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FINANCIAL SUMMARY INFORMATION

(in thousands, except per share amounts)	2015	2014	2013
Revenue	\$ 1,842,813	\$ 1,843,346	\$ 1,845,431
Net income	\$ 145,448	\$ 133,136	\$ 131,451

Revenue per share			
Basic	\$ 1.46	\$ 1.71	\$ 1.61
Diluted	\$ 1.46	\$ 1.71	\$ 1.60

Total assets	\$ 1,276,877	\$ 1,227,882	\$ 1,165,555
Total long-term assets	\$ 113,704	\$ 113,818	\$ 113,424

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and items. For example, there is little change in the ending inventory in 2013. Likewise, the net unrealized gain/loss for annual periods beginning in or after January 1, 2013, with any adjustments presented for the net unrealized gain/loss for 2013 is reported in the ending net income.

**Preparation of Financial Statements.** The guidelines in **PS 1 - Preparation of Financial Statements**, give some direction as to how to handle the financial statements.

The Company is currently assessing the impact of these new standards and amendments on its financial statements.

**REQUIREMENTS OF MANAGEMENT AND THE BOARD OF DIRECTORS**

Management is responsible for the design, implementation and maintenance of the accounting system. Management is also responsible for the design, implementation and maintenance of the internal control system. Management is also responsible for the design, implementation and maintenance of the internal control system. Management is also responsible for the design, implementation and maintenance of the internal control system.

**DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as of December 31, 2013. The Company's disclosure controls and procedures were designed to ensure that material information relating to the Company is reported in a timely and accurate manner. The Company's internal control over financial reporting was designed to ensure the reliability of financial reporting.

There have been no changes in the design of the Company's internal control over financial reporting during 2013 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

While the Officers of the Company have evaluated the effectiveness of disclosure controls and procedures and internal control over financial reporting, as of December 31, 2013, they have concluded that such controls and procedures are operating as designed. They expect that the disclosure controls and procedures and internal control over financial reporting will continue to operate as designed in the future.

**DESCRIPTION OF NON-GAAP AND ADDITIONAL GAAP MEASURES**

**Adjusted Earnings Before Interest and Taxes (Adjusted EBITDA).** Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with additional information regarding the Company's performance. Management believes that Adjusted EBITDA is a useful financial measure because it excludes certain expenses that are not cash-based and are not directly related to the Company's core operations. Management believes that Adjusted EBITDA is a useful financial measure because it excludes certain expenses that are not cash-based and are not directly related to the Company's core operations.

Adjusted EBITDA is defined as total revenues less cost of goods sold.

	December 31, 2013		December 31, 2012	
(in thousands)	2013	2013	2012	2012
Net earnings	\$ 14,874	\$ 49,875	\$ 149,862	\$ 133,184
Adjusted EBITDA	2,216	1,971	4,388	8,148
Operating expenses and depreciation				
Depreciation	11,641	11,780	11,422	11,241
Adjusted EBITDA	18,077	14,261	81,388	47,042
Operating income	\$ 14,874	\$ 49,875	\$ 149,862	\$ 133,184

**Net Debt to Total Capitalization.** Net debt is defined as total liabilities less total equity. Total capitalization is defined as total debt plus total equity. Net debt to total capitalization is defined as net debt divided by total capitalization, both defined above, and is used to measure the extent of the Company's financial leverage.

	December 31, 2013		December 31, 2012	
(in thousands)	2013	2013	2012	2012
Operating assets	\$ 122,076	\$ 4,362		
Current portion of long-term debt	1,343	128,775		
Total Debt	88,482	88,482		
Net debt	\$ 87,269	\$ 88,164		
Operating income	\$ 170,281	\$ 149,875		
Total capitalization	\$ 842,378	\$ 718,431		
Net debt to total capitalization	10%	12%		

**Non-GAAP Measures.** Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with additional information regarding the Company's performance. Management believes that Adjusted EBITDA is a useful financial measure because it excludes certain expenses that are not cash-based and are not directly related to the Company's core operations.

The non-GAAP measure used by management to measure its performance is Adjusted EBITDA. Management believes that Adjusted EBITDA is a useful financial measure because it excludes certain expenses that are not cash-based and are not directly related to the Company's core operations.

	December 31, 2013		December 31, 2012	
(in thousands)	2013	2013	2012	2012
Total current assets	\$ 784,134	\$ 698,838		
Total current liabilities	212,842	602,098		
Working capital	\$ 571,292	\$ 96,740		

	December 31, 2013		December 31, 2012	
(in thousands)	2013	2013	2012	2012
Total current assets	\$ 784,134	\$ 698,838		
Total Debt	88,482	88,482		
Total current liabilities	\$ 724,444	\$ 612,476		
Total current liabilities	\$ 612,442	\$ 604,098		
Total current portion of long-term debt	1,443	128,775		
Total current liabilities	\$ 613,885	\$ 732,873		
Net cash working capital	\$ 170,249	\$ 165,965		

**Key Performance Indicators.** Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with additional information regarding the Company's performance. Management believes that Adjusted EBITDA is a useful financial measure because it excludes certain expenses that are not cash-based and are not directly related to the Company's core operations.

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(in thousands)	2013	2013	2012	2012
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Operating income	\$ 14,874	\$ 49,875	\$ 149,862	\$ 133,184
Net cash working capital	\$ 170,249	\$ 165,965		

**Return on Equity (ROE).** Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with additional information regarding the Company's performance. Management believes that Adjusted EBITDA is a useful financial measure because it excludes certain expenses that are not cash-based and are not directly related to the Company's core operations.

	December 31, 2013		December 31, 2012	
(in thousands)	2013	2013	2012	2012
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Operating income	\$ 14,874	\$ 49,875	\$ 149,862	\$ 133,184
Net cash working capital	\$ 170,249	\$ 165,965		

Prepaid financial statements	11	2,465	1,469
Other assets		4,254	4,254
<b>Total assets</b>		<b>199,128</b>	<b>198,078</b>
Property, plant and equipment	6	182,184	176,184
Goodwill	6	249,470	249,249
Other assets	6	21,464	6,464
Deferred tax assets	14	4,181	6,784
Intangible and long-term assets	7	27,461	27,461
<b>Total assets</b>		<b>1,129,071</b>	<b>1,107,852</b>

<b>Liabilities</b>			
Current liabilities			
Accounts payable, accrued liabilities and provisions	6	291,891	290,771
Deferred revenues		14,463	14,463
Current portion of long-term debt	6	1,466	138,578
Other current liabilities		3,463	3,464
<b>Total current liabilities</b>		<b>312,883</b>	<b>486,286</b>
Deferred revenues		14,774	8,414
Long-term debt	6	152,074	4,412
Accrued pension liability	18	21,469	20,789

Non-current liability			
Other (payable)	18	161,513	167,012
Deferred revenue		7,468	7,468
Accrued interest		441,194	471,761
Accrued other compensation expense		4,414	3,469
<b>Total liabilities</b>		<b>176,361</b>	<b>686,978</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,129,071</b>	<b>1,107,852</b>

See accompanying notes.

**STANLEY INDUSTRIAL LTD.**  
**CONDENSED BALANCE SHEETS**  
(Unaudited)

Three month periods ended 31 (3 months), except:

Share amounts	Share	2015	2014
Revenue	\$	1,402,244	1,108,148
Cost of goods sold		1,284,402	1,087,468
Income before income taxes		117,842	20,680
Income taxes		(11,466)	(11,466)
Income before income taxes		106,376	9,214
Income taxes		(11,466)	(11,466)
<b>Net earnings</b>	<b>\$</b>	<b>148,842</b>	<b>110,148</b>

Basic	14	\$	1.06	\$	1.74
Diluted	14	\$	1.06	\$	1.74
Weighted average number of shares outstanding			14,000,000		14,000,000
Dividend			14,000,000		14,000,000

See accompanying notes.

**STANLEY INDUSTRIAL LTD.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)

Three month periods ended 31 (3 months):

Net earnings	\$	148,842	\$	110,148
Other comprehensive income (loss), net of income tax				
Change in net defined liability for net pension		1,463	612	
Foreign currency translation adjustments		1,463	612	

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

Net change in net defined liability for net pension		1,463	612
Income tax expense on net defined liability for net pension		(1,463)	(612)
<b>Net change in net defined liability for net pension</b>		<b>0</b>	<b>0</b>

See accompanying notes.

**STANLEY INDUSTRIAL LTD.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

Three month periods ended 31 (3 months):

Operating activities	Share	2015	2014	
Net earnings	\$	148,842	\$	110,148
Change in net defined liability for net pension		1,463	612	
Depreciation and amortization		47,174	41,468	
Stock-based compensation		2,464	2,464	
Accrued pension liability		1,463	612	
Deferred income taxes		(2,464)	(1,463)	
Gain on sale of intangible, equipment and property, plant and equipment		(18,763)	(18,848)	
<b>Net change in non-cash working capital</b>		<b>131,119</b>	<b>144,963</b>	
Net change	\$	(41,241)	(41,241)	
<b>Cash provided by operating activities</b>	<b>\$</b>	<b>131,889</b>	<b>144,912</b>	

Investing activities			
Acquisition of			
-  Property, plant and equipment		(14,774)	(14,774)
-  Intangible assets		(18,848)	(18,848)
-  Other		3,464	3,464
-  Other		3,464	3,464
-  Other		41	(41)
-  Other		-	(4,464)
<b>Cash used in investing activities</b>	<b>(13,853)</b>	<b>(18,763)</b>	

Financing activities			
Issue of stock		14,000	-
Repurchase of common stock		(14,000)	(14,000)
Dividends		(14,000)	-
Change in net defined liability for net pension		1,463	612
Stock-based compensation		2,464	2,464
Change in net defined liability for net pension		1,463	612
Change in net defined liability for net pension		1,463	612
Change in net defined liability for net pension		1,463	612
<b>Cash used in financing activities</b>	<b>(14,853)</b>	<b>(14,853)</b>	

Effect of currency translation on cash

Balance	537	141
Overhead (increase in cash)	(14,242)	14,193
Cash at beginning of year	40,895	70,744
Cash at end of year	26,653	84,937

Supplemental Cash Flow Information (Cont'd.)

See accompanying notes.

FINANCIAL STATEMENTS OF THE COMPANY  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(Continued)

(2) Shareholders'	Shareholders' Equity			
	Number	Amount	Classified as Equity	Retained Earnings
As January 1, 2014	70,844,897	270,149	4,124	284,479
Net earnings	-	-	-	151,136
Other comprehensive income	-	-	-	(1,223)
Dividend	-	-	-	(1,223)
Total comprehensive income	-	-	-	148,690
Share repurchase of:				
- stock options	624,889	5,863	-	-
- stock-based compensation	-	-	-	-
- restricted stock units	-	-	-	-
- common stock	-	-	-	2,155
- common stock repurchased with proceeds	-	-	-	(1,847)
Effect of stock repurchase on price	624,889	5,863	888	-
Dividends on common	-	-	-	(148,267)
As December 31, 2014	71,469,786	281,952	5,012	437,795
Net earnings	-	-	-	145,458
Other comprehensive income	-	-	-	427
Dividend	-	-	-	(145,458)
Total comprehensive income	-	-	-	145,885
Share repurchase of:				
- stock options	750,020	14,894	-	-
- stock-based compensation	-	-	-	-
- restricted stock units	-	-	-	-
- common stock	-	-	-	3,344
- common stock repurchased with proceeds	-	-	-	(2,844)
Effect of stock repurchase on price	750,020	14,894	34	-
Share purchased for operations	(74,861)	(281)	-	(1,464)
Dividends on common	-	-	-	(145,458)
As December 31, 2015	71,965,825	301,613	5,146	485,134

Consolidated Balance Sheet Information

(2) Shareholders'	Shareholders' Equity			
	Number	Amount	Classified as Equity	Retained Earnings
As January 1, 2014	891	284	1,181	874,587
Net earnings	-	-	-	151,136
Other comprehensive income	-	-	-	(1,223)
Dividend	-	-	-	(1,223)
Total comprehensive income	-	-	-	148,690
Share repurchase of:				
- stock options	-	-	-	5,863
- stock-based compensation	-	-	-	-
- restricted stock units	-	-	-	-
- common stock	-	-	-	2,155
- common stock repurchased with proceeds	-	-	-	(1,847)
Effect of stock repurchase on price	-	-	-	6,718
Dividends on common	-	-	-	(148,267)
As December 31, 2014	1,431	647	2,462	868,276
Net earnings	-	-	-	145,458
Other comprehensive income	-	-	-	1,976
Dividend	-	-	-	(145,458)
Total comprehensive income	-	-	-	147,976
Share repurchase of:				
- stock options	-	-	-	14,894
- stock-based compensation	-	-	-	-
- restricted stock units	-	-	-	-
- common stock	-	-	-	3,344
- common stock repurchased with proceeds	-	-	-	(2,844)
Effect of stock repurchase on price	-	-	-	14,710
Share purchased for operations	-	-	-	(1,464)
Dividends on common	-	-	-	(145,458)
As December 31, 2015	2,962	634	4,436	975,281

See accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2015

1. BUSINESS OPERATIONS AND REPORTING

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information  
 The Company is a public company and is organized under the laws of the State of California. The Company's principal executive offices are located at 10000 Wilshire Blvd., Suite 2000, Beverly Hills, California 90212. The Company's telephone number is (310) 271-1000. The Company's website is [www.pegasus.com](http://www.pegasus.com). The Company's stock is listed on the New York Stock Exchange under the symbol "PEGA". The registered office is located at P.O. Box 10000, Beverly Hills, California 90212.

Business Operations  
 The Company operates through two reportable segments: The Equipment Group and CMCO. The Equipment Group includes all of the operations that are managed by the Equipment Group. The CMCO segment includes all of the operations that are managed by the CMCO. The Company's operations are primarily in the United States. The Company's operations are primarily in the United States. The Company's operations are primarily in the United States.

Balance Sheet  
 The consolidated balance sheet information was prepared on a historical cost basis, except for certain items that are measured at fair value. The consolidated balance sheet information was audited by the Audit Committee of the Board of Directors on February 9, 2016.

Revenue Recognition  
 The consolidated financial statements were prepared on a historical cost basis, except for certain items that are measured at fair value. The consolidated financial statements were audited by the Audit Committee of the Board of Directors on February 9, 2016.

Share Repurchases  
 The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Subsequent to the date of acquisition, the date on which the Company acquired control and continues to be consolidated with the date that control ceases. The financial statements of the subsidiaries are





The amount of assets recognized as an expense or cost of goods sold (accounted for other than by the percentage-of-completion method) for the years ended 31 December 2014, 2013 and 2012 is as follows. Contract costs include the following components: performing to specification and design together with materials of part where their cost disposition and during 2014 amounted to 10 million (2013: 10 million).

**6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE EQUIPMENT**

	Land	Buildings	Equipment
<b>Cost</b>			
January 1, 2014	0	49,400	174,814
Additions	1,200	12,200	18,512
Disposals	(100)	(1,200)	(7,000)
Currency translation effects	0	900	111
December 31, 2014	0	49,400	185,925
<b>Accumulated Depreciation</b>			
January 1, 2014	0	0	43,800
Depreciation charge	0	1,370	18,417
Depreciation of disposals	0	(1,840)	(8,330)
Currency translation effects	0	0	201
December 31, 2014	0	0	42,688
Net book value - December 31, 2014	0	49,400	143,237

	Property, Plant and Equipment	Intangible Assets
<b>Cost</b>		
January 1, 2014	0	18,712
Additions	0	11,477
Disposals	0	(1,471)
Currency translation effects	0	0
December 31, 2014	0	18,718
<b>Accumulated Depreciation</b>		
January 1, 2014	0	1,311
Depreciation charge	0	17,840
Depreciation of disposals	0	(88)
Currency translation effects	0	0
December 31, 2014	0	19,063
Net book value - December 31, 2014	0	12,655

	Land	Buildings	Equipment
<b>Cost</b>			
January 1, 2014	0	49,400	174,814
Additions	0	12,200	18,512
Disposals	0	(1,200)	(7,000)
Currency translation effects	0	900	111
December 31, 2014	0	49,400	185,925
<b>Accumulated Depreciation</b>			
January 1, 2014	0	0	43,800
Depreciation charge	0	1,370	18,417
Depreciation of disposals	0	(1,840)	(8,330)
Currency translation effects	0	0	201
December 31, 2014	0	0	42,688
Net book value - December 31, 2014	0	49,400	143,237

	Property, Plant and Equipment	Intangible Assets
<b>Cost</b>		
January 1, 2014	0	18,712
Additions	0	11,477
Disposals	0	(1,471)
Currency translation effects	0	0
December 31, 2014	0	18,718
<b>Accumulated Depreciation</b>		
January 1, 2014	0	1,311
Depreciation charge	0	17,840
Depreciation of disposals	0	(88)
Currency translation effects	0	0
December 31, 2014	0	19,063
Net book value - December 31, 2014	0	12,655

During 2014, distribution expenses of 202 million was charged to cost of goods sold (2013: 204 million) and 20 million was charged to selling and administrative expenses (2013: 20 million).

Operating income from rental operations for the year ended December 31, 2014 was 237 million (2013: 202 million).

**7. OTHER ASSETS**

	December 31, 2014	December 31, 2013
Equipment held with guaranteed residual:		
net/less	0	4,404
Other	0	2,470
	0	6,874

**8. GOODWILL AND INTANGIBLE ASSETS**

	Goodwill	Intangible Assets
December 31, 2014	13,400	13,400
December 31, 2013	13,400	13,400

	Goodwill	Intangible Assets
January 1, 2014	0	13,400
Acquisitions	0	13,400
Disposals	0	0
December 31, 2014	0	13,400

	Goodwill	Intangible Assets
January 1, 2014	0	13,400
Acquisitions	0	13,400
Disposals	0	0
December 31, 2014	0	13,400

The distribution network (other than Regions) is considered to have an indefinite useful life as the agreement does not have a maximum term. Goodwill is measured as an intangible asset and the net book value of the Regions is measured as an intangible asset. The cost of the Regions is measured as an intangible asset.

Goodwill and intangible assets with indefinite lives have been allocated to cash groups of CDUs for impairment testing as follows:

	Goodwill	Intangible Assets
Regions	0	13,400
Other	0	0
Total	0	13,400

The impairment testing amounts have been allocated to the cash groups of CDUs below:

	Goodwill	Intangible Assets
Regions	0	13,400
Other	0	0
Total	0	13,400





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Estimated cash value		
Basic	\$ 1,48	1,76
Discount	\$ 1,48	1,76

For the calculation of diluted earnings per share for the year ended December 31, 2015, 838,768 (2014 - 102,828) outstanding convertible stock options (including restricted stock) are included in the denominator. The diluted earnings per share for the year ended December 31, 2015, was \$0.20 (2014 - \$0.20).

#### 14. EMPLOYEE BENEFIT OBLIGATIONS

	2015	2014
Retiree and survivors	\$ 343,438	\$ 461,471
Other employee benefit expenses	46,737	45,442
Share options granted to directors and employees	2,889	2,538
Financial items	12,718	12,483
	\$ 365,782	\$ 521,934

#### 15. STOCK-BASED COMPENSATION

The Company maintains a stock option program for certain employees. Under the plan, up to 7,000,000 options may be granted to eligible employees. The options are subject to the terms of the plan and the terms of the award agreement. The options are granted to employees of the Company and its subsidiaries. The options are granted to employees of the Company and its subsidiaries. The options are granted to employees of the Company and its subsidiaries.

	2015	2014
Options exercisable, end of year	3,512,280	24,761
Options exercisable, end of year	3,512,280	24,761

(1) The weighted average share price at each of exercise for transactions granted ended December 31, 2015, was \$11.76 (2014 - \$28.12).

#### The following table summarizes stock options outstanding and exercisable as at December 31, 2015:

Range of Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
\$0.00 - \$10.00	625,776	2.2	625,776	2.2
\$10.01 - \$20.00	864,389	6.3	864,389	6.3
\$20.01 - \$30.00	117,520	8.4	117,520	8.4
\$30.01 - \$40.00	625,760	8.4	625,760	8.4
Total	2,233,465	6.3	2,233,465	6.3

The fair value of the stock options granted during 2015 and 2014 was determined at the time of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015	2014
Price volatility	7.33	6.30
Share price	16.45	28.10
Expected term of service (years)	6.50	6.48
Expected annual volatility	22.05	23.25
Expected dividend yield	3.85	2.55
Risk-free interest rate	2.00	2.00

#### Defined Share Unit Plan

The Company offers a defined share unit ("DSU") plan for non-executive and non-employee directors, whereby they may elect to receive shares in lieu of cash for their DSU awards. The DSU awards are subject to the terms of the plan and the terms of the award agreement. The DSU awards are subject to the terms of the plan and the terms of the award agreement.

#### The following table summarizes information related to DSU activity:

	2015	2014
Number of DSUs	154,728	248,524
Number of DSUs	154,728	248,524

#### The liability for DSUs is included in accounts payable and accrued liabilities.

#### Employee Share Ownership Plan

The Employee Share Ownership Plan ("ESOP") was established to provide a means for employees to acquire shares of the Company. The ESOP is a qualified plan under the Internal Revenue Code. The ESOP is a qualified plan under the Internal Revenue Code.

#### Defined Contribution Plans

The Company sponsors several defined contribution plans for approximately 87 qualifying employees. The plans are subject to the terms of the plan and the terms of the contribution agreement. The plans are subject to the terms of the plan and the terms of the contribution agreement.

#### Included in the net pension expense for the year ended December 31, were the following components of the defined contribution plan:

	2015	2014
Net pension expense	\$ 15,434	\$ 8,542

#### Defined Benefit Plans

The Company sponsors funded defined benefit plans for approximately 87 qualifying employees. The plans are subject to the terms of the plan and the terms of the benefit agreement. The plans are subject to the terms of the plan and the terms of the benefit agreement.

#### Capital Stock

At year end, there is a single class of common stock authorized with a par value of \$0.01 per share. The common stock is authorized in the amount of 1,000,000,000 shares. The common stock is authorized in the amount of 1,000,000,000 shares.

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Depreciation	\$ 41,442.0	1,489.0	44,492
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Operations are being planned to continue in the United States. The following summarizes the final disposition of operations in California and the United States based on each geographic segment.

	2013	2014
Revenues		
United States	\$ 1,752,804.0	1,409,409
Discontinued Operations	44,789	45,237
Discontinued Assets	2,393	3,393
	\$ 1,800,000.0	1,458,039

	2013	2014
Depreciation Expense and Goodwill		
United States	\$ 434,144.0	381,044
Discontinued Operations	4,104	4,047
	\$ 438,248.0	385,111

**33. RELATED PARTY DISCLOSURES**

Key Management Personnel and Director Compensation (continued)

	2013	2014
Salaries	\$ 3,399.0	2,430
Stock options and CEO awards	2,448	1,914
Annual non-equity incentive based plan	2,364	2,476
Pension	803	538
CEO bonus arrangement	147	147
	\$ 8,241.0	8,335

The performance of directors and key management is determined by the Human Resources Committee being report to the performance of the individual and Company and overall results.

**34. BUSINESS COMBINATIONS**

There were no combinations acquired during the year ended December 31, 2014.

**Acquisitions 2014**

**Ag Equipment Limited**  
On December 31, 2014, the Company acquired Ag Equipment Limited ("AEL") for a total consideration of \$2.7 million. The acquisition is being accounted for as an acquisition of an intangible asset. The total consideration includes the cash consideration of \$2.7 million, net of cash acquired of \$0.2 million. The acquisition is being accounted for as an acquisition of an intangible asset. The total consideration includes the cash consideration of \$2.7 million, net of cash acquired of \$0.2 million. The acquisition is being accounted for as an acquisition of an intangible asset. The total consideration includes the cash consideration of \$2.7 million, net of cash acquired of \$0.2 million.

Assets		
Cash	\$	677
Trade receivables		261
Inventory		11,410
Other current assets		348
Property, plant and equipment		8,471
Deferred tax assets		9
	\$	15,483

Liabilities		
Current liabilities	\$	12,720
Non-current liabilities assumed	\$	1,483

For the year ended December 31, 2014, Ag Equipment contributed \$7 million of revenues from the date of acquisition. If the acquisition had occurred on January 1, 2014, Ag Equipment would have contributed approximately \$27 million in total revenues for the year ended December 31, 2014.

**Capex Case Cases**

On December 31, 2014, the Company acquired substantially all the assets of Capex Case Cases ("CCC") for approximately \$1.4 million. The acquisition is being accounted for as an acquisition of an intangible asset. The total consideration includes the cash consideration of \$1.4 million, net of cash acquired of \$0.1 million. The acquisition is being accounted for as an acquisition of an intangible asset. The total consideration includes the cash consideration of \$1.4 million, net of cash acquired of \$0.1 million.

The purchase price was allocated to the intangible assets acquired based on preliminary fair value assessments as of the purchase date. In September 2015, the valuation was completed and the final fair values of the assets acquired were determined.

The following table provides a summary of adjustments to the preliminary assessed fair values of assets acquired.

Assets	Preliminary	Adjustments	Total
Trade receivables	\$ 121.0	(81.0)	40
Inventory	4,363	0	4,363
Other assets	423	(481)	348
Property, plant and equipment	147	44	191
	\$ 4,454.0	(181.0)	4,273

Capex contributed no revenues in the year ended December 31, 2014 due to the timing of the acquisition. If the acquisition had occurred on January 1, 2014, Capex would have contributed approximately \$10 million in total revenues for the year ended December 31, 2014.

**35. SECURITIES RELATIONSHIPS**

The Company, through its Equipment Group, owns and services heavy equipment and related parts. Distribution agreements for equipment and parts are typically established with the manufacturer of the equipment and parts. The manufacturer and distributor of certain products are also the manufacturer of the equipment and parts. The manufacturer and distributor of certain products are also the manufacturer of the equipment and parts. The manufacturer and distributor of certain products are also the manufacturer of the equipment and parts.

**36. FINANCIAL INSTRUMENTS (except contracts)**

Paul S. Dyer  
Executive Vice President and Chief Financial Officer  
Resident: San Francisco, CA  
Tel: (415) 647-9138

Resident: San Francisco, CA

Head Provided by: KPMG LLP