, and

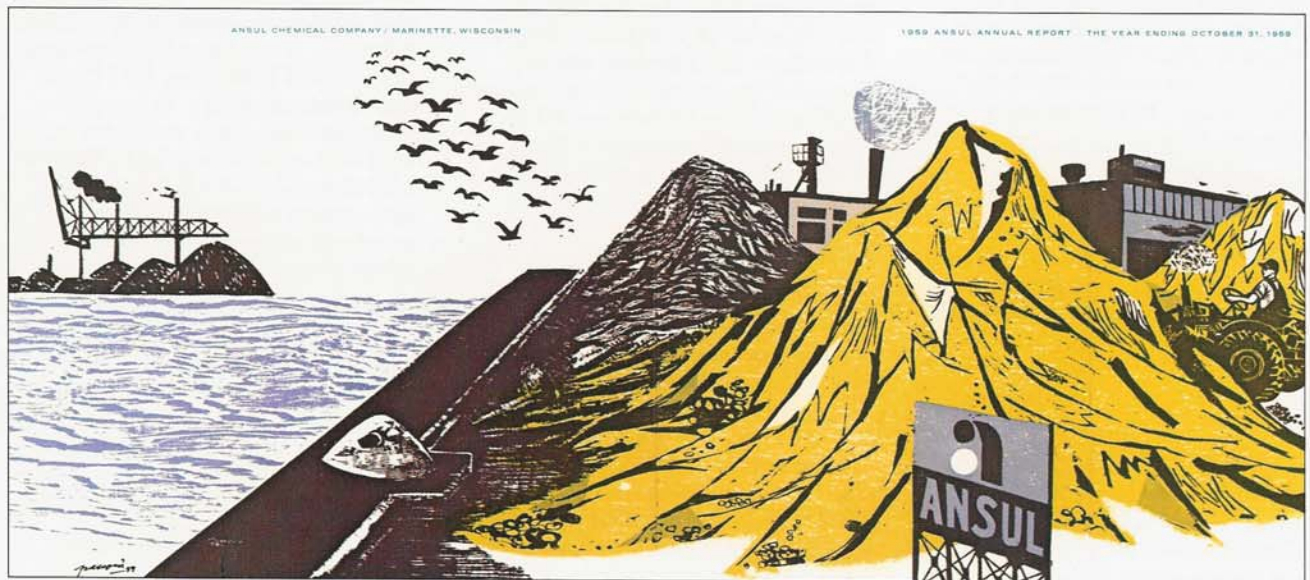
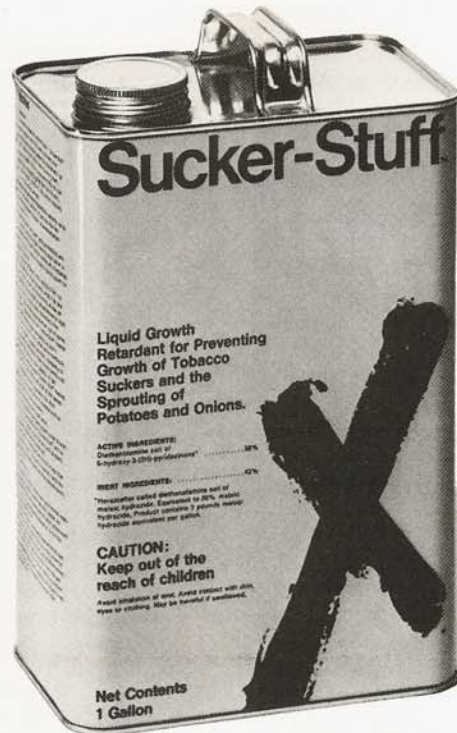
Ansul 'Sucker-Stuff' ad was part of an early Vogele marketing success.

Annual Reports for Ansul featured many noted artists and photographers. Shown here are an Antonio Frasconi woodcut (1959), a Milton Glaser illustration (1966) and a Robert Weaver painting (1967). Fifty-nine report designed by Robert Vogele. Sixty-six and sixty-seven reports designed by Wayne Webb.

Don't give those suckers a break.

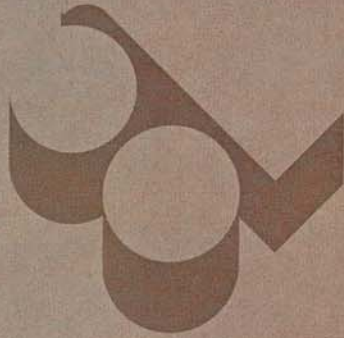
Every acre of tobacco has about 200,000 suckers. That's 200,000 reasons you ought to use "Sucker-Stuff." Just spray it on once. "Sucker-Stuff" has a quicker sticker. This makes it faster and better. Which is reason two hundred thousand and one.

SUCKER-STUFF with the Quicker Sticker



The Ansul
Company

1966
Annual
Report



1967 Operations, continued



Chemicals—Emphasis in our Chemical Products division is on developing "proprietary biological chemical technology for agricultural and industrial needs." In 1967 the division was engaged, just as was the Fire Protection division, in restructuring its organization to separate ongoing operations from development activities geared to the future.

With increasing attention to products of a more technical nature, our need for highly trained technical personnel has increased rapidly. Certainly among our most important achievements in 1967 has been a successful recruiting program in which we added a number of exceptionally well qualified people.

Government business was an important factor in our 1967 sales results. Our cacodylic acid plant was in full production during most of the year, meeting the needs of U.S. military forces in Viet Nam for "Phytar" herbicides. Although we expect to continue supplying the government, the long-range prospects for the product lie in its industrial and commercial applications. "Phytar" our trade name for cacodylic acid is a proprietary product—and our strong patent position insures that as new markets are opened up, we will realize substantial rewards. The product is a non-selective herbicide, or weed control chemical, and is highly effective in eliminating vegetation along highways, railroad rights-of-way and in industrial and commercial sites. One of its most promising immediate uses is in the railroad market, and during the past year considerable effort was devoted to the development of this market.

The situation is somewhat different in regard to our "Ansar" line of selective herbicides. "Ansar" is Ansul's trade name for disodium methanearsonate (DSMA); and the product is used for the control of weeds in crops. For several years, "Ansar" has been a highly successful product in the cotton market. However, because DSMA is in the nature of a commodity and a product where Ansul enjoys no proprietary patent position, there was some price deterioration in the cotton market during 1967. Despite this, sales results for the year were satisfactory.

In October of 1967 Ansul was granted a "use patent" on DSMA for control of weeds in cotton. This means that the company is entitled to a royalty from other manufacturers who sell their DSMA in the cotton market. Although there are delays and uncertainties inherent in working out licensing agreements, the benefits of this patent to Ansul are expected to be meaningful.

The immediate future of "Ansar" as a profitable product in the cotton market is uncertain, but the long-range prospects appear to be good. There is every indication that it can be effectively employed to control weeds in a variety of crops—soybeans, vineyards, orchards, corn and many others. Before the product can be sold in these markets, however, government label approval is required; and the testing involved is a long, time-consuming process.

Among the most promising development activities during the year has been our work in the international markets. There is evidence that our herbicides will find wide application in such areas as Central America and Malaysia.

While primary emphasis was placed on development of our agricultural herbicides in 1967, the continuing development of markets for our industrial chemicals proceeded exceptionally well. Sales of methyl chloride were excellent during this past year. Our Ancon Chemical Corp. plant in Lake Charles, La., which was built in 1961 (as a joint venture with Continental Oil), has been expanded each year since. We are currently increasing its capacity to 100 million pounds per year, which we believe makes it the largest methyl chloride plant in the world.

Sales of sulfur dioxide, our other bulk chemical, continue to be excellent.



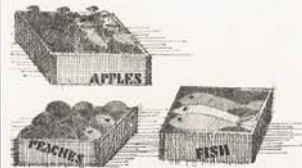
YOU DON'T STOP TO WEIGH AN EXTINGUISHER WHEN THE PLANT IS BURNING... YET SOME PEOPLE ARE STILL BUYING FIRE PROTECTION BY THE POUND—LIKE THEY BUY SUGAR OR SALT. THE FACT IS THAT SIZE, SHAPE, WEIGHT—EVEN RATINGS—ARE NO REAL MEASURE OF **FKP**—FIRE KILLING POWER. ANSUL EXTINGUISHERS WITH EXCITING NEW EXTINGUISHING AGENTS, IMAGINATIVE NEW DESIGNS... PUT OUT A GOOD DEAL MORE FIRE POUND FOR POUND AND DOLLAR FOR DOLLAR. **ANSUL**

ANSUL SYSTEMS COMPANY, WILMINGTON, DELAWARE 197100. THE ONLY REAL MEASURE OF VALUE, ANSUL'S ANSUL SYSTEM.



SPORTS CAR PERFORMANCE IS BUILT INTO EVERY ANSUL FIRE EXTINGUISHER. THEY'RE LIGHTER, FASTER AND THEY PERFORM BETTER... BUT UNLIKE MOST SPORTS CARS, THEY COST NO MORE! EXCITING NEW ANSUL EXTINGUISHING AGENTS AND IMAGINATIVE NEW DESIGNS MEAN MORE **FKP**—FIRE KILLING POWER. FOR EXAMPLE, SOME ANSUL EXTINGUISHERS WILL PUT OUT ALMOST TWICE THE FIRE AS OTHER EXTINGUISHERS SIMILAR IN WEIGHT, SIZE, SHAPE AND PRICE. **ANSUL**

ANSUL SYSTEMS COMPANY, WILMINGTON, DELAWARE 197100. THE ONLY REAL MEASURE OF VALUE, ANSUL'S ANSUL SYSTEM.



MYTH! SOME PEOPLE BELIEVE YOU CAN BUY FIRE PROTECTION BY THE POUND—LIKE APPLES, PEACHES & FISH. THE FACT IS THAT SOME DRY CHEMICAL FIRE EXTINGUISHERS WILL PUT OUT ALMOST TWICE AS MUCH FIRE AS OTHERS... EVEN THOUGH THEY'RE SIMILAR IN SIZE, SHAPE, WEIGHT, PRICE—EVEN RATINGS. THE DIFFERENCE IS IN THE FIRE EXTINGUISHING AGENT AND IN THE DESIGN. WHEN YOU JUDGE AN EXTINGUISHER ON THE BASIS OF **FKP**—FIRE KILLING POWER... WHEN YOU ASK "HOW MUCH FIRE WILL IT EXTINGUISH PER DOLLAR?" THE ANSWER WILL INVARIABLY COME UP **ANSUL**

ANSUL SYSTEMS COMPANY, WILMINGTON, DELAWARE 197100. THE ONLY REAL MEASURE OF VALUE, ANSUL'S ANSUL SYSTEM.

Time Capsule



For more information on the new Ansul Magnum fire extinguisher, contact your local fire department or Ansul Systems Company, Wilmington, Delaware 197100. The only real measure of value, Ansul's Ansul System.

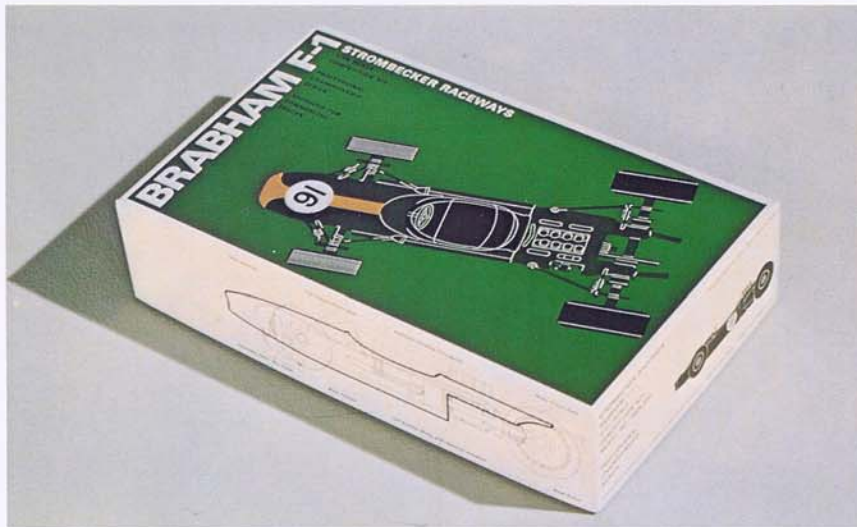


Safely stop small fires... with Ansul's MERRIMAC



For more information on the new Ansul Merrimac fire extinguisher, contact your local fire department or Ansul Systems Company, Wilmington, Delaware 197100. The only real measure of value, Ansul's Ansul System.





to whom, and we'll write a plan. We also insisted—and still do—on validating the client's assumptions. We rarely will accept a project that doesn't include a Phase I study/plan stage—what's needed? what's the competition doing? how's the product used? whatever we need to know to make sure it will work.

"I became very involved in how you make it work. How to start with a group of high-powered executives who sit around and decide something should happen. How do you make it happen? How do you make sure it comes out right at the other end?"

Soon they were naming new products, doing the packaging and handling the print, radio and T.V. advertising and planning, writing and designing all of the collateral materials and sales tools for Ansul, and for other clients as well.

"We got into the whole area of bridging between a consulting design firm and an ad agency. We found we could make a very strong contribution at the marketing level. With Ansul's 'Sucker Stuff' we went out and talked to the farmers in the tobacco fields to find out what they needed, what they were really looking for in order to have meaningful information to buy the product. We played down the corporate I.D. and gave the product a very strong retail marketing image because of regional attitudes. Farmers actually asked for "brand X." It was very successful.

Chad Taylor, then a Vogeles partner, designed and illustrated Ansul materials such as these three ads for extinguisher equipment.

Ad and merchandising brochure for hand held fire extinguishers.

Program for Ansul 'Magnum' crash-rescue system designed by Wayne Webb.

Program for Ansul industrial fire fighting system.

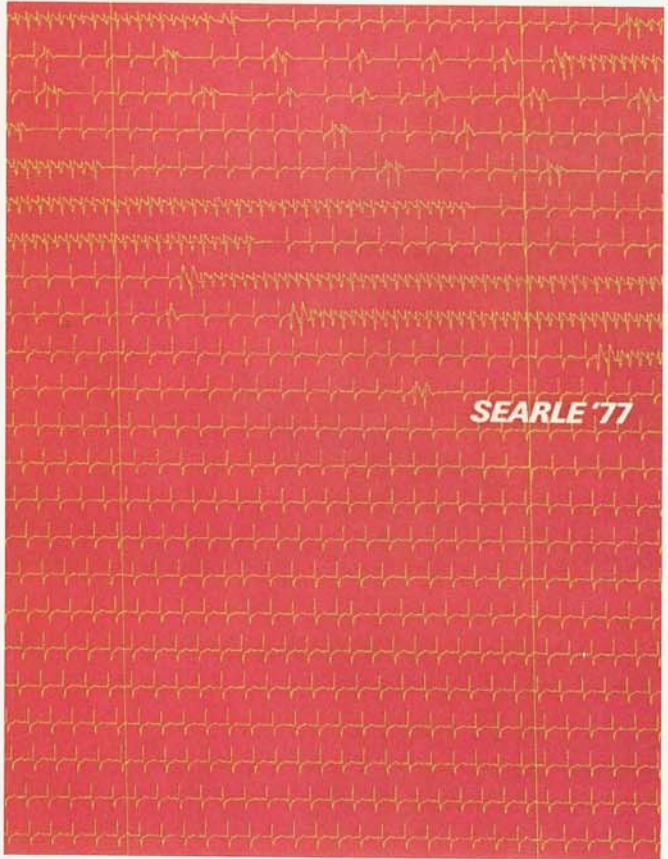
Retail model car packaging for Strombecker was designed in mid-sixties.

Co-ordinated materials for teaching program were done for Borg-Warner Corp.

New Searle signature by Bart Crosby is part of a comprehensive I.D. program.

Searle 1977 Annual Report was designed by Bart Crosby. Photos are by Wayne Source.

Booklet was 1968 office promotion for corporate identity and visual communications.



SEARLE

14 Hospital Products Group

Urological products are one of the major lines of the hospital products group. A technician, below, runs a quality control test on a silicone catheter at the company's Milwaukee, Wisconsin facilities.

15

Urological products such as latex and silicone catheters, procedural trays and drainage bags are a major line of the hospital products group.

Frederick M. Belmont
President,
Hospital Products Group

Total Sales
(then continuing operations)
Dollars in millions

Year	1973	1974	1975	1976	1977
Sales	135	140	145	150	155

Operating Profit
(then continuing operations)
Dollars in millions

Year	1973	1974	1975	1976	1977
Profit	10	11	12	13	14

Operations in the United States remain the nucleus of Searle's hospital products group. Divestitures will result in greater compatibility of products marketed in Europe with products made and distributed in the United States. Efforts of the group now are focused on consumable products for hospitals and nursing homes such as disposable and reusable garments and surgical packs, latex gloves and urological products. Sales for the group were up 11 percent to \$214.5 million and operating profit reached \$14 million, up 25 percent. Research for the hospital products group is being expanded, with emphasis on developing higher technology products, especially within the urological products line.

Domestic
Searle's hospital products operation is one of the largest manufacturers and distributors of hospital products in the nation. The group markets self-manufactured goods under its own brand names and distributes private label and nationally branded products manufactured by others. Products manufactured by Searle-owned operations account for about 64 percent of sales and include urology products, latex gloves, reusable and disposable hospital garments and non-woven disposable surgical packs. The plants that manufacture latex gloves also produce prophylactics which are marketed worldwide through various consumer outlets.

Primary brand names for the company's hospital products include the Dover urology line and White Knight hospital garments.

Disposable non-woven products such as surgeons and nurses gowns, surgical drapes, face masks, caps and shoe covers accounted for a significant share of hospital product sales in the United States. This line of products experienced a 15 percent increase in sales over 1976. A new plant is near completion in Fort Worth, Texas to consolidate the manufacturing activities of a unit acquired in 1976 and to meet the increasing demand for this subsidiary's non-woven products. Many hospitals prefer disposable items to reduce laundry, mending and sterilizing services.

The second largest product line is now made up of urological products such as catheters, drainage bags and procedural trays. During 1977 urological products experienced an 83 percent increase in sales and a significant improvement in market share and operating profit. The company is completing a 40,000 square-foot facility in Tucson, Arizona to manufacture silicone

HELL WHO ?



“From the beginning we were prepared to provide total communications planning.

“Over the years Ansul found that what we did was very helpful. They were very visible and market directed and we helped them stay at the top of the industry, to dominate narrow market segments, and get better prices and show better profits.”



Have you ever wondered what part the Swastika played in the tragic success of the rise of such a destructive political force? It's easy to see why it was the better symbol.

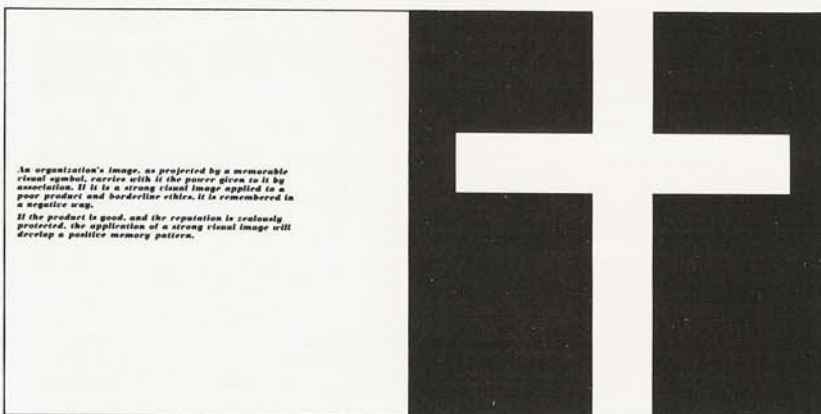
In 1972 RVI was contacted by IBM to do some design and advertising as part of an effort to rent space in the large new IBM office building being constructed on the river. IBM was only going to occupy half of the available space. The office market was overbuilt in Chicago and some experts projected a rental program stretching well into the eighties rather than the full lease-up goal of April, 1974 that had been set by IBM's real estate group.

“We told them it wasn't an ad problem, it was a marketing problem. It was the coming together of everything we said we were capable of as an organization and it would mean a direct evaluation of our success or failure—spend X amount of money, we'll do such and such, and these things will happen within this time frame.



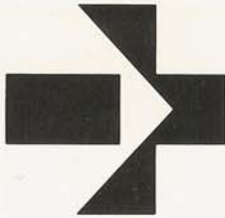
*"All advertising, whether it lies in the field of business or politics, will carry success by continuity and regular uniformity of application."
A contemporary business leader didn't say this. Adolf said it. And he practiced it. The problem was with his product.*

“We presented a total marketing program with a budget of \$750,000 (over 8 times what IBM was originally going to spend with Vogele) and it was based on ‘bottom line’ profits for IBM. It meant going out into a market with not enough prospects and churning that market. Turning disinterested people into interested prospects. We trained sales people who'd never sold real estate. We trained them to go back and back again. Not to take ‘No’ for an answer. The project was closed three months ahead of schedule. And then we designed a tenant oriented “We Care” management program. One of the small but nice touches that's still being done is sending a bag of candy with the rent bill.”



*An organization's image, as projected by a memorable visual symbol, carries with it the power given to it by association. If it is a strong visual image applied to a poor product and headline titles, it is remembered in a negative way.
If the product is good, and the reputation is zealously protected, the application of a strong visual image will develop a positive memory pattern.*

These remarks are focused on only two of many corporate level and product marketing level programs that have been successfully handled by Vogele over the years, but they clearly express the attention to the client's problems



that has been responsible for the consistency of effort and performance that is RVI's hallmark.

In spite of the inevitable personnel changes over the years, the Vogele group has always delivered a strong and consistent creative performance. Vogele says he "looks for people who would be capable of running their own businesses." He pays his staff well, gives them real authority to go along with the demanding job management responsibilities and has always given his designers due credit. By meeting the individual's professional needs, he has built an ongoing office capability that transcends and outlasts the individual efforts within the group.

Vogele believes that corporate identity is still the major activity for RVI's growth. The climate may have changed, but the new breed of professional managers seems to understand that unified communications planning and implementation will be a critical management tool for the '80s. Right or wrong, this is where RVI continues to place its emphasis.

The continuing development of Vogele's organization over the past 20 years would seem to suggest that there may be changes to come. If they come, they will surely be the product of the principles that have been the foundation for the changes in the past: Client and marketing centered operations, sound financial planning, resilience in response to changing economic and business conditions, good pay and employee benefits, and the maintenance of high design standards—the same principles that have seen the Vogele organization, now staffed at 25 and growing, continue to be the premier tenured design office in Chicago at a period when some of the other major offices there have foundered. With two new major I.D. programs in the works as well as a heavy load of ongoing work for an impressive roster of regular accounts, the view from the RVI offices on the 29th floor looks promising.

—Larry Klein

Gould Inc. mark by Peter Tuebner is from extensive ongoing program begun in 1967 which includes signage and current packaging shown here.

Corporate exhibit for Gould was designed by Robert Vogele.

Gould 1977 Annual Report was designed by Bill McDowell with photography by Michael Mauney.





Gould Inc.
Annual Report 1977

GOULD

Chairman's Report to Stockholders

Sales by Business Group

This past year was especially rewarding for Gould. Our management team completed its first full year since our merger with 1-5 Ingersoll Corporation. The Company achieved record sales of \$1.6 billion and net earnings of \$95.5 million. Earnings per share rose 16 percent to \$3.72, from \$3.21 in 1976. After-tax margins increased 5.8 percent, from the previous year's 14.4 percent.

This performance was the result of an increase in demand for electrical equipment, a growing demand for Gould batteries and excellent market acceptance of our new products. Major contributors to these results in the electrical area were low- and medium-voltage equipment, medical transformers, copper foil and insulators. In batteries, the Gould Maintenance Free automotive and Champion heavy-duty sealed batteries increased their original equipment and replacement market penetration. Industrial products sales benefited from increased demand by original equipment manufacturers of automotive, farm and other heavy-duty equipment.

By increasing annual research and development expenditures every year since 1969, Gould has been able to generate a steady flow of new and improved products which will continue to contribute a greater portion of total sales in years to come. Our aggressive product development efforts have in large part been responsible for the improvement in our gross profit margins, from 6.4 percent in 1967 to 19.7 percent in 1977.

Dividend Increases
During the 12-month period ended December 31, 1977, the dividend on Gould Common Stock was increased 36 percent to an annual rate of \$1.36. In January 1977, the Board of Directors voted to increase the quarterly dividend from \$1.25 to \$1.26 per share payable March 10th, and in July raised it to \$1.34 per share payable September 15th. It is the sixth consecutive year that the Common Stock dividend has been raised, with four increases in 19 months. As profit margins increase, the Company plans to increase the percentage of dividend payout relative to earnings.

During 1977, our total debt to capitalization ratio improved, declining from 33 percent at the beginning of 1977 to 29 percent at year end.

Acquisitions and Divestitures
On June 23, Gould completed its previously announced merger with HydroSystems, Inc., Mansfield, New York, and Malcom Corporation, Andover, Massachusetts. Both transactions involved an exchange of stock with Gould.

Net Sales
For the year ending December 31

Year	1973	1974	1975	1976	1977
Net Sales	1,000	1,100	1,200	1,300	1,600

Net Earnings
For the year ending December 31

Year	1973	1974	1975	1976	1977
Net Earnings	60	70	80	90	95.5

Return on Sales
For the year ending December 31

Year	1973	1974	1975	1976	1977
Return on Sales	6.0%	6.4%	6.7%	7.0%	6.0%

Net Earnings in a Percent of Sales

Year	1973	1974	1975	1976	1977
Net Earnings in a Percent of Sales	6.0%	6.4%	6.7%	7.0%	6.0%

issuing a total of 726,626 shares. HydroSystems manufactures training and simulation equipment for the armed services. Malcom designs and manufactures programmable controllers used to automatically control the operation of a variety of industrial machinery and process equipment.

R. B. Denison, a privately held manufacturer of industrial line switches and sensors, headquartered in Bedford, Ohio, was acquired in May for stock.

On January 31, 1977, the acquisition of Hoffman Electronics Corporation was completed, following approval by Hoffman shareholders. Under terms of the agreement, 2.28 shares of Gould Common Stock were issued for each of Hoffman's 746,849 common shares outstanding. Hoffman Electronics, an El Monte, California based manufacturer of avionics systems and avionics educational equipment, had sales of approximately \$53 million in 1977.

In February 1976, the merger of Bio-Mation Corporation of Santa Clara, California, was approved by the Bio-Mation shareholders. Under the terms of the agreement, 0.72 shares of Gould Common Stock were issued for each of Bio-Mation's 824,324 common shares. Bio-Mation manufactures waveform recorders and digital logic analyzers used in computer systems maintenance.

In 1977, Gould Financial Inc., a wholly-owned subsidiary, acquired a 55 percent interest in a planned community development joint venture in Palm Beach County, Florida. Its portion of the project, formerly held by Aqua Properties Inc., was purchased for \$3.5 million cash and future consideration of \$502,000.

In addition, the Company completed its ownership in a French battery company, Compagnie Francaise d'Electricite Chimie (CFEC), from 57 percent to 67 percent of the outstanding stock. CFEC has been working with the Company under a technology assistance agreement since 1966.

During the year, several operations whose product lines were not compatible with those of the rest of the Corporation were sold. These divestitures had no material effect on operations.

Growth
Since 1967, Gould's annual sales have risen from a reported \$115 million and \$2 million in net earnings to the present total of \$1.6 billion in sales and \$95.5 million in net earnings. Earnings per share during the same period increased from \$0.72 to \$3.72.

In our 1968 annual report, we stated that Gould would become a company involved primarily in the storage, transmission, conversion, control and

R&D Expenditures
For the year ending December 31

Year	1973	1974	1975	1976	1977
R&D Expenditures	100	110	120	130	140

R&D Expenditures as a Percent of Sales
For the year ending December 31

Year	1973	1974	1975	1976	1977
R&D Expenditures as a Percent of Sales	10.0%	10.0%	10.0%	10.0%	8.8%

acceptance of this new button cell battery has been excellent, and plans to market the new battery for the watch, calculator, camera and other applications are already underway.

Another exciting development is Calcium Plus battery technology, which represents the second generation of sealed Maintenance Free batteries developed by Gould. It provides a mode of the fine battery which will allow Gould to offer the maintenance free feature on all of its automotive type batteries. Maintenance Free batteries are also expected to achieve significant market penetration in the truck, bus and industrial battery markets.

Because energy conservation and development is in the forefront of our nation's needs, in 1976, a \$4.5 million capital expenditure will be undertaken to double the size of the Gould Laboratories in Rolling Meadows, enabling Gould to begin new research into the areas of power conditioning, solid state control and electrical materials. The additional space will also be used for expanded energy and electronics research.

Gould Laboratories-Electronics Research, also based at Gould Center, focuses on developing new products for the medical, electronics, test and measurement, test-measurement and process control markets. Development work is at the forefront of state-of-the-art in thin film, integrated circuitry, electronic wiring and recording technology, and computer controlled laboratory and manufacturing automation. Current new product activities include an advanced thin film pressure sensor for the Space Shuttle program, sensors for a miniature blood pressure measurement system, a new process oriented development for semiconductor manufacture and a computer-controlled ink jet system for direct labeling or addressing of printed materials.

A new miniature blood pressure transducer for use in cardiac intensive care units was successfully introduced by Gould in 1977. This product is based on a tiny silicon integrated chip developed and made at the Gould Laboratories. Gould, the world's leading supplier of blood pressure and flow measurement instruments, is assured of maintaining its competitive position by being the leader in the introduction of such products. The solution of a critical chip manufacturing problem last, in 1977, to the development of a proprietary method for process, closed loop control of dry plasma etching equipment used in processing integrated circuits and thin film sensors. This method is expected to have a significant impact on improving quality and yield in the silicon chip industry since it has sensitivity more than ten times the state-of-the-art.

As a result of the year's product development activities, we have introduced several new products which are expected to contribute significantly to our sales in 1978. The year's research efforts at our industrial divisions, which include Ingersoll Rand-Fuller, have resulted in a number of new products which are expected to contribute significantly to our sales in 1978. The year's research efforts at our industrial divisions, which include Ingersoll Rand-Fuller, have resulted in a number of new products which are expected to contribute significantly to our sales in 1978.

Consolidated Statements of Changes in Financial Position

	1977	1976
Cash at Beginning of Year	\$ 1,340	\$ 1,149
From operations:		
Net earnings for the year	63,511	66,942
Depreciation	36,208	35,264
Amortization of cost of acquired businesses in excess of net assets at acquisition	291	413
Gain on sale of assets resulting from liquidation of long term investments	602	400
Change in working capital	5,240	13,848
Equity in undistributed earnings of affiliated companies	33,841	13,528
Working Capital Provided From Operations	122,893	138,797
Decrease (increase) in other current assets	14,580	(24,228)
Increase (decrease) in other liabilities	6,826	(29,274)
Increase in accounts payable and accrued expenses	38,812	67,118
Increase in income taxes	6,711	10,227
Increase in long term debt	4,679	2,000
Proceeds from exercise of employees stock options	8,839	2,874
Proceeds from sale of assets	1,000	—
Common Stock	3,485	108
Vote of Common Stock issued in return for the Treasury in connection with pooling	7,848	—
Vote of Common Stock issued to acquire P.E. Industrial Corporation	—	14,521
Reclassification of investments in P.E. previously included in investments and other assets	—	36,424
Bank of Common Stock	—	24,541
Proceeds from exercise of Common Stock Warrants	—	79,799
Total Increase (Decrease) in Cash	232,866	374,875
Application of Funds:		
Dividends (decrease) in marketable securities	5,024	(1,174)
Increase in accounts receivable	24,291	11,848
Increase in investments	174,231	26,281
Acquisition of property, net carrying amount of disposals	37,887	50,091
Acquisition of property, net carrying amount in excess of net assets at acquisition date	1,524	4,547
Decrease in other current assets	(31,152)	(14,428)
Adjustment of deferred taxes to former balance	6,133	—
Increase (decrease) in other liabilities	11,757	(6,298)
Cash on hand	20,580	23,179
Cost of acquired businesses	2,222	—
Purchase of common stock of P.E. Ingersoll Corporation	—	5,324
Cost of acquired businesses	—	—
Long term debt	—	11,847
Priority debt and accounts	—	(10,228)
Other	—	(5,742)
Capital lease (net increase)	—	191,077
Total Application of Funds	191,077	365,106
Cash at End of Year	\$ 1,573	\$ 1,489
Cash at End of Year	\$ 1,573	\$ 1,489

Institutional Food Service

Monarch and Pearce-Young-Angel (PYA), both headquartered in Greenville, S.C., are institutional distributors of food and related disposable products to the retail food service industry. PYA services markets primarily in North and South Carolina and Georgia. Monarch has nationwide operations servicing markets from 12 distribution centers located in or near major metropolitan areas.

The food service industry encompasses all establishments providing meals away from home, e.g. restaurants, hospitals, schools and factory cafeterias. The market is large with estimated sales of \$30 billion (\$35 billion at retail menu prices) and a historic annual growth rate of more than 10%. This growth is projected to continue as the proportion of consumer food dollars spent away from home increases from the current \$1 of every \$3 to an estimated \$1 of every \$2 by the mid-1980's.

1977 Results
Sales for Institutional Food Service rose almost 9% in fiscal 1977 to about \$385 million. The strong sales gain resulted from higher unit volume and higher prices. The rate of earnings increase was somewhat slower because of increased labor and utility costs at Monarch.

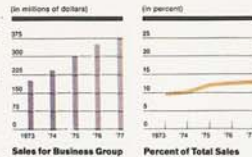
Pearce-Young-Angel
PYA has one of the outstanding growth records in Consolidated Foods, and sales and earnings set records again this year. PYA is by

far the largest supplier to the food service industry in its marketing area. It now serves, to some degree, 80-90% of the potential customers in South Carolina, North Carolina and eastern Georgia. PYA achieved this growth by increasing penetration of existing markets, expanding geographically and broadening its product lines. Starting basically with produce, PYA widened its product line to include meats, seafoods, dry groceries, frozen fruits and vegetables. Recently it began providing other types of restaurant needs such as table-top items and janitorial supplies.

Monarch Institutional Foods
Monarch's operation differs from PYA's in two respects. First, it operates in a number of markets across the U.S. rather than in a single contiguous marketing area. Second, each of its operations is in large metropolitan areas where industry economics are somewhat less favorable than in smaller cities.

At Monarch, sales have almost doubled since 1972 due to many of the same factors that accounted for PYA's growth. Earnings over the same period also have increased substantially, though not at the same rate as sales.

The Future
Going forward, both Monarch and PYA will continue their historically successful marketing approach. In addition, they will further enhance their capability to serve fast-growing, multi-unit fast food operations. Additional non-food items will be added and geographic expansion will continue as opportunities and markets develop.



The institutional food service industry is an \$85 billion retail market. By the mid-1980's, the proportion of the consumer food dollar spent away from home is projected to increase to \$1 out of every \$2.



Pearce-Young-Angel is a commanding leader in the North and South Carolina and Georgia food service markets. Combined, Monarch and PYA are the third largest institutional food distributor in the U.S.

Monarch services markets from 12 distribution centers. Computerized inventory control and truck routing help keep distribution costs to a minimum.



12

Douwe Egberts

In January 1978, Consolidated Foods acquired 65% of the outstanding shares of Douwe Egberts, B.V. Headquartered in the Netherlands, Douwe Egberts is a leading international producer of coffee, tea and tobacco products.

For the third and fourth quarters of fiscal 1978—the initial six-month period of association with Consolidated Foods—Douwe Egberts had sales of \$402 million, up 22% from the same six-month period a year ago. Calendar 1978 earnings have returned to normal levels, following disruptions in the world coffee market in 1977. The strong results also reflect the sharp depreciation of the U.S. dollar versus the Dutch guilder.

For calendar 1977, Douwe Egberts had sales of \$705 million. Calendar 1977 earnings, however, were adversely impacted by soaring coffee prices and a resultant hoarding and drop in consumer purchases thereafter.

Since January 1978, however, Douwe Egberts' brands, which have maintained their leadership positions, have regained their normal levels of profitability. Most importantly, per-capita coffee consumption is returning to normal levels and the historic 2-3% annual growth rate is expected to resume.

Coffee is Douwe Egberts' principal business, representing 76% of its sales. The company is ranked among the four largest coffee roasters in the world. Douwe Egberts' major market is in the Netherlands

where it commands an important share. The company also has strong and growing positions in Belgium and France.

Future growth is anticipated from increased market penetration, new product introduction and continued geographic expansion.

A particularly fast-growing segment of Douwe Egberts is Moccomat International. The Moccomat coffee concentrate system offers food service outlets excellent tasting coffee in less time, with less waste and pilferage problems than conventional systems.

Moccomat consists of two key elements, a specially brewed, frozen concentrate and a solid-state dispensing machine that mixes precise amounts of hot water with the concentrate to produce up to 4,000 cups of coffee per hour. Recently introduced in the United States, the division anticipates good acceptance by a significant number of U.S. food service operations.

Douwe Egberts' Pickwick Tea maintained its significant market share in Holland. The company's Amphora® pipe tobacco and roll-your-own tobaccos achieved record sales levels for the year.

Douwe Egberts' major strengths include bold and innovative marketing techniques combined with a heavy commitment to research and development. Consolidated Foods is proud of its association with Douwe Egberts and looks forward to working together for both companies' mutual benefit in the years ahead.

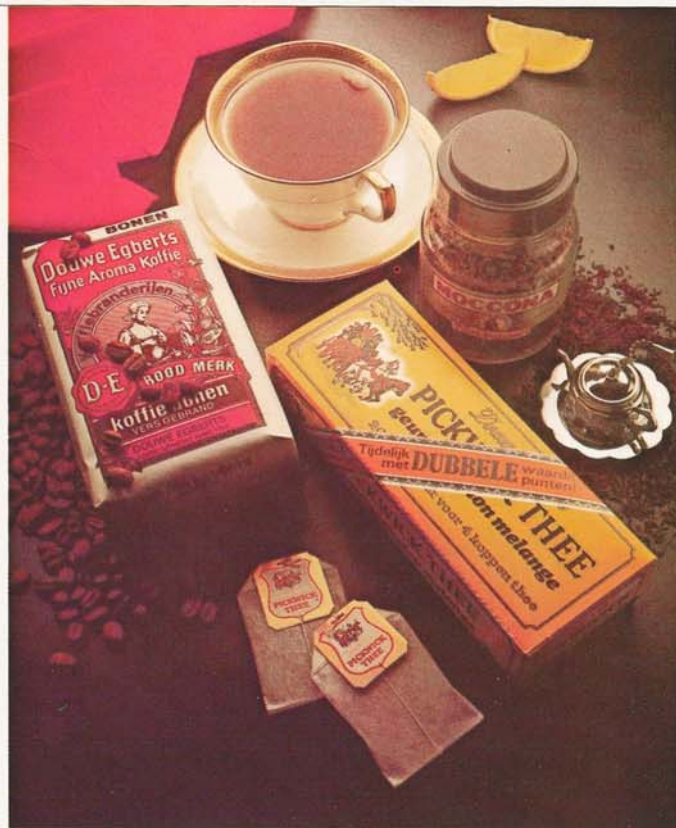
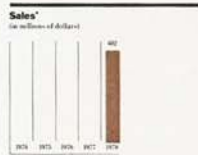
Netherlands-headquartered Douwe Egberts is a premier European packaged-goods consumer product company with leading brand names in coffee, tea and tobacco products.

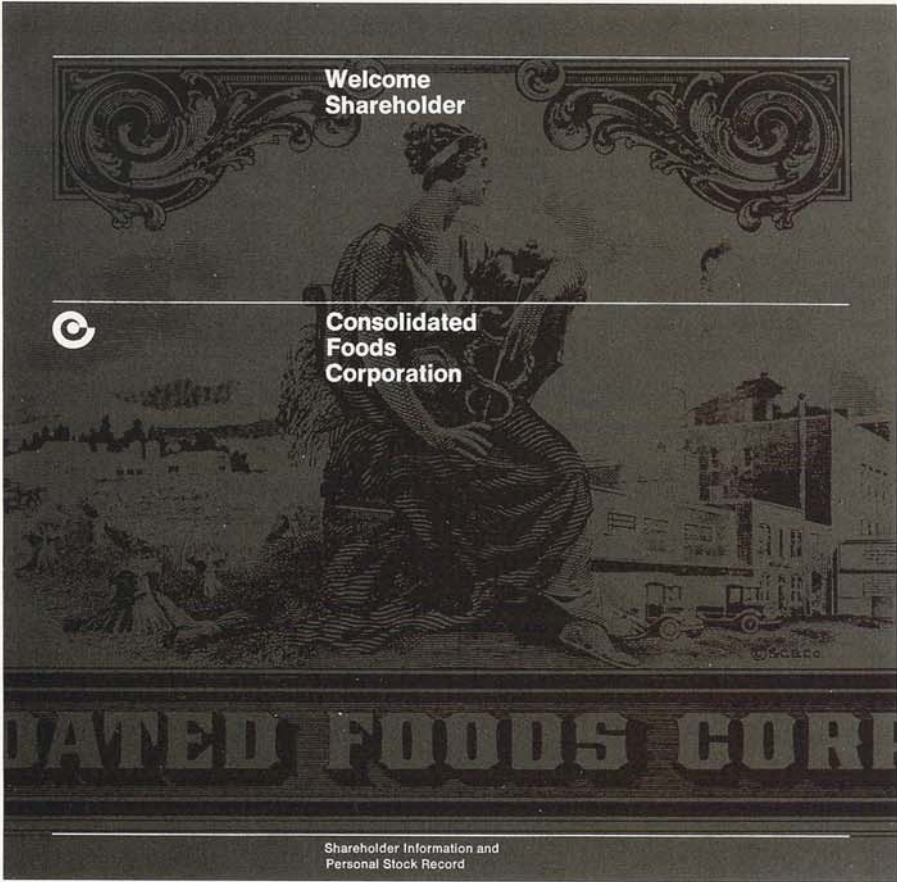


Douwe Egberts' Moccomat system offers U.S. food service operations an excellent coffee with less waste.



Amphora® pipe tobacco is a popular, well-recognized brand throughout the world. (at right) Since the days of the great slipper shops, Douwe Egberts has supplied Europe with fine coffee and tea.





Consolidated Foods 1977 Annual Report and Stockholder Information booklet was designed by Bart Crosby. Report photos were by Georg Bosek.

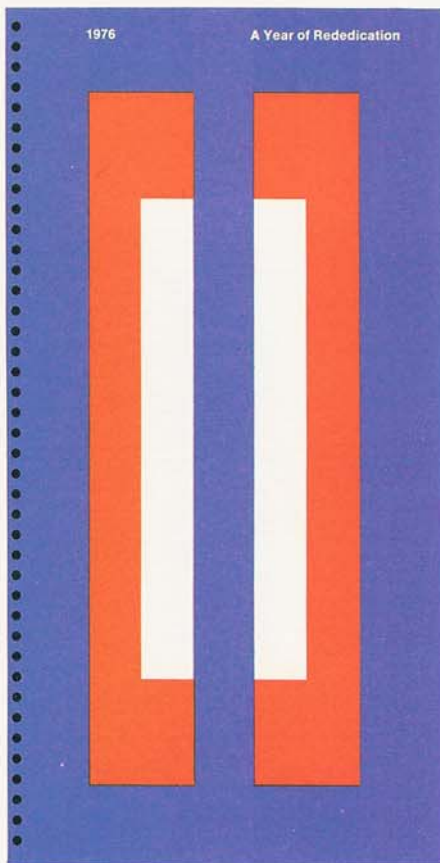
Standard Oil Building leasing center exhibit interior was designed by Robert Vogele.



Banners for Bi-Centennial year in One IBM Plaza lobby and related calendar booklet that was given to building tenants were designed by Bill McDowell.

IBM Office Leasing Book was part of total marketing plan by RVI. Designed by Vogele and Gene Bellini.

Three marks from comprehensive I.D. programs: Pullman, Incorporated by Wayne Webb, Deere & Company by Robert Vogele and Illinois Savings & Loan League by Bart Crosby.



<p>December</p>	<p>Tenant Move-In Anniversaries</p> <p>Golen & Glossberg Suite 2930 Peter Fitzpatrick & Associates Suite 3630 New York Life Insurance Company Suite 1430 Business International Corporation Suite 1420 Globetrotter Communications, Inc. Suite 3232 Hume, Clement, Brinks, Willian, Olds & Cook, Ltd. Suite 4100 Lewis Manilow Suite 4721 Caprio & Associates Suite 3620</p> <p>Historical Events</p> <p>1773 Boston Tea Party 1776 Washington crosses the Delaware 1791 First federal bank established 1814 War of 1812 ends 1890 Slaughter at Wounded Knee 1903 Wright Brothers' flight 1941 Japanese attack Pearl Harbor 1944 Battle of the Bulge</p> <p>Bicentennial Rededication Thought</p> <p>"The foremost need of American foreign policy is a renewal of dedication to an idea that mankind can hold to -- not a missionary idea full of pretensions about being the world's policemen but a Lincolnian idea expressing that powerful strand of decency and humanity which is the true source of America's greatness."</p> <p>J. William Fulbright Former United States Senator</p> <p>The One IBM Plaza Bicentennial Banner for December is illustrated to the right</p>	
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ONE IBM PLAZA

Miss van der Rhee 1885-1985

Chicago is known internationally for its architects and their significant role in the development of a modern architectural style. Among that group is Miss van der Rhee.

Coming to Chicago in 1939, Miss van der Rhee has left her mark on this city. The 800 and 800 Lake Shore Drive Apartments, Burch Institute of Technology, Bureau of Public Health Building and the Federal Office Building are examples of her creative genius.

Miss van der Rhee was the architect of the architecture that has made Chicago a world city. Her design of the One IBM Plaza is Miss van der Rhee's last architectural work. It is the culmination of all the things she knew about office buildings.

This landmark glass and steel structure has been used to represent exactly what the genius of Miss van der Rhee stood for: Twentieth Century architecture at its finest.



Total Environment Control

The exterior curtain wall, with its bronze-finished aluminum and tinted floor-to-ceiling windows, is designed to work with a computerized heating, ventilation and air conditioning system throughout the building. External weather changes, or even the sun casting a shadow on the building, will bring about subtle interior temperature adjustments.

To assure comfort in private offices, as well as in open work spaces, thermopiles can be provided as often as every ten feet along the building perimeter.

The double-glazed windows and proper humidity control assure windows free of moisture and fog, operate free of glare. The soft tinted windows help eliminate eye fatigue.

Conceived as an "office-space system for people," ONE IBM PLAZA involves an environment designed for maximum efficiency, convenience and optimum comfort. An environment totally free of both air and noise pollution. A work-revolving atmosphere.

Clean, All-Electric Power

ONE IBM PLAZA is an all-electric building providing the ultimate in cleanliness and efficiency of heating and lighting. Pyrometal zone heating and air conditioning is provided 24 hours a day, 7 days a week. The low-voltage conductors, just 4' above the floor, permit unobstructed views.

Custom, deluxe lighting in the form of continuous row-recessed fixtures provide even, shadow-free light. The fixtures incorporate integral air-moving devices that stimulate the need for emergency egress outlets.

Unimpeded Safety and Security

A single security guard, located at the Lobby Control Console, can monitor and report all elevators and maintain continuous communications with the building security and control center. In addition, a 20-man security force constantly checks all building areas.

For the ultimate in security, the IBM Lock system is available as an option. Using a coded card-actuated key, the system causes a signal to be relayed to the Lobby Control Console if any improper attempt is made to open a door with the IBM Lock.

Enjoy Good Food in Comfort

The second floor dining facilities are open to tenants and their guests. Eating facilities for IBM personnel are separate from the main dining area. Lobby elevators serve the restaurant. Plus, a swimming competition on the passenger elevators.

Vending machine services are available on selected floors.

Special Features

Located adjacent to ONE IBM PLAZA is the 11-story self-parking garage. Open 24 hours a day, the garage uses a comprehensive ESD and fire alarm system.

Loading spaces, 6 utilizing hydraulic lift dock systems, provide unimpeded ease in receiving and shipping of materials.

Twentieth Century Space Planning

Whether you prefer modern, contemporary or traditional, ONE IBM PLAZA offers tenants a magnificent range and choice for design and layout of space.

Each floor contains between 28,500 and 31,900 sq. ft., designed to encourage "column-cluster" Open Bay Space at 30 feet x 40 feet, almost twice the column-free floor space that can be found in most other office buildings.

This 1,200 sq. ft. of unobstructed space permits easy design planning for the Open Landscape office of floor layout popular in today's business world. The entire building is designed on a 3-foot module.

This column-free space allows tenants more perimeter offices, and fewer interior offices—a highly desirable factor to take advantage of the exterior continuous glass walls overlooking the city.

