

MOODY'S INDUSTRIAL MANUAL

AMERICAN and FOREIGN

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MOODY'S INVESTORS SERVICE, INC.

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PURPOSE—Proceeds to pay notes outstanding, to construct new plant facilities and for working capital.

OFFERED—(\$1,000,000) at 100 on Sept. 14, 1953 to Ohio residents by Ohio Co., Columbus, O.

3. Macomber, Inc. first 5½s, due 1974:

AUTHORIZED—All issues, \$2,500,000; outstanding, this issue, \$952,500.

DATED—Sept. 15, 1956.

MATURITY—Sept. 15, 1974.

INTEREST—M&S 15 at office of trustee.

TRUSTEE—Ohio National Bank, Columbus, O.

DENOMINATION—\$500 and \$1,000.

CALLABLE—As a whole or in part on 30 days' notice to Sept. 15, incl., as follows:

1962.....102½ 1966.....102 1970.....101½

1972.....101 1974.....100

Also callable for sinking fund to Sept. 15,

incl., as follows:

1962.....102 1966.....101½ 1970.....101

1972.....100½ 1974.....100

SINKING FUND—For all first mortgage bonds; annually beginning Aug. 1, 1957, cash (or bonds) equal to 30% of net income, but in any event sufficient to retire a minimum of \$56,000 bonds, in each year, with a maximum of \$50,000 first 5½s due 1974 and \$125,000 first 5½s due 1970 in 1957 and each year thereafter a maximum of \$278,000 first mortgage bonds. Except as above set forth, sinking fund amounts shall be prorated according to bonds of each issue outstanding. Optional payments of \$40,000 may also be made in any year. Cash to be used to purchase or call bonds at not exceeding redemption price.

SECURITY, ETC.—Same as first 5½s, due 1970.

PURPOSE—Proceeds used to retire \$600,000 notes payable; for further plant expansion and for working capital.

OFFERED—(\$1,250,000) at 100 on Sept. 5, 1956 to Ohio residents by Ohio Co., Columbus, O.

4. Macomber, Inc., convertible debenture 6s, due 1967:

OPEN INDENTURE—Outstanding, \$787,000.

DATED—Sept. 15, 1957.

MATURITY—Sept. 15, 1967.

INTEREST—M&S 15.

TRUSTEE—Ohio National Bank, Columbus.

DENOMINATION—\$500 and \$1,000.

CALLABLE—As a whole or in part on 30 days' notice to Dec. incl. as follows: 1962, 104; 1965, 103; 1966, 102; thereafter, 100.

Callable for sinking fund to Dec. 31 incl. as follows: 1960, 103; 1965, 102; 1966, 101; thereafter, 100.

SINKING FUND—Cash (or debentures), each Nov. 1, equal to \$30,000 plus all or any part of first \$20,000 (not exceeding \$50,000) of annual net income in excess of \$500,000, for purchase or redemption of debentures at not exceeding sinking fund redemption price. Company may deposit in addition up to \$30,000 cash in any one year for which company shall not receive credit as against future sinking fund payments.

CONVERTIBLE—Into common to Nov. 1, 1963 at rate of 50 shares for each \$1,000 of debentures. Conversion privilege not subject to adjustment for any stock dividends of 5% or less declared in any year but adjustment will be made for any stock split or stock dividend of more than 5% in any one year.

SECURITY—Not secured.

ADDITIONAL DEBENTURES—May be issued if (1) average annual income available for fixed charges for 3 years preceding equalled at least 3 times, or for preceding year, at least 4 times, annual funded debt interest charges and (2) net tangible assets thereafter are not less than \$1,800 per \$1,000 of first mortgage bonds and debentures to be outstanding. Except as provided above, additional equal or prior funded debt may not be

issued other than first mortgage bonds and purchase money mortgages up to 75% of cost of additional fixed assets so mortgaged.

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

PURPOSE—Proceeds for expansion.

OFFERED—(\$1,100,000) at 100 on Sept. 19, 1957 to Ohio residents only by Ohio Co., Columbus.

5. Macomber, Inc., convertible debenture 6s, due 1976:

OUTSTANDING—\$1,464,000.

DATED—Feb. 1, 1961.

MATURITY—Feb. 1, 1976.

INTEREST—F&A 1 at Ohio National Bank, Columbus, trustee.

DENOMINATION—\$500 and \$1,000.

CALLABLE—As a whole or in part on 30 days' notice to Aug. 1 incl. as follows: 1963, 106; 1964, 105; 1966, 104; 1969, 103; 1972, 102; 1975, 101; 1976, 100. Callable for sinking fund to Aug. 1 incl. as follows: 1963, 104; 1966, 103; 1969, 102; 1972, 101; 1975, 100½; 1976, 100.

SINKING FUND—Cash (or debentures), each June 15, beginning 1962, equal to 30% of net income, less sinking fund payments on first mortgage bonds, debenture 6s due 1967 and 6% notes due 1968. Annual cash deposit will be sufficient to retire at least \$30,000 debentures in 1962 and \$37,500 annually thereafter and need not exceed \$75,000 annually.

CONVERTIBLE—Into common prior to Aug. 1, 1970, or earlier redemption, at following prices per common share to Aug. 1 incl.: 1962, \$15; 1963, \$15.75; 1964, \$16.50; 1965, \$18; 1966, \$20; 1970, \$22.50; provided holders are Ohio residents who are acquiring stock other than for resale to non-residents of Ohio.

SECURITY—Not secured; subordinated to outstanding funded debt and short-term bank loans.

ADDITIONAL DEBENTURES—May be issued (1) if average annual income available for fixed charges on debentures for 3 years preceding equalled at least 2 times or for preceding year at least 2½ times, total annual interest on debentures to be outstanding and (2) if thereafter net tangible assets amount to at least twice debentures.

DIVIDEND RESTRICTIONS—Except for dividends up to 5 cents a share annually on outstanding common, company may not pay cash dividends except from earned surplus accumulated after Dec. 31, 1959, provided that (a) so long as over \$250,000 debentures are outstanding not more than 60% of surplus is available for such purpose and (b) after any such payment, net current assets are not less than \$750,000 and net tangible assets, not less than twice debentures outstanding.

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of majority of debentures.

PURPOSE—Proceeds to provide for equipment at California, Rock Island, Ill. and Canton, O. plants and for other capital improvements.

OFFERED—(\$1,500,000) at 100 on Jan. 27, 1961 to Ohio residents only by Ohio Co., Columbus.

6. Macomber, Inc., 6% notes, due 1968:

OUTSTANDING—\$875,000.

DATED—Aug. 15, 1958.

MATURITY—Aug. 15, 1968.

INTEREST—F&A 15 at Ohio National Bank, Columbus, trustee.

DENOMINATION—\$500 and \$1,000.

CALLABLE—As a whole or in part on 30 days' notice to Dec. 31 incl. as follows: 1960, 105; 1961, 104; 1963, 103; 1966, 102; 1967, 101; thereafter, 100; for sinking fund to Dec. 31 incl. as follows: 1961, 103; 1966, 102; 1967, 101; thereafter, 100.

SINKING FUND—Annually, beginning Oct. 1, 1959, cash (or notes) equal to \$25,000 plus contingent amount annually of \$25,000 if net income exceeds \$550,000, for purchase or call of notes at not exceeding sinking fund redemption price.

SECURITY—Not secured.

ADDITIONAL NOTES—May be issued (1) if average annual income (as defined) for 3 years preceding or year preceding equals at least 3 times annual note interest charges and (2) if thereafter net tangible assets are not less than twice notes to be outstanding. Except as above provided, additional equal or prior funded debt may not be issued other than (a) purchase money mortgages up to 75% of cost of additional fixed assets so mortgaged; (b) first mortgage bonds and (c) debentures.

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

PURPOSE—Proceeds to acquire assets of Rock Island Bridge & Iron Works Inc.

WARRANTS—Notes issued with non-detachable warrant which expired Nov. 1, 1962.

OFFERED—(\$1,000,000) on Aug. 20, 1958 to Ohio residents by Ohio Co., Columbus, at par with warrants as above described.

Term Loan: Outstanding, Dec. 31, 1962, \$5,000,000 3½% notes payable annually Dec. 1: \$1,000,000, 1959-63; \$2,000,000, 1964; \$2,000,000, 1965.

Company may not pay cash dividends or acquire capital stock in excess of consolidated net income after June 30, 1955.

Company agrees to maintain on consolidated basis net current assets of at least \$25,000,000 and ratio of current assets to current liabilities at not less than 2 to 1.

CAPITAL STOCK

1. Sharon Steel Corp. common; no par
AUTHORIZED—2,500,000 shares; outstanding, Dec. 31, 1962, 1,272,510 shares; reserved for stock options, 68,271 shares; no par (changed from \$50 par April 15, 1929, share for share).

Dividend Record					
(\$50 par shares)					
1901-16	\$3.50	1917-19	\$0.87½		
(\$50 par shares after 220% stock dividend)					
1917-19	3.00	1918-19	4.00	1920-26	Nil
1927-28	1.00	1929	0.50		
(No par shares)					
1929	1.00	1930	1.00	1931-35	Nil
1936	1.05	1937	1.20	1938-39	Nil
1940	0.25	1941-45	1.00	1946	1.30
1947	2.00	1948	2.50	1949	2.00
1950	2.00				
(On no par shares after 50% stock dividend)					
1950	1.75	1951	3.50	1952-53	4.00
1954-55	2.50	1956-57	3.00	1958	0.80
1959	1.00	1960	0.85	1961-62	0.40
1963	0.10				

Plus 33 1/3% in stock in 1912 and 25% in stock in 1915. Paid before stock dividend. Prior to capital change. Also 50% in stock, Ser. 19, 1950. To Apr. 1.

DIVIDEND RESTRICTIONS—See long term debt above.

VOTING RIGHTS—One vote per share.

PREEMPTIVE RIGHTS—None.

LISTED—On New York Stock Exchange.

TRANSFER AGENTS—Chemical Bank New York Trust Co., New York and Union National Bank, Pittsburgh.

REGISTRARS—Chase Manhattan Bank, New York and Pittsburgh National Bank, Pittsburgh.

DIVIDEND DISBURSING AGENT—Union National Bank, Pittsburgh.

OFFERED—(150,000 shares no par common) offered at \$37.50 per share (proceeds to company \$35.50 per share) on Apr. 25, 1946 by a syndicate headed by Mellon Securities Corp., Pittsburgh. Net proceeds used to redeem \$5 convertible preferred.

(174,137 shares) no par common offered at \$42 per share (proceeds to company about \$39.50 per share) on Oct. 31, 1951 by First Boston Corp., New York and associates. Proceeds for expansion.

Stock Options held by officers and key employees at Dec. 31, 1962 on 27,246 shares at \$23.87 to \$38.12 a share expire in 1969.

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding
1. 4% notes payable to 1969	[2]--	\$2,138,000
2. 5½% notes payable to 1979	[2]--	2,400,000
3. 5½% mortgage notes, to 1974	[2]--	2,242,000
4. 4½s, equip. Ser. A, to 1975	[2]--	2,870,000
5. 4½s, equip. Ser. B, to 1980	[2]--	1,472,000
6. 4½s, equip. redeemable to 1977	[2]--	5,175,000
7. 4½s, equip. Ser. A, to 1988	[2]--	2,875,000
8. 4½s, equip. Ser. B, to 1978	[2]--	5,350,000
9. Subsidiary debt	[2]--	46,267,000

CAPITAL STOCK

Issue	Value	Amount Outstanding
1. Common	\$25	1,427,708 shs.

[1]Fiscal years ended Apr. 30. [2]Placed privately. [3]Without recourse to parent company. [4]On consolidated basis. [5]Outstanding, Apr., 1963.

ACF INDUSTRIES, INCORPORATED

HISTORY

Incorporated under the laws of New Jersey Feb. 20, 1899 as American Car & Foundry Co. Present name adopted June 1, 1954.

At incorporation acquired 13 railway car building companies and plants. Five others were acquired and consolidated at various times thereafter.

Since 1950 organized certain subsidiaries for purpose of financing specific car purchases

and rentals. Any obligations incurred by such financial subsidiaries are secured by cars and leases thereon and are without recourse to company.

Subsidiaries in this group are SHPX First Corp., SHPX Second Corp., SHPX Fourth Corp., and Car Funding Corp.

Business of these companies represents result to date of a venture begun on premise that acquisition of cars to be leased for

long terms to industrial users should be financed with a minimum of capital investment and without engaging credit of ACF Industries, Inc. SHPX Fourth Corp. was organized 1959 to finance lease of 2,000 hopper cars to Pennsylvania R.R.

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 other electronic de-

vices. Now operated as a part of ACF Electronics Division.

In May 1954, company through W-K-M Manufacturing Co., Inc., acquired for \$7,130,000 business of W-K-M Co. of Houston, Tex. Manufacturer of high-pressure steel valves for oil field and pipe line equipment. Now operated as W-K-M Division.

In Nov. 1954, company acquired Engineering & Research Corp., Riverdale, Md., producer of electronics and airplane equipment. Now operated as a part of ACF Electronics Division.

In Aug. 1955 acquired all assets of Key Co., for \$0,000 ACF common shares. Key produced oil refinery parts and equipment; now operated as part of W-K-M Division.

In Oct. 1957, acquired all assets of Modern Manufacture, Inc., Houston, Tex., for 5,190 ACF common shares. Modern machines small precision items and tooling on a job order basis and is now a part of W-K-M Division.

In May, 1960, acquired 214,500 shares (15% interest) in Republic Aviation Corp. at cost of \$5,148,000 (sold in Aug., 1961).

SUBSIDIARIES

This is both an operating and holding company. Company holds 100% of the voting power in the following subsidiaries:

Name, place of incorporation and business:
SHPX First Corp., N. Y.—Railroad car leasing.
SHPX Second Corp., N. Y.—Railroad car leasing.
SHPX Fourth Corp., N. Y.—Railroad car leasing.
SHPX Fifth Corp., N. Y.—Inactive.
Car Funding Corp., N. Y.—Railroad car leasing.

Olivette First Corp., N. Y. (formerly AMCAR Corp.)—Real Estate development.

St. George First Development Corp., Mo.—Real estate development.

ACF International Corp., N. Y., owns British and Canadian subsidiaries mentioned below.
ACF (Great Britain) Limited British licensee and representative.
ACF Industries (Canada) Limited Canadian licensee and representative.

BUSINESS AND PRODUCTS

On June 1, 1955, a new organization plan was placed in operation as part of broad program of diversification. At Apr. 30, 1962, company had 6 operating divisions with 11 manufacturing plants, 5 service plants and offices in 18 cities. Each division is headed by its own chief executive with its own management team. Operating groups and their major product or service categories follow:

ACF Electronics Division, the former Avion and Nuclear Products-Erco divisions were merged on Jan. 11, 1960, consolidating all electronics and electro-mechanical activities under one management group; makes microwave and navigational equipment, infrared detection systems and components, anti-submarine and undersea warfare devices, data

processing and transmission equipment, test and check out equipment, motor speed controls, simulators and training devices, field service; machine tools, ground support equipment. In Apr. 1960, sold Reactor Engineering Office to Allis-Chalmers Mfg. Co.

Albuquerque Division, formed April 1, 1959, manages Atomic Energy Commission's South Albuquerque facility and provides support functions to AEC Los Alamos and Livermore Laboratories.

American Car and Foundry Division makes railroad freight, tank, industrial and mine cars; car components; tanks and pressure vessels; heavy-plate pressings; specialized industrial equipment; and pressed metal specialties.

Carrier Carburetor Division: Makes carburetors; fuel filters; fuel pumps; small machine parts, and small metal stamping.

Shippers' Car Line Division, leases approximately 21,500 tank and covered hopper and other special railroad cars to industry; repairs tank cars and sells freight and tank cars and parts made by American Car and Foundry division to industrial users.

W-K-M Division, makes lubricated plug valves; high-pressure oilfield and pipeline gate valves; multiple completion valves; ball valves; refinery and chemical alloy fittings, return bends and related products. In 1962 company acquired hydraulic shock absorbers line from Bendix Corp., including research, design and test data, tooling, inventory and patent rights. Shock absorbers for cushioning railroad cars are manufactured by division in Houston.

Capital expenditures in fiscal 1962 totaled \$12,579,000, including \$9,983,000 for car fleets.

Unfilled Orders (\$), June 1:			
1962-----	94,000,000	1958-----	60,000,000
1961-----	80,000,000	1957-----	181,000,000
1960-----	119,000,000	1956-----	230,000,000
1959-----	131,000,000	1955-----	133,500,000

PRINCIPAL PLANTS & PROPERTIES

Plant locations of operating groups follow:

Albuquerque Division
Albuquerque, N. Mex. (535,000 sq. ft.)
Atomic Energy Commission plant managed by company.

American Car & Foundry Division
Huntington, W. Va. (419,000 sq. ft.)

Freight cars.

Milton, Pa. (412,000 sq. ft.)

Tank cars, tanks, heavy pressings.

St. Charles, Mo.: Technical Center (108,000 sq. ft.)

Leased to others (332,000 sq. ft.)

St. Louis, Mo., Car Plant (722,000 sq. ft.)

Freight cars.

ACF Electronics Division

Bladensburg, Md. (54,000 sq. ft.)

Electronics—Research and engineering.

Paramus, N. J. (92,000 sq. ft.)

Electronics—Research and engineering.

Riverdale, Md. (249,000 sq. ft.)

Electronics products.

Carrier Carburetor Division
Olivette, Mo.

Carburetor parts (108,000 sq. ft.) warehouse (100,000 sq. ft.)

St. Louis, Mo. (536,000 sq. ft.)

Carburetors, fuel pumps.

Shippers' Car Line Division

East St. Louis, Ill. (39,000 sq. ft.)

Tank car repairs

Milton, Pa. (71,000 sq. ft.)

Tank car repairs

North Kansas City, Mo. (45,000 sq. ft.)

Tank car repairs

Redhouse, W. Va. (30,000 sq. ft.)

Tank car repairs

Smackover, Ark. (15,000 sq. ft.)

Tank car repairs

W-K-M Division

Missouri City, Tex. 493,060 sq. ft.)

High pressure valves and refinery fittings

Richmond, Tex. (255,000 sq. ft.)

Iron castings

MANAGEMENT

Officers

W. T. Taylor, Chairman
R. C. Taylor, President
H. A. Correa, Vice-Pres. (Marketing)
C. A. Fee, Vice-Pres. & Secretary
H. C. Hopkins, Vice-Pres. (Purch.)
C. A. Mundt, Vice-Pres. (Ind. Rel.)
H. Ben Young, Vice-Pres. (Eng. & Res.)
Vice-Pres.—Gen. Mgr. Oper. Div.

F. H. Boland, Jr. (Amer. Car & Fdry.)

H. V. Bootes (Shippers' Car Line)

J. S. Downs (W-K-M)

W. J. Jackel (Albuquerque)

K. F. Miller (Carrier Carb.)

G. B. Shaw (ACF Electronics)

J. F. Burditt, Treasurer

W. W. Wilson, Comptroller

W. J. Haley, Asst. Secretary

P. M. Anderson, Asst. Treasurer

W. C. Anderson, Asst. Treasurer

David Ohler, Asst. Treasurer

Directors

C. M. Brinckerhoff, New York

F. C. Brown, Bloomfield, N. J.

R. H. R. Loughborough, New York

D. G. Mitchell, New York

M. I. Peale, Farmingdale, N. Y.

G. G. Simmons, Jr., New York

R. C. Taylor, New York

W. T. Taylor, New York

W. F. Van Deventer, New York

G. R. Villa, New York

Lawrence Wilkinson, New York

E. W. Williams, Jr., Darien, Conn.

General Counsel: Hardy, Peal, Rawlings,

Werner & Maxwell, New York.

Auditors: Price Waterhouse & Co.

Annual Meeting: Last Thursday in August.

No. of Stockholders: Apr. 30, 1962, 11,185.

No. of Employees: Apr. 30, 1962, 11,711.

General Office: 750 Third Ave., New York

17, N. Y.

Corporate Office: 117 Main St., Flemington,

N. J.

INCOME ACCOUNTS COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED APRIL 30

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

	1962	1961	1960	1959	1958	1957	1956
Sales, less discounts & allowances...	\$186,152,000	\$215,852,000	\$263,611,000	\$178,726,000	\$294,894,722	\$294,592,193	\$245,585,172
R.R. car rentals	28,164,000						
Total income	214,316,000	215,852,000	263,611,000	178,726,000	294,894,722	294,592,193	245,585,172
Cost of sales	168,569,000	182,821,000	224,483,000	148,990,000	247,798,811	244,935,419	204,061,800
Selling, gen. and admin. exp.	17,878,000	18,131,000	19,820,000	19,090,000	20,385,896	21,242,800	18,493,798
Research & development exp.	2,275,000	2,234,000	1,761,000	1,440,000	1,995,064	2,820,374	3,143,443
Depreciation & amortization	9,986,000	5,401,000	6,492,000	6,155,000	6,115,602	5,728,299	4,867,379
Operating profits	15,608,000	7,285,000	10,955,000	3,051,000	18,599,349	19,865,301	15,238,504
Interest & other expenses, net	4,065,000	1,701,000	1,082,000	481,000	1,217,867	1,984,994	1,064,521
Misc. other deductions, net	cr 741,000	cr 557,000	2,284,000	cr 185,000	1,473,089	cr 443,745	

Balance	12,284,000	6,121,000	7,589,000	2,705,000	15,908,393	18,324,323	14,174,189
Prov. for Fed. inc. and surtax	6,274,000	2,873,000	2,656,000	991,000	8,057,118	9,291,029	6,186,800

Net income to surplus	6,010,000	3,248,000	3,933,000	1,714,000	7,851,277	9,033,323	8,007,583
Surplus beginning of year	\$1,104,000	\$1,404,000	\$1,016,000	\$2,846,000	\$0,654,091	\$5,778,035	\$3,162,412
Other surplus credits	7,436,000						
5% preferred dividends						106,965	509,848
Common dividends (cash)	3,556,000	3,548,000	3,545,000	3,544,000	5,659,621	4,050,302	4,882,014
Special items (net)	d 6,208,000						

Surplus end of year	\$34,788,000	\$51,104,000	\$51,404,000	\$51,016,000	\$52,845,747	\$50,684,091	\$45,778,035
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SUPPLEMENTARY P. & L. DATA

Maintenance and repairs	\$9,118,000	\$10,946,000	\$11,498,000	\$9,370,000	\$10,903,860	\$11,741,134	\$8,511,453
Taxes (other than income)	4,464,000	4,368,000	4,691,000	3,748,000	3,935,713	4,028,042	4,790,917
Depreciation	2,437,000	2,418,000	2,397,000	2,283,000	1,720,944	1,553,508	644,138
Royalties	400,000	366,000	411,000	370,000	507,073	561,146	808,398

1962: Includes \$2,258,000 not restricted under loan agreements.

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

Consolidated, including SHPX First Corp. and its subsidiaries. Comparable data for prior years follows (in thousand dollars):

	Total	Net	Earn.
Income	Income	Income	per Share
1951-----	119,207	2,676	\$1.08
1952-----	168,820	7,259	8.73

Record of Earnings, years ended April 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 Comp. Sh.
1961-----	\$7,193,013	\$6,233,509	\$959,504	\$02,954	\$7,256,007	\$2,194,937	\$5,061,070		899,400	\$5.63
1962-----	\$16,258,000	\$13,713,197	\$2,544,803	\$8,251,483	\$17,833,939	\$5,507,968	\$12,325,971		899,400	\$13.59
1963-----	\$18,276,880	\$15,787,379	\$2,489,501	\$2,087,189	\$20,430,621	\$5,374,908	\$15,055,713	\$1,195,800	899,400	\$16.63

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.
1944	218,834,838	194,180,459	22,654,349	365,253	23,019,602	17,427,770	5,591,832	1,193,800	599,400	1.69
1945	199,755,179	176,164,573	23,590,606	155,709	23,746,315	17,411,174	6,335,141	1,498,500	599,400	1.79
1946	118,113,532	110,763,283	7,350,269	1,183,280	8,533,549	3,186,860	5,346,689	1,798,200	599,400	5.24
1947	132,820,244	124,798,178	8,022,066	d 99,830	7,922,236	2,746,194	5,176,042	1,798,200	599,400	5.24
1948	151,360,756	124,219,389	7,141,367	d 601,820	6,539,547	2,435,395	4,103,952	1,798,200	599,400	3.47
1949	219,648,483	209,964,509	9,683,974	d 1,266,098	8,417,876	3,485,702	4,932,174	1,798,200	599,400	4.89
1950	147,470,154	146,504,895	965,259	d 409,498	555,761	110,598	445,163	1,798,200	599,400	d 2.65
1951	119,657,394	113,711,618	5,945,776	d 1,007,774	4,937,912	2,261,998	2,675,914	---	598,400	1.08
1952	173,964,755	156,711,143	17,253,612	d 2,436,437	14,717,175	7,895,040	7,262,135	1,198,800	599,400	8.64
1953	257,209,071	236,702,248	20,506,823	d 2,506,292	17,910,531	9,235,355	8,675,176	[1,029,861	659,340	10.10
1954	245,086,908	226,410,396	18,676,512	d 1,169,680	17,506,832	9,728,412	7,778,420	[2,012,722	725,248	7.92
1955	190,774,346	176,587,907	14,186,439	d 1,131,119	13,055,320	6,200,000	6,855,320	4,019,774	857,319	6.62
1956	245,585,172	230,346,668	15,238,504	d 1,061,321	14,174,183	6,166,600	8,007,583	4,882,014	1,260,167	6.08

① \$7.28 after renegotiation adjustment.

② Includes \$599,400 declared in July 1941, but held up by court action and paid in Feb., 1943.

③ Includes 10% stock dividend.

④ 1951 and subsequent years adjusted figures see note ① of income statement above.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET AS OF APRIL 30

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

ASSETS	1962	1961	1960	1959	1958	1957	1956
Cash	\$8,586,000	\$5,041,000	\$13,724,000	\$14,439,000	\$10,098,501	\$13,151,838	\$13,473,226
U. S. Gov. & oth. short tm. secs. (cost)	38,754,000	26,451,000	---	---	9,483,792	---	6,102,896
① Notes & accts. receivable	26,936,000	23,950,000	40,539,000	25,504,000	25,698,758	44,815,702	34,950,800
② Inventories	46,422,000	32,104,000	52,353,000	50,011,000	35,011,958	55,352,817	53,474,255
Prepaid expenses	1,092,000	708,000	1,328,000	1,152,000	1,289,191	2,240,167	945,735
Total current assets	\$116,790,000	\$88,254,000	\$107,944,000	\$91,106,000	\$81,582,198	\$127,160,824	108,947,001
③ Invest., etc. in uncons. subs.	---	3,000,000	---	2,926,000	3,205,039	1,811,202	1,390,219
Invest. in Republic Aviation	---	5,148,000	---	---	---	---	---
Long term receivables, etc.	1,021,000	1,180,000	---	749,000	722,103	889,604	3,051,255
④ Property, plant and equipment	238,358,000	150,723,000	140,98,000	144,601,000	137,151,289	182,615,067	127,597,652
⑤ Less: Depreciation reserve	104,933,000	76,234,000	73,559,000	72,070,000	69,159,972	66,004,880	62,539,114
Net property account	133,425,000	74,489,000	71,539,000	72,531,000	67,991,317	66,610,187	65,058,538
Total	\$251,236,000	\$172,071,000	\$182,883,000	\$167,312,000	\$153,500,657	\$196,471,617	\$177,476,994
LIABILITIES							
Accounts payable, etc.	\$21,692,000	\$11,804,000	\$24,338,000	\$26,162,000	\$16,585,957	\$25,275,534	\$23,786,264
Accrued taxes	8,155,000	3,839,000	5,824,000	3,129,000	8,293,934	10,153,158	7,689,151
Notes payable (banks)	---	---	---	---	---	34,000,000	21,500,000
Dividends payable	---	---	---	---	---	---	1,370,011
Long term debt due within year	266,000	1,096,000	1,404,000	954,000	1,220,000	1,220,000	961,000
Total current liabilities	30,113,000	16,679,000	31,564,000	30,245,000	26,099,951	70,653,690	54,296,506
⑥ Long term debt	83,898,000	33,849,000	30,174,000	16,424,000	5,144,000	6,364,000	7,963,000
Res. for pensions not funded	5,534,000	---	---	---	---	---	---
⑦ Res. for deferred Fed. income taxes	8,807,000	2,697,000	2,064,000	1,966,000	1,756,347	1,429,008	984,453
5% preferred stock (\$50 par)	---	---	---	---	---	---	6,873,350
Common stock (\$25 par)	35,693,000	35,500,000	35,461,000	35,451,000	35,447,608	35,317,856	31,504,175
⑧ Capital surplus	32,403,000	32,242,000	32,216,000	32,210,000	32,207,006	32,052,972	29,087,496
Earned surplus	54,788,000	51,104,000	51,404,000	51,016,000	52,845,747	50,654,081	46,778,035
Total capital stock & surplus	122,884,000	118,846,000	119,081,000	118,677,000	120,500,359	118,024,919	113,243,026
Total	\$251,236,000	\$172,071,000	\$182,883,000	\$167,312,000	\$153,500,657	\$196,471,617	\$177,476,994
Net current assets	\$86,677,000	\$71,575,000	\$76,380,000	\$60,861,000	\$55,482,247	\$56,506,934	\$53,650,496
PROPERTY ACCT.—ANALYSIS							
Additions at cost	\$12,463,000	\$8,540,000	\$8,790,000	\$11,276,000	\$8,889,248	\$8,342,492	\$7,186,597
Retirements or sales	1,740,000	2,806,000	8,234,000	3,761,000	4,171,747	3,091,506	3,402,553
⑨ Other additions	cr 127,000	cr 109,000	cr 59,000	cr 65,000	cr 181,279	cr 233,571	2,759,978
DEPREC. RESERVE—ANALYSIS							
Additions charged to p. & l.	\$9,859,000	\$5,292,000	\$6,433,000	\$6,090,000	\$5,934,323	\$5,494,728	\$5,160,201
Retirements or sales	1,627,000	2,617,000	4,944,000	3,180,000	2,875,175	1,998,962	2,013,753
⑩ Other additions	---	---	---	---	84,944	---	1,363,431

① 1956: Represents additions to fixed assets through acquisition of Key Co.

② Consolidated including SHPX First Corp. and its subsidiaries not previously included.

③ Includes 1962, \$46,267,000 subsidiary debt without recourse to parent company.

④ Includes unbilled charges (1962, \$4,997,000).

⑤ At cost or less and not in excess of market.

⑥ 1961: Comprises \$15,000 cost of capital stock of SHPX, \$2,971,000 paid by ACF Industries, Inc. to a subsidiary of SHPX First Corp. for option to purchase railroad cars at depreciated book value less amount paid for options, and \$14,000 representing installment notes receivable from a company in SHPX group.

⑦ Relating to accelerated amortization of facilities under certificate of necessity and use of declining balance depreciation for tax purposes.

1962:	Book Values	Reserves
Land & impr.	\$3,567,000	---
Structures	22,505,000	\$49,185,000
Mach. & equip.	68,943,000	---
Railroad cars	142,915,000	53,343,000
Constr. in prog.	428,000	---
Res. for loss, Berwick, Pa.	---	2,405,000
Total	\$238,358,000	\$104,933,000

⑧ 1958: Represents related reserve of additions to fixed assets through acquisition of Modern Manufacture, Inc.

⑨ 1956: Represents related reserve of additions to fixed assets through acquisition of Key Co.

⑩ 1958: After crediting \$154,034 upon acquisition of another company.

1957: After crediting \$2,965,508 resulting from conversion of preferred stock into common stock.

1956: After crediting \$8,210,172 resulting from issuance of common stock in amounts in excess of par value.

Depreciation Policy: Until April 30, 1960, company used declining balance method for certain assets. Beginning May 1, 1960, changed

to straight-line method for financial accounting but will continue to use declining balance method in computing current federal income tax payments. Provision has been made for resulting deferred income taxes. As a result of change, depreciation for year ended April 30, 1961 was reduced by approximately \$1,202,000 and net income increased by \$577,000.

Maintenance costs and dies, patterns, small tools, etc., are charged to operating expenses. Additions and betterments are charged to property accounts. With exception of railroad cars, original cost of normal property retirements less salvage is charged to depreciation reserve. When railroad cars are retired, asset and accumulated depreciation amounts are removed from accounts and resultant gain or loss is reflected in income account.

General Notes

(a) Consolidated statements include all subsidiaries. 1961 and prior years exclude SHPX First Corp. and its subsidiary companies.

(c) Fiscal 1962 pension contribution totaled \$1,983,000 (1961, \$1,347,000). In 1959, policy changed by not taking maximum allowable a* tax deduction. Unfunded past service benefits, at April 30, 1962 to employees other than those of the Berwick plant amounted to \$9,400,000. An after tax reserve of \$5,918,000 has been established for estimated benefits payable to Berwick employees in future years.

SHPX First Corp. and Subsidiaries (not consolidated):

Consolidated Income Account, years ended	1961	1960
Apr. 30:		
R.R. car rentals	\$11,086,000	\$9,435,000
Oper. expenses	1,298,000	1,342,000
Depreciation	4,142,000	4,067,000
Operating profit	5,846,000	4,026,000
Other income	235,000	183,000
Total income	5,881,000	4,209,000
Interest paid	2,086,000	1,670,000
Fed. income taxes	1,955,000	1,306,000
Net income	1,840,000	1,233,000

Consolidated Balance Sheet, as of Apr. 30:

Assets:	1961	1960
Cash	\$3,140,000	\$1,281,000
U. S. Govt. secur.	3,382,000	3,440,000

Nts. & accts. rec. 83,000 110,000

Prepaid expenses 40,000 28,000

Tot. cur. assets \$6,645,000 \$4,859,000

Int. in car lse. pay. 14,000 93,000

Other assets 2,013,000 2,013,000

Railroad cars 77,039,000 69,621,000

Less: Deprec. res. 18,082,000 15,937,000

Net prop. acct. 58,977,000 49,684,000

Total assets \$65,636,000 \$56,655,000

Liabilities:

Notes payable \$5,479,000 \$5,518,000

Due to affil. 455,000 171,000

Accts. pay. & accr. 395,000 294,000

Accr. Fed., state, etc., taxes 1,169,000 874,000

Total cur. liab. \$7,498,000 \$6,857,000

Notes payable 43,090,000 \$26,659,000

Due to affiliates 14,000 96,000

⑪ Future deliv. under car. pur. op. 2,971,000 2,706,000

Res. for defer. inc. taxes 5,612,000 5,031,000

Cap. stk. (par \$100) 15,000 15,000

Earned surplus 7,436,000 5,596,000

Total liabilities \$65,636,000 \$56,655,000

⑫ With respect to certain railroad cars owned Shippers' Car Line has paid a total of 1961, \$2,971,000 (1960, \$2,706,000), 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.

⑬ Secured long term debt, at 3½% to 5¼% interest, summarized as follows: \$2,406,000 collateral notes due serially to Sept. 1, 1964. \$20,153,000 chattel mortgage notes due serially to Apr. 1, 1971, \$132,000 promissory notes due serially to Jan. 10, 1971, \$16,276,000 equipment notes due serially to Aug. 10, 1974; \$5,602,000 equipment notes due in quarterly installments to 1976. Above includes \$5,479,000 portion due within one year.

FINANCIAL & OPERATING DATA

Statistical Record, Fiscal Years	1962	1961	1960	1959	1958	1957	1956
Earnings per share—common	\$4.21	\$3.29	\$2.77	\$1.51	\$3.34	\$6.39	\$1.29
Cash flow per share—common	\$11.20	\$6.09	\$7.35	\$5.58	\$9.85	\$10.37	\$1.29
Dividends per share—common	\$2.50	\$2.50	\$2.50	\$2.50	\$4.00	\$4.00	\$1.29
Price Range—common	78½-32½	68-38	52-35½	57-46½	49½-37½	64½-36½	67½-18
Net tangible assets per sh.—common	\$86.07	\$85.99	\$83.98	\$83.69	\$84.98	\$83.54	\$1.29
Number of shares—preferred	1,427,708	1,419,999	1,418,448	1,418,074	1,417,904	1,417,714	1,399,167
Number of shares—common	1,427,708	1,419,999	1,418,448	1,418,074	1,417,904	1,417,714	1,399,167
Financial & Operating Ratios							
Current assets—current liabilities	3.89	3.29	3.42	3.01	3.13	1.80	1.97
% cash & sec. to curr. assets	36.25	35.69	12.71	15.89	24.00	10.34	17.37
% inventory to curr. assets	39.75	38.38	48.50	54.89	42.92	52.65	49.69
% net curr. assets to net worth	70.54	60.22	64.14	51.29	46.04	47.88	47.39
% property depreciated	44.02	50.59	50.70	49.24	50.43	49.77	49.39
% ann. depr. & amort. to gross prop.	4.19	3.58	4.47	4.29	4.46	4.32	3.88
Capitalization:							
% subs. and other long term debt	40.57	22.17	20.22	12.16	4.09	5.12	7.31
% preferred stock	59.43	77.83	79.78	87.84	95.91	94.88	87.06
% common stock & surplus	40.57	22.17	20.22	12.16	4.09	5.12	7.31
Sales—inventory	4.62	6.72	5.04	3.57	11.43	6.57	7.09
Sales—receivables	7.98	9.01	6.50	7.01	11.43	6.57	7.09
% sales to net property	160.63	289.78	368.49	246.41	433.72	442.26	377.31
% sales to total assets	85.30	125.44	144.14	108.82	192.11	149.94	129.89
% net inc. to total assets	2.39	1.89	2.15	1.02	5.11	4.60	4.52
% net income to net worth	4.89	2.73	3.30	1.44	6.52	7.65	7.07
Analysis of Operations							
Sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	78.65	84.69	85.16	83.37	84.00	83.14	83.09
Sell., gen. & adm. exp.	9.40	9.43	8.22	11.49	7.59	8.17	8.10
Deprec., renew., etc.	4.66	2.51	2.46	3.44	2.07	1.94	1.90
Operating profits	7.29	3.37	4.16	1.70	6.34	6.79	6.90
Income deductions	1.55	0.53	1.28	0.19	.95	0.82	0.49
Net income before income taxes	5.74	2.84	2.88	1.51	5.39	5.97	6.41
Income taxes	2.93	1.34	1.39	0.55	2.73	3.15	2.91
Net income	2.81	1.50	1.49	0.96	2.66	2.82	3.50

Calendar years.

Consolidated including SHPX First Corp. and its subsidiaries not previously included.

LONG TERM DEBT

Direct Obligations of ACF Industries, Inc.

1. Notes Payable: Outstanding, Apr. 30, 1962, \$2,138,000 4% notes due serially to 1969. Other details not reported.

2. Term Loan: Outstanding, Apr. 30, 1962, \$24,000,000 5½% notes payable annually May 1, 1962-79.

Amended agreement contains provisions affecting cash dividends and certain other payments after April 30, 1961. Effectively cash dividends are restricted to the sum of \$2,258,000 plus 85% of consolidated net income of ACF Industries, Inc. exclusive of its SHPX finance subsidiaries, after Apr. 30, 1962.

Proceeds to restore working capital expended for fixed assets, including additions to leased fleet of Shippers Car Line division.

3. Mortgage Notes: Outstanding, Apr. 30, 1962, \$2,242,000 5½% chattel mortgage notes due Aug. 1, 1974. Proceeds for general funds.

Dated Aug. 1, 1959; due Aug. 1, 1974. Bankers Trust Co., New York, trustee.

Callable at 100; not callable prior to Aug. 1, 1969 from funds borrowed at interest rate below 5½%. Sinking fund to redeem at par \$46,000 notes on first day of Feb., May and August and \$45,000 notes on each Nov. 1.

Secured on 347 railroad cars, costing \$3,163,000.

4. ACF Industries, Inc. equipment 4½%, series A, due serially to 1975:

Authorized, \$3,075,000; outstanding, Apr. 30, 1962, \$2,870,000. Held privately.

Dated Nov. 1, 1960; due \$205,000 annually to Nov. 1, 1975. Interest M&N 1 at United States Trust Co., New York, trustee. Coupon, \$1,000; registrable as to principal; fully registered, \$1,000 and multiples, C&P interchangeable.

Secured on 538 railroad cars costing \$6,050,000. Unconditionally guaranteed as to principal and interest by ACF Industries, Inc.

Issued for acquisition of tank cars.

5. ACF Industries, Inc. equipment 4½%, series B, due 1980:

Authorized, \$1,635,000; outstanding, Apr. 30, 1962, \$1,472,000. Held privately.

Dated Nov. 1, 1960; due Nov. 1, 1980. Interest M&N 1 at United States Trust Co., New York,

trustee. Coupon, \$1,000; registrable as to principal; fully registered, \$1,000 and multiples, C&P interchangeable.

Redeemable in part for sinking fund annually beginning May 1, 1961 and as a whole at any time on or after Nov. 1, 1970 as provided. Annual sinking fund, each May 1, 1961-79, of rental sufficient to redeem \$81,750 series B certificates.

For security, guaranty and purpose, see series A certificates above.

6. ACF Industries, Inc. equipment 4½%, due Jan. 15, 1977:

Authorized, \$5,175,000; outstanding, Apr. 30, 1962, \$5,175,000. Held privately.

Dated Feb. 15, 1962; redeemable \$345,000 through sinking fund each Jan. 15 to 1976. Interest J&J 15; United States Trust Co., New York, trustee.

Secured on 476 railroad cars costing \$6,735,000. Unconditionally guaranteed as to principal and interest by ACF Industries, Inc.

7. ACF Industries, Inc. equipment 4½%, series A, due serially to 1968:

Authorized, \$2,875,000; outstanding, Apr. 1963, \$2,875,000. Held privately.

Dated Apr. 15, 1963; due \$335,000 annually to Apr. 15, 1968. Interest A&O 15; United States Trust Co., New York, trustee.

Secured on 635 tank cars costing \$10,259,776. Unconditionally guaranteed as to principal and interest by ACF Industries, Inc.

8. ACF Industries, Inc. equipment 4½%, series B, due 1978:

Authorized, \$5,350,000; outstanding, Apr. 1, 1963, \$5,350,000. Held privately.

Dated Apr. 15, 1963; due Apr. 15, 1978. Interest A&O 15; United States Trust Co., New York, trustee.

Redeemable in part for sinking fund annually at par through application of rentals in amount sufficient to retire \$535,000 series B certificates each Apr. 15, 1969-77.

For security and guaranty, see series A 4½% above.

Obligations of Car Leasing Subsidiaries (without recourse to parent company): at 3½% to 5½% as follows: \$93,000 promissory notes due serially to Jan. 10, 1971; \$8,100,000 equipment notes due in quarterly installments to May 1, 1976; \$14,788,000 equipment notes

due serially to Aug. 10, 1974; \$1,420,000 collateral notes due serially to Sept. 1, 1964 and \$21,866,000 chattel mortgage notes due serially to Apr. 1, 1972.

CAPITAL STOCK

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

AUTHORIZED—1,675,000 shares; outstanding, Apr. 30, 1962, 1,427,708 shares; in treasury, 19,238 shares; reserved for options, 63,320 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).

Proposed Capital Changes—Stock Split: See below.

Dividend Record (in \$)

(Calendar Years)					
(\$100 par shares)					
1898---	NIL	1900---	\$1.00	1901-09	\$2.00
1903---	4.00	1904---	1.00	1905-06	NIL
1907-09	3.00	1909-18	2.00	1917-18	8.00
1919---	9.00	1920-24	12.00	1925---	6.00
(no par shares, after 2 for 1 split)					
1925---	8.00	1926-30	6.00	1931---	2.75
1932-36	NIL	1937---	0.25	1938-40	NIL
1941-43	NIL	1943---	4.00	1944---	2.50
1945-49	3.00	1950---	NIL	1951---	2.00

Also 10% in stock.

To June 16.

VOTING RIGHTS—One vote per share.

PREEMPTIVE RIGHTS—Full rights.

LISTED—New York Stock Exchange; unlisted

trading on Boston and Pacific Coast Stock

Exchanges.

TRANSFER AGENT—Morgan Guaranty Trust

Co., New York.

REGISTRAR—Manufacturers Hanover Trust

Co., New York.

Stock Options held by key executive and

managerial employees at Apr. 30, 1962, on 63,-

320 common shares at prices from \$41.87½ to

\$59.25 per share.

Proposed Capital Changes—Stock Split to be

voted on by stockholders Aug. 29, 1963 will

change authorized 1,675,000 \$25 par shares to

4,350,000 no par shares to effect 2-for-1 split.

CONSOLIDATED FOODS CORPORATION

CAPITAL STRUCTURE

LONG-TERM DEBT

Issue	Rating	Amount Outstanding
1. 5½% notes due to 1981	[A]---	\$27,400,000
2. Purchase agreement, due to 1963	[A]---	1,707,604
3. Ocoma Foods Co. deb. 3½% due to '70	[A]---	451,000
4. Other subs. long-term debt	[A]---	456,000

CAPITAL STOCK

Issue	Par Value	Amount Outstanding
1. Common	\$1.33½	4,752,980 shs.

Fiscal year ended June 30. See text. Placed privately. Includes \$0.10 in 1962; \$0.16 in 1961 from capital gain. Also 5% in stock.

Adjusted.

HISTORY

Incorporated in Maryland Sept. 4, 1941 as South Street Co.; name changed to C. D. Kenny Co. Sept. 8, 1941; to Sprague Warner-Kenny Corp. Oct. 8, 1942, and to Consolidated Grocers Corp. May 29, 1945. Present name adopted Feb. 23, 1944.

On July 28, 1945 purchased for cash all capital stock of Sprague, Warner & Co., Chicago and on Sept. 26, 1942 business of the latter was merged.

In Jan., 1944, acquired controlling interest in Western Grocer Co. by purchasing common stock at \$17.50 per share. Additional shares acquired in exchange for company's stock.

On June 1, 1945 acquired Reid, Murdoch & Co. (Ill.) through purchase for cash of entire common and practically all preferred shares; also on same date acquired controlling interest in Dannemiller Grocery Co. (O.) through purchase for cash 14,983 shares (98.45%) of common and 5,184 shares (96.43%) of preferred.

On Sept. 21, 1946, Western Grocer Co., Marshall Canning Co., Dannemiller Grocery Co. and Reid, Murdoch & Co., all former subsidiaries, were liquidated and their assets taken over by company except for proportionate share due minority stockholders.

In Aug., 1948 acquired 100% interest in Rosenberg Bros. & Co., Inc. (liquidated in 1955).

In Nov., 1950, acquired food division of H. D. Lee Co., Inc.

In April, 1961, company acquired business and assets of Gentry, Inc. for \$4,443 common shares, now operated as a division.

In June, 1961, company purchased substantially all stock of United States Products Corp. Ltd., San Jose, Cal., fruit and vegetable packers.

In Aug., 1961, acquired entire capital stock of Fred M. Drew Co., fruit and vegetables packers.

In Sept., 1961, acquired Union Sugar Co. of Cal., now operated as a division.

In 1961, formed Consolidated Food Processors, Inc., wholly-owned subsidiary, which took over all assets and plants of following canning and processing divisions of company: C. D. Kenny, Reid Murdoch, Western Grocer, Lee Foods and Marshall Canning. In Sept. 1967, the former was consolidated with certain Monarch Fine Food distribution units, operating as Monarch Foods, Canners and Processors. In Sept., 1968, name changed to Columbia Foods Div.

In 1952, acquired Royal Blue Stores, Inc., sponsor of 850 independently owned food stores in Illinois, Indiana, Wisconsin and Michigan.

In Oct., 1952, acquired Weldman Co. of Cleveland and subsidiaries Summit Wholesale Grocery Co., William Edwards Co. and United Grocery Co.

On Apr. 17, 1953 acquired Griggs, Cooper & Co. (sold in Oct. 1957, for \$5,100,000).

In 1953, Fred M. Drew Co. was merged into U. S. Products, Ltd.

In 1964, acquired for cash, Gibbs & Co., Baltimore.

In Mar., 1955 acquired for cash, E. A. Aaron & Bros., Inc., Chicago (sold in 1959).

In Aug., 1955, acquired American Frigid-Dough, Inc., Chicago.

In Nov. 1955, acquired Omaha Cold Storage Co., for 174,638 common shares. Company now operates under trade name Ocoma Foods Co.

In May, 1956, operations of American Frigid-Dough, Inc. merged with those of Ocoma Foods Co.

In May 1956, acquired entire stock of Piggly-Wiggly Midwest Co., Inc., in exchange for initially 211,603 common shares and subsequent issuance of shares, based on earnings.

In Oct. 1956, acquired Kitchens of Sara Lee, Inc. in exchange for 164,890 shares; Morey Mercantile Co. in exchange for 68,685 common shares; Columbia Canning Co. in exchange for 10,500 common shares.

In July 1957, acquired Phillips Packing Co., Maryland packers of vegetables in exchange for 203,741 common shares. In July 1957, operations of Phillips Packing Co. and Gibbs & Co. combined in new Coastal Foods Division.

In Apr. 1958, acquired Orchard Hill Farms, Reed Hook, N. Y., processor of frozen foods in exchange for 28,000 common shares.

In Dec. 1958, acquired Lawson Milk Co., Cuyahoga Falls, O. for about \$10,000,000, operator of over 170 food and dairy products stores in Cleveland-Canton-Akron area.

In Feb. 1959, acquired Hershey Wholesale Grocery Co. (sold, Dec. 1962 and subsidiary Central States Wholesale Co. (sold Feb. 1960) for slightly over \$1,000,000.

In Mar., 1959, acquired Quality Food Stores, Inc. retail supermarket chain for 57,500 shares of treasury stock.

In July 1959, acquired Merckens Chocolate Co., Buffalo, manufacturer of chocolate coatings for cash (sold in Aug. 1961).

In Jan., 1960, acquired May's Drug Stores, Inc., Iowa, for 50,000 shares of treasury stock.

In June, 1960, acquired 51% interest in Alimentos Mundiales de Venezuela, C. A., Caracas, Venezuela, producer of vinegar and sauces (sold in 1961).

In Sept., 1960, acquired 80.6% of common stock of Chas. E. Hires Co., Philadelphia, root beer manufacturer, for cash; remaining interest acquired in Nov., 1960. Now a division (sold June 1962).

In Dec., 1960, acquired Shasta Water Co., San Francisco, by exchange of 401,073 common shares, on basis of one share for each 2.55 Shasta shares (Now Shasta Beverages Division.)

In May, 1961, acquired Eagle Food Centers, Inc., Milan, Ill., by exchange of 367,603 common shares, on basis of one share for each 1.78 Eagle shares.

On July 1, 1961, operations of Eagle Food Centers Inc. and Piggly Wiggly Midwest Co. Inc. were combined; now a subsidiary of Eagle Food Centers, Inc.

On Mar. 30, 1962 acquired Michigan Fruit Canners, Inc., Benton Harbor, Mich. for 250,000 common shares.

On Apr. 16, 1962, acquired 51% interest in Monarch Fine Foods, Ltd., Toronto (see appended statement), for cash and stock.

In Aug. 1962 acquired L. H. Parke Co. and subsidiaries, Philadelphia for 6,729 shares and cash; in Sept. 1962 Van Wazenberg-Festen (Holland) for 10,000 shares and cash.

In Mar. 1963 acquired Tiedemann & McMorran, San Francisco, for 50,000 shares and cash.

SUBSIDIARIES

Primarily an operating company. At June 30, 1962, 100% voting power was owned in the following subsidiaries:

Name, place of incorporation and business:
United States Products Corp., Ltd. (Nev.)—Canner of fruits and vegetables.
Low-Temperatures Corp. (Cal.)—Operates a cold storage warehouse.
Marketing Acceptance Corp. (Ill.)
Ocoma Foods Co. (Neb.)—Distributor and manufacturer of fresh and frozen food products.
Kitchens of Sara Lee, Inc., Chicago (Md.)
Bakery.
Orchard Hill Farms, Inc. (N. Y.)
Times Photo Supply Co. (Iowa)
Eagle Food Centers, Inc. (Md.)
Michigan Fruit Canners, Inc. (Mich.)—Acquired in Mar., 1962.
Van Wazenberg-Festen Conservenfabrieken N. V. (Holland)
L. H. Parke Co. (Pa.)

BUSINESS & PRODUCTS

Company and subsidiaries are engaged in canning, manufacturing, processing and packaging of a wide line of food products, carbonated soft drinks, canned beverages and fruit flavors. In addition, conducts a wholesale food distribution business and operates three retail food chains and one retail drug chain.

Company's business is operated under the following divisions and subsidiaries:

Consolidated Foods Distribution Division (Chicago): Conducts a general wholesale distribution business under brand names Monarch, Richelieu, Yacht Club. Sponsors voluntary groups of Royal Blue Stores (about 650) and Cardinal Food Stores (about 1,000).

Full Line Wholesale Distribution Division with headquarters in Chicago and 11 branches in Ia., Md., Minn., Mo., O., and Va., conducts a general grocery business including frozen foods and fresh fruits and vegetables. Most branches sponsor voluntary groups of retail stores known as Royal Blue Stores. Products sold under brand names Monarch, Yacht Club, and also national advertised brands.

Gentry Division (Los Angeles) is engaged in processing of dried food seasonings including chili pepper, onion and garlic products at plants at Oxnard and Gilroy, Cal. Products sold to food packers and processors, institutions, and in bulk for repackaging under private brands.

Union Sugar Division (San Francisco) processor, refiner, and packer of beet sugar from beets grown in Santa Maria, Lompoc, Salinas, San Juan, Cuyama and Imperial Valleys at plant located at Betteravia. Also produces two important by-products, beet pulp and beet molasses.

Company maintains two buying offices and purchasing departments. West Coast office at San Francisco and central office at River Grove, Ill.

Shasta Beverages (San Francisco) a division manufactures canned carbonated beverages and fruit flavors.

United States Products Corp., Ltd. (San Jose and Santa Clara, Cal. and Salem, Ore.), a subsidiary, cans peaches, apricots, pears and other fruits, fruit cocktail, asparagus, tomatoes and vegetables. Its subsidiary, Low-Temperatures Corp., operates a cold storage warehouse.

Monarch Foods, Canners and Processors, a division, conducts a wholesale distribution business, principally under the Monarch brand name, from 7 branch warehouses in Cal., Colo., Fla., Mass., Minn., Ohio, Tex., Pa., N. Y. and Va.

Columbia Foods Division (Chicago) produces canned goods, coffee, pickles and salad dressings at plants located in Ill., Ia., Mich., Tex. and Wisc.

International Division handles the export and marketing of products in foreign countries.

Ocoma Foods Co. (Neb.), a subsidiary, manufactures and distributes fresh and frozen food products. Plants are in Ark., Ia., and Neb., and operates two cold storage warehouses in Mo. and Neb.

Eagle Food Centers, Inc. (Milan, Ill.) and subsidiaries including Piggly Wiggly Midwest Co., Inc. operates a group of retail supermarkets in northern Illinois, southern Wisconsin and eastern Iowa.

Piggly-Wiggly Midwest Co., Inc., a subsidiary, operates a group of retail supermarkets in northern Illinois, southern Wisconsin and eastern Iowa.

Kitchens of Sara Lee, Inc., Chicago, a subsidiary, distributes fresh and frozen bakery products throughout the United States, Puerto Rico, South America, Canada, New Foundland, Great Britain, Germany, North Africa and British West Indies.

Coastal Foods Division, Cambridge, Md., is a consolidation of vegetable and tomato product packing units Phillips Packing Co., and Gibbs & Co. Also operates frozen food production plant and storage warehouse at Cambridge, Md.

Orchard Hill Farms, Inc., a subsidiary,

processes and distributes frozen fruit and meat pies and frozen dinners.

Lawson Milk Co., a division, produces dairy and bakery products which it sells, along with other food items, in its group of over 240 retail stores in area of Akron, Canton, Cleveland and Springfield, O.

Michigan Fruit Canners, Inc., processes fruits and vegetables in cans and glasses, and has a line of canned pie fillings.

Monarch Fine Foods Ltd.—See appended statement.

Van Wazenberg-Festen (Holland) processes fruits and vegetables.

L. H. Parke and Tiedemann & McMorran are institutional distributors in N. Y., Pa., Va., D. C., Cal. and Nev.

PRINCIPAL PLANTS & PROPERTIES

Company owns wholesale warehouse in River Grove, Ill. (a Chicago suburb) housing Consolidated Foods Distribution Div. operations, and owns wholesale warehouses in Akron, O., Baltimore, Md., Albert Lea, Minn., and Mason City, Ia.

Plants operated by Gentry Division at Oxnard and Gilroy, Cal. The sugar refining plant, town site, etc., of Union Sugar Division at Betteravia, Cal. Various other warehouses and branch warehouses operated by company's divisions are held under lease.

U. S. Products Corp., Ltd., a subsidiary, owns an 11 line canning plant and 4 adjacent storage buildings and canning plants at Santa Clara, Cal. and Salem, Ore. Its subsidiary, Low-Temperatures Corp., owns a cold storage warehouse at San Jose, Cal.

Columbia Foods, a division, owns canning plants at Ellsworth, Mich., Cambria, Wis., River Grove, West Chicago, Ill., Grundy Center, Ia. and several processing and warehouse buildings at Marshalltown, Ia., together with several other miscellaneous buildings and storage warehouses in connection with various canneries and plants. In addition, it owns canning and processing machinery and equipment at Sugarland, Tex.

Shasta Beverages, a division, operates plants at San Francisco, Seattle and Sacramento.

Monarch Foods, Canners and Processors, a division owns a warehouse in Minneapolis and Denver.

Ocoma Foods Co., a subsidiary, operates cold storage warehouses in Omaha, Neb. and Marionville, Mo. and poultry, egg and butter processing plants in Nebraska, Iowa and Arkansas; and sales branches in Chicago, Cleveland and New York.

Orchard Hill Farms, a subsidiary, operates a frozen food plant and warehouse at Red Hook, N. Y.

Coastal Foods Division owns 10 canning and warehousing buildings in Cambridge, Md.

Michigan Fruit Canners, Inc., has 3 canning plants in southwestern Michigan.

Monarch Fine Foods, Ltd.—See appended statement.

Van Wazenberg-Festen owns canning plants in Holland. L. H. Parke owns warehouses in Pa. and Tiedemann & McMorran has warehouses in Cal.

In addition company and subsidiaries lease or rent a number of minor receiving and processing and storage buildings.

MANAGEMENT

Officers:

Nathan Cummings, Chairman
S. M. Kennedy, Vice-Chairman
William Howlett, President
H. J. Everts, Vice-Pres. & Treas.
S. H. Gifford, Vice-Pres., Sec. & Counsel
R. Tognazzini, Vice-President
E. S. Steinmetz, Vice-President
O. W. Lubin, Vice-President
H. K. Cummings, Vice-President
Al Lerner, Vice-President
Donald Irwin, Jr., Vice-President
D. B. Montgomery, Vice-President
A. E. Brown, Vice-President
A. N. Prater, Vice-President
T. Phillips, Vice-President
M. M. Hoch, Vice-President
Richard Waxenberg, Vice-President
L. J. Spatz, Assistant Secretary
A. A. Owen, Assistant Secretary
J. F. Brumback, Jr., Assistant Secretary
H. E. Cartwright, Assistant Secretary
R. E. Guggenheimer, Assistant Secretary
D. S. Hills, Assistant Secretary
R. G. Moore, Assistant Secretary
H. C. Parson, Assistant Secretary

Directors:

Nathan Cummings, Chicago
Tilden Cummings, Chicago
S. M. Kennedy, Chicago, Ill.
Harry J. Green, Baltimore
M. B. France, Cleveland
H. J. Everts, Chicago
Gen. M. W. Clark, Charleston, S. C.
A. A. Owen, Chicago, Ill.
M. L. Levinson, West New York, N. J.
R. B. Mayer, Chicago
C. W. Lubin, Chicago
Roland Tognazzini, San Francisco
A. Z. Kouri, Wichita Falls, Tex.
Richard Waxenberg, Milan, Ill.
William Howlett, Chicago
A. E. Brown, Benton Harbor, Mich.

General Counsel: Stacey H. Gifford.
Auditors: F. W. Lafrantz & Co.
Annual Meeting: Second Thursday in Oct.
No. of Employees: Permanent, 11,000; during
peak of processing operations, about 16,000.

No. of Stockholders: June 30, 1962: Com-
mon, 17,500.
General Office: 125 South La Salle St., Chi-
cago 3.
Profit Sharing Plan: Company has in effect

in most units a bonus plan which provides
for setting aside approximately 10% of net
profits before Federal income taxes but after
first deducting from net profits 10% of aver-
age invested capital in each operating unit.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED JUNE 30
(Taken from reports filed with Securities and Exchange Commission)

	1962	1961	1960	1959	1958	1957	1956
Gross sales, less discs., retns. & allow.	\$519,772,712	\$509,280,716	\$424,888,784	\$358,621,245	\$352,420,286	\$381,881,095	\$268,383,095
Cost of sales, less discs. & allow.	419,925,259	415,038,483	356,466,354	299,467,040	296,950,530	284,641,732	233,032,888
Selling, gen. & administrative expa.	83,414,798	81,412,370	61,309,728	40,444,476	46,535,287	50,920,670	28,086,901
Provision for doubtful accounts	-----	-----	-----	-----	-----	133,848	228,783
Profit from operations	16,432,655	12,829,883	13,112,702	9,709,727	8,943,469	7,684,826	6,994,717
Cash discount (net)	1,802,172	2,550,018	1,984,432	1,568,912	952,581	822,983	481,000
Profit on disposal of fixed assets	588,978	587,473	29,139	210,242	2,170,110	465,584	348,378
Other income	1,378,926	1,565,481	1,372,351	1,585,487	1,341,661	1,179,106	932,300
Total income	20,202,731	17,538,833	16,498,624	13,070,369	13,307,821	10,163,472	7,867,422
Interest on long term debt	1,359,535	1,087,807	1,151,616	933,236	692,676	765,827	504,397
Other interest & discount charges	557,801	514,196	223,220	347,086	725,893	995,172	1,028,124
Miscellaneous other deductions	298,114	225,626	227,386	323,692	264,660	100,331	344,863
Balance	17,987,281	15,711,204	14,836,402	11,470,354	11,623,676	8,302,642	5,916,339
Federal income tax	8,747,606	7,614,894	7,666,093	5,632,417	5,244,922	4,284,718	2,888,089
Deferred income taxes	171,361	-----	-----	-----	-----	-----	-----
Net income for year	9,068,314	8,096,310	7,170,309	5,837,937	6,378,756	4,017,924	3,028,250
Special items	cr 60,331	dr 158,423	dr 519,534	dr 1,054,725	dr 309,314	11,324	-----
Balance to surplus	9,128,645	7,937,887	6,650,775	4,783,212	6,069,443	4,029,257	3,031,250
Earned surplus, beginning of year	21,966,875	20,111,898	20,129,028	20,422,076	16,804,096	15,203,985	16,039,280
Other surplus credits	6,969,924	3,595,879	117,559	251,354	316,785	44,766	36,892
Preferred dividends	-----	-----	811	158,975	311,161	338,136	281,906
Common dividends (cash)	4,935,323	4,226,601	3,115,929	2,407,850	2,457,087	2,135,776	1,562,167
Common dividends (stock)	-----	5,452,188	3,668,300	2,760,791	-----	-----	1,949,334
Other surplus debits	4,277,248	-----	422	-----	-----	-----	-----
Earned surplus, end of year	\$28,852,873	\$21,966,875	\$20,111,898	\$20,129,026	\$20,422,076	\$16,804,096	\$16,039,280
SUPPLEMENTARY P. & L. DATA:							
Maintenance and repairs	\$4,703,243	\$3,923,926	\$3,326,715	\$2,679,862	\$2,885,443	\$2,379,479	\$1,974,852
Depreciation	5,950,204	5,682,701	4,222,307	3,075,112	3,079,284	2,528,055	2,190,571
Taxes, other than income	6,126,153	5,324,680	4,077,828	3,472,216	3,510,505	3,044,402	2,641,423
Rents and royalties	6,802,412	5,126,274	4,568,116	3,912,360	3,097,038	2,850,065	1,986,737
Parent company's net income	4,442,490	4,101,113	3,994,504	2,351,663	3,780,859	2,582,864	1,994,222

Principal "special credits" follow:
1962-58: Net gains or losses realized in
liquidation operations.

1957: Transfer from capital surplus, \$1,084,
120, representing excess of net assets value
over acquisition costs, realized as earned sur-
plus through sale of certain properties, less
net loss on liquidation operations, or \$82,940;
provision for additional income taxes of prior
years (dr) \$71,606; net (cr) \$11,334.

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

Includes Kitchens of Sara Lee, Inc., ac-
quired in Sept. 1956; Klein Super Markets,
Inc., Columbia Canning Co. and Morey Mer-
cantile Co., acquired in Oct. 1956.

Includes Piggly-Wiggly Midwest Co., ac-
quired in Nov. 1955.

1962: Incl. \$1,248,620 par value of stocks
issued in 5-for-4 split and \$2,836,849 cost of
treasury stock above par of merged company
stock.

Principal "Other surplus credits" follow:
1962: Earned surplus of Michigan Fruit Can-
ners, Inc., acquired.

1961: Earned surplus of Eagle Food Centers,

Inc., acquired during year.

1959: Underwriting discount related to pre-
ferred and converted and retired during year.

1958: Transfer from capital surplus, re-
presenting excess of net asset value over ac-
quisition costs, realized as earned surplus
through sale of certain properties, \$309,314.

Includes Eagle Food Centers, Inc. ac-
quired May 24, 1961, as pooling of interests,
for entire year.

Includes payroll tax: (1962, \$2,440,575).

Under loan agreement surplus restricted
for cash dividends on common stock amounted
to \$8,312,101 at June 30, 1962.

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

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Sha. Outstand.	Earn. Per Com. Sh.
Jun. 30, '45	67,090,806	64,241,339	2,848,877	654,384	2,764,458	1,917,857	846,601	216,873	889,184	2.18
Jun. 30, '46	123,487,826	117,727,518	5,760,308	579,982	6,340,170	3,681,552	2,658,618	216,873	867,492	2.09
Jun. 30, '47	141,690,068	136,853,259	4,836,785	738,094	5,574,879	2,084,278	3,490,604	216,873	867,492	2.09
Jun. 30, '48	125,379,518	122,751,580	2,627,938	1,234,039	3,861,977	1,225,875	2,636,102	216,873	867,492	2.09
Jun. 30, '49	151,404,175	147,858,441	3,545,734	229,910	3,975,644	1,469,618	2,506,026	216,873	867,492	2.09
Jun. 30, '50	153,333,724	150,888,593	2,445,131	199,511	2,644,642	1,020,837	1,623,805	216,873	867,492	2.09
Jun. 30, '51	174,006,801	168,526,528	5,480,273	84,983	5,565,156	2,642,548	2,922,611	1,109,329	934,034	2.09
Jun. 30, '52	195,831,837	193,934,536	1,897,301	140,654	2,037,955	1,060,764	977,191	1,689,689	1,182,935	0.87
Jun. 30, '53	212,413,582	207,062,499	5,351,083	577,207	5,928,290	3,021,490	2,906,800	1,216,718	1,246,219	1.89
Jun. 30, '54	230,675,745	226,709,031	3,966,714	1,984,720	5,951,434	2,684,188	3,267,246	1,286,401	1,286,951	2.22
Jun. 30, '55	224,786,876	220,940,930	3,845,746	855,958	4,701,704	2,122,886	2,578,818	1,286,950	1,286,951	1.69
Jun. 30, '56	268,252,695	262,287,978	5,964,717	448,378	5,916,339	2,885,089	3,031,250	1,562,167	1,814,560	1.45

Also \$1,949,334 stock dividends.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF JUNE 30
(Taken from reports filed with Securities and Exchange Commission)

	1962	1961	1960	1959	1958	1957	1956
ASSETS							
Cash	\$11,146,307	\$9,787,120	\$16,150,459	\$15,555,042	\$7,005,065	\$5,415,420	\$5,125,907
U. S. Government securities	-----	357,877	-----	-----	-----	1,980	70,402
Notes & accounts receivable (net)	17,303,765	16,608,731	16,102,459	15,089,812	16,820,806	15,914,944	15,125,492
Inventories	55,124,683	54,948,069	47,028,846	47,234,497	46,839,949	48,945,480	48,148,326
Costs in connection with grow. crops	1,048,343	937,695	784,863	817,037	765,371	938,687	1,246,300
Properties under construction	273,898	331,581	-----	-----	-----	-----	-----
Prepaid items	2,529,532	1,635,988	1,010,064	1,224,143	1,264,641	948,748	948,742
Total current assets	87,426,526	84,607,061	81,056,691	\$79,920,531	\$72,495,328	\$72,153,240	\$75,907,099
Property, plant & equipment	82,503,955	75,703,707	60,922,714	55,735,876	52,409,987	42,530,790	39,950,597
Less: Reserves for depreciation	35,475,185	32,733,988	25,334,546	22,687,042	25,759,141	20,636,519	17,913,610
Net property, plant & equipment	47,028,770	42,969,719	35,588,169	33,048,834	26,650,846	21,894,261	22,046,987
Unamortized debenture disc. & exp.	-----	25,493	28,882	28,661	32,642	37,384	73,426
Unamor. cost of lshold. and improv.	3,076,523	3,052,331	1,739,686	1,317,630	939,368	832,649	528,334
Investment in non-cons. subsidiaries	4,876,712	-----	-----	-----	-----	-----	-----
Pats., trademks., gdwill. & oth. intg.	5,008,377	5,008,377	4,597,694	4,169,471	-----	-----	-----
Cash val. of live insurance, etc.	-----	393,298	119,371	113,235	109,469	131,936	194,560
Sundry other assets	3,718,930	3,376,988	2,857,592	2,830,289	2,740,390	1,867,900	680,116
Total	\$151,135,868	\$139,440,268	\$125,988,084	\$121,426,658	\$102,971,243	\$96,417,372	\$99,296,625
LIABILITIES							
Notes payable, banks	-----	\$3,000,000	-----	-----	-----	-----	-----
Accounts payable, trade	\$18,440,796	16,315,848	\$13,531,001	\$13,618,351	\$12,143,807	\$3,000,000	\$11,180,000
Accounts payable, other	845,224	2,727,038	2,648,388	1,085,919	612,784	11,483,891	9,238,314
Current install. on long term debt	1,647,184	3,677,890	3,433,793	8,147,212	2,052,384	494,070	1,080,599
Accrued Federal taxes on income	-----	261,244	331,563	387,076	591,428	2,212,415	2,143,579
Other current liabilities	-----	-----	-----	744,563	-----	412,034	366,478
Accrued liabilities:							
Federal income taxes	5,840,378	5,211,757	5,308,294	3,487,430	3,934,349	3,714,560	2,988,045
Taxes, other than Fed. income taxes	3,396,591	3,459,341	2,678,418	2,229,360	1,807,059	1,735,408	1,560,639
Salaries, bonuses, wages, etc.	1,636,790	1,738,781	1,932,830	1,827,471	1,367,428	1,372,479	1,035,516
Interest & expenses	1,601,765	1,152,733	1,152,374	1,029,676	1,004,781	779,282	688,741
Total current liabilities	\$33,408,728	\$27,628,530	\$31,016,661	\$27,557,067	\$23,514,030	\$25,409,140	\$30,235,701
Long term debt	28,941,413	20,566,262	23,712,909	26,619,201	13,499,896	15,203,968	18,575,309
Deferred income tax	171,361	-----	-----	-----	-----	-----	-----
5 1/2% cum. conv. pfd. stock (\$50)	-----	-----	-----	1,888,300	5,801,650	5,193,550	7,104,600
Common stock (\$1.33 1/3)	6,428,774	4,981,823	4,235,891	3,838,814	3,292,128	2,985,351	2,419,418

LIABILITIES (cont'd)	1962	1961	1960	1959	1958	1957	1956
Unpaid-in surplus	46,186,253	44,813,821	37,332,879	31,886,982	25,624,639	22,311,629	18,287,899
Capital surplus	9,504,220	9,504,220	9,908,270	10,457,548	10,811,334	7,507,841	18,188,811
Earned surplus	28,852,873	21,968,875	20,111,596	20,129,026	20,422,076	16,804,094	18,206,196
Total stockholder equity	90,774,119	83,286,839	71,786,936	68,213,670	65,957,317	55,804,296	60,586,615
Less: Treasury stock	2,359,753	2,021,363	828,424	363,283	-----	-----	-----
Net stockholder equity	88,614,366	81,245,476	71,258,514	67,850,389	65,957,317	55,804,296	60,586,615
Total	\$151,135,868	\$139,440,268	\$125,988,984	\$121,426,656	\$102,971,243	\$98,417,373	\$99,294,835
Net current assets	\$54,017,798	\$46,978,531	\$50,040,030	\$52,363,464	\$48,981,298	\$46,744,100	\$45,631,398
PROPERTY ACCT.—ANALYSIS							
Additions at cost	\$10,407,379	\$9,251,070	\$7,263,853	\$10,727,033	\$4,489,251	\$3,989,063	\$1,982,868
Retirements or sales	7,769,147	4,903,584	2,663,579	11,753,283	5,176,317	4,377,497	1,700,814
Other additions	4,162,010	10,433,507	588,564	4,352,189	10,586,272	3,868,819	7,782,050
DEPREC. RESERVE—ANALYSIS							
Additions charged to income	\$5,950,733	\$5,882,701	\$4,232,307	\$3,075,463	\$3,019,163	\$2,522,055	\$2,300,391
Retire. & renewals chgd. to reserve	4,456,147	2,914,427	1,589,561	6,500,652	8,918,788	1,915,441	1,388,120
Other additions	3,032,105	4,808,687	466,312	2,526,009	6,090,487	2,277,857	3,719,574
Other reductions	1,785,494	177,319	451,554	1,869,912	41,343	167,062	112,330

Common shares, at cost: 1962, 68,700; 1961, 50,061; 1960, 19,503; 1959, 13,950.

After reserve (1962, \$17,303,765).

At lower of cost or market on the first-in, first-out basis.

1962: Jobbing and finished products, \$48,492,600; materials in process, \$1,334,516; materials and supplies, \$2,980,691; other inventory items, \$2,316,876; total, \$55,124,683.

1962:	Property	Reserve
Land	\$3,737,993	\$1,000
Building, etc.	24,855,418	10,170,673
Furniture & fixt.	1,846,247	1,128,724
Mach. & equip.	45,162,821	21,091,626
Autos, etc.	5,434,336	8,041,304
Unclassified	1,467,140	41,858

Total \$82,503,955 \$35,475,185

Principal changes in "Paid-in Surplus" follow:

1962: Principally due to pooling of interests of Michigan Fruit Cannery, Inc.

1961: After crediting \$3,523,763 on pooling of interest (Eagle Food Centers, Inc.); \$5,238,691 for stock dividend; \$148,072 for stock option and \$370,516 due to acquisition of company.

1960: After crediting \$506,829 excess of market over par value of common stock issued in exchange for business acquired; \$3,466,937 due to 5% stock dividend; \$1,543,532 due to conversion of preferred stock and \$115,797 in connection with stock option.

1959: After crediting \$310,451 excess of market over par value of common stock issued in exchange for businesses acquired; \$2,237,171 due to 5% stock dividend; \$3,308,137 due to conversion of preferred stock and \$414,584 in connection with stock option.

1958: After crediting excess of assigned value over par value of common shares issued in exchange for outstanding stock of subsidiary acquired, \$3,140,494; paid-in surplus resulting from conversions of preferred stock, \$42,359; excess of par value of common stock issued under stock option plan, \$133,158; total, \$3,316,011.

1957: After crediting excess of assigned value over par value of common shares issued in exchange for outstanding stock of subsidiary acquired, \$6,132,939; paid-in surplus resulting from conversions of preferred stock, \$454,095; excess of par value of common stock issued under stock option plan, \$68,788; total, \$6,655,822.

FINANCIAL & OPERATING DATA

Statistical Record, Fiscal Years Ended June 30

	1962	1961	1960	1959	1958	1957	1956
Earned per share—Common	\$1.91	\$2.20	\$2.27	\$1.98	\$2.46	\$1.64	\$1.45
Dividends per share—5% preferred	-----	-----	-----	-----	-----	-----	-----
Price range—common	\$1.06 1/2	\$1.15	\$1.13 1/4	\$2.63 1/2	\$2.62 1/2	\$2.62 1/2	\$3.33 1/2
Net tang. assets per sh.—common	\$17.59	\$20.68	\$21.11	\$21.57	\$24.36	\$22.16	\$23.96
Times charges earned							
Before income taxes	14.23	10.81	11.35	9.92	9.19	8.71	4.88
After income taxes	7.67	6.05	5.00	5.56	5.49	3.23	2.99
Net tang. assets per \$1,000 fund. debt	\$3,863	\$4,711	\$3,811	\$3,435	\$5,888	\$4,670	\$3,723
Net curr. assets per \$1,000 funded debt	\$1,966	\$2,284	\$2,110	\$2,005	\$3,628	\$3,074	\$3,456
Number of shares—preferred	-----	-----	-----	-----	-----	-----	-----
Adjusted data for stock splits and stock dividends:							
Earned per share—common	\$1.91	\$1.76	\$1.72	\$1.44	\$1.70	\$1.12	\$1.01
Cash flow per share—common	\$3.20	\$2.89	\$2.75	\$2.25	\$2.65	\$2.65	\$2.01
Price range—common	\$9.00-25.13	\$9.50-29.13	\$3.75-20.25	\$2.50-17.00	\$19.13-10.38	\$11.50-9.63	\$12.75-10.50
Net tangible assets per sh.—common	\$17.59	\$16.54	\$16.08	\$15.65	\$16.83	\$15.31	\$14.58
Number of shares—common	4,752,880	4,607,983	4,144,107	3,948,478	3,572,782	3,239,852	2,826,668

Financial & Operating Ratios

	1962	1961	1960	1959	1958	1957	1956
Current assets + current liabilities	2.61	2.25	2.61	2.83	3.09	2.84	2.81
% cash & securities to current assets	12.73	11.99	19.92	19.46	9.66	7.61	7.13
% inventory to current assets	63.05	64.94	58.02	59.10	64.34	67.83	70.05
% net current assets to net worth	60.93	57.82	70.22	76.73	74.26	83.76	86.17
% property depreciated	42.99	42.24	41.58	40.70	49.14	48.53	44.81
% annual depreciation to gross prop.	7.21	7.51	6.93	5.52	5.29	5.94	6.48
Capitalization:							
% long term debt	24.62	20.20	24.98	27.72	16.99	21.41	30.96
% preferred stock	-----	-----	-----	2.01	7.30	8.72	10.37
% common stock surplus	75.38	79.80	75.02	70.27	75.71	69.87	63.57
Sales + inventory	9.43	9.27	9.03	7.59	7.56	6.79	6.06
Sales + receivables	30.03	30.66	26.38	23.77	20.95	20.38	17.73
% sales to net property	1,105.21	1,185.21	1,193.87	1,085.11	1,322.23	1,518.06	1,215.62
% sales to total assets	348.90	365.20	337.24	295.34	343.26	334.72	289.45
% net income to total assets	6.00	6.16	5.69	4.80	6.19	4.16	4.33
% net income to net worth	10.23	9.97	10.06	8.60	9.67	7.20	6.99
Times preferred dividends earned	-----	-----	-----	36.72	20.80	11.88	7.73
Analysis of Operations							
Gross sales, less disc., allow., etc.	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	80.79	81.49	82.48	83.50	84.28	85.84	84.84
Selling, gen. & admin. expenses	16.05	15.99	14.43	13.78	15.30	13.08	10.96

1956: After crediting excess of assigned value over par to shares of common issued in exchange for outstanding shares of acquired subsidiaries, \$5,583,373; excess of assigned value over par of 128,981 shares of common issued as stock dividend, \$1,777,359; paid-in surplus resulting from conversions of preferred shares, \$484,236; excess of par of common shares issued under stock option and adjustment of previous year's credits to paid-in surplus, \$36,633; total, \$7,881,641.

Represent chiefly fixed assets and related reserves of companies acquired during year.

Represented by following shares: 1962, 4,752,880; 1961, 3,738,367; 1960, 3,176,918; 1959, 2,879,111; 1958, 2,469,096; 1957, 2,239,013; 1956, 1,814,560.

Principal changes in "Capital Surplus" follow:

1961-60: After debiting excess of purchase price of business acquired over net assets at dates of acquisition: 1961, \$402,050; 1960, \$551,278.

1959: After debiting \$348,712 excess of purchase price of businesses acquired over net assets at date of acquisition and \$5,564 adjustment of acquisition cost of property acquired in prior year.

1958: After crediting \$4,037,948 excess of book value of net assets acquired over cost or assigned value of common stock issued, and after debiting \$309,314 net loss realized on liquidation operations of subsidiary and \$424,151 excess of cost of investments in subsidiaries acquired over book value of net assets, including transfer of \$1,064,120 to earned surplus in 1957.

1957: After crediting \$1,291,830 excess of book value of net assets acquired over assigned value of common stock issued, and after debiting \$2,908,163 excess of cost of investments, in subsidiaries acquired during year, over book value of net assets; \$1,084,120 excess of net asset value over acquisition costs, realized as earned surplus through sale of certain properties and \$12,017 adjustment of acquisition cost of property acquired.

1956: After crediting \$539,018, excess of book value of net assets of subsidiaries acquired over cost of investments, net.

See "general note" (f) below.

Depreciation Policy: Since 1959, company and subsidiaries computed depreciation on new property and equipment by the sum of

the years-digits method. Provision for depreciation of other property and equipment has generally been made on a straight-line basis at rates based upon estimated service life of the various classes of property, which are as follows: Buildings and building equipment, 3-50 years; furniture and fixtures, 3 to 20 years; machinery and equipment, 3 to 40 years; automobiles and trucks, 3 to 10 years.

(a) Basis of Consolidation: Consolidated statements include all wholly-owned subsidiaries.

(b) Fixed assets are stated substantially at cost.

(c) At June 30, 1962, annual fixed rentals on leases expiring 1963-67 totaled \$4,482,000; 1968-72, \$3,458,000; 1973-77, \$1,923,000; 1978-82, \$814,000.

(d) Company's equity in net assets of subsidiaries exceeded investment therein at June 30, 1962, \$13,918,567.

(e) Changes in accounting method: In 1959 and prior years, excess of purchase price of businesses acquired over net assets at dates of acquisition was charged to capital surplus as a reduction of such surplus arising from excess of net assets of businesses acquired over purchase price. In 1959, company discontinued this practice and added to assets the excess purchase price paid in that year, amounting to \$4,166,478, without provision for amortization. In cases of adjustments pertaining to acquisitions of 1958 and prior years, former treatment is continued.

In 1957 and prior years, net losses on liquidation operations were charged to earned surplus, and such charges were reduced by transfer to earned surplus of capital surplus equivalent to excess of net asset values over purchase price of businesses liquidated. In case of a liquidation in process at June 30, 1958, the loss was charged to capital surplus in 1958, with intention of transferring to earned surplus in 1959 that charge and an appropriate amount of capital surplus representing excess of net asset values over purchase price. Because company changed its method of accounting for liquidation losses, these transfers were not made in 1959 and such losses incurred in that year were charged to earned surplus with no transfers from capital surplus.

Analysis of Operations (cont'd)

	1962	1961	1960	1959	1958	1957	1956
Operating profit	3.16	2.83	3.09	2.71	2.84	2.51	2.39
Other income	0.73	0.92	0.79	0.92	1.24	0.76	0.64
Total income	3.89	3.75	3.88	3.63	4.08	3.27	3.03
Interest & dist. charges	0.37	0.31	0.34	0.36	0.40	0.53	0.57
Miscellaneous other deductions	0.06	0.05	0.05	0.09	0.08	0.03	0.06
Balance before taxes, etc.	3.46	3.39	3.49	3.18	3.20	2.50	2.21
Federal income & excess prof. taxes	1.71	1.49	1.80	1.55	1.49	1.29	1.06
Net income	1.74	1.59	1.69	1.63	1.81	1.21	1.15
Special credit	0.01	0.03	0.12	0.30	0.00	---	---
Balance to surplus	1.75	1.56	1.57	1.33	1.72	1.21	1.15

Based on average number of shares outstanding during year earned common share was: 1958, \$2.44; 1957, \$1.75; 1956, \$1.77. Calendar year. Also in stock: 1961-59, 5%; 1958, 10%. Includes: 1962, \$0.10; 1961, \$0.16; 1960, \$0.01; 1959, \$0.05; 1958, \$0.60; 1957, \$0.17 from capital gains. Called Sept. 4, 1960.

BANK CREDIT

Credit agreement dated Oct. 27, 1961 provides for maximum borrowings of \$15,000,000 at prime rate. At June 30, 1962, none outstanding.

Company agrees to maintain current ratio of at least 2-to-1. Other restrictions same as 5 1/4% loan due 1981.

LONG TERM DEBT

Term Loan: Outstanding, June 30, 1962, \$27,400,000 5 1/4% notes payable each June 1: \$400,000, 1963-68; \$2,300,000, 1969-80; balance, 1981. Proceeds to retire \$12,400,000 loan due 1973; balance for general purposes. An additional \$5,000,000 to be taken down between Apr. 30, 1962-63.

Company may not pay cash dividends or acquire capital stock in excess of consolidated net income after June 30, 1961 plus \$6,000,000 provided consolidated net current assets are at least \$52,000,000 to Dec. 31, 1962 and \$56,000,000 thereafter.

Other Debt: Outstanding, June 30, 1962, \$1,707,604 comprising deferred payments under agreement for purchase of Lawson Milk Co., payable over 2 year period.

Also outstanding \$420,522 unsecured notes payable to 1967.

Subsidiary Loans: Outstanding June 30, 1962, \$907,000 comprising \$451,000 Ocoma Food Co. 3 1/4% debentures due Apr. 1, to 1970, and \$456,000 5 1/4% notes due June 1, 1968.

CAPITAL STOCK

1. Consolidated Foods Corp. common; par \$1.33 1/3:

AUTHORIZED—7,500,000 shares; issued and outstanding, June 30, 1962, 4,752,880 shares; in treasury, 68,700 shares; reserved for options, 123,239 shares; par \$1.33 1/3.

Par changed from no par to \$1.33 1/3 par Apr. 22, 1946 by 3-for-1 split. \$1.33 1/3 par shares split 5-for-4 Oct. 20, 1961.

On Aug. 10, 1962, Nathan Cummings held beneficially about 10% of common shares.

Dividend Record (in \$)

(Calendar Years)

(\$1.33 1/3 par shares)

1946—\$0.50 1947—\$1.25 1948-50 \$1.00

1951—1.50 1952—1.25 1953—0.75

1954-59 1.00 1960—1.05 1961—1.20

(\$1.33 1/3 par shares after 5-for-4 split)

1962—1.10 1963—0.30

Initial dividend paid July 25.

Also in stock: 1955, 10%; 1956-60, 5%.

DIVIDEND LIMITATION—See term loan above.

PREEMPTIVE RIGHTS—None.

LISTED—On New York, Midwest and Pacific Coast Exchanges.

TRANSFER AGENTS—Continental Illinois National Bank & Trust Co., Chicago; Chase Manhattan Bank, New York.

REGISTRAR—First National Bank, Chicago; Morgan Guaranty Trust Co., New York.

DIVIDEND DISBURSING AGENT—Continental National Bank & Trust Co., Chicago.

OFFERED—(111,489 shares) at \$22.625 per share on Nov. 21, 1958 by Kuhn, Loeb & Co., New York, and A. C. Allen & Co., Inc., Chicago, and associates. Offering did not represent company financing.

Stock Options: held by certain officers and employees at June 30, 1962 (giving effect to 5-for-1 split in Oct. 1961) on 97,907 common shares at prices from \$9.55 to \$36.22 per share expire Jan. 12, 1972.

MONARCH FINE FOODS LTD.

(Controlled by Consolidated Foods Corp.)

Consolidated Earnings, 52 wks. to (in Canadian \$):

Net Sales Net Profit No. of Earn. Sh. Com. Sh.

12-1-62 10,783,440 508,320 1,006,300 0.50

12-2-61 13,088,400 781,377 1,000,000 0.78

53 wks.

Balance Sheet (in Canadian \$):

Assets: Dec. 1, '62 Dec. 2, '61

Cash 226,581 \$177,385

Mkt. secur. 402,085 1,092,751

Receivables, net 748,765 1,078,782

Inventories 769,587 753,399

Prepayments 57,401 48,869

Total current 2,004,419 \$3,151,186

Fixed assets, net 2,206,018 1,275,448

Other assets 14,600

Total 4,225,037 \$4,428,634

Liabilities:

Bank overdrafts 577,908

Accts. pay., etc. 454,490 \$685,415

Income, etc., tax 140,585 474,072

Total current 672,983 \$1,169,487

Common stock 40,925 1,550

Retained earnings 3,511,129 3,255,597

Total 4,225,037 \$4,428,634

Net current assets \$1,331,436 \$1,981,699

Lower cost or mkt. 1,006,300 (1961, 1,000,000) no par shs.

Capital Stock: Monarch Fine Foods Ltd. common; no par. Authorized, 1,500,000 shs.; outstanding, 1,006,300 shs.; reserved for options, 23,700 shs.

Consolidated Foods Corp. owns 51%.

Dividends: 1962, 25 cents; Mar. 1, 1963, 12 1/2 cents.

Has one vote per sh.

Transfer Agent and Registrar: Montreal Trust Co., Toronto, Montreal, Winnipeg.

Listed on Toronto Stock Exchange.

Offered (400,000 shs.) in Canada at \$6.75 a sh. on June 26, 1961 by Ross, Knowles & Co. Ltd., Toronto. Offering did not represent company financing.

Price Range: 1962, 15 1/2-3 1/4; 1961, 17 1/4-8 1/2.

History: Incorporated in Ontario Mar. 4, 1950 as Monarch Creamery Products Ltd.; present name adopted Apr. 8, 1959.

Business: Production and wholesale distribution of margarine, spreads, shortening, vegetable salad oils and dessert toppings.

Property: Leases plants in Toronto, Montreal and Vancouver, with combined floor area of 58,500 sq. ft.; subsidiary plant in Montreal (8,000 sq. ft.) is leased. Owns 10 acres in Township of Etobicoke, Ont., on which 80,000 sq. ft. plant will be built.

Control: On Apr. 1, 1962 Consolidated Foods Corp. acquired 51% of stock.

Subsidiaries (wholly-owned): Riviera Fine Foods Ltd.; Montreal Spread Co. Ltd.

Directors: S. M. Kennedy, Chmn.; Max Borinsky, Pres.; J. N. McKel, Herbert Cummings, Vice-Pres.; Monroe Abbey, Sec.

Treasurer: H. J. Everts.

Auditors: Cole, Rubin & Finkelstein.

Annual Meeting: At call of directors.

No. of Stockholders: Nov. 30, 1961, 2,200.

No. of Employees: Nov. 30, 1961, 180.

Office: 45 Howard Park Ave., Toronto 3, Ont., Can.

GENERAL DYNAMICS CORPORATION

CAPITAL STRUCTURE

LONG TERM DEBT

Issue

1. Mortgages, term ln. & notes

CAPITAL STOCK

Issue

1. Convertible preference

2. Common

Privately placed. Issued in Dec. 31, 1959 merger. Dividends are payable commencing Apr. 1, 1964. Not callable until 1964, see text.

HISTORY

Incorporated in Delaware Feb. 21, 1952. Under merger agreement effective Apr. 25, 1952 Electric Boat Co. (former parent) was merged into the corporation. Latter was incorporated in New Jersey, May 29, 1953, as successor to company of same name formed Feb. 7, 1899.

On Apr. 30, 1954, merged Consolidated Vultee Aircraft Corp. by exchange of four-sevenths of a share for each share held.

On June 30, 1955, merged Stromberg-Carlson Co. by exchange of 609,628 common shares on a share for share basis.

On Sept. 30, 1957, merged Liquid Carbonic Corp. by exchange of 1,156,227 common shares on a share for share basis. Liquid Carbonic now operated as a division.

On Dec. 31, 1959, merged Material Service Corp. (Ill.) by issuance of 2,064,516 new no par convertible preference shares for the 57,532 shares Material Service common. Prior to merger Material Service, in complete redemption of 19,011 shares, distributed certain assets unrelated to materials and coal operations having aggregate net book value of \$32,054,691. This reduced number of shares outstanding to 57,532.

On Dec. 28, 1960, acquired entire stock of O'Laughlin Material Co., O'Laughlin Ready Mix Concrete Co., O'Laughlin Trucking & Equipment Co., Highway Material Co., Inc., Northwest Gravel Co., Rockton Realty Co.

and Ajax Realty Co., Inc., operating a building materials business in Chicago area in exchange for 36,000 common shares.

Antitrust Action—Liquid Carbonic Division: In Nov., 1962, the Department of Justice brought an anti-trust action against General Dynamics to require corporation to divest itself of its Liquid Carbonic Division. The Government contends that, since its merger into General Dynamics in 1957, Liquid Carbonic Division adopted an alleged sales reciprocity program which substantially lessened competition in the marketing of carbon dioxide.

BUSINESS

Company through operating divisions and subsidiaries is engaged in development and manufacture of submarines, missiles and space vehicles, and commercial and military aircraft. Also develops, manufactures and distributes: telephone equipment, advanced electronic and sound equipment; electric motors, generators and mechanical equipment; building materials, coal, lime and refractories; compressed gases; nuclear reactors for research and for power generation. Company is also deeply involved in advanced research in regard to space, underwater phenomena, electronics, communications, transportation, and nucleonics.

General Limited: The leading Canadian aircraft manufacturer. Engaged in the manufacture, near Montreal, of aircraft and spare

parts and in the modification and overhauling of aircraft.

Current production is concentrated on the following airplane types: Canadair Fourty Four swingtail turboprop cargo aircraft; CF-104 jet strike/reconnaissance aircraft; CL-41 primary and basic jet trainer.

Division also produces architectural products (curtain walls, acoustic materials) and electronic equipment, and is engaged in research and development of military and research missiles for the Canadian Government.

Electric Boat Division: Engaged primarily in design, manufacture, conversion, overhaul and repair of nuclear-powered submarines, primarily for U. S. Navy.

In connection with submarine construction, nuclear reactors and certain other parts are supplied by customer or others for installation by division.

Division has been the prototype designer and builder of most of U. S. Navy's nuclear submarines and built both first nuclear submarines and first ballistic missile submarines capable of firing long-range missiles from beneath the surface of sea. Since 1955, Electric Boat has delivered 11 nuclear submarines to the U. S. Navy and has an additional 14 under contract or construction.

Other activities include design and construction of complex control systems for wind tunnels and radio telescopes and also produc-