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BLUE CHIP STAMPS

10-K A 1

OTHER

1974

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MICROFICHE BY DISCLOSURE INCORPORATED

Blue Chip Stamps [Calif.] Co: B558000000

5801 South Eastern Avenue

Los Angeles, Calif. 90040

SEC File No: 0-3810 Exch: Other

IRS No: 94-1354687 CUSIP: 0953299

Fiscal Year Ends: 2/28 SIC No: 739

10-Q For: 9/1/73 Rec: 10/12/73

8-K For: 10/31/73 Rec: 11/12/73

Federal Home Loan Bank Board granted company permission to acquire control of Wesco Financial Corp.

Made tender offer to Wesco shareholders to purchase up to 597,148 shares at \$15 per share. 372,305 shares of Wesco tendered for \$5,584,575.

Tender offer extended to 11/15/73.

In case of Manor Drug Stores, et al. vs. Blue Chip Stamps U.S. Court of Appeals reversed prior dismissal in case of persons entitled to purchase Blue Chip securities. Company has petitioned for rehearing. (See 8-K's for 11/70, 2/72, 5/71, and 6/71.)

□ Investment increase; Corporate control change; *Wesco Financial Corp.; Cash tender offering; Regulatory approval

□ Appealed court cases; Security placement/

Exhibits: None indexed

8-K For: 11/30/73 Rec: 12/7/73

Acquired under tender offer 438,382 common shares of Wesco Financial Corp. bringing total shares owned to 1,040,742 or 44%.

□ Investment increase; Companies owned 20 to 50 percent; Tender offering; *Wesco Financial Corp.

Exhibits: None

10-Q For: 12/1/73 Rec: 1/11/74

8-K For: 2/31/74 Rec: 3/8/74

Warren E. Buffett, a director of Company disclosed ownership of 13%, individually, and 50%, with his associates of outstanding common stock. Tender offers for 130,966 shares or 50.1% of Wesco Financial Corp. at \$15 per share mailed to its shareholders.

□ Tender offering; Attempted takeover; *Wesco Financial Corp.

Exhibits:

□ Ex: Tender offers; *130,966 shares of Wesco Financial Corp. at \$15 per share

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8-K For: 3/31/74 Rec: 4/15/74

Warren E. Buffet owns beneficially approximately 13% of Company common stock outstanding.

Extended tender offer for shares of common stock of Wesco Financial Corp. to 4/15/74, subsequent to which 228,629 shares were tendered, giving Company a total of 54% of Wesco common stock.

□ Changes in large shareholders

Exhibits: None indexed

8-K For: 4/30/74 Rec: 5/13/74

Tender offer for common shares of Wesco Financial Corp. expired on 4/15/74 with 319,257 Wesco shares being purchased, increasing ownership of Wesco to 58%.

□ Merger and acquisition; *Wesco Financial Corp.; Tender offering; Cash payment

Exhibits: None indexed

10-K For: 3/2/74 Rec: 5/24/74

Auditor: Price Waterhouse & Co.

Shareholders: 2,791

For the years ended: 3/2/74 3/3/73

Revenues: \$102,219,000 \$132,323,000

Earnings: \$8,005,000/\$1.55 \$7,101,000/\$1.38

Extr. Items: None \$(925,000)

Assets: \$200,220,000 \$199,724,000

Net Worth: \$59,887,000 \$53,125,000

Description of Business: Distributes merchandise through 70 trading stamp redemption stores located primarily in Calif.

Develops incentive programs and programs where credit card issuers can offer merchandise to card holders. Manufactures candy; retails candy through 172 stores. Operates ten savings and loan associations in Calif. through subsidiary acquired during fiscal year.

□ Trading stamp companies

□ Candy mfr; Confectionery retailing

□ Savings and loan associations; New lines of business

Auditor's Report:

□ Qualified opinions for uncertainties; Civil court proceedings; Proposed divestiture; Forced divestiture; Trading stamp companies

□ Qualified opinions for uncertainties; Class action; Sales taxes; Trading stamp companies

□ Qualified opinions for uncertainties; Fraud; Common stock offering; Prior years

□ Qualified opinions for uncertainties; Antitrust litigation; Trading stamp companies

Financial Statements and Notes:

□ Average interest rate; Short term bank loans

□ Deferred debt discount costs

□ Step acquisitions; *Wesco Financial Corp.; Subsequent events

□ Unusual effective tax rate; Dividends received deductions (IRC)

□ Deferred income tax debits; Trading stamp redemption costs

□ Unused capital loss deductions

Exhibits:

□ Ex: Employee retirement plans; *11/73

□ Ex: Debt agreements; *Bank of America National Trust and Savings

RESUME CONTINUED ON NEXT FRAME

Assoc.; *2/8/74; *\$28,755,154
 □ Ex: Debt agreements; *Bank of America National Trust and Savings
 Assoc.; *2/8/74; *\$11,244,846
 ARS For: 3/2/74 Rec: 5/31/74
 Abstract: Stamp service revenues declined due to retailers new
 promotional tactics, which exclude trading stamps. Qualified
 auditor's opinion due to pending litigation.
 8-K For: 5/31/74 Rec: 6/10/74
 Warren E. Buffet, a director, disclosed 13% individual ownership and
 52% joint ownership of outstanding common stock.
 Company was served with process in Drug Stores, et al. vs. Blue
 Chip Stamps, et al. litigation.
 Exhibits: None
 10-Q For: 6/1/74 Rec: 7/15/74
 8-K For: 6/30/74 Rec: 7/10/74
 Warren E. Buffet and his associates beneficially own approximately
 53% of outstanding common stock.
 Recognized \$1,254,000 gain on sale of Richmond, Calif. merchandise
 distribution center; \$376,000 recorded as extraordinary because of
 available capital loss carry forwards.
 □ Changes in large shareholders; Corporate control change; Tender
 offering
 □ Extraordinary asset disposal gains; Unused capital loss deductions;
 *Richmond, Calif. distribution center
 □ Asset disposal gains; Fixed asset disposal; *Richmond, Calif.
 distribution center
 Exhibits: None
 8-K For: 7/31/74 Rec: 8/8/74
 Warren E. Buffet, director, disclosed that the beneficiary owns
 13% of Common Stock, and together with his associates, beneficiary
 owns 53% of company.
 Retired \$1,762,100 6.75% subordinated debentures due 1978 at
 cost of \$1,629,225.
 □ Corporate control change; Changes in large shareholders
 □ Early debt redemption; Subordinated long term debt; Debt
 redemption gains; Cash tender offering
 Exhibits:
 □ Ex: Security tender offers; *Dated 6/19/74; *6.75% Subordinated
 Debentures due 1978
 10-Q For: 8/31/74
 Proxy Dated: 9/30/74
 Meeting: Annual 10/24/74
 Exceptional Subjects: None
 Exhibits: None
 8-K For: 8/31/74 Rec: 9/9/74
 Mailed new tender offer to Wesco Financial Corp. shareholders
 soliciting maximum 150,000 shares at \$14 each. Company now owns
 64% of Wesco.
 Filed petition for certiorari 8/15/74 seeking review by
 U.S. Supreme Court in Manor Drug Stores, et al. vs. Blue Chip
 Stamps, et al.
 Debentures in the aggregate principal amount of \$1,967,900
 were retired reducing principal balance outstanding
 to \$8,523,700.
 □ Cash tender offering; *Wesco Financial Corp.;
 Subsidiaries; Investment increase
 □ Appealed court cases; *Manor Drug Stores, et al. vs Blue
 RESUME CONTINUED ON NEXT FRAME

Blue Chip Stamps

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Chip Stamps, et al.

Exhibits:

□ Ex: Security tender offers; *8/5/74; *Wesco Financial Corp.

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As in effect
3/1/61

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FORM 8

REC'D S.E.C.
NOV 25 1974

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT TO APPLICATION OR REPORT
Filed Pursuant to Section 12, 13, or 15 (a) of
THE SECURITIES EXCHANGE ACT OF 1934

BLUE CHIP STAMPS

(Exact name of registrant as specified in charter)

AMENDMENT NO. 1

3-2-74

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Annual Report Pursuant to Section 13 of the Securities Exchange Act of 1934 For the 52 Weeks Ended March 2, 1974 Form 10-K as set forth in the pages attached hereto:

(List all such items, financial statements, exhibits or other portions amended)


- Item 1. Business (first paragraph only)
- Item 6. Increases and Decreases in Outstanding Securities
- Item 14. Options Granted to Management to Purchase Securities

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUE CHIP STAMPS

(Registrant)

Date November 22, 1974

By  R. H. Bird (Signature) Vice President, Secretary and Treasurer

¹ See Rule 12b-15.

² Insert the appropriate designation, e.g., "Application for Registration," "Annual Report for 1948."

³ Insert the number of the form on which the application or report was filed, e.g., "10-K."

⁴ Print the name and title of the signing officer under his signature.

DISCLOSURE



IF THE ABOVE PAGE IS LESS CLEAR THAN THIS STATEMENT, IT IS DUE TO POOR PHOTOGRAPHIC QUALITY OF THIS DOCUMENT.

Item 1. Business.

Blue Chip Stamps (the "Company") and its subsidiaries are engaged in four lines of business:

- (1) The trading stamp business. The Company purchases merchandise from approximately 500 suppliers for distribution to consumers through seventy modern, full-service redemption stores, located primarily in California.
- (2) The incentive business. A separate division, on a nationwide basis, develops incentive programs for all types of businesses and also programs under which oil companies and other large issuers of credit cards can offer merchandise to their credit card holders.
- (3) The candy business. A 99%-owned subsidiary acquired in January 1972 and its wholly owned subsidiary produce See's quality candy and confectionery products in two fully equipped kitchens in California. The candy is sold fresh to the public in 172 company-operated shops in nine western states including Hawaii. The See's entity is believed to be one of the largest candy manufacturers distributing through its own chain of retail shops. Chocolate and certain other essential ingredients are generally available but subject to price fluctuations from time to time.
- (4) The savings and loan business. An unconsolidated subsidiary, controlled since late 1973, owns all of the outstanding guarantee stock of Mutual Savings and Loan Association, which operates at ten locations in Southern California and which ranks approximately 80th among the nation's 5,000-odd savings and loan associations. The association is engaged in the business of lending money, principally secured by first liens against real estate to enable borrowers to purchase, construct or refinance real property.

Item 6. Increases and Decreases in Outstanding Securities.

Following is an analysis of changes in the amount of the Company's 6-3/4% Subordinated Debentures due 1978 outstanding during the fiscal year ended March 2, 1974:

Balance, March 3, 1973	\$10,840,000
Purchases of debentures for retirement, July 1973 through February 1974	<u>(287,000)</u>
Balance, March 2, 1974	<u>\$10,553,000</u>

There were 5,179,000 shares of \$1.00 par value common stock outstanding throughout the fiscal year.

Item 14. Options Granted to Management to Purchase Securities.

The Company has a qualified stock option plan for officers and key employees. Directors who are not officers or employees are not eligible. The following table sets forth information with respect to such plan as of April 15, 1974 for all officers and directors as a group (including a person elected as an officer on March 28, 1974):

	<u>Number of shares</u>
Granted or exercised since March 3, 1973	None
Unexercised at April 15, 1974 -	
Option price of \$15.79 per share	14,000
Option price of \$14.75 per share	7,200

No unexercised options were held by the individuals identified in Item 13.

END