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SCOTT & FETZER CO

SIC 363

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MICROFICHE BY DISCLOSURE INCORPORATED

Scott & Fetzer Co. [Ohio] Co: S155700000
 14600 Detroit Avenue
 Lakewood, Ohio 44107
 SEC File No: 1-5629 Exch: NYSE/SFZ
 IRS No: 34-0517040 CUSIP: 8093676
 Fiscal Year Ends: 11/30 SIC No: 363
 10-Q For: 5/31/74 Rec: 7/25/74
 Prspct Eff: 6/26/74 Rec: 7/1/74
 Related Reg. No.: 2-47510
 Covers 530,840 shares of Common Stock offered under the 1967 and 1973 stock option plans.
 Regt S-16 Filed: 6/28/74
 Reg. No: 2-51467
 79,996 shares of Common Stock offered by nine security holders. Selling shareholders acquired Company stock in mergers of Carefree Corp. and The Ninety-Niner Corp. into Company 9/73.
 Principal Underwriter: None
 Legal Counsel: Jones, Day, Cockley & Reavis
 □ Common stock offering; Shareholder offering
 Prspct Eff: 7/19/74 Rec: 7/23/74
 Related Reg. No.: 2-51467
 Covers 79,996 shares Common Stock offered by selling shareholders consisting of 13 individuals who acquired shares in 1973 merger with Carefree Corp. and The Ninety-Niner Corp.
 8-K For: 8/31/74 Rec: 9/11/74
 Ind. Air Pollution Control Board held hearings on alleged air pollution by Campbell-Hausfeld Div.
 Entered \$30 million revolving credit agreement with National City Bank, et al.; drew down \$24.6 million.
 □ Ecological regulatory proceedings; Air pollution; Public hearings
 □ Long term bank loans; Revolving lines of credit; *National City Bank, et al.
 Exhibits:
 □ Ex: Revolving credit agreements; *8/1/74; *National City Bank, et al.
 Regt S-16 Filed: 10/7/74
 Reg. No: 2-52112
 44,694 shares of Common Stock to be offered by shareholders. Selling shareholders are two individuals who acquired their shares in 1972 merger of Western Enterprises, Inc. into Company.
 Principal Underwriter: None
 Legal Counsel: Jones, Day, Cockley & Reavis
 □ Common stock offering; Shareholder offering
 10-Q For: 8/31/74
 Prspct Eff: 10/31/74
 Related Reg. No: 2-52112
 Covers 44,694 shares of Common Stock offered by two selling shareholders who acquired stock in Company's 8/16/72 merger with Western Enterprises, Inc. Some or all of these shares may be pledged to Lorain National Bank, Lorain, Ohio in connection with loans made to shareholders by pledgee.
 Proxy Dated: 2/18/75
 Meeting: Annual 3/18/75
 Exceptional Subjects: Proposal to divide directors into three classes, one class to be elected each year to serve three-year term.
 □ Staggered director election
 Exhibits: None
 ARS For: 11/30/74
 RESUME CONTINUED ON NEXT FRAME

Auditor: Coopers & Lybrand

Shareholders: 8,697

For the years ended: 11/30/74

11/30/73

Revenues: \$291,258,000

\$270,714,000

Earnings: \$13,696,000/\$1.81

\$20,869,000/\$2.76

Extr. Items: None

None

Assets: \$162,729,000

\$136,076,000

Net Worth: \$100,137,000

\$93,837,000

Regst S-7 Filed: 3/6/75

Reg. No: 2-52967

\$30 million of Notes due 3/15/85 to be offered to public at 100%.

Rate to be determined.

Principal Underwriter: Smith, Barney & Co., Inc., et al.

Legal Counsel: Jones, Day, Reavis & Pogue

□ Debt security offering; Public offering for cash

10-K For: 11/30/74

Shareholders: 9,900

Description of Business: Manufactures variety of vacuum cleaners and power-driven industrial and institutional floor maintenance equipment and supplies; products having commercial and industrial applications including air compressors, components of tracks for military vehicles, and leather goods; leisure time products including home use spraying units for paints and other liquids, hitching and towing equipment, and awnings for recreational vehicles; electrical components and products including zinc die cast electrical fittings, transformers, and ballasts for electrical signs, timing devices, and igniter systems for oil furnaces; and ceiling and wall lighting fixtures and table, floor, and swag lamps. Sells through independent distributors, manufacturers' representatives, wholesalers, jobbers, and direct sales.

- Industrial cleaning equipment mfr; Vacuum cleaner mfr; Floor maintenance equipment mfr
- Die mfr; Transformer mfr; Timer mfr; Ignition system mfr; Electrical equipment mfr
- Lighting fixture mfr; Table lamp mfr
- Compressor mfr
- Sprayer mfr; Painting equipment mfr
- Leather goods mfr
- Vehicle component mfr

Auditor's Report:

- Qualified opinions for consistency; Inventory valuation principle change; LIFO valuation; Supplementary income information

Financial Statements and Notes:

- Foreign translation gains or losses; Current writeoff method
- Hybrid foreign translation methods; One to one currency exchange rates; Fixed assets; Depreciation costs
- Hybrid foreign translation methods; Year end currency exchange rates; Current assets; Current liabilities
- Average interest rate; Compensating balances; Revolving lines of credit
- Unusual effective tax rate; Investment tax credits
- Unusual effective tax rate; Domestic International Sales Cos.
- Unusual effective tax rate; Foreign taxes
- Capitalized production plant leases; Industrial revenue bonds; Subsequent events
- Noncapitalized financing leases; Present value

Exhibits:

RESUME CONTINUED ON NEXT FRAME

Scott & Fetzer Co.

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□ Ex: Private long term debt agreement; *10/11/65; *Amendments dated
8/5/74 and 2/7/75
10-Q For: 2/28/75
8-K For: 3/31/75
Exhibits: None indexed

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

D
S.I.C.
JUN - 4 1975

FORM 8

AMENDMENT TO APPLICATION OR REPORT
FILED PURSUANT TO SECTION 12, 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

THE SCOTT & FETZER COMPANY
(Exact name of registrant as specified in charter)

AMENDMENT NO. 1

11.30.74

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Annual Report for fiscal 1974 on Form 10-K as set forth in the pages attached hereto:

ITEMS 1, 2, 6 and 9

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.

THE SCOTT & FETZER COMPANY
(Registrant)

June 2, 1975

By Quigg Lohr
Quigg Lohr, Senior
Executive Vice President

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Item I. BUSINESS

This item is amended by the addition of the following paragraph:

"Competition

There are a number of companies engaged in manufacturing each class of products made by Scott & Fetzer. Although Scott & Fetzer believes it is among the leading manufacturers in certain of its major product lines, including high quality vacuum cleaners and various types of air compressors, the Company's products are sold in many markets and there is substantial competition in each of the markets it serves."

Item 2. SUMMARY OF OPERATIONS

This item is amended by replacing "Management's Discussion and Analysis of the Summary of Operations" on page 9 of the Report with the following:

"MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE SUMMARY OF OPERATIONS

Fiscal 1974 Compared to Fiscal 1973

"In 1974 the Company's sales increased \$20,544,000 or 8% above 1973 sales primarily due to an increase in selling prices. However, net income dropped 34% from \$20,869,000 in 1973 to \$13,696,000 in 1974 principally because of increased cost of goods sold (as a result of the shift to the LIFO method of inventory valuation and increased costs not fully recovered by increased selling prices), substantially increased interest expense and the effect of two work stoppages.

"In 1974 the cost of goods sold increased approximately 15% reflecting higher costs of labor, raw materials and purchased parts. The Company's change in method of accounting for a substantial portion of its inventory from the FIFO to the LIFO method was made to more accurately match current costs with sales and to minimize the effect of inflation on inventories and earnings. The effect of this change was to decrease net income by approximately \$4,250,000 or \$.56 per share.

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"Scott & Fetzer incurred increased interest expense in 1974 over 1973 of approximately \$1,900,000 due to higher bank borrowings required to finance the higher levels of inventories and receivables.

"The decrease in the provision for income taxes resulted from the decrease in the amount of pretax income. However, the effective tax rate (Federal, state, local and Canadian) in 1974 was 47.2% as compared with 47.9% in 1973. This decrease in the effective rate was due to higher investment tax credits and increased export activities of the Company's DISC subsidiary. The increase in deferred Federal taxes was due largely to the excess of depreciation for tax purposes over depreciation for financial reporting purposes resulting from a substantially increased asset base in 1974.

Fiscal 1973 Compared to Fiscal 1972

"Sales volume increased \$41,353,000 or 18% in 1973 as compared to 1972. This increase principally resulted from increased unit sales, particularly in the floor care and leisure time markets. Only a small portion of the increase resulted from higher selling prices because Federal controls on prices were in effect during 1973. Net income for 1973 was \$20,869,000 or 15% higher in 1973 than in 1972. This increase primarily resulted from the increased sales, although the full effect of the increased sales was partially offset by the increased cost of goods sold.

"Cost of goods sold was approximately \$33,271,000 or 20% higher in 1973 than in 1972 reflecting the increase of sales volume, higher labor costs and increased prices which the Company had to pay to its suppliers.

"The Company's effective tax rate (Federal, state, local and Canadian) decreased from 50.5% in 1972 to 47.9% in 1973 due principally to greater investment tax credits. Despite this decrease in the effective rate, the provision for income taxes increased approximately \$663,000 or 4% because of greater pretax income."

Item 6. INCREASES AND DECREASES IN OUTSTANDING SECURITIES

This item is amended by the addition of the following sentence:

"The Revolving Notes have not been legended nor stop-transfer instructions given in connection

therewith, since such actions are not customary in loan arrangements with a small group of banks such as was the case in this transaction."

Item 9. INDEMNIFICATION OF DIRECTORS AND OFFICERS

This item is amended by the addition of the following paragraph:

"The former Article VI of the Regulations of Scott & Fetzer was adopted by the shareholders in 1969 to enumerate in detail the circumstances for which and individuals for whom indemnification is provided by the Company. At that time, the pertinent Ohio statute broadly provided for indemnification of directors, officers and employees but it failed to contain sufficient clarity with respect to the manner in which such indemnification was to be carried out. For example, it did not adequately clarify the ability of Ohio corporations to advance money for the payment of indemnified expenses, or clearly state the extent to which insurance could be purchased with respect to amounts that were indemnifiable, as well as those that were not. The Ohio law was amended as of September 30, 1974 to provide a comprehensive scheme with respect to indemnification. Consequently adoption of the new Article VI by the shareholders of the Company on March 18, 1975 enables the Company to take advantage of the full extent of the indemnification provided by the amended statute and, at the same time, removes any possible conflicts that might otherwise have arisen between the new law and the former Article VI. Adoption of the revised Article VI does not materially change the scope of indemnification presently provided or the standards required to permit indemnification although it does alter the detail of the indemnification provisions and modify certain of the required procedures."

END