

13. Income Taxes (continued)

The components of the provision (credit) for income taxes consisted of the following:

(dollars in thousands)

	1986	1985	1984
Current			
Federal	\$ 3,688	\$1,021	\$ (908)
Amounts applied against equity in earnings of unconsolidated companies	--	--	(387)
State	330	723	197
Foreign	670	71	(118)
Deferred	<u>12,088</u>	<u>3,751</u>	<u>(36,312)</u>
Total Provision (Credit) for Income Taxes	<u>\$16,776</u>	<u>\$ 5,566</u>	<u>\$(37,528)</u>
Continuing operations	\$23,306	\$ 18,009	\$ 13,917
Discontinued operations	<u>\$(6,530)</u>	<u>\$(12,443)</u>	<u>\$(51,445)</u>

The provisions for taxes differ from the amounts which would be provided by applying the statutory federal rate due to the following items:

(dollars in thousands)

	1986	1985	1984
Provision (credit) at statutory rate of 46%	\$20,452	\$18,412	\$(38,918)
Foreign income taxes not offset by federal tax benefit	331	71	--
State income taxes net of federal taxes	2,191	1,476	31
Investment and other federal tax credits	(7,262)	(15,050)	(13,538)
Benefit from earnings of Domestic International Sales Corporation (DISC)	--	(42)	(667)
Effect of foreign subsidiaries	(320)	195	(3,059)
Tax credits not currently utilized relating to discontinued businesses	--	--	19,362
Excise tax on pension reversions	1,014	--	--
Other	<u>370</u>	<u>504</u>	<u>(739)</u>
Provision (Credit) for Income Taxes	<u>\$16,776</u>	<u>\$ 5,566</u>	<u>\$(37,528)</u>

The company recognized \$1.3 million and \$1.7 million of tax credits resulting from continuing operations and \$6.0 million and \$13.4 million of investment tax credit carryforwards from discontinued operations in 1986 and 1985, respectively.