

# MOODY'S MANUAL OF INVESTMENTS AMERICAN AND FOREIGN

## INDUSTRIAL SECURITIES

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## MOODY'S INVESTORS SERVICE

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Record of Earnings, years ended Dec. 31:

Table with columns: 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.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31 (Taken from reports filed with Securities and Exchange Commission)

Main balance sheet table with columns for years 1915, 1917, 1918, 1919, 1944, 1945, 1946, 1947. Categories include ASSETS (Cash, Receivables, Inventories, etc.) and LIABILITIES (Notes payable, Current liabilities, etc.).

PROPERTY ACCT.—ANALYSIS table showing additions, retirements, and other changes for 1915, 1917, and 1947. Categories include Finished goods, Work in process, Raw materials, and Supplies.

Principal "capital surplus" changes. 1916: Balance Jan. 1, 1916, \$11,377,743. Add: Capital surplus resulting from issuance of shares of company's capital stock in making the following acquisitions...

the following acquisitions: 15,520 shares for stock of the Fort Dodge Serum Co., \$1,149,792; 2,490 shares for Fungus Products Laboratories royalty contract, \$189,600; 533 shares for anti-biologic laboratory facilities of Chester County Mushroom Laboratories, \$42,592; total, \$1,381,984. Adjustment of goodwill, trademarks, formulae, etc. acquired prior to Jan. 1, 1944, \$32,718. Total additions, \$1,414,702; capital surplus balance, Dec. 31, 1945, \$11,577,743.

Gilliland Laboratories, Inc., \$265,891; Belle Center Creamery & Cheese Co., \$189,826; O. M. S. Corp., \$56,305; miscellaneous additions and adjustments of goodwill, etc. (net), \$55,186; goodwill, etc. heretofore charged to earned surplus, now transferred as charge against capital surplus to extent available, \$1,757,122; total deductions, \$5,478,307; capital surplus balance, Dec. 31, 1943, nil. 1942: Balance, Jan. 1, 1942, \$715,057. Add: Capital surplus resulting from issuance of 18,000 shares of company's capital stock in acquiring capital stock of Harmon Color Works, Inc., \$300,000; capital surplus resulting from issuance of 8,000 shares of company's capital stock in acquiring business of Reichel Laboratories, \$400,000; total, \$2,015,057 less charge of goodwill, trademarks, formulae of certain subsidiaries, \$786,211. Balance, Dec. 31, 1942, \$1,228,847.

Taxing authorities. Land improvements, build- ings, building equipment, 2-20%; leasehold improvements—life of lease; manufacturing machinery and equipment, laboratory equip- ment, dies and molds, 5%—25%; automobiles and automobile trucks, 16 2/3—33 1/3%; furni- ture and fixtures, office machines, etc., 5-20%.

General Notes

(a) Basis of consolidation: All subsidiaries of company are included in consolidated financial statements which principal is consistent with that of preceding years.

(b) Fiscal periods of foreign subsidiaries and branches end on Oct. 31, except of Canadian subsidiaries which end Dec. 31.

(c) Reconciliation of company's investment and equity in net assets of subsidiaries as of Dec. 31, 1945: Company's equity in net assets of its subsidiaries exceeded its investment in such subsidiaries by \$8,961,533, which upon consolidation was disposed as follows: Cred-

ited to earned surplus, \$5,815,921; credited to capital surplus, \$1,145,912.

(e) Net foreign assets as at Dec. 31, 1948 and foreign net income (including export) for year ended Dec. 31, 1948 were as follows:

Table with columns for Net Assets and Net Income for various countries including Canada, England, Latin America, Australia, New Zealand, South Africa, and U. S. Export companies. Total values are \$12,393,517 for Net Assets and \$2,675,669 for Net Income.

(f) Excluding prior year tax refunds of approximately \$332,000.

(g) Accounts certified as follows: 1948-45, Lybrand, Ross & Montgomery; prior years, Smith, Davis & Wills.

(h) Prior to Jan. 1, 1944, company and its subsidiaries followed policy of carrying good- will, trademarks, formulae, etc. at nominal value of \$1 by writing off the cost of intan- gibles against capital and earned surplus. The adjusted amount so written off to Dec. 31, 1948 amounted to \$4,733,775.

Beginning Jan. 1, 1944, company adopted the policy of amortizing the cost of goodwill, trademarks, formulae, etc., acquired since that date over periods deemed reasonable by management. The unamortized balance at Jan. 1, 1948 of such intangible assets was charged to earned surplus during year 1948.

FINANCIAL & OPERATING DATA

Large data table with multiple columns for years 1913, 1947, 1946, 1945, 1944, and 1943. Rows include Statistical Record (Earnings per share, Dividends per share, Price range, etc.), Financial & Operating Ratios (Current assets, Sales + Inventory, etc.), and Analysis of Operations (Net sales, Cost of goods sold, etc.).

Based on average number of shares: 1946 (giving effect to 3-for-1 split), \$2.46 (3,619,909 shs.); 1945, \$3.30 (1,098,221 shs.); 1944, \$3.26 (975,287 shs.); 1943, \$3.30 (924,233 shs.); 1942, \$5.02 (851,651 shs.).

1. American Home Products Corp. sinking fund debenture 3s (formerly 3 1/2s); due 1965 (extended from 1956); AUTHORIZED—\$15,000,000; outstanding, \$13,370,000. DATED—July 1, 1941. MATURITY—July 1, 1965 (extended from 1956 in 1945). INTEREST—J&J 1 at office of Trustee. Rate of interest changed from 3 1/2% to 3% in 1945. TRUSTEE—Manufacturers Trust Co., New York.

ing capital and for other purposes. Of the \$10,000,000 additional debentures sold in 1943, proceeds were used, in part, to liquidate \$2,000,000 short term bank loans and balance for general corporate purposes, including ac- quisition, working capital, etc. OFFERED—(\$5,000,000) sold privately at par on July 31, 1941 and \$10,000,000 (\$2,500,000 Mar. 2, 1943; \$7,500,000 Dec. 10, 1943) additional prin- cipal amount to Metropolitan Life Insurance Co., New York. CAPITAL STOCK 1. American Home Products Corp. capital stock; par \$1; AUTHORIZED—5,000,000 shares (increased from 1,000,000 to 1,500,000 shares Jan. 20, 1944; and to 5,000,000 shares Sept. 20, 1946); outstand- ing 3,833,585 shares; par \$1 (changed from no par to \$1 par Mar. 7, 1933; share for share; \$1 par shares split 3 for 1 Nov. 1, 1946).

acquire Wyeth Chemical Co. and affiliated companies and the business of Edward Wesley & Co. For stock subsequently issued see History and Subscription Rights. OFFERED—In Feb., 1926, 225,000 shares at \$26.50 per share by Hornblower & Weeks, Blair & Co., Inc. and Bell & Beckwith New York. This did not represent company financ- ing. PRICE RANGE—1948 26 3/4-20 1/2; 1947 34 1/2-22 1/2; 1946 35 1/2-31 3/4. (After stock split, before, 190-90. Subscription Rights: Stockholders of record Sept. 12, 1927 had right to subscribe for 73,000 new shares at \$44 per share on the basis of one new share for each five shares held. Rights expired Oct. 3, 1927. Proceeds were used in acquiring International Chemical Co. Ltd. Stockholders of record Oct. 11, 1932 had the right to subscribe to 61,109 new shares at \$37.50 per share on the basis of one new share for each ten shares held. Rights expired Oct. 31, 1932. Proceeds were utilized in the pay- ment of \$1,500,000 of notes payable incurred in connection with the acquisition of John Wyeth & Brother, Inc. for cash in 1931 and the balance for general corporate purposes. Stockholders of record Dec. 15, 1944 had right to subscribe to 29,535 new shares at \$39 per share on basis of one new share for each ten shares held. Rights expired Jan. 2, 1945. Proceeds were added to company's working capital to be used for general corporate pur- poses which include post-war expansion. Stockholders of record July 31, 1946 had right to subscribe to 116,926 shares at \$45 per share on basis of one share for each ten shares held. Rights expired August 16, 1946. 113,423 shares were subscribed and balance of 3,503 shares sold privately at \$104.50 per share. Pro- ceeds to liquidate bank loans and for working capital.

PRICE RANGE OF STOCKS AND BONDS Users of this Manual will find of value the tabulation (on blue paper insert) covering price range of Industrial stocks and bonds for last ten years.

CHICAGO PNEUMATIC TOOL COMPANY

CAPITAL STRUCTURE

CAPITAL STOCK

Issue  
 1. \$3 cum. conv. pfd. ....  
 2. Common .....

Par Value	Amount Outstanding	Earned per Sh.		Divs. per Sh.		Call Price	Price Range	
		1948	1947	1948	1947		1948	1947-48
No par	181,129 shs.	\$25.92	\$24.29	\$3.00	\$3.00	55	57-49 3/4	59 1/2-22
No par	370,437 shs.	11.21	10.41	3.00	3.50	---	40-26	40 - 1

HISTORY

Incorporated in New Jersey, Dec. 23, 1901, as a consolidation of a number of pneumatic tool manufacturers. Soon after its incorporation the company acquired control of certain English companies, one of which, The Consolidated Pneumatic Tool Co., Ltd., thereafter absorbed the others. Subsequent acquisitions included control of the Canadian Pneumatic Tool Co., Ltd., the Internationale Pressluft und Elektrizitäts Gesellschaft, m. b. H. (IPEG) in 1903, the American rights to a Diesel engine of foreign design in 1925, and a majority interest in Pressluftwerkzeug und Maschinenbau Aktiengesellschaft (PREMAG) in 1929. In May, 1934, acquired Mitchell Diamond Drill Co., Ltd.

SUBSIDIARIES

This is primarily an operating company but as of Dec. 31, 1948, owned 100% voting power of the following subsidiaries:

- Name, place of incorporation and business: Chicago Pneumatic Tool Co., Massachusetts Canadian Pneumatic Tool Co., Ltd., Canada—Assembles products
- The Consolidated Pneumatic Tool Co., Ltd., England—Manufactures tools
- Chicago Pneumatic Tool Co., S. A., Belgium
- The Consolidated Pneumatic Tool Co., S. A. (Proprietary) Ltd., So. Africa
- N. V. Chicago Pneumatiek, Holland
- Chicago Pneumatic Societe Anonyme, France, (59.00%)
- Internationale Pressluft und Elektrizitäts Gesellschaft m. b. H., Germany—Manufactures tools
- Subsidiaries in which less than 100% of the voting power was owned were as follows: Pressluftwerkzeug und Maschinenbau Aktiengesellschaft (53%), Germany—Manufactures tools
- Remaining 40% held by parent company.
- Investments written off in 1941.
- Chicago Pneumatic Tool Co. investment written off in 1944.

BUSINESS & PRODUCTS

This is a leading manufacturer of pneumatic and other tools such as:

- (a) Portable electric and pneumatic tools including riveters, buffers, drills, grinders, hammers, holsts, sanders, fender irons, shimmy spades, tappers, tampers, wrenches and demolition tools.
- (b) Portable as well as stationary compressors, and to a lesser extent, gas and Diesel engines.

(c) Rock bits, reamers and related appliances which are furnished to the oil drilling industry and are generally supplied on a rental basis, title being retained by the company.

(d) Rock drills and diamond drills which are sold primarily to the mining and quarrying trades.

(e) Hydraulic aviation accessories

(f) Tool joints (oil well)

The company has 24 branch offices in the United States, and foreign offices and representatives in foreign countries.

PRINCIPAL PLANTS & PROPERTIES

Cleveland, O.—Plant comprises about 126 acres of land on which are buildings with a floor area of 110,000 sq. ft. Principal products: Portable rotating power tools and pneumatic holsts.

On Mar. 31, 1949, company announced that it would move Cleveland operations to new \$5,000,000 factory in Utica, N. Y. by midsummer.

Detroit, Mich.—This plant comprises about 2.8 acres of land on which are buildings with a floor area of about 155,000 sq. ft. Principal products: Pneumatic chipping and riveting hammers, rock drills, diamond drills, riveters, etc.

Franklin, Pa.—This plant comprises about 33 acres of land on which are located buildings, one of which has a floor area of 400,000 sq. ft. and the other, used chiefly as a warehouse, a floor area of about 87,000 sq. ft. Principal products: Compressors, engines, and oil well equipment.

Garfield, N. J.—This plant has floor space of over 90,000 sq. ft. Principal products: Hydraulic equipment.

Utica, N. Y.—On Mar. 1, 1949, company announced that construction of buildings for new plant had cost \$2,450,488 to Dec. 31, 1948, and about \$2,000,000 additional would be required for completion. Operations were expected to start within a few months. Cleveland operations are to be moved to Utica.

Fraserburgh, Scotland—The subsidiary, The Consolidated Pneumatic Tool Co., Ltd., operates a plant at Fraserburgh, Scotland, which is erected on 1.38 acres of land held under a 999 year lease, the plant containing about 60,000 sq. ft. of floor area. Principal products include pneumatic tools and rock drills, some air compressors and other products. This subsidiary also rents executive offices and assembly plant in London, England.

Montreal—The subsidiary, Canadian Pneumatic Tool Co., Ltd., operates a plant in Montreal, Canada, in buildings rented on an annual lease. Principal activity is assembling rock drills and pneumatic tools, imported from the United States.

Berlin—The two German subsidiaries own plants in Berlin.

Miscellaneous—The company also owns certain other buildings and real estate in Detroit, Chicago and Philadelphia, which are used as combination warehouses and branch offices.

The company owns a ten-story office building in New York City.

The subsidiary, Chicago Pneumatic Tool Co., (Mass.) also owns real estate in Los Angeles, Cal., and operates a building in Oklahoma City, Okla., which is used as an office building, warehouse and machine shop for servicing rock bit products. In most instances, however, warehouses, branch offices and agencies of the company and its subsidiaries are located on leased premises.

Foreign Assets—Assets, liabilities and earnings of foreign subsidiaries have been eliminated from consolidated statements since 1939, but holdings of wholly owned British and Canadian subsidiaries have been included as carried on books.

MANAGEMENT

- Officers: H. A. Jackson, Chairman; W. L. Lewis, Pres., Sec. & Treas.; W. H. Callan, Vice-President; G. J. Coffey, Vice-President; J. A. Ritson, Comptroller; E. W. Stern, Assistant Treasurer

- Directors: W. H. Callan, New York; H. A. Jackson, New York; W. L. Lewis, New York; C. J. Schmidlapp, New York; Ezra Cornell, New York; J. H. Ward, New York; G. J. Coffey, New York; N. P. Hollowell, New York; L. F. Hoffman

General Counsel: Ezra Cornell, New York  
 Annual Meeting: Fourth Tuesday in March at Garfield, N. J.

Number of Stockholders: Dec. 31, 1948: Preferred, 2,800; common, 5,100.

Number of Employees: Dec. 31, 1948, 4,800.

General Office: 6 East 44th Street, New York 17.

INCOME ACCOUNTS COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31

(Taken from reports filed with the Securities and Exchange Commission)

	1948	1947	1946	1945	1944	1943	1942
Sales, less discounts, returns & allow. ....	\$31,816,553	\$31,851,563	\$21,621,956	\$38,754,665	\$52,730,858	\$31,701,023	\$40,689,000
(f) Cost of goods sold .....	19,036,288	19,066,197	13,225,647	24,968,754	32,695,461	28,323,413	22,863,000
(f) Selling, adm. & general expenses ..	4,300,000	4,254,570	3,695,006	4,932,827	3,412,721	3,627,724	3,632,000
Provision for doubtful accounts .....	---	---	---	---	15,000	32,144	30,000
Operating profit .....	8,309,507	8,530,796	4,703,303	8,252,814	16,607,676	19,720,742	14,044,000
(f) Other income .....	503,692	205,234	253,450	318,348	216,312	168,285	191,000
Total income .....	8,813,199	8,736,030	4,956,753	9,101,162	16,823,988	19,889,027	14,235,000
Provision for contingencies .....	750,000	750,000	500,000	500,000	500,000	500,000	1,750,000
Balance .....	8,063,193	7,986,030	4,451,753	8,601,162	16,323,988	19,389,027	12,485,000
Prov. for income taxes—domestic ..	3,275,000	3,375,000	2,015,000	2,635,000	14,078,000	17,125,000	500,000
Excess profits tax .....	---	---	---	---	---	---	10,890,000
Other income tax .....	97,350	99,379	43,633	73,755	128,459	156,442	60,000
Post-war tax refund .....	---	---	---	---	---	---	cr 1,089,000
Net income to surplus .....	\$4,695,609	\$4,511,711	\$2,373,065	\$1,892,407	\$2,120,523	\$2,107,585	\$2,034,000
Earned surpl. (since 1937) begin. of yr.	9,712,478	7,033,601	5,690,206	5,162,730	4,408,506	3,672,161	3,011,000
(f) Other surplus credits .....	500,000	221,502	---	---	---	---	---
Prior preferred dividends .....	---	112,897	151,223	151,223	152,597	157,535	150,000
(f) conv. preference dividends .....	543,162	543,175	543,180	543,180	543,150	543,180	543,000
Common dividends .....	1,111,113	1,226,137	335,264	670,528	670,528	670,528	671,000
(f) Other surplus debits .....	---	175,130	---	---	---	---	---
Earned surpl. (since 1937) begin. of yr.	\$13,234,003	\$9,712,478	\$7,633,604	\$5,690,206	\$5,162,730	\$4,408,506	\$3,672,000
SUPPLEMENTARY P. & L. DATA							
Maintenance and repairs .....	\$2,148,210	\$2,149,297	\$1,464,195	\$1,612,745	\$1,883,119	\$2,115,695	\$1,847,000
Depreciation .....	331,695	323,633	230,775	1,265,869	664,933	690,263	592,000
(f) Taxes, other than income .....	886,801	558,680	471,685	576,189	738,733	658,181	777,000
Royalties .....	42,452	42,853	49,121	46,927	123,242	97,218	101,000
Rents .....	57,477	45,359	77,845	170,375	165,627	150,526	---
Parent company's net income .....	\$4,492,002	\$3,898,210	\$2,116,483	\$1,708,121	\$1,919,653	\$2,002,972	\$1,578,000

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

(f) 1947: Represents premium paid on prior preferred stock redeemed in 1947 (after deducting capital surplus of \$2,716 arising from purchases for retirement in prior years, \$175,130).

(f) Principal "other surplus credits" follow: 1948: Reduction of provision for renegotiation and Federal income and excess profits taxes for 1940-43, incl.

1947: Dividends received from Canadian subsidiary from earnings subsequent to Jan. 1, 1937, \$224,502.

(f) 1948: Includes \$256,567 dividends received from British and Canadian subsidiaries.

(f) Including sales to foreign subsidiaries for which payment has been received (1945-48, not stated); 1944, 1,343,582; 1943, \$1,143,524; 1942, \$1,177,000.

1945-44: After voluntary refunds on war contracts.

(f) 1945: After deducting \$475,000 refunds due to accelerated amortization applicable to prior years and includes renegotiation provision.

1944-43: After deducting post-war tax credit

and includes estimated renegotiation provision.

(f) Includes social security tax: 1943, \$239,079; 1947, \$359,932; 1946, \$197,754; 1945, \$263,453; 1944, \$352,726; 1943, \$353,615; 1942, \$322,000.

General Notes: (a) Principles of consolidation: See general note (a) under balance sheet.

(b) Combined operations of British and Canadian subsidiaries resulted in a profit: 1948, \$589,000 (in excess of dividends received by company); 1947, \$15,000; 1946, \$273,401; 1945, \$24,277; 1944, \$145,776; 1943, \$178,350; 1942, \$153,980.