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MOODY'S INVESTORS SERVICE

MOODY'S INDUSTRIAL MANUAL

AMERICAN and FOREIGN

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MOODY'S INVESTORS SERVICE

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INDENTURE MODIFICATION. Limited powers of creation of supplemental indentures are vested in company and the trustees.

PAYMENTS. 15¢ proceeds, together with other funds, applied to redemption of first m. A. 1955 and of debenture 7½% 1947.

TAX STATUS. Company will collect and pay Pennsylvania or Connecticut personal property tax not exceeding 1 mill per annum on each dollar of personal property or taxable value of such property in any California property tax not exceeding 2 mills per annum on each dollar of actual value thereof in any Massachusetts income tax not exceeding 6% per annum. No provision for assumption or refund of any Federal tax or for any other state taxes.

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

LISTED. On New York Stock Exchange. OFFICERS: As of Jan. 1, 1943 (to proceed to 1944): President, A. H. 1943 by a syndicate headed by Smith, Barney & Co., Glens, Forgan & Co., Franklin D. Hays, First National City, Huntington & Co., W. B. & Co., Inc., Harbison, Rine & Co., Inc., and Goldman, Sachs & Co., New York.

2. Mortgage Notes. There were outstanding at Oct. 31, 1943, \$3,358,115 and 2¢ mortgage notes, due semi-annually to 1963, secured by packing plant at Omaha, Neb., purchased in 1933, formerly operated under lease.

CAPITAL STOCK

1. Wilson & Co., Inc. 5½% cumulative, preferred, no par.

AUTHORIZED. 2,500,000 shares; outstanding, 2,500,000 shares; in treasury, 3,100 shares; no par.

PREFERENCES. Has preference for assets and dividends.

DIVIDENDS. 5½%—Paid to cumulative dividends of \$1.25 per share annually payable quarterly Jan. 1, etc., commencing from Jan. 1, 1940, to stock at record about Dec. 15, etc.

DIVIDEND RECORD. Initial dividend of 13 cents paid Jan. 2, 1943, regular quarterly payments thereafter.

DIVIDEND LIMITATION. As of Jan. 31, 1938.

DIVIDEND RESTRICTION. Except by affirmative vote of majority of preferred, company will not pay any dividend except to junior stock or to acquire for value, any junior stock except by exchange for or by proceeds of sale of, or by exercise of rights to purchase, junior stock, unless (1) redemption of preferred stock of preferred has been made equal to any arrears over \$100,000 of principal or credit for principal purchased or redeemed or accumulated under retirement provision (see below), and (2) after

giving effect thereto (a) such disbursements after Oct. 31, 1944, will not exceed the sum of (i) \$1,000,000; (ii) consolidated net earnings; (iii) amount available for junior dividends (as defined) as surplus after Oct. 31, 1944, and (iv) not proceeds from sale after Oct. 31, 1945, of junior stock or of rights or warrants to purchase junior stock, but in either case only to extent not used to acquire other junior stock; and (v) consolidated net tangible assets equal at least 150% of the aggregate of (a) consolidated funded debt and (v) involuntary liquidation value of all preferred (except junior preferred not owned, and on all preferred of consolidated subsidiaries not owned).

VOTING RIGHTS. Has one vote per share concurrently with common.

Retirement. Vote of two-thirds of preferred necessary to (1) issue any of authorized 250,000 shares in addition to this initial issue (if less than all authorized preferred is initially issued), or authorize additional preferred or junior stock having priority or parity therewith, or securities convertible therewith; (2) amend provisions to affect rights of preferred adversely; (3) sell or convey substantially all assets, or consolidate or merge (except with a wholly-owned subsidiary); (4) issue, assume or guarantee, directly or through a subsidiary (except for refunding, renewal or extension of like amount thereof, or to company or a wholly-owned subsidiary) any funded debt, unless thereafter consolidated net tangible assets equal at least 150% of consolidated funded debt plus involuntary liquidation value of all preferred (except junior preferred) not owned and preferred of consolidated subsidiaries not owned.

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

PREEMPTIVE RIGHTS. None.

CALLABLE. As a whole or in part on at least 30 days' notice by mail at any time to each \$100, incl. as follows: 1930, \$102; 1931, \$103; 1932, \$104; and at \$100 per share thereafter, plus dividends.

Also callable for retirement provision, which see.

RETIREMENT PROVISION. While more than 250,000 shares of preferred are outstanding, on or before the first day of the 4th month following end of preceding fiscal year, beginning with calendar year 1947, company will accumulate for retirement of preferred an amount equal to consolidated net earnings for preceding fiscal year after consolidated funded debt sinking fund requirements and dividends on preferred (except junior preferred) not owned and all preferred of con-

solidated subsidiaries not owned, but not to exceed \$500,000 in any year. Moneys so accumulated may be used to redeem preferred on at least 30 days' notice at any time to Sept. 30, incl. as follows: 1930, \$101.50; 1931, \$102; 1932, \$102.50; and at \$100 per share thereafter, plus dividends.

TAX STATUS. In election of counsel, exempt from Illinois and Pennsylvania personal property taxes.

PURPOSE. Offered in exchange share for share for former 15 preferred, with cash payment of 25 cents per share for accrued dividends to Dec. 31, 1945; 129,222 shares were so exchanged and balance of 120,778 shares were publicly offered (see "Offered" below). Proceeds, together with other funds, were used to redeem, unexchanged 15 preferred. Holders of 15 preferred also had right to exchange their shares, to extent of 30,000 shares, for common stock on basis of 5½ common shares for each 15 preferred share; 21,069 preferred shares were so exchanged.

LISTED. On New York Stock Exchange.

TRANSFER AGENTS. Guaranty Trust Co., New York, and First National Bank, Chicago.

REGISTRARS. Chase Manhattan Bank, New York, and Continental Illinois National Bank & Trust Co., Chicago.

DIVIDEND DISBURSING AGENT. First National Bank, Chicago.

OFFERED. (120,778 shares) at \$100 per share on Dec. 19, 1945, by syndicate headed by Smith, Barney & Co., New York, and Glens, Forgan & Co., Chicago.

2. Wilson & Co., Inc. common, no par. AUTHORIZED—2,500,000 shares; issued and outstanding, 2,159,381 shares; no par.

Dividend Record
(Calendar Years)

1935...	\$0.37 1/4	1936-37	\$0.50	1938-48	Nil
1945...	0.85	1947...	0.95	1949...	2.00
1919-31	1.00	1932...	0.50	1933-54	Nil

Dividends payable quarterly Mar. 1, etc., to stock of record about Feb. 15, etc.

DIVIDEND RESTRICTION. See description of first 15, 1938 and \$1.25 preferred stock above. At Oct. 30, 1951, approximately \$24,000,000 of retained earnings were restricted.

VOTING RIGHTS. One vote per share.

PREEMPTIVE RIGHTS. None.

LISTED. On New York Stock Exchange.

TRANSFER AGENTS. Guaranty Trust Company, New York, and First National Bank, Chicago.

REGISTRARS. Chase Manhattan Bank, New York, and Continental Illinois National Bank & Trust Company, Chicago.

DIVIDEND DISBURSING AGENT. First National Bank, Chicago.

WILSON ATHLETIC GOODS MANUFACTURING CO., INC.

(Controlled by Wilson & Co., Inc.)

History: Incorporated in Delaware, Dec. 9, 1930, as General Sports Footwear Company in Wilson Athletic Goods Co. Oct. 27, 1933, President, A. H. 1933 by a syndicate headed by Smith, Barney & Co., Glens, Forgan & Co., Franklin D. Hays, First National City, Huntington & Co., W. B. & Co., Inc., Harbison, Rine & Co., Inc., and Goldman, Sachs & Co., New York.

2. Wilson Athletic Goods Mfg. Co., Inc. 7% cumulative class B preferred, no par.

AUTHORIZED. \$2,250,000; outstanding, \$1,754,800; par \$100. Wilson & Co., Inc. owns \$1,449,300.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

3. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED. 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

4. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED. 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

5. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED. 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

Officers: E. E. Wilson, Chairman; F. J. Bowman, Pres.; W. E. King, Exec. Vice-Pres.; C. W. Becker, H. E. Gillette, L. R. Freeburg, H. E. Grear, Vice-Pres.; P. W. Seyl, Treas.; E. E. Dubach, Compt. & Sec.; Ella Oefstedal, N. Dyorkin, M. G. Gage, Asst. Sec.

Directors: C. W. Becker, F. J. Bowman, D. K. Campbell, J. E. Conway, J. D. Cooney, E. E. Wilson, L. R. Freeburg, H. E. Grear, W. E. King, P. W. Seyl.

Annual Meetings: Second Tuesday in February.

No. of Employees: Nov. 1, 1951, over 2,500.

General Office: 2637 N. Campbell Ave., Chicago.

Working Capital, etc.:

Oct. 30, 1951

Oct. 31, 1953

Current assets \$19,795,190 \$18,282,129

Current liabilities 2,655,886 3,976,180

Net current assets 15,139,304 14,305,949

Net tangible assets Not stated 16,317,415

Capital Stock: 1. Wilson Athletic Goods Mfg. Co., Inc. 7% cumulative class A preferred; \$2,250,000; outstanding, \$2,250,000; par \$100.

AUTHORIZED: \$2,250,000; outstanding, \$2,250,000; par \$100. Wilson & Co., Inc. owns \$2,250,000.

PREFERENCES: Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS: In liquidation, entitled to par.

CALLABLE: As a whole or in part at 105.

VOTING RIGHTS: Has no voting power.

SINKING FUND: Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS: For dividend payments, see under class A.

2. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED: 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES: Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS: In liquidation, entitled to par.

CALLABLE: As a whole or in part at 105.

VOTING RIGHTS: Has no voting power.

SINKING FUND: Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS: For dividend payments, see under class A.

3. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED: 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES: Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS: In liquidation, entitled to par.

CALLABLE: As a whole or in part at 105.

VOTING RIGHTS: Has no voting power.

SINKING FUND: Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS: For dividend payments, see under class A.

SINKING FUND. Annual sinking fund of \$30,000 beginning Mar. 1, 1932, to retire class A preferred stock at 100.

VOTING RIGHTS. Has no voting power.

DIVIDENDS. Regular dividends paid quarterly, Jan. 1, etc., to Oct. 1, 1931, incl.; none thereafter to Oct. 1, 1937, when \$12 a share was paid; Oct. 1, 1938, \$6.50; Oct. 1, 1939, \$7; 1940, nil; 1941, \$7; 1942-43, nil; 1944 to 1951, incl., \$7.

Arrears, Nov. 1, 1951, \$51.93 1/3 per share.

2. Wilson Athletic Goods Mfg. Co., Inc. 7% cumulative class B preferred, no par.

AUTHORIZED: \$2,250,000; outstanding, \$1,754,800; par \$100. Wilson & Co., Inc. owns \$1,449,300.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

3. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED: 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

4. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED: 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

5. Wilson Athletic Goods Mfg. Co., Inc. common, no par.

AUTHORIZED: 120,000 shares; outstanding, 51,621 shares; no par. Wilson & Co., Inc. owns 90,318 shares.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

CAPITAL STOCK

1. Shipper's Car Line Corp. (subs.) 2¢, no par.

AUTHORIZED. 2,200,000 shares; outstanding, 2,200,000 shares; no par.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

2. Shipper's Car Line Corp. (subs.) 2¢, no par.

AUTHORIZED. 2,200,000 shares; outstanding, 2,200,000 shares; no par.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

3. Shipper's Car Line Corp. (subs.) 2¢, no par.

AUTHORIZED. 2,200,000 shares; outstanding, 2,200,000 shares; no par.

PREFERENCES. Has equal preference with class A as to assets and dividends.

LIQUIDATION RIGHTS. In liquidation, entitled to par.

CALLABLE. As a whole or in part at 105.

VOTING RIGHTS. Has no voting power.

SINKING FUND. Annual sinking fund of 5% of class B preferred to retire stock at 100, after class A preferred has been retired.

DIVIDENDS. For dividend payments, see under class A.

ACT INDUSTRIES, INCORPORATED

(formerly American Car & Foundry Co.)

History: Incorporated in Delaware, Dec. 9, 1930, as General Sports Footwear Company in Wilson Athletic Goods Co. Oct. 27, 1933, President, A. H. 1933 by a syndicate headed by Smith, Barney & Co., Glens, Forgan & Co., Franklin D. Hays, First National City, Huntington & Co., W. B. & Co., Inc., Harbison, Rine & Co., Inc., and Goldman, Sachs & Co., New York.

2. Wilson Athletic Goods Mfg. Co., Inc. 7% cumulative class B preferred, no par.

AUTHORIZED. \$2,250,000; outstanding, \$1,754,800; par \$100. Wilson & Co., Inc. owns \$1,449,300.

* French Co., Chicago, Ill.; Union Car Co., Depew, N. Y.

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

In Jan. 1945, holdings in ACF-Bell Motor Co., an affiliate company, were sold for approximately \$7,500,000.

American Car & Foundry Export Corp. and American Car & Foundry Investment Corp., wholly-owned subsidiaries, were dissolved in April, 1950.

In April, 1951, American Car & Foundry Securities Corp. was dissolved.

In 1951, organized certain subsidiaries for purpose of financing specific car purchase, rental and sales transactions. Any obligations incurred by such financial subsidiaries are secured by cars and leases thereon, and are without recourse to company or its operating subsidiaries—Carter Carburetor Corp. and Shippers' Car Line Corp.

On Apr. 20, 1953, purchased entire capital stock of Avion Instrument Corp. of Paramus, N. J., which conducts research and develops fire control and missile guidance systems, computer elements and similar electronic devices.

In June, 1951, company through W-K-M Manufacturing Co., Inc., acquired for \$7,150,898 business of W-K-M Co. of Houston, Tex., manufacturer of high-pressure steel valves for oil field and pipe line equipment.

In 1951, company acquired Engineering & Research Corp., Riverdale, Md., producer of electronics and airplane equipment.

SUBSIDIARIES

This is both an operating and holding company. As of April 30, 1951, 100% of the voting power was held in the following subsidiaries: Name, place of incorporation and business: Carter Carburetor Corp., Del., makes automobile carburetors.

Avion Instrument Corp., N. Y., conducts research and develops electronic devices.

W-K-M Manufacturing Co., Inc., manufactures valves for pipe line and oil wells.

SHIPN First Corp., N. Y., financing purchases, rentals and sales.

SHIPN Second Corp., N. Y., financing purchases, rentals and sales.

SHIPN Third Corp., N. Y., financing purchases, rentals and sales.

Amar Corp., N. Y., financing purchases, rentals and sales.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED APRIL 30

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

	1951	1950	1949	1948
Sales, less discounts & allowances	\$245,000,000	\$257,269,071	\$173,901,755	\$119,657,304
(a) Cost of sales	208,587,822	219,772,191	141,955,474	98,766,357
(b) Selling, gen. and admin. exp.	14,219,000	12,815,381	10,411,956	15,975,890
Depreciation & amortization	3,892,175	4,111,574	4,311,613	3,969,371
Operating profits	18,691,003	20,569,923	17,233,512	5,945,686
Dividends received	21,918	112,806	112,262	113,902
Interest and discount	597,609	56,236	49,315	387,912
Royalties	152,221	80,036	39,509	64,841
Miscellaneous other income	11,995	70,735	79,173	50,621
Total income	19,453,746	21,276,801	17,991,264	6,567,265
Interest, etc.	1,223,389	1,070,567	905,077	693,797
Royalties paid	200,976	213,269	241,422	296,061
(a) Non-operating prop. expense, net	16,922	341,537	2,049,156	633,333
(b) Misc. other deductions	174,177	1,707,799	1,434	1,639
Minority interest	—	1,118	—	—
Balance	17,589,382	17,810,531	14,797,173	4,937,912
Prov. for Fed. Inc. and surtax	8,558,191	8,957,571	7,419,086	2,261,098
Excess profits taxes	331,415	257,981	175,211	—
(a) Prov. for deferred Fed. Inc. taxes	257,986	—	—	—
Net income to owners	7,718,150	8,094,978	7,202,165	2,675,914
Surplus beginning of year	37,913,993	31,319,891	28,664,932	24,275,464
(a) Other surplus credits	—	4,150,073	725,745	44,917,201
(b) Preferred dividends	2,026,171	2,026,150	2,026,150	1,086,169
(c) Common dividends (cash)	3,412,310	1,931,931	1,199,899	1,519,612
(d) Common dividends (stock)	2,570,112	2,697,599	—	1,798,200
(e) Other surplus debits	—	157,171	—	—
Surplus end of year	\$37,632,610	\$37,913,993	\$31,319,891	\$26,606,932

SUPPLEMENTARY P. & L. DATA

	1951	1950	1949	1948
Maintenance and repairs	\$9,123,297	\$8,101,176	\$6,721,310	\$4,866,281
Amort. of patents	22,074	2,114	2,114	—
Replace. in lieu of deprec. on dies	1,619,602	—	—	—
(a) Taxes (other than income)	1,001,810	2,133,300	2,310,698	2,231,810
Royalties	612,417	180,160	341,267	279,203
(b) Parent company's net income	200,976	213,269	241,422	296,061
(c) After including dividends from consolidated subsidiaries	8,759,127	6,968,032	4,576,156	2,635,121

(a) After including dividends from consolidated subsidiaries: 1951, \$8,759,127; 1950, \$6,968,032; 1949, \$4,576,156; 1948, \$2,635,121.

(b) Includes related portions of items shown under "Supplementary P. & L. Data" below statement.

(c) Includes less on minority interest at 1951, \$1,223,389; 1950, \$1,070,567; 1949, \$905,077; 1948, \$693,797.

(d) Includes operations of Avion Instrument Corp. from Apr. 20, 1953, date of acquisition.

(e) On account of accelerated depreciation.

Car Funding Corp., N. Y., financing purchases, rentals and sales.

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

Shippers' Car Line Corp., N. Y. (99%). Company leased cars to various industrial concerns. Owns fleet of over 12,000 tank cars.

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, disconnected plug type tank—oil industrial types, welded products (all sizes and designs), miscellaneous articles of iron and steel and manufacture of and repairs to small vessels. Company is also engaged in engineering development and manufacturing in the field of electronics.

Carter Carburetor Corporation, subsidiary, manufactures and sells carburetors, governors, fuel filters, mechanical and electrical fuel pumps and oil pressure switches.

W-K-M Manufacturing Co., Inc., subsidiary, manufactures high-pressure steel valves for oilfield and pipeline equipment.

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

Unit sales of freight and passenger cars for last 6 fiscal years were as follows:

	Passenger	Freight	Total
1948	171	16,770	16,941
1949	534	27,253	27,787
1950	915	12,711	13,226
1951	161	8,827	8,988
1952	18	19,142	19,160
1953	4	11,889	11,893

1954 — Not reported —

UNIT ORDERS (\$)

June 1, 1951	118,000,000
June 1, 1952	277,000,000
June 1, 1953	333,000,000
June 1, 1954	310,000,000

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. The plants of the Carter Carburetor Corp., a subsidiary, are located at St. Louis and Olivette, Mo.; plants of Shippers' Car Line Corp. are at Milton, Pa.; Smackover, Ark.; Kansas City, Mo. (2); and East St. Louis, Ill.; plant of Avion Instrument Corp. is at Paramus, N. J., and plant of W-K-M Manufacturing Co. is at Houston, Tex.

Location of Plant	General Character
Albuquerque, N. Mex.	Special Products
Alexandria, Va.	Electronic and airplane equipment
Berwick, Pa.	Passenger, freight and mine car plant—iron foundry—rolling mill.
Buffalo, N. Y.	Special Products
Detroit, Mich.	Valves
Huntington, W. Va.	Freight and mine car plant—iron foundry.
Milton, Pa.	Tank car plant—pressed steel containers.
St. Charles, Mo.	Passenger car plant.
St. Louis, Mo.	Freight car plant—rolling mill—iron foundry.

MANAGEMENT

Officers

Charles J. Hardy, Jr., Chairman
J. E. Clark, President
H. V. Bootes, Vice-President
Rudolph Furrer, Vice-Pres.
W. E. Linger, Vice-President
Fredk. H. Norton, Vice-President (Sales)
C. W. Sponkel, Vice-Pres. (Aircraft Div.)
James M. White, Vice-Pres. (Mfg.)
J. P. Richmond, Vice-Pres. (Finance)
P. B. Hoyt, Vice-Pres. (Purchase)
John F. Burditt, Treasurer
C. Allan Fee, Secretary
W. J. Conaty, Comptroller
W. C. Anderson, Assistant Secretary
W. J. Haley, Assistant Secretary
David Ohler, Asst. Treasurer
F. E. Clemmshaw, Asst. Comptroller
J. W. Hubbard, Asst. Comptroller

Executive Committee

Charles J. Hardy, Jr., Chairman
W. J. Cummings
L. P. Philip, Exec. Assistant

Directors

R. B. Colgate, New York
W. J. Cummings, Chicago
C. J. Hardy, Jr., New York
W. F. Van Deventer, New York
E. L. Nye, New York
H. C. Wick, Westfield, N. J.
J. A. Farrell, Jr., New York
R. H. R. Loughborough, New York
W. T. Taylor, New York

General Counsel: Hardy, Stancliffe & Hardy, New York.

Auditors: Ernest W. Bell & Co., Inc.

Annual Meeting: Last Thursday in August.

Number of Stockholders: Mar. 16, 1954: Preferred, 5,790; common, 8,100.

Number of Employees: Jan. 31, 1954, 11,500.

General Office: 30 Church St., New York 8, N. Y.

Corporate Office: 117 Main Street, Flemington, N. J.

YEARS ENDED APRIL 30

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

	1951	1950	1949	1948
Sales, less discounts & allowances	\$245,000,000	\$257,269,071	\$173,901,755	\$119,657,304
(a) Cost of sales	208,587,822	219,772,191	141,955,474	98,766,357
(b) Selling, gen. and admin. exp.	14,219,000	12,815,381	10,411,956	15,975,890
Depreciation & amortization	3,892,175	4,111,574	4,311,613	3,969,371
Operating profits	18,691,003	20,569,923	17,233,512	5,945,686
Dividends received	21,918	112,806	112,262	113,902
Interest and discount	597,609	56,236	49,315	387,912
Royalties	152,221	80,036	39,509	64,841
Miscellaneous other income	11,995	70,735	79,173	50,621
Total income	19,453,746	21,276,801	17,991,264	6,567,265
Interest, etc.	1,223,389	1,070,567	905,077	693,797
Royalties paid	200,976	213,269	241,422	296,061
(a) Non-operating prop. expense, net	16,922	341,537	2,049,156	633,333
(b) Misc. other deductions	174,177	1,707,799	1,434	1,639
Minority interest	—	1,118	—	—
Balance	17,589,382	17,810,531	14,797,173	4,937,912
Prov. for Fed. Inc. and surtax	8,558,191	8,957,571	7,419,086	2,261,098
Excess profits taxes	331,415	257,981	175,211	—
(a) Prov. for deferred Fed. Inc. taxes	257,986	—	—	—
Net income to owners	7,718,150	8,094,978	7,202,165	2,675,914
Surplus beginning of year	37,913,993	31,319,891	28,664,932	24,275,464
(a) Other surplus credits	—	4,150,073	725,745	44,917,201
(b) Preferred dividends	2,026,171	2,026,150	2,026,150	1,086,169
(c) Common dividends (cash)	3,412,310	1,931,931	1,199,899	1,519,612
(d) Common dividends (stock)	2,570,112	2,697,599	—	1,798,200
(e) Other surplus debits	—	157,171	—	—
Surplus end of year	\$37,632,610	\$37,913,993	\$31,319,891	\$26,606,932

(a) 1951: 10% stock dividend: 65,908 shares valued at \$39.00 per share, \$2,570,412.

1950: 10% stock dividend: 59,910 shares valued at \$35.00 per share, \$2,097,000.

1949-53: Excludes depreciation on non-operating property for amount, see note (a).

(b) Includes special security taxes: 1951, \$1,758,184; 1950, \$1,655,130; 1949, \$1,500,000; 1948, \$1,093,870.

(c) 1951, \$1,116,174; 1949, \$1,611,622; 1948, \$103,625.

(d) 1953: Excess of cost over bond value of Avion Instrument Corp. capital stock at date of acquisition, \$135,141.

1950: Write-off of goodwill from "Intangibles" account, \$18,816,230.
 1950: Other surplus credits follow:
 1950: Transfer of reserve of employees' welfare plan, \$1,175,173.

1952: Transfer from reserve for common dividends, \$735,745.
 1950: Transfer from reserve for contingencies, \$1,086,189.

1919: Adjustment of accrued for prior years Federal income taxes, \$1,583,124.
General Note

(a) Total payroll: 1951, \$60,782,521; 1953, \$54,899,717.

Record of Earnings, years ended April 30 (in \$):

Year	Net Sales	Cost and Expenses	Operating Profit	Ord. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
1936	21,882,036	25,939,853	\$ 1,027,617	135,989	\$ 441,625	140,867	\$ 452,518	599,400	599,400	\$ 4.35
1937	40,156,276	39,627,167	509,111	899,565	1,408,676	198,000	1,210,676	599,400	599,400	\$ 1.36
1938	45,674,615	41,375,231	299,384	657,722	957,106	203,698	753,407	599,400	599,400	\$ 2.12
1939	21,812,417	25,324,725	\$ 2,111,208	571,555	\$ 1,139,649	123,044	\$ 1,662,692	599,400	599,400	\$ 6.15
1940	35,395,970	36,238,971	\$ 442,981	641,622	198,641	203,415	\$ 10,777	599,400	599,400	\$ 3.40
1941	47,192,042	49,332,309	6,852,103	502,954	7,356,057	2,194,927	\$ 5,161,130	599,400	599,400	\$ 5.23
1942	516,326,565	163,272,167	33,064,461	\$ 5,281,462	47,787,939	38,507,562	9,275,377	599,400	599,400	\$12.09
1943	259,233,689	256,757,879	32,517,810	\$ 2,087,189	30,130,621	25,374,992	\$ 5,555,719	\$1,198,800	599,400	\$ 5.03
1944	218,821,838	186,180,489	22,554,349	365,253	23,019,602	17,427,770	\$ 3,991,832	1,198,800	599,400	\$ 5.95
1945	199,155,179	176,164,573	23,599,606	155,769	23,746,315	17,411,174	6,335,141	1,498,500	599,400	\$ 7.18
1946	118,113,552	110,763,283	7,350,269	1,183,250	8,533,519	3,186,800	\$ 5,346,699	1,798,200	599,400	\$ 5.54
1947	147,320,214	121,793,178	8,027,035	\$ 99,830	7,922,236	2,746,194	\$ 5,176,042	1,798,200	599,400	\$ 5.26

\$57.28 after renegotiation adjustment.

Includes \$50,000 declared in July, 1951, but held up by court action and paid in Feb., 1943.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF APRIL 30

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

ASSETS	1951	1953	1952	1951	1950	1949	1948
Cash	\$10,110,670	\$20,083,202	\$19,391,707	\$12,263,562	\$14,940,280	\$12,545,984	\$7,609,574
Mkt. secs. (cost or less)	1,190,020	1,190,020	1,349,856	1,780,693	1,151,811	1,205,020	1,923,762
U. S. Govt. secs. (cost)	13,455,781	1,655,014	500,000	500,000	1,100,000	---	844,281
Notes & accts. receivable, net	29,945,914	40,775,694	23,331,236	20,614,117	11,923,048	33,667,869	17,554,816
Inventories	41,774,985	47,291,381	45,095,228	46,088,993	29,435,273	59,430,670	67,910,973
Total current assets	95,257,320	110,923,311	89,833,027	81,247,355	58,559,112	106,845,943	95,843,406
Securities of affiliate (net)	15,000	15,000	15,000	---	---	---	---
Notes receivable	664,902	725,967	511,607	621,602	742,030	363,292	---
Interest in car lease rental	---	---	---	1,194,433	---	---	---
Deposits for comp. ins., etc.	1,353,863	281,253	267,158	574,904	260,843	289,353	---
Miscellaneous securities (net)	---	1	19,647	20,542	54,039	101,719	103,564
Car purchase options	993,760	839,700	559,000	---	---	---	---
Property, plant and equipment	109,419,532	108,059,867	114,220,184	118,330,128	117,539,978	116,440,172	112,377,095
Less: Depreciation reserve	55,291	56,582,062	56,978,414	57,910,493	55,898,130	53,806,388	53,237,261
Net property account	54,151,236	51,468,805	57,241,770	60,419,726	61,641,848	62,633,789	59,239,834
Intangibles	1	23,015	19,953	18,606	18,170	18,865,076	18,889,457
Due from uncons. subs.	48,000	4,541	---	---	---	---	---
Prepaid taxes, insurance, etc.	682,523	915,553	1,014,391	997,544	771,801	827,998	743,133
Total	\$153,108,578	\$165,197,149	\$149,486,459	\$145,094,784	\$122,039,143	\$189,930,171	\$174,824,394
LIABILITIES							
Accounts payable, etc.	\$22,461,441	\$21,406,712	\$10,125,893	\$15,217,647	\$8,084,828	\$19,126,846	\$18,324,091
Accrued taxes	11,865,170	11,334,528	9,957,367	3,380,186	1,003,052	4,192,571	4,426,683
Bills payable (bank)	---	15,000,000	15,000,000	15,309,528	5,000,000	35,000,000	21,875,000
Advance contr. payments	558,895	995,247	1,305,187	81,076	174,750	1,154,551	1,068,795
Sinking fund requirement	685,000	685,000	685,000	685,000	685,000	685,000	685,000
Total current liabilities	35,570,519	49,471,487	37,073,447	34,673,437	14,947,619	60,168,768	45,379,569
Secured long term notes payable	---	---	---	1,189,478	---	---	---
Subsidiary funded debt	30,000	6,639,600	7,375,000	8,060,000	8,745,000	9,439,000	10,115,000
Minority interest	2,422	8,690	11,362	11,275	10,187	8,542	7,347
Due uncons. subs.	---	---	411,622	---	---	---	---
Res. for empl. welfare plan	---	---	4,129,377	4,233,318	4,386,117	4,547,300	4,700,838
Reserve for common dividends	---	---	---	735,745	735,745	735,745	735,745
Reserve for contingencies, etc.	7,121,583	7,121,583	7,298,369	7,729,293	7,074,629	8,258,211	8,795,958
Res. for deferred Fed. income taxes	265,806	---	---	---	---	---	---
Preferred stock (\$100 par)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Common stock	18,149,350	16,509,099	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Capital surplus	19,456,502	18,533,791	2,943,391	2,949,391	2,949,391	2,949,391	2,949,391
Earned surplus	37,682,619	37,943,993	31,319,391	26,606,932	24,275,454	41,917,204	42,226,316
Total capital stock & surplus	105,288,493	102,976,884	91,269,282	89,556,323	87,224,855	107,866,595	105,175,707
Less: Treasury stock	1,073,150	1,071,300	1,085,000	1,085,000	1,085,000	1,085,000	1,085,000
Net capital stock & surplus	104,215,343	101,905,584	90,184,282	88,471,323	86,139,855	106,781,595	104,090,707
Total	\$153,108,578	\$165,197,149	\$149,486,459	\$145,094,784	\$122,039,143	\$189,930,171	\$174,824,394
Net current assets	\$59,716,911	\$61,451,824	\$52,764,589	\$46,573,931	\$43,602,802	\$46,680,175	\$49,463,937
PROPERTY ACCT. ANALYSIS							
Additions at cost	\$8,667,822	\$3,155,390	\$4,575,153	\$3,516,832	\$3,316,893	\$8,315,984	\$10,980,883
Retirements or sales	7,251,295	9,370,575	8,685,100	2,726,681	2,217,093	4,372,991	4,438,205
Other additions	dr 11,731	45,868	---	---	---	20,660	---
DEPREC. RESERVE ANALYSIS							
Additions charged to p. & l.	\$3,609,457	\$4,332,176	\$4,311,613	\$3,969,371	\$3,983,921	\$3,750,866	\$3,215,669
Retirements or sales	5,924,056	4,743,352	5,243,602	1,957,039	1,792,189	3,181,159	3,446,498
Other additions	69,936	11,824	---	---	---	---	---

1953: Represents additions to fixed assets through acquisition of Avion Instrument Corp. 1949: After deducting \$800,000 U. S. tax notes.

After reserves (1951 \$915,997).
 1948: Includes 1951 \$1,911,111; 1953, \$893,510; 1952 \$1,209,971; 1947, \$861,609; 1950, \$1,492,259; 1949, \$2,631,004; 1948, \$1,611,150; accrued undivided profits (including dividends declared).
 & At cost or less and not in excess of market.

Work in progress \$11,200,097
 Finished goods 2,364,726
 Raw materials 1,206,175
 Supplies 2,151,105

Total \$11,741,103

Investment in SHPX First Corp.
 At cost or less and after following reserves: 1948, \$1,911,111; 1953, \$122,119; 1950, \$115,691; 1949, \$2,631,004; 1948, \$1,611,150.

Relating to accelerated amortization of facilities under certificate of necessity.

Major inventory of property, plant and equipment was made by corporate & subsidiary companies, as of April 30, 1950 on basis of values at Mar. 1, 1948 with subsequent additions at cost.

1951: Book Values Reserves
 Land \$2,469,763
 Land improv., etc. 291,161
 Dies, patt., etc. 5,616,499

Book Values
 General improve. 789,282
 Trucks 147,697
 Structures 16,382,519
 Vehic. and equip. 31,657,159
 Tank & off. cars 32,650,061
 Mobile equip. 592,991
 Dist. & commun. system 2,801,341
 Motors, pumps, etc. 271,214
 Air cond. equip. 158,828
 Household impr. 91,210
 Constr. in progr. 592,745
 Defense facilities 9,551,981
 Power, fuel, etc. 5,213,757

Total \$109,149,064

Comprises 1950 preferred shares in all classes and following common shares: 1951, 1,000,000; 1953, 600,000; 1950, 48,000.

1951-53: Represented by par \$25 shares.

1952-53: Represented by 600,000 no par shares.

1953: Represents related reserve of additions to fixed assets through acquisition of Avion Instruments Corp.

1954: After crediting \$923,712 excess of average market value of \$30 per share over \$25 par value of common distributed as a dividend.
 1953: After adding adjustment of no par value common stock from stated value of \$30

per share to par value of \$25 per share, \$11,935,980; excess of average market value of \$35 per share over par value of \$25 on common shares distributed as a dividend, \$599,400; total, \$12,535,380.

Depreciation Policy: Depreciation rates used: Trucks, 5 and 10%; 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, 10 1/2%; F, 14%; G, 5%; H, 12 1/2%; I, 15%; tank and other cars, 3.6% to 33 1/3%; mobile equipment, 10 to 25%; distribution and communication systems, 5%; meters, instruments and ranges, 10 and 20%; air conditioning equipment, 8 and 12 1/2%; household improvements, term of lease.

Dies, patterns, forms, small tools, etc., are not depreciated but are maintained by charging off all replacements and renewals to repairs expense (charge-offs, 1951, \$1,649,662; 1953, \$1,768,713; 1952, \$892,722; 1951, \$388,740; 1950, \$892,193; 1949, \$683,827; 1948, \$950,397).

General Notes: (a) Earned surplus includes 2,006,156 representing balance due on publicly-owned shares of preferred stock out of earnings for the fiscal year ending April 30, 1951.

(b) Consolidated statements include all subsidiaries except SHPX First Corp. and its subsidiary companies.

SHPX First Corp. and Subsidiaries (not consolidated).

Consolidated Balance Sheet, as of April 30, (as reported to SEC):

Assets:	1954	1953
Cash	\$259,153	\$379,450
U. S. Govt. secur.	1,219,941	750,259
Nts. & accts. receiv.	341,891	243,005
Total cur. assets	\$1,881,288	\$1,472,714
Int. in car lco. pay.	253,640	565,378
Prepaid items	3,527	4,214
Cash & sec. dep.	707,091	177,246

Railroad cars	11,587,606	9,508,463
Less: Deprec. res.	1,430,968	756,287
Net prop. acct.	10,156,638	8,752,176
Total assets	\$13,002,544	\$10,971,733
Liabilities:		
Notes payable	\$1,269,065	\$1,016,065
Accts. pay. & accr.	29,930	27,903
Accr. Fed. state, etc. taxes	19,266	19,167
Total cur. liab.	\$1,317,271	\$1,063,135
Notes payable	9,530,696	8,481,262
Due to affiliates	48,906	4,511
Future deliv. under car. pur. options	905,700	839,700

Res. for defer. inc. taxes	531,340	234,569
Cap. stk. (par \$100)	15,000	15,000
Earned surplus	631,530	333,523
Total liabilities	\$13,002,544	\$10,971,733

(With respect to certain railroad cars owned, Shippers' Car Line Corp. has paid a total of \$905,700 in 1954 and \$839,700 in 1953 for options to purchase these cars at any time at their net depreciated book value, with privilege of applying this amount to purchase price thereof. Equal amounts are shown as assets in company's consolidated balance sheets.)

FINANCIAL & OPERATING DATA**Statistical Record, Fiscal Years**

	1954	1953	1952	1951	1950	1949	1948
Earnings per share—7% pref. red.	\$26.87	\$30.01	\$24.88	\$9.24	\$1.51	\$17.04	\$14.18
Dividends per share—7% preferred	\$7.93	\$10.10	\$8.64	\$1.08	\$2.65	\$4.85	\$3.47
Price Range—5% preferred	\$25.00	\$23.00	\$7.00	\$1.19	\$5.25	\$7.00	\$7.00
—common	\$614-51		\$2.00	Nil	\$3.00	\$3.00	\$3.00

Financial & Operating Ratios

Fixed charges earned:							
Before income taxes	15.31	17.73	17.35	8.36	1.62	6.39	12.79
After income taxes	7.36	9.11	8.96	4.86	1.49	4.16	8.40
Times chgs. & pfd. div. earned	2.77	3.15	2.77	1.24	0.46	1.81	1.81
Net tangible assets per sh.—pfd.	\$360.05	\$351.99	\$321.87	\$305.59	\$297.54	\$303.74	\$294.36
—common	\$103.79	\$110.66	\$107.14	\$99.28	\$95.39	\$98.38	\$93.85
Number of shares—preferred	289,450	289,450	289,450	289,450	289,450	289,450	289,450
—common	725,248	659,313	593,400	599,400	599,400	599,400	599,400

Current assets—current liabilities	2.68	2.24	2.42	2.34	3.92	1.78	2.07
% cash & sec. to curr. assets	24.73	20.65	23.83	17.90	29.36	12.87	10.83
% inventory to curr. assets	43.81	42.61	50.10	56.73	50.27	55.62	70.86
% net curr. assets to net worth	57.30	60.30	56.62	52.64	50.62	43.72	47.52
% properly depreciated	50.52	52.37	49.83	48.94	47.56	48.21	47.33
% ann. depr. & amort. to gross prop.	3.47	4.91	3.77	3.35	3.30	3.22	2.86
Capitalization:							
% Subs. and other long term debt	5.38	6.16	7.33	8.35	9.22	8.11	8.86
% preferred stock	27.24	26.65	28.79	29.99	30.50	24.91	25.34
% common stock & surplus	67.33	67.19	63.83	61.60	60.28	66.98	65.80
Sales—inventory	5.87	5.41	3.87	2.60	5.01	3.70	1.93
% sales to net property	8.18	6.32	7.44	5.80	12.37	6.82	7.48
% sales to total assets	452.60	499.74	303.91	198.04	239.24	350.69	221.74
% net inc. to total assets	160.07	155.70	116.37	82.47	120.84	115.65	75.14
% net income to net worth	5.08	5.26	4.82	1.84	0.36	2.60	2.35
Pfd. div., times earned	7.46	8.52	7.73	3.02	0.51	4.62	3.94
Analysis of Operations							
Sales	%	%	%	%	%	%	%
Cost of sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sell. gen. & adm. exp.	85.02	85.44	81.60	82.54	90.43	89.24	85.49
Deprec., renew. etc.	5.89	4.38	6.00	9.17	6.22	4.84	6.62
Operating profits	1.55	1.69	2.48	3.32	2.63	1.71	2.45
Other income	7.62	7.80	9.92	4.87	0.63	4.41	5.44
Total income	0.31	0.30	0.42	0.52	0.61	0.44	0.49
Income deductions	7.93	8.19	10.34	5.49	1.27	4.85	5.93
Net income before income taxes	0.79	1.22	1.84	1.36	0.89	1.01	0.95
Income taxes	7.14	6.97	8.50	4.13	0.38	3.83	4.98
Net income	3.97	3.59	4.36	1.89	0.08	1.89	1.85
	3.17	3.33	4.14	2.24	0.30	2.24	3.12

① Calendar years.

② Also 10% in stock.

SUBSIDIARY LONG TERM DEBT

1. Shippers' Car Li. & Corp. sinking fund debenture 3s. due 1962:

AUTHORIZED—\$5,450,000; outstanding, Nov. 23, 1954, \$2,725,000.

DATED—April 1, 1948.

MATURITY—April 1, 1961.

INTEREST—A&O 1 at office of trustee.

TRUSTEE—New York Trust Co., New York.

CALLABLE—As a whole or in part at any time at 103 to Mar. 31, 1949 and 14% less each year thereafter.

Also callable for sinking fund, which see.

SINKING FUND—Annually March 31, 1947-60 incl., sufficient to redeem on next ensuing April 1 \$225,000 par of debentures. In addition, company may make optional payments in multiples of \$5,000 up to \$325,000.

Callable for sinking fund at 100 on any April 1.

DIVIDEND RESTRICTION—Same as series C, below, dividends not to exceed net income from Dec. 31, 1945.

OFFERED—(\$5,450,000) Sold privately April 1, 1946 to Equitable Life Assurance Society.

2. Shippers' Car Line Corp. debenture 3s, series B, due 1962:

AUTHORIZED—\$2,500,000; outstanding, Nov. 23, 1954, \$2,100,000.

DATED—July 1, 1947.

MATURITY—July 1, 1962.

INTEREST—A&O 1 at office of trustee.

TRUSTEE—New York Trust Co., New York.

CALLABLE—As a whole or in part at any time at 103 to June 30, 1949 and 14% less each year thereafter.

Also callable for sinking fund, which see.

SINKING FUND—\$200,000 annually June 30.

SECURITY—Not secure by any lien.

DIVIDEND RESTRICTION—Same as series C, below, dividends not to exceed net income from Apr. 30, 1947.

OFFERED—(\$2,500,000). Sold privately July 1, 1947.

3. Shippers' Car Line Corp. debenture 2 1/4s, series C, due 1953:

AUTHORIZED—\$2,500,000; outstanding, Nov. 23, 1954, \$1,500,000.

DATED—Apr. 1, 1948.

MATURITY—Apr. 1, 1953.

INTEREST—A&O 1 at office of trustee.

TRUSTEE—New York Trust Co., New York.

CALLABLE—As a whole or in part at any time at 103 to Mar. 31, 1949 and 14% less each year thereafter.

Also callable for sinking fund, which see.

SINKING FUND—\$160,000 annually Mar. 31.

DIVIDEND RESTRICTION—Company will not pay any cash dividend on or reacquire stock unless thereafter on a consolidated basis (a) net working capital (as defined) is at least 10% of funded debt, (b) current assets at least 175% of current liabilities, and (c) net income from Apr. 3, 1947 exceeds such disbursements by at least \$500,000.

OFFERED—(\$2,500,000). Sold privately April 1, 1948.

CAPITAL STOCK

1. ACF Industries, Inc. 5% cumulative convertible preferred stock; par \$50:

AUTHORIZED—600,000 shares; outstanding, Jan. 31, 1955, 537,811 shares; par \$50.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$2.50 per share annually, payable quarterly Mar. 1, etc. (cumulative from Dec. 1, 1951).

VOTING RIGHTS—Has one vote per share. Consent of 66 2/3% of preferred required to amend terms hereof or create equal or prior stock.

LIQUIDATION RIGHTS—In any liquidation, entitled to \$50 per share and dividends.

CALLABLE—As a whole or in part at any time on at least 30 days' notice at \$55 per share and dividends; also callable for sinking fund (which see) at \$55 per share and dividends.

SINKING FUND—Annually beginning within 120 days after Apr. 30, 1955 of consolidated net earnings, after preferred dividends, up to \$600,000 plus any further balance after payment of common dividends up to \$3 per share and 20% of any remaining balance or \$201,600, whichever is less. Cash deposited to be used to purchase preferred at not exceeding \$55 per share or if at end of fiscal year, unexpended funds equal or exceed \$50,000, company may use same to redeem preferred at \$55 per share. Unexpended balance to be added to subsequent sinking fund disbursements. Preferred acquired not to be reissued. Company may sell to the sinking fund at

not exceeding cost to the company preferred acquired in open market after Dec. 1, 1951 in anticipation of sinking fund needs.

CONVERTIBLE—Into common at any time (if called, to close of business on date fixed for redemption) at rate of 1 1/4 common shares for each \$50 par of preferred, with no adjustment for dividends; scrip to be issued in lieu of fractional shares. Conversion privilege protected against dilution.

LISTED—On New York Stock Exchange.

TRANSFER AGENT—Guaranty Trust Co., New York.

REGISTRAR—Hanover Bank, New York.

PURPOSE—Issued in 1951 in exchange for \$100 par 7% preferred on 2-for-1 basis.

2. ACF Industries, Inc. common stock; par \$25:

AUTHORIZED—1,675,000 shares; outstanding, Jan. 31, 1955, 781,473 shares; reserved for conversion of preferred, 675,000 shares; par \$25 (changed from \$100 par in March, 1925, 2 no par shares issued for each \$100 share and to \$25 par in Sept., 1952, share for share).

Dividend Record (in \$)

(Calendar Years)

(\$100 par share)

1899... Nil 1900... \$1.00 1901-07 \$3.00

1903... 4.00 1904... 1.00 1905-06 Nil

1907-08 3.00 1909-10 2.00 1917-18 8.00

1919... 8.00 1920-24 12.00 1925... 20.00

(no par shares, after 2 for 1 split)

1925... 3.00 1926-30 6.00 1931... 2.75

1932-36 Nil 1937... 0.25 1938-49 Nil

1941-42 Nil 1943... 4.00 1944... 2.50

1945-49 3.00 1950... Nil 1951... 2.00

1952... 0.75 (\$25 par share)

1953... 0.75 1954... 4.75

Also 10% in stock, Sept. 25, 1952.

Before split-up.

To Mar. 16.

DIVIDEND RESTRICTIONS—See preferred above.

VOTING RIGHTS—One vote for each 2 shares held. See also preferred (1) above.

PREFERENCE RIGHTS—Full right.

LISTED—New York Stock Exchange; unlisted trading on Boston Stock Exchange.

TRANSFER AGENT—Guaranty Trust Co., New York N.Y.

REGISTRAR—Hanover Bank, New York.

CAPITAL STRUCTURE

CAPITAL STOCK

Issue
1. Common
(Fiscal years)

Par Value	Amount Outstanding	(a) Earned per Sh. 1954	(b) 1953	(c) Divs. per Sh. 1954	(d) 1953	Call Price	Price Range 1954	1932-54
No par	792,313 shs.	\$1.07	\$2.69	\$2.25	\$2.00	---	40 1/4-26	40 1/4-27 1/2

ALLIED MILLS, INC.

HISTORY

Incorporated in Indiana Aug. 6, 1929 with perpetual charter to acquire American Milling Co. of Peoria, Ill., a long established manufacturer of commercial feed reorganized effective Mar. 2, 1926 in Delaware, and McMillen Co. of Fort Wayne, incorporated in Indiana July 18, 1917.

In Aug., 1929 formed Sunshine Stores, Inc., operating feed stores, and in June, 1932 Amco Feed Stores, Inc., for a like purpose. In Nov., 1931 formed Soya Products Co., Inc. In Feb., 1932 formed Allied Seed Co., Inc. In Aug., 1936, sold Allied Seed Co., Inc.

In Sept., 1943 sold the capital stock of Century Distilling Co. to National Distillers Corp. The realized profit after Federal income taxes for this transaction, plus sale of certain adjoining real estate amounted to \$12,628,383.

SUBSIDIARIES

An operating and holding company. (On June 30, 1951, held 100% voting power in the following subsidiaries:

Name, place of incorporation and business:
Allied Mills, Inc. of Virginia (Va.) Manufacturer
Allied Mills, Inc. of Iowa (Ia.) Manufacturer
Amco Feed Stores, Inc. (Ind.) Retail feed stores
Elm Creek Alfalfa Mills, Inc. (Neb.) Alfalfa processing plant
Darr Alfalfa Mills, Inc. (Neb.) Alfalfa processing plant
O'Brien Milling Co. (O.) Distribution point
Sunshine Stores, Inc. (Ind.) Retail feed stores

Inactive Companies:

McMillen Co. (Ind.)
Soya Products, Inc. (Ind.)

Sugarine Co. (Ky.)

Wayne Feed Mills, Inc. (Ind.)

Wayne Feed Mills of Buffalo, Inc. (Ind.)

BUSINESS AND PRODUCTS

Manufactures a general line of livestock, poultry and dog feed, under Wayne brand name and serves a territory in all states east of the Mississippi River and in some states west of the Mississippi through independent feed dealers and a sales organization. Subsidiaries operate approximately 60 retail feed stores in Middle Western States, New England States, Pennsylvania, New Jersey and Southern States.

Company also engages in processing of soya beans, producing soy bean meal, a feed ingredient, and soy bean oil, used in the manufacture of paints and also to a considerable extent in the edible field.

PRINCIPAL PLANTS & PROPERTIES

Principal plants of Allied Mills, Inc. are as follows:

Peoria, Ill.: Feed manufacture plant.
Coxs, Neb.: Alfalfa processing plant
Omaha, Neb.: Feed manufacture, and soya bean processing
Fort Wayne, Ind.: Feed manufacture
East St. Louis, Ill.: Feed manufacture
Buffalo, N. Y.: Feed manufacture
Taylorville, Ill.: Soya bean processing
Memphis, Tenn.: Feed plant.
Gainesville, Cal.: Feed manufacture plant.
Company also has a research farm at Libertyville, Ill.

Subsidiary Plants:

Allied Mills, Inc. of Va. owns a plant at Portsmouth, Va. for manufacture of feed.

Allied Mills, Inc. of Iowa has feed plant at Mason City, Ia.

O'Brien Milling Co., Greenville, O. and Wayne Distributing Co., Coshocton, O., engage in feed distribution.

Elm Creek Alfalfa Mills, Inc., Elm Creek, Neb., alfalfa processing plant.

Darr Alfalfa Mills, Inc., Darr, Neb., a subsidiary of Elm Creek Alfalfa Mills, Inc., alfalfa processing plant.

MANAGEMENT

Officers

Harold J. Bulst, Chairman & President
E. D. Griffin, Vice-President
J. J. Quinlan, Vice-President
L. T. Murphy, Vice-President—(Oper.)
Elmer W. Lenz, Secretary and Treasurer
L. J. Korman, Asst. Secretary and Asst. Treasurer

Directors

Harold J. Bulst, Chicago
A. G. Heidrich, Peoria, Ill.
J. A. Bolten, Minneapolis
R. E. Clizbe, Clinton, Ia.
J. R. Cardwell, Chicago
B. C. McCabe, Minneapolis
L. T. Murphy, Chicago
J. J. Quinlan, Chicago

General Counsel: Miller, Westervelt, Johnson & Thompson.

Annual Meeting: Third Wednesday in Sept.

Auditors: Edward Gore & Co.

No. of Stockholders: Dec. 31, 1954, 6,106.

No. of Employees: Dec. 31, 1954, 2,050.

General Office: 3400 Board of Trade Building, Chicago 4, Ill.

INCOME ACCOUNTS COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED JUNE 30

	1954	1953	1952	1951	1950	1949	1948
Net sales (less returns, etc.)	\$106,657,773	\$96,449,779	\$102,735,154	\$89,536,193	\$70,996,758	\$74,774,518	\$88,125,501
Cost of goods sold	90,756,319	85,436,460	88,979,192	71,169,170	61,055,816	65,483,456	77,204,661
Gross profit on sales	15,901,454	11,013,319	13,755,962	18,367,023	9,940,941	\$9,286,062	\$10,920,839
Selling expenses	6,477,134	5,709,074	5,980,584	5,316,624	4,841,154	4,559,784	4,558,266
Administrative expenses	1,611,682	1,457,762	1,305,610	1,182,485	1,024,895	1,019,300	948,359
(a) Operating profit	7,812,638	3,846,483	6,469,768	8,867,914	4,074,893	\$3,676,778	\$5,414,214
(b) Other income—net	dr 65,344	dr 201,733	10,686	186,629	136,667	177,797	12,860
Total income	7,747,294	3,646,750	6,590,454	9,054,543	4,211,560	\$3,854,775	\$5,427,074
(a) Federal income taxes	4,522,936	1,513,350	3,948,000	5,479,975	1,784,489	1,454,961	2,116,402
Prov. for inventory mkt. decline	---	---	---	---	---	---	200,000
Net income	3,224,358	2,133,400	2,642,454	3,574,568	\$2,427,071	\$2,399,814	\$3,110,672
Previous earned surplus	25,031,748	24,489,459	23,049,274	22,255,456	21,995,994	21,827,800	20,781,601
Premium on reacquired stock	---	1,406	18,451	---	176,526	---	---
Dividends	1,782,711	1,584,675	1,783,814	2,180,750	1,991,084	2,201,620	2,001,472
Earned surplus, June 30	26,473,310	25,031,748	24,489,459	23,649,274	22,255,456	21,995,994	21,827,800

(After depreciation: 1954, \$1,280,012; 1953, \$1,059,376; 1952, \$358,815; 1951, \$819,429; 1950, \$743,758; 1949, \$522,668; 1948, \$417,386.

1953: After deducting \$350,673 carry-back of unused excess profits tax credit.
1952-51 includes excess profits taxes.

1954: Includes \$140,334 loss on sale and abandonment of fixed assets.
1951: Includes \$56,636 profit from sale of land and buildings.

Record of Earnings, years ended June 30 (in \$):

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
1936	32,521,017	29,426,812	3,094,205	113,204	3,207,531	667,829	2,539,702	443,444	866,888	2.86
1937	35,923,170	33,214,964	2,708,206	155,354	2,863,560	808,605	2,054,955	2,217,270	942,879	2.50
1938	28,068,113	25,318,733	2,749,380	32,692	781,972	173,301	608,771	473,000	946,000	0.64
1939	26,011,902	24,400,939	1,610,963	186	1,611,149	309,915	1,301,234	846,009	946,000	1.37
1940	28,068,043	26,309,619	1,758,424	d 26,868	1,731,556	337,617	1,393,939	845,665	812,220	1.71
1941	32,877,786	30,501,952	2,375,834	d 9,648	2,366,186	765,733	1,600,453	812,220	812,220	1.97
1942	49,603,421	44,728,653	4,874,768	47,751	4,710,248	3,107,619	1,602,629	596,474	800,675	2.00
1943	63,970,160	55,234,291	7,635,869	d 47,432	7,638,490	5,609,934	2,028,446	800,591	800,589	2.52
1944	58,905,661	53,867,713	5,037,948	d 106,157	4,931,791	3,389,995	1,541,796	2,802,082	800,589	1.92
1945	55,318,110	52,092,977	3,225,133	d 93,426	3,131,707	1,921,041	1,210,666	1,601,178	800,589	1.51
1946	56,163,298	52,364,833	3,798,465	d 76,507	3,721,958	1,935,414	1,786,544	1,601,178	800,589	2.23
1947	73,553,671	68,172,522	5,381,149	d 232,303	5,148,846	2,138,620	3,010,226	2,401,767	800,589	3.76

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF JUNE 30

	1954	1953	1952	1951	1950	1949	1948
ASSETS							
Cash	\$5,237,932	\$3,376,007	\$3,895,335	\$4,140,008	\$3,763,495	\$3,979,630	\$3,526,537
U. S. Government securities	---	---	---	---	---	3,532,302	7,539,057
Short-term marketable securities	---	---	906,056	3,732,368	3,989,010	1,985,904	---
(a) Receivables (net)	6,357,977	4,778,482	5,811,129	5,220,126	2,852,250	2,601,052	2,673,747
(b) Inventories	8,873,151	10,031,774	9,263,283	8,066,879	6,491,653	4,905,649	8,231,660
Prepaid insurance, etc.	334,176	227,520	265,821	292,302	268,829	287,841	289,760
Total current assets	\$20,807,236	\$18,413,783	\$20,231,629	\$22,391,684	\$17,365,238	\$17,292,330	\$22,260,761
Buildings, machinery, etc.	25,819,669	24,754,217	20,350,256	\$18,589,696	\$17,644,823	\$16,061,194	\$10,948,467
Less: Depreciation reserve	7,232,731	6,449,876	5,551,207	4,821,650	4,435,871	3,957,015	3,722,072
Net bldgs., mach., etc.	18,586,938	18,304,341	15,399,049	13,768,046	13,208,952	12,103,279	7,226,395
Land	392,793	369,128	305,358	323,157	383,505	402,591	406,291
Investments, etc. (less loss res.)	---	1,001	1,001	1,002	1,002	1,002	1,002
Excess fund	---	500,000	500,000	500,000	500,000	500,000	500,000
Total	\$39,308,027	\$37,588,263	\$36,497,028	\$36,983,890	\$31,458,697	\$30,299,252	\$30,394,448
LIABILITIES							
Notes payable	---	\$2,950,000	---	---	---	---	---
Accounts payable	\$632,103	653,453	\$638,019	\$569,825	\$411,148	\$382,253	\$462,851
Accrued liabilities	602,342	441,344	467,131	476,343	332,540	336,508	341,680
(a) Federal tax reserve	4,896,596	1,873,790	4,353,618	5,779,366	1,972,238	1,101,069	1,233,373
Total current liabilities	\$6,131,041	\$5,918,587	\$5,458,759	\$6,825,533	\$2,715,926	\$1,819,820	\$2,101,904
Contingency, insurance, etc. reserve	695,839	549,316	\$450,901	\$112,363	\$335,595	\$335,595	\$394,914
(b) Common stock	1,814,296	4,814,562	4,814,566	4,818,470	4,813,470	4,864,581	4,864,581
Initial surplus	662,250	662,250	662,250	662,250	662,250	662,250	662,250
Earned surplus	26,173,319	25,031,748	24,489,459	23,649,274	22,255,456	21,995,994	21,827,800
Surplus res. for inventory decline	621,000	621,000	621,000	621,000	621,000	621,000	621,000
Total	\$39,308,027	\$37,588,263	\$36,497,028	\$36,983,890	\$31,458,697	\$30,299,252	\$30,394,448
Net current assets	\$14,676,935	\$12,495,196	\$14,772,870	\$15,568,151	\$14,649,312	\$15,472,550	\$20,155,857

(Federal income and excess profits tax provision, less U. S. Treasury notes: 1951 and 1953, none; 1952, \$1,000,000; 1951 and 1950, none; 1949, \$830,000; 1948, \$1,045,174.
 (2) Represented by no par shares: 1951, 792,-

1953, 792,324; 1952, 792,374; 1951 and 1950, 792,000; prior years, 800,589.
 (3) After reserve for doubtful accounts (1954, \$380,259).

(4) Valued at lower of cost or market. 1951 Inventories: Finished products and merchandise, \$2,931,114; raw materials, \$5,371,021; bags and supplies, \$371,017; total, \$3,873,151.

STATISTICAL RECORD

Earnings per share	1954	1953	1952	1951	1950	1949	1948
(a) Dividends per share	\$4.07	\$2.69	\$3.33	\$4.51	\$3.06	\$2.96	\$3.89
(b) Price range	\$2.00	\$2.00	\$2.25	\$2.75	\$2.50	\$2.25	\$3.00
Net tangible assets per share	40 1/4-26	33-24 1/2	36-32 1/2	37-23 1/2	30 3/4-26 1/4	30 1/2-24 1/2	34 1/2-25 1/2
Number of shares	\$41.11	\$39.29	\$38.60	\$37.52	\$36.76	\$35.52	\$34.17
(c) Calendar years.	792,313	792,324	792,374	793,000	793,000	800,589	800,589

CAPITAL STOCK

1. Allied Mills, Inc. common; no par.
 AUTHORIZED—2,000,000 shares; issued, 1,105,057 shares; outstanding, Dec. 31, 1954, 792,313 shares; in treasury, 312,744 shares; no par.

Dividend Record	1951-54	1953-54	1952-54	1951-54
(Calendar years)				
1928-30	\$0.53			
1937	2.00			
		91.75	103.25	1.00

CAPITAL STRUCTURE

LONG TERM DEBT

1. Debenture 3s, due 1965
2. Conv. subord. deb. 3 1/2s, due 1980
3. 2 1/4-3 1/2 notes payable

CAPITAL STOCK

1. \$5.50 cumulative preferred
2. Common

(Range since 1911. (2) To July 1, 1957, incl., when price changes; see text. Also callable for sinking fund; see text. (3) To Feb. 28, 1958, incl., when price changes; see text. Also callable for sinking fund; see text. (4) Issued in Feb., 1955.

HISTORY

Incorporated in Delaware Sept. 19, 1925 as an operating and holding company, subsidiary of Continental Baking Corp. Latter was formed in Maryland Nov. 5, 1924 as a holding company to consolidate American Bakery Co., United Bakers Corp. and a large number of other baking concerns, mainly wholesale but a few retail. Effective Mar. 8, 1939 parent Continental Baking Corp. was merged into Continental Baking Co.; stocks were exchanged on a share for share basis.

In May, 1927 the Canadian Bakeries were sold. In 1939 company sold interest in Commander-Lacabee Corp., flour millers.

SUBSIDIARIES

An operating and holding company. As of Dec. 31, 1954, held 100% voting power in the following operating subsidiaries:

Name, place of incorporation and business:
 The Panplus Co. (Del.)—Bread ingredient
 Hall Baking Co. (Del.)—Retail bakery goods

BUSINESS & PRODUCTS

Company manufactures bread, cake and other bakery products, including chiefly Wonder bread and Hostess cake, distributed at wholesale to retail grocery stores, restaurants, hotels, etc. from 80 bakeries in 21 cities in 20 states and the District of Columbia, by driver-salesmen on about 4,500 routes. Company and Hall Baking Co. operate about 142 distribution agencies which receive bread and cake supplies from bakeries in nearby cities.

Subsidiary Hall Baking Co. manufactures bread, cake and other bakery products under the principal trade name Happy Home, for sale at retail from house to house. Products of its four bakeries in Buffalo, Cleveland, Detroit and Somerville, Mass., are distributed by driver-salesmen on about 700 routes.

The Panplus Co. manufactures Panplus, a patented bread ingredient for facilitating the maturing of bread doughs. Panplus is sold to bakers throughout the country by a staff of traveling salesmen. Company also manufactures "M.L.O.," a fungal enzyme preparation for mellowing and softening bread doughs.

INCOME ACCOUNTS

Sales, less discounts, returns & allow.	\$212,510,101	\$198,841,653	\$180,816,143	\$170,187,363	\$155,182,652	\$154,299,443	\$161,258,774
(1) Cost of goods sold	133,158,955	125,935,276	116,232,869	112,894,554	102,045,055	103,319,193	109,691,570
(2) Delivery & selling expenses	36,090,112	49,712,591	43,213,435	38,334,693	34,238,071	33,529,505	32,345,633
Advertising	5,091,830	5,289,886	4,871,534	4,350,232	4,110,423	3,987,418	2,970,839
(3) General & administrative expenses	1,352,262	1,379,394	1,255,170	1,227,461	1,210,902	1,047,155	931,467
Contribution to pension fund	1,000,000	900,000	800,000	700,000	700,000	700,000	850,000
Depreciation	3,615,358	3,668,895	3,143,556	2,800,263	2,529,371	2,155,480	1,701,623
Operating profit	12,162,536	12,193,668	10,637,589	9,859,114	10,342,830	9,475,685	12,917,582
(4) Other income	59,829	373	72,786	69,047	114,061	174,650	441,120
Total	12,222,365	12,194,041	10,710,375	9,928,161	10,456,891	9,650,335	13,358,702
Interest on funded debt	234,976	393,631	411,942	425,000	442,500	435,310	418,919
Other interest paid	71,075	99,419	85,213	61,491	331	19,133	8,641
(5) Other income deductions	8,375	6,533	4,740	5,710	8,210	8,155	7,521
Balance	11,753,989	11,694,438	10,202,980	9,456,920	10,003,770	9,186,445	12,936,338
Provision for Federal income tax	6,050,000	6,035,000	5,111,500	4,675,000	4,092,000	3,295,000	4,565,000
Federal excess profits tax			180,245	159,785	237,254	298,229	198,257
Net income for year	\$5,703,989	\$5,659,438	\$4,891,245	\$4,622,145	\$5,673,516	\$5,543,196	\$7,673,101
Special credits & charges							
Goodwill amortization							
Balance to surplus	\$5,703,989	\$5,659,438	\$4,891,245	\$4,622,145	\$5,673,516	\$5,543,196	\$7,673,101

CONTINENTAL BAKING COMPANY

Rating	Amount Outstanding	Times Charges Earned	Interest Dates	Call Price	Price Range
A	\$12,750,000	1954 26.35	J & J 1	102	1951 101-99
Baa	13,000,000	1953 21.73	M & S 1	105	1932-54 106-93 1/2
	1,800,000				
Par Value	Amount Outstanding	Earnings per Sh.	Divs. per Sh.	Call Price	Price Range
No par	128,000 shs.	1954 \$22.49	1951 \$5.50	105	1951 103 1/2-90 1/2
No par	1,375,429 shs.	1953 \$22.30	1953 \$5.50		1932-54 109 1/2-84 1/2
		1954 4.90	1954 1.65		1935-2034 103 1/2-21 1/2

PRINCIPAL PLANTS & PROPERTIES

Plants owned in fee, unless otherwise noted are located as follows:

Arkansas: Little Rock
 California: Berkeley, Beverly Hills, (2) Los Angeles, (2) Sacramento, San Diego, San Francisco.
 Colorado: Denver, Pueblo.
 Connecticut: Bridgeport, Hartford, New Haven (2 plants).
 Dist. of Columbia: Washington (2 plants).
 Illinois: Chicago (3 plants), River Forest.
 Indiana: Gary, Hammond, (1) Indianapolis.
 Iowa: Davenport, Des Moines, Sioux City, Waterloo.
 Kansas: Wichita.
 Louisiana: Shreveport.
 Massachusetts: Boston, Holyoke, Lawrence, New Bedford, Somerville (2 plants, one operated by Hall Baking).
 Michigan: Detroit (3 plants, one operated by Hall Baking).
 Minnesota: Minneapolis.
 Mississippi: Clarksdale.
 Missouri: Kansas City, St. Joseph, St. Louis (3 plants).
 Nebraska: Omaha, (2) Lincoln.
 New Jersey: Hoboken, Paterson.
 New York: Buffalo (2 plants, one operated by Hall Baking), New York (3 plants), Rochester, Utica.
 North Carolina: Raleigh.
 Ohio: Akron, Cincinnati, (1) Cleveland, Columbus, (2) Dayton (2 plants), Toledo (2 plants), Youngstown.
 Oklahoma: Oklahoma City, (2) Tulsa.
 Oregon: Portland.
 Pennsylvania: Norristown.
 Tennessee: Memphis.
 Texas: Dallas.
 Utah: Ogden, Salt Lake City.
 Virginia: Richmond.
 Washington: Seattle (2 plants) Spokane, Tacoma.
 West Virginia: Wheeling.
 Wisconsin: Milwaukee.
 (Part fee, part leased. (H) Leased. (O) Operated by subsidiary Hall Baking Co.

Companies operate about 6,340 motor trucks, 360 passenger vehicles and 250 tractor trailers, of which about 5,240 trucks, 250 passenger vehicles and 170 trailers are owned, the balance being leased.

MANAGEMENT

Officers

R. N. Laughlin, President
 George Faunce, Jr., Vice-President
 H. E. Hildebrand, Vice-President
 Ellis C. Baum, Vice-President
 Cedric Seaman, Vice-President
 B. G. MacNary, Vice-President
 C. C. Robinson, Vice-President
 William Fisher, Secretary & Treasurer
 E. W. Portman, Comptroller
 E. J. Link, Assistant Treasurer
 W. J. Whamond, Asst. Sec. & Asst. Treas.
 L. W. Sharpe, Asst. Secretary
 C. W. Christie, Asst. Secretary

Directors

Ellis C. Baum, New York
 Brayton Campbell, Greenwich, Conn.
 Robert L. Clarkson, New York
 George Faunce, Jr., New York
 William Fisher, New York
 Samuel F. McDonald, Memphis, Tenn.
 A. B. Morgan, Memphis, Tenn.
 R. N. Laughlin, New York
 Cedric Seaman, New York
 A. R. Thomas, New York

Auditors: Arthur Young & Co.
 Annual Meeting: Tuesday before last Saturday in March at Wilmington, Del.

Number of Stockholders, Dec. 31, 1951 (both classes), 15,945; Mar. 15, 1954: Preferred, 5,102; common, 11,069.

No. of Employees: Dec. 31, 1954, 16,448.

General Office: 630 5th Avenue, New York 20.

Pension Plan: Under employees pension plan, company contributed \$700,000 in 1949-1951, \$800,000 in 1952, \$900,000 in 1953 and \$1,000,000 in 1954.

Sales (in \$), years ended Dec. 31:

	Bread	Cake
1951	156,005,619	51,770,655
1952	156,717,002	50,587,268
1953	133,305,829	45,998,225
1954	124,326,270	44,387,935
1955	112,535,486	39,922,495
1956	113,485,116	39,607,785
1957	118,008,351	42,168,004
1958	109,261,370	29,971,307
1959	86,122,378	38,669,995
1960	69,353,180	33,851,545

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED

(Taken from reports to Securities and Exchange Commission)

	Dec. 25, '54	Dec. 26, '53	Dec. 27, '52	Dec. 29, '51	Dec. 30, '50	Dec. 31, '49	Dec. 25, '48
Sales, less discounts, returns & allow.	\$212,510,101	\$198,841,653	\$180,816,143	\$170,187,363	\$155,182,652	\$154,299,443	\$161,258,774
(1) Cost of goods sold	133,158,955	125,935,276	116,232,869	112,894,554	102,045,055	103,319,193	109,691,570
(2) Delivery & selling expenses	36,090,112	49,712,591	43,213,435	38,334,693	34,238,071	33,529,505	32,345,633
Advertising	5,091,830	5,289,886	4,871,534	4,350,232	4,110,423	3,987,418	2,970,839
(3) General & administrative expenses	1,352,262	1,379,394	1,255,170	1,227,461	1,210,902	1,047,155	931,467
Contribution to pension fund	1,000,000	900,000	800,000	700,000	700,000	700,000	850,000
Depreciation	3,615,358	3,668,895	3,143,556	2,800,263	2,529,371	2,155,480	1,701,623
Operating profit	12,162,536	12,193,668	10,637,589	9,859,114	10,342,830	9,475,685	12,917,582
(4) Other income	59,829	373	72,786	69,047	114,061	174,650	441,120
Total	12,222,365	12,194,041	10,710,375	9,928,161	10,456,891	9,650,335	13,358,702
Interest on funded debt	234,976	393,631	411,942	425,000	442,500	435,310	418,919
Other interest paid	71,075	99,419	85,213	61,491	331	19,133	8,641
(5) Other income deductions	8,375	6,533	4,740	5,710	8,210	8,155	7,521
Balance	11,753,989	11,694,438	10,202,980	9,456,920	10,003,770	9,186,445	12,936,338
Provision for Federal income tax	6,050,000	6,035,000	5,111,500	4,675,000	4,092,000	3,295,000	4,565,000
Federal excess profits tax			180,245	159,785	237,254	298,229	198,257
Net income for year	\$5,703,989	\$5,659,438	\$4,891,245	\$4,622,145	\$5,673,516	\$5,543,196	\$7,673,101
Special credits & charges							
Goodwill amortization							
Balance to surplus	\$5,703,989	\$5,659,438	\$4,891,245	\$4,622,145	\$5,673,516	\$5,543,196	\$7,673,101

<p>(f) Includes related portions of items shown under "Supplementary p. & l. data" below statement.</p>	<p>(g) Principal "other surplus debits" follow: 1948: Write-off of balance of goodwill, \$5,- 500,000; Increase in stated value of preferred stock, \$1,207,500; total, \$6,607,500.</p>	<p>\$154,236 (1947, \$150,327) profit on plant and equipment disposed of during year.</p>
<p>(h) 1949: Represents portion of provision made for Federal income taxes for 1943 to 1945, incl. not required on basis of settlement made in 1949 with U. S. Treasury Dept.</p>	<p>(i) 1948: Includes \$220,049 (1947, \$458,314) profit on sale of wheat futures purchased as a hedge against part of flour requirements and</p>	<p>(j) Includes social security taxes: 1951, \$1,- 619,792; 1953, \$1,345,136; 1952, \$1,378,228; 1951, \$1,345,931; 1950, \$1,206,229; 1949, \$910,906; 1948, \$781,116.</p>
		<p>Note: Total wages and salaries: 1954, \$75,- 173,119; 1953, \$63,156,723.</p>

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
Dec. 26, '36.	58,184,335	54,466,128	3,718,207	481,325	4,199,532	729,083	3,470,447	-----	-----	---
Dec. 25, '37.	69,492,650	64,708,731	4,783,918	192,365	4,977,283	873,432	4,103,851	-----	-----	---
Dec. 31, '38.	66,706,151	61,401,434	5,304,717	200,530	5,505,257	1,058,253	4,447,009	-----	-----	---
Dec. 30, '39.	63,698,492	58,788,150	4,908,342	111,719	5,020,121	849,397	4,170,724	-----	-----	---
Dec. 28, '40.	61,181,147	60,007,109	4,174,038	422,992	4,597,030	1,093,699	3,500,331	-----	-----	---
Dec. 27, '41.	69,427,404	65,304,215	4,123,189	1,117	4,124,306	1,274,267	2,850,039	-----	1,075,429	0.80
Dec. 26, '42.	83,353,579	76,923,427	6,460,152	4,573,773	5,886,379	2,331,871	3,554,508	537,715	1,075,429	1.48
Dec. 25, '43.	96,077,505	86,704,361	9,373,144	200,919	9,172,225	3,513,953	5,658,272	537,715	1,075,429	1.57
Dec. 30, '44.	101,776,132	95,024,309	6,751,823	4,464,509	6,287,314	3,351,814	2,935,500	537,715	1,075,429	0.95
Dec. 29, '45.	103,925,437	97,863,803	6,061,634	4,961,129	5,100,565	2,407,534	2,693,031	537,714	1,075,429	0.83
Dec. 28, '46.	125,761,312	112,619,842	13,119,470	4,636,523	12,462,947	4,952,711	7,510,236	1,613,143	1,075,429	5.68
Dec. 27, '47.	150,284,571	141,018,151	9,266,420	149,669	9,416,089	3,664,339	5,751,559	1,075,429	1,075,429	3.86

		(Taken from reports to Securities and Exchange Commission)						
ASSETS		Dec. 25, '51	Dec. 26, '53	Dec. 27, '52	Dec. 29, '51	Dec. 30, '50	Dec. 31, '49	Dec. 25, '48
Cash		\$10,056,210	\$11,900,770	\$10,587,916	\$8,353,988	\$7,928,028	\$6,499,770	\$8,368,106
Accounts receivable—trade		4,236,607	3,746,024	3,235,268	2,800,395	2,351,980	1,854,807	2,162,846
(1) Inventories		10,228,351	9,916,787	9,471,280	8,947,153	8,501,874	7,422,342	9,333,831
Other receivables, etc.		716,087	635,818	282,990	273,151	402,656	510,410	424,630
Prepaid insurance, taxes & licenses		532,888	623,149	601,029	508,784	366,268	431,960	
Total current assets		\$25,770,146	\$26,822,539	\$21,157,523	\$20,683,474	\$19,560,806	\$16,719,849	\$20,289,477
Sundry investments				7,601	51,536		103,413	54,746
(2) Property, plant & equipment		82,493,435	79,429,135	77,176,979	72,400,226	67,397,023	65,047,941	61,386,088
(3) Less: Depreciation reserve		35,662,191	33,221,406	30,498,753	28,091,734	26,330,726	25,440,559	25,570,297
Net property account		46,831,244	46,207,729	46,678,226	44,308,492	41,066,297	39,607,382	35,815,791
Unexpired insurance								326,694
Prepaid taxes and licenses								207,043
Sundry deferred charges		1,311,248	1,029,618	760,371	696,855	558,610	509,595	508,289
Total		\$73,912,638	\$74,059,886	\$71,596,120	\$65,696,422	\$61,237,249	\$56,940,239	\$57,200,036
LIABILITIES								
Accounts payable		\$4,395,172	\$1,581,365	\$3,364,817	\$2,929,893	\$2,703,050	\$1,935,726	\$2,208,173
Accrued liabilities		685,338	1,216,313	1,192,682	1,066,084	955,518	954,178	967,500
Dividends payable		832,009	348,066	348,066	348,066	348,666	348,666	1,155,238
(4) Federal income tax reserve		3,712,696	6,109,011	5,192,191	3,259,219	2,686,463	1,468,053	4,271,143
Funded debt installments (curr.)		1,226,000	1,074,000	1,359,000	800,000	800,000	200,000	
Salesmen's guaranty deposits		431,165	413,135	379,487	359,573	348,363	336,577	347,929
Vacation expense reserve		1,181,424						
Total current liabilities		\$12,470,401	\$13,702,520	\$12,377,843	\$8,694,441	\$7,442,065	\$5,303,222	\$8,949,983
Long term debt		13,450,000	14,900,000	16,309,000	15,350,000	14,150,000	14,550,000	14,834,000
(5) \$5.50 div. cum. pfd. stk. (no par)		25,357,500	25,357,500	25,357,500	25,357,500	25,357,500	25,357,500	25,357,500
(6) Common stock (no par)		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
(7) Earned surplus		21,634,734	19,099,866	16,560,777	14,791,481	13,287,684	10,729,517	7,008,553
Total		\$73,912,638	\$74,059,886	\$71,596,120	\$65,696,422	\$61,237,249	\$56,940,239	\$57,200,036
Net current assets		\$13,299,742	\$13,120,019	\$11,779,680	\$11,989,033	\$12,118,741	\$11,416,827	\$11,339,490
PROPERTY ACCT.—ANALYSIS								
Additions at cost		\$5,250,473	\$4,070,718	\$6,162,286	\$6,605,256	\$4,821,927	\$6,476,009	\$5,884,667
Retirements or sales		1,449,407	1,211,446	835,888	1,127,670	2,020,038	2,331,255	1,624,046
(8) Other reductions		736,766	607,116	549,645	474,493	452,807	482,901	433,033
DEPREC. RESERVE—ANALYSIS								
Additions charged to income		\$3,615,358	\$3,668,695	\$3,148,556	\$2,800,969	\$2,529,371	\$2,155,480	\$1,701,623
Retire. renewals charged to reserve		1,174,573	1,083,169	912,832	1,033,361	1,639,204	2,285,218	1,681,505
Other additions			136,867	171,395				

(b) As of Dec. 31, 1951, company's equity in consolidated subsidiaries as shown by books of latter exceeds investment in such subsidiaries as shown by company's books by \$2,177,524.

[illegible]

Financial & Operating Ratios		1954	1953	1952	1951	1950	1949	1948
Current assets to current liabilities		2.07	1.96	1.95	2.33	2.63	3.15	2.27
% cash and securities to curr. assets		33.01	44.37	43.74	40.39	40.53	38.97	41.24
% inventory to current assets		39.69	36.97	39.21	43.26	43.46	41.40	46.00
% net current assets to net worth		27.71	28.86	27.45	29.13	30.57	30.79	33.58
% property reprec. related		43.22	41.83	39.52	38.30	39.07	39.11	41.66
% annual deprec. to gross property		4.38	4.62	4.08	3.87	3.73	3.31	2.77
Capitalization:								
% long term debt		31.89	21.69	27.32	27.81	26.30	28.17	30.85
% preferred stock		41.28	42.01	42.82	44.48	47.14	49.11	52.55
% common stock and surplus		36.83	33.30	29.66	27.71	26.56	22.72	16.00
Sales to inventory		20.78	20.05	19.09	18.02	18.25	20.79	17.27
Sales to receivables		50.16	53.07	51.41	55.37	56.13	65.51	62.32
% sales to net property		453.78	430.33	287.36	384.10	377.88	389.57	450.19
% sales to total assets		287.51	268.49	252.55	259.05	253.41	270.38	281.89
% net income to total assets		7.72	7.63	6.82	7.04	9.26	9.73	13.41
% net income to net worth		11.89	12.41	11.57	11.33	14.31	14.95	23.00
Preferred dividends times earned		1.09	4.05	3.50	3.31	4.07	3.97	3.50
Analysis of Operations								
Net sales		100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold		62.67	63.21	64.62	65.31	65.70	66.96	68.03
Delivery & selling expenses		26.49	25.00	23.92	22.53	22.05	21.79	20.06
Advertising		2.10	2.66	2.76	2.56	2.63	2.58	1.84
General & admin. expenses		1.11	1.15	1.14	1.13	1.23	1.13	0.98
Depreciation		1.70	1.85	1.74	1.64	1.53	1.40	1.06
Operating profit		5.72	6.13	5.88	5.20	6.67	6.14	8.03
Other income		0.03	0.03	0.04	0.04	0.07	0.11	0.27
Total income		5.75	6.13	5.92	5.24	6.74	6.25	8.30
Interest & debt disc. & exp.		0.22	0.25	0.29	0.29	0.29	0.30	0.28
Net income before income tax, etc.		5.53	5.88	5.63	4.95	6.45	5.95	8.02
Income tax & excess profits tax		2.85	3.04	2.94	2.84	2.79	2.36	3.14
Net income for year		2.68	2.84	2.69	2.71	3.66	3.59	4.88
Special credits & charges								0.12
Balance transferred to surplus		2.88	2.84	2.69	2.71	3.66	3.59	4.76

Before goodwill amortization. After this item "times charges earned before taxes" would be 28.84.

FUNDED DEBT

1. Continental Baking Co. debenture 3s, due 1965:

Rating—A

AUTHORIZED—\$16,500,000; outstanding, Feb. 15, 1955, \$12,750,000.

DATED—July 1, 1945.

MATURITY—July 1, 1965.

INTEREST—2½% interest, principal and premium, if any, payable at office of trustee.

Principal and interest payable in U. S. legal tender.

TRUSTEE—Guaranty Trust Co., New York.

DENOMINATION—Coupon, \$1,000, registrable as to principal.

CALLABLE—As a whole or in part at any time or at least 30 days' published notice to July 1 incl. as follows:

1957—102 1959—101 1961—100% 1963—100% 1965—100%

Also callable for sinking fund, which see.

SINKING FUND—On or before each A&O 1 beginning Oct. 1, 1945 to Oct. 1, 1964, incl. in cash or debentures at sinking fund redemption price, a sum sufficient to redeem on each next succeeding interest date a principal amount of debentures semi-annually (each group of years incl.) as follows: 1946-50, \$175,000; 1951-55, \$200,000; 1956-60, \$250,000; and 1961-65, \$275,000.

Sinking fund payments in cash may not be anticipated, but credit against next ensuing sinking fund payment may be taken for debentures deposited at any time. Cash in sinking fund to be used (except during default in interest payment) prior to next succeeding Nov. or May 15 to purchase debentures at not to exceed applicable sinking fund redemption price, accrued interest and expenses therefor to be paid from other funds. Any balance sufficient to redeem at least \$50,000 in sinking fund on any Nov. or May 15 to be used to redeem debentures.

Callable for sinking fund by lot on any interest date on at least 30 days' published notice to July 1 incl. as follows:

1953—101% 1955—101% 1957—101% 1959—101 1961—100% 1963—100% 1965—100%

After July 1, 1963.

SECURITY—Not secured by any lien.

CREATION OF ADDITIONAL DEBT—Company will not, directly or through a subsidiary, create or assume any pledge, lien or encumbrance on any property or assets unless debentures are equally and ratably secured thereby, except purchase mortgages and other permitted liens.

Except for refunding thereof and for certain other purposes as provided, company will not create, assume or guarantee any additional funded debt unless immediately thereafter consolidated net tangible assets shall be at least twice consolidated funded debt, and consolidated net earnings shall (1) equal for 12 consecutive months of 18 months next preceding, or (2) average for three fiscal years next preceding, at least 3 times annual interest charges on consolidated funded debt (exclusive of funded debt to be simultaneously retired).

DIVIDEND RESTRICTIONS—Company will not declare any dividends (except stock dividends) or make any distribution on or purchase or redeem (or permit any subsidiary to do so) any capital stock if immediately thereafter the amounts so applied after Dec. 30, 1944, would equal or exceed the sum of (1) consolidated net income from Dec. 30, 1944 to last Saturday, fourth of month preceding such disbursement; (2) \$2,000,000; and (3) net proceeds from sale after Dec. 30, 1944 of capital stock, or rights or warrants therefor.

RIGHTS ON DEFAULT—In event of default (60-day grace period for payment of interest or sinking fund), trustee or 25% of debentures may declare same immediately due and payable.

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—Net proceeds applied to prepayment of serial notes due 1945-55, incl., and remainder added to general funds.

LISTED—On New York Stock Exchange.

OFFERED—(\$16,500,000) at 102 (proceeds to company 100%) on July 12, 1945, by a syndicate headed by Wertheim & Co. and Lehman Brothers, New York.

2. Continental Baking Co. convertible subordinated debenture 3½s, due 1960:

Rating—Baa

AUTHORIZED—And outstanding, \$13,000,000.

DATED—Mar. 1, 1955.

MATURITY—Mar. 1, 1960.

INTEREST—M&S at office of trustee.

TRUSTEE AND REGISTRAR—New York Trust Co., New York.

DENOMINATION—Coupon, \$1,000, registrable as to principal.

CALLABLE—As a whole or in part on at least 30 days' notice at any time to last day of Feb. incl. as follows:

1958—105 1961—104% 1964—104% 1965—104% 1966—104 1967—103% 1968—103% 1969—103% 1970—103 1971—102% 1972—102% 1973—102% 1974—102 1975—101% 1976—101 1977—100% 1980—100

Also callable for sinking fund on like notice on any Mar. 1 beginning 1965 as follows:

1965-69 102 1970—101% 1971—101% 1972—101% 1973—101 1974—100% 1975—100% 1976—100% 1977-79 100

SINKING FUND—Annually, on or before last day of February, beginning 1965, cash (or debentures) sufficient to redeem, on succeeding Mar. 1, \$325,000 debentures at sinking fund redemption price.

CONVERTIBLE—Into common on or before Feb. 28, 1955 (or date of prior redemption) at \$34.50 per common share to Feb. 28, 1958 incl.; \$37 thereafter to Feb. 28, 1961 incl., and \$39 thereafter to Feb. 28, 1965 incl., with no adjustment for interest or dividends; cash to be paid in lieu of fractional shares. Conversion privilege protected against dilution.

SECURITY—Not secured by any lien; subordinated to outstanding debenture 3s due 1965, bank borrowings and other senior indebtedness. There are no restrictions on sale and lease-back of property by company or a subsidiary.

CREATION OF ADDITIONAL DEBT—Company may not create any lien on property without securing, subject to senior indebtedness, debentures equally and ratably therewith, except for purchase money liens, etc. Company may not consolidate or sell substantially all property if assets would become equally secured, subject to senior indebtedness, by a direct prior lien subject to any existing lien.

Senior indebtedness may be issued without restriction. Subordinated indebtedness may not be issued unless (1) consolidated net tangible assets, as defined, are 1½ times funded debt and (2) consolidated net earnings for 12 out of 18 months preceding have been, or for last 3 fiscal years have averaged, 3 times annual interest on funded debt, excluding funded debt to be simultaneously retired.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on common in excess of consolidated net income after Dec. 31, 1954 plus \$3,000,000.

RIGHTS ON DEFAULT—In event of default (60-day grace period for payment of interest or sinking fund installment), trustee or 25% of debentures may declare debentures due and payable.

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

PURPOSE—Proceeds to redeem 125,575 shares of \$5.50 preferred.

LISTED—On New York Stock Exchange.

OFFERED—(\$13,000,000) at 102 (proceeds to company, 100%) on Feb. 24, 1955 by Wertheim & Co. and Lehman Brothers, New York, and associates.

Term Loan: Outstanding, Feb. 15, 1955, \$1,800,000 evidenced by \$150,000 2½% notes due Apr. 1, 1955, and \$1,650,000 3% notes due \$250,000 quarterly to Sept. 5, 1957, incl.

Company may not pay dividends in excess of consolidated net income after Dec. 31, 1950 plus \$2,250,000; and is to maintain current assets of \$7,500,000 in excess of current liabilities. At Dec. 31, 1954, \$10,597,050 of earned surplus was not so restricted.

CAPITAL STOCK

1. Continental Baking Co. \$5.50 cumulative preferred; no par:

AUTHORIZED—400,000 shares; outstanding, Apr. 2, 1955, 128,000 shares; no par.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$7.60 per share annually for quarterly period ending Sept. 30, 1945, and \$5.50 per share annually thereafter, payable quarterly Jan. 1, etc. (cumulative from June 30, 1945) to stock of record about Dec. 13, etc.

DIVIDEND RECORD—Initial dividend of \$1.90 paid Oct. 1, 1945 and regular quarterly dividends of \$1.37½ paid thereafter.

DIVIDEND LIMITATION—See debentures and bank loan above.

VOTING RIGHTS—Has no voting power unless six quarterly dividends (\$6.25 per share) are in default when preferred, voting as a class, by plurality vote, is entitled to elect one additional director; and if accrued dividends have not been paid in full, at next succeeding annual meeting (or second succeeding annual meeting following a special meeting as provided), preferred is entitled to elect one more additional director (but in no case more than a total of two directors). At any such meeting, a quorum shall be the number of shares represented in person or by proxy.

Affirmative vote or consent of 66 2/3% of preferred necessary to amend provisions to affect rights of preferred adversely, or to restrict voting rights as above.

LIQUIDATION RIGHTS—In any liquidation, entitled to \$100 per share, plus accrued dividends.

PRELIMINARY RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' notice by mail at any time at \$105 per share and dividends.

ADDITIONAL PREFERRED—May be issued from time to time with provisions as fixed by directors subject to prescribed limitations.

PURPOSE—Issued in July 1945 to redeem 8% preferred on basis of 105 shares new \$5.50 preferred plus \$1.30 cash for each 2% preferred share.

TRANSFER AGENT—Corporation Trust Co., New York.

REGISTRAR—First National City Bank, New York.

LISTED—On New York Stock Exchange.

2. Continental Baking Co. common; no par.
AUTHORIZED: 2,000,000 shares; outstanding, 1,075,120 shares; reserved for options, 92,487 shares; reserved for conversion of debenture 3 1/2s (maximum), 361,280 shares; no par.
DIVIDEND RECORD:
 1941-42 NH 1942-43 \$0.10 1943-44 \$2.00
 1947-48 0.75 1948-49 1.75 1949-50 1.15
 1950-51 1.00 1951-52 1.65 1952-53 0.45

(1) To April 2.
 Dividends payable quarterly Jan. 1, etc. to stock of record about Dec. 12, etc.

CAPITAL STRUCTURE

CAPITAL STOCK

Issue
 1. Capital stock

HISTORY

Incorporated in Massachusetts May 31, 1906 with a perpetual charter, representing a business founded in 1888. In Oct., 1920 acquired W. F. Schrafft & Sons Corp., founded 1881, candy and cocoa manufacturer, long affiliated with company. In Apr., 1939 acquired Schrafft's Metropolitan jobbing business formerly conducted by I. C. Schiner Co., which was reorganized under the name Shattuck Sales Corp. and in 1943 became Schrafft's Sales Corp. In May, 1944 acquired Wallace & Co., Brooklyn, N. Y., candy manufacturer. In 1953 acquired entire stock of Garret Realty Corp., owning premises in which one store is located.

SUBSIDIARIES

An operating and holding company. On Dec. 31, 1954, held 100% voting power in the following subsidiaries:

Name and business:
 W. F. Schrafft & Sons Corp.
 Wallace & Co.
 Garret Purchasing Corp., Purchasing agent.
 Schrafft's Sales Corp., Candy jobbing.
 635 Broad Corp., Realty.
 Garret Realty Corp., Realty.

BUSINESS & PRODUCTS

Company operates under the name Schrafft's a chain of quality restaurants, bakery and confectionery stores in New York, Brooklyn,

DIVIDEND LIMITATIONS: For details see debentures and bank loan above.

VOTING RIGHTS: Has exclusive voting power except as provided in or preferred (NO. 1) above.

PREEMPTIVE RIGHTS: None.

LISTED: New York Stock Exchange.

TRANSFER AGENT: Corporation Trust Co., New York.

REGISTRAR: Guaranty Trust Co., New York.

FRANK G. SHATTUCK COMPANY

Par Value
 No par

Amount Outstanding
 1,100,000 shs.

Earnings per Sh.
 1954 1953
 \$0.55 \$0.57

Divs. per Sh.
 1954 1953
 \$0.50 \$0.50

Call Price

Price Range
 1954 1932-54
 107 1/2-8 1/2 26 3/4-4

including 16 on leased premises and 4 owned in fee by company and subsidiaries.

MANAGEMENT

Officers:
 Gerald Shattuck, President
 H. D. Shattuck, Vice-President
 W. V. Wallburg, Vice-President
 H. W. Jones, Vice-President & Clerk
 E. R. Vandell, Treasurer
 A. J. Schaeffer, Comptroller
 C. F. Oestreich, Secretary
 Henrietta H. Gunsten, Asst. Secretary
 L. R. Sturn, Asst. Treasurer

Directors:
 Gerald Shattuck, New York
 H. D. Shattuck, New York
 J. G. Shattuck, Pelham Manor, N. Y.
 A. B. Morse, Boston, Mass.
 W. V. Wallburg, Melrose, Mass.
 H. W. Jones, Boston, Mass.
 I. J. Silverman, Boston, Mass.

General Counsel: White & Case, 14 Wall St., New York.

Auditors: Peat, Marwick, Mitchell & Co.

Annual Meeting: Fourth Wednesday in March at Boston.

No. of Stockholders: Dec. 31, 1954, 5,082.

No. of Employees: Dec. 31, 1954, 7,843.

General Office: 58 West 23rd Street, New York 10.

Boston Office: 16 West Street, Boston 11.

Principal Plants & Properties

Company owns in fee candy manufacturing plants in Boston, Mass. and in Brooklyn, N. Y.

Central commissary plant and central office building in Borough of Manhattan, New York City, are owned in fee. 50 restaurants and retail stores in operation on Dec. 31, 1954, in-

cluding 16 on leased premises and 4 owned in fee by company and subsidiaries.

Garret Purchasing Corp. purchases supplies and materials used in the business.

Subsidiaries: W. F. Schrafft & Sons Corp. and Wallace & Co. manufacture confectionery nationally distributed through jobbers and others, and partly sold by the company.

Schrafft's Sales Corp. is a jobber engaged in distribution in metropolitan New York of candy manufactured by company and its subsidiaries.

Garret Realty Corp. purchases supplies and materials used in the business.

General Notes

(a) Items charged to income for last five years were as follows (in \$):

1951-1955: 1,721,224 1951-1955: 1,692,657
 1953-1955: 1,711,396 1953-1955: 1,696,659
 1952-1955: 1,612,268

Aggregate minimum amount of rentals on Dec. 31, 1954 for terms expiring more than three years after that date are summarized below by year of expiration:

Expiration Periods No. of Leases Maximum Ann. Rent
 Over 3 and not more than 5 yrs. 11 \$229,956
 Over 5 and not more than 10 yrs. 11 313,500

(b) Total wages, salaries, etc. (in \$):

1954-1955: 19,493,339 1951-1955: 17,597,003
 1953-1955: 18,965,377 1953-1955: 16,789,673
 1952-1955: 18,115,651 1949-1955: 16,600,714

(c) Total taxes (in \$):

1951-1955: 1,701,591 1950-1955: 1,873,463
 1953-1955: 1,774,876 1949-1955: 1,467,687
 1952-1955: 1,720,428 1948-1955: 1,444,536
 1951-1955: 1,349,197

Record of Earnings, years ended Dec. 31 (in \$):

Year	Net Sales	Cost and Expenses	Operating Profit	Ord. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
1936	18,181,658	17,693,467	1,101,221	166,496	1,267,717	185,151	1,082,566	1,269,170	1,269,170	0.85
1937	20,207,533	19,377,890	1,229,693	193,368	1,423,061	139,891	1,283,170	1,267,795	1,263,500	0.86
1938	19,251,552	18,824,334	527,218	106,300	634,018	106,058	527,960	630,820	1,257,500	0.42
1939	19,489,492	18,873,645	585,847	90,760	676,616	119,000	557,616	500,720	1,247,500	0.45
1940	20,264,729	19,922,063	342,666	95,183	437,849	140,000	297,849	492,830	1,200,000	0.25
1941	22,347,647	21,056,242	1,291,405	6,382	1,285,023	493,000	792,023	700,140	1,150,000	0.77
1942	21,732,627	22,757,907	1,974,720	dr 186,927	1,887,793	793,000	892,793	902,840	1,120,000	0.80
1943	27,678,358	24,424,611	3,253,747	dr 7,349	3,246,390	1,630,000	1,556,390	1,119,700	1,119,500	1.39
1944	32,631,832	28,546,838	4,084,994	dr 110,624	3,974,370	2,728,500	1,245,870	1,119,300	1,119,500	1.11
1945	33,532,544	29,742,119	3,790,425	dr 121,150	3,669,265	2,500,000	1,169,265	1,119,500	1,119,500	1.04
1946	37,210,466	33,897,252	3,313,214	dr 63,792	3,249,422	1,100,000	2,097,906	1,679,250	1,119,500	1.87
1947	42,622,370	39,979,432	2,642,938	dr 96,805	2,546,133	1,050,000	1,496,133	1,399,375	1,119,500	1.34

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31

Year	1954	1953	1952	1951	1950	1949	1948
Cash	\$9,675,967	\$3,375,121	\$4,195,166	\$4,190,641	\$3,535,678	\$3,391,823	\$4,387,846
U. S. Government securities	1,638,793	2,701,712	2,083,215	2,503,642	3,297,519	3,219,369	2,517,710
Other marketable securities	106,124	167,323	192,804	243,512	298,487	386,503	534,112
Receivables (net)	1,489,956	1,395,956	1,269,770	1,215,317	1,261,682	1,029,146	1,205,136
Inventories	4,777,970	5,105,030	4,256,012	4,576,360	5,237,682	3,810,972	5,093,914
Total current assets	\$11,746,085	\$12,745,142	\$12,939,967	\$12,729,472	\$13,631,049	\$13,847,812	\$13,738,718
Furniture and fixtures (cost)	887,710	879,259	1,179,911	1,133,884	1,127,596	1,069,216	1,058,228
Machinery and equipment (cost)	9,630,221	9,119,931	9,707,513	9,357,225	8,934,724	8,379,294	8,041,672
Land and buildings (cost)	109,271,800	107,587,525	107,451,082	107,459,576	107,232,694	107,199,056	7,165,554
Total at cost	18,779,731	17,588,685	18,351,536	17,939,685	17,294,814	16,647,563	18,265,454
Less: Reserves	9,213,885	9,117,403	10,165,904	9,814,154	9,419,589	9,086,517	8,780,352
Balance	9,565,846	8,468,982	8,175,632	8,116,551	7,875,225	7,561,048	7,455,102

Balance