

MOODY'S INDUSTRIAL MANUAL

JOHN MOODY

1964

AMERICAN AND FOREIGN

LITTON INDUSTRIES, INC.

CAPITAL STRUCTURE
LONG-TERM DEBT

1. Conv. subord. debenture 5s, 1965	---
2. Conv. subord. debenture 4 1/2s, 1974	---
3. Conv. subord. debenture 5 1/4s, 1974	---
4. Conv. subord. debenture 3 1/2s, 1987	---
5. Term loan	---
6. Misc. long-term debt	---

CAPITAL STOCK

1. 3% cum. conv. preferred	-----
2. Common	-----

①Privately placed. ②Issued Feb. 10, 1964. ③Subject to change and/or sinking fund provisions: see text. ④Fiscal years. ⑤2 1/2% in 1963. ⑥As of Dec. 31, 1963. ⑦Based on shares outstanding July 31, 1962. ⑧After 2-for-1 split; before, 152 1/4-76 1/2.

Rating	Amount Outstanding	Times Charges Earned	
		1963	1962
①-	\$447,000		
①-	4,700,000		
①-	4,105,000	9.91	11.47
②a	62,054,000		
①-	\$50,000,000		
①-	35,974,102		

Interest Dates	Call Price	Price Range	
		1963	1962
M&S 1	①		
J&D 1	②		
J&D 1	③		
A&O 1	④103	131 1/2-104 1/2	115 1/2-89 1/2

Par Value	Amount Outstanding	Earned per Sh.	
		1963	1962
\$100	②428,141 shs.	②--	②1.64
1	10,145,217 shs.	\$2.29	\$1.64

Divs. per Sh.	Call Price	Price Range	
		1963	1962
②	②		
②	②		
②	②	86 1/4-57 1/2	②108 1/4-48

HISTORY

Incorporated in Delaware Nov. 2, 1953 as Electro Dynamics Corp.; present name adopted Aug. 16, 1954.

During period 1953 to 1960 company acquired Litton Industries; West Coast Electronics Co.; Ahrendt Instrument Co., U. S. Engineering Co., Inc., Automatic Serigraph Co.; Triad Transformer Corp., Utrad Corp.; Monroe Calculating Machine Co., Maryland Electronic Manufacturing Corp., Airtron Inc., Westrex Corp.; Times Facsimile Corp., and Svenska Dataregister A. B.; Western Geophysical Co. (Canada), Ltd.; now Litton Systems (Canada) Ltd. and majority interest in Fritz Heilige & Co., G.m.b.h., West German manufacturer of electronics equipment.

In May, 1960, Monroe Calculating Co., Inc. acquired Integrated Data Processing, Inc., Erie, Pa.

In 1961, acquired Applied Communication Systems division of Science Research Associates, Inc., A. Kimball Co., London Office Machines Ltd., and Hopkins Engineering Co. Also in 1961 acquired assets of Simon Adhesive Products Corp. (for 10,545 shares) and entire stock of Western Geophysical Co. of America, Cole Steel Equipment Co. Inc. and affiliates (for 94,873 shares), Eureka Specialty Printing Co. (for 193,555 shares), Aero Service Corp. (for 29,822 shares), also C. Plath, K. G. (Hamburg, Germany).

In 1952 acquired Ingalls Shipbuilding Corp. for 57,144 shares, Poly-Scientific Corp. (for about 136,000 shares), McKiernan-Terry Corp. (for 40,000 shares) and assets of Emertton, Inc. (for 79,000 shares and \$3,025,000 debentures).

In Mar., 1963, acquired Winchester Electronics, Inc. and affiliated Pyne Molding Corp. in exchange for a maximum of 111,131 common shares and \$1,281,000 principal amount of series A, 3 1/2% convertible subordinated debentures with terms substantially similar to Litton's outstanding 3 1/2% convertible subordinated debentures due Apr. 1, 1987.

In Sept. 1963, acquired Adler Electronics, Inc. in exchange for 107,211 common shares and additional shares, in Jan. 1963, equal to \$1,300,000.

In Dec. 1963, acquired Clifton Precision Products Co., Clifton Heights, Pa.

In Mar., 1964 acquired Advance Data Systems, Los Angeles and Santa Barbara, Cal. by exchange of stock.

On Apr. 1, 1964 acquired Fitchburg Paper Co., Fitchburg, Mass. in exchange for 35,540 \$3 cum. conv. series A preferred stock.

Airtron, Inc. (N. J.)
Century Boulevard Corp. (Cal.)
Cole Steel Equipment Co. Inc. (N. Y.)
Eureka Specialty Printing Co. (Del.)
Ingalls Shipbuilding Corp. (Del.)
Kimball (A.) Co. (N. Y.)
Litton International, S. A. (Switzerland)
Litton Precision Products, Inc. (Del.)
Litton Systems, Inc. (Md.)
Litton Systems (Canada) Ltd. (Canada)
Masell Manufacturing Corp. (N. Y.)
Monroe Calculating Machine Co. (Del.)
Monroe International, Inc. (N. Y.)
Monroe Calc. Mach. Co., Holland, N. Y.
Poly-Scientific Corp. (Va.)
Svenska Dataregister A.B. (Sweden)
Times Facsimile Corp. (Del.)
Triad Transformer Corp. (Calif.)
Western Geophysical Co. of Amer. (Del.)
Winchester Electronics, Inc. (Conn.)

Company has numerous additional subsidiaries which in the aggregate do not constitute a significant subsidiary.

BUSINESS & PRODUCTS

Company divisions and subsidiaries are engaged in advanced research and development in electronic products, and produce and market diversified electronic and electro-mechanical products, including military equipment and systems, components, business machines and communications equipment and systems. Major lines are electronic components, systems, and research for defense (inertial guidance systems, tactical data processing systems, digital computers, underwater logging equipment, direction finding antenna systems, advanced development laboratories); business machines (electronic computers, cash registers, calculating and adding machines, office equipment); communications equipment and systems (sound recorders, facsimile transmitters and receivers, single sideband radio systems, command consoles, airborne recorders); precision components (display tubes, magnetrons, klystrons, transformers, direct writing cathode ray tubes, microwave power assemblies); seismic exploration instruments and research evaluation centers.

Paper products include reproduction papers for office, commercial and general use; plastic saturating base papers for decorative plastic laminates; standard and special offset papers and converting papers, such as business forms and medical electronic recording papers.

Ingalls Shipbuilding Corp., Pascagoula, Miss., builds nuclear powered submarines and other craft.

PRINCIPAL PLANTS & PROPERTIES

Company, divisions and subsidiaries occupy over 8,500,000 sq. ft. of floor area, more than half of which is owned, remainder leased.

Locations of some of the more significant properties are Beverly Hills, Canoga Park,

Emeryville, Santa Barbara, Los Angeles, Reseda, San Carlos, Van Nuys, Venice and Woodland Hills, Cal.; Norwalk, Conn.; Chicago, Danville, Ill.; Huntington, Ind.; College Park, Silver Spring, and Prince Frederick, Md.; Duluth, Minn.; Pascagoula, Miss.; Morris Plains, Harrison, Dover and Orange, N. J.; Brooklyn, Mt. Vernon, New Rochelle and New York, N. Y.; Dayton and Cleveland, Ohio; Philadelphia, Moosic, Scranton, Troy, Clifton Heights and York, Pa.; Salt Lake City, Utah; Blacksburg and Bristol, Va.; Colorado Springs, Colo.; Fitchburg and Westminster, Mass.

Foreign properties at Ottawa, Rexdale, Scarborough and Toronto, Canada; London, England; Freiburg, Hamburg and Munich, Germany; Amsterdam, Holland; Stockholm, Sweden; Brasschatt, Belgium; and Zurich, Switzerland.

Sales offices and other units are maintained at various locations throughout the world.

Capital expenditures in year ended July 31, 1963, totaled about \$26,000,000 for property, plant and equipment other than that added through acquisition.

MANAGEMENT

Officers:
C. B. Thornton, Chmn. & Chief Exec. Off.
R. L. Ash, President
Glen McDaniel, Senior Vice-Pres.
G. T. Schaffemberger, Senior Vice-Pres.
H. J. Gray, Senior Vice-Pres.
W. E. McKenna, Senior Vice-Pres.
F. R. Sullivan, Senior Vice-Pres.
Benjamin Adler, Vice-President
T. P. Cheatham, Jr., Vice-President
J. S. Imliric, Vice-President
C. M. Kelly, Vice-President
F. B. Lincoln, Jr., Vice-President
F. J. Mayo, Vice-President
N. H. Moore, Vice-President
W. L. Reynolds, Vice-President
John Rubel, Vice-President
L. T. Smith, Secretary

Directors:
C. B. Thornton, Los Angeles, Cal.
R. L. Ash, Los Angeles, Cal.
F. L. King, Los Angeles, Cal.
Glen McDaniel, Los Angeles, Cal.
M. L. Mace, Dover, Mass.
G. E. Monroe, Kalamazoo, Mich.
Henry Salvatori, West Los Angeles, Cal.
Gen. C. A. Spatz, Chevy Chase, Md.
F. R. Sullivan, Orange, N. J.
J. A. Thomas, Old Brookville, N. Y.

Annual Meeting: 1st Saturday in Dec.

General Counsel: Lundgren, Lincoln & McDaniel, New York.

Auditors: Touche, Ross, Bailey & Smart.
No. of Stockholders: Feb. 29, 1964: Preferred, 10,809; Common, 51,289.
No. of Employees: July 31, 1963, 43,000.
Office: 336 North Foothill Road, Beverly Hills, Cal.

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED JULY 31
(Taken from report filed with Securities and Exchange Commission)

	1963	1962	1961	1960	1959	1958	1957
Sales & service revenues	\$553,146,239	\$393,807,709	\$250,114,456	\$187,761,242	\$125,525,561	\$83,155,473	\$28,130,609
Cost of sales	413,890,117	292,017,080	177,141,426	132,341,104	86,050,349	45,026,375	20,823,326
Selling, general & adm. expenses	90,546,832	67,994,201	51,098,738	38,812,073	27,569,362	30,190,205	3,772,881
Provision for doubtful accounts					188,090	107,113	
Net earnings	48,709,290	33,796,428	21,889,292	16,608,063	11,717,760	7,831,780	3,534,796
Interest paid	4,912,887	2,946,929	2,201,835	1,238,621	894,574	653,892	195,627
Amortization of debt disc. & exp.				4,262	5,297	7,015	7,443
Other income deductions					12,133	128,738	85,176
Balance	43,796,403	30,849,499	19,687,457	15,365,182	10,805,756	7,042,080	3,296,550
Federal & foreign income taxes	20,500,296	14,533,547	9,529,134	7,910,323	5,851,725	3,342,234	1,426,000
Minority interest						cr 2,347	dr 4,067
Net income before spec. items	23,296,107	16,315,952	10,158,323	7,454,854	4,954,031	3,702,203	1,806,493
Special items					1,021,000		
Net income	23,296,107	16,315,952	10,158,323	7,454,854	\$5,975,031	\$3,702,203	1,806,493
Retained earnings begin. of year	49,572,984	36,559,121	32,689,225	21,377,614	18,808,418	3,390,238	1,586,264
Other credits	3,426,661	9,358,828	2,018,953	3,995,320	143,550	57,806	4,519
Preferred dividends	63,493	77,594	125,497	138,563			
Common dividends (cash)	57,823	36,711			159,355	167,779	
Common dividends (stock)	12,741,341	12,546,612	8,181,883		3,390,030		
Retained earnings, end of year	\$63,433,095	\$49,572,984	\$36,559,121	\$32,689,225	\$21,377,614	\$18,808,418	\$3,390,238
SUPPLEMENTARY P. & L. DATA							
Maintenance & repairs	\$7,076,000	\$4,845,000	\$3,610,000	\$2,565,231	\$1,457,005	\$1,323,983	\$687,000
Depreciation & amortization	11,467,000	8,527,000	6,607,000	3,213,720	2,295,128	2,090,083	636,219
Taxes, other than income	15,475,000	10,449,000	6,386,000	4,592,996	2,872,695	1,942,518	630,471
Rents & royalties	7,586,000	5,580,000	4,452,000	2,553,981	1,627,654	1,007,313	263,063

Includes related portions of items shown under "supplementary p. & l. data" below statement.
 Principal "special items" follow:
 1958: Excess of net assets over purchase price of an acquired subsidiary.
 Principal "other credits to retained earnings" follow:
 1963-60: Retained earnings of companies acquired in poolings of interests during year.
 1959: Retained earnings of Airtron, Inc. merged during year.
 1958: Retained earnings of Monroe Calculating Machine Co. merged during year.

1963-62: Paid prior to acquisition by a company acquired in a pooling of interests.
 1958: Paid on common stock of Monroe Calculating Machine Co. (\$0.56 a share).
 1963: Includes about \$21,366,000 not restricted under loan agreements.
 Includes payroll taxes (1963, \$11,574,000).
 Includes Monroe Calculating Machine Co., merged in Jan. 1958, for full year; other companies acquired during year, earnings are included since date of acquisition.
 Includes Airtron, Inc.
 Includes Western Geophysical Co. of America.

Incl. Simon Adhesive Prod. Corp. & Cole Steel Equip. Co. Inc. acq. July, 1961 as "pool. int." for entire yr. and Applied Communications Systems, A. Kimball Co., London Office Mach., Ltd. & C. Plath, K. G. from acq. date.
 Incl. Ingalls Shipbuilding Corp. since Oct. 31, 1961, date of acquisition, and Eureka Specialty Printing Co., Aero-Service Corp. and Poly Scientific Corp. as poolings of interests.
 Includes McKiernan-Terry Corp. as of Aug. 1, 1962, date of acquisition, and Emerson, Inc., Winchester Electronics, Inc., and completed acquisition of Svenska Dataregister as of poolings of interests.

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

	1963	1962	1961	1960	1959	1958	1957
ASSETS:							
Cash	\$27,695,302	\$12,289,436	\$8,992,705	\$10,947,561	\$7,155,422	\$5,622,967	\$982,329
Receivables, net	141,941,210	97,940,825	63,369,604	40,231,380	27,981,376	13,820,915	4,145,144
Inventories	86,663,729	78,549,327	50,029,098	33,707,154	27,982,186	21,480,247	5,616,126
Prepaid expenses	3,455,039	3,453,681	2,031,946	1,630,991	1,679,157	1,016,265	337,187
Total current assets	\$259,755,280	\$192,233,269	\$124,423,353	\$86,517,086	\$64,498,141	\$41,940,394	\$11,080,690
Invest. in uncons. subs.	2,577,813	7,530,824	124,423,353	86,517,086	64,498,141	41,940,394	11,080,690
Other investments	140,975,286	3,540,213	1,259,019	6,620,008	29,633,695	22,771,070	7,277,766
Property, plant, & equipment	55,085,040	106,787,138	60,860,252	41,545,708	11,850,224	7,915,605	1,939,535
Less: Deprec. & amort. reserves		43,820,326	22,987,124	17,563,971	29,633,695	22,771,070	7,277,766
Net property account	85,890,246	62,966,812	37,873,128	23,981,737	17,783,471	14,865,465	5,338,231
Patents, unamortized cost	354,917	387,688	393,686	429,670	370,660	361,352	238,575
Goodwill	4,799,159	1,245,418	1,280,094	817,084	48,137	51,499	54,861
Other assets	1,567,872	1,587,062	285,057	638,788	553,761	532,151	111,026
Unamort. debt disc. & exp.							
Total	\$354,945,287	\$269,491,286	\$172,771,125	\$119,004,373	\$83,254,170	\$57,750,861	\$16,823,383
LIABILITIES:							
Notes payable	\$17,306,300	\$12,627,300	\$8,503,983	\$2,309,361	\$3,025,097	\$3,701,635	\$1,667,079
Accounts payable	49,116,833	37,856,169	25,866,967	18,474,620	4,117,739	3,258,666	75,950
Federa. & foreign income taxes	16,643,918	9,865,789	6,534,920	3,999,123	3,925,097	\$3,701,635	\$1,667,079
Def. service contract income	1,138,900	1,145,339	949,746	567,860	425,000	435,062	85,319
Current portion long term debt	24,200,002	17,257,235	8,936,673	7,319,813	5,045,268	3,915,180	1,284,340
Other current liabilities							
Total current liabilities	\$108,405,143	\$78,754,829	\$50,792,289	\$32,670,777	\$25,757,070	\$18,822,563	\$4,348,732
Deferred service contract income	9,669,177	9,018,496	9,009,192	6,136,674	6,136,674	6,136,674	6,136,674
Long term debt	106,142,112	74,895,903	49,238,672	29,628,673	20,992,000	10,933,499	4,670,136
Deferred fed. & ign. income taxes	8,761,000	3,888,000					
Foreign & other reserves							
Minority interest							
5% preferred stock (\$100 par)	1,259,200	1,280,500	2,437,000	2,551,200	1,958,500		19,096
Common stock	10,145,217	4,833,857	4,368,273	4,158,602	2,846,800	2,774,700	75,950
Paid-in surplus	47,130,413	47,246,717	20,366,373	11,169,222	10,142,565	6,242,542	119,399
Accumulated retained earnings	63,433,095	49,572,984	36,353,121	32,689,225	21,377,614	18,808,418	4,199,832
Total stockholders' equity	121,967,925	102,934,058	63,780,972	50,568,249	34,546,600	27,994,799	7,785,419
Total	\$354,945,287	\$269,491,286	\$172,771,125	\$119,004,373	\$83,254,170	\$57,750,861	\$16,823,383
PROPERTY ACCT.—ANALYSIS:							
Additions at cost	\$25,950,000	\$17,457,000	\$12,015,273	\$8,325,764	\$4,447,907	\$3,249,712	\$1,191,264
Retirements or sales	8,085,000	3,756,000	2,606,072	2,109,064	975,283	505,014	140,660
Other additions	16,323,000	32,038,000	9,905,343	5,695,313	3,414,736	12,784,539	578,981
Other reductions					34,735	25,933	
DEPRECIATION & AMORT. RES.—ANALYSIS:							
Additions charged to income	\$11,467,000	\$8,527,000	\$5,326,511	\$3,998,364	\$2,396,893	\$2,064,150	\$693,219
Retire. & renewals chgd. to res.	6,605,000	2,235,000	1,785,058	1,158,411	467,086	422,056	90,131
Other additions	6,403,000	14,353,000	3,009,874	2,873,794	2,004,812	4,333,976	192,339
Other deductions			1,128,144				
After reserve (1963, \$1,480,000).							
Lower cost or market, less progress billings (1963, \$56,441,000)							

	Book Values	Reserves
Land	\$5,848,034	\$11,158,000
Bldg. & improv.	42,039,937	43,929,000
Mach. & equip.	93,087,315	
Total	\$140,975,286	\$55,085,040

Principal "paid-in surplus" changes follow:

1963: After crediting: Excess of market value of stock dividend over par value of common stock issued, \$12,497,260; excess of market value over par value of common stock and principal amount of debentures issued to purchase businesses, \$1,870,000; excess of principal amount of debentures and voting preferred stock converted over par value of common stock issued, \$27,895; after debiting: transfer to common stock for two-for-one stock split, \$4,833,857; excess of par value of common stock and principal amount of debentures issued over stated capital of businesses acquired in poolings of interests, \$9,877,602.

1962: After crediting: Excess of market value of stock dividend over par value of common stock issued, \$12,438,769; excess of market value over par value of common stock issued to purchase businesses, \$7,961,435; excess of

stated capital of business acquired in pooling of interests over par value of common stock issued, \$3,969,094; excess principal amt. of debentures and prior preferred stock converted over par value common stock issued, \$3,010,041.

1961: After crediting: Market value over par of common stock dividend, \$8,078,411; stated capital value or market value of acquisitions over par value of common stock issued therefor, \$998,009; principal amount of debentures and preferred stock converted over par value of common stock issued, \$120,936.

1960: After crediting \$4,374,037 from acquisition and \$357,825 from conversion of debentures and debiting \$3,565,206 due to 2-for-1 stock split and \$140,000 related to acquisition.

1959: After crediting \$3,385,693 from stock dividend; \$73,479 from acquisition; \$851,876 from conversion of debentures and preferred; \$11,520 from options and debiting \$422,544 excess of par value of stock issued over stated capital of company acquired.

1958: After crediting \$1,592,710 excess over par value of common stock issued for acquisition, etc.; and \$450,000 additional purchase price for company acquired.

1957: Chiefly excess over par value of common stock issued for acquisition and/or conversion.

Principal "other additions" follow:
 1963-59: Assets (and related reserves) of companies acquired during year.
 1958: Includes \$10,762,493 assets (\$4,073,764 related reserves) of Monroe Calculating Machine Co. and subsidiaries merged during year.
 Par value: 1963-60, \$1; 1959 and prior years, 10 cents.

Depreciation and Amortization Policies
 Buildings, equipment, patents and intangible assets are generally depreciated on a straight-line basis over the estimated useful lives of the various classes of assets from the respective dates of acquisition. Periods used for the principal classes of assets are: Buildings, 10-50 years; Machinery and land improvements, 2-33 years; Furniture and fixtures, 2-20 years; Automobiles and trucks, 2-5 years; Patents, Lives of patents.
 When the excess of cost of businesses acquired over related net assets reflects temporary values it is amortized. Presently the amortization period for these amounts is twenty years.

General Notes
 (a) Principles of consolidation: All subsidiaries are included in consolidated statements.
 (b) At July 31, 1963, annual rentals on long term leases totaled \$2,700,000 plus in certain cases taxes and insurance.

STATISTICAL RECORD

	1963	1962	1961	1960	1959	1958	1957
Earned per share—Preferred	\$1,850.06	\$1,274.19	\$436.84	\$292.21	\$209.89	\$133.43	\$2,380.10
—Common	\$2.29	\$3.36	\$2.30	\$1.76	\$2.13	\$2.13	\$1.51
Dividends per sh.—Preferred	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
—Common							
Price range—Common	86%—57 1/2	69 3/4—46	165 3/4—87 1/2	96 3/4—57 1/2	73 1/2—63	80 3/4—36 7/8	55 1/2—29 1/4
Net tangible assets per sh.—Preferred	\$9,276.83	\$7,911.05	2,547.68	\$1,833.27	\$1,098.81	\$994.08	\$9,870.86
—Common	\$11.39	\$20.69	\$13.65	\$11.25	\$17.42	\$14.67	\$6.20
Times chgs. earned before inc. taxes	9.91	11.47	9.94	13.36	13.01	11.66	16.91
Times chgs. earned after inc. taxes	5.74	6.54	5.61	7.00	6.51	6.60	9.90
Times preferred div. earned	5.67	6.37	5.61	6.30	5.53	6.07	9.68
Price range—deb. 3 1/2% 1957	366.91	210.27	80.94	53.80	31.09	64.04	399.75
Net curr. assets \$1,000 lg.-tm. debt.	131 1/2—104 1/2	15 1/2—89 1/2	\$2,261	\$3,700	\$2,626	\$3,525	\$2,604
Net tang. assets \$1,000 l. t. debt.	\$2,149	\$2,286	\$1,440	\$2,948	\$1,846	\$2,114	\$1,441
Number of shares—Preferred	\$1,425	\$1,405	\$1,495	\$2,512	\$2,848	\$2,747	\$2,759
—Common	12,592	12,805	24,370	25,512	28,468	27,747	27,747
	10,145,217	4,833,657	4,368,273	4,158,602	1,796,204	1,691,389	1,193,988

Adjusted data for stock splits and stock dividends:

Earned per share—common	1963	1962	1961	1960	1959	1958	1957
Cash flow per share—common	\$2.29	\$1.64	\$1.09	\$0.82	\$0.75	\$0.48	\$0.47
Price range—common	\$3.42	\$2.50	\$1.81	\$1.18	\$1.04	\$0.76	\$0.76
Net tangible assets per sh.—common	86.75-57.50	74.50-37.30	78.88-41.53	44.86-26.76	34.13-29.25	20.05-8.17	12.51-6.52
Number of shares—common	\$11.39	\$10.09	\$6.50	\$5.22	\$4.03	\$3.32	\$1.40
12½% in stock. 2 Calendar years. 3 After 2-for-1 split; before, 150%-72%. 4 After 2-for-1 split; before, 152%-76%. 5 After special in-	10,145,217	9,909,407	9,178,834	8,956,719	7,737,261	7,467,908	5,271,749

Financial & Operating Ratios:

Current assets ÷ current liabilities...	2.39	2.44	2.45	2.65	2.50	2.23	2.54
% Cash & securities to current assets	10.66	6.39	7.23	12.65	11.09	13.41	8.86
% inventory to current assets	33.36	40.86	40.21	38.96	38.96	38.96	38.96
% net current assets to net worth	124.09	110.24	115.53	106.48	112.14	51.21	56.67
% property depreciated	33.07	41.03	37.77	42.27	39.98	82.57	84.47
% am. depr., depl., etc. to gross prop.	8.13	7.98	10.86	7.75	7.54	34.74	28.65
Capitalization:							
% long term debt	46.53	43.35	43.59	36.95	37.79	28.08	27.49
% common stk. & surplus	53.47	56.65	56.41	63.05	62.21	71.92	72.51
Sales ÷ inventory	6.38	5.01	5.06	5.57	4.49	3.87	62.51
Sales ÷ receivables	3.90	4.02	4.67	4.67	4.53	6.02	5.01
% sales to net property	644.01	625.41	660.38	782.92	705.83	559.37	6.79
% sales to total assets	155.83	146.12	144.75	157.77	150.77	143.99	526.85
% net income to total assets	6.58	6.05	5.88	6.26	5.95	6.41	167.21
% net income to net worth	19.10	15.85	15.94	14.74	14.34	13.22	10.74
Analysis of Operations:							
Gross sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	74.82	74.15	70.82	70.48	68.55	54.15	74.02
Sell., gen. & other exp.	16.37	17.27	20.43	20.68	22.12	36.43	13.41
Operating profit	8.81	8.58	8.75	8.84	9.33	9.42	12.57
Total income	8.81	8.58	8.75	8.84	9.33	9.42	12.57
Bond int. disc. & exp.	0.89	0.75	0.88	0.66	0.71	0.79	0.72
Other deductions	7.92	7.83	7.87	8.18	8.61	8.45	0.35
Net income before inc. taxes, etc.	3.71	3.69	3.81	4.21	4.66	4.00	11.50
Income taxes & min. int.	4.21	4.14	4.06	3.97	3.95	4.45	5.08
Net income							6.42

LONG TERM DEBT

1. Litton Industries, Inc. convertible subordinated debenture 4½% due 1965:
 AUTHORIZED—\$1,500,000; outstanding, July 31, 1963, \$447,000; held privately. Proceeds for working capital.
 DATED—Sept. 1, 1955; due Sept. 1, 1965.
 INTEREST—March & Sept. 1.
 CALLABLE—As a whole or in part at 105 to Aug. 31, 1956 incl. and at reduced prices thereafter.

SINKING FUND—Each Sept. 1 to 1964, cash (or debentures) equal to 10% of maximum debentures at anytime outstanding, to redeem debentures at 100.
CONVERTIBLE—Into common at \$3.13 per share.

SECURITY—Not secured; subordinated to existing debt and to future debt with limited exceptions.

2. Litton Industries, Inc. convertible subordinated debenture 4½% due 1974:
 AUTHORIZED—\$1,500,000; outstanding, July 31, 1963, \$4,700,000; held privately. Proceeds to reduce long-term loan and for expansion.
 DATED—June 1, 1959.
 MATURITY—June 1, 1974.
 INTEREST—J&D1.
 CALLABLE—As a whole or in part on or after June 1, 1961 at 105 to May 31, 1962; ½% less yearly thereafter to 100 after May 31, 1971.

SINKING FUND—Annually, cash (or debentures) each June 1, 1965-74, to redeem at par 10% of maximum debentures at any time outstanding.
CONVERTIBLE—Into common at \$32.50 per share.

SECURITY—Not secured; subordinated to prior payment of senior debt.

3. Litton Industries, Inc. convertible subordinated debenture 5½% due 1974:
 AUTHORIZED—\$1,500,000; outstanding, July 31, 1963, \$4,105,000; held privately.
 DATED—Apr. 1, 1962.
 MATURITY—Apr. 1, 1974.
 INTEREST—J&D1.
 CALLABLE—On or after Dec. 1, 1961 at 105 to Nov. 30, 1962; reduced prices thereafter to 100 after Nov. 30, 1971; for sinking fund at 100.

SINKING FUND—Cash (or debentures) to redeem at par, each Dec. 1, 1965-74, 10% of maximum debentures at any time outstanding.
CONVERTIBLE—Into common on or before maturity or redemption date at \$40 per share.

SECURITY—Not secured; subordinated to existing debt and to future debt with limited exceptions.

4. Litton Industries, Inc. convertible subordinated debenture 3½% due 1987:
 AUTHORIZED—\$1,500,000; outstanding, July 31, 1963, \$62,054,100.
 DATED—Apr. 1, 1962.
 MATURITY—Apr. 1, 1987.
 INTEREST—A&O1. Interest accrues from Apr. 9, 1962.
TRUSTEE—Chase Manhattan Bank, New York.

DENOMINATION—Coupon, \$100, \$500, \$1,000, and approved multiples of \$1,000; registrable as to principal; fully registered, \$500, \$1,000 and any multiples of \$1,000. C & R and denominations, interchangeable (except that denominations of \$500 or more may not be exchanged for denominations of less than \$1,000).

CALLABLE—As a whole or in part on at least 30 days' notice at any time to each Mar. 31, incl., as follows:

1963—103½%	1964—103¼%	1965—103%
1966—102¾%	1967—102½%	1968—102¼%
1969—102%	1970—101¾%	1971—101½%
1972—100¾%	1973—100½%	1974—100%
1987—100%		

Also callable on like notice at 100 for sinking fund (which see).

SINKING FUND—Each Apr. 1, 1972-86, cash (or debentures) to retire \$2,461,000 debentures at par, plus similar optional amounts each Apr. 1, 1967-86. Credit may be taken for debentures converted or otherwise acquired.

CONVERTIBLE—Into common, to maturity (if called, on or before 15th day prior to redemption date) at \$80 a share to Apr. 1, 1972; \$85 thereafter to Apr. 1, 1982; and \$90 thereafter; no adjustments for interest or dividends; cash paid in lieu of fractional shares. Conversion privilege protected against dilution; no adjustment required for shares issued for options, conversion of securities outstanding Apr. 1, 1962, or stock dividends not exceeding 3% in any one year.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on or acquire common stock in excess of consolidated net income after July 31, 1961 plus \$20,000,000 and net proceeds from sale after Apr. 1, 1962 of stock and of debt converted into stock.

RIGHTS ON DEFAULT—Trustee or 25% or payables (30 days' grace for payment of interest).

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debentures.

LISTED—In New York Stock Exchange.
PURPOSE—\$50,748,200 to retire debt and for general funds; \$11,306,000 as partial consideration for acquired companies.

OFFERED—(\$50,748,200) to stockholders through exercise of rights which expired Apr. 9, 1962. Lehman Brothers and Clark, Dodge & Co., New York, headed underwriters (\$11,306,000) as partial payment for acquired companies.

Term Loan: Outstanding Dec. 31, 1963, \$50,000,000 4½% notes payable annually (beginning Dec. 1, 1968) to Dec. 1, 1984. Proceeds to expand financial structure and provide additional flexibility for both internal growth and acquisition.

Other Long Term Debt, outstanding July 31, 1963 (incl. amounts due within one year):
 3¾% note payable annually to May 1, 1971, \$2,725,000.
 5.35% note payable annually to January 1, 1977, \$3,093,076.
 Sundry indebtedness, \$5,156,026.

Under terms of company's borrowing agreements, consolidated earnings retained in business of about \$21,366,000 were available for cash dividends at July 31, 1963.

CAPITAL STOCK

1 Litton Industries, Inc. 3% cumulative convertible preferred, series A:

A.U.H.—All series, 3,000,000 shs.; outstg., series A, Feb. 10, 1964, 428,141 shs.; par \$5.

PREFERENCES—Has preference for assets and divs.

DIVIDEND RIGHTS—Entitled to cum. divs. of \$3 a sh. annually, payable semi-annually J&J15.

VOTING RIGHTS—Has one vote per sh.; on pfd. of equivalent of 8 quarterly divs. on pfd. of all series, number of directors will be

increased by two and pfd. will be entitled to elect such additional two directors. Consent of 66⅔% of pfd. required to authorize prior stock; change terms adversely or purchase or redeem less than all pfd., unless no such consent is required (1) if, or prior to taking effect of any of above actions, provision is made to retire all pfd. and (2) in connection with increase in authorized com. or pfd.; issuance of parity stock or fixing of any particulars of shs. of other pfd. series that may be fixed by directors with respect to shs. of such other pfd. series.

LIQUIDATION RIGHTS—On liquidation, entitled to \$50 a sh. plus divs.

CALLABLE—As a whole or in part at any time on or after Apr. 1, 1972 on at least 30 days' notice at \$100 a sh. plus divs.; however callable as a whole or in part, prior to Apr. 1, 1972 at \$100 a sh. (plus divs.) in the event Co. recapitalizes, merges or voluntarily sells substantially all its property to any other corporation or both. Pfd. shares reacquired in any manner may be reissued.

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—Into com. sh. for sh., at any time (if called, on or before 3rd day preceding redemption date), cash paid in lieu of fractional shs. Conversion privilege protected against dilution (except for stock dividends of less than 3% aggregate annually). Com. justifying conversion rate.

PURPOSE—Issued (428,141 shs.) Feb. 10, 1964 in exchange for common on a share-for-share basis.

TRANSFER AGENTS—Morgan Guaranty Trust Co., New York and United California Bank, Los Angeles.

REGISTRARS—Chemical Bank New York Trust Co., New York and Security First National Bank, Los Angeles.

LISTED—On New York and Pacific Coast Stock Exchanges.
2. Litton Industries, Inc. common; par \$1:
 AUTHORIZED—17,000,000 shares; outstanding, Apr. 30, 1964, 10,486,851 shares; reserved for conversion of debentures 1,165,727; reserved for conversion of preferred, 428,141 shares; par \$1.

Par changed from 10 cents to \$1 in Dec. 1959 by 2-for-1 split; \$1 par shares split 2-for-1, Aug. 15, 1962.

VOTING RIGHTS—Has one vote per share equally with preferred.

DIVIDENDS—Jan. 23, 1959, Oct. 21, 1960, and Oct. 20, 1961, Dec. 17, 1962 and Nov. 1, 1963, 2½% in stock.

DIVIDEND RESTRICTIONS—See long term debt above.

TRANSFER AGENTS—Morgan Guaranty Trust Co., New York and United California Bank, Los Angeles.

REGISTRARS—Chemical Bank New York Trust Co., New York and Security-First National Bank, Los Angeles.

LISTED—New York and Pacific Coast Stock Exchanges. Unlisted trading on Philadelphia-Baltimore-Washington and Detroit Stock Exchanges.

OFFERED—(106,000 shares) privately at \$5 per share in Nov. 1954 by Lehman Brothers and Clark, Dodge & Co., New York. Proceeds used for working capital and other corporate purposes.

Note: Also authorized, 3,000,000 shares \$5 par convertible preferred stock. None outstanding Dec. 31, 1963.

CAPITAL STRUCTURE

CAPITAL STOCK

Issue	Par Value	Amount
1. Common	1	3,934,630 shs.

HISTORY

Incorporated in Delaware on Sept. 13, 1937.

SUBSIDIARIES

At Dec. 31, 1963, held 100% voting power in following subsidiaries:
 International Polaroid Corp. (N. J.)
 Polaroid G.m.b.H. (West Germany)
 Polaroid Corp. of Canada, Ltd. (Canada)
 Polaroid (Netherlands) N. V. (Netherlands)
 Polaroid (Italia) S.p.A. 99.9%
 Polaroid (France) S.A. 99.9%
 Waltham Resources Corp. (Mass.)
 Polaroid Overseas Corp. (Liberia)
 Nippon Polaroid Kabushiki Kaisha (Japan) 99.7%
 Polaroid (U. K.) Ltd.

BUSINESS AND PRODUCTS

Company manufactures and sells Polaroid cameras, films and accessories, and related photographic equipment. Also manufactures and sells Polaroid lenses, filters, 3-D viewers and x-ray prints. Also engaged in research on inter-action between matter and radiation including light and engineering on new products and machines for producing them.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
 (Taken from reports filed with Securities and Exchange Commission)

	1963	1962	1961	1960	1959	1958	1957
Net sales	\$121,919,432	\$102,472,227	\$100,478,033	\$98,312,447	\$88,118,017	\$64,647,601	\$47,336,099
Gross income from research		9,802	15,644	18,517	60,553	19,070	38,261
Gr. inc. fr. eng. & military prod.				6,467	311,982	131,392	174,246
Total sales & operating revenues	121,919,432	102,482,029	100,493,677	98,337,431	88,490,552	64,798,063	47,548,606
Cost of goods sold	65,269,027	48,513,447	51,985,863	50,304,041	43,005,204	33,657,195	24,460,248
Cost of research, engineering, etc.	8,011,373	9,456,130	6,670,229	6,208,661	4,731,282	2,981,751	2,126,053
Selling, gen. & adm. expenses	21,292,625	20,497,504	21,454,214	20,830,232	16,736,351	11,064,102	8,574,621
Depreciation & amort. of improv.	4,286,220	3,338,772	3,069,019	2,816,531	2,175,917	1,652,497	994,753
Operating profit	23,060,187	20,676,176	16,774,352	18,177,966	22,021,198	15,542,518	11,392,931
Income from royalties	490,779	435,057	362,866	319,087	249,762	299,622	298,657
Discount on purchase	278,798	268,905	210,673	222,925	142,289	100,096	110,078
Misc. other income	769,741	551,788	410,525	566,614	1,049,509	213,636	130,975
Total income	24,599,503	21,931,926	17,758,416	19,286,592	23,462,758	16,155,872	11,932,641
Misc. income deductions	99,936	68,142	48,493	54,387	21,273	54,984	13,867
Balance	24,499,567	21,863,784	17,709,923	19,232,205	23,441,485	16,100,889	11,918,774
Provision for Federal income taxes	12,008,291	10,647,878	8,559,135	9,416,162	11,221,210	7,773,758	5,783,019
Prov. for Canadian income taxes		95,853	61,367	3,300	15,755		
Prov. for state income taxes	1,273,553	1,155,462	978,727	1,000,056	1,461,598	999,385	744,819
Net income	\$11,217,723	\$9,964,591	\$8,110,634	\$8,812,687	\$10,742,922	\$7,327,747	\$5,390,936
Retained earnings begin. of year	49,983,973	40,865,546	33,463,504	25,484,765	15,573,147	9,041,513	6,989,908
Pr. yrs. tax adjust.			cr 131,416				
Preferred dividends							
Common dividends (cash)	31,250	62,500	62,500	62,500	62,500	62,500	62,500
Common dividends (stock)	786,567	783,664	777,668	771,348	768,804	733,613	527,043
Other debits	330,625						2,749,788
Retained earnings end of year	\$60,053,254	\$49,983,973	\$40,865,546	\$33,463,604	\$25,484,765	\$15,573,147	\$9,041,513
Supplementary P & L Data:							
Maintenance & repairs							
Depr. & depl. of fixed assets	\$1,725,683	\$1,345,268	\$1,051,060	\$1,091,877	\$811,535	\$577,926	\$388,138
Taxes, other than income	4,286,220						
Rents	1,457,777	1,212,300	1,675,852	1,572,165	1,048,261	726,000	422,968
Royalties	935,744	756,308	768,855	688,926	365,263	281,106	197,369
Payroll and benefits	42,846	83,385	57,625	82,140			
Includes payroll taxes (1963, \$922,232).	28,664,000	24,706,000	19,580,000	19,425,000	16,104,000	12,290,000	9,960,000

Record of Earnings, years ended Dec. 31 (in \$):

Year	Net Sales	Cost and Oper. Rev.	Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstanding.	Earn. Per Com. Sh.
1950	6,389,521	5,594,577	794,944			794,944	68,473	726,471		404,375	1.64
1951	9,259,156	7,739,601	1,519,555			1,519,555	134,375	1,385,180		404,375	1.11
1952	13,393,259	11,452,693	1,940,566			1,940,566	339,264	1,601,302		406,375	1.32
1953	26,033,656	21,019,371	5,014,285		184,316	5,014,285	1,402,945	3,611,340	101,594	407,375	3.32
1954	23,310,292	20,938,862	2,371,430		272,147	2,371,430	535,980	1,835,450	203,438	611,064	1.78
1955	26,165,564	21,081,731	5,083,833		305,682	5,083,833	1,191,872	3,891,961	305,532	611,064	3.88
1956	34,101,072	26,310,482	7,790,590		525,843	7,790,590	1,918,274	5,872,316	458,298	916,596	3.88
1957	47,548,606	36,155,675	11,392,931			11,392,931	6,527,838	4,865,093	527,043	3,666,384	1.45

Also paid in stock: 1954, \$203,688; 1956, \$305,532; 1957, \$2,749,788.

BALANCE SHEETS

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

	1963	1962	1961	1960	1959	1958	1957
ASSETS							
Cash	\$5,026,017	\$3,049,748	\$3,249,968	\$4,413,918	\$4,263,079	\$6,103,145	\$2,911,668
Marketable securities	18,730,000	18,800,000	10,445,000	7,450,000	15,010,000	12,500,000	1,500,000
Notes & accts. receivables	32,630,241	30,366,180	34,144,208	26,222,105	23,197,183	15,097,033	11,908,900
Inventories	15,582,574	12,826,578	14,972,656	13,980,149	17,826,945	12,097,033	4,635,754
Prepaid expenses	465,959	468,772	374,415	379,016	7,826,945	6,032,851	11,908,900
Advances to foreign subsidiaries					357,128	264,326	123,012
Total Current Assets	\$72,494,791	\$65,511,278	\$63,186,247	\$52,445,188	\$50,680,536	\$39,997,356	\$21,079,334
Property, plant & equipment	44,805,282	37,053,545	30,579,737	27,420,872	20,372,457	13,677,191	10,526,934
Less: Deprec. & amort. reserves	16,851,279	14,391,354	12,385,441	9,638,691	6,914,047	4,942,825	3,671,247
Net property account	27,954,002	22,662,191	18,214,318	17,782,181	13,458,410	8,734,366	6,855,687
Investments in foreign subs.	262,475	287,660	1	1	50,530	1	1
Patents, trademarks, etc., net	1	1	1	1	1	1	1
Total	\$100,711,269	\$88,461,130	\$81,683,658	\$70,504,533	\$64,189,477	\$48,731,722	\$27,935,022
LIABILITIES							
Accounts payable	\$9,993,740	\$8,083,756	\$9,468,076	\$9,512,543	\$8,649,070	\$6,594,967	\$5,376,000
Reserve for advertising allowances	10,613,336	9,698,945	9,409,568	7,089,130	859,874	203,168	277,629
Provision for taxes payable					10,481,447	7,663,037	6,481,868
Total Current Liabilities	\$20,607,076	\$17,782,101	\$21,157,901	\$17,819,931	\$19,990,391	\$14,461,171	\$12,135,497
5% cum. 1st preferred stock (par \$50)		900,000	900,000	900,000	900,000	900,000	900,000
\$2.50 cum. 2nd preferred stk. (par \$5)		35,000	35,000	35,000	35,000	35,000	35,000

POLAROID CORPORATION

In June, 1960, company contracted with Yashica Co., Ltd., to produce Polaroid Land cameras in Japan for sale in world markets outside the U. S. Initial production of 5,000 units monthly, to start within 6 months, will be expanded to 40,000-50,000 units monthly. Two-thirds of output, for overseas markets, will be handled by Polaroid export department.

In 1963, introduced Polacolor film, the Color Pack camera and Polaroid Land film pack.

PRINCIPAL PLANTS & PROPERTIES

Company owns and leases plants in Cambridge, Needham and Waltham, Mass. and leases warehouses at San Gabriel, Cal., Dallas, Tex., Chicago, Ill., Cleveland, O. and Atlanta, Ga., containing 1,333,000 sq. ft.

MANAGEMENT

Officers
 E. H. Land, Chmn. & President
 D. L. Brown, Vice-President
 S. M. Calderwood, Vice-President
 W. J. McCune, Vice-President
 Charles Mikulka, Vice-President
 Julius Silver, Vice-President

Divs. per Sh.
 1963 \$0.20
 1962 \$0.20
 1961 \$0.20
 1960 \$0.20

Call Price

 21 1/2-120 1/2
 221-81 1/2

Price Range
 1963
 1962

D. W. Skinner, Vice-President
 Arthur Barnes, Vice-President
 P. E. Sullivan, Vice-President
 O. E. Wolf, Vice-President
 R. T. Kriebel, Secretary
 R. W. Young, Vice-President
 F. J. Lord, Treasurer
 C. D. Woodruff, Asst. Vice-President
 H. S. Kassman, Asst. Secretary

Directors

Donald L. Brown, Cambridge, Mass.
 Robert F. Brown, New York
 Carlton P. Fuller, Cambridge, Mass.
 James R. Killian, Jr., Cambridge, Mass.
 Edwin H. Land, Cambridge, Mass.
 Julius Silver, New York
 David W. Skinner, Cambridge, Mass.
 L. Z. Morris Strauss, New York
 J. P. Warburg, New York

Auditors: Leonard Levine & Co.
General Counsel: Silver, Saperstein & Barnett.

Annual Meeting: 2nd Tuesday in April.
No. of Stockholders: March 4, 1964, 17,801.
No. of Employees: Dec. 31, 1963, 3,800.
Executive Office: 730 Main St., Cambridge 39, Mass.