

*Finance Committee: Minutes. 1949-1950*

PAUL B. WYANT  
233 BROADWAY  
[WOOLWORTH BLDG.]  
NEW YORK 7, N. Y.  
—  
TELEPHONE CORTLANDT 7-0634

November 28, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at Meeting of the Finance Committee

Friday, December 1, 1950, at 12 Noon  
Room 6, Uptown Club, 60 E. 42nd Street  
New York City

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by Chairman.
3. Ratify:

Sales

200M U.S. Treasury Certificates of Indebtedness 1 $\frac{1}{8}$ /1-1-51 at 1.10% Basis.  
(To raise funds for current expenses and to pay for securities purchased)

166 67/100shs Hooker Electrochemical Co. Common Stock (\$2.00) at 40 (Book 30 $\frac{1}{2}$ )  
(To round-out holding to 1,500shs)

Conversion of

500shs Hooker Electrochemical Co. \$4.50 Cum. Conv. Ser. "A" Second Preferred Stock

into

1,666 67/100shs Company's Common Stock (\$2.00)

Conversion of

1,100shs Monsanto Chemical Co. \$4.00 Cum. Conv. "B" Preferred Stock called for redemption at 10 $\frac{1}{4}$ .

(900shs remain - Book 111 $\frac{7}{8}$  - Cur. Mkt. 121-125 - Memo dated November 14, 1950, submitted to Committee)

into

1,913shs Company's Common Stock (\$3.00)

and

\$2.48 cash

3. Ratify: (Cont'd)

Purchase

88shs Monsanto Chemical Co. Common Stock (\$3.00) at  $67\frac{1}{8}$ .  
(To round-out holding to 2,000shs - Book  $64\frac{1}{2}$  - Cur. Mkt.  $69\frac{1}{2}$ )

4. Review open orders not yet executed to

Buy:

100M Missouri Pacific R.R. 1st & Ref. "H" 5/80 at 104 to yield 4.8%.  
(None purchased - 25M entered at 104 - 100M now held - Book  $86\frac{1}{4}$  -  
Cur. Mkt.  $110\frac{3}{8}$  - Interest over 5% received annually to be used  
to write down cost of bonds)

500shs Standard Gas & Electric Co. \$7 Cum. Prior Preferred Stock at  
approximately 147 to yield 4.8%.  
(Balance of 1,000shs authorized - 500shs purchased at  $146\frac{3}{4}$  -  
Cur. Mkt.  $163\frac{1}{2}$ )

600shs M.A. Hanna Co. Common (\$5.50) at approximately 126 to yield 4.4%.  
(Balance of 1,000shs authorized - 400shs purchased at 125 -  
1,400shs now held - Book 114 - Cur. Mkt. 152-160)

500shs Johnson & Johnson Common Stock (\$2.00 + Stk.) at 45 to yield 4.4%  
plus stock dividend.  
(500shs now held - Book  $41\frac{5}{8}$  - Cur. Mkt. 67-69)

5. Discuss:

(a) American Cyanamid Company.

✓ (Memo dated November 8, 1950, submitted to Committee - Cur. Mkt. "B"  $3\frac{1}{2}$   
Conv. Preferred  $110\frac{1}{2}$  - Common  $72\frac{1}{2}$ )

(b) Sell 4M Imperial Japanese Gov't (External)  $6\frac{1}{2}/2-1-54$  - Cur. Mkt. 58 -  
Received Estate Leon J. Sivian - Carried at no book value.

(c) Retain or Sell 140shs Hudson Bay Mining & Smelting Co. Common Stock  
(\$5.00) - Cur. Mkt.  $49\frac{3}{4}$  - To be received 12/15/50 as dividend on  
Newmont Mining Co. Common Stock.

(d) Suggested changes as follows:  
(Comments by P. B. Wyant)

<u>Sell: (Eliminate all)</u>	<u>Cost</u>	<u>Cur. Mkt.</u>	<u>Market Value</u>	<u>Annual Income</u>	<u>Yield</u>	<u>Profit or Loss</u>
1,000shs Consolidated Edison N.Y. (\$2.00)	$22\frac{5}{8}$	$30\frac{1}{4}$	\$ 30,250	\$ 2,000	6.6%	\$ 7,875
1,000shs Dayton Power & Light (\$2.00)	$34\frac{7}{8}$	30	30,000	2,000	6.7	4,875
2,100shs Public Serv. Elec. & Gas (\$1.60)	$18\frac{1}{8}$	22	46,200	3,360	7.3	8,138
500shs Abbott Laboratories (\$1.85)	$36\frac{1}{8}$	$42\frac{5}{8}$	21,313	925	4.3	3,250
500shs Chase National Bank (\$1.80)	$38\frac{1}{8}$	$38\frac{5}{8}$	19,313	900	4.7	250
500shs National City Bank (\$2.00)	$34\frac{5}{8}$	$46\frac{5}{8}$	23,313	1,000	4.3	6,000
495shs National Newark & Essex Bking (\$9.00)	248	240	118,800	4,455	3.8	3,960
Totals			\$289,189	\$11,640	5.1%	\$16,678

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Agenda - 12/1/50

5. Discuss: (Cont'd)

(d) Suggested changes as follows: (Cont'd)

<u>Buy</u>	<u>Cur. Mkt.</u>	<u>Market Value</u>	<u>Annual Income</u>	<u>Yield</u>
1,000shs U.S. & Internat'l. Securities Corp. \$5 Cum. First Preferred (2,000shs now held - Book 86 $\frac{3}{4}$ - Callable 105 - Asset value 9/30/50 \$23 $\frac{1}{4}$ per share	91	\$ 91,000	\$ 5,000	5.5%
3,000shs Shamrock Oil & Gas Co. (\$1.60) (None now held - Memo dated Nov.28, 1950, submitted to Committee)	30	90,000	4,800	5.3
1,000shs Carolina Power & Light (\$2.00) (1,000shs now held - Book 37 $\frac{5}{8}$ - Book value \$37,572	28 $\frac{3}{4}$	28,750	2,000	7.0
1,000shs Central & South West Corp. (\$0.90) (4,000shs now held - Book 16 $\frac{1}{4}$ - Book value \$64,971)	13 $\frac{3}{8}$	13,375	900	6.7
875shs Illinois Power Co. (\$2.20) (1,125shs now held - Book 29 $\frac{1}{8}$ - Book value \$32,822)	32 $\frac{1}{4}$	28,219	1,925	6.8
1,400shs Indianapolis Power & Light (\$1.60) (1,100shs now held - Book 17 - Book value \$18,756)	29 $\frac{1}{4}$	40,950	2,240	5.5
100shs Middle South Utilities (\$1.10) (4,400shs now held - Book 12 $\frac{1}{4}$ - Book value \$54,045)	16 $\frac{7}{8}$	<u>1,688</u>	<u>110</u>	<u>6.5</u>
Totals		\$293,982	\$16,975	5.8%

6. Average diversification of investments in 24 College Endowment Funds compared with the Institute as of June 30, 1950.

(Memo dated November 8, 1950, submitted to Committee)

November 29, 1950

Paul B. Wyant



PAUL B. WYANT  
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NEW YORK 7, N. Y.  
—  
TELEPHONE CORTLANDT 7-0634

December 4, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, December 1, 1950

Uptown Club, 60 East 42 Street, New York City

1. Present:

Mr. Leidesdorf	Mr. Strauss
Mr. Maass	Mr. Linder
Mr. Schaap	Mr. Wyant

2. The meeting was called to order at 12:10 P.M.

3. The Chairman reported that there were \$3,650,000 par value short-term U. S. Government securities and Commercial Paper which could be considered as funds available for investment in corporate securities.

4. The Committee ratified:

Sales

200M U.S. Treasury Certificates of Indebtedness 1 $\frac{1}{8}$ /1-1-51 at 1.10% Basis.  
(To raise funds for current expenses and to pay for securities purchased)

166 67/100shs Hooker Electrochemical Co. Common Stock (\$2.00) at 40 (Book 30 $\frac{1}{2}$ )

Conversion of

500shs Hooker Electrochemical Co. \$4.50 Cum. Conv. Ser. "A" Second Preferred Stock

into

1,666 67/100shs Company's Common Stock (\$2.00)

Conversion of

1,100shs Monsanto Chemical Co. \$4.00 Cum. Conv. "B" Preferred Stock called for redemption at 104.

into

1,913shs Company's Common Stock (\$3.00)

and

\$2.48 cash

4. The Committee ratified: (Cont'd)

Purchase

88shs Monsanto Chemical Co. Common Stock (\$3.00) at  $67\frac{1}{8}$

5. The Committee reviewed authorizations not yet executed for the purchase of securities and decided to let all stand as they were other than to reduce the limit from 104 to 100 on the purchase of 100M Missouri Pacific R.R. First and Ref. "H" 5/80 when the issue trades ex-interest for the payment of 5% annual interest.

6. After detailed discussion of individual securities, it was concluded to:

Sell:

300M U.S. Treasury Certificates of Indebtedness  $1\frac{1}{8}/1-1-51$

4M Imperial Japanese Government (external)  $6\frac{1}{2}/2-1-54$

1,000shs Consolidated Edison Co. Common Stock

1,000shs Dayton Power & Light Co. Common Stock

2,100shs Public Service Electric & Gas Company Common Stock

500shs Abbott Laboratories Common Stock

140shs Hudson Bay Mining and Smelting Company Common Stock

(to be received 12/15/50 as dividend on Newmont Mining Co.  
Common Stock)

195shs National Newark & Essex Banking Co. Capital Stock

Buy:

300M U.S. Treasury Notes  $1\frac{1}{8}/8-1-51$

500M Commercial Investment Trust, Inc. 9-Month Notes at 1.75% discount basis  
(Purchase on 1/16/51 to replace 500M now held that mature then)

1,000shs U.S. & International Securities \$5 Cum. First Preferred Stock

1,000shs Carolina Power & Light Common Stock

875shs Illinois Power Co. Common Stock

400shs Indianapolis Power & Light Common Stock

1,100shs Middle South Utilities Common Stock

Exchange:

1,500M U.S. Treasury  $1\frac{1}{8}\%$  Certificates of Indebtedness maturing 1/1/51

for

1,500M U.S. Treasury  $1\frac{3}{4}\%$  Notes due 12/15/55

7. The Secretary was requested to calculate the effect of an Excess Profits Tax law, currently approved by the House Ways and Means Committee, on American Cyanamid Company's estimated earnings for 1950, and to purchase 1,000 shares of the Company's Common Stock if the market price is not over 11 times earnings per share after such taxes.

The proposed tax provides a formula calling for a 75% levy on earnings in excess of 85% of a corporation's average annual earnings during its most

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Minutes - 12/1/50

7. (Cont'd)

profitable three years from 1946-1949, a normal corporate tax rate of 45% on the base E.P.T. exemption and a limitation of 67% of a corporation's income which could be taken in regular corporate taxes and Excess Profits Taxes.

8. The Secretary was requested to look into and report prior to the next meeting, on Weyerhaeuser Timber Company Common Stock as a possible purchase to the extent of 1,000 shares.
9. The Secretary was requested to canvass the Committee members by telephone and report their opinions to the Chairman as to the possible purchase of 3,000 shares Shamrock Oil & Gas Company Common Stock.
10. The Secretary was requested to provide on the Agenda for the next meeting for a discussion of Chase National Bank and National City Bank Capital Stocks, and also for the sale of the remaining 300 shares National Newark & Essex Banking Co. Capital Stock if the 195 shares authorized for sale at this meeting is completed.
11. The meeting was adjourned at 1:10 P.M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

December 4, 1950

PAUL B. WYANT

233 BROADWAY  
[WOOLWORTH BLDG.]

NEW YORK 7, N. Y.

TELEPHONE CORTLANDT 7-0634

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee of the  
Institute for Advanced Study will be held on Friday, December 1,  
1950, at 12:00 Noon, at the Uptown Club, Room 6, 60 East 42nd  
Street, New York City.

Paul B. Wyant

November 28, 1950

PAUL B. WYANT  
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(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

*Finance Com.*  
October 27, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY  
Minutes, Meeting of the Finance Committee, October 20, 1950  
Director's Office, Fuld Hall, Princeton, New Jersey

1. Present:

Mr. Leidesdorf	Mr. Strauss
Mr. Maass	Mr. Linder
Mr. Schaap	Mr. Oppenheimer
Mr. Wyant	

2. The meeting was called to order at 12:15 P. M.

3. The Chairman reported that there were \$3,850,000 par value short-term U.S. Government securities and Commercial Paper which could be considered as funds available for investment in corporate securities.
4. The Committee reviewed authorizations for purchase of securities not yet executed and decided to let all remain as they are, with discretionary powers vested in the Chairman, except to change the limit on the purchase of 600 shares Newmont Mining Corporation common stock from  $68\frac{1}{2}$  to the market, with discretion.-- (Current Market approximately 82)

5. After discussing various securities, the Committee decided on the following:

Sell:

80M Cities Service Conv. Deb. 3/77.

Buy:

100M Imperial Oil, Ltd. Deb. 3/69.  
(Principal & interest payable in Canadian currency)

6. The Committee ratified:

Sale

1,500 orts Consumers Power Co. at 7/32.

The Institute for Advanced Study

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Minutes - October 20, 1950

7. The Secretary was requested to look into and report on American Cyanamid Company  $3\frac{1}{2}\%$  Cum. Convertible Series "B" Preferred Stock for discussion at some future meeting.
8. The meeting adjourned at 12:45 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

October 27, 1950

7 - Finance Committee  
Trustee

PAUL B. WYANT  
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THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held on  
Friday, October 20, 1950, at 12:10 P. M. at the Office  
of the Director, Fuld Hall, Princeton, New Jersey.

Paul B. Wyant

October 16, 1950



PAUL B. WYANT  
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(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

October 18, 1950

Copy to Mr. Maass  
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THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, October 20, 1950, at 12:10 P.M.

Director's Office, Fuld Hall

Princeton, New Jersey

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Ratify:

Sale

1. 500rts Consumers Power Company at 7/32.

(Use proceeds to write down cost of stock - Rights gave privilege of subscribing to 150shs at 28 - 1,500shs now held - Book 32 - Cur. Mkt. 30 $\frac{3}{4}$ )

4. Review open orders not yet executed to:

Buy

100M Missouri Pacific R.R. 1st & Ref. "H" 5/80 at 10 $\frac{1}{4}$  to yield 4.8%.  
(None purchased - 25M entered at 10 $\frac{1}{4}$  - 100M now held - Book 86 $\frac{1}{2}$   
Cur. Mkt. 109 $\frac{1}{2}$  - Interest received over 5% annually to be used to write down cost of bonds)

500shs Standard Gas & Elec. Co. \$7 Cum. Prior Preferred Stock at approximately 11 $\frac{1}{7}$  to yield 4.8%.  
(Balance of 1,000shs authorized - 500shs purchased at 11 $\frac{6}{7}$  - Cur. Mkt. 160)

600shs Hanna, M.A., Co. Common Stock (\$5.00) at approximately 126 to yield 4.0%.  
(Balance of 1,000shs authorized - 400shs purchased at 125 - 1,400shs now held - Book 111 $\frac{1}{4}$  - Cur. Mkt. 150-153)



Institute for Advanced Study

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Agenda - 10/20/50

Review open orders not yet executed to: (Cont'd)

Buy

500shs Johnson & Johnson Common Stock (\$2.00 + Stk.) at  $45$  to yield 4.4% plus Stock Dividend.  
(500shs now held - Book  $41\frac{3}{8}$  - Cur. Mkt.  $61\frac{1}{2}$ )

600shs Newmont Mining Corp. Common Stock (\$3.00) at approximately 67 to yield 4.5%.  
(Balance of 2,500shs authorized - 1,900shs purchased at approximately  $68\frac{1}{2}$  - 2,900shs now held - Book  $67\frac{3}{8}$  - Cur. Mkt.  $81\frac{1}{2}$ )

5. Review composition of portfolio as of September 29, 1950.  
(Recapitulation statement dated October 17, 1950, submitted to Committee)

6. Discuss:

(a) Conversion of 500shs Hooker Electrochemical Co. \$4.50 Cum. Conv. 2nd "A" Preferred Stock at 141 (yield 3.2%) into 1,666  $\frac{2}{3}$ shs Common Stock (\$1.60) (3  $\frac{1}{3}$ shs for 1sh Preferred) at  $42\frac{3}{4}$  to yield 3.7% plus probable extra dividend.

(b) Possible Sales:

1,000shs Studebaker Corp. Common Stock (\$3.00) at  $34\frac{3}{4}$  to yield 8.6%.  
(Eliminate - Book  $23\frac{5}{8}$ )

3,000shs Eastman Kodak Common Stock (\$1.70) at  $44\frac{7}{8}$  to yield 3.8%.  
(Eliminate - Book  $27\frac{1}{8}$ )

(c) Suggested Exchange:

Sell

80M Cities Service Co. Deb. 3/77 at  $100\frac{1}{2}$  - yield 3.0%.  
(Eliminate - Book  $88\frac{1}{2}$  - Callable 100)

Buy

100M Imperial Oil Ltd. Deb. 3/69 at  $91\frac{1}{2}$  - yield 3.1%.  
(Principal and interest payable in Canadian currency)

October 18, 1950

Paul B. Wyant

THE INSTITUTE FOR ADVANCED STUDY  
Recapitulation of Investment Holdings  
As of September 29, 1950

	<u>MARKET VALUE 9/29/50</u>		<u>ANNUAL INCOME RATE 9/29/50</u>				<u>INCREASE OR DECREASE 9/29/50</u>		
	Amount	% Total	Amount	% Total	% Yield on Mkt.	Book	Compared with Book - Same Date Book Value	Increase	Decrease
CASH - Uninvested	\$ 123,689	0.6%	\$ -	- %	- %	- %	\$ 123,689	\$ -	\$ -
<u>BONDS</u>									
U.S. Gov't. & Comm'l. Paper- Due Within Approx. 1 Yr.	\$ 3,847,671	19.0%	\$ 46,875	6.2%	1.2%	1.2%	\$ 3,850,000	\$ -	\$ 2,329
U.S. Gov't. - Other Marketable	1,787,700	8.8	39,825	5.3	2.2	2.2	1,812,935		25,235
U.S. Gov't. - Savings Series "G"	950,000	4.7	23,750	3.1	2.5	2.5	950,000	-	-
Railroad	149,688	0.7	7,125	0.9	4.8	5.3	135,215	14,473	
Public Utility	820,876	4.1	25,663	3.4	3.1	3.4	756,300	64,576	
Industrial & Miscellaneous	80,400	0.4	2,400	0.3	3.0	3.4	70,803	9,597	
<b>TOTAL BONDS</b>	<b>\$ 7,636,335</b>	<b>37.7%</b>	<b>\$ 145,638</b>	<b>19.2%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>\$ 7,575,253</b>	<b>\$ 61,082</b>	
<u>PREFERRED STOCKS</u>									
Public Utility	\$ 484,344	2.4%	\$ 23,300	3.1%	4.8%	4.8%	\$ 483,093	\$ 1,251	
Industrial & Miscellaneous	1,755,050	8.7	77,400	10.2	4.4	4.6	1,699,749	55,301	
<b>TOTAL PREFERRED STOCKS</b>	<b>\$ 2,239,394</b>	<b>11.1%</b>	<b>\$ 100,700</b>	<b>13.3%</b>	<b>4.5%</b>	<b>4.6%</b>	<b>\$ 2,182,842</b>	<b>\$ 56,552</b>	
<u>COMMON STOCKS</u>									
Public Utility - Elec. & Other	\$ 799,900	4.0%	\$ 51,035	6.7%	6.4%	6.7%	\$ 762,559	\$ 37,341	\$ -
Public Utility - Natural Gas	992,909	4.9	52,645	6.9	5.3	6.6	793,880	199,029	
Industrial & Miscellaneous	8,179,807	40.4	398,279	52.5	4.9	7.1	5,599,790	2,580,017	
Bank	147,051	0.7	6,155	0.8	4.2	3.9	159,127		12,076
<b>TOTAL COMMON STOCKS</b>	<b>\$ 10,119,667</b>	<b>50.0%</b>	<b>\$ 508,114</b>	<b>66.9%</b>	<b>5.0%</b>	<b>6.9%</b>	<b>\$ 7,315,356</b>	<b>\$ 2,804,311</b>	
<u>SECURITIES OF NOMINAL VALUE</u>	\$ 100	0.0%	\$ -	- %	- %	- %	\$ 100	\$ -	\$ -
<u>REAL ESTATE MORTGAGES</u>	\$ 37,956	0.2%	\$ 1,700	0.2%	4.5%	4.5%	\$ 37,956	\$ -	\$ -
<u>PROFESSORS' HOMES - MTGES. &amp; ADVS.</u>	\$ 74,047	0.4%	\$ 2,950	0.4%	4.0%	4.0%	\$ 74,047	\$ -	\$ -
<b>GRAND TOTAL</b>	<b>\$ 20,231,188</b>	<b>100.0%</b>	<b>\$ 759,102</b>	<b>100.0%</b>	<b>3.8%</b>	<b>4.4%</b>	<b>\$ 17,309,243</b>	<b>\$ 2,921,945</b>	

Reported by Treasurer's Office.

Carried at Book Value. No Market readily available.

# Before amortization of premium on Bonds, estimated at \$7,000 annually.

Paul B. Wyant  
 October 17, 1950

THE INSTITUTE FOR ADVANCED STUDY

Common Stocks

As of September 29, 1950

	<u>Book Value</u> <u>Amount</u>	<u>Market Value</u>		<u>Appreciation or Depreciation</u>
		<u>Amount</u>	<u>Percent Total</u>	
Public Utility				
Electric & Other	\$ 762,559	\$ 799,900	7.9%	\$ 37,341
Natural Gas	793,880	992,909	9.8	199,029
Total Public Utility	(1,556,439)	(1,792,809)	(17.7)	(236,370)
Industrial & Miscellaneous				
Agricultural Implement	43,966	57,500	0.6	13,534
Automobile & Accessory	41,967	47,750	0.5	5,783
Chemical	752,000	1,186,474	11.7	434,474
Distilling	113,374	141,375	1.4	28,001
Drug & Pharmaceutical	75,681	85,813	0.8	10,132
Finance	147,973	133,438	1.3	14,535
Food & Confection	178,303	263,125	2.6	84,822
Metal (Non-Ferrous)	737,397	959,750	9.5	222,353
Miscellaneous	147,273	182,375	1.8	35,102
Motion Picture	173,064	136,875	1.4	36,189
Office Equipment	304,117	664,183	6.6	360,066
Oil Producing & Refining	1,400,347	2,155,366	21.3	755,019
Paper	172,569	274,219	2.7	101,650
Rayon & Textile	82,150	130,725	1.3	48,575
Retail Trade	488,983	839,751	8.3	350,768
Soap	90,560	88,000	0.9	2,560
Steel	632,337	804,138	7.9	171,801
Tobacco	17,729	28,950	0.2	11,221
Total Industrial & Miscellaneous	(5,599,790)	(8,179,807)	(80.8)	(2,580,017)
Bank	159,127	147,051	1.5	12,076
Total Common Stocks	<u>\$7,315,356</u>	<u>\$10,119,667</u>	<u>100.0%</u>	<u>\$2,804,311</u>

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 TELEPHONE CORTLANDT 7-0634

THE INSTITUTE FOR ADVANCED STUDY

Percent Common Stocks to All Investments  
and  
Dow-Jones Industrial Averages

<u>Date</u>	<u>Market Value (000 omitted)</u>			<u>% Common Stocks to all Investments</u>	<u>Dow-Jones Industrial Averages</u>
	<u>Common Stocks</u>	<u>Cash &amp; Other Investments</u>	<u>All Investments</u>		
6/30/42	\$ 1,356	\$ 5,838	\$ 7,194	18.9%	103.34
6/30/43	1,932	6,262	8,194	23.6	113.38
6/30/44	2,209	6,477	8,686	25.4	118.38
6/30/45	6,289	10,048	16,337	38.5	165.29
6/28/46	6,462	13,093	19,555	33.1	205.62
6/30/47	6,313	11,686	17,999	35.1	177.30
5/24/48	7,777	10,305	18,082	43.0	189.82
6/30/49	7,564	9,527	17,091	44.3	167.42
9/30/49	8,359	9,737	18,096	46.2	182.51
12/31/49	9,327	9,758	19,085	48.9	200.13
3/20/50	9,538	9,934	19,472	49.0	207.78
6/30/50	9,361	9,919	19,280	48.6	209.11
9/29/50	10,120	10,111	20,231	50.0	226.36

October 18, 1950

Paul B. Wyant

**RECAPITULATION**  
**THE INSTITUTE FOR ADVANCED STUDY**  
**As of September 30, 1949**

	MARKET VALUE 9/30/49		ANNUAL INCOME RATE 9/30/49			
	Amount	% Total	Amount	% Total	% Yield on Mkt.	Book
CASH - Uninvested \$	\$ 210,073	1.1%	\$ -	- %	- %	- %
<b>BONDS</b>						
U.S. Gov't. Due within 1 yr.	\$ 3,755,825	20.8%	\$ 49,875	6.9%	1.3%	1.3%
U.S. Gov't. Series "G"	850,000	4.7	21,250	3.0	2.5	2.5
U.S. Gov't. Others	1,416,521	7.8	30,775	4.3	2.2	2.2
Railroad	119,750	0.7	7,125	1.0	5.9	5.3
Public Utility	803,125	4.4	25,725	3.6	3.2	3.5
Industrial & Misc.	594,924	3.3	11,750	1.6	2.0	2.0
<b>TOTAL BONDS</b>	<b>\$ 7,540,145</b>	<b>41.7%</b>	<b>\$ 146,500</b>	<b>20.4%</b>	<b>1.9%</b>	<b>2.0%</b>
<b>PREFERRED STOCKS</b>						
Public Utility	\$ 505,938	2.8%	\$ 24,300	3.3%	4.8%	4.7%
Industrial & Misc.	1,369,638	7.6	62,900	8.8	4.6	4.4
<b>TOTAL PREFERRED STOCKS</b>	<b>\$ 1,875,576</b>	<b>10.4%</b>	<b>\$ 87,200</b>	<b>12.1%</b>	<b>4.6%</b>	<b>4.5%</b>
<b>COMMON STOCKS</b>						
Public Utility-Elec. & Other	\$ 656,740	3.6%	\$ 39,362	5.5%	6.0%	6.9%
Public Utility-Natural Gas	1,021,369	5.6	50,773	7.1	5.0	5.8
Industrial & Misc.	6,489,613	35.9	381,864	53.2	5.9	7.1
Bank	119,556	0.7	5,660	0.8	4.7	3.6
Insurance	71,360	0.4	2,220	0.3	3.1	4.4
<b>TOTAL COMMON STOCKS</b>	<b>\$ 8,358,638</b>	<b>46.2%</b>	<b>\$ 479,879</b>	<b>66.9%</b>	<b>5.7%</b>	<b>6.8%</b>
REAL ESTATE MORTGAGES \$	\$ 37,447	0.2%	\$ 1,700	0.2%	4.5%	4.5%
PROFESSORS' HOMES-MTGES-&ADVS.\$	\$ 74,487	0.4%	\$ 2,600	0.4%	3.5%	3.5%
<b>GRAND TOTAL</b>	<b>\$ 18,096,366</b>	<b>100.0%</b>	<b>\$ 717,879#</b>	<b>100.0%</b>	<b>4.0%</b>	<b>4.3%</b>

\$ As reported by Treasurer's Office.

# Before amortization of premium on Bonds, estimated at \$6,500 annually.

D. J. I. A. - September 30, 1949 - 182.51.

INCREASE OR DECREASE 9/30/49 Compared with Book - Same Date		
Book Value \$	Increase	Decrease
\$ 210,073	\$ -	\$ -
\$ 3,750,191	\$ 5,634	\$ -
850,000	-	-
1,380,457	36,064	-
135,215	-	15,465
735,583	67,542	-
588,307	6,617	-
<b>\$ 7,439,753</b>	<b>\$ 100,392</b>	
\$ 513,439		\$ 7,501
1,424,677		55,039
<b>\$ 1,938,116</b>		<b>\$ 62,540</b>
\$ 568,442	\$ 88,298	\$ -
873,065	148,304	-
5,361,019	1,128,594	-
159,127	-	39,571
50,611	20,749	-
<b>\$ 7,012,264</b>	<b>\$ 1,346,374</b>	
\$ 37,447	\$ -	\$ -
\$ 74,487	\$ -	\$ -
<b>\$ 16,712,140</b>	<b>\$ 1,384,226</b>	

Paul B. Wyant  
 October 20, 1949



PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
—  
TELEPHONE CORTLANDT 7-0634

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held  
Tuesday, August 1, 1950, at 4:00 P. M. at the Office of  
the Treasurer, 125 Park Avenue, New York City.

July 26, 1950

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

July 31, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Tuesday, August 1, 1950 at 4:00 P. M.

Office of the Treasurer  
125 Park Avenue, New York City

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Review open orders not yet executed to:

Buy

200M Missouri Pacific R. R. 1st & Ref. "H" 5/4-1-80 at  $102\frac{3}{4}$ .  
(100M now held - Book  $86\frac{1}{4}$  - Cur. Mkt.  $107\frac{1}{2}$ )  
500shs Johnson & Johnson Common Stock (\$2.00 + Stk) at 45.  
(500shs now held - Book  $41\frac{3}{8}$  - Cur. Mkt. 54)  
600shs Newmont Mining Corp. Common Stock (\$2.50 + Stk) at  $68\frac{1}{2}$ .  
(Balance of 2,500shs authorized - 1,900shs purchased at  
average price of  $68\frac{1}{2}$ . 2,900shs now held - Book  $66\frac{1}{2}$  - Cur. Mkt. 70)

Sell

900shs Life Savers Corp. Common Stock (\$2.20) at  $33\frac{1}{2}$ .  
(Balance 1,000shs authorized - 100shs sold at 34.  
900shs now held - Book  $34\frac{5}{8}$  - Cur. Mkt. 31)  
300shs Wrigley (Wm) Jr. Co. Common Stock (\$5.00) at 76.  
(Balance 500shs authorized - 200shs sold at average price 76.  
300shs now held - Book  $75\frac{1}{8}$  - Cur. Mkt. 72)

Institute for Advanced Study

-2-

Agenda - 8/1/50

4. Discuss:

(a) Possible sale American Telephone & Telegraph Conv. Deb:

250M  $3\frac{1}{8}/59$  - Book 106 - Cur. Mkt.  $119\frac{1}{2}$

(Callable at 106 after 6/19/51 and scale down each year thereafter. Convertible at 130 to 6/19/51 and 140 thereafter.)

250M  $2\frac{3}{4}/61$  - Book 105 $\frac{7}{8}$  - Cur. Mkt.  $108\frac{3}{8}$

(Callable at 108 to 12/14/50, 105 to 12/14/53 and scale down to 100 after 12/14/58. Convertible at 146 through 12/14/58. Cur. Mkt. Common Stock  $150\frac{1}{2}$ )

(b) Possible purchase U.S. & International Securities Corp. \$5 Cum. First Preferred Stock at 88 to yield 5.7%.

(1,000shs now held - Book  $86\frac{1}{4}$  - Asset Value \$210.68 per share as of June 30, 1950)

(c) Industrial Common Stock holdings from standpoint of vulnerability to enactment of an Excess Profits Tax bill.

(Memo dated July 27, 1950 with statements showing holdings as of July 24, submitted to Committee)

July 31, 1950

Paul B. Wyant



PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

August 2, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, August 1, 1950

Treasurer's Office, 125 Park Avenue, New York City

1. Present:

Mr. Leidesdorf	Mr. Linder
Mr. Maass	Mr. Wyant

Mr. Arthur Leidesdorf was present on invitation.

2. The meeting was called to order at 4:00 P. M.
3. The Committee reviewed authorizations not yet executed and decided on the following:

Cancel to Buy:

100M Missouri Pacific R.R. 1st & Ref. "H" 5/4-1-80 at 102 $\frac{3}{4}$ .  
(Part of purchase of 200M authorized 7/20/50)

Let Stand to Buy:

100M Missouri Pacific R.R. 1st & Ref. "H" 5/4-1-80 at 104, or better.  
(Part of purchase of 200M authorized 7/20/50)

500shs Johnson & Johnson Common Stock at 45.

600shs Newmont Mining Corporation Common Stock.

Sell:

900shs Life Savers Corporation Common Stock.

300shs Wrigley (Wm.) Jr. Company Common Stock.

Institute for Advanced Study

-2-

Minutes - 8/1/50

4. The Committee discussed the possible sale of American Telephone & Telegraph Conv. Debentures and decided to retain the present holdings: namely, 250M  $3\frac{1}{2}$ /59 and 250M  $2\frac{3}{4}$ /61.
5. After discussing individual securities, it was concluded to:

SELL:

- 500shs Abbott Laboratories Common Stock.  
(Retain 500 shares)
- 500shs Allied Chemical & Dye Corporation Common Stock.  
(Retain 1,000 shares)
- 1,000shs American Home Products Common Stock.  
(Eliminate)
- 2,200shs du Pont Company Common Stock.  
(Retain 5,000 shares)
- 2,250shs Eastman Kodak Company Common Stock.  
(Retain 3,000 shares)
- 2,300shs Union Carbide & Carbon Company Common Stock.  
(Retain 2,500 shares)
- 500shs Victor Chemical Works Common Stock.  
(Retain 1,000 shares)

BUY:

- 1,000shs Standard Gas & Electric Company \$7 Cum. Prior Preferred Stock.  
(New commitment)
- 1,000shs United States & International Securities Corporation \$5 Cum. 1st Preferred Stock.  
(increase to 2,000 shares)
- 2,000shs Aluminium, Ltd. Common Stock.  
(New commitment)
- 1,000shs Anaconda Copper Company Common Stock.  
(New commitment)
- 2,500shs Bethlehem Steel Corporation Common Stock.  
(Increase to 4,000 shares)
- 1,000shs Hanna, M.A. Company Common Stock.  
(Increase to 2,000 shares)
- 1,000shs Inland Steel Company Common Stock.  
(Increase to 2,500 shares)
- 1,000shs National Steel Corporation Common Stock.  
(Increase to 4,000 shares)
- 3,000shs U. S. Steel Corporation Common Stock.  
(New commitment)

Institute for Advanced Study

-3-

Minutes - 8/1/50

6. The Committee agreed that interest to the extent of 5% annually on the Missouri Pacific R.R. 1st & Ref. "H" 5/80 should be taken into the income account and that any payments in excess of 5% annually should be applied against the cost of the bonds.
7. The meeting adjourned at 5:45 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

August 2, 1950

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  

---

TELEPHONE CORTLANDT 7-0634

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held  
Thursday, July 20, 1950, at 3:30 P. M. at the Office  
of the Treasurer, 125 Park Avenue, New York City.

July 18, 1950

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

July 19, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Thursday, July 20, 1950, at 3:30 P. M.

Office of the Treasurer  
125 Park Avenue, New York City

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Ratify:

Purchase

500M Commercial Investment Trust, Inc. 6 mo. Notes at  $1\frac{1}{2}\%$  discount basis. (To replace 500M matured July 18, 1950)

500shs Northern Natural Gas Common Stock (\$1.80) at  $31\frac{1}{2}$  net.  
(By exercising 4,000rts received on stock held)

Exchange:

1,350M U. S. Treasury Certificates of Indebtedness  $1\frac{1}{4}/7-1-50$

For

1,350M U. S. Treasury Certificates of Indebtedness  $1\frac{1}{4}/8-1-51$

Sales

6.5M Units The Parents Institute, Inc. for \$4,544.  
(\$4,539 face value Reg. Income bonds due 8/1/69 and  
5shs Management Stock - Book Value \$4,539)

1,000rts Dayton Power & Light Co. at \$0.25.

1,000rts Peoples Gas Light & Coke at \$3.75.

2,500rts Tennessee Gas Transmission Co. at \$0.756.

Institute for Advanced Study

-2-

Agenda - 7/20/50

4. Review open orders not yet executed to:

Buy:

75M International Utilities Corp. Conv. Deb.  $3\frac{1}{2}/65$ .  
(25M purchased on original offering at 100 net - Cur. Mkt.  
100 -  $101\frac{1}{2}$  - Price Range 108 - 100)

500shs Johnson & Johnson Common Stock (\$2.00 + Stk) at 45.  
(500shs now held - Book  $41\frac{3}{8}$  - Cur. Mkt. 53 - Range 1950, 63 - 48)

5. Discuss:

- (a) Sale of Pond's Extract units.  
( 30 units now held - Book 250 - Cur. Mkt. 250 - 310 - Comments  
by P. B. Wyant)
- (b) Business outlook and investment portfolio in light of recent events.  
(Recapitulation statements and list of individual holdings as of  
June 30, 1950, submitted to Committee)

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

July 21, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, July 20, 1950

Treasurer's Office, 125 Park Avenue, New York City

1. Present:

Mr. Leidesdorf                      Mr. Hancock  
Mr. Maass                              Mr. Linder  
Mr. Wyant

Mr. Ira Schur and Mr. Arthur Leidesdorf were present on invitation.

2. The meeting was called to order at 3:30 P. M.

3. The Chairman reported that the cash balance on hand was needed for operating expenses but, that of approximately \$6,000,000 in U. S. Government bonds \$3,350,000 maturing within about one year could be considered as funds available for the purchase of corporate securities.

4. The Committee ratified:

Purchases

500M Commercial Investment Trust, Inc. 6 mo. Notes due 1/16/51 at  $1\frac{1}{2}\%$  discount basis. (To replace 500M matured July 18, 1950)

500shs Northern Natural Gas Common Stock (\$1.80) at  $31\frac{1}{2}$  net.  
(By exercising 4,000rts received on stock held.)

Exchange

1,350M U. S. Treasury Certificates of Indebtedness  $1\frac{1}{4}/7-1-50$

For

1,350M U. S. Treasury Certificates of Indebtedness  $1\frac{1}{4}/8-1-51$

Sales

- 6.5M Units The Parents Institute, Inc. for \$4,544.  
(\$4,539 face value Reg. Income bonds due 8/1/69 and 5shs  
Management Stock - Book Value \$4,539)
- 1,000rts Dayton Power & Light Co. at \$0.25.
- 1,000rts Peoples Gas Light & Coke at \$3.75.
- 2,500rts Tennessee Gas Transmission Co. at \$0.756.

5. The Committee reviewed authorizations not yet executed and decided on the following:

Cancel to Buy:

75M International Utilities Corp. Conv. Deb. 3 $\frac{1}{2}$ /65 at approximately 100.

Let Stand to Buy:

500shs Johnson & Johnson Common Stock (\$2.00 + Stk) at 45.

6. The Committee's attention was directed briefly to a recapitulation statement dated July 19, 1950, showing the status of the investment holdings as of June 30, 1950.

As of June 30, 1950, cash and market value of all investments totaled \$19,280,484, an increase of \$2,222,208 over book value of \$17,058,276.

Estimated annual income of \$753,170 (before amortization of premium on bonds estimated at \$7,000 annually) produces a yield of 3.9% on total market value and 4.4% on total book value of the fund.

Cash and United States Government bonds accounted for 32.4%, other bonds, mortgages and advances for 8.6%, preferred stocks for 10.4% and common stocks for 48.6% of the total market value of the fund.

7. After a general discussion of the business outlook and possible changes in corporate taxes as a result of the Korean war, the Committee reviewed the over-all composition of the portfolio and the individual security holdings, concluding to

SELL

2,000shs General Motors Corp. Common Stock.  
(Eliminate)



Institute for Advanced Study

-3-

Minutes - 7/20/50

SELL (Cont'd)

- 1,000shs International Silver Company Common Stock.  
(Retain 1,000shs)
- 1,000shs Johns-Manville Corporation Common Stock.  
(Eliminate)
- 1,000shs Life Savers Corporation Common Stock.  
(Eliminate)
- 1,000shs Otis Elevator Company Common Stock.  
(Eliminate)
- 500shs Wrigley (Wm. Jr.) Company Common Stock.  
(Eliminate)
- 1,250shs American Insurance Company (Newark) Common Stock.  
(Eliminate)
- 2,440shs Firemen's Insurance Company (Newark) Common Stock.  
(Eliminate)
- 30 Units Pond's Extract Company.  
(Eliminate)
- 1,000shs Liggett & Myers Tobacco Company Common Stock.  
(Eliminate)

BUY

- 200M Missouri Pacific Railroad 1st & Refunding Series "H" 5/80.  
(Increase to 300M)
  - 2,000shs International Paper Company Common Stock.  
(Increase to 4,000shs)
  - 2,500shs Newmont Mining Corporation Common Stock.  
(Increase to 3,500shs)
  - 1,800shs Skelly Oil Company Common Stock.  
(Increase to 4,000shs)
  - 300shs Superior Oil Company (California) Common Stock.  
(Increase to 800shs)
8. The Committee agreed to consider the sale of American Telephone & Telegraph Company Conv. Deb. 3 $\frac{1}{8}$ /59 (current market 120 $\frac{1}{4}$ ) and Conv. Deb. 2 $\frac{3}{4}$ /61 (current market 108 $\frac{1}{2}$ ) should these issues move to higher price levels and to possibly add at some time in the future to the present holding of United States & International Securities Corp. 1st \$5 Cum. Preferred Stock.
9. The Secretary was requested to prepare a tabulation of the Industrial Common stock holdings showing the capitalization of the companies and the net current assets and book value per share of their common stocks which will be reviewed in the near future.
10. The meeting adjourned at 5:30 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

July 21, 1950

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

*Finance*  
*am.*  
April 19, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, April 21, 1950

Director's Office, Fuld Hall

Princeton, New Jersey

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Review open order not yet executed to -

Buy

500shs Johnson & Johnson Common Stock (\$2.00 + Stk. Div.) at 45 to  
yield 4.4% plus stock dividend.  
(Balance of 1,000shs authorized - 500shs purchased at 41 $\frac{1}{2}$  -  
Current Market 52 $\frac{1}{2}$ )

4. Discuss:

(a) Securities for possible purchase:

✓ 100M International Utilities Corp. proposed new 4% 15-year  
Convertible Debentures at 100 W.I. to yield 4.0%.  
(Memo dated April 19, 1950, submitted to Committee)

✓ ? shs Marathon Corporation Common Stock (\$1.40) at 29 to  
yield 4.8%.  
(Memo dated March 29, 1950, submitted to Committee -  
Comments by Mr. Hancock)

2,400shs Kansas City Power & Light Co. Common Stock (\$1.60) at  
29 to yield 5.5%.  
(600shs now held by exercise of United Light &  
Railways rights at \$12 per share - Comments by P. B.  
Wyant)

1,000shs Columbus & Southern Ohio Electric Company Common  
Stock (\$1.40) at 21 $\frac{1}{2}$  to yield 6.6%.  
(3,000shs now held - Book 23 $\frac{3}{4}$  - Comments by P. B.  
Wyant)

Institute for Advanced Study

- 2 -

Agenda - 4/21/50

(b) Exercise or Sell:

1,500 rights El Paso Natural Gas, giving privilege to subscribe to 44shs (1 for 34 basis) \$4.25 Cum. Convertible Second Preferred Stock at 102 to yield 4.2% - Convertible into common at 25.

(1,500shs Common (\$1.20) now held - Book 10 $\frac{1}{2}$  - Current Market 27 ex-dividend - Current Market rights 15 $\frac{1}{2}$ -18 $\frac{1}{2}$  - Expire April 28, 1950 - Current Market new Convertible Preferred 108 $\frac{1}{2}$  to yield 3.9%)

1,000 rights Phillips Petroleum, giving privilege to subscribe to 12.5M 2 $\frac{3}{4}$ % 25-year Convertible Debentures at 100 $\frac{1}{2}$  to yield 2.37% - Convertible into common at 70 until 5/1/55 then at 75 until 5/1/60 - Callable 102 $\frac{1}{2}$  - S.F. to retire all bonds between 1952 and 1975.

(1,000shs Common (\$3.00) now held - Book 51 $\frac{1}{2}$  - Current Market 65 ex-rights - Current Market rights 13/32 - Expire May 2, 1950 - Current Market new Conv. Deb. 103 $\frac{1}{2}$  to yield 2.18%.)

(c) Parents Institute's request for tenders of Registered Contingent Income Bonds due 8/1/69 with Management Stock at face value for bonds and \$1.00 per share for stock.

(6.5M with face value of \$4,539 and 5 shares Stock now held - Book \$4,539 - Comments by Mr. Leidesdorf or P. B. Wyant)

(d) Motion Picture Industry.

(Comments by Mr. Maass - see holdings in list dated March 20, 1950, submitted to Committee March 24, 1950)

✓ 5. Review Investment Portfolio.

(List of Holdings as of March 20, 1950, submitted to Committee March 24, 1950)

April 19, 1950

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

April 25, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, April 21, 1950  
Director's Office, Fuld Hall, Princeton, New Jersey

1. Present:

Mr. Leidesdorf	Mr. Linder
Mr. Maass	Mr. Oppenheimer
Mr. Strauss	Mr. Wyant

2. The meeting was called to order at 2:00 P. M.

3. The Chairman reported that there were \$3,750,000 par value short-term Government securities which could be considered as funds available for investment in corporate securities.

4. The Committee reviewed an open order to purchase 500 shares Johnson & Johnson Common Stock (\$2.00 + Stock Dividend) at 45, and decided to let the order stand for review again at the next meeting, if not executed in the interim.

5. The Committee reviewed the portfolio and, after discussion of individual securities, it was decided to

SELL:

400M U. S. Treasury Bonds 2/9-15-52/50.  
20M U. S. Treasury Bonds 2/9-15-53/51.  
100M U. S. Treasury Bonds 2½/3-15-54/52.  
100M U. S. Treasury Bonds 2/12-15-54/52.  
3,000shs (represented by certificates of interest) United  
Paramount Theatres, Inc., Common Stock.  
1,500shs El Paso Natural Gas Company Common Stock.  
1,500rts El Paso Natural Gas Company.  
1,000rts Phillips Petroleum.

Institute for Advanced Study

- 2 -

Minutes - 4/21/50

BUY:

620M U. S. Treasury Bonds 2 $\frac{1}{2}$ /6-15-52/59.

100M International Utilities Corporation proposed new  
4% 15-year Convertible Debentures at approximately  
100, when issued.

1,000shs Columbus & Southern Ohio Electric Company Common  
Stock.

2,400shs Kansas City Power & Light Company Common Stock.

6. The Committee discussed the Parents Institute's request for tenders of Registered Contingent Income Bonds due 8/1/69 with Management Stock, and decided not to tender the 6.5M (face value \$4,539) and 5 shares Management Stock now held.
7. The meeting adjourned at 3:10 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

April 25, 1950

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

March 29, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, March 31, 1950, at 4:00 P.M.

Office of the Treasurer

125 Park Avenue, New York City

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Review authorization not yet executed to -

Buy

500shs Johnson & Johnson Common Stock (\$2.00 + Stk. Div.) at 45 to  
yield 4.4% + Stk. Div.  
(Balance of 1,000shs authorized - 500shs purchased at 41 $\frac{1}{8}$  -  
Current Market 55)

4. Discuss:

(a) Retain or Sell

100shs St. Joseph Light & Power Common Stock (\$1.50) at 25 $\frac{1}{8}$  to  
yield 6.0%.  
(Book 11 $\frac{1}{8}$  - Received under Dissolution Plan, on 1,000shs  
United Light & Railways Co. Common Stock now held)

(b) Exercise or Sell

3,000rts United Light & Railways - Expire 4/19/50 - Current Market  
39/16.  
(Giving privilege to subscribe to 600shs Kansas City  
Power & Light Common Stock (\$1.60) at \$12 per share -  
Current Market 30 - Yield 5.3% - Comments by P. B. Wyant)

(c) Round Out Holding - Sunbeam Corp. Common Stock (\$3.00) - after re-  
ceipt of 33 1/3% Stock Dividend on April 15, 1950.  
(Ex-dividend date 4/17/50)

1,250shs now held - Book 26 $\frac{5}{8}$  - Current Market 63  
416 $\frac{2}{3}$  shs to be received as stock dividend  
1,666 $\frac{2}{3}$  shs to be held - Adjusted Book 19 $\frac{7}{8}$  - Adjusted  
Market based on Current Market 47 $\frac{1}{2}$ .

Institute for Advanced Study

- 2 -

Agenda - 3/31/50

(d) Retain or Tender at \$4.544

6.5M (Face Value \$4,539) The Parents Institute Inc. Reg. Contingent Income Bonds due 8/1/69 with 5shs Management Stock.

(e) Possible Purchase

Marathon Corporation Common Stock (\$1.40) at  $28\frac{5}{8}$  to yield 4.9%.  
(Memo dated March 29, 1950, submitted by request of Committee at last meeting)

5. Review and discuss:

(a) Composition of Portfolio:

(See pages 1 & 2 of Recapitulation of Investment Holdings dated March 24, 1950, submitted with complete list)

(b) Individual Securities with particular reference to the following, as requested by the Committee at the last meeting:

- ✓ (b-1) Decca Records, Inc., Common Stock (\$0.50)  
(1,000shs now held - Book  $21\frac{3}{8}$  - Current Market  $8\frac{7}{8}$  -  
Brief statistical resume' dated March 29, 1950, to be  
submitted to Committee)
- (b-2) General American Transportation Common Stock (\$3.00)  
(1,000shs now held - Book  $64\frac{1}{2}$  - Current Market  $51\frac{1}{2}$  -  
Comments by P. B. Wyant)
- (b-3) Holdings in Automobile Industry.

March 29, 1950

Paul B. Wyant



PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

April 4, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, March 31, 1950  
Treasurer's Office, 125 Park Avenue, New York City

1. Present:

Mr. Leidesdorf                      Mr. Linder  
Mr. Schaap                              Mr. Wyant

2. The meeting was called to order at 4:15 P. M.
3. The Chairman reported that cash on hand represented a normal working balance but that there were approximately \$3,750,000 par value marketable United States Government securities maturing within one year which could be considered as funds available for investment in corporate securities.
4. The Committee reviewed an open order to purchase 500 shares Johnson & Johnson Common Stock (\$2.00 plus stock dividend) at 45 and decided to let the order stand for review at the next meeting, if not executed in the interim.
5. After detailed discussion of individual securities it was decided to

SELL:

100shs St. Joseph Light & Power Company Common Stock  
1,000shs United Light & Railways Common Stock  
1,000shs Decca Records, Inc., Common Stock  
(Subject to approval of Mr. Maass)  
166 2/3shs Sunbeam Corporation Common Stock  
(After payment of 33 1/3% stock dividend, April 15, 1950)

SUBSCRIBE TO

600shs Kansas City Power & Light Company Common Stock  
(By exercising 3,000 United Light & Railway Rights)

6. The Secretary was requested to obtain balance sheet and income statements of the Parents Institute, Inc., for the purpose of determining if 6.5M (face value \$4,539) of the Company's registered contingent income bonds due 8/1/69 with 5 shares management stock should be tendered at face value for the bonds plus \$1.00 per share for the stock. The period for tendering the bonds expires April 30, 1950.



Institute for Advanced Study

- 2 -

Minutes - 3/31/50

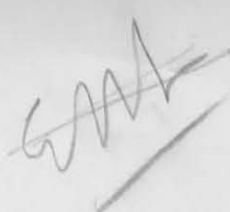
7. The Committee decided to reconsider the possible purchase of Marathon Corporation Common Stock (\$1.40), currently selling at  $28\frac{5}{8}$  to yield 4.9% at the next meeting at which Mr. John Hancock will be present.
8. The Committee reviewed the common stock holdings in the automobile industry and General American Transportation Common Stock, and decided to make no changes at present.
9. The Secretary was requested to look into and report at the next meeting on Columbus & Southern Ohio Electric Company Common Stock or some other public utility company common stock that may be more attractive than Kansas City Power & Light Company Common Stock (600 shares to be subscribed to on rights), for reinvestment of the proceeds from the sale of 1,000 shares United Light & Railways Common Stock.
10. The meeting adjourned at 5:00 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

April 4, 1950

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
—  
TELEPHONE CORTLANDT 7-0634



THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held Fri-  
day, March 31, 1950, at 4:00 P. M. at the Office of  
the Treasurer, 125 Park Avenue, New York City.

March 8, 1950

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

*7 ad.  
Mar 3*

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee of the Institute for Advanced Study will be held Friday, March 3, 1950, at 4:00 P. M. at the Office of the Treasurer, 125 Park Avenue, New York City.

February 21, 1950

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N.Y.  
TELEPHONE CORTLANDT 7-0634

March 1, 1950

Copy to Mr. Maass

" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, March 3, 1950, at 4:00 P.M.

Office of the Treasurer

125 Park Avenue, New York City

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Ratify:

Purchases

- 500M Commercial Investment Trust Inc. 6 Mo. Notes due 7/18/50 at  $1\frac{1}{2}\%$  discount basis.
- 2,000shs Southland Royalty Co. Common Stock (\$2.00) at  $33\frac{5}{8}$ .
- 20shs Dow Chemical Co. Common Stock (\$1.60 +  $2\frac{1}{2}\%$  Stk. Div.) at  $44\frac{1}{2}$ .  
(By exercising 1,000 rights - 1,045shs now held - Book 49 $\frac{3}{8}$  -  
Cur. Mkt.  $60\frac{1}{2}$ )
- 125shs Illinois Power Co. Common Stock (\$2.20) at  $31\frac{1}{2}$ .  
(By exercising 1,000 rights - 1,125shs now held - Book 29 $\frac{1}{8}$  -  
Cur. Mkt.  $39\frac{3}{4}$ )

Sales

- 1,500rts Consumers Power Co. at 1/16.
- 2,000rts Florida Power Co. at 1/64.
- 1,092rts Southwestern Public Service Co. at \$0.23 per 100 rights.
- 1,092shs Southwestern Public Service Co. Common (\$2.20) at  $33\frac{1}{8}$ .  
(Book 22 $\frac{3}{4}$  - Memo dated January 20, 1950, submitted to Committee)
- 300shs Lamont, Corliss & Co. Class "A" Common Stock (\$6.00) at \$168.50  
cash and 1/10 unit Pond's Extract Co. per share.  
(Lamont, Corliss, Book 85)  
(Now hold 30 units Pond's Extract Co. valued at \$250 per unit)  
Further cash payment on Lamont Corliss stock up to \$15.00 per  
share may be made prior to June 30, 1950.

Mr. Leidesdorf

- 2 -

Agenda - 3/3/50

Exchanges

2,000 U. S. Treasury Certificates of Indebtedness  $1\frac{1}{2}/1-1-50$   
For  
2,000 U. S. Treasury Certificates of Indebtedness  $1\frac{1}{2}/1-1-51$ .

6,000shs Paramount Pictures, Inc., Old Common (\$2.00)

For

3,000shs Paramount Pictures Corp. New Common (\$2.00)  
(Book  $22\frac{5}{8}$  - Cur. Mkt.  $17\frac{3}{4}$ )

and

3,000shs United Paramount Theatres, Inc., Common Ctls. of Interest (\$2.00)  
(Book  $26\frac{1}{2}$  - Cur. Mkt. 19)

4. Review authorization not yet executed to -

Buy

500shs Johnson & Johnson Common Stock (\$2.00 + Stk. Div.) at approx. 43  
to yield 4.7% plus stock.  
(Balance of 1,000shs authorized - 500shs purchased at  $41\frac{1}{8}$  -  
Cur. Mkt. 55)

5. Discuss:

✓ (a) Business outlook and composition of portfolio.

(Memo dated February 16, 1950, with Recapitulation Statement showing  
status of Endowment Fund investments as of December 31, 1949, sub-  
mitted to Committee)

✓ (b) Industrial common stock holdings by industries and possible changes  
based on previous discussion.

(Statements listing individual issues held as of February 21, 1950,  
submitted to Committee)

✓ (c) Investment suggestions proposed by Mr. Linder.

(Memo dated February 16, 1950, with attachments, submitted to Com-  
mittee)

(d) Possible sale: (Comments by P. B. Wyant)

3,187 $\frac{1}{2}$ shs Texas Eastern Transmission Corp. Common Stock (\$ - )  
(187 $\frac{1}{2}$ shs to be received 3/31/50 as  $6\frac{1}{2}\%$  Stock Dividend -  
Book 9 ex-dividend - Cur. Mkt.  $18\frac{3}{8}$  ex-dividend)

(e) Possible exchange: (Comments by P. B. Wyant)

Sell

2,000shs Niagara Mohawk Power Co. \$1.20 Cum. Dividend Preference  
Class "A" Common Stock - Convertible into 1.1shs plain  
Common until 2/1/52, then into 1 share.  
(Book  $24\frac{1}{2}$  - Cur. Mkt. 28 - Market Value \$56,000 -  
Annual Income \$2,400 - Yield 4.3%)

Buy

3,000shs Niagara Mohawk Power Co. plain Common Stock (\$1.40) at 24.  
(Market Value \$72,000 - Annual Income \$4,200 - Yield 5.8%)

Mr. Leidsdorf

- 3 -

Agenda - 3/3/50

(r) Possible purchase:

100M U. S. Treasury Series "G" 2 $\frac{1}{2}$ /3-1-62 at 100.

(Purchase in any one year limited to 100M - 850M now  
held maturing from May 1, 1953, to April 1, 1961.

March 1, 1950

Paul B. Bryant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

March 7, 1950

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, March 3, 1950  
Treasurer's Office, 125 Park Avenue, New York City

1. Present:

Mr. Leidesdorf	Mr. Hancock
Mr. Schaap	Mr. Linder
Mr. Strauss	Mr. Schur
Mr. Wyant	

2. The meeting was called to order at 4:00 P. M.

3. The Committee ratified:

Purchases

- 500M Commercial Investment Trust, Inc., 6 Mo. Notes due 7/18/50 at  $1\frac{1}{2}\%$  discount basis.
- 2,000shs Southland Royalty Co. Common Stock (\$2.00) at  $33\frac{5}{8}$ .
- 20shs Dow Chemical Co. Common Stock (\$1.60 +  $2\frac{1}{2}\%$  Stk. Div.) at  $44\frac{1}{2}$ .  
(By exercise of 1,000 rights)
- 125shs Illinois Power Co. Common Stock (\$2.20) at  $31\frac{1}{2}$ .  
(By exercise of 1,000 rights)

Sales

- 1,500rts Consumers Power Co. at 1/16.
- 2,000rts Florida Power Co. at 1/64.
- 1,092rts Southwestern Public Service Co. at \$0.23 per right.
- 1,092shs Southwestern Public Service Co. Common (\$2.20) at  $33\frac{1}{8}$ .
- 300shs Lamont, Corliss & Co. Class "A" Common Stock (\$6.00) at \$168.50 cash and 1/10 unit Pond's Extract Co. per share at valuation of \$250 per unit.

Exchanges

- 2,000M U. S. Treasury Certificates of Indebtedness  $1\frac{1}{2}/1-1-50$   
For  
2,000M U. S. Treasury Certificates of Indebtedness  $1\frac{1}{2}/1-1-51$ .
- 6,000shs Paramount Pictures, Inc., Old Common (\$2.00)  
For  
3,000shs Paramount Pictures Corp. New Common (\$2.00)  
and  
3,000shs United Paramount Theatres, Inc., Common Ctfs. of Int. (\$2.00)



4. The Treasurer reported that although cash on hand represented only a normal working balance, there were approximately \$3,750,000 par value marketable United States Government securities maturing within one year, which could be considered also as funds available for investment in corporate securities.
5. It was decided to raise the limit on an open order to purchase 500 shares Johnson & Johnson Common Stock (\$2.00 plus stk.) from approx. 43 to 45. Five hundred shares of the original authorization of 1,000 shares have been purchased at an average cost of 41 $\frac{1}{2}$ .
6. After a general discussion of the outlook for business, the composition of the portfolio, the industrial common stock holdings and certain other specific issues, it was concluded to

SELL:

- 2,000shs Niagara Mohawk \$1.20 Cum. Class "A" Preference Stock.  
(Eliminate)
- 1,000shs Boston Edison Common Stock.  
(Eliminate)
- 2,000shs Cleveland Electric Illuminating Common Stock.  
(Eliminate)
- 3,187 $\frac{1}{2}$ shs Texas Eastern Transmission Common Stock.  
(187 $\frac{1}{2}$ shs to be received 3/31/50 as stock dividend)  
(Eliminate)
- 1,000shs Bristol-Myers Common Stock.  
(Eliminate)
- 1,000shs Caterpillar Tractor Common Stock.  
(Eliminate)
- 400shs Coca-Cola Common Stock.  
(Eliminate)
- 1,000shs Dun & Bradstreet Common Stock.  
(Eliminate)
- 1,000shs Flintkote Co. Common Stock.  
(Eliminate)
- 1,000shs Gulf Oil Common Stock.  
(Retain 3,000shs)
- 1,500shs International Harvester Common Stock.  
(Eliminate)
- 1,000shs International Nickel Common Stock.  
(Eliminate)
- 200shs Johns-Manville Common Stock.  
(Retain 1,000shs)
- 1,800shs Paraffine Companies, Inc., Common Stock.  
(Eliminate)
- 700shs Schenley Industries Common Stock.  
(Eliminate)
- 1,530shs Standard Oil (N.J.) Common Stock.  
(Retain 3,000shs)
- 3,000shs United States Steel Common Stock.  
(Eliminate)
- 400shs J. S. Young Common Stock.  
(Eliminate)

Institute for Advanced Study

- 3 -

Minutes - 3/3/50

BUY:

- 100M U. S. Savings, Series "G", 2 $\frac{1}{2}$ /3-1-62.
- 4,000shs Central & South West Corp. Common Stock.
- 3,000shs Niagara Mohawk Power plain Common Stock.
- 3,000shs Virginia Electric & Power Common Stock.
- 1,000shs Addressograph-Multigraph Common Stock.
- 1,500shs Bethlehem Steel Common Stock.
- 1,000shs Deere & Co. Common Stock.
- 3,000shs Distillers Corp. - Seagrams Common Stock.
- 1,000shs Hanna, M. A., Common Stock.
- 1,500shs Hiram Walker-Gooderham & Worts, Ltd., Common Stock.
- 1,000shs Kennecott Copper Common Stock.  
(2,500shs now held)
- 1,000shs Newmont Mining Common Stock.
7. The Committee agreed to increase the amount of the mortgage loan to Professor Harold Cherniss from \$24,000 to \$27,000 on the same terms as were previously approved by the Board of Trustees.
8. It was decided to review again at the next meeting the common stock holdings in the automobile industry.
9. The Secretary was requested to report at the next meeting on Decca Records, General American Transportation, and Marathon Paper Common Stocks, and Pond's Extract Company Units.
10. The meeting adjourned at 7:00 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

March 7, 1950

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Dr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held Friday,  
October 21, 1949, at 12:10 P. M. at the Director's office,  
Fuld Hall, Princeton, New Jersey, preceding a meeting of  
the Board of Trustees.

October 13, 1949

Paul B. Wyant

PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

October 18, 1949

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, October 21, 1949, at 12:10 P. M.

Director's Office, Fuld Hall

Princeton, New Jersey

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Ratify:

(a) Sales -

1,000M U. S. Treasury  $2\frac{1}{2}/9-15-59/56$  at  $10\frac{1}{4} 28/32$  (Book 102 2/32).  
135M U. S. Treasury  $2\frac{1}{2}/3-15-58/56$  at  $106 6/32$  (Book 101 20/32).  
2,000shs Republic Natural Gas Co. Common Stock (\$1.00) at  $35\frac{1}{4}$ .  
275shs Central Illinois Light Co. Common Stock (\$2.20) at  $34\frac{5}{8}$ .  
40shs Madison Gas & Electric Co. Common Stock (\$1.60) at  $23\frac{3}{8}$ .  
1,000 rights American Gas & Electric Company at  $4/32$ .  
1,000 rights Dayton Power & Light Company at  $3/32$ .  
1,000 rights United Light & Railways Company at  $1 15/16$ .

(b) Purchases -

1,150M U. S. Treasury  $2\frac{1}{2}/6-15-62/59$  at  $102 30/32$ .  
100shs Consumers Power Co. Common Stock (\$2.00) at  $32\frac{3}{8}$ .  
400shs Southern Natural Gas Co. Common Stock (\$2.00) at 26.  
(By exercising 4,000 rights)  
1,000shs Seaboard Oil Co. Common Stock (\$2.00) at  $53\frac{7}{8}$  Aver.  
182 18/200shs Standard Oil Co. New Jersey Common Stock (\$4.00) at  $64\frac{1}{8}$ .  
100shs Superior Oil Co. California (\$3.00) at 165.

(c) Exchanges -

1,350M U. S. Treasury Ctfs. Indebt.  $1\frac{1}{8}/7-1-49$   
For  
1,350M U. S. Treasury Ctfs. Indebt.  $1\frac{1}{8}/7-1-50$ .

500shs Commonwealth & Southern \$6 Cum. Preferred Stock  
For  
\$500 Cash  
1,400shs Consumers Power Co. Common Stock (\$2.00)  
275shs Central Illinois Light Co. Common Stock (\$2.20)

Mr. Leidesdorf

- 2 -

Agenda - 10/21/49

4. Review authorizations not yet executed to -

Buy

50M Laclede Gas Light Co. Conv. Deb.  $4\frac{1}{2}/63$  at  $10\frac{1}{2}$  to yield 4.1%.  
 (None now held - Callable at  $102\frac{1}{2}$  - Current Market 119)  
 1,960shs American Natural Gas Co. Common Stock (\$1.20) at approx. 18  
 to yield 6.7%.  
 (Formerly American Light & Traction Co. - 40shs now held re-  
 ceived as stock dividend on United Light & Railways Co.  
 Common - Book  $19\frac{7}{8}$  - Current Market  $27\frac{1}{2}$ )

5. Discuss business outlook - review composition of portfolio.  
 (Recapitulation Statement based on market prices of September 30, 1949,  
 to be submitted to Committee - Blue covered booklet listing holdings as  
 of June 30, 1949, submitted to Committee)

6. Discuss possible exchanges (Comments by P. B. Wyant):

(a) <u>Sell</u>	<u>Cost</u>	<u>Cur. Mkt.</u>	<u>Market Value</u>	<u>Annual Income</u>	<u>Yield</u>
500M Amer. Tel. & Tel. Conv. Deb. $3\frac{1}{2}/59$ (Callable at 106 in 1951 - Conv. at 130 until 6/20/51. then 140)	106 $\frac{5}{8}$	113	\$565,000	\$15,625	1.53%

Buy

500M Amer. Tel. & Tel. Conv. Deb. $2\frac{3}{4}/61$ (Callable at 108 - Conv. at 150)		105 $\frac{1}{2}$	\$527,500	\$13,750	2.09%
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(b) Sell

40shs Amer. Nat. Gas Common (\$1.20) (Eliminate)	19 $\frac{7}{8}$	27 $\frac{1}{2}$	\$ 1,100	\$ 48	4.4%
2000shs Tennessee Gas Trans. Common (\$1.40) (1,000shs now held - 1,000shs to be rec'd. 11/10/49 as 25% stk. div'd. - Retain 3,000shs)	20 $\frac{3}{8}$	25 $\frac{1}{2}$	51,000	2,800	5.5

Buy

500shs Peoples Gas Lt. & Coke Common (\$6.00) (500shs now held - Book $10\frac{1}{2}$ )		116	\$ 58,000	\$ 3,000	5.2%
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Mr. Leidesdorf

- 3 -

Agenda - 10/21/49

7. Securities for possible purchase -

- 1,000shs U. S. & Foreign Securities Corp. \$4.50 Cum. Preferred Stock at 100 to yield 4.5%.  
(Asset Value \$459 as of June 30, 1949. Comments by Mr. Linder or P. B. Wyant)
- 1,000shs U. S. & International Securities Corp. \$5 Cum. 1st Preferred Stock at 84 to yield 6.0%.  
(Asset Value \$175 as of June 30, 1949 - Comments by Mr. Linder or P. B. Wyant)
- 1,000shs Dow Chemical Co. Common Stock (\$1.60) at 51 to yield 3.1%.  
(Memo dated October 17, 1949, submitted to Committee)
- ✓ 2,000shs Johnson & Johnson Common Stock (\$1.20 + 5% Stk. Div.) at 43 to yield 2.8% on cash dividend.  
(Memo dated October 17, 1949, submitted to Committee)

8. Other pertinent items:

- (a) Offer expected to be made to purchase Transwestern Royalty Co. Common Stock at \$60 per share.  
(100shs now held - Book 12)
- (b) Each share Niagara Hudson Power Corp. \$5 Cum. Preferred Stock to be exchanged under plan of recapitalization for 4shs Class A (\$1.20) Convertible Stock.  
(500shs \$5 Preferred now held - Book 98 - Current Market 102)

October 18, 1949

Paul B. Wyant



PAUL B. WYANT  
233 BROADWAY  
(WOOLWORTH BLDG.)  
NEW YORK 7, N. Y.  
TELEPHONE CORTLANDT 7-0634

October 27, 1949

Copy to Mr. Maass  
" Stewart  
" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, October 21, 1949

Director's Office, Fuld Hall, Princeton, New Jersey

1. Present:

Mr. Leidesdorf	Mr. Linder
Mr. Maass	Mr. Rosenwald
Mr. Schaap	Mr. Oppenheimer
Mr. Strauss	Mr. Wyant

2. The meeting was called to order at 12:10 P. M.

3. The Committee ratified:

(a) Sales -

1,000M U.S. Treasury  $2\frac{1}{4}/9-15-59/56$  at  $10\frac{1}{4} 28/32$  (Book 102 2/32).  
135M U.S. Treasury  $2\frac{1}{4}/3-15-58/56$  at  $106 6/32$  (Book 101 20/32).  
2,000shs Republic Natural Gas Co. Common Stock (\$1.00) at  $35\frac{1}{4}$ .  
275shs Central Illinois Light Co. Common Stock (\$2.20) at  $34\frac{5}{8}$ .  
40shs Madison Gas & Electric Co. Common Stock (\$1.60) at  $23\frac{1}{8}$ .  
1,000 rights American Gas & Electric Company at  $4/32$ .  
1,000 rights Dayton Power & Light Company at  $3/32$ .  
1,000 rights United Light & Railways Company at  $1 15/16$ .

(b) Purchases:-

1,150M U.S. Treasury  $2\frac{1}{4}/6-15-62/59$  at  $102 30/32$ .  
100shs Consumers Power Co. Common Stock (\$2.00) at  $32\frac{3}{8}$ .  
400shs Southern Natural Gas Co. Common Stock (\$2.00) at 26.  
(By exercising 4,000 rights)  
1,000shs Seaboard Oil Co. Common Stock (\$2.00) at  $53\frac{7}{8}$  Aver.  
182 18/200shs Standard Oil Co. New Jersey Common Stock (\$4.00) at  $64\frac{1}{2}$ .  
100shs Superior Oil Co. California (\$3.00) at 165.

(c) Exchanges -

1,350M U. S. Treasury Ctfs. Indebt.  $1\frac{1}{8}/7-1-49$   
For  
1,350M U. S. Treasury Ctfs. Indebt.  $1\frac{1}{8}/7-1-50$ .

500shs Commonwealth & Southern \$6 Cum. Preferred Stock  
For  
\$500 Cash  
1,400shs Consumers Power Co. Common Stock (\$2.00)  
275shs Central Illinois Light Co. Common Stock (\$2.20)



4. The Committee's attention was directed briefly to a recapitulation statement dated October 20, 1949, showing the status of the investment holdings as of September 30, 1949.

As of September 30, cash and market value of all investments totaled \$18,096,366, an increase of \$1,384,226 over book value of \$16,712,140.

Estimated annual income of \$717,879 (before amortization of premium on bonds estimated at \$6,500 annually) produces a yield of 4.0% on total market value and 4.3% on total book value of the fund.

Cash and United States Government bonds accounted for 34.4%, other bonds and mortgages for 9.0%, preferred stocks for 10.4% and common stocks for 46.2% of the total market value of the fund.

5. The Treasurer reported that although there was approximately \$200,000 cash on hand, which represented a normal working balance, approximately \$5,000,000 in marketable U. S. Government securities, most of which are due within one year, could be considered also as funds available for investment in corporate securities.

6. The Committee reviewed authorizations not yet executed and agreed to

Cancel to Buy -

50M Laclede Gas Light Company Conv. Deb. 4½/63 at 104½.  
(Current Market 119)

1,960shs American Natural Gas Company Common Stock (\$1.20) at approx. 18.  
(Current Market 27½) (Formerly American Light & Traction Co.)

7. After a general discussion of the outlook for business, money rates, composition of the portfolio and certain specific securities, it was concluded to SELL:

? M U. S. Treasury Certificates of Indebtedness 1½/1-1-50  
(Sufficient in amount to pay for authorized purchases)

250M American Telephone & Telegraph Company Conv. Deb. 3½/59.  
(Retain 250M - Book 106½)

40shs American Natural Gas Company Common Stock (\$1.20)  
(Eliminate)

2,500shs Tennessee Gas Transmission Company Common Stock (\$1.40)  
(Retain 2,500shs - Book 20½)

BUY:

250M American Telephone & Telegraph Company Conv. Deb. 2½/61.

1,000shs U. S. & Foreign Securities Corp. \$4.50 Cum. Preferred Stock.

1,000shs U. S. & International Securities Corp. \$5.00 Cum. 1st Pfd. Stk.

500shs Peoples Gas Light & Coke Company Common Stock (\$6.00)  
(Increase to 1,000shs)

1,000shs Dow Chemical Company Common Stock (\$1.60)

1,000shs Johnson & Johnson Common Stock (\$1.20 plus 5% stock dividend)

Institute for Advanced Study

- 3 -

Minutes - 10/21/49

8. The Committee authorized the sale of 100 shares Transwestern Royalty Company Common Stock (book 12) at \$60 per share if anticipated offer to purchase the capital stock of the Company is made by Arctic Oil Company and Roytex Oil Company.
9. Mr. Maass presented to the Committee the agreement entered into between the Institute and Professor Oswald Veblen and his wife by which they sold, assigned, transferred, conveyed and set over to the Institute their home on Battle Road, in Princeton, New Jersey, in consideration of an agreement on the part of the Institute to pay to Professor Veblen and his wife, and/or the survivor of them, in equal monthly installments, an annuity of \$2500.00 per annum, all of which had heretofore been approved by the Board of Trustees. Mr. Maass further stated that the Treasurer reported that he had been advised by insurance actuaries that the Institute should set aside and earmark the sum of \$40,000.00 as a basis for such annuity payments.

After discussion, and on motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Treasurer be, and he hereby is, directed to earmark and set aside, out of the Institute's endowment, the sum of \$40,000.00, to be held as a fund against the payment of the annuities to Professor Oswald Veblen and his wife, and/or the survivor of them, as hereinbefore set forth.

10. The Committee approved exchange of 500 shares Niagara Hudson Power Corporation \$5 Cumulative Preferred Stock for 2,000 shares \$1.20 Dividend Preference Convertible Class "A" Stock if the Company's Plan of Recapitalization becomes effective.
11. The Committee authorized that 1,000 units Transcontinental Gas Pipeline Corporation be exchanged for 1,000 6% (\$50 Par) Notes due May 1, 1951 and 1,000 shares Common Stock.
12. The Secretary was requested to submit data on proposed exchanges and suggested purchases submitted by Mr. Linder, after which another meeting of the Finance Committee is to be called.
13. The meeting adjourned at 1:30 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

October 27, 1949

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Copy to Mr. Maass  
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" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, May 20, 1949, at 11:30 A. M.

at the Uptown Club  
60 East 42nd Street  
New York City

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by Chairman.
3. Ratify Sale -
  - 1,100rts Indianapolis Power & Light Co. at 1/128.  
(Giving privilege to subscribe to 110shs at 25.09 per share -  
Cur. Mkt. 25 $\frac{1}{8}$ )
4. Review authorizations not yet executed to:

Buy

- 50M Laclede Gas Light Co. Conv. Deb. 4 $\frac{1}{2}$ /63 at 104 $\frac{1}{2}$  to yield 4.1%.  
(None now held - Callable at 102 $\frac{1}{2}$  - Current Market 114 $\frac{1}{4}$ )
  - 1,960shs American Light & Traction Co. Common Stock (\$1.20) at approx.  
18 to yield 6.7%.  
(40shs now held received as dividend on United Light & Rys.  
Co. Common - Book 19 $\frac{7}{8}$  - Current Market 24)
5. Discuss business outlook - review composition of portfolio and individual security holdings:  
(Blue-covered booklet listing holdings submitted to Committee)
  - (a) Comments by Mr. Linder.
  - (b) Consider advisability of reducing commitments in relatively heavy or cyclical industries.
6. Securities for possible purchase:
  - 300shs Celanese Corp. \$4.75 Cum. First Preferred Stock at 101 to yield 4.7%.  
(200shs now held - Book 101 $\frac{1}{8}$  - Callable 105)
  - 3,000shs Sunray Oil Co. 4 $\frac{1}{2}$ % (\$25 Par) Cum. "B" Preferred Stock at 19 $\frac{1}{2}$  to yield 5.8%.  
(4000shs 4 $\frac{1}{4}$ % "A" Preferred now held - Book 21 $\frac{7}{8}$  - Callable 25 $\frac{3}{4}$ )

Securities for Possible Purchase (Cont'd.)

- 1,000shs Colonial Mills Co. Common Stock (\$1.00) at 16 to yield 6.3%.  
(None now held - Memo dated April 7, 1949, submitted to Committee)
- 500shs Peoples Gas Light & Coke Co. Common Stock (\$6.00) at 105 to yield 5.7%.  
(Memo dated April 7, 1949, submitted to Committee)
- ✓ 500shs Liggett & Myers Co. Common Stock (\$5.00) at 81 to yield 6.2%.  
(Memo dated May 18, 1949, submitted to Committee)
- ✓ 1,000shs United Carbon Co. Common (\$2.00) at  $34\frac{1}{2}$  to yield 5.8%.  
(Memo dated May 12, 1949, submitted to Committee)

7. Discuss:

- (a) American Telephone & Telegraph new financing - Conv. Deb.  $3\frac{1}{8}\%$  6-20-49 - Current Market  $107\frac{1}{4}$  - Yield 2.23% - Callable after 6/20/51 at 106 for 2 years, thereafter on declining scale to 100 on 6/20/58 - Convertible from 9/1/49 thru 6/19/51 into Common Stock at 130 and thereafter at 140 - Current Market Common Stock  $141\frac{1}{2}$ .  
(250M Conv. Deb.  $2\frac{3}{4}\%$  12-15-61 now held - Book  $105\frac{1}{4}$  - Current Market  $101\frac{5}{8}$  - Yield 2.54% - Callable thru 12/14/50 at 108, thereafter on declining scale to 100 on 12/15/58 - Convertible into Common Stock at 150 thru 12/14/58)
- (b) Paramount Pictures, Inc., Plan of Reorganization.  
(5,000shs now held - Book  $24\frac{7}{8}$  - Current Market  $22\frac{3}{8}$  - Memo dated ✓ May 12, 1949, submitted to Committee)

8. Securities for possible sale:

- 125shs Plainfield Union Water Co. Common Stock (\$4.00) at 69 - Yield 5.8% - Book 68.
- 1,000 Units Newark & Essex Building Corp. at 8 - No income - Book 25 cents  
(Each Unit consists of 2 shares \$3.50 "A" Preferred Stock and 1 share "B" Common Stock)

9. Other pertinent items -

- (a) Electric Power & Light Co. Reorganization Plan confirmed by Courts - The Institute now holds:

		Book	Cur. Mkt.
500shs	\$7 Cum. First Preferred	$155\frac{1}{4}$	$174\frac{1}{4}$
500shs	\$7 Cum. Second Preferred	$128\frac{3}{8}$	$172\frac{1}{4}$

For above, about \$2,600 cash and the following securities will be received in exchange:

- 6,375shs United Gas Corp. Common (\$1.00) - Cur. Mkt.  $16\frac{1}{2}$ .
  - 4,400shs Middle South Utilities, Inc., Common (\$1.10) - Cur. Mkt.  $15\frac{1}{2}$ .
- Income will increase annually from \$3,500 to \$11,215.

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May 18, 1949

Copy to Mr. Maass  
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Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

THE INSTITUTE FOR ADVANCED STUDY

Liggett & Myers Tobacco Company  
Common Stock (\$5.00) at 81 to yield 6.2%

Memo to Mr. Leidesdorf:

Attached is a brief statistical resume' setting forth the financial condition and operating record of Liggett & Myers Tobacco Company.

The 25% increase in common stock which recently took place through issuance of rights to stockholders, brought about a decline in price from nearly 89 to 73 with subsequent recovery to its current level of 81. At this price it is selling at  $11\frac{1}{2}$  times earnings of \$7.09 (adjusted from \$8.86 reported for 1948 to reflect additional shares being offered) and to provide a generous return of 6.2% based on annual dividends of \$5.00. The current price-earnings ratio and yield is favorable compared with the past record. Reynolds Common Stock is selling at the same price-earnings ratio and to yield 5.8%; American Tobacco is selling at  $8\frac{1}{2}$  times earnings and to yield 5.8%.

Notwithstanding the financing necessary to carry larger inventories for its expanding business, the capitalization of the Company is conservative considering the stability of the business; debt is 27.3%, preferred stock 4.5% and common stock 68.2%, taking the latter at its market value. In the last few years, although profits have been improving due to greater volume and moderate price increases, retained income has been far from sufficient to finance swelling inventories. This spread, however, has been narrowing and may be reversed this year, depending largely on farm price legislation and tobacco buying from abroad, particularly England. In 1948, inventories increased \$46.7 million over 1947 and retained earnings amounted to \$12.1 million. Long term debt and bank loans after the financing in recent years amount to only 45% of the value of leaf inventory.

Tobacco consumption continues to increase; there was an industry increase of 4.6% last year and the first two months of 1949 were 5.4% ahead of 1948. Liggett & Myers' increase in unit sales in 1948 was 6.2% over 1947. War-deferred expansion of production facilities are being continued and the Company expects to spend about \$7.5 million in 1949 and 1950. A new modern cigarette factory at Durham, North Carolina, will come into production soon.



Mr. Leidesdorf

- 2 -

Liggett & Myers Tobacco

The tobacco industry is still in a growth trend and has relatively stable earnings in depression times. One reason for the unfavorable financial trend during the war was the maintenance of OPA ceiling prices on its products while tobacco prices to the farmer were permitted to increase. Since the expiration of the OPA, cigarette prices have been increased and any decline in leaf tobacco costs would now permit profit margins to widen. Upon completion of the war-deferred construction of plant, the financial problems of the industry should be eased.

I suggest that the Committee consider favorably the purchase of 500 shares Liggett & Myers Common Stock as a replacement of stocks of companies engaged in more cyclical activities.

May 18, 1949

Paul B. Wyant

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LIGGETT & MYERS TOBACCO COMPANY

Common Stock (\$5.00) at 81 to yield 6.2%

Company

Liggett & Myers Tobacco Company manufactures Chesterfields, the third leading cigarette brand, and various other brands, including Fatima, Piedmont and Home Run, as well as smoking and chewing tobaccos. The best known of the smoking tobaccos are Velvet, Duke's Mixture and Granger. It is estimated that in 1948 Chesterfields accounted for 20.2% of all cigarettes sold, Camels 27.4%, Lucky Strikes 29.5% and all others 22.9%.

Capitalization

Between April 13 and April 29, 1949, Liggett & Myers offered through the issuance of rights to its stockholders one share of Common Stock (\$25 Par) at \$50 for each four shares held. The stock is currently selling at 81. Giving effect to the issuance of 784,235 shares in this financing, capitalization of the Company is -

	<u>Amount</u> (000)	<u>% Total</u>
Funded Debt	\$127,887	36.3%
7% Cum. Non-Callable Preferred Stock	20,874	5.9
Common Stock Capital & Surplus (3,921,174 shares)	<u>203,831</u>	<u>57.8</u>
Total	\$352,592	100.0%

Note - Taking the debt and preferred stock at par value and substituting the market value of the Common Stock, the capitalization is -

	<u>Amount</u> (000)	<u>% Total</u>
Funded Debt	\$127,887	27.3%
7% Cum. Non-Callable Preferred Stock	20,874	4.5
Common Stock at \$81 per share	<u>317,615</u>	<u>68.2</u>
Total	\$466,376	100.0%

The 7% Preferred Stock is currently selling at 174 to yield 4.0%.



- 2 -

Liggett & Myers Tobacco

### Working Capital

The proceeds of \$39 million from sale of the Common Stock are being used to reduce outstanding notes which, under a revolving credit arrangement, amounted to \$63 million as of March 31, 1949. Outstanding notes and funded debt will then amount to approximately \$152 or about 45% of leaf tobacco inventory value.

As of December 31, 1948, the current position was as follows:

<u>Current Assets</u>		<u>Current Liabilities</u>	
Cash	\$ 13,864,737	Notes Payable to Banks	\$ 78,500,000
Acc'ts. Receivable, Customers	18,672,460	Accounts Payable	3,187,712
Acc'ts. Receivable, Others	598,052	Div. Pay. Preferred Stk.	365,297
Leaf Tobacco, at cost	340,927,831	Accrued Int. Bonds & Deb.	1,198,158
Manufactured Stock & Supplies	28,264,031	Accrued Taxes	25,027,274
Total	\$402,327,111	Total	\$108,278,441

Net Current Assets \$294,048,670; Ratio 3.7 to 1

### Sales & Earnings

The Company's sales volume and net income last year were at a record high; earnings per share were equivalent to \$8.86. The \$5.00 dividend distributed represented a pay-out of about 56% of earnings - unusually low for this Company in the light of past experience. Retention of a large percentage of earnings reflects the expanding volume of sales at high inventory prices, necessitating larger working assets than heretofore and this in turn has resulted in a marked increase of senior capital liabilities over the past several years.

Sales of \$556.5 millions last year represented a gain of 8.3% over 1947 sales - a somewhat better showing than the average gain of the four other major cigarette companies. Part of the improvement resulted from an increase of 5.4% in prices since the end of July, 1948, but unit output of cigarettes also increased - by 6.2%.

Following is a condensed record of income and balance sheet data covering the years 1939-1948 inclusive:

	<u>Sales</u> <u>(Millions)</u>	<u>Profit</u> <u>Margin*</u>	<u>Net Income</u> <u>(Millions)</u>	<u>Earned</u> <u>Per Share</u> <u>Common Stock</u>	<u>Dividend</u> <u>Per Share</u> <u>Common Stock</u>
1948	\$556.5	19.1%	\$29.3	\$8.86	\$5.00
1947	513.8	16.4	22.9	6.83	4.50
1946	464.5	15.9	18.4	5.39	4.00
1945	399.2	14.5	14.9	4.30	3.50
1944	374.0	17.6	14.8	4.41	3.50
1943	347.2	23.1	15.6	4.68	3.50
1942	294.3	24.4	15.7	4.55	3.50
1941	275.1	23.2	17.8	5.22	5.00
1940	246.3	22.9	20.3	6.02	5.00
1939	232.9	21.0	20.7	6.13	5.00

\* After deducting revenue stamps from sales.

	<u>Total Assets</u> <u>(Millions)</u>	<u>Net Worth</u> <u>(Millions)</u>	<u>Net Working</u> <u>Capital</u> <u>(Millions)</u>	<u>Debt</u> <u>(Millions)</u>	<u>Preferred</u> <u>(Millions)</u>	<u>Book</u> <u>Value</u> <u>Per Share</u>
1948	\$425.0	\$185.5	\$294.0	\$127.9	\$20.8	\$53.12
1947	366.2	175.4	289.7	127.9	20.8	49.25
1946	338.0	168.1	286.2	127.9	20.8	46.92
1945	293.4	163.7	209.3	52.9	20.8	45.53
1944	257.8	161.2	163.2	12.9	20.8	44.73
1943	243.9	158.8	168.7	12.9	20.8	43.98
1942	218.0	155.6	165.2	12.9	20.8	42.96
1941	199.7	152.3	159.4	12.9	20.8	41.90
1940	188.4	152.1	158.5	12.9	20.8	41.68
1939	181.5	148.4	157.0	12.9	20.8	40.66

Common Stock outstanding throughout 3,136,939 shares, \$25 par Value.

The Company's offering of additional common stock has increased the total to 3,921,194 shares; based upon the net income of \$29,261,000 reported for 1948, (without making allowance for any savings in interest, etc., through use of stock proceeds) earnings per share on the enlarged capitalization would be equivalent to \$7.09. On that base the stock ex-rights is presently selling on an approximately 11½ times price-earnings ratio. Market record of the ten-year period 1939-1948 follows, together with the annual price-earnings ratio based upon the earnings of each year:

	<u>Price Range</u>		<u>Indicated Price-Earnings Ratio</u>		
	<u>High</u>	<u>Low</u>	<u>At High</u>	<u>At Low</u>	<u>At Mean</u>
1948	91	82	10.3	9.2	9.8
1947	96 $\frac{3}{4}$	78	14.2	11.5	12.8
1946	102	83	18.9	15.4	17.1
1945	99 $\frac{3}{4}$	78	23.2	18.1	20.7
1944	83 $\frac{1}{2}$	68 $\frac{1}{2}$	18.9	15.4	17.2
1943	71	62	15.2	13.2	14.2
1942	73 $\frac{1}{2}$	50 $\frac{1}{2}$	16.1	11.1	13.6
1941	96 $\frac{1}{2}$	64 $\frac{1}{2}$	18.5	12.3	15.4
1940	109	87	18.1	14.4	16.3
1939	108 $\frac{1}{2}$	95	17.7	15.5	16.6
Average 1939-1948	93 $\frac{1}{8}$	74 $\frac{3}{4}$	17.1	13.6	15.4

Range 1949 to Date: 88 $\frac{3}{4}$  - 72 $\frac{3}{4}$

### Management

Officers and Directors of the Company are as follows:

J. W. Andrews, President & Director  
 W. A. Blount, Vice-President & Director  
 B. F. Few, Vice-President & Director  
 G. W. Thompson, Vice-President & Director  
 J. N. Wellman, Vice-President & Director  
 H. E. White, Vice-President, Treasurer & Director  
 Zack Toms, Secretary & Director  
 J. E. Farley, Director  
 C. B. Gary, Director  
 J. C. Hundley, Director  
 E. S. Peters, Director  
 J. E. Scales, Director

May 18, 1949

Paul B. Wyant

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THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

Correction of Place of Meeting

The Finance Committee meeting scheduled  
for 11:30 A. M. on Friday, May 20, 1949, will be held  
at the Uptown Club, 60 East 42nd Street, New York City,  
instead of at the Treasurer's Office, as stated in my  
notice dated May 12, 1949.

May 13, 1949

Paul B. Wyant

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THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
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Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Linder  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held Friday,  
May 20, 1949, at 11:30 A. M. at the Office of the Treas-  
urer, 125 Park Avenue, New York City.

May 12, 1949

Paul B. Wyant

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THE INSTITUTE FOR ADVANCED STUDY

Paramount Pictures, Inc.  
Plan of Reorganization

Memo to Mr. Leidesdorf:

The Institute currently holds 5,000 shares of Paramount Pictures, Inc. at a book value of \$124,296 (24.8 per share) and a current market value of \$110,000 (22 per share).

In view of the recent adoption by stockholders of the Plan of Reorganization, I have prepared the attached memorandum outlining the terms of the Plan and making a brief analysis of the successor companies (each stockholder will receive one-half share of Picture Company stock and a certificate of interest in one-half share of Theatre Company stock for each share of Paramount.)

The management of Paramount Pictures, as a result of the Supreme Court decision, had the alternative of carrying on further litigation or of entering into a Consent Judgment. After considerable negotiation with the Department of Justice the management arrived at a Plan of Reorganization separating the present company's activities into film production and theatre operation. While certain terms of the plan seem onerous, it appears that the management has secured the most favorable terms for stockholders which could reasonably be expected.

The stock of the New Theatre Company will be placed in a voting trust, a provision required by the Federal Government, to insure that there will be no common control of the two new companies. During the first two years (or until such time as the voting trust is terminated) 50% of all dividends on the Theatre Company stock will be withheld and accumulated for the benefit of certificate holders. At any time after December 31, 1949, a holder of such certificates may obtain "free" stock of the Theatre Company together with any dividends withheld in exchange for his voting trust certificates by filing an affidavit to the effect that he is no longer a stockholder of the New Picture Company. The voting trust may be terminated whenever two-thirds of the certificates have been so converted.

The Plan becomes effective on December 31, 1949, at which time securities of the successor companies will be issued in exchange for the present Paramount stock. It is not necessary for Paramount stockholders to take any action



Mr. Leidesdorf

- 2 -

Paramount Pictures

at all prior to that time. However, trading in the new securities on the New York Stock Exchange has begun on a "when issued" basis. It is possible that soon after the distribution of the new securities the requirements for termination of the voting trust (i.e. conversion of two-thirds of the certificates of interest into "free" stock) will be met and thus remove the necessity for some holders to decide which of the new shares should be sold.

The following table summarizes certain statistical information appearing in the attached memorandum on the two successor companies:

	W.I. Mkt. Price	<u>Asset Value</u>		Est. 1948 Earnings	9 Yr. Average Earnings	<u>Price-Earn. Ratio</u>	
		<u>Book</u>	<u>Est.*</u>			<u>Est. 1948</u>	<u>9 Yr. Aver.</u>
Theatre Co.	23	\$11.12	\$37.50	\$5.75	\$3.48	4.0	6.6
Picture Co.	20	\$27.40	\$45.00	\$2.00	\$2.60	10.0	7.7

\* As estimated by the management.

It is reasonable to expect that the Theatre Company will have relatively more stable earnings and dividends while the Production Company will have greater speculative possibilities. For this reason it is possible that a better opportunity for disposing of the Picture Company stock will be available at some time in the future. Based on an analysis of the asset values and past earning power of both divisions of the business, the market is currently making a modest appraisal of these factors; the old stock, which has declined 50% from its 1946 high, provides a generous return of about 9% on the current \$2 dividend which is adequately covered by earnings.

I suggest that the Committee discuss the advisability of now disposing of the Institute's holdings in either the New Picture Company or the New Theatre Company or the retention of both companies until a clearer appraisal can be made of the individual merits of the two enterprises. Based on the current "when issued" markets for the two securities and the pro-forma statistical data covering the past nine years, I believe that the stock of the Theatre Company would be the more suitable holding for the Institute.

JWB:GL  
May 12, 1949

Paul B. Wyant



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April 19, 1949

PARAMOUNT PICTURES, INC.

Plan of Reorganization

The plan of reorganization providing for the separation of theatre assets located in the United States from the other assets of Paramount Pictures was approved at a special meeting of the stockholders on April 12. The plan was designed specifically to terminate by a Consent Judgement the litigation pending under the Sherman Anti-Trust Act between the United States and Paramount.

The plan in brief provides for the formation of two new companies to be known as United Paramount Theatres, Inc. and Paramount Pictures, Inc. Under the plan, which becomes effective December 31, 1949, each holder of stock of Paramount will receive a certificate representing shares of common stock of the new Paramount Pictures, Inc. and a certificate of interest in shares of common stock of United Paramount Theatres, Inc., on the basis of one-half share of common stock of each of the two new companies for each share of Paramount held. To discourage retention of both issues and to prevent joint control of the new corporations, some very unusual provisions have been incorporated in the voting trust of the new Theatre Company. During the first two years in which the trust is in existence, the trustee will pay the holders of certificates of interest only 50% of Theatre Company dividends to those retaining stock in the picture concern. Once an individual sells the Picture Company stock, he may convert the voting trust certificate into "free" shares and obtain dividends previously withheld.

The voting trust is not a permanent arrangement. Under the Consent Judgement the new Theatre Company may ask the court to terminate the trust whenever two-thirds of the certificates of interest have been converted into "free" shares of common stock. The court will grant the application if it is satisfied that there is no working control common to the two new companies. In the opinion of the management the trust should be terminated within two years after the effective date of the plan. It is worth noting that there is nothing in the terms of the plan which will prevent the holder of both the new Theatre Company trust certificates and the new Picture Company common stock from selling the Picture Company stock, filing an affidavit to that effect, exchanging the Theatre Company trust certificates for "free" stock and subsequently repurchasing the new Picture Company stock.

United Paramount Theatres, Inc.

At the present time Paramount Pictures has 449 wholly owned theatres in the United States and 975 theatres which are owned jointly with others. The Consent Judgement gives the new Theatre Company the right to continue to operate 380 theatres which were wholly owned by Paramount on the date of the Judgement, and to acquire and retain the entire interest in 266 of the theatres which were partly owned by Paramount on such date. The management of Paramount expects that the new Theatre Company will end up with approximately 575 wholly owned theatres, which should have about the same earning power as the present theatre properties of Paramount located in the United States.

After the reorganization plan is consummated the new Theatre Company will be the largest unit in the exhibition end of the motion picture industry. Although future earnings will tend to fluctuate with changes in consumer income and general business activity, the past record of Paramount Theatre management has demonstrated an ability to operate all its properties at highly satisfactory returns. Moreover, these properties will be free and clear of mortgage debt. It is possible that when all transactions involving sales and exchanges of theatres are completed, sufficient cash will be available to permit early payment of the \$17.5 million bank loans. The Theatre Company will own television Station WBKB in Chicago and will also be permitted to acquire four additional television stations.

The pro forma balance sheet of the New Theatre Company as of October 2, 1948 is as follows:

Assets:

-000 Omitted

Current assests (including \$17,852,771 cash and U.S. Government securities) .....	\$ 19,203
Investments in affiliated companies .....	7,930
Other investments .....	1,528
Land, buildings, equipment and leaseholds, less reserves .....	37,055
Other assets and deferred charges .....	3,561
Total Assets , .....	<u>\$ 69,277</u>

Liabilities, Reserves and Capital:

Current liabilities .....	\$ 8,106
Notes payable to banks .....	17,500
2 $\frac{3}{4}$ % convertible notes of Paramount due 1951 .....	1,000
Miscellaneous liabilities & advance payments .....	565
Reserve for contingencies .....	3,586
Interest of minority stockholders of subsidiary companies .....	389
Capital (3,417,920 shares at \$1 par value) and capital surplus .....	38,131
Total Liabilities, Reserves and Capital .....	<u>\$ 69,277</u>

According to statements made by the management of Paramount, the carrying values of the assets of the New Theatre Company are materially below present market values. It is their belief that investments carried above at \$7 million which are presently earning approximately \$7 million are worth in excess of \$50 million and that Theatre Buildings, etc., carried at \$37 million, currently earning more than \$12.5 million, have a value in excess of \$85 million. Book value per share of stock of the new Theatre Company is \$11.15. If the assets are adjusted to reflect the values placed on them by the management, book value per share would be approximately \$37.50. The following table shows pro forma earnings of the new Theatre Company and subsidiaries, based on a segregation of earnings of Paramount applicable to the assets comprising the new Picture Company.

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Paramount Pictures, Inc.

United Paramount Theatres, Inc.

Pro-Forma Earnings

	Net Income $\phi$ (\$-000)	Per Share Common #
1940	5,304	\$ 1.59
1941	5,122	1.54
1942	5,935	1.78
1943	7,925	2.38
1944	9,428	2.83
1945	9,681	2.91
1946	24,673	7.41
1947	20,728	6.23
9 mos. 1948	14,654	4.40

$\phi$  Earnings of consolidated subsidiaries plus undistributed share of earnings of controlled partly owned companies and of companies owned 50% or less.

# Based on 3,328,269 shares outstanding 3/4/49.

New Picture Company

The new Picture Company will continue the business of producing motion pictures and distributing them throughout the world. In addition, it will own 66.67% of the common stock of Famous Players Canadian Corporation, Ltd., which owns and operates a circuit of 370 theatres in Canada. It will also own television station KTLA in Los Angeles, stock of Famous Music Corporation and Paramount Music Corporation, the Paramount Building in New York City and approximately 29 $\frac{1}{2}$ % of the common stock of Allen B. Du Mont Laboratories, Inc.

The pro forma consolidated balance sheet of the new Picture Company may be summarized as follows:

Assets:

(As of Oct. 2, 1948)

	(-000)
Cash & U.S. and Canadian government securities ...	\$ 30,017
Film and other inventories .....	45,533
Other current assets .....	5,897
Total current assets .....	\$ 81,447
Investments in affiliated companies .....	4,029
Investments in wholly-owned foreign sub- sidiaries not consolidated .....	5,500
Other investments .....	50
Land, buildings, equipment and leaseholds, less reserves .....	27,044
Other assets and deferred charges .....	1,975
Total assets .....	\$120,045

Liabilities, Reserves and Capital:

Current liabilities .....	\$ 9,068
2 $\frac{3}{4}$ % convertible notes of Paramount due 1951 ....	1,000
Miscellaneous liabilities and advance payments .	5,165
Reserve for contingencies .....	3,334
Interest of minority stockholders of subsidiary companies .....	7,888
Capital (3,417,919 at \$1 par value) and capital surplus .....	93,589
Total Liabilities, Reserves and Capital \$	120,045

The pro forma book value per share of stock of the new Picture Company is \$27.38. The management of Paramount believes that these assets are understated to some extent. For instance, the investment in Famous Players Canadian Company is carried at approximately \$8,000,000 and has a market value in Canada of \$16,000,000; the investment in Du Mont is carried at \$164,000 and has a market value of \$9,000,000; and the Paramount Building is carried at \$7,000,000 and, in the opinion of the management, is worth \$11,000,000. In addition, inventories of films which have been completely written off are, in the opinion of the management, worth \$25,000,000.

It will be seen that the new Picture Company will commence operations with a substantially larger cash position. Net Current Assets, less Long Term Debt and Minority Interest, per share amounts to about \$19. This is necessary due to the greater cash requirements for the production of film and the maintenance of inventories. It should be noted that because of the two-thirds interest in Famous Players Corporation, the Canadian subsidiary, which represents about 40% of the seating capacity and 50% of the movie audience in Canada, the Picture Company will not be deprived of all theatre revenues.

The pro forma summary of the earnings of the new Picture Company representing a segregation of the earnings of Paramount Consolidated applicable to the assets comprising the new Picture Company follows:

	<u>Net Income \$</u>	<u>Per Share Common #</u>
1940	2,329	\$ 0.70
1941	5,129	1.54
1942	8,696	2.61
1943	8,216	2.47
1944	7,060	2.12
1945	8,271	2.48
1946	19,369	5.82
1947	10,941	3.29
9 mos. 1948	5,441	1.64

\$ Earnings of consolidated subsidiaries plus understated share of earnings of controlled partly owned companies and of companies owned 50% or less.

# Based on 3,328,269 shares outstanding 3/4/49.

General Comment

Paramount's president, Barney Balaban, in a letter to stockholders on March 4, 1949 stated..... "the Consent Judgement will leave the New Theatre Company with a large, well selected and thoroughly sound theatre circuit. In my view, it will be a strong, prosperous enterprise. The New Picture Company will be a leader in the field of motion picture production-distribution with excellent studio facilities and an unexcelled worldwide distribution organization. Both companies will be strongly equipped in manpower and financial resources to carry on successfully in their respective fields of activity, and I firmly believe that each of them will possess substantial potential earning power."

At this time it would be most difficult to attempt to predict the earnings of the two separate companies - operating independently of each other. Some time will have to pass with companies operating on their own, and adjusting to new conditions, before the individual shares can be confidently appraised on the basis of operating performance. Additionally, so far as the New Theatre Company is concerned, the final structure of the company, and the number of theatres it will eventually own, is still problematical and will depend on the outcome of negotiations with respect to joint ownership interests. However, company will retain the bulk of wholly-owned theatres with circuits in such large cities as Chicago and Miami remaining intact. It is anticipated settlement of joint interests will result in receipt of sufficient funds to pay off \$17.5 million in bank loans. Eventually, it is expected that about 575 to 600 theatres will possess almost as much earning power as current theatre chain. Since the theatre end of the business has been operating under Mr. Leonard Goldenson (President of the New Theatre Company) to a great extent independently of the other parts of the enterprise, it is not expected that the split-up will work any undue hardships in this respect.

The table of earnings shown on previous page indicates that the theatre end of the business has produced the greater part of income in the past three years and has generally been the more stable end of the business. At this point, it appears that the new Picture Company will afford greater speculative possibilities through its larger stake in television (Dumont holdings and possibility that the industry will eventually produce special films for television on a large scale).

Latest trade reports indicate that the decline in theatre attendance is levelling off. The Company has indicated that the theatre business currently is as good as a year ago and on the upswing. This would be beneficial to both new companies. In the producing end, economies initiated as far back as 18 months ago have reduced the average cost of pictures. Amortization charges on films should be at reduced rates from this point on. (It generally takes over a year to completely write off a motion picture). The Company has also striven to improve quality of films in avoiding "careless" production which was evident in lush war years.

Since the plan is not to be consummated until December 31, 1949, present stockholders will have some time to decide what company they will participate in, if not both. Indications, at this point, are that the new theatre stock will be evaluated to a greater extent on an income basis while the new picture stock will afford greater speculative interest under present conditions.

April 19, 1949

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Copy to Mr. Maass  
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" Schaap  
" Strauss  
" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

United Carbon Company (\$2.00) at  $34\frac{1}{2}$  to yield 5.8%

Memo to Mr. Leidesdorf:

In the attached memorandum I have made an analysis of the past record and current status of United Carbon Company.

Although this Company is a leading producer of carbon black, which product accounts for two-thirds of its sales, from an earnings standpoint it is primarily a natural gas producing company. At its current market level the stock represents good value both from the standpoint of current and prospective earnings and also its favorable natural gas reserve position. A conservative estimate of the latter would be approximately \$50 per share, although a fair valuation might well be 50% higher. Earnings from operations in 1948 were \$4.42 after substantial deductions (about \$4.50 per share) for depreciation, amortization and depletion. In all probability 1949 earnings will not show any reduction from this favorable rate. Cash position is strong; therefore the current \$2 dividend rate appears secure.

Increased competition and higher natural gas costs have had a tendency to reduce profit margins in the carbon black division. However since earnings from this source amounted to only one-quarter of the total, any further deterioration in this division would not seriously affect earnings. Moreover it is quite probable that the Company's improved process for making furnace black from oil will reverse this decline in profit margins.

A substantial potential increase in earning power without involving any further outlay of capital, exists in the Company's joint interest in the Elk City field described more fully in the attached memorandum.

While the stocks of many companies producing natural gas have reached new high prices in the past six months, United Carbon is selling 26% below its 1946 high. The long term earnings and dividend record (lowest dividend since 1936 - \$1.50 per share) would seem to indicate that the present market price of less than eight times current and prospective earnings is a conservative valuation.

I suggest that the Committee consider favorably the purchase of 1,000 shares of United Carbon Company stock.

May 12, 1949

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UNITED CARBON COMPANY

Common Stock (\$2.00) at 34 to yield 5.9%

Capitalization

No debt or preferred stock

Common Stock -	795,000 shares		
Book Value:	\$25,760,000	-	\$32.37 per share
Market Value:	\$27,056,000	-	\$34.00 per share

Business

The relative importance of the three principal divisions of United Carbon Company can best be shown in the following table. The breakdown of sales is officially published by the Company; the related income data has been unofficially estimated by a reliable source.

	<u>Percent of 1948 Sales</u>	<u>Percent of 1948 Income</u>
Carbon Black	67%	26%
Natural Gas	27	56
Oil & Other Products	6	18
	<u>100%</u>	<u>100%</u>

Carbon Black

The Company ranks as the third largest producer of carbon black, accounting for approximately 22% of domestic production; Columbian Carbon accounts for about 30%, Cabot 26%, with the balance divided among a number of small producers. United Carbon currently operates 16 plants located in Texas, Kansas and Louisiana.

While carbon black is used in a number of industries, including the manufacture of printing inks, paint and plastics, the rubber companies are by far the largest consumers. Synthetic rubber even more than natural rubber depends on carbon black for reinforcement, although substantial quantities are employed by both, and the trend is toward greater use than in pre-war.

Until recently carbon black has been produced primarily in two ways, both of which have as a base the combustion of natural gas. The channel process produces a black used mainly for natural rubber tire treads and other items requiring toughness and strength to resist wear. Furnace black originally went into tire



carcasses, inner tubes, and mechanical goods and was found more suitable for synthetic rubber processing. In recent years research has made possible the production of furnace black fully equal to channel black for various purposes, with the advantage of a higher yield per volume of a natural gas from the furnace black method.

Following is a quotation from the report of Mr. Oscar Nelson, President of United Carbon Company, dated February 23, 1949:

"The introduction during the past year of new and improved types of synthetic rubber, particularly those made at low temperatures and referred to as "cold rubber", found channel black and some types of furnace black unequal to the task of imparting the high resistance to abrasion heralded for the new rubbers. Since the R.F.C. has approved the manufacture of "cold rubber" to the extent of 183,000 long tons per annum, there was an urgent need of providing a suitable carbon black for this large amount of new type rubber. After considerable research our Technical and Engineering Division developed the necessary carbon blacks which will be manufactured in a large furnace process plant now being constructed at Aransas Pass, Texas. This plant is now nearing completion. Special liquid petroleum hydrocarbons are the basic fuel for this black."

The new plant referred to by Mr. Nelson is expected to be in full operation by the middle of May. Capacity is expected to be 100,000 pounds per day or approximately 30 million pounds per year (Company's total production averaged 245 million pounds annually for the past 5 years). More important than the increased volume is the fact that the profit is expected to be between  $1\frac{1}{2}$ ¢ and  $1\frac{3}{4}$ ¢ per pound of carbon black as compared with approximately  $\frac{1}{2}$ ¢ per pound profit on the Company's 1948 production. It is quite probable that the better profit margin obtained in this plant will offset the expected lower volume in total carbon black sales with the net result that 1949 earnings from this division will be about the same as 1948 - approximately \$1. per share.

A portion of the furnace black plants at Ryus, Kansas and Aransas Pass, Texas, have been redesigned and converted to the use of oil as a raw material in place of natural gas in the manufacture of these new and improved blacks.

The table following shows the volume of carbon black sales, dollar amount, percent of total sales and realization per pound of carbon black since 1936.

<u>Year</u>	<u>Pounds Sold</u> (million lbs.)	<u>Dollar Proceeds</u> (\$ million)	<u>Aver. Price Per Pound</u> (cents)	<u>Percent of Total Sales</u>
1936	141.3	\$ 6.1	4.34	68%
1937	128.2	5.6	4.35	61
1938	114.6	3.4	2.99	48
1939	155.3	4.6	2.95	54
1940	137.9	4.3	3.10	51
1941	156.2	5.2	3.34	46
1942	96.0	3.5	3.63	34
1943	147.6	5.3	3.60	46
1944	228.7	8.5	3.72	63
1945	233.5	10.0	4.28	69
1946	317.6	16.0	5.22	74
1947	284.7	17.3	6.07	72
1948	254.0	17.4	6.84	67

In recent years carbon black manufacturers have been faced with the question of which is the more profitable to them - the use of natural gas to produce black, or the sale of natural gas to pipe line and distributing companies. In areas where the latter are available it is generally not profitable to use natural gas for producing carbon black. In 1948 the Company produced and purchased 102 billion cubic feet of gas which was used to produce 219 million pounds of carbon black. Thus 2.14 pounds of black were produced from each thousand cubic feet of gas. The average selling price of black was 6.84¢ so that the average realization per MCF of natural gas was 14.64¢. If an operating ratio of 50% is assumed the net recovery of the Company before income taxes would be 7.32¢ per MCF of gas.

The following table illustrates the extent to which gas used for carbon black has been purchased from others in recent years.

Daily Average  
 (expressed in million cubic feet of natural gas)

	Amount Consumed in <u>Black Production</u>	<u>Of Which United Carbon:</u>	
		<u>Produced</u>	<u>Purchased</u>
1945	338	35	303
1946	354	33	321
1947	361	28	333
1948	279	33	246

#### Natural Gas and Oil

As pointed out above, sales of natural gas and oil account for about one-third of the total sales but nearly three-fourths of the Company's net profit. The trend of natural gas sales, the average price received, and the relationship to total sales volume for the past thirteen years is shown in the following table:

	<u>Volume Sold</u> (billion Cu. Ft.)	<u>Dollar Proceeds</u> (\$ million)	<u>Aver. Price per MCF</u> (cents)	<u>% of Total Sales</u>
1936	39.3	2.7	6.91	30%
1937	43.4	3.4	7.76	36
1938	40.6	3.4	8.39	48
1939	42.7	3.7	8.69	43
1940	44.5	3.9	8.87	46
1941	51.7	4.7	9.09	41
1942	51.0	5.2	10.22	51
1943	52.6	5.3	10.08	47
1944	45.8	4.4	9.68	33
1945	41.1	4.0	9.72	28
1946	46.7	5.0	10.67	23
1947	48.0	5.5	11.48	23
1948	56.7	7.1	12.50	27

The Company has followed an aggressive policy of adding to and developing gas and oil reserves. In the past eight years, 1941-1948, 634 producing gas and oil wells were drilled or acquired. Last year 70 producing wells and 9 dry holes were completed and 18 wells were acquired by purchase. Of these 88 wells, 38 were in the Appalachian area, 28 in the Monroe Field, 13 in the Hugoton Field, 8 in Texas and one in Oklahoma. Twenty-eight wells were being drilled at the end of the year. A summary of the Company's gas and oil properties owned or controlled as of December 31, 1948, is shown in the table below. The acreage and number of wells are shown exclusive of the Texas gas supply for carbon black plants controlled by purchase contracts with Phillips, Shamrock Oil & Gas and various oil interests in the Aransas Pass Field.

	<u>Acreage</u>	<u>Wells</u>
Appalachian Area	556,440	675
Kansas	238,412	181
Texas	58,685	36
Oklahoma	87,584	13
Louisiana	64,396	428
Other	3,063	45
	<u>1,008,580</u>	<u>1,378</u>

The management of United Carbon Company has said very little about the Company's natural gas reserves. Some of the comments which follow are based on information obtained from sources considered to be well informed on the affairs of this Company.

Various analysts have recently estimated United Carbon's proved natural gas reserves at from one to one-and-one-half trillion cubic feet. I believe that one trillion is a fairly sound estimate, and that these reserves are broken down roughly 40% in Kentucky and West Virginia, 40% in Hugoton (and including small proved reserves in Texas and Oklahoma), and 20% in Monroe. Based on 1948 production of 57 billion cubic feet, such reserves would be sufficient for only 17½ years' production, which indicates somewhat the conservativeness of the one trillion estimate. If the above percentage breakdown is correct, then estimated reserves in Hugoton would, at the 1948 production rate, be sufficient for more than 17½ years' production, but estimated reserves in the Appalachian area and in Monroe would be sufficient for a shorter time.

Gas produced in Kentucky and West Virginia fields is currently sold for about 20¢ per MCF to such companies as Hope Natural Gas, National Fuel Gas and United Fuel Gas. Gas produced in Monroe is sold for about 8¢ per MCF to pipe line companies such as Mississippi River Fuel, Southern Natural Gas, and Texas Gas Transmission, although contracts recently signed by other producers in this field have been at higher prices. Gas produced in Hugoton is sold for about 6¢ per MCF to pipe lines such as Cities Service, Panhandle Eastern, Northern Natural Gas and Colorado Interstate. More recent contracts in Hugoton have likewise been at higher prices.

Natural gas reserves are sometimes valued at prices approximating 2¢ per MCF in Hugoton, 3¢ in Monroe and 6 to 8¢ in the Appalachian area. Changes in ownership of reserves in these fields have recently been at prices near these levels. (Roughly these same valuation figures can be obtained by calculating the estimated payout of reserves in these fields over their expected lives, and discounting such payouts at 6 or 7% compounded annually). On the basis of these figures the average value of estimated reserves would be about 4¢ per MCF or a total of \$40 million, equal to about \$50 a share. This overall evaluation of gas reserves at 4¢ appears realistic, particularly since the Company's average realization on natural gas sales in 1948 was 12½¢ per MCF.

### Elk City Field

United Carbon controls one-half interest in 8500 acres near Elk City in Beckham and Washita Counties, Oklahoma. United Gas controls the other half, and is obligated to bear the drilling and exploration expenses in this field. To date the Companies have brought in two large wells in this field, producing oil, distillate and natural gas. The first found a 300-foot pay zone at 9300 feet and the second, a mile to the South, found two thinner pay zones at 8600 and 9200 feet. The second well is now drilling for a deeper zone. It is estimated that these two wells may have proved up roughly 1000 acres for the two Companies. A third well is now drilling beyond 10,000 feet and if this well turns out to be a producer it may mean that four or five thousand acres can be proved by the two Companies. Shell Oil Corporation controls a tract of land adjacent to that of United Carbon and United Gas, and has brought in two large wells within about two miles of the two United Carbon-United Gas producers.

It is much too early to forecast with any accuracy possible reserves which might accrue to United Carbon in Elk City. If, for example, no more than 1000 acres are ultimately proved it might be that United Carbon's share in reserves would be as little as 2 million barrels of liquids and 30 billion cubic feet of gas. If, on the other hand, the third well becomes a producer, United Carbon's net reserves in the field might be increased five-fold or more. Valuing liquid reserves in Elk City at 60¢ a barrel and natural gas reserves at 2¢ per MCF, the appraised value of United Carbon's reserves there might, for purposes of rough illustration, be worth from \$2 to \$10 or more per common share. One thing certain is that the two companies will carry out considerably more exploration in Elk City, and this of course will cost United Carbon nothing. Also, United Carbon controls 25,000 acres about 12 miles away from its producing wells, which will be explored in due course.

1948 Operations: United Carbon vs. Columbian Carbon

For comparative purposes as well as to provide an analysis of 1948 operations, the income accounts of United Carbon Company and Columbian Carbon Company have been restated below in amounts per share of common stock.

	Per Share Common	
	United Carbon (795,770 shs)	Columbian Carbon (1,612,218 shs)
Sales . . . . .	\$32.80	\$26.60
Operating Earnings . . . . .	11.05	6.89
Depreciation & Depletion . . . . .	4.53	1.72
Net before taxes . . . . .	6.52	5.17
Income taxes . . . . .	2.10	1.69
Net Operating Earnings . . . . .	4.42	3.48
Non-recurring Credits . . . . .	0.62	0.55
Net Earnings . . . . .	5.04	4.03
Reported Earnings . . . . .	3.91 <sup>1/2</sup>	4.03
Current Market Price . . . . .	34	29
<u>Current Market Price Times:</u>		
Net Operating Earnings . . . . .	7.7	8.3
Net Earnings . . . . .	6.7	7.2
Reported Earnings . . . . .	8.7	7.2
Net Worth . . . . .	\$32.35	\$25.75
Net Current Assets . . . . .	\$ 8.45	\$ 7.56
<u>Capital Expenditures</u>		
Total . . . . .	\$ 6.21	\$ 4.28
Gas & Oil only . . . . .	\$ 3.39	\$ 1.86
<u>Miscellaneous Data</u>		
	United	Columbian
Gas & Oil Properties (acres) . . . . .	1,008,580	836,394
Producing Wells . . . . .	1,378	1,367
Natural Gas Sales (billion cubic feet)	56.5	58.9
Carbon Black Production (million pounds)	219.4	296.7
<u>Sales</u>		
% Carbon Black . . . . .	67%	44%
% Ink . . . . .	-	25%
% Natural Gas . . . . .	27%	14%
% Other . . . . .	6%	17%
<u>Profit Margins (Percent of Sales)</u>		
Operating Profit . . . . .	33.7%	25.9%
Depreciation & Depletion . . . . .	13.8	6.5
Net before taxes . . . . .	19.9	19.4
Net Operating Earnings . . . . .	13.5	13.1

<sup>1/2</sup> After \$0.51 per share contingency reserve.



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United Carbon Company

Record of Operations

A thirteen year record of sales and earnings together with related per share data is shown in the table below. In the pre-war years, 1936-1941, earnings averaged \$2.22 per share, while dividends averaged \$1.73 per share - a 78% pay-out. Average earnings for the entire period were \$2.93 per share, of which \$1.78, or 61%, was paid out in dividends. Attention is invited to the substantial amounts charged for depreciation, indicating that cash earnings have been almost double reported earnings for the period.

United Carbon Company

Operating Data

	<u>Net Sales</u> (000)	<u>Annual Depreciation</u> (000)	<u>Pre-Tax Income*</u> (000)	<u>% of Sales</u>	<u>Net Income</u> (000)	<u>Per Share Common</u>		
						<u>Earned</u>	<u>Paid</u>	<u>Range</u>
1936	\$ 9,019	\$1,221	\$2,991	33.1%	\$2,203	\$2.77	\$2.02	48 - 34
1937	9,272	1,380	2,958	31.8	2,350	2.95	2.25	46 - 18
1938	7,122	1,285	1,706	24.0	1,506	1.89	1.62	37 - 20
1939	8,575	1,344	1,872	21.8	1,518	1.90	1.50	35 - 26
1940	8,483	1,412	2,042	24.1	1,336	1.68	1.50	33 - 21
1941	11,402	1,688	2,956	25.9	1,712	2.15	1.50	26 - 18
1942	10,315	1,887	3,578	34.6	1,781	2.23	1.50	29 - 19
1943	11,395	2,137	3,393	29.8	2,047	2.58	1.50	35 - 28
1944	13,457	2,151	3,473	25.8	2,232	2.80	1.50	35 - 30
1945	14,459	2,242	3,076	21.3	2,264	2.85	1.50	41 - 33
1946	22,313	2,757	5,030	22.6	3,010	3.78	1.75	46 - 31
1947	23,916	3,104	5,282	22.1	3,159	3.97	2.00	38 - 28
1948	26,035	3,604	5,188	19.9	3,113	3.91	2.00	39 - 28

\* Before Contingency Reserves:

1941 - \$ 65 (000)	1945 - \$300 (000)
1942 - 100 (000)	1946 - 400 (000)
1943 - 300 (000)	1947 - 300 (000)
1944 - 250 (000)	1948 - 400 (000)

Net Income data shown after above charges.

Financial Condition

The strength of the Company's financial position can be seen in the balance sheet data below, showing the status at the close of 1948 together with comparative figures for 1936 and 1941. Since the end of the year working capital has been further improved by the sale of the Company's investment in Mississippi River Fuel Corporation for \$2,380,000. This stock was carried at its original cost - \$880,000.

United Carbon Company

Balance Sheet Data (\$--000)

	<u>1936</u>	<u>1941</u>	<u>1948</u>
<u>Working Capital</u>			
Cash & Equivalent . . . . .	\$ 854	\$ 1,166	\$ 5,878
Receivables . . . . .	1,411	1,137	2,295
Inventories . . . . .	487	1,478	2,298
Total Current Assets . . . . .	\$ 2,752	\$ 3,781	\$ 10,471
Less: Current Liabilities . . . . .	912	2,189	3,758
Net Working Capital . . . . .	\$ 1,840	\$ 1,592	\$ 6,713
(Per Share Common)	(\$2.31)	(\$2.00)	(\$8.42)
<u>Investments &amp; Other Assets . . . . .</u>	<u>\$ 1,691</u>	<u>\$ 2,076</u>	<u>\$ 4,056</u>
<u>Fixed Assets</u>			
Cost . . . . .	\$ 23,067	\$ 30,242	\$ 45,666
Less: Depreciation . . . . .	11,459	18,124	31,012
Net . . . . .	\$ 11,608	\$ 12,118	\$ 14,653
<u>Common Stock &amp; Surplus</u>			
(Including Contingency Reserves)			
(795,770 shares) . . . . .	\$ 15,017	\$ 15,876	\$ 25,760
(Book Value Per Share)	(\$18.25)	(\$19.95)	(\$32.37)
No. Oil & Gas Wells	686	984	1,378
Total Acreage	261,950	411,097	1,008,580

Book Value of the stock (approximately equal to current market price) is conservatively stated when it is considered that fixed assets have been written down to 32% of their cost and natural gas and oil reserves are carried at only a fraction of their probable value.



The strong current position is impressive in the light of capital expenditures in recent years. Total for the past four years of \$16.2 million also emphasizes the conservative value - \$14.6 million - at which net fixed assets are carried on the balance sheet.

<u>Year</u>	<u>Wells &amp; Pipeline</u>	<u>Land &amp; Leaseholds</u>	<u>Plant &amp; Equip.</u>	<u>Total</u>
	- - -	- - (000 omitted)	- - -	- - -
1945	\$2,718	\$ 407	\$1,623	\$ 4,748
1946	2,352	286	611	3,249
1947	2,173	184	910	3,267
1948	<u>2,562</u>	<u>135</u>	<u>2,252</u>	<u>4,948</u>
	\$9,805	\$1,012	\$5,396	\$16,213

#### Management

Oscar Nelson - President & Director

T. K. Koblegard - First Vice President & Director

T. S. Reed - Vice President & Director

C. H. McHenry - Secretary & Director  
 Director of Delta Airlines

T. A. Whelan - Treasurer & Director

S. C. Coleman - Director  
 Partner, E. F. Hutton & Co.  
 Director - Colt's Manufacturing Co.

Oscar Nelson, Jr. - Vice President & Director

Stewart S. Hathaway - Director  
 Chairman of the Board, Buda Co.  
 Director - Rye National Bank  
 Director - D. Appleton Century

W. P. Willetts - Director  
 Partner, Gamwell & Co.

JWB:GL  
 April 26, 1949

Paul B. Wyant

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Copy to Mr. Maass  
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" Oppenheimer  
" Rosenwald  
" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, May 20, 1949  
Uptown Club, 60 East 42 Street, New York City

1. Present:

Mr. Leidesdorf	Mr. Strauss
Mr. Maass	Mr. Linder
Mr. Schaap	Mr. Oppenheimer
Mr. Wyant	

2. The meeting was called to order at 11:45 A. M. and adjourned from 12:30 until 2:30 P. M.

3. The Committee ratified:

Sale -

1,100 Rights Indianapolis Power & Light Company, at 1/128.

4. The Committee reviewed authorizations not yet executed and decided to let the following stand:

Buy

50M Laclede Gas Light Company Conv. Deb.  $4\frac{1}{2}/63$  at  $104\frac{1}{2}$  to yield 4.1%.

1,960shs American Light & Traction Company Common Stock (\$1.20) at approximately 18 to yield 6.7%.

5. After discussing the current outlook for business and reviewing the portfolio, it was concluded to

SELL:

250M U. S. Treasury Ctfs. of Indebtedness  $1\frac{1}{8}/7-1-49$   
(Proceeds to purchase A.T. & T.  $3\frac{1}{8}/59$ )

250M American Tel. & Tel. Conv. Deb.  $2\frac{3}{4}/61$   
(Eliminate - Proceeds to purchase A.T. & T.  $3\frac{1}{8}/59$ )

200shs Celanese Corp. of America \$4.75 Cum. First Preferred Stock  
(Eliminate)

500shs Consolidated Gas Electric Light & Power Baltimore (\$3.60)  
(Eliminate)

1,300shs Philadelphia Electric Company (\$1.20)  
(Eliminate)

Institute for Advanced Study

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Minutes - 5/20/49

SELL (Cont'd.)

500shs Babcock & Wilcox (\$5.00)  
(Eliminate)  
800shs J. I. Case (\$2.00)  
(Eliminate)  
2,000shs Chrysler Corporation (\$4.25)  
(Eliminate)  
259shs General Motors (\$5.00)  
(Retain 2,000shs)  
1,500shs Bethlehem Steel (\$2.40)  
(Eliminate)  
1,500shs United States Steel (\$6.00)  
(Retain 1,000shs)  
2,875shs Eastman Kodak (\$1.65)  
(Retain 5,000shs)  
500shs Sterling Drug (\$2.25)  
(Eliminate)  
2,000shs Cutler-Hammer, Inc. (\$2.00)  
(Eliminate)  
2,500shs General Electric (\$2.00)  
(Eliminate)  
1,500shs Square D Company (\$1.30)  
(Eliminate)  
1,500shs Loew's, Inc. (\$1.50)  
(Eliminate)  
1,000shs Best & Co. (\$2.00)  
(Eliminate)  
625shs Montgomery Ward (\$3.00)  
(Eliminate)  
1,000shs S. S. Kresge & Co. (\$2.50)  
(Eliminate)  
500shs McCrory Stores (\$3.00)  
(Eliminate)  
1,100shs National Cash Register (\$2.50)  
(Eliminate)  
500shs Underwood Corporation (\$4.00)  
(Eliminate)  
52shs Newark Provident Loan (\$8.00)  
(Eliminate)  
125shs Plainfield Union Water (\$4.00)  
(Eliminate)  
1,000 Units Newark & Essex Building Corp. (\$ - )  
(Eliminate)  
5,000 Rights Columbia Gas Systems, Inc.  
(Eliminate)

BUY:

500M American Tel. & Tel. Conv. Deb. 3 $\frac{1}{2}$ /59  
100M Missouri Pacific 1st & Ref. "H" 5/80  
800shs Cleveland Electric Illuminating Co. (\$2.20)  
(1,200shs now held - Book 37 $\frac{1}{4}$ )  
1,000shs National Steel (\$5.00)

BUY (Cont'd.)

400shs Victor Chemical Works (\$1.75)  
 (1,100shs now held - Book 46 $\frac{1}{2}$ )  
 1,500shs National Dairy Products (\$1.80)  
 (500shs now held - Book 20 $\frac{7}{8}$ )  
 500shs Borden Company (\$2.55)  
 (500shs now held - Book 31 $\frac{1}{4}$ )  
 4,000shs American Metal Co. (\$2.00)  
 1,000shs Paramount Pictures (\$2.00) - Old Stock  
 (5,000shs now held - Book 24 $\frac{7}{8}$ )  
 1,000shs Skelly Oil (\$5.00)  
 2,000shs Federated Department Stores (\$2.00)  
 (3,000shs now held - Book 11 $\frac{3}{8}$ )  
 1,500shs G. C. Murphy (\$2.25)  
 (500shs now held - Book 16 $\frac{7}{8}$ )  
 600shs S. H. Kress (\$4.25)  
 (400shs now held - Book 35 $\frac{7}{8}$ )  
 1,000shs Liggett & Myers Tobacco Co. (\$5.00)  
 2,000shs United Carbon (\$2.00)  
 500shs Peoples Gas Light & Coke (\$6.00)

6. The Chairman expressed the desire to look into W. T. Grant and Allied Stores Companies before the Committee acted on the suggested sale of 1,500 shares W. T. Grant Common Stock held and the purchase of Allied Stores Common Stock.
7. The possible purchase of common stocks of the companies listed below was considered and the Committee decided to take no action at present but requested the Secretary to bring them to the Committee's attention in the future, particularly if the stocks become available at lower prices.

	<u>Market</u> <u>5/20/49</u>
Central & Southwest Utilities	12
(None now held)	
Kennecott Copper	44
(2,500shs now held - Book 45 $\frac{1}{4}$ )	
American Enka	67
(None now held)	
American Viscose Company	51
(None now held)	
Industrial Rayon	37
(2,000shs now held - Book 41 $\frac{1}{8}$ )	

8. The Committee discussed Paramount Pictures, Inc., plan of reorganization and decided to take no action at this time.

Institute for Advanced Study

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Minutes - 5/20/49

9. The Committee discussed the Electric Power & Light Company's plan of re-organization and decided to retain 6,375 shares United Gas Corporation Common Stock (\$1.00) and 4,400 shares Middle South Utilities, Inc., Common Stock (\$1.10) to be received in exchange for 500 shares Electric Power & Light Corporation \$7 Cumulative First Preferred Stock and 500 shares of the Company's \$7 Cumulative Second Preferred Stock.
10. The Committee considered the solicitation of the Kuhn & Jones Committee to represent Niagara Hudson Power Company Preferred stockholders' interests before the Securities & Exchange Commission and decided to take no action with respect to the Institute's holding of 500 shares 5% Cumulative First Preferred Stock.
11. The meeting adjourned at 4:45 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

May 27, 1949

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THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf  
Mr. Maass  
Mr. Stewart  
Mr. Schaap  
Mr. Strauss  
Mr. Oppenheimer  
Mr. Rosenwald  
Mr. Hancock  
Mr. Schur

The next meeting of the Finance Committee  
of the Institute for Advanced Study will be held Friday,  
April 15, 1949, at 12:00 o'clock Noon, at the Director's  
office, Fuld Hall, Princeton, New Jersey.

April 8, 1949

Paul B. Wyant

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THE INSTITUTE FOR ADVANCED STUDY

Suggested items to be discussed at meeting of the Finance Committee

Friday, April 15, 1949 at 12:00 P.M.

Director's Office, Fuld Hall

Princeton, New Jersey

Memo to Mr. Leidesdorf:

1. Pertinent items to be presented by the Chairman.
2. Cash available for investment. Report by the Chairman.
3. Ratify:

(a) Sales -

- 30shs Atlantic City Electric Co. Common Stock (\$1.20) at  $16\frac{3}{8}$ .  
(Received as Stock Dividend on American Gas & Electric Co. Common Stock)
- 1,000rts United Light & Railways Co. at  $1\frac{13}{16}$ .  
(Giving privilege to purchase 200shs American Light & Traction Co. Common Stock at \$12 per share)

(b) Subscriptions to -

- 100shs Northern Natural Gas Co. Common Stock (\$1.80) at  $29\frac{1}{2}$ .  
(By exercising 500 rights received - Reduce by 100shs original authorization to purchase 4,000shs at approx.  $33\frac{1}{2}$ )
- 200shs Cleveland Electric Illuminating Co. Common Stock (\$2.20) at  $33\frac{1}{2}$ .  
(By exercising 1,000 rights received)
- 92shs Southwestern Public Service Co. Common Stock (\$2.00) at 25.  
(By exercising 1,000 rights received)

4. Review authorizations not yet executed to:

Buy -

- 50M Laclede Gas Light Co. Conv. Deb.  $4\frac{1}{2}/63$  at  $104\frac{1}{2}$  to yield 4.1%.  
(None now held - Callable  $102\frac{1}{2}$  - Current Market  $114\frac{3}{4}$ )
- 500shs Central Power & Light Co. 4% Cum. Preferred Stock at 85 to yield 4.7%.  
(None now held - Callable  $107\frac{3}{4}$  - Current Market 90)
- 1,960shs American Light & Traction Co. Common Stock (\$1.20) at approx. 18 to yield 6.7%.  
(40shs now held received as dividend on United Light & Rys. Co. Common - Book  $19\frac{7}{8}$  - Current Market  $24\frac{7}{8}$ )
- 600shs Tennessee Gas Transmission Co. Common Stock (\$1.40) at approx. 25 to yield 5.6%.  
(Balance of 4,000shs authorized - 3,400shs purchased at  $25\frac{1}{8}$  Aver. Price - Current Market  $27\frac{1}{4}$ )



5. Discuss business outlook - review composition of portfolio and individual security holdings.

(List of holdings to be submitted to Committee)

6. Securities for possible sale:

50M Pennsylvania R. R. Gen. Mtge. "A"  $4\frac{1}{2}/65$  at  $101\frac{1}{4}$  - Yield 4.4%.

973shs Pennsylvania R. R. Common Stock (\$1.00) at  $15\frac{1}{2}$  - Yield 6.5%.

(Memo dated April 8, 1949, submitted to Committee)

7. Securities for possible purchase:

100M United States Savings Series "G"  $2\frac{1}{2}/4-1-61$  at 100.

(750M now held - 50M mature 1953 and 100M each year thereafter through 1960)

500M C.I.T. Financial Corp.  $1\frac{3}{4}\%$  Notes due 9 months at 1.75% discount basis - To invest cash or replace U. S. Treasury  $1\frac{1}{8}\%$  Certificates of Indebtedness.

(Memo dated April 6, 1949, submitted to Committee)

50M American Telephone & Telegraph Conv. Deb.  $2\frac{3}{4}/61$  at  $102\frac{1}{4}$  to yield 2.53%.

(250M now held - Book  $105\frac{1}{4}$  - Callable 108 - Conversion price for stock 150 - Current Market 146 - 1946-1949 Price Range of Bonds  $119\frac{3}{4}$ -101)

300shs Celanese Corp. of America \$4.75 Cum. First Preferred Stock at  $101\frac{1}{2}$  to yield 4.7%.

(200shs now held - Book  $101\frac{1}{8}$  - Callable 105)

3,000shs Sunray Oil Co.  $4\frac{1}{4}\%$  (\$25 Par) Cum. "A" Preferred Stock at  $16\frac{1}{4}$  to yield 6.5%.

(4,000shs now held - Book  $21\frac{7}{8}$  - Callable  $25\frac{3}{4}$ )

500shs Peoples Gas Light & Coke Co. Common Stock (\$6.00) at 106 to yield 5.7%.

(None now held - Memo dated April 7, 1949, submitted to Committee)

1,000shs Colonial Mills Co. Common Stock (\$1.00) at 16 to yield 6.2%.

(None now held - Memo dated April 7, 1949, submitted to Committee)

8. Other pertinent items:

(a) El Paso Natural Gas Co. proposes 3 for 1 stock split.

(500shs now held - Book  $31\frac{5}{8}$  - Current Market  $79\frac{3}{4}$ )

(b) du Pont Co. proposes 4 for 1 stock split.

(1,800shs now held - Book  $144\frac{7}{8}$  - Current Market 191)

April 12, 1949

Paul B. Wyant

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" Hancock  
" Linder  
" Schur

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, April 15, 1949  
Director's Office, Fuld Hall, Princeton, New Jersey

1. Present:

Mr. Leidesdorf	Mr. Oppenheimer
Mr. Maass	Mr. Linder
Mr. Schaap	Mr. Bamberger
Mr. Strauss	Mr. Wyant

2. The meeting was called to order at 12:15 P. M.

3. The Committee ratified:

(a) Sales -

30shs Atlantic City Electric Co. Common Stock (\$1.20) at  $16\frac{3}{8}$ .  
(Received as stock dividend on American Gas & Electric Co. Common Stock)  
1,000rts United Light & Railways Co. at  $1\frac{13}{16}$ .  
(Giving privilege to purchase 200shs American Light & Traction Co. Common Stock at \$12 per share)

(b) Subscriptions to -

100shs Northern Natural Gas Co. Common Stock (\$1.80) at  $29\frac{1}{2}$ .  
(By exercising 500 rights received - Reduction by 100shs of original authorization to purchase 4,000shs at approx.  $33\frac{1}{2}$ )  
200shs Cleveland Electric Illuminating Co. Common Stock (\$2.20) at  $33\frac{1}{2}$ .  
(By exercising 1,000 rights received)  
92shs Southwestern Public Service Co. Common Stock (\$2.00) at 25.  
(By exercising 1,000 rights received)

4. The Committee's attention was directed to a complete list of the Institute's investment holdings, including a recapitulation statement showing their status as of March 31, 1949.

As of March 31, 1949, cash and market value of all investments totaled \$17,525,359, an increase of \$873,622 over book value of \$16,651,737.

Estimated annual income of \$706,269 (before amortization of premium on bonds at \$5,000 annually) produces a yield of 4.0% on total market value and 4.2% on total book value of the fund.

Cash and United States Government bonds accounted for 40.1%, preferred stocks for 11.8%, common stocks for 43.6% and miscellaneous items for 4.5% of the total market value of the fund.

Institute for Advanced Study

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Minutes

5. The Treasurer reported that although there was no cash on hand available for investment, \$4,150,000 par value United States Government Bonds due within one year, as well as other short and intermediate term United States Government Bonds could be considered as funds available for investment.
6. The Committee reviewed authorizations not yet executed for the purchase of securities and concluded to let all stand unchanged except the following:  
Cancel to Buy  
500shs Central Power & Light Company 4% Cum. Preferred Stock at 85 to yield 4.7%. (Current Market 90)  
Raise Price on Purchase  
600shs Tennessee Gas Transmission Co. Common Stock (\$1.40) from approximately 25 to approximately 27. (3,400shs purchased at 25 $\frac{1}{8}$ )
7. After discussing the current outlook for business and certain individual securities, it was concluded to  
SELL:  
550M United States Treasury Certificates of Indebtedness 1 $\frac{1}{8}$ /7-1-49.  
50M Pennsylvania Railroad General Mortgage "A" 4 $\frac{1}{2}$ /65.  
973shs Pennsylvania Railroad Common Stock.  
BUY:  
100M United States Savings Series "G" 2 $\frac{1}{2}$ /4-1-61 at 100.  
500M Commercial Investment Trust, Inc. 1 $\frac{3}{4}$ % Notes due in 9 Months at 1.75% discount basis.
8. After discussing at some length the general outlook for business, it was agreed to hold another meeting in the near future after the members of the Committee had had more opportunity to review the Institute's investment holdings.
9. The meeting adjourned at 1:00 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

April 18, 1949

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" Schur

*Finance Committee*

THE INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee, February 15, 1949

Hotel Commodore, East 42nd Street, New York City

1. Present:

Mr. Leidesdorf	Mr. Schaap
Mr. Maass	Mr. Oppenheimer
Mr. Strauss	Mr. Wyant

2. The meeting was called to order at 2:30 P. M.

3. The Committee ratified:

(a) Purchase -

20shs American Metal Co.  $4\frac{1}{2}\%$  Cum. Preferred Stock at  $93\frac{1}{2}$ .  
(To bring holding to 300shs  $4\frac{1}{2}\%$  Preferred after exchanging 200shs 6% Preferred held for 280shs  $4\frac{1}{2}\%$  Preferred)

(b) Sales -

30shs Atlantic City Electric Co. Common Stock (\$1.20) at 15.  
(Stock dividend on 1000shs American Gas & Electric Co. Common Stock)

2shs Madison Gas & Electric Co. Common Stock at  $21\frac{1}{2}$ .  
(Stock dividend on 20shs American Light & Traction Co. Common Stock)

47  $\frac{45}{65}$ shs Texas Gulf Sulphur Co. Common Stock (\$5.00) at  $58\frac{1}{2}$ .  
(Stock dividend on 3100shs Gulf Oil Co. Common Stock)

4. The Committee's attention was directed briefly to a recapitulation statement dated February 10, 1949, showing the status of the investment holdings as of December 31, 1948.

As of December 31, cash and market value of all investments totaled \$17,362,357, an increase of \$748,408 over book value of \$16,613,949.

Annual income of \$682,201 (before amortization of premium on bonds estimated at \$5,000 annually) produces a yield of 3.9% on total market value and 4.1% on total book value of the fund.

Cash and United States Government bonds accounted for 42.8%, preferred stocks for 11.5%, common stocks for 41.5% and miscellaneous items for 4.2% of the total market value of the fund.

Institute for Advanced Study

- 2 -

Minutes - 2/15/49

5. The Treasurer reported that although there was approximately \$500,000 cash available for investment, \$4,150,000 par value United States Government bonds due within one year, as well as other short and intermediate term United States Government bonds, could be considered also as funds available for investment.
6. The Committee reviewed authorizations not yet executed for the purchase and sale of securities and concluded to let all stand except the following:

Cancel to Buy:

500shs Consolidated Edison Co. N.Y. \$5 Cum. Preferred Stock at 106 $\frac{1}{4}$ .  
(Balance of 800shs authorized - 300shs purchased at 106 $\frac{1}{4}$ )

and, instead, to

Buy

200shs Consolidated Edison Co. N.Y. \$5 Cum. Preferred Stock at 107 $\frac{1}{4}$ .

7. After considering the current outlook for business, reviewing industrial common stocks now held and discussing other individual securities, including those in the natural gas industry, it was concluded to

BUY:

1,000 Units Transcontinental Gas Pipeline Corporation  
4,000shs Northern Natural Gas Co. Common Stock  
1,000shs Panhandle Eastern Pipeline Co. Common Stock  
2,000shs Southern Natural Gas Co. Common Stock  
4,000shs Tennessee Gas Transmission Co. Common Stock  
500shs Public Service Co. of Colorado Common Stock  
500shs Columbian Carbon Co. Common Stock  
900shs Gulf Oil Co. Common Stock  
400shs Phillips Petroleum Co. Common Stock  
400shs Shell Union Oil Co. Common Stock  
100shs Superior Oil Co. of California Common Stock  
100shs American Home Products Common Stock  
198shs C.I.T. Financial Corporation Common Stock  
(Sell 2shs and buy 200shs)  
215shs Industrial Rayon Common Stock  
200shs Consolidated Edison Co. Common Stock



Institute for Advanced Study

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Minutes - 2/15/49

8. The Committee discussed the accounting procedure for stock dividends received and decided that when they are retained, their value should not be credited to income and charged as cost of the stocks, and that when they are sold the proceeds should be credited to the original cost of the stocks from which the stock dividends were received.

With respect to stock dividends received recently, it was decided to

Sell:

25shs Babcock & Wilcox Common Stock, received on 500shs held.  
80shs J. I. Case Company Common Stock, received on 800shs held.

Hold:

375shs Eastman Kodak Company Common Stock, received on 7500shs held.  
85shs Industrial Rayon Corp. Common Stock, received on 1700shs held.  
<sup>25</sup>  
131 ~~100~~shs International Business Machines Common Stock, received on 2625shs held.  
100shs National Cash Register Co. Common Stock, received on 1000shs held.  
<sup>50</sup>  
103 ~~200~~shs Standard Oil Co. of New Jersey Common Stock, received on 1130shs held.  
25shs Texas Co. Common Stock, received on 1000shs held.

9. The Committee agreed to purchase for approximately \$468,000 the equity in certain real estate on Tireman Avenue, Detroit, Michigan (subject to \$1,350,000 First Mortgage to be held by the Mutual Benefit Life Insurance Company, Newark, New Jersey) and to lease the property for twenty years with renewal options to General Motors Corporation or proper subsidiary, under a net lease arrangement to be approved by Mr. Maass. Rental payments are to provide for amortization of the purchase price of the equity in the first ten years with interest at 4% and for \$2,000 income annually for the second ten years.

10. The meeting adjourned at 3:40 P. M.

Paul B. Wyant  
Secretary

S. D. Leidesdorf  
Chairman

February 17, 1949