

MOODY'S

INDUSTRIALS

JOHN MOODY

1937

AMERICAN AND FOREIGN

| Assets (Cont'd): | 1936 | 1935 | 1934 |
|-------------------------------|--------------------|--------------------|--------------------|
| Insurance deposit | 5,728 | 5,246 | 5,269 |
| Investments | 746,297 | 649,629 | 566,286 |
| Deferred charges | 2,324 | 2,324 | 2,324 |
| Total | \$2,851,533 | \$2,495,330 | \$2,345,057 |
| Liabilities: | | | |
| 8% first preferred stock | \$320,500 | \$375,000 | \$375,000 |
| 7% second preferred stock | 1,000,000 | 1,000,000 | 1,000,000 |
| Common stock | 410,000 | 410,000 | 410,000 |
| Surplus | 488,784 | 309,319 | 155,058 |
| First 6s, due 1937 | | 844,800 | 854,000 |
| Accounts payable | 86,478 | 106,348 | 75,788 |
| Accrued exp. & state taxes | 74,738 | 108,119 | 26,809 |
| Other accounts | 1,216 | 1,216 | 1,216 |
| Ins., conting., etc., reserve | 155,932 | 105,111 | 63,048 |
| Total | \$2,851,533 | \$2,495,330 | \$2,345,057 |
| Current assets | \$2,111,139 | \$2,046,497 | \$2,728,466 |
| Current liabilities | 221,266 | 296,215 | 126,500 |
| Working capital | 1,889,873 | 1,750,282 | 2,401,966 |

After depreciation to Mar. 31: 1936, \$999,513; 1935, \$956,441; 1934, \$1,057,179. Less first preferred stock in treasury at par: 1936, \$1,000; 1935, \$21,000; 1934, \$51,000. † At lower of cost or market. * After depreciation to Mar. 31: 1936 (amortization), \$122,423; 1935, \$122,875; 1934, \$121,312.

Note: Accounts certified by Edward Gore & Co.
CAPITAL STOCK: 1. Benjamin Electric Mfg. Co. 8% cum. 1st pref.: Authorized, \$1,000,000; outstanding, \$315,000; in treasury, \$15,400; retired, \$419,500; par \$100.

Has preference as to assets and dividends. Has one vote per share. Callable at 110 on any dividend date on 60 days' notice. Annual sinking fund of 10% of net earnings, and in any event not less than 5% of largest amount of first preferred outstanding. Retired by sinking fund, \$375,000. Total net quick assets must not be allowed to fall below a figure equal to 125%, or total net tangible assets below 200% of first preferred then outstanding and no funds can be used for the payment of dividend on either second preferred or common or for the retirement of second preferred, if thereby either of these ratios would be impaired. The unissued stock can only be issued when net quick assets equal 200% of all first preferred outstanding and to be issued. Regular dividends paid quarterly, Jan. 1, etc., to April 2, 1928, incl.; none thereafter to July 1, 1929, when regular payments were resumed and paid to April 1, 1932, incl., and in addition paid four dividends of 2% each in 1930 which cleared up all arrears to that date; none thereafter to July 1, 1934 when regular dividends were resumed and paid quarterly thereafter. In addition, 18% was paid Aug. 26, 1935, thereby clearing up all arrears. Dividends paid to stockholders of record about Dec. 20, etc.

Offered (\$750,000) at 99% in Feb., 1918, by Curtis & Sanger, New York; John Burnham & Co., Counselman & Co., and King, Farnum & Co., Chicago.

2. Benjamin Electric Mfg. Co. 7% cum. 2nd pref.: Authorized and outstanding, \$1,000,000; par \$100. All held by officers, directors and employees of company.

Has preference over common as to assets and cumulative dividends of 7% per annum. Has one vote per share. Callable as a whole or in part at 105.

Regular dividends paid quarterly, Jan. 1, etc., to Dec. 31, 1920; none thereafter to Oct. 1, 1930, when 1% was paid; Jan. 1, 1931, 1% %; Apr. 1, 1931, 1% %; July and Oct. 1, 1931 and Jan. 1, 1932, 1% %; none thereafter to Oct. 1, 1935, when 1% % was paid; Jan. 1, 1936, 1% % and quarterly thereafter.

3. Benjamin Electric Mfg. Co. common: Authorized, \$1,000,000; outstanding, \$460,000; par \$100. All held by officers, directors and employees. Has one vote per share. Dividends of 4% paid in 1920; none thereafter.

Transfer Agent: Northern Trust Co., Chicago, Ill. Registrar: Continental Illinois National Bank & Trust Co., Chicago, Ill. First preferred quoted on Chicago Curb Exchange.

Price Range: 1936 1935 1934 1933 1932
 First pd. *111-106 *112-75 43 bid 27 bid 28 bid

BENSON & HEDGES: Incorporated in New York, Oct. 9, 1907, to manufacture and sell cigarettes, cigars, tobacco and smoking accessories in the United States under trade names and trade-marks originated and used in various parts of the British Empire by Benson & Hedges, Ltd., London, Eng. Latter company sold its controlling interest in the New York corporation on Jan. 6, 1928, at which time a reciprocal agreement was entered into whereby neither company should invade the operating territory of the other. Company leases the six-story building at 435 Fifth Ave., New York, where it operates a tobacco store (upper floors of building have been sub-leased) and retail tobacco store in season at Newport, R. I. Also operates a retail wine and liquor store in New York. Cigarette factory located in New York. Number of employees, Apr. 1, 1936, 64. J. Head, Pres.; Grosvenor Farwell, Vice-Pres.; Pauline Wagner, Sec. and Treas.; Burton Nathaway, Asst. Sec. and Asst. Treas. Directors: J. J. Head, Grosvenor Farwell, M. L. Peres, Frederick Baker, Burton Nathaway, G. J. Brown, Pauline Wagner, C. M. Dawson, Harold

Drac. Annual Meeting: Second Wednesday in Feb. Office: 435 Fifth Ave., New York.

COMPARATIVE INCOME ACCOUNT, YEARS ENDED DEC. 31

| | 1936 | 1935 | 1934 |
|---|-------------|-------------|-----------|
| Gross sales (less discounts, etc.) | \$970,494 | \$788,497 | \$700,107 |
| Cost of goods sold | 584,642 | 551,841 | 491,350 |
| Gross profit | 385,852 | 236,656 | 208,757 |
| Oper. expenses and taxes | 285,715 | 259,548 | 211,301 |
| Depreciation | 4,195 | 4,325 | 4,324 |
| Operating profit | 23,942 | (d)19,245 | (d)13,843 |
| Other income | 5,710 | 10,579 | 778 |
| Total income | 29,652 | (d)8,666 | (d)12,065 |
| Interest | 1,043 | 144 | 56 |
| Federal taxes | 28,326 | | 720 |
| Net income | 25,136 | (d)19,090 | |
| Preference dividends | 26,000 | | |
| Surplus for year | (d)\$10,865 | (d)\$19,090 | \$720 |
| Earned per share, preferred | \$1.40 | Nil | \$0.04 |
| Number of preferred shares | 18,000 | 18,000 | 18,000 |
| Earned per common share (in dollars), years to Dec. 31: | | | |
| 1936 | 1.31 | 1.94 | 1.92 |
| (d)0.28 | (d)1.51 | (d)0.84 | (d)0.55 |
| Number of common shares, 42,000. | | | |

* No provision required for undistributed profits tax.

COMPARATIVE BALANCE SHEET, AS OF DEC. 31

| Assets: | 1936 | 1935 | 1934 |
|-----------------------------|------------------|------------------|------------------|
| Machinery, equipment, etc. | \$49,912 | \$58,065 | \$27,122 |
| Good-will, leasehold, etc. | 1 | 1 | 1,840 |
| Investment (cost) | 2,224 | 2,140 | 2,140 |
| Cash | 59,766 | 87,718 | 91,228 |
| Notes & accounts receivable | 116,682 | 114,990 | 117,539 |
| Inventories | 389,192 | 389,592 | 389,482 |
| Prepaid items | 2,179 | 2,416 | 4,446 |
| Total | \$605,066 | \$528,351 | \$527,851 |
| Liabilities: | | | |
| Capital stock | \$424,028 | \$424,028 | \$424,028 |
| Accounts payable | 10,227 | 10,210 | 17,449 |
| Accrued expenses | 3,478 | 5,214 | 5,205 |
| Federal taxes accrued | 2,322 | | 75,212 |
| Earned surplus | 45,032 | 56,897 | |
| Total | \$605,066 | \$528,351 | \$527,851 |
| Current assets | \$566,618 | \$487,599 | \$488,408 |
| Current liabilities | 136,066 | 47,398 | 37,922 |
| Working capital | 430,552 | 440,201 | 450,476 |

* Represented by 15,000 preferred and 42,000 common no par shares. † Depreciated cost value. ‡ At lower of cost or market.

Notes: (1) At Dec. 31, 1936, cumulative preference dividends unpaid amounted to \$185,000 or \$5.50 per share. (2) Accounts certified by Collins, Barth & Co.

Capital Stock: 1. Benson & Hedges 2% cumulative convertible preference: Authorized, 18,000 shares; outstanding, 18,000 shares; no par. Has preference as to assets and dividends of 2% per share. In liquidation entitled to \$5 per share and dividends, if voluntary, and to \$80 per share and dividends, if involuntary. Callable at any time on 30 days' notice at \$5 per share. Convertible into common stock at any time to and including 10th day before date fixed for redemption at the rate of one no par common share for each preference share, but without any adjustment in respect of dividends.

Initial dividend of 50 cents per share paid May 1, 1928, and regularly thereafter to Aug. 1, 1931, incl.; none thereafter to Dec. 31, 1932, when \$2 per share was paid. On Dec. 31, 1936, accumulations amounted to \$5.50 per share.

Offered (18,000 shares) at \$28 per share in Jan., 1928 by Murray Hill Trust Co. and Hitt, Farwell & Co., New York.

2. Benson & Hedges common: Authorized, 60,000 shares; outstanding, 60,000 shares; reserved for conversion of preference stock, 15,000 shares; no par. No dividends paid. Offered (45,000 shares) at \$17.50 per share in Jan., 1928, by Murray Hill Trust Co. and Hitt, Farwell & Co., New York.

Transfer Agent: City Bank Farmers Trust Co., New York, Reg. Agent: New York Trust Co., New York. Both classes listed on New York Curb Exchange. Number of stockholders, Dec. 31, 1935, 326.

Price Range: 1936 1935 1934 1933 1932
 Preferred 19 1/4-15 15 -5 10-3 1/2 5-1 1/2 1 sale
 Common 5 - 3 1/2 4 1/2-1 4 -1 1/2 5-1 1/2 1-3/4

BERKSHIRE FINE SPINNING ASSOCIATES, INC.: Incorporated under Massachusetts laws in 1889 under name of Berkshire Cotton Manufacturing Co., and pursuant to plan of consolidation and reorganization dated Feb. 26, 1929, changed its name to Berkshire Fine Spinning Associates, Inc. and acquired the properties and good-will of Valley Falls Co., Coventry Co., The Greylock Mills and Fort Dunmer Mills.

In April, 1930 King Philip Mills and Parker Mills were acquired. The King Philip Mills was acquired through exchange of stock on basis of 1/4 share of Berkshire preferred, 2 1/2 shares of Berkshire common and \$40 in cash for each share of King Philip Mills. The Parker Mills was acquired through an exchange of stock on basis of 1 1/4 shares of common and 1/4 of a share of preferred of Berkshire for each share of Parker Mills preferred; 1/4 share of Berkshire common for each share of Parker common and 9 shares of Berkshire preferred for each \$1,000 bond of Parker Mills first 5s of 1932 and Hargraves Mills first 5s of 1932. In 1934 purchased the Warren Manufacturing Company's mill at Warren, Mass.

The mills of the constituent companies are located at Adams, Fall River and North Adams, Mass.; Brattleboro, Vt.; and at

Ablon, Anthony, and Warren, R., and are equipped with 746,000 spindles and 16,000 looms. Plants manufacture fine grades of cotton textiles and specialize in fine lawns, balistes, raincoats, organadies, dimities, handkerchief cloths, broadcloths, cottons, satens, rayon and silk mixtures. Number of employees, Dec. 31, 1936, 10,000.

Management: Officers: John McMahon, Pres.; W. E. Stoddard, Vice-Pres.; M. G. Chase, Jr., Vice-Pres. and Treas.; L. V. Dodge, H. E. Arnold, H. S. Newcombe, Asst. Treas.; L. C. Eadie, Clerk and Sec. Directors: F. L. Moore, W. C. Plunkett, John H. McMahon, A. N. Winslow, Jr., Henry C. Eadie, Herbert G. Beede, M. G. Chase, Wm. E. Jennings, Oliver S. Hawes, Sanford A. Daniels, W. R. L. McBoe, Ralph H. Paige, Charles T. Plunkett, Jr., Philip Stockton, Charles N. Stoddard, C. W. Sherrill. Annual Meetings: Fourth Thursday in Oct. Office: 371 Church St., New York and Turks Head Bldg., Providence, R. I.

CONSOLIDATED INCOME ACCOUNT, YEARS ENDED SEPT. 30 (Warren Textile & Machinery Co. consolidated)

| | 1936 | 1935 | 1934 |
|-----------------------------|--------------|--------------|--------------|
| Sales | \$18,950,884 | \$16,030,990 | \$16,334,575 |
| Costs and expenses | 17,744,884 | 16,458,977 | 16,537,214 |
| Depreciation | 495,783 | 528,928 | 350,900 |
| Operating profit | 710,217 | (950,915) | 446,461 |
| Other income | 85,614 | 102,943 | 179,574 |
| Total income | 795,831 | (848,042) | 626,035 |
| Interest | 80,373 | 189,184 | 173,768 |
| Bad debts reserve | 8,100 | 83,197 | 106,829 |
| Contingencies reserve | 130,000 | 130,000 | 80,000 |
| Income tax | 43,321 | 7,012 | 56,324 |
| Other deductions | 478,708 | — | — |
| Net income | (2,384,885) | (2,384,885) | 2,088,275 |
| Previous deficit | 4,234,859 | 2,924,895 | 3,088,275 |
| Debit: Organia. charges | 34,743 | 34,743 | 34,743 |
| Net non-oper. charges | (c) 826,456 | 26,783 | 23,404 |
| Deficit, Sept. 30 | 3,270,413 | 4,234,859 | 2,924,895 |
| Earned per share, preferred | \$0.80 | \$0.80 | \$0.80 |
| No. of preferred shares | 33,180 | 33,180 | 33,180 |

Earned per share, common (in dollars), years to Sept. 30:
 1936 1935 1934 1933 1932 1931
 (d)1.77 (d)0.83 (d)1.30 (d)1.69 (d)6.71 (d)7.17

No. of com. sh.: 1934-86, 287,853; 1933, 289,906; 1932-31, 292,173.
 * Includes obsolescence. † Adjustment of prior period accruals. \$260,513; least prior period income tax adjustment \$172,843.
 ‡ Includes losses. †† Compensation: Losses from scrapping equipment, \$269,383; losses from real estate sales, \$189,683; write-down of subsidiary plant values, \$49,440; total, \$478,705.

CONSOLIDATED BALANCE SHEET, AS OF SEPT. 30 (Warren Textile & Machinery Co. consolidated)

| | 1936 | 1935 | 1934 |
|-----------------------------|--------------|--------------|--------------|
| Assets: | | | |
| Plant & equipment (net) | \$7,370,948 | \$8,356,446 | \$8,629,508 |
| Cash | 499,729 | 499,987 | 389,889 |
| Notes & accounts receivable | 1,216,784 | 1,216,784 | 1,699,584 |
| Marketable securities | 67,863 | 67,863 | 67,863 |
| Investments | 23,624,288 | 9,519,418 | 5,119,218 |
| Other receiv., mtgs. etc. | 75,112 | 67,596 | 80,242 |
| Investments in subsidiaries | 266,797 | 266,797 | 207,470 |
| Cash in escrow | — | 137,374 | 137,374 |
| Prepayments | 170,976 | 201,323 | 244,889 |
| Supplies | 178,744 | 300,800 | 300,000 |
| Organization charges | 33,471 | 67,214 | 103,660 |
| Good will, etc. | 81,311 | 66,419 | 66,419 |
| Total | \$14,908,056 | \$14,878,212 | \$16,841,358 |
| Liabilities: | | | |
| 7% preferred stock | \$9,218,000 | \$9,218,000 | \$9,218,000 |
| Common stock | 7,508,452 | 7,508,452 | 7,508,452 |
| Notes payable (banks) | 650,000 | 1,343,256 | 4,773,256 |
| Accounts payable | 681,882 | 886,753 | 328,777 |
| Accept. & notes payable | 300,000 | — | 866,177 |
| Floor and process taxes | — | 857,141 | 348,000 |
| Taxes accrued or payable | 168,222 | 168,222 | 168,222 |
| Reserve for claims | 85,000 | — | — |
| Income tax reserve | 45,700 | 7,012 | 61,984 |
| Minority interest | 5,988 | 5,988 | 5,988 |
| Contingency reserve | 300,000 | 170,000 | 80,000 |
| Capital surplus | 278,067 | 278,067 | 278,067 |
| Profit and loss—deficit | 3,270,413 | 4,234,859 | 2,924,895 |
| Total | \$14,908,056 | \$14,878,212 | \$16,841,358 |
| Current assets | \$6,189,284 | \$6,694,448 | \$7,176,719 |
| Current liabilities | \$2,818,000 | \$2,818,000 | \$2,818,000 |
| Working capital | \$3,371,284 | \$3,876,448 | \$4,358,719 |

* Represented by 287,858 no par shares. † Estimated market value: 1936, \$85,189; 1935, \$83,489; 1934, \$90,955. ‡ Pledged \$360,000. †† Disputed floor and process taxes. ††† Investments in correlated companies and in subsidiary company not consolidated.

Contingent Liabilities, Sept. 30, 1936: Machinery contracts, \$377,143; cotton commitments for future delivery, \$4,278,404. Accounts certified by Comery, Davison & Jacobson.

CAPITAL STOCK: 1. Berkshire Fine Spinning Associates, Inc. 7% convertible cum. preferred: Authorized, \$12,500,000; outstanding, Apr. 1, 1937, \$8,318,000; par \$100.

Has preference as to assets and dividends. In voluntary liquidation entitled to 107% and in involuntary liquidation, 100. Callable as a whole or in part on any dividend date on 30 days' notice at 107%. Convertible up to fifth business day prior to date of redemption, into common stock on a basis of 2 units for each preferred share; each unit consists of one share of common and a whole or fractional share which represents a change in proportion of equity by reason of rights, stock dividend or the like. Has one vote per share after 6 quarterly dividends have been defaulted and then with certain restrictions. Consent of over 75% of preferred holders is necessary to issue stock ranking

prior to or on parity with preferred or issuance any other debt, etc., except purchase money mortgages. Initial dividend of 1 1/4% paid June 1, 1929 and quarterly thereafter to Sept. 2, 1930, incl.; none thereafter. Arrears at Mar. 2, 1937, amounted to \$45.50 per share.

2. Berkshire Fine Spinning Associates, Inc., common: Authorized, 760,000 shares (increased from 500,000 shares in Mar., 1930); outstanding, 287,853 18/100 shares; reserved for exercise of stock purchase warrants (see below), 55,000 shares; no par. Dividends exempt from Massachusetts income taxes. Initial dividend of 75 cents per share paid June 1, 1929, and quarterly thereafter to Mar. 1, 1930, incl.; none thereafter.

Offered (83,000 common shares) at \$40 per share in March, 1929, by Baker, Young & Co., Old Colony Corp., Boston.

Transfer Agents: Old Colony Trust Co., Boston, and Chase National Bank, New York. Preferred and common stock quoted in Fall River, Mass.

| Price Range | 1936 | 1935 | 1934 | 1933 |
|-------------|----------|-------------|-----------|-------------|
| Preferred | 86-82 | 81-18 | 44-18 1/4 | 35-4 1/4 |
| Common | 23-2 1/4 | 4 1/4-1 1/4 | 7 1/4-2 | 8 1/4-1 1/4 |

Stock Purchase Warrants: In 1929, a syndicate consisting of Baker, Young & Co. as syndicate managers, Old Colony Corp. and the City of Boston, agreed to issue warrants for \$95 and \$85 for each preferred and common share respectively such preferred and common stock of the reorganized company as the five original companies could not require their stockholders to take. As compensation for this underwriting the syndicate received transferable 10-year stock purchase warrants entitling it to buy 55,000 additional shares of the common stock of the company at \$45 per share for the first two years, \$47.50 per share the second two years, \$55.50 per share the third two years, \$63.50 per share the fourth two years and \$80 per share the fifth two years. Cash received by the company upon exercise of stock purchase warrants would be used to retire preferred stock, not exceeding full price and accrued dividends, any cash to be secured by purchase or call within 6 months after receipt of cash.

Proposed Recapitalization Plan: Stockholders were to vote May 8, 1937 on a proposed recapitalization plan dated Mar. 30, 1937, designed to eliminate the arrears of dividends on the outstanding 10% preferred stock. Under the plan it is proposed to create a new issue of \$5 cum. conv. preferred stock without par value, and entitled to cumulative dividends of \$5 per share per annum. The stock would be callable as a whole or in part at any time at \$105 per share. In event of liquidation or involuntary liquidation the preferred would receive \$105 per share with accrued dividends. It would be convertible into three common shares. Plan also proposes an increase in the authorized no par common stock from 760,000 to 1,000,000 shares. Plan contemplates the exchange of 2 1/2 shares of common and one share of new \$5 preferred for each share of present \$7 preferred, which carries an accumulation of \$45 per share.

A present company's capitalization consists of 33,180 shares of \$7 preferred, 858 shares of common. If the plan is fully effected, capitalization will include 53,180 shares of \$5 convertible preferred and 495,853 shares of common.

BESSEMER LIMESTONE & CEMENT CO.: Organized in Ohio 1935 and effective July 1, 1935 acquired all the assets of a Delaware corporation of the same name (incorporated in 1927 as successor to an Ohio company of the same name formed in July, 1919). The Delaware company had been controlled by Bessemer Securities Co. through ownership of class B common stock (for treatment of latter in reorganization, see below).

Business established in 1888. Acquired Bessemer Limestone Co. in 1920. Manufactures Portland cement, blast furnace and foundry flux and crushed stone. Owns plant at Bessemer, Pa., with annual capacity of 2,000,000 bbls. of cement and limestone deposits at Bessemer, Pa., containing about 50,000,000 tons. Company owns substantially 43% of common and 5.51% (out of 4,434 outstanding) preferred shares of the Goff-Kirby Co., Cleveland, O. (43 1/4% of common and 728 shares of preferred stock of the Goff-Kirby Co. owned by the Standard Slag Co.). Number of employees, Dec. 31, 1936, 280.

Reorganization: On Dec. 29, 1934, the Delaware Company filed a plan in U. S. District Court at Cleveland, O. under the Corporate Bankruptcy Act. The plan was approved and assets were transferred to present company as of July 1, 1935. The present company assumed claims accruing from Dec. 10, 1934, all existing leases and executory contracts, existing tax claims and all claims in indebtedness at time of transfer and which had been allowed.

Holders of each \$1,000 bond with accrued interest thereon received \$890 of new bonds, 10 shares of new preferred and 80 shares of new common. Note creditors received 10% of new bonds and 10 shares of new preferred stock for each \$1,000 of notes and one share of new common for each \$2.32 of interest due and unpaid on Jan. 1, 1935. For each class A share held, stockholders received 1 1/2 shares of new common and class B stockholders received one-eighth of one share of common for each old share. Contingent liability on \$350,000 of notes of Goff-Kirby Coal Co. (shared jointly with Standard Slag Co. of Ohio) was discharged by issuance to holders thereof by Bessemer Limestone & Cement Co. of new securities as if holders were note creditors in amount of \$175,000 with interest due from Aug. 16, 1933, and delivery of a new note for \$175,000 of Goff-Kirby Co. with interest at 6% from Aug. 16, 1933 to date of issue. The Slag Co. alone. The Standard Slag Co. agreed, upon consummation of the plan, to pay to the new corporation 50% of all sums paid by the Goff-Kirby Co. upon the new note endorsed by Standard Slag Co. alone.