

MOODY'S MANUAL OF INVESTMENTS AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

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MOODY'S INVESTORS SERVICE

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J. Ross

CAPITAL STOCK

1. Willys-Overland Motors, Inc., \$4.50 cumulative convertible preferred, series A; par \$100.
AUTHORIZED—All series 250,000 shares; series A, 155,145 shares; outstanding, series A, 133,315 shares; in treasury 11,520 shares; no par.
PREFERENCES—Has preference for assets and dividends.

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

DIVIDEND RECORD—Initial dividend \$1.124, paid Oct. 1, 1936; regular dividends paid quarterly thereafter.

DIVIDEND RESTRICTIONS—Company will not pay or declare any dividends (except stock dividends) or make any distribution on or purchase any junior stock unless thereafter (1) all such payments after Dec. 31, 1935 plus all preferred dividends do not exceed the sum of (a) consolidated net earnings (as defined) after such date; (b) proceeds from junior shares after July 15, 1936; and (c) tax refunds pursuant to certain filed claims for any period to Sept. 30, 1936, or corresponding tax credits; and (2) excess of consolidated tangible assets (as defined) over consolidated current liabilities (as defined) is at least 20% of all consolidated funded debt (as defined) plus all other consolidated debt (except current liabilities) and par or involuntary liquidation value of all then outstanding preferred stock equal or prior thereto and unowned preference stock of subsidiaries.

VOTING RIGHTS—Has no voting power unless equivalent of 6 quarterly dividends are in arrears when preferred, voting as a class. Is entitled to elect smallest number to constitute one third of directors.

Consent of 66 2/3% of all series of preferred necessary to (1) alter provisions to affect rights of preferred adversely; (2) increase authorized preferred; or (3) create any prior or equal stock or any obligation convertible thereto.

Consent of 66 2/3% of series A preferred necessary to issue or permit any subsidiary to issue any funded debt (as defined); issue additional series A preferred or any stock prior or equal thereto; or permit any subsidiary to issue (except to company) any preference stock or sell any owned preference stock or funded debt of a subsidiary, unless excess of consolidated tangible assets (as defined) over consolidated current liabilities plus proceeds of such issue not used to retire consolidated funded debt, other preferred or equal or prior stock, or subsidiary preference stock, is at least twice the sum of consolidated funded debt and par or involuntary liquidation value of all preferred and equal or prior stock and all unowned preference stock of subsidiaries, to be outstanding.

Consent of a majority of all series of preferred necessary to sell substantially all assets or consolidate or merge (except to or with a majority-owned subsidiary) unless rights of preferred are protected.

LIQUIDATION RIGHTS—In liquidation, entitled to \$100 per share if involuntary and redemption in price if voluntary, plus accrued dividends in any case.

PREFERTIVE RIGHTS—None.

CONVERTIBLE—Into common at any time to Dec. 31, 1933, 10:1 (or to redemption date if called) at prices per common share (preferred taken at \$100 per share) as follows (dates incl.): Dec. 31, 1935, \$26 2/3; June 30, 1936, \$30; and to Dec. 31, 1937, \$33 1/3, with no adjustment for dividends and cash or scrip for fractional shares.

Conversion right protected against dilution. Preferred converted to be cancelled and authorized amount reduced proportionally.

CALLABLE—As a whole or in part on at least 30 days' mailed notice at any time to Dec. 31, 1938 incl. at \$107.50 and thereafter to each June 30, incl. as follows (per share, plus dividends):
 1931... \$105 1932... \$105 1933... \$104
 1934... 103 1935... 102 1936... 101
 (1937... 100)

(After June 30, 1939, Not less than all preferred may be redeemed if any dividends are in arrears. Preferred redeemed to be cancelled.

Also callable for sinking fund, which see. **ADDITIONAL PREFERRED**—May be issued in series of equal rank with dividend rate, redemption and liquidation prices and other provisions as fixed by directors, subject to prescribed limitations.

SINKING FUND—Annually and cumulative each Dec. 15, beginning 1938, after senior sinking fund requirements and full dividends, the greater of (a) 10% of consolidated net earnings (as defined) for preceding fiscal year, or (b) an amount sufficient to retire 3% of largest number of series A preferred shares at any one time outstanding, to purchase (at not exceeding sinking fund redemption price) or redeem series A preferred. On any Apr. 15, any sinking fund moneys of less than \$100,000 may be added to requirements for next succeeding year. Sinking fund may be anticipated by crediting at sinking fund redemption price preferred purchased, redeemed or converted.

Call for sinking fund to each June 30, incl. as follows (per share, plus dividends):
 1931... \$103 1932... \$102 50 1933... \$102
 1934... 101 50 1935... 101 1936... 100 50
 (1937... 100)

(After June 30, 1936.

PURPOSE—Net proceeds to general funds.

LISTED—On New York Stock Exchange.

OFFERED—(143,121 shares—unsubscribed portion) at \$100 per share July 1, 1935 by Kuhn, Loeb & Co. and E. H. Rollins & Sons, Inc., New York.

TRANSFER AGENTS—Toledo Trust Co., Toledo and Chase National Bank, New York.

REGISTRARS—Ohio Citizens Trust Co., Toledo and Chemical Bank & Trust Co., New York.

PRICE RANGE— 1938 1937 1936
 Preferred..... 65 1/2-51 41 1/2-51 1/2 100 1/2-51
 Bid prices.

2. Willys-Overland Motors, Inc., common; par \$1.

AUTHORIZED—4,100,000 shares (increased from 2,500,000 shares in June, 1936); outstand-

ing 2,697,934 shares (including 20,590 shares held for incentive compensation); reserved for conversion of preferred, 551,794 shares; par \$1.

VOTING RIGHTS—Has one vote per share, except as above.

DIVIDEND LIMITATIONS—See \$4.50 preferred above.

DIVIDENDS—No dividends paid.

OFFERED—(125,000 common shares) at the market on July 28, 1933, by J. J. Bergen & Co., Ltd., New York. Offering did not represent company financing.

TRANSFER AGENTS—Chase National Bank, N. Y. and Toledo Trust Co., Toledo, O.

REGISTRARS—Chemical Bank & Trust Co., New York, and Ohio Citizens Trust Co., Toledo, O.

LISTED—On New York Stock Exchange. Unlisted trading on Boston, Los Angeles, Philadelphia, Baltimore and Detroit Stock Exchanges.

PRICE RANGE— 1938 1937 1936
 Common..... 12-6 1/2 13 1/2-6 1/2 26 1/2-9

Subscription Rights—Common stockholders of record June 12, 1936 had right to subscribe to 155,145 shares of \$4.50 conv. preferred stock, series A at \$100 per share plus accrued dividend of \$1.07 1/2 per share, and to 310,290 additional \$1 par common shares at \$20 per share, on basis of one share of preferred for each 16 common shares held and one additional common share for each 8 common shares held. Rights expired June 26, 1936. Preferred offering was underwritten, and unsubscribed common stock was purchased by Willys Real Estate Realization Corp., an affiliate, at the subscription price, for investment.

Capital Stock Options:

Upon incorporation in 1936 company reserved 150,000 common shares and since has reserved an additional 100,000 common shares, for a total of 250,000 common shares, for sale to officers and employees at not less than \$3 per share. Of this total, options granted and exercised at \$3 per share aggregate 112,000 common shares and options granted at same price per share but not exercised as yet aggregate 100,000 shares leaving a balance of 38,000 common shares reserved for additional options or for sale to officers and employees.

The remaining outstanding options for 100,000 shares were granted C. E. Sorenson, on June 12, 1934, by action of the directors on June 7, 1934, which was approved at a special meeting of stockholders on July 12, 1934. They must be exercised prior to Jan. 1, 1950. At Sept. 30, 1945, options on 77,500 shares were exercisable; an option for 22,500 shares may be exercised on and after Jan. 1, 1949.

Negotiations for the employment of Mr. Sorenson began in March, 1944, when the quoted market price of the company's stock was 6 1/2. Up to June 22, 1944, when notice of the special meeting relative to this matter was sent to stockholders, company's stock sold as high as 13 1/2. These options may be cancelled only if, prior to September 1st, preceding the January 1st of the year in which they first become exercisable, the officer's employment is terminated by him or by company for good cause.

CAPITAL STRUCTURE

CAPITAL STOCK

Issue	Par Value	Amount Outstanding
1. 7% non-cum. preferred.....	\$100	282,450 shs.
2. Common.....	No par	550,400 shs.

1 Fiscal years.

HISTORY

Incorporated under the laws of New Jersey Feb. 20, 1939, and acquired the following plants at time of incorporation: Buffalo Car Mfg. Co., Buffalo, N. Y.; Ensign Mfg. Co., Huntington, W. Va.; Jackson & Woodin Mfg. Co., Berwick, Pa.; Michigan-Pennsylvania Co., Detroit, Mich.; Missouri Car & Foundry Co., St. Louis, Mo.; Murray, Dugan & Co., Milton, Pa.; Niagara Car Wheel Co., Buffalo, N. Y.; Ohio Falls Car Mfg. Co., Jeffersonville, Ind.; Pennox Bros. (dismantled), Minerva, Ohio; St. Charles Car Co., St. Charles, Mo.; Terre Haute Car & Mfg. Co., Terre Haute, Ind.; the Walls & French Co., Chicago, Ill.; Union Car Co., Depew, N. Y.

The company has also acquired from time to time since incorporation the following plants: Bloomsburg Car Mfg. Co., Bloomington, Pa.; Common-Sense Roller Co., Chicago, Ill.; Indianapolis Car Co., Indianapolis, Ind.; Jackson & Sharp Co., Wilmington, Del.; and the Southern Car & Foundry Co., Memphis, Tenn.

In Jan. 1936, holdings in ACF-Brill Motors Co., an affiliate company, were sold to Consolidated Vultee Aircraft Corp. for approximately \$7,500,000.

SUBSIDIARIES

This is both an operating and holding company. As of April 30, 1948, 100% of the voting power was held in the following subsidiaries: Name, place of incorporation and business: Carter Carburetor Corp., Del., makes automobile carburetors. Jackson & Sharp Co., inactive. Material Rodante E. Tracao "Aefalco" S. A. (formerly Railway Equipment Co. of Brazil), Brazil, sales agent. Railway Equipment Co., of Cuba, Cuba, sales agent.

AMERICAN CAR AND FOUNDRY COMPANY

Par Value	Amount Outstanding	Earnings per Sh.	Divs. per Sh.	Call Price	Price Range
1938	1937	1936	1935	1934	1933-48
\$11.18	\$17.88	\$7.00	\$7.00	N.C.	100 1/2-74 132 1/2-15
3.47	5.26	3.00	3.00	---	49 1/2-28 1/2 72 1/2-3 1/2

American Car and Foundry Investment Corp., Del., holding company.

American Car and Foundry Securities Corp., N. Y., holds customers notes.

American Car and Foundry Export Co., Del., foreign business of parent company.

American Car and Foundry Co., Ltd. (England), inactive.

Subsidiaries in which voting power held was less than 100% were:

Shippers' Car Line Corp., N. Y. (93%) see appended statement.

Acme Tank Car Corp.

Kansas City Car Co.

BUSINESS AND PRODUCTS

This is a leading manufacturer of railroad equipment, the parent company specializing particularly in the manufacture and sale of railway passenger and freight train cars of all types for domestic and foreign service, cars for industrial purposes, repairs to railway cars, spare parts, railway supplies, iron and steel forgings, cast iron wheels, iron castings, valves (lubricated plug type—tank— all industrial types), welded products (rail ties and designs) miscellaneous articles of iron and steel, and manufacture of and repairs to small vessels.

Carter Carburetor Corporation, subsidiary, manufactures and sells carburetors, governors, fuel filters and fuel pumps for automobiles.

The subsidiary, Shippers' Car Line Corp. (statement appended) is engaged in the owning, operating and leasing of railway tank cars and freight cars of other types.

PLANTS & PROPERTIES

Plants of the parent company and the general character of activity of these plants are noted below. These do not include plants of subsidiaries with separate statements shown

elsewhere. The plant of the Carter Carburetor Corp., a subsidiary, is located at St. Louis, Mo.

Location of Plant

Berwick, Pa.

Buffalo, N. Y.

Chicago, Ill.

Detroit, Mich.

Huntington, W. Va.

Jeffersonville, Ind.

Milton, Pa.

St. Charles, Mo.

St. Louis, Mo.

Wilmington, Del.

General Character

Passenger, freight and mine car plant—iron foundry—rolling mill.

Freight car plant—iron foundry.

Freight car plant—iron foundry.

Freight car plant—iron foundry.

Freight and mine car plant—iron foundry.

Passenger car plant.

Freight car plant—rolling mill—iron foundry—carburetors.

Passenger car plant—architectural woodwork mill—ship yard.

The freight car plants at Depew, N. Y., Indianapolis, Ind., and Memphis, Tenn., have not been operated for several years and have been partially dismantled; the equipment being transferred to other plants of the company.

Plants of subsidiaries are noted in appended statements.

MANAGEMENT

Officers

Charles J. Hardy, Chairman

Charles J. Hardy, Jr., President

A. A. Borgading, Vice-Pres. (Purchases)

Rudolph Furrer, Vice-Pres. (Engineering)

P. A. Hollar, Vice-President
W. L. Richeson, Vice-President
Frank H. Norton, Vice-President (Sales)
Robert W. Ward, Vice-President (Production)
Howard C. Wick, Secretary
L. P. Philip, Assistant to Chairman
Lester A. Blackford, Treasurer
J. P. Richmond, Auditor
A. H. Wolbe, Asst. to President
C. A. Fee, Asst. Secretary
H. E. Perry, Asst. Treasurer
W. E. Anderson, Asst. Treasurer
Paul Anderson, Asst. Auditor
W. S. Becker, Asst. Auditor
J. M. Reibel, Advertising Manager
Executive Committee
John E. Rovensky, Chairman
Charles J. Hardy

Charles J. Hardy, Jr.
John Sherman Hoyt
W. J. Cummings
H. C. Wick, Exec. Asst.
Directors
W. J. Cummings, Chicago
C. J. Hardy, New York
C. J. Hardy, Jr., New York
J. S. Hoyt, New York
W. P. Van Deventer, New York
F. L. Nye, New York
J. E. Rovensky, New York
H. C. Wick, New York
J. A. Farrell, Jr., New York
Annual Meeting: Last Thursday in August.
Number of Stockholders: Dec. 31, 1948, preferred, 8,932; common, 9,174.
Number of Employees: Dec. 31, 1948, 14,000.

General Office: 30 Church St., New York 7, N. Y.
Corporate Office: 117 Main Street, Flemington, N. J.
Employees Retirement Fund: Under a plan effected May 1, 1946, \$5,551,278 was transferred from surplus in year ended Apr. 30, 1947, to cover provision for cost applicable to past services against which \$595,552 has been charged for payments.
Since prior service cost under Employees Welfare Plan has not been fully funded, unfunded portion is increased each year by actuarially required interest on such unfunded portion. Amount of such interest on unfunded prior service cost would, if currently paid, amount (after income taxes) to approximately \$101,000 for fiscal year ended April 30, 1948.

INCOME ACCOUNTS COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED APRIL 30

(Taken from reports to Securities and Exchange Commission; including wholly owned subsidiaries)

	1918	1917	1916	1915	1914	1913	1912
Sales, less discounts & allowances	\$121,700,755	\$132,820,244	\$118,113,852	\$199,755,179	\$218,834,835	\$289,275,689	\$216,336,508
Cost of sales	112,303,183	111,271,293	99,811,422	164,078,593	184,017,954	244,122,309	151,532,112
Selling, gen. and admin. exp.	8,700,552	10,601,670	8,681,113	7,928,105	6,725,614	6,614,570	6,605,852
Depreciation & amortization	3,215,069	2,922,210	2,237,747	4,157,870	5,436,832	6,021,000	5,133,543
Operating profits	7,141,267	8,022,066	7,350,269	23,590,006	22,654,349	32,517,810	53,054,401
Dividends received	114,831	134,097	181,612	139,128	91,122	19,715	20,997
Interest from affiliates	—	—	—	230,427	322,412	345,536	315,768
Other interest and discount	134,083	819,230	711,724	1,009,904	1,099,319	1,165,479	709,488
Royalties	63,929	33,656	43,691	7,221	4,053	7,977	77,899
Miscellaneous other income	32,395	19,262	1,352,244	5,040	6,912	242,313	107,206
Total income	7,787,111	9,028,409	9,669,570	24,982,327	24,243,226	34,318,829	64,295,757
Interest paid	554,573	180,373	230,150	175,900	388,954	—	—
Royalties paid	342,071	347,563	325,467	463,679	420,449	780,815	302,433
Misc. other deductions	319,600	576,790	550,026	596,431	419,222	1,107,392	710,356
Minority interest	1,854	1,440	379	—	—	—	—
Balance	6,539,517	7,922,236	8,533,519	23,746,315	23,019,602	32,430,621	53,282,939
Prov. for Fed. inc. and surtax	2,135,595	2,746,191	1,531,456	2,134,779	2,267,000	2,168,892	9,193,697
Excess profits taxes	—	—	1,655,464	15,276,395	15,160,770	23,206,010	29,319,665
Provision for contingencies	—	—	—	—	—	2,000,000	5,500,000
Net income to surplus	4,103,932	5,176,012	5,346,659	6,335,141	5,591,832	5,055,719	9,275,377
Surplus beginning of year	41,916,714	41,045,022	37,511,456	34,700,964	31,135,283	33,590,872	27,031,823
Other surplus credits	—	5,101,273	2,038,000	—	—	—	—
Preferred dividends	2,026,150	2,026,150	2,026,150	2,026,150	2,026,150	4,425,631	2,616,628
Common dividends	1,793,200	1,793,200	1,793,200	1,498,500	1,198,800	599,400	599,400
Common dividends chgd. to res.	—	—	—	—	cr 1,198,800	cr 599,400	cr 293,700
Renegotiation refund	—	—	—	—	—	2,835,617	—
Other surplus debits	—	5,554,278	56,773	—	—	—	—
Surplus end of year	\$42,226,316	\$41,916,714	\$41,015,622	\$37,511,456	\$34,700,964	\$31,135,283	\$33,390,872
SUPPLEMENTARY P. & L. DATA							
Maintenance and repairs	\$8,551,814	\$5,794,903	\$5,917,292	\$9,624,743	\$6,450,567	\$9,937,333	\$9,506,652
Taxes (other than income)	2,195,695	1,813,856	1,852,834	2,749,506	2,835,874	3,446,702	3,362,695
Parent company's net income	3,927,009	2,694,283	2,811,026	\$4,666,171	\$4,500,205	\$4,358,457	\$8,449,177

After including dividends from consolidated group subsidiaries: 1948, \$1,510,200; 1947, \$810,200; 1946, \$25,200; 1945-43, \$10,200; 1942, \$452,750.

Includes related portions of items shown under "Supplementary p. & l. data" below statement.

Includes loss on property retirements: 1948, \$216,021; 1947, \$155,410; 1946, \$490,870; 1945, \$311,494; 1944, \$351,907; 1943, \$919,033; 1942, \$152,061.

Includes amortization of expenditures for extension of plant facilities under National Defense program: 1945, \$2,170,665; 1944, \$3,446,856; 1943, \$3,918,049; 1942, \$3,600,289; 1941, \$1,602,764.

1946: Includes \$1,366,324 profit on sales of specific securities.

After deducting post-war credits: 1945, \$1,096,600; 1944, \$1,651,530; 1943, \$2,500,000.

Record of Earnings, years ended April 30:

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Cont. Shs. Outstand.	Earn. Per Com. Sh.
1935	\$17,428,622	\$19,819,193	\$2,390,571	\$484,024	\$1,906,547	\$161,967	\$1,744,580	—	599,400	\$2.66
1936	24,552,036	25,039,653	\$486,617	615,959	\$1,102,576	\$40,867	\$1,061,709	—	599,400	\$1.43
1937	40,136,278	\$9,627,167	502,111	893,565	1,408,676	198,000	1,210,676	—	599,400	\$1.36
1938	47,671,615	47,375,231	296,384	657,722	957,106	203,698	753,407	—	599,400	\$1.25
1939	23,653,517	25,901,725	\$2,241,203	571,559	\$1,539,649	123,014	\$1,416,635	—	599,400	\$1.15
1940	33,795,090	36,238,071	\$4,422,981	611,622	193,641	209,418	\$4,213,563	—	599,400	\$3.40
1941	67,102,012	60,338,909	6,863,103	592,954	7,356,057	2,191,927	5,164,130	—	599,400	5.23

BALANCE SHEETS COMPARATIVE CONSOLIDATED BALANCE SHEET AS OF APRIL 30

(Taken from reports to Securities and Exchange Commission; including wholly owned subsidiaries)

	1918	1917	1916	1915	1914	1913	1912
ASSETS							
Cash	\$7,009,574	\$7,256,383	\$9,393,249	\$15,940,168	\$10,719,039	\$24,612,257	\$15,929,375
U.S. Govt. sec. (cost or less)	1,923,762	1,749,035	2,090,053	2,862,578	2,013,760	1,643,504	1,031,732
U.S. Govt. sec. (cost)	811,231	4,033,231	33,109,158	69,373,601	57,172,231	73,619,110	12,875,748
Notes receivable (net)	783,732	1,102,741	568,299	757,021	1,223,763	2,447,201	2,086,181
Accounts receivable (net)	16,765,684	12,873,683	6,618,114	13,063,815	20,615,864	18,553,785	25,631,582
Inventories	67,919,973	46,201,179	28,512,760	29,551,416	36,534,959	48,078,272	37,351,793
Adv. payments for materials	—	—	—	48,033	127,331	231,656	265,314
Total current assets	95,843,496	73,222,963	80,973,574	131,601,635	139,077,007	169,235,788	95,927,736
Sec. deposits (U. S. Govt. contracts)	—	—	—	3,361,308	6,054,730	21,679,088	22,925,154
Securities of affiliate (net)	—	—	—	81,479	601,519	274,561	81,432
Miscellaneous securities (net)	103,554	107,073	112,855	175,052	180,019	173,772	109,631
Res. of affiliates (net)	—	—	—	6,513,653	4,502,172	4,729,726	2,950,820
Post-war refund-excess profits tax	—	—	—	5,881,330	4,181,530	2,500,000	—
Property, plant & equipment	112,177,695	105,931,417	103,426,020	85,617,163	84,917,913	84,906,660	84,513,959
Less: Depreciation reserve	53,237,261	53,469,003	54,925,429	45,518,372	43,261,583	38,740,013	34,221,851
Net property account	59,230,834	52,462,414	48,500,591	39,098,791	41,713,360	46,166,647	50,292,137
Intangibles	18,859,457	18,806,413	18,993,585	19,021,692	19,031,403	19,041,126	19,049,213
Treasury stock (at cost)	—	—	—	533,400	533,400	533,400	533,400
Prepaid taxes, insurance, etc.	743,193	859,503	761,995	456,119	543,613	430,915	237,333
Total	\$171,821,594	\$145,674,310	\$149,801,249	\$206,784,218	\$215,221,783	\$264,765,366	\$192,174,919
LIABILITIES							
Accounts payable	\$16,027,116	\$10,641,526	\$5,027,370	\$9,301,416	\$3,938,265	\$7,792,413	\$12,715,725
Accrued payrolls	2,508,675	2,307,003	2,901,045	3,638,025	2,067,416	1,141,437	1,500,129
Accrued taxes, etc.	4,426,033	3,409,066	11,564,515	77,013,754	87,825,420	135,341,100	40,392,214
Bills payable (banks)	21,875,000	5,000,000	—	—	—	—	—
Advance contr. payments	1,668,795	1,222,752	5,050,712	71,393	5,621,017	84,313	1,346,015

BALANCE SHEETS (cont'd)

LIABILITIES	1918	1917	1916	1915	1914	1913	1912
Common divs.—Payment enjoined.....	688,600	325,000	315,000	-----	-----	-----	399,400
Sinking fund requirement.....	-----	-----	-----	90,084,666	104,452,148	144,362,272	58,853,454
Total current liabilities.....	46,379,869	22,698,352	25,923,674	90,084,666	104,452,148	144,362,272	58,853,454
Subsidiary funded debt.....	10,115,000	4,800,000	5,125,000	-----	-----	-----	-----
Minority interest.....	7,317	5,593	4,448	6,192,250	9,432,740	22,016,000	31,503,453
Advances on Govt. contracts.....	-----	-----	-----	-----	-----	-----	1,500,000
Insurance reserve.....	4,109,038	4,058,728	-----	735,745	735,745	1,934,543	2,533,915
Res. for empl. welfare plan.....	735,745	735,745	735,745	12,290,151	5,900,187	5,317,255	6,531,153
Reserve for common dividends.....	8,795,963	8,406,783	14,531,640	30,000,000	30,000,000	30,000,000	30,000,000
Reserve for contingencies, etc.....	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Preferred stock (\$100 par).....	70,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Common stock.....	2,913,391	2,913,391	2,913,391	37,311,453	34,700,964	31,135,283	83,390,872
Capital surplus.....	42,226,316	41,916,714	41,015,922	-----	-----	-----	-----
Earned surplus.....	-----	-----	-----	-----	-----	-----	-----
Total capital stock & surplus.....	105,175,707	104,595,105	103,442,742	97,511,456	94,700,924	91,135,283	93,390,872
Less: Treasury stock.....	1,055,000	1,055,000	-----	-----	-----	-----	-----
Net capital stock & surplus.....	104,020,707	103,540,105	103,442,742	97,511,456	94,700,924	91,135,283	93,390,872
Total.....	\$171,824,291	\$145,614,310	\$143,501,249	\$206,181,213	\$215,221,783	\$264,765,356	\$192,171,919
Net current assets.....	\$19,433,837	\$50,326,616	\$55,051,902	\$41,547,029	\$33,624,859	\$24,873,516	\$39,370,252
PROPERTY ACCT.—ANALYSIS	\$10,950,883	\$9,650,946	\$1,271,501	\$1,936,155	\$1,359,655	\$2,840,116	\$6,742,641
Additions at cost.....	4,438,205	6,112,549	1,740,262	1,356,914	1,258,006	2,417,174	1,573,747
Retirements or sales.....	-----	-----	15,259,794	-----	-----	-----	-----
Other additions.....	-----	-----	3,176	-----	-----	-----	-----
Other reductions.....	-----	-----	-----	-----	-----	-----	-----
DEPREC. RESERVE.—ANALYSIS	\$3,215,069	\$2,922,210	\$2,237,747	\$4,157,870	\$5,435,932	\$6,621,000	\$5,133,513
Additions charged to p. & l.....	3,416,478	4,319,650	1,014,315	903,597	912,256	1,502,835	836,217
Retirements or sales.....	-----	-----	7,212,115	-----	-----	-----	-----
Other additions.....	-----	-----	-----	-----	-----	-----	11,435
Other reductions.....	-----	-----	-----	-----	-----	-----	-----

1916: Represent additions to fixed assets through acquisition of Shippers' Car Line Corp. and its subsidiary (\$14,785,129) and Cummings Car and Coach Co. (\$495,665).

At cost or less and after deducting reserves: 1912, \$6,400,195; 1913, \$5,735,511; 1914, \$5,268,134; 1915, \$3,007,117; 1916, \$1,823,822; 1917, \$2,761,178; 1918, \$2,559,558; Market value: 1912, \$1,013,870; 1913, \$1,757,316; 1914, \$2,178,575; 1915, \$3,279,756; 1916, \$3,315,672; 1917, \$2,029,945; 1918, \$1,902,313.

1916-13: Includes amount due on renegotiation of U. S. contracts.

After \$150,000 reserve in 1917. Includes notes receivable due beyond one year: 1912, \$2,415,636; 1913, \$1,919,082; 1914, \$920,013; 1915, \$712,116; 1916, \$531,254; 1917, \$626,223; 1918, \$450,113—these notes are carried as current assets because they are readily marketable.

After reserves (1918, \$214,250).

1918: Includes \$1,614,801 accrued unbilled escalation charges (estimated).

At cost or less and not in excess of market:

	1918	1917
Work in process.....	\$12,837,325	\$35,789,566
Finished goods.....	2,175,260	2,193,162
Raw materials.....	21,110,074	6,777,872
Supplies.....	1,788,294	1,410,579

Total..... \$67,910,973 \$46,201,179

At cost or less and after following reserves: 1912, \$1,953,718; 1913, \$1,850,812; 1914, \$1,622,967; 1915, \$662,552.

1915: Investments, before reserves, comprised of ACF-Brill Motors Co. (445,139 9/10 common shares, \$1,150,718; 6% debenture bonds, 1929, \$2,001,012; 1904 (1) warrants, \$931,593), \$7,056,323; Shippers' Car Line Corp.

(97,611 shares, class B), \$119,912; total, \$1,206,235.

At cost or less and after following reserves: 1912, \$273,094; 1913, \$267,234; 1914, \$200,595; 1915, \$132,414; 1916, \$123,453; 1917, \$117,613; 1918, \$121,978.

After reserves: 1915, none; 1914, \$1,000,000. An inventory of property, plant and equipment was made by Coverdale & Colpitts, consulting engineers, as of April 30, 1929. As a result of classification and adjustment based upon this inventory, book value of property, plant and equipment was decreased by \$3,346,069 and depreciation reserve was increased \$15,520,221. Total necessary adjustment amounted to \$18,866,250, which amount has been charged to Intangibles.

1918:	Book Values	Reserves
Land.....	\$6,127,772	-----
Land Improv., etc.....	919,576	-----
Dies, patt., etc.....	7,124,557	-----
General improve.....	1,489,769	\$1,157,363
Tracks.....	28,274	19,215
Structures.....	21,052,035	10,611,553
Machinery & equip.....	36,103,435	20,230,316
Tank cars.....	6,823,788	6,823,788
Mobile equip.....	262,052	131,327
Marine equip.....	5,317	2,970
Distr. systems.....	3,623,715	2,451,153
Commun. systems.....	79,750	45,561
Meters, gauges, etc.....	102,934	79,750
Air cond. equip.....	85,551	9,763
Constr. in progr.....	563,791	-----
Defense facilities.....	11,625,426	11,625,426

Total..... \$112,417,035 \$53,237,261

Comprises 10,550 preferred and 690 common shares in all years, 1916 and previous years carried on the asset side.

22 Represented by 600,000 no par shares which include treasury stock (see note 22 above).

1916: Represent related reserve of additions to fixed assets through acquisition of Shippers' Car Line Corp. and its subsidiary and Cummings Car & Coach Co.

Includes Shippers' Car Line Corp.

Represents excess of acquired equities as at Jan. 1, 1916 over capital stock costs of Shippers' Car Line Corp.

1917: Adjustment of above through purchase of an additional nine shares of common stock, \$71; adjustment of excess of par value of 10,550 shares preferred and stated value of 600 shares common treasury stock over cost, \$551,000; total, \$551,071.

Depreciation Policy: Depreciation rates used: General Improvements, 5%; structures—A, 2%; B, 2 1/2%; C, 3%; D, 6%; E, 5%; F, 4 1/2%; machinery and equipment—A, 4%; B, 8%; C, 10%; D, 7%; E, 5 1/3%; F, 14%; G, 5%; tank cars, 3.6% to 25%; mobile equipment, 10 and 25%; marine equipment, 5%; distribution systems, 5%; communication systems, 5%; meters instruments and gauges, 10%; air conditioning equipment, 5%.

Dies, patterns, forms, small tools, etc., are not depreciated but are maintained by charging off all replacements and renewals to repairs expense (charge-offs, 1918, \$950,397; 1917, \$845,823; 1916, \$1,118,975; 1915, \$532,241; 1914, \$408,651; 1913, \$1,012,417; 1912, \$303,567).

General Notes: (a) Earned surplus includes \$1,013,675 representing balance due on publicly-owned shares of preferred stock out of earnings for the fiscal year ending April 30. (b) Accounts certified, Ernest W. Bell & Co.

FINANCIAL & OPERATING DATA

Statistical Record, Fiscal Years

	1918	1917	1916	1915	1914	1913	1912
Earned per share—preferred.....	\$14.18	\$17.85	\$18.47	\$21.89	\$19.32	\$17.47	\$32.04
—common.....	\$3.47	\$5.26	\$5.51	\$7.18	\$5.95	\$5.05	\$12.00
Dividends per share—preferred.....	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
—common.....	\$3.00	\$3.00	\$3.00	\$2.50	\$2.00	\$2.00	\$2.00
Price Range—preferred.....	100 1/4-74	115 1/4-91	132 1/4-96 1/2	127-93	99 1/4-68 1/2	80-59 1/2	73 1/4-55 1/2
—common.....	45 1/4-28 1/4	51 1/4-36	72 1/4-42	67 1/4-39	42 1/4-33 1/2	45 1/4-21 1/2	33-20
Net tangible assets per sh.—pfd.....	\$231.36	\$233.37	\$290.22	\$260.82	\$259.88	\$247.77	\$255.10
—common.....	\$32.85	\$33.35	\$31.86	\$31.77	\$27.08	\$21.16	\$24.81
Number of shares—preferred.....	259,450	259,450	259,450	259,450	259,450	259,450	259,450
—common.....	593,400	593,400	593,400	593,400	593,400	593,400	599,400

Calendar years. Includes \$1.00 declared in July, 1911 but held up by court action and paid in Feb., 1913. Excludes \$0.9219 payable to holders of record Feb. 15, 1913 paid Nov. 18, 1914 under court ruling.

Financial & Operating Ratios

	1918	1917	1916	1915	1914	1913	1912
Current assets—current liabilities.....	2.07	3.20	3.12	1.46	1.32	1.17	1.09
% cash & sec. to curr. assets.....	10.53	17.51	55.92	67.00	57.15	59.01	30.79
% inventory to curr. assets.....	70.86	63.10	55.21	22.56	26.63	28.41	38.94
% net curr. assets to net worth.....	47.52	48.48	53.49	42.84	35.70	27.45	42.40
% property depreciated.....	47.33	50.47	53.11	54.53	59.91	45.63	40.49
% ann. depr. & amort. to gross prop.....	2.83	2.70	2.16	4.55	6.40	7.03	6.07
Capitalization:							
% preferred stock.....	27.81	27.58	28.13	23.55	30.74	31.95	31.17
% common stock & surplus.....	72.19	72.42	71.87	76.45	69.25	68.05	68.83
Sales—inventory.....	1.93	2.87	4.14	6.76	5.94	6.02	5.19
Sales—receivables.....	7.18	9.50	16.44	11.45	9.88	13.77	7.52
% sales to net property.....	221.74	253.15	243.55	510.90	524.61	626.58	430.18
% sales to total assets.....	75.12	91.13	78.83	56.60	101.68	109.20	112.57
% net inc. to total assets.....	2.35	3.53	3.57	3.06	2.60	1.91	4.83
% net income to net worth.....	3.91	4.91	5.20	6.53	5.94	5.58	9.98
Pfd. div., times earned.....	2.03	2.55	2.54	3.13	2.76	2.56	4.59
Analysis of Operations:							
Sales.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales.....	85.49	83.73	81.53	83.11	84.02	81.33	70.04
Sell. gen. & adm. exp.....	6.62	7.93	7.75	3.97	3.07	2.20	3.03
Deprec., renew., etc.....	2.45	2.20	1.39	2.03	2.43	2.05	2.37
Operating profits.....	5.41	6.04	6.22	11.81	10.35	11.24	24.53
Other income.....	0.49	0.70	1.00	0.70	0.73	0.72	0.57
Total income.....	5.93	6.80	8.18	12.51	11.08	11.96	25.10
Income deductions.....	0.95	0.83	0.99	0.62	0.56	0.65	0.47
Net income before income taxes.....	4.98	5.97	7.19	11.89	10.52	11.31	24.63
Income taxes.....	1.55	2.07	2.50	8.72	7.96	8.77	17.50
Provision for contingencies.....	-----	-----	-----	-----	-----	0.00	2.31
Net income.....	3.12	3.90	4.69	3.17	2.56	1.75	4.29

FINANCIAL & OPERATING DATA

Statistical Record, Fiscal Years	1948	1947	1946	1945	1944	1943	1942
Earned per share—(1) Preferred	\$69.33	\$41.83	\$22.87	\$28.76	\$23.21	\$139.37	\$153.69
—(2nd) preferred	43.63	—	—	—	—	—	—
—common	3.72	\$9.22	\$1.53	\$6.02	\$6.34	\$6.41	\$7.14
(2) Dividends per share—(1) preferred	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
—(2nd) pref'd	\$2.302	—	—	—	—	—	—
—common	\$1.75	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
(3) Price range—\$1 preferred	105 1/2-97	114 1/2-93 1/2	112-111 1/2	115-110 1/2	113-106 1/2	—	115-110
—\$3.25 preferred	106 1/2-93	104 1/2-91 1/2	—	—	—	—	—
—common	50 1/2-32 1/2	64 1/2-36 1/2	192-143 1/2	167 1/2-122 1/2	131-114 1/2	153-122 1/2	134 1/2-93
Net tang. assets per sh.—(1) preferred	\$568.10	\$372.03	\$372.00	\$342.10	\$333.72	\$1,204.33	\$1,134.62
—(2nd) pref'd	\$355.80	—	—	—	—	—	—
—common	\$20.47	\$71.05	\$66.19	\$59.91	\$56.88	\$53.06	\$49.71
Fixed charges earned:							
Before Fed. taxes & depreciation	27.45	36.77	\$2.30	144.92	116.40	115.73	76.76
Before Fed. taxes & after depr.	19.53	26.36	41.05	91.02	77.19	87.10	57.24
After Fed. taxes & depreciation	12.69	16.42	31.93	33.51	29.85	27.78	27.87
Times charges & pfd. div. earned	5.38	6.64	4.93	6.07	9.29	14.12	14.57
Price range—deb. 2.35s, 1961	98 1/2-96	101 1/2-94 1/2	—	—	—	—	—
(4) Net tang. assets per \$1,000 fund. debt	\$3,509	\$2,837	—	\$10,240	\$9,451	\$6,667	\$6,013
(5) Net curr. assets per \$1,000 fund. debt	\$835	\$509	—	\$3,609	\$3,143	\$378	\$709
Number of shares—(1) preferred	303,869	303,369	303,869	303,869	303,869	60,000	60,000
—(2nd) preferred	100,000	—	—	—	—	—	—
—common	1,921,824	1,248,706	1,248,706	1,248,706	1,248,706	1,248,706	1,248,706

(1) 1944-48, new \$1 preferred; 1943 and prior years former 5% preferred.

(2) Dividends disbursed during fiscal year.

(3) Price ranges for calendar years ended seven months after fiscal years.

(4) Includes \$1.59 per share paid on \$1 preferred and \$1.75 on \$3.

(5) Includes \$1.00 paid on old no par stock prior to 4-for-1 split.

(6) After stock split; before, 1913-1915.

(7) Funded debt excludes current installments shown as current liabilities.

Financial & Operating Ratios	1948	1947	1946	1945	1944	1943	1942
Current assets ÷ current liabilities	2.83	2.24	4.01	2.44	2.64	1.16	1.43
% cash & securities to current assets	27.40	18.10	40.63	59.78	51.01	24.78	21.54
% inventory to current assets	44.22	51.61	37.01	23.62	27.38	40.93	41.74
% net current assets to net worth	32.44	27.71	34.46	39.03	37.16	6.66	14.01
% property depreciated	22.25	21.67	34.00	46.23	39.73	31.56	28.19
% annual depr. & amort. to gr. prop.	6.19	4.70	11.22	10.87	9.90	7.86	6.83
Capitalization:							
% long term debt	27.93	35.24	—	9.65	10.46	14.76	16.32
% preferred stock	23.51	16.43	23.53	26.07	26.40	6.96	7.25
% common stock & surplus	42.70	48.28	73.42	64.28	63.05	78.26	76.43
Sales ÷ inventory	4.64	3.90	5.24	7.63	7.24	7.16	8.43
Sales ÷ receivables	7.23	7.93	8.78	10.30	9.17	8.57	7.31
% sales to net property	95.81	91.03	150.30	181.17	166.96	136.43	112.22
% sales to total assets	62.53	61.05	79.07	85.24	86.26	58.59	76.01
% net income to total assets	7.76	5.66	5.40	5.93	6.14	6.93	8.94
% net income to net worth	12.18	10.66	6.13	6.40	8.45	11.48	15.53
Preferred dividend times earned	8.56	10.47	5.72	7.19	13.03	27.67	30.74

(8) New issue at lower dividend rate.

Analysis of Operations	%	%	%	%	%	%	%
Sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	74.05	77.38	83.52	76.63	78.57	72.99	71.89
Selling, general & other expense	6.51	7.36	7.81	5.54	4.87	4.24	5.02
Operating profit	19.41	15.26	8.69	17.78	16.56	22.76	23.03
Other income	2.14	1.81	2.72	2.74	3.51	3.17	2.58
Total income	21.55	17.06	11.32	20.52	20.07	25.93	25.61
Other deductions	1.84	0.89	2.33	0.40	1.21	0.45	0.73
Balance	19.71	16.17	8.91	20.12	18.86	25.48	24.94
Income taxes & surtax	7.29	6.29	2.01	13.06	11.67	17.44	12.26
Minority interest	0.03	0.12	0.09	0.05	0.07	0.17	0.31
Net income	12.34	9.76	6.83	7.02	7.12	7.87	11.77

FUNDED DEBT

1. Dow Chemical Co. 15-year debenture 2.35s, due 1961; Rating—A

AUTHORIZED—\$30,000,000; outstanding, Oct. 1, 1948, \$2,000,000.

DATED—Nov. 1, 1946.

MATURITY—Nov. 1, 1961.

INTEREST—M&N 1 at office of trustee. Principal and interest payable in U. S. legal tender.

TRUSTEE—City Bank Farmers Trust Co., New York.

DENOMINATION—Coupon, \$1,000; registrable as to principal; fully registered, \$1,000, \$5,000, \$10,000 and authorized multiples of \$1,000. C&R and the several denominations interchangeable.

CALLABLE—As a whole, or in part, by lot, on not less than 30 nor more than 30 days published notice at any time to each Nov. 1 incl. as follows:

1949.. 102	1950.. 101 1/2	1951.. 101 1/2	1952.. 101 1/2	1953.. 101 1/2	1954.. 101 1/2
1955.. 101	1956.. 100 1/2	1957.. 100 1/2	1958.. 100 1/2	1959.. 100 1/2	1960.. 100 1/2

(1) 1960 100

(2) After Nov. 1, 1960.

Also callable for sinking fund, which see.

SINKING FUND—Annually Mar. 15 beginning 1950, sufficient to redeem \$1,000,000 par of debentures on next succeeding May 1. Debentures at sinking fund redemption price may be tendered in lieu of cash. Requirements may be anticipated by delivery of debentures.

Callable for sinking fund by lot on any May 1 beginning 1950 at 100 and interest.

SECURITY—Not secured by any lien.

CREATION OF ADDITIONAL DEBT—Neither company nor any subsidiary shall mortgage or pledge any property or assets now owned or hereafter acquired unless debentures are equally and ratably secured thereby, except (1) purchase money or existing liens (and extension, renewal or replacement thereof) not to exceed 75% of purchase price of after-acquired property; (2) in ordinary course of business on current assets to secure current liabilities maturing within one year; or (3) for unemployment or self insurance, workmen's compensation, social security, indemnity in litigation, or qualification in furtherance of ordinary conduct of business.

If on consolidation, merger, or disposition of property substantially as an entirety, any property would become subject to any lien, debentures will first be secured by a direct prior lien on such property.

RIGHTS ON DEFAULT—In event of default (30-day grace period for payment of interest,

15 days for sinking fund), trustee or 25% of debentures may declare principal due and payable immediately.

INDENTURE MODIFICATION—Indenture may be modified except as provided with consent of 66 2/3% of debentures.

TAX STATUS—No provision for assumption or refund of any Federal or state taxes.

PURPOSE—Issued for working capital.

LEGAL—For savings banks in New York and Rhode Island.

LISTED—On New York Stock Exchange.

OFFERED—(\$30,000,000) at 100 (proceeds to company 99 1/2%) on Nov. 7, 1946 by a syndicate headed by Smith, Barney & Co., New York.

PRICE RANGE—1948, 93 1/2-96; 1947, 101 1/2-91 1/2.

2. Dow Chemical Co. 2.70% sinking fund loan due 1972:

On Jan. 15, 1947, company borrowed from an insurance company \$35,000,000, evidenced by an unsecured note bearing interest at the rate of 2.70% per annum, payable semi-annually, due Jan. 1, 1972.

Outstanding, Oct. 1, 1948, \$35,000,000.

Note, among other things, contains provision for sinking fund payments, aggregating \$2,000,000, due each Jan. 1 as follows: 1953-57, \$500,000; 1958-62, \$1,000,000; 1963-67, \$1,500,000; 1968-71, incl., \$2,000,000.

Proceeds were used for acquisition of government-owned styrene plant and certain other properties in Velasco, Tex.

Mortgage Debt, etc.: Outstanding, May 31, 1948, \$2,391,250. Consisting of \$2,291,250 4% mortgage note and \$200,000 lease purchase agreement due in installments to Jan. 1, 1953 and Mar. 1, 1952 respectively.

Water Purchase Contract: City of Midland, Mich., issued \$6,000,000 water revenue 1 1/2s, 2s, 2 1/2s and 3s, series 1946 due serially each Sept. 1, 1949-76, incl. The bonds were publicly offered September, 1946 to finance acquisition and construction of an additional source of water supply. Basic security for the bonds, which mature in amounts ranging from \$125,000 in 1949 to \$275,000 in 1976, is a new water contract with company for purchase of at least 7,000,000 gallons per day of raw Lake Huron water at cost to city (including cost of debt service on the bonds), plus a net profit to city of 1 cent per 100 gallons. The contract will run for a period of 30 years from date of first delivery of water to company, and cannot be terminated prior to final bond maturity. In event of default on contract payments, company shall be liable for payment of all of above bonds outstanding, together with re-

demption premiums, and bondholders shall have the right of legal action against company if the city fails to obtain such payment from company. The water project was completed in fall of 1948.

CAPITAL STOCKS

1. The Dow Chemical Co. \$4 cumulative preferred, series A; no par

AUTHORIZED—600,000 shares; outstanding, Oct. 1, 1948, 303,869 shares; no par.

PREFERENCES—Has first preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$4 per share annually, payable quarterly Jan. 15, etc., to stock of record Jan. 1, etc.

DIVIDEND RECORD—Initial dividend of \$9 cents paid Jan. 15, 1944; regular quarterly dividends paid thereafter.

VOTING RIGHTS—Has no voting power unless four quarterly preferred dividends are in arrears, when preferred, if a majority of such outstanding preferred be represented, voting separately as a class, is entitled to elect one-third of directors or, if less than a majority of such stock be represented, is entitled to vote concurrently with common stock.

Consent of holders of at least two-thirds of preferred is necessary to (1) change terms or provisions of preferred; (2) create any prior class of stock or (3) sell or lease all or substantially all of company's property and assets to or merge or consolidate into or with any other corporation.

Consent of holders of at least a majority of outstanding preferred is necessary to increase authorized preferred or create any class of stock on a parity with the preferred.

Company may create mortgages or liens or other funded debt having priority over preferred without consent of holders of such preferred.

LIQUIDATION RIGHTS—On liquidation entitled to redemption price, if voluntary, and to \$100 per share, if involuntary; plus dividends in all cases.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 and not more than 60 days' notice at \$112 per share on or before Nov. 1, 1948; at \$110 per share on or before Nov. 1, 1953 and at \$107 per share thereafter; plus dividends in all cases.

Preferred may not be redeemed except as a whole if dividends are in arrears and as preferred may be purchased except on offer to all holders on same terms.