Finance Committee. Information. 1950

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November 29, 1950

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

THE INSTITUTE FOR ADVANCED STUDY

Statistical Comparison of Certain Public Utility Holdings

Memo to Mr. Leidesdorf:

Attached is a brief statistical resumé covering certain public utility common stocks which are included as suggested changes on the Agenda for discussion at the meeting this Friday.

I shall be prepared to supplement this data with additional reasons for making changes in the holdings.

Paul B. Wyant

THE INSTITUTE FOR ADVANCED STUDY

Statistical Comparison of Certain Public Utility Holdings

	Carolina Power & Lt.	Consol. Edison	Dayton Power & Lt.	Illinois Power	Indianapolis Power & Lt.	Public Serv. Elec. & Gas
Market Price 11/28/50	28¾	29⅞	29⅜	31¾	28⅛	21⅝
Price Range 1949 - 1950	35-26	34-22	35-26	41-26	34-22	27-20
Earnings - latest 12 mos.	$3.22	$2.36	$2.78	$2.91	$3.33	$2.07
Price-Earnings Ratio	8.9	12.7	10.5	10.9	8.4	10.5
Dividend	$2.00	$2.00	$2.00	$2.20	$1.60	$1.60
Yield	7.0%	6.7%	6.8%	6.9%	5.7%	7.4%
Percent Pay-out	62%	85%	72%	76%	48%	84% #
% Gross Income Carried to Common	59%	53%	73%	68%	66%	64% #
Capitalization (000)						
Debt	$65,930	$475,847	$51,850	$95,233	$52,024	$284,675
% of Total	55%	41%	44%	52%	57%	55%
Preferred Stock	18,609	191,532	25,000	22,500	13,900	25,006
% of Total	15%	16%	21%	12%	15%	5%
Common Equity	36,075	494,193	40,920	64,618	25,282	203,812 #
% of Total	30%	43%	35%	36%	28%	40%
Number of shares Common	1,400,000	11,484,547	2,266,666	2,356,406	1,179,479	5,510,133 com. 6,056,458 pref. com.

\# Includes 5,510,133 shs common stock and 6,056,458 shs $1.40 dividend preference common convertible into 1.1 shs common until June 30, 1951 and 1.0, 0.875, 0.75 common shares in each successive 3 year period.

Paul B. Wyant
November 29, 1950

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November 28, 1950

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THE INSTITUTE FOR ADVANCED STUDY

SHAMROCK OIL & GAS CORPORATION

Common Stock ($1.60) at 30 to yield 5.3%

Memo to Mr. Leidesdorf:

Attached is a memorandum discussing the current position of Shamrock Oil & Gas Corporation.

Briefly the operations of this Company are comprised of the production, purchase and processing of natural gas and crude oil. After the extraction of natural gasoline and liquified petroleum gases, the residue gas is sold to pipe lines, carbon black companies and others. Natural gasoline output is used in its own refinery for blending motor fuel, but LPG's and refinery products are sold in the wholesale market.

Although Shamrock's sales in the past two years have continued their uninterrupted growth, earnings until quite recently have been adversely affected by price weakness in the markets for LPG's and the relatively unfavorable margin between costs of crude oil and the value of refined products. It is believed that in the first eight months of the current fiscal year, prior to the recent improvement in refinery margins and LPG prices, the Company realized very little earnings from these operations and most of its profits came from the sale of residue natural gas to pipelines and others.

The market price of natural gasoline is not as important to Shamrock as to a company like Warren Petroleum, because the former uses approximately all of its own production as a blending agent in its refinery operations. In fact Shamrock entered the crude refinery business originally to have an outlet for its natural gasoline and eliminate the necessity of dumping this product on the market.

Shamrock is in the middle of a construction program substantial for a company of its size. Capital expenditures of over $22 million in the past four years have more than doubled the property account and have been financed almost entirely by retained earnings and depreciation.

Gas reserves held in leaseholds or purchase contracts are believed to total 2.2 trillion cubic feet, which at the 1949 rate of withdrawal were eqivalent to a 16½ year supply. Most of the gas is rich in liquid content and the value of liquids derived from each MCF in 1949 was about 5¢ as compared to 5.36¢ for the gas itself. Substantially all of the Company's reserves are dedicated under contracts with pipeline companies, carbon black and other industrial companies.

It is believed that Shamrock can count on approximately $2 per share of stable year-in and year-out earnings from the sale of residue natural gas. Earnings over and above that level will come from LPG's and refined products and will represent the more volatile aspects of Shamrock's operations.

Earnings for the fiscal year ending November 30th, are expected to be close to $3.50 per share. The anticipated benefits from recent construction expenditures together with more stable markets for LPG's could improve earnings to above $4 in 1951, even allowing for higher income taxes. The common stock is currently on a $1.60 annual dividend basis (5.3% yield at 30) equivalent to a pay-out of 46% of estimated earnings. Since, as mentioned, some $2 per share is derived from the stable residue gas business it would seem that such earnings could support a somewhat higher dividend. However, for the immediate future an increase is not anticipated because of the needs of the continuing construction program.

I suggest that the Committee consider the purchase of 3,000 shares Shamrock Oil & Gas Corporation Common Stock as a replacement for the securities suggested for sale in the Agenda.

Paul B. Wyant

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October 13, 1950

SHAMROCK OIL & GAS CORPORATION

Common Stock ($1.60) at 28 to yield 5.7%

Capitalization (000)

	Balance Sheet 8/31/50		Market Value 10/11/50	
Long-term debt (3% bank loans)	$ 8,500	32%	$ 8,500	18%
Common Equity (1,345,570shs)	18,456	68	37,676	82
	$26,956	100%	$46,176	100%

The Shamrock Oil & Gas Corporation is a small but growing company in the natural gas industry. Gross revenues for the fiscal year ended November 30, 1949, amounted to $24.6 million which may be broken down roughly as follows: sale of refined products, 42%; residue natural gas, 28%; liquified petroleum gases (propane & butane), 24%; crude oil, 6%.

Reserves:

Shamrock held under gas and oil leases at November 30, 1949, approximately 138,780 acres in the Texas Panhandle, proven for either oil or gas. It also had under oil or gas leases, 317,586 acres unproven for production, or a total of 456,366 acres. Shamrock produced from its own leaseholds an average of 231,100 MCF per day in the last fiscal year and purchased 120,945 MCF per day under gas purchase contracts with others.

An official estimate of gas reserves available to Shamrock has not been made since 1946. However, the Company's own staff estimated that at December 1, 1949, gas reserves held under leaseholds amounted to 1.85 trillion cubic feet. Under gas purchase contracts there were 351 billion cubic feet or total estimated reserves of 2.2 trillion cubic feet.

Most of the gas is rich in liquid content (natural gasoline and liquified petroleum gases) and the value of liquids derived from each MCF in 1949 averaged about 5¢, as compared with 5.36¢ for the gas itself.

In this connection it should be noted that since Shamrock also processes gas for others, the reserves back of these processing contracts (estimated to amount to 358 billion cubic feet) can be considered as available to supply liquid hydrocarbons for the future.

Crude oil reserves are estimated at 10 million barrels. Shamrock's net crude production in 1949 amounted to 573,469 barrels, a daily average of 1,571 barrels. This is not large, but compares with a daily average of less than 1,000 barrels prior to 1947. With the refinery using 6,761 barrels of crude daily, Shamrock had to purchase the major part of its crude requirements.

Shamrock's gas sales in 1949, were 125.7 billion cubic feet of residue gas or the equivalent of 132 billion cubic feet of gas drawn out of the field (some 5% of the gas by volume is lost in the stripping process). Thus at the 1949 rate of withdrawals, Shamrock's own leaseholds and gas purchase contracts were apparently equal to a 16½ years supply.

All of the gas which the Company produces, plus certain amounts purchased from or processed for other producers, is treated by the Company's two natural gasoline plants in Moore County, Texas. After the various liquid petroleum products are extracted the resulting dry residue gas is sold to pipeline companies and carbon black manufacturers. Sales of natural gas by Shamrock in 1949, were as follows:

	Volume BCF	Revenues	¢ / MCF
Transmission Pipelines	63.064	$3,831,256	6.075¢
Industrial Gas	4.887	256,001	5.238
Carbon Black	57.771	2,655,831	4.597
Total	125.723	$6,743,089	5.363¢

The principal pipeline customers of Shamrock are Northern Natural, Panhandle Eastern, and Texoma Natural Gas. While some of the present contract prices appear to be low compared with prices currently prevailing, Shamrock's average realization has been gradually creeping up, as a result partly of escalator clauses and partly of negotiations resulting the revision of contracts. There are also escalator clauses in both the carbon and zinc company sales whereby price of gas is related to the price of the commodity. Recent increases in zinc prices will produce a higher price to Shamrock for the gas which it sells to the American Zinc plant nearby.

Unless substantial new gas reserves are discovered in the Texas Panhandle, residue gas sales of Shamrock should tend to level out over future years. Because all phases of the business are interrelated it is difficult accountingwise to separate earnings by departments. A rough estimate is that the residue gas business alone should produce earnings equivalent to about $2 per share of common stock.

Refining

Shamrock entered the crude refining business originally to provide an outlet for the natural gasoline which it produces in its stripping of raw natural gas, and eliminate the necessity of dumping this product on the market. Currently Shamrock is using all of its natural gasoline as a blending agent in its refinery operations because of the relatively higher prices for motor fuel as against natural gasoline. The Company enjoys certain flexibility in this regard and can use this natural gasoline to the greatest advantage pricewise either in its own refinery or on the market. Shamrock has become a producer and wholesaler of refined products in a wide area including the Texas and Oklahoma Panhandles and adjacent regions in New Mexico, Colorado, and Kansas. Refining facilities of Shamrock have been inadequate in the octane race of recent years. Consequently it became necessary to build a modern catalytic cracking unit, completion of which is expected about February 1, next year. Total cost of this refinery unit will be around $2\frac{1}{4}$ million. The new refinery is expected to improve gasoline quality, reduce the volume of fuel oil, and possibly contribute as much as a dollar per share in additional earnings.

Shamrock has a 30% interest in a refined products pipeline which runs from the McKee plant to La Junta, Colorado, with the other 70% owned by Phillips Petroleum, the operators of the line and the only other user. To increase its participation in the growing Denver market this pipeline is now being extended from La Junta to Denver, with Shamrock having a 15% interest in the extension. Shamrock has also constructed terminal facilities at the Denver end of the line at a cost of some $500,000. Upon completion of these facilities about January 1, Shamrock expects to double its sales in the Denver area. In line with its larger refinery activities and to insure a market for products Shamrock is venturing into service stations on a fairly broad scale. Over the next year or two the Company may spend $2 to $3 million on service stations. Thus the Company appears to be moving in the direction of increasing its refining activities and the distribution and retailing of refined products.

Capital Expenditures

It is expected that expenditures for capital improvements will amount to about $6 million in the current fiscal year, a good portion of which is being spent for the catalytic cracking unit, for the Denver terminal, for the products pipeline extension to Denver, for gas station sites and equipment and for other refinery expansion. This amount compares with $5,200,000 in 1949, $6,100,000 in 1948, and $5,000,000 in 1947, or a total of over $22 million in the four year period. This is a substantial sum for a company of this size with total assets of some $32 million, and it means that the Company has been practically rebuilt in the last four years.

Operations

Shamrock's earnings started downward in the Spring of 1949 when LPG and refined products prices began their long decline. This continued into 1950 with earnings reaching a low point last Spring. It is probable that in the early part of this year Shamrock realized very little earnings from its LPG's and refined products operations and that most of its earnings came from sale of residue natural gas to pipelines and others. Considerable improvement has developed since the Korean war started which has benefited refinery margins and both the marketability and prices for LPG's.

Shamrock produces iso-butane as a fraction in its processing of raw gasoline into high grade end products. Until recently it could market only half its capacity and at 2¢ - 2½¢ per gallon; now it can sell its entire output at double the price. Iso-butance is important in the refining of high octane aviation gasoline, the demand for which should be increasing.

Demand for butane also has improved. Shamrock was able to market only about one-third of its butane capacity in the first eight months of 1950. After selling around 5¾¢ in January 1949, butane declined to 2½¢ per gallon in 1950, recovering currently to slightly under 5¢ per gallon.

There continues to be a large over-supply of propanes resulting from the sharply increasing amount of natural gas processed by Shamrock and others. Until recently the price has been around 2¢ per gallon against 5.8¢ per gallon in January 1949. Currently a seasonal upswing has advanced the price to 3½¢ per gallon.

The large over-supply of propane will probably continue until new markets are created on a broad scale, such as conversions of tractors, busses and motor fleets to the use of propane. A recent editorial in the "Oil and Gas Journal" (September 14, 1950) pointed out that as a motor fuel propane gives more miles per dollar than gasoline at present prices, has little or no exhaust odor, gives high octane performance and deposits no carbon in the motor. Shamrock has been successful in converting some 2,000 farm tractors in its area to the use of propane.

Recent strength in end products is benefiting Shamrock in its refining operations. The greatest increase has taken place in #6 Fuel Oil which is now $1.60 per barrel as compared with 90¢ per barrel a year ago. Prices for other refined products have also firmed up. In addition, as a result of the installation earlier this year of a Cycloversion unit and a Catalytic Polmerization unit, Shamrock's refining capacity has been increased. The refinery recently was running at around 10,000 barrels of crude per day against 6,700 barrels per day a year ago. Here also Shamrock is benefiting from a combination of higher prices and larger volumes.

A record of the Company's operations for the past ten years is shown on the next page. Attention is invited to the five-fold increase in sales and even greater increase in net income.

In view of the recent improvement, earnings for this year should be around $3.25 per share, after allowing for the higher tax rate now in effect.

Operations (000)

Nov. 30	Net Sales	Deprec. & Deplet.*	Pre-Tax Income(a)	% of Sales	Net Income(a)	Per Share Common Earned(a)	Paid	Range
1941	$ 5,135	$ 723	$1,429	27.8%	$ 855	$0.52	$ -	3 - 1 5/8
1942	5,480	695	1,547	28.3	633	0.36	-	3 - 1 7/8
1943	6,898	725	1,768	25.7	1,032	0.66	0.10	3 1/4 - 2 3/8
1944	7,989	910	1,943	24.4	1,118(b)	0.83(b)	0.20	8 7/8 - 3 1/8
1945	7,148	829	1,678	23.5	1,294	0.96	0.30	21 3/4 - 7 1/2
1946	7,759	607	2,046	26.4	1,694	1.26	0.50	32 - 17
1947	12,079	769	3,920	32.0	2,935	2.22	1.00	30 - 20
1948	21,417	1,245	7,693	35.9	5,754	4.28	1.50	37 - 25
1949	24,622	1,441	6,594	26.7	4,885	3.63	1.60	31 - 24
12 mos. 8/31/50	26,109	1,626	6,231	23.9	4,635	3.44	1.60	31 - 25

* Also includes charges for canceled leaseholds and dry holes.
(a) Before provision for contingencies.
(b) Before non-recurring profit of $1,750,421 or $1.30 per share.

The extent of Shamrock's growth in the past ten years is clearly seen in the comparative balance sheet data following. Gross plant account currently amounts to over $34 million compared with $10.8 million at the end of 1941 and $14.5 million as recently as 1946. This expansion has been financed largely internally; debt has increased relatively little and the increase in common equity is entirely the result of retained earnings.

(000)

Nov. 30	Cash & Equiv.	Receivables	Inventories	Total Current Assets	Current Liabilities	Net Current Assets
1941	$1,201	$ 751	$ 590	$2,542	$1,501	$1,041
1946	3,023	555	819	4,397	1,172	3,225
1947	2,769	764	1,683	5,216	3,297	1,919
1948	4,072	1,315	2,451	7,844	3,659	4,185
1949	2,327	1,506	2,688	6,520	3,371	3,149
8/31/50	3,683	2,040	2,407	8,130	4,865	3,265

Nov. 30	Property Account Gross	Net	Debt	Common Equity	Book Value	% Earned on Capital
1941	$10,794	$ 6,069	$4,247(c)	$ 3,686	$ 2.74	12.2%
1946	14,515	7,311	2,000	8,817	6.55	16.0
1947	19,599	11,779	3,590	10,407	7.75	21.4
1948	25,271	16,661	7,058	14,142	10.50	27.8
1949	30,009	20,340	7,025	16,873	12.55	21.3
8/31/50	34,020	23,284	8,500	18,456	13.70	18.2

(c) Includes $2,511(000) of 6% Preferred.

Management

The present Board of Directors consists of the following:

J. H. Dunn - President
Director of Continental Carbon Company

Ray C. Johnson - Vice President
General Counsel

Frank R. Denton - Vice Chairman of Board - Mellon National Bank
Director - Westinghouse Electric
Pullman, Inc.
Jones & Laughlin Steel
National Union Fire Insurance Company

Ralph S. Euler - Senior Vice President - Mellon National Bank
Director - National Supply
Harbison-Walker
Pullman, Inc.

Frank J. Humphrey - Director - McCrory Stores

Laurence M. Marks - Partner - Laurence M. Marks & Co.
Director - National City Lines
Divco Corp.
Air Products, Inc.
Brooklyn Savings Bank

R. G. Morrison

Ross D. Rogers

Paul B. Wyant

JWB:lp

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THE INSTITUTE FOR ADVANCED STUDY

Abbott Laboratories Common Stock

Memo to Mr. Leidesdorf:

The Institute now holds 500 shares Abbott Laboratories common stock ($1.85) which cost 36⅛ and is currently selling at 42⅝. At its present price the stock yields 4.3% and is selling for approximately 15 times estimated earnings of $2.80 per share for this year.

When the Committee, a week or so ago, authorized the conversion of Monsanto Chemical Company $4.00 Convertible Preferred stock into common stock of that Company, Mr. Linder suggested that I look into Abbott Laboratories common stock with the thought that it might possibly be a sale. Although this Company is one of the best of the ethical drug manufacturers, I believe that it is fully priced, based on its current earnings and prospects, and its earnings status under a possible Excess Profits Tax law. Therefore, I have included the common stock as a sale in a list of suggested changes to be included in the Agenda for discussion at the meeting on Friday of this week.

Abbott Laboratories' capitalization consists solely of 3,739,814 shares of common stock and it maintains a strong current financial position. Between 1936 and 1946 the Company achieved a remarkable expansion in its operations without recourse to public financing in debt or preferred stock except to the extent of $3,000,000 which was outstanding for only two years. During this period gross plant increased from $2.8 million to $10.7 million, sales from $7.8 million to $54.2 million, pre-tax income from $1.7 million to $19.2 million, net income from $1.4 million to $10.8 million and earnings per share from about a 60¢ level to $2.90. The equity per share increased from $3.12 to $10.77. During this expansion in sales, the Company's profit margin increased from about 20% to approximately 35%.

Although sales have continued to increase since 1946, from $54.2 million to $67.6 million, the profit margin has narrowed from 35.3% to 22.6%, pre-tax income having declined from $19.2 million to $15.3 million in 1949. Net income has varied between $10 million and $11 million and the earnings per share between $2.68 and $2.90. I understand from sources close to the Company that there is nothing in the research laboratories which is likely to augment sales and profits in any worthwhile way in the near future.

Attached is a compilation showing the effect of Excess Profits Taxes on the Company's earnings. You will note that, based on the assumption of an Excess Profits Tax law as outlined, the Company would have $7,355,000 income exempt from Excess Profits Taxes which is equivalent to $1.97 per share, and that each million dollars of pre-tax earnings over and above the base of $13.4 million would add 7¢ per share to common earnings. If such tax provisions were applied to pre-tax income of approximately $15 million reported in 1949, the earnings per share would be reduced from $2.68 to $2.07. Thus the stock at its present price would be selling for about 21 times earnings and it is doubtful if the Company, in view of its past dividend policy, would maintain an annual dividend rate of $1.85 per share.

Although I feel that the stock should be sold at present, I believe it should be watched as a possible reinvestment opportunity either at a lower price level, or in the event that the Company develops important new products in its excellent research laboratories and embarks on another phase of expansion.

Paul B. Wyant

ABBOTT LABORATORIES

Excess Profits Tax Status

Assumptions:

(a) E.P.T. Base: - 75% of average of 3 best years 1946 - 1949
(b) Normal & Surtax rate of 45%
(c) E.P.T. Rate of 75%

1946 - 1949 Operating Record

	Net Sales	Pre-Tax Income		Income Taxes		Net Income	
	(000)	(000)#	% of Sales	(000)	Rate	(000)	Per Share
1946	$54,210	$19,154	35.3%	$7,600	39.6%	$10,821	$2.90
1947	59,621	17,097	28.7	6,300	36.9	10,216	2.73
1948	66,931	17,243	25.8	6,150	35.6	11,121	2.97
1949	67,552	15,280	22.6	5,349	35.0	10,010	2.68

E.P.T. Base:	$13,373	(75% x $17,831, average of 1946, 1947, 1948)
45% Normal & Surtax	6,018	
Income exempt from E.P.T.	$ 7,355	= $1.97 per share

Each $1 million of pre-tax earnings over and above the base of $13,373,000 will add 7¢ per share to common earnings.

Pre-Tax Income	All Income Taxes	Net Income	
(000)	(000)	(000)	Per Sh.
$15,000	$ 7,238	$7,762	$2.07
17,000	8,738	8,262	2.21
20,000	10,988	9,012	2.42

Before contingency reserves of $850(000) in 1946 and $700(000) in 1947.

November 28, 1950

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THE INSTITUTE FOR ADVANCED STUDY

MONSANTO CHEMICAL COMPANY

Re: Partial Redemption of $4 Convertible Preference Stock - Series B

Memo to Mr. Leidesdorf:

The Institute currently holds 2,000 shares Monsanto Chemical $4 convertible preference stock - Series B at a book cost of 111⅞ ($223,743). Of this amount 1,100 shares have been selected for redemption on December 5, 1950 at 104. Called stock is currently selling at 112.

Each share of called stock is convertible up to the close of business on December 4, 1950 into 1.739 shares of common stock. Therefore the Institute's 1,100 called shares may be converted into 1,912 shares, plus 9/10ths of a share payable in cash at the rate of $57.50 per share.

If the Committee decides to convert, it is important that this be done prior to the close of business November 20, 1950, since holders of record at that time will receive a dividend of $1.96 on the common stock received for each share of converted Series B Stock. Holders who convert after November 20, 1950 will receive only the quarterly dividend of $1 per share on their Series B Preference Stock.

Recent Developments

Since the middle of 1949 Monsanto has been showing progressively better results. Sales have increased each quarter from $38.4 million in the June 1949 quarter to $60.5 million in the latest quarter ended September 30, 1950. Earnings have increased even more rapidly, reflecting improved profit margins. For the first nine months net profit of $4.48 per share of common was reported compared with $2.48 in the same period of 1949. The profit margin before taxes was 25.2% in the September quarter, compared with 14.1% a year ago. This better profit margin results not only from the increased volume but from better operating efficiency and the new products developed as a result of substantial capital expenditures since 1945. Assuming full conversion of the balance of uncalled $4 preferred by the year-end, earnings for this year of $6.00 per share are quite probable.

Business is strong in all principal divisions. Heavy chemicals which accounted for about 7% of sales last year are in excellent demand and prices of leading products such as acids and alkalis have been advanced. With plants operating at capacity and a more favorable price structure the profit margin of this division has been better and should continue to improve.

The phosphate division in recent years has shown very persistent growth. Last year it accounted for 18% of sales volume, compared with only 13% the previous year. Demand is in excess of capacity. The company is building a sixth electric furnace which will have a larger capacity than any of the other furnaces and is expected to increase total output 30%. The extraordinary growth in demand for phosphate chemicals for detergents is on top of the excellent growth in demand for the foods, insecticides, plasticizers, rust-proofing chemicals and many other items. Prospects for further growth of this division are well-defined; the price structure is firm and profit margins should remain good.

Plastics, synthetic resins and surface coatings together accounted for about 30% of sales last year. Monsanto received a rather serious check in 1947 when the Texas City plant was destroyed. This has been rebuilt and the company has recently announced a further large expansion program at this site. The new facility will cost about $30 million over the next several years and is designed to produce acrylonitrile by a new process direct from acetylene gas. The first unit will be in operation early next year. No figure on planned production has been announced but eventually it should be large, perhaps in excess of 30 million pounds annually. The bulk of the acrylonitrile production will eventually be used by Chemstrand, Inc., jointly owned by Monsanto and American Viscose, as the main ingredient in Chemstrand's new synthetic fiber. The balance of the acrylonitrile production should meet with large demand for synthetic rubber, plastics and miscellaneous chemical products. It is reported in the chemical industry that the process to be used in producing acrylonitrile is similar to a German process and should provide a good yield and low costs.

Chemstrand will build a plant to produce the new synthetic fiber at Decatur, Alabama. An industry report estimates that this plant will cost between $75 and $100 million. It seems probable, however, that it will be built in smaller segments, each with an initial cost considerably less than this amount. Production should commence in the early part of 1953. The fiber was developed in a joint research program between Monsanto and American Viscose.

Pharmaceuticals, flavors and condiments last year accounted for 11% of sales volume. Monsanto is making synthetic chloromycetin for Parke-Davis, new drugs for tuberculosis therapy, new sulfas, antihistaminics, synthetic caffeine and a number of basic items such as aspirin. While last year sales of this division were a little disappointing, demand is now good and prospects would seem to be increasingly favorable.

Sales by consuming industries are well diversified with no one industry taking as much as 15% of company's output. There are no individual products that are of such dominant importance to the total that a shift in competitive position would be highly damaging.

The new expansion program is sharply larger than that of last year which amounted to $10 million or about the same as depreciation charges. Plant additions in 1948 amounted to $35 million, almost $40 million in 1947 and $23 million in 1946. It appears that company is starting on a new phase of capital construction, which may correspond in total amount over the next several years to the previous program. Cash and working capital are comfortable and the plant expansion program should be self-financing for at least a year or two ahead, although eventually some further permanent capital may be required.

The dividend rate has just been increased from 50¢ quarterly to 62½¢ and a special year-end of 50¢ brought the total for 1950 to $2.62½. It would seem that a $3.00 dividend would be justified if the tax law next year is not too oppressive on growth companies. Earnings have averaged $3.76 over the years 1947 through 1949, which might indicate a tax base around the $3.00 level. Assuming E.P.T. rates do not exceed 70% to 75%, earnings next year could range between $4.50 and $5.00 per share. If the E.P.T. rates do not go above 60%, or if normal and surtax rates are merely raised again but there is no E.P.T. law, the earnings could exceed the excellent results projected for this year, as pretax earnings should grow substantially in 1951.

The quality of the company's earning power has always been high as the business is well diversified. Research and management are excellent. There would appear to be in the acrylonitrile and Chemstrand developments a field of large potential which should add substantially to future earnings. The main factor that is retarding the stock is the uncertainty in regard to taxes and, of course, the low dividend. The yield on a $2.62½ dividend is only 4.0%. On a $3.00 dividend, which seems reasonably in prospect, the yield would be 4.6% which would be reasonable for this quality of growth stock.

As of September 30th there were outstanding about 250,000 shares of $4 preference stock, half of which is now being called for redemption. Even if all of the 250,000 shares were converted into common the dilution would be less than 10%. There is now about $30 million of debt and $15 million of $3.85 preferred, not convertible. Common stock outstanding amounts to 4,436,000 shares and on full conversion there will be 4,871,000 shares.

The common stock of Monsanto is currently selling at 64 or about 10½ times estimated 1950 earnings. Earnings dividends and price range in recent years have been as follows:

	Earned	Paid	Price Range
1946	$2.37	$1.08	64 - 39
1947	3.59	2.00	64 - 49
1948	3.95	2.00	62 - 45
1949	3.74	2.00	58 - 46
1950	6.00 Est.	2.62½	70 - 54 (to date)

I suggest that the Committee convert the Institute's 1,100 called shares of Preference Stock into 1,912 shares common and purchase 88 additional shares to round out this holding to 2,000 shares, retaining for the present 900 shares uncalled preference stock.

JWB/asd
November 14, 1950

Paul B. Wyant

Finance com.

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

November 8, 1950

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

THE INSTITUTE FOR ADVANCED STUDY

AMERICAN CYANAMID COMPANY

3½% Convertible Preferred Stock (Series B) at 109 to yield 3.2%

Memo to Mr. Leidesdorf:

In accordance with the request of the Committee I have prepared the attached memorandum on American Cyanamid Company.

This Company, the fourth largest chemical manufacturer, probably produces the widest range of chemicals and allied products in the industry. Currently the highly successful and effective anti-biotic, aureomycin, is undoubtedly the most important single product from the standpoint of both sales and earnings. This and sulpha-diazine are the most outstanding products of the Company's intensified post-war research program.

It is believed that aureomycin may account for as much as 35% of profits before taxes in the current year. While aureomycin is a patented product and is therefore not likely to be subject to the cutthroat price competition which has been prevalent with penicillin, nevertheless it does face important competition from such other anti-biotics as Pfizer's terramycin and Parke Davis' chloromycetin. Earnings from aureomycin may not have yet reached their peak, but it is highly improbable that the current wide profit margin, reputed to be as high as 50%, can be long maintained.

Another product of which Cyanamid is currently a major producer is acrylonitrile. This is an important ingredient of synthetic rubber and certain types of plastics and because it is the basic raw material of certain new synthetic fibres such as du Pont's Orlon its future could be promising. Although Cyanamid pioneered the development of acrylonitrile, both Monsanto and Union Carbide are currently planning to produce it on a major scale.

It was not until the introduction of aureomycin in 1949, that Cyanamid's earnings began to show any marked improvement over the pre-war and war years. Although sales volume in the 1946-1949 period averaged $216 million compared with $85 million in pre-war years (1937-41), pretax profit margins, which have always been low in relation to other chemical companies, dropped from 10.8% before the war to an average of 8.3% in recent years. In the current year, Cyanamid's earnings are showing spectacular improvement and a profit margin of close to 20% is likely for the full year. While most of this improvement is traceable to the wide profit margin on sales of aureomycin the Company has been undergoing internal house cleaning and elimating non-profitable resale products as well as benefiting from the new and modernized plants constructed in the past four years.

Earnings before taxes may reach $62 million this year as compared with the previous high of $25.7 million in 1949, and the post-war average of only $18 million. Unfortunately, this belated development of improved earning power may mean that Cyanamid faces unduly harsh treatment in the event of excess profit taxes. While it is difficult to measure the effects until the provisions of the law are known it is nevertheless clear that Cyanamid is in a weaker position than any of the major chemical companies. Assuming the terms most commonly used in recent discussions of an E.P.T. law, Cyanamid's estimated 1950 earnings of $9.65 per share would be reduced to $4.84, and each $5 million added to pre-tax earnings would add only 34¢ to earnings on the common stock.

Even though the common stock at 72 is historically high and well above its average post-war high of 53 it would appear attractive on the basis of its current earnings of nearly $10 per share. However, the risk of a drastic reduction in this earning power in the event of an excess profit tax law appears too great to warrant an investment in either the common or convertible preferred stock at present prices. I would prefer to defer purchase until such time as the Company's status under the next tax bill can be determined.

Paul B. Wyant

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AMERICAN CYANAMID COMPANY

$3\frac{1}{2}$% Convertible Preferred Stock (Series B) at 111 to yield 3.2%

(Convertible at $72 per share of common until July 1, 1960)

Common Stock 3.37\frac{1}{2}$ at 72 to yield 4.7%

(1950 Prince Range 76-49)

Capitalization (adjusted for conversions thru 10/25/50)

	Balance Sheet (000)		Market Value 10/26/50 (000)	
Long Term Debt	$ 57,163	24%	$ 57,163	15%
$3\frac{1}{2}$% Conv. Preferred (44,083shs "A") (498,438shs "B")	54,252	22	62,319	17
Common Equity (3,578,668shs)	130,000#	54	250,577	68
	$241,415	100%	$370,059	100%

Approximate.

Note:

Full conversion of "A" Preferred at $42.50 will add 103,725 shares Common
Full conversion of "B" Preferred at $72.00 will add 692,275 shares Common

Full conversion of both preferreds will add 796,000 shares Common and result in a total of 4,375,668 shares Common outstanding.

The Board of Directors is authorized to issue an aggregate of 650,000 shares of Cumulative Preferred Stock in one or more series; shares of any series issued and thereafter converted or redeemed have the status of authorized and unissued shares and may be reissued by the Board of Directors as shares of the same or any other series of Cumulative Preferred Stock.

American Cyanamid Company, the fourth largest chemical manufacturer, probably produces the widest range of chemical and allied products in the industry. In addition, the Company has an important and rapidly growing pharmaceutical business (Lederle Laboratories Division). American Cyanamid also has important joint interests in chemical and allied operations with Pittsburgh Plate Glass Company, Texas Company, International Paper Company, Standard Oil of New Jersey and Atlantic Refining Company.

Products

Listed below are the principal products or classes of products sold by the Company and its subsidiaries. In a recent prospectus, the Company stated that its 1949 sales could be divided into 11 general classifications which are listed in the order of their respective importance.

1. Pharmaceutical and Biological Products - These include aureomycin, penicillin (purchased from others), sulfa drugs, vitamin products including folic acid, animal protein factor, vaccines, sera, antitoxins and other biological products for human and veterinary uses. The Lederle and Calco divisions account for nearly all of these.

2. Dye Stuffs, Pigments and Other Intermediates - The Company is believed to be the third or fourth largest dye maker.

3. Miscellaneous Industrial Chemicals - These include the increasingly important oil catalysts; acrylonitrile, an important raw material for specialty types of synthetic rubber and synthetic fibres; and a wide variety of tanning extracts, wetting agents, paper making chemicals and cyanides.

4. Synthetic Resins, Molding Compounds, Plasticizers - This division has specialized in formaldehyde compounds which are apparently losing some ground to other plastics.

5. Agricultural Chemicals - Calcium cyanamide, the Company's original product, is now relatively unimportant. Defoliants are a recent development.

6. Acids, Alkalis and other heavy chemicals.

7. Mineral Dressing Chemicals.

8. Industrial Explosives.

9. Surgical Sutres and Ligatures - The Davis & Geck division is the largest in this specialized field, Johnson & Johnson Company, second.

10. Engineering Services - Design and construction of chemical plants.

11. Insecticides, Fumigants and Fungicides.

During the year 1949 the first four classifications listed above contributed approximately 75% of total net sales. During the past several years the average profit margin on pharmaceutical and biological products has been greater than the average profit margin of all sales; accordingly the net profit on this classification has represented a very important portion of the Company's earnings. The higher margin of profit on this group has resulted in part from the introduction of several new specialties, the latest and most important of which is aureomycin.

Aureomycin

Aureomycin was discovered originally by the Lederle Laboratories division and was released for sale through the medical profession in December 1948. It is a highly successful and effective anti-biotic. Aureomycin reputedly has little or no toxic after effects, and clinical tests to date indicate that it has as wide a scope as any of the so called "wonder drugs".

In addition to its use as an anti-biotic, aureomycin has been found to be "the greatest growth-producing substance ever developed", according to the American Chemical Society. When added to animal feed the rate of growth has been found to increase by as much as 50%. Tests are being made to determine whether aureomycin may have the same effect on human beings, particularly undernourished children, but results thus far are inconclusive.

Unlike penecillin, production of which was open to any concern possessing fermentation capacity, aureomycin is a patented product. Consequently it appears unlikely that the cutthroat price competition which has been prevalent in the penicillin picture will develop in aureomycin. Moreover, Parke-Davis' chloromycetin, which can be synthesized, and Pfizer's terramycin, are also patented anti-biotics, which suggests orderly pricing with reductions being made only as volume expands. Thus far, Lederle has announced three downward revisions on aureomycin as follows:

February 1, 1950 - 20% of all forms.
March 1, 1950 - 33 1/3% on all forms.
May 1, 1950 - 25% on capsules, 10% on all other forms.

To the patient the price per capsule has declined from about $1.25 in December 1948 to about $0.60 currently. Further downward price revisions appear probable as output and usage expand but it is believed that profits from aureomycin still have not peaked.

Although the management has not disclosed any information with respect to aureomycin's sales other than the statement that they had "achieved substantial volume", trade sources believe that sales are currently running better than $44 million annually, on which the profit margin before taxes may be as high as 50%. If so this one product would account of 14% of estimated 1950 sales and 35% of estimated pre-tax earnings.

In addition to aureomycin, Cyanamid has several other products which appear to possess above-average growth potentials. The latest prospectus covering the sale of $50 million of new preferred stock in May, 1950 contains the following statement.

"Among the several projects now contemplated by the Company are further expansion of its facilities for the development and production of pharmaceutical products (including extensions to its plants for the production of Aureomycin and animal protein factor), and the construction of additional capacity for manufacturing oil cracking catalysts, acrylonitrile and other chemicals."

Acrylonitrile. Cyanamid reputedly is one of the major producers of acrylonitrile, an important ingredient of synthetic rubber and certain types of plastics. Of major importance is the new market for this product which will be opened when du Pont begins commercial production of Orlon, which uses acrylonitrile as a basic raw material. The extent to which this development will benefit Cyanamid cannot be determined. Cyanamid has been and currently is the only supplier of acrylonitrile used in producing Orlon at du Pont's semi-commercial pilot plant, but it is understood that Union Carbide & Carbon is planning to begin production, and may supply a good part of du Pont's future requirements.

Petroleum Catalysts. It is believed that Cyanamid is one of the two concerns producing fluid-type oil cracking catalysts. Because of the trend toward high-compression ratio automobile engines, demands for high octane gasoline have been and still are increasing. Higher octane count can be attained either through a change in cracking petroleum, by addition of tetraethyl lead, or both. Informed sources are of the opinion that higher cracking, through use of fluid catalysts, is the more economical process, which, if true, indicates a growing market for these products. The management's optimism with respect to the future potential business in catalysts is indicated by the announcement last month of plans to construct a $3 million plant to increase capacity by more than 50%.

Associated Companies

American Cyanamid has a 49% interest in Southern Alkali Corporation, formed in 1931 jointly with Pittsburgh Plate Glass to produce soda ash, caustic soda and chlorine at Corpus Christi, Texas. In the process of drilling for brine the Company found oil, which has now become an important source of this Company's earnings. Earnings of Southern Alkali increased from around $1 million in pre-war years to a high of $10.7 million in 1948. Lower oil earnings combined with the end of the tight supply situation in alkalis resulted in a sharp drop to $6.7 million in 1949.

Another joint holding is a 50% interest in Jefferson Chemical, owned jointly with the Texas Company, engaged in the production of ethylene oxide and ethylene glycol at Port Neches, Texas. Arizona Chemical owned jointly with International Paper, manufactures pinenes from turpentine and crude talloil from paper mill residue at Panama City, Florida.

The Company owns 50% of Porocel Corporation, engaged in the manufacture of activated bauxite for use in the petroleum industry at a plant near Cyanamid's bauxite deposits at Berger, Arkansas. The remaining 50% interest is owned by Standard Oil of New Jersey and Atlantic Refining Company.

In the past thirteen years equity in the earnings of the associated companies, after provision for income taxes, has aggregated $20,963,000, out of which the Company has received dividends of $6,775,000. Cyanmid's gross investment in these companies amounts to $11,114,000; the book equity at the end of 1949 was $28 million.

Research

In the years since the war, American Cyanamid has been stressing research more than ever, with expenditures for such purposes running between 4% and 5% of sales (in 1949, $10.3 million or 4.3% of sales). About 1,400 employees are engaged in research activities. Although sulfa-diazine and aureomycin are the outstanding fruits of this research many important animal and human remedies have been developed and several new products are being tested. Cyanamid also is working on synthetic textiles and some may be nearing the introductory stage.

Capital Expenditures

The following table points up the size of Cyanamid's post-war expansion, over half of which was financed internally.

4-Year Total (1946-49)

(000 omitted)

Retained Earnings	$22,520
Depreciation & Depletion	31,225
Total Cash Gain from Operations	$53,745
Sale of Securities (Net)	39,566
Total Cash Gain	$93,311
Capital Expenditures	$91,982

Indicative that depreciation policies are conservative is the fact that net property account on December 31, 1949, was $93.9 million, which compares with approximately $92 million expenditures in the past four years.

Operating Record

A good growth trend is apparent in the following 13-year operating record. Attention is invited to the rising trend of Cyanamid's equity in undistributed profits of associated companies, which eventually will become a source of dividend income for the parent company.

Dec. 31	Sales * (000)	Deprec. & Amortiz. (000)	Research (000)	Other Income (000)	Pre-Tax Income (000)	Pre-Tax Profit Margin	Net Income ** (000)
1937	$ 71,993	$ 2,775	$ 1,807	$1,077	$ 6,316	8.8%	$ 5,268
1938	61,230	2,875	1,870	585	3,147	5.1	2,453
1939	76,574	3,125	1,925	667	6,636	8.7	5,525
1940	88,166	3,845	2,532	799	10,814	12.3	7,630
1941	127,187	4,997	3,114	1,329	19,186	15.1	7,756
Pre-War Ave.	85,030	3,523	2,250 (2.5%)	891	9,220	10.8%	5,726
1942	134,085	5,522	3,633	1,428	19,458	14.5	6,156
1943	175,992	6,784	4,520	2,085	24,514	13.9	7,499
1944	165,456	8,322	5,885	2,545	16,349	9.9	6,404
1945	159,053	7,749	6,890	2,011	11,001	6.9	5,964
War Ave.	158,646	7,094	5,232 (3.3%)	2,017	17,829	11.3%	6,506
1946	178,953	4,979	8,880	2,363	13,593	7.6	8,693
1947	214,581	6,808	11,510	2,514	14,756	6.9	9,156
1948	231,992	8,642	10,482	3,316	17,775	7.7	11,875
1949	237,731	10,796	10,333	2,859	25,750	10.8	16,150
Post-War Ave.	215,814	7,806	10,301 (4.8%)	2,763	17,968	8.3%	11,468

* Resale products, included here, have been as follows in recent years:

	(000)	% of Total
1946	$32,428	18.2%
1947	32,038	14.9
1948	28,861	12.4
1949	22,932	9.6

** Does not include equity in undistributed net income of associated companies aggregating $14,188 (000) in 13-year period; however dividends received of $6,775 (000) are included under "Other Income".

Per Share Common

	Earnings				
	Company Only	Undist. Equity(x)	Total	Dividend	Price Range
1937	$2.09	$0.01	$2.10	1.60	37 - 18
1938	0.91	0.12	1.03	0.60	30 - 16
1939	2.07	0.12	2.19	1.60	36 - 18
1940	2.82	0.13	2.95	2.10	40 - 26
1941	2.80	0.13	2.93	1.85	42 - 31
Pre-War Ave.	2.14	0.10	2.24	1.55	37 - 22
1942	2.13	0.13	2.26	1.35	42 - 39
1943	2.59	0.27	2.86	1.35	48 - 37
1944	2.10	0.33	2.43	1.45	47 - 35
1945	1.92	0.34	2.26	1.25	50 - 36
War Ave.	2.18	0.27	2.45	1.35	47 - 37
1946	2.92	0.63	3.55	1.50	64 - 41
1947	2.96	0.76	3.72	1.50	55 - 40
1948	3.84	1.36	5.20	1.62½	43 - 33
1949	5.28	0.87	6.15	2.25	51 - 35
Post-War Ave.	3.75	0.90	4.65	1.72	53 - 37

(x) Equity in undistributed net income of associated companies.

Both sales and earnings for 1949 were the largest on record. Unquestionably aureomycin had an important lifting effect on 1949 shipments, particularly during the mid-year demand slump felt throughout the chemical industry generally.

Much of the improvement in 1949 earning power is traceable to the wide profit margin on sales of aureomycin, but internal "house cleaning", elimination of nonprofitable resale products, and benefits of new and modernized plants also are important contributions to the improved ratio.

Operating results for the nine months ended September 30, 1950 are compared below with those of the corresponding 1949 period, together with an estimate of 1950 possible results.

(000 omitted)

	9 months to Sept. 30th 1949	9 months to Sept. 30th 1950	Possible Full Year 1950
Net Sales	$173,011	$229,087	$310,000
Pre-Tax Income	15,713	44,997	62,000
% of Sales	9.1%	19.6%	20.0%
Net Income	9,813	25,997	35,960(a)
Pfd. Div.	1,026	906	1,380
Avail. for Com.	$ 8,787	$ 25,091	$ 34,580
Per Share Common			
Co. Only	$ 3.21	$ 7.02	$ 9.65(b)
Incl. Equity	$ 3.94	$ 7.77	$ 10.65(b)

(a) Assuming effective tax rate of 42% and no excess profits tax.

(b) Based on present capitalization and an estimate of actual cash dividends paid on preferred stock. Assuming full conversion of both series of preferred stock would reduce these estimates to $8.20 per share and $9.05 per share, respectively.

The spectacular improvement in current earnings is apparent when reported pre-tax earnings for the nine months of $45 million and estimated pre-tax earnings of $62 million for the full year are compared with the highest previous full year earnings in the Company's history of $25.7 million (in 1949) and with the post-war (1946-1949) average of only $18 million.

Unfortunately this late development of improved earning power may mean that Cyanamid faces unduly harsh treatment in the event of excess profits taxes. As shown in the calculation below, any earnings over $1.54 per share would be subject to excess profits taxes and each $5 million added to pre-tax earnings would add only 34¢ to earnings on the common stock. Estimated 1950 earnings of $9.65 per share would be reduced to $4.84 under the assumed provisions of EPT law.

Excess Profits Tax Position
(000 omitted)

Average pre-tax earnings - 1946-49:	$18,000
Assume 75% of above as E.P.T. Credit:	$13,500
Assume 45% normal tax on E.P.T. Base:	6,075
Income free from E.P.T.:	$ 7,425
Assume preferred div. requirements on "B" only:	1,745
Available for common before E.P.T.:	$ 5,680
Per share Common (3,682,393 shs) (assuming full conversion of "A" Pfd.)	$ 1.54

Using the above assumptions, potential earnings, based on various levels of pre-tax income would be:-

Assume pre-tax income of:	Net Avail. for Common	Per Share
$30,000	$ 9,805	$2.66
40,000	12,305	3.34
50,000	14,805	4.02
60,000	17,305	4.70
65,000	18,555	5.04
70,000	19,805	5.28
75,000	21,055	5.72

Comparative balance sheet data for pre-war and post-war years are shown in the table below:

Balance Sheet Data

Working Capital (000)

	Cash & Equiv.	Receivables	Inventories	Total Current Assets	Current Liabilities	Net Current Assets
1936	8,566	5,812	13,383	27,761	7,472	20,289
1941	26,559	12,015	23,915	62,489	23,408	39,081
1945	51,050	13,021	30,067	94,137	22,233	71,904
1946	32,751	16,714	37,542	87,056	31,821	55,236
1947	34,151	21,134	46,576	101,860	34,230	67,630
1948	31,883	22,026	48,895	102,804	34,115	68,689
1949	43,565	22,854	46,010	112,429	39,278	73,151

	Plant Account				Common Equity*	
	Gross	Net	Investments	Debt & Pfds.	Am't.	Per Share
1936	59,505	22,738	4,384	7,666	48,447	19.20
1941	77,326	33,087	9,365	32,045	50,789	19.45
1945	96,764	35,138	7,699	54,818	63,211	23.30
1946	123,658	57,974	10,321	56,838	67,298	24.60
1947	154,260	84,460	18,093	100,841	70,369	25.70
1948	169,239	92,548	14,787	100,219	76,426	27.90
1949	176,844	93,904	14,650	94,384	87,609	31.30

* Excludes $5,000(000) "Goodwill" (written off in 1947)

DIRECTORS

William B. Bell - President
Trustee - Duke Endowment
Director - Guaranty Trust Company

R. C. Gaugler - Exec. Vice President

R. M. Banks - Vice President

A. P. Eastman - Vice President

F. M. Fargo, Jr. - Vice President

R. B. Fiske - Vice President

W. G. Malcolm - Vice President

G. R. Martin - Vice President

S. C. Moody - Vice President

R. C. Swain - Vice President

K. C. Towe - Vice President

L. C. Perkinson - Treasurer

R. S. Kyle - Secretary

George Garland Allen - Director - Guaranty Trust Company
British American Tobacco

A. J. Campbell - General Manager of Industrial Chemicals Division

Philip M. Dinkins - President & Director - Jefferson Chemical Company

F. S. Washburn - General Manager of Agricultural Chemicals Division

JWB:ASD

Paul B. Wyant

November 1, 1950

JRO

Meeting Aug 1st.
Have adv. – saying JRO
will be away. ZAF

PAUL B. WYANT
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July 27, 1950

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

THE INSTITUTE FOR ADVANCED STUDY

Pertinent Statistical Data re Industrial Common Stock Holdings

Memo to Mr. Leidesdorf:

Attached are statements setting forth certain statistical data for the Institute's industrial common stock holdings. The Committee as you know requested this information for use as a basis in discussing the possible impact of renewed excess profits taxes on the Companies' earnings in the belief that earnings exempt from this tax may be based on a return on invested capital rather than on average earnings for some given period.

The "Equity" figures under "Capitalization" do not include such segregated surplus items as Reserves for Inventory Price Adjustments, Reserves for Contingencies or Reserves for Replacement of Capital Assets. Particularly International Paper and Deere have made substantial charges against earnings to set up reserves for specific purposes and Deere, in addition to providing specific reserves, has for about eight years carried a ten million dollar general "Reserve for Contingencies". From an investment point of view it may well be considered that this is really stockholders surplus and, if included, it would add about $3.35 per share to the book value.

In viewing these stocks from a tax standpoint, I thought it would be more conservative to consider book values per share without including any reserve items. This would probably be the most severe way of computing invested capital as it does not allow for any earnings leverage on Preferred and Debt capital or for including as invested capital the reserve items created from income on which income taxes have been paid. I understand the last EPT law permitted such Reserves, Preferred Capital and part of the Debt to be included as invested capital. There is wide room for variation in a tax bill definition of invested capital.

The figures in the statements are based on the latest available year-end balance sheets with adjustments for stock dividends and stock splits.

Paul B. Wyant

THE INSTITUTE FOR ADVANCED STUDY

Pertinent Statistical Data re Industrial Common Stock Holdings

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Cost	Market 7/24/50	Yield	Capitalization ($Mil) Debt	Pfd.Stk.	Equity	Total	Working Capital ($Mil)	No. Shs. Outstdg. (000)	Per Share Common Book Value	Working Capital*	Earn. 1949	% Earn. on Book Value	Market % of Book Value	P/E Ratio (1949 Earn.)	Price Range 1950 High	Low
		$			%							$	$	$	%	%			
	AGRICULTURAL IMPLEMENT																		
1000	Deere & Co.	5.00	44	45 7/8	10.9	19.5	30.9	140.5	190.9	173.5	3,004	46.77	40.97	12.42	26.6	98	3.7	50	38
						10%	16%	74%	100%										
	AUTOMOBILE																		
1000	Mack Trucks	-	18 3/8	16 3/8	-	-	-	52.7	52.7	34.3	1,475	35.74	23.26	def.2.71	-	46	-	17	12
1000	Studebaker	3.00	23 5/8	27 1/4	11.0	9.5	-	85.3	94.8	56.5	2,355	36.22	19.96	11.70	32.3	75	2.3	35	25
						10%	-%	90%	100%										
	CHEMICAL																		
1500	Allied Chemical & Dye	10.00	182 3/4	221	4.5	-	-	243.2	243.2	119.0	2,214	109.84	53.75	16.78	15.3	201	13.2	256	200
1000	Columbian Carbon	2.00	30 1/8	32 1/4	6.2	-	-	44.3	44.3	13.1	1,612	27.48	8.13	3.69	13.4	117	8.7	37	30
1045	Dow Chemical	2.40	49 3/8	60	4.0	68.3	70.3	119.7	258.3	49.6	5,254	22.78	-	4.33	19.0	263	13.9	72	54
						26%	27%	47%	100%										
7200	du Pont	3.45	36 1/4	72 5/8	4.8	-	268.9	847.9	1,116.8	361.5	44,834	18.91	2.07	4.52	23.9	384	16.1	85	60
						-%	24%	76%	100%										
5250	Eastman Kodak	1.70	28 3/4	41	4.1	-	6.2	312.3	318.5	127.4	13,649	22.88	8.88	3.62	15.8	179	11.3	49	40
						-%	2%	98%	100%										
1000	Pfizer, Chas.	2.75	56	58	4.7	-	5.0	34.1	39.1	21.3	1,480	23.04	11.01	5.18	22.5	252	11.2	75	52
						-%	13%	87%	100%										
4800	Union Carbide & Carbon	2.00	29 5/8	42 3/4	4.7	150.0	-	476.1	626.1	224.0	28,806	16.53	2.57	3.20	19.4	259	13.4	51	40
						24%	-%	76%	100%										
2000	United Carbon	2.00	33 3/4	34 1/2	5.8	-%	-	25.6	25.6	7.8	796	32.16	9.80	3.60	11.2	107	9.6	40	32
1500	Victor Chemical Works	2.00	44	41	4.9	1.5	9.6	12.2	23.3	9.4	767	15.91	-	3.35	21.1	258	12.2	52	40
						6%	41%	53%	100%										
	DISTILLING																		
3000	Distillers Corp.-Seagrams	1.20	19 1/8	20 1/4	5.9	98.1	-	210.4	308.5	263.5	8,769	23.99	18.86	3.96	16.5	84	5.1	23	17
						32%	-%	68%	100%										
1500	Walker (H) Gooderham & Worts	2.40	37 1/2	38	6.3	16.8	-	118.1	134.9	101.0	2,886	40.92	29.18	8.19	20.0	93	4.6	40	31
						12%	-%	88%	100%										

* After deducting Senior Securities.

THE INSTITUTE FOR ADVANCED STUDY

Pertinent Statistical Data re Industrial Common Stock Holdings

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Cost	Market 7/24/50	Yield	Capitalization ($Mil) Debt	Pfd.Stk.	Equity	Total	Working Capital ($Mil)	No. Shs. Outstdg. (000)	Per Share Common Book Value	Working Capital*	Earn. 1949	% Earn. on Book Value	Market % of Book Value	P/E Ratio (1949 Earn.)	Price Range 1950 High	Low
		$			%							$	$	$	%	%			
	DRUG & PHARMACEUTICAL																		
1000	Abbott Laboratories	1.85	36⅛	41⅝	4.4	-	-	50.5	50.5	34.4	3,740	13.50	9.20	2.68	19.9	308	15.5	54	41
1000	American Home Products	1.70	24	29⅝	5.7	13.4 19%	- -%	58.3 81%	71.7 100%	50.3	3,859	15.11	9.56	2.77	18.3	196	10.7	35	28
500	Chesebrough Manufacturing	3.50	73¾	65	5.4	-	-	8.4	8.4	6.7	309	27.18	21.68	6.73	24.8	239	9.7	67	60
500	Johnson & Johnson	2.00ø	41⅜	54½	3.7	- -%	8.9 12%	65.5 88%	74.4 100%	40.4	1,988	32.95	15.85	4.47	13.6	165	12.2	63	48
	FINANCE																		
2500	C.I.T. Financial	4.00	59¼	44⅛	9.1	254.9 59%	50.0 11%	130.6 30%	435.5 100%	?	3,581	36.47	?	6.81	19.7	121	6.5	68	44
	FOOD & CONFECTION																		
1000	Borden	2.70	36⅝	49⅞	5.4	45.8 24%	- -%	147.8 76%	193.6 100%	106.7	4,291	34.44	14.19	5.10	14.8	145	9.8	52	45
2000	National Dairy Products	2.40	28½	39½	6.1	80.5 30%	- -%	189.6 70%	270.1 100%	124.1	6,313	30.03	6.91	5.26	17.5	132	7.5	45	36
1000	Sunshine Biscuits	3.75	46¼	51¼	7.3	-	-	35.0	35.0	20.7	1,021	34.28	20.27	7.67	22.4	150	6.7	64	49
1000	United Fruit	4.00	38⅝	56⅛	7.1	-	-	239.9	239.9	44.0	8,775	27.34	5.01	6.25	22.9	205	9.0	65	50
	METAL (Non-Ferrous)																		
4000	American Metal	2.00	24⅝	32½	6.2	- -%	9.1 13%	60.3 87%	69.4 100%	37.1	1,225	49.22	22.86	4.22	8.6	66	7.7	36	29
2040	American Smelt. & Ref.	5.00	47⅝	55⅛	9.1	- -%	50.0 26%	141.3 74%	191.3 100%	112.3	2,630	53.73	23.69	8.22	15.3	103	6.7	57	50
3500	Kennecott Copper	4.00	47½	59⅜	6.7	-	-	502.5	502.5	247.5	10,822	46.43	22.87	4.45	9.6	128	13.3	61	49
2200	Newmont Mining	2.50	67	68¾	3.6	-	-	50.1	50.1	?	1,063	47.13	?	3.67	7.8	146	18.7	69	58
	(authorized to increase to 3,500 shares)					(Net Asset Value $81.41 per sh.)													

* After deducting Senior Securities.
ø Plus Stock Dividend.

THE INSTITUTE FOR ADVANCED STUDY

Pertinent Statistical Data re Industrial Common Stock Holdings

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Cost	Market 7/24/50	Yield	Capitalization ($Mil) Debt	Pfd. Stk.	Equity	Total	Working Capital ($Mil)	No. Shs. Outstdg. (000)	Per Share Common Book Value	Working Capital*	Earn. 1949	% Earn. on Book Value	Market % of Book Value	P/E Ratio (1949 Earn.)	Price Range 1950 High	Low
		$			%							$	$	$	%	%			
	MISCELLANEOUS																		
1000	Allied Mills	2.25	31½	27⅝	8.1	-	-	27.5	27.5	15.5	801	34.35	19.35	2.96	8.6	80	9.3	31	27
1000	General American Trans.	3.00	64½	51¾	5.8	43.2 33%	14.2 11%	74.6 56%	132.0 100%	28.2	1,054	70.78	-	5.62	7.9	73	9.2	53	45
1000	International Silver	6.00	32⅝	44¾	13.4	- -%	5.0 17%	23.6 83%	28.6 100%	19.9	365	64.66	40.82	11.40	17.6	69	3.9	55	42
1000	Stein, A. & Co.	2.00	25⅞	21¼	9.4	-	-	7.6	7.6	5.9	480	15.83	12.29	3.22	20.3	134	6.6	25	21
1500	Sunbeam Corp.	2.25	16⅞	41½	5.4	-	-	19.9	19.9	9.0	900	22.11	10.00	8.12	36.7	188	5.1	59	28
	MOTION PICTURE																		
3000	Paramount Pictures	2.00	22⅝	19⅛	10.5	9.8# 10%	- -%	87.9 90%	97.7 100%	62.0	3,263	26.94	16.00	1.00	3.7	71	19.1	21	17
3000	Twentieth Century Fox	2.00	35⅛	19⅜	10.3	29.8 22%	12.5 9%	95.5 69%	137.8 100%	83.2	2,769	34.49	6.25	4.28	12.4	56	4.5	25	18
	OFFICE EQUIPMENT																		
1000	Addressograph-Multigraph	3.00	48¾	43½	6.9	3.9 16%	- -%	20.6 84%	24.5 100%	17.3	754	27.32	17.77	6.10	22.3	159	7.1	52	39
289 45/100	International Bus. Machines	4.00¢	88¼	195	2.1	85.0 38%	- -%	138.3 62%	223.3 100%	32.4	2,764	50.04	-	12.04	24.1	390	19.4	240	185

* After deducting Senior Securities
\# Minority interests and Advance Payments
¢ Plus Stock Dividend

THE INSTITUTE FOR ADVANCED STUDY

Pertinent Statistical Data re Industrial Common Stock Holdings

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Cost	Market 7/24/50	Yield	Capitalization ($Mil) Debt	Pfd.Stk.	Equity	Total	Working Capital ($Mil)	No. Shs. Outstdg. (000)	Per Share Common Book Value	Working Capital*	Earn. 1949	% Earn. on Book Value	Market % of Book Value	P/E Ratio (1949 Earn.)	Price Range 1950 High	Low
		$			%							$	$	$	%	%			
	OIL PRODUCING & REFINING																		
1000	Amerada Petroleum	5.00	85⅛	129½	3.9	-	-	62.3	62.3	21.3	1,577	39.51	13.51	9.12	23.1	328	14.2	132	100
2000	Continental Oil (Del)	4.00	48⅞	73	5.5	1.4 1%	- -%	226.8 99%	228.2 100%	57.1	4,823	47.02	11.55	7.48	15.9	155	9.8	74	55
3000	Gulf Oil	3.00	58⅝	67½	4.4	190.0 18%	- -%	865.1 82%	1,055.1 100%	205.8	11,345	76.25	1.39	8.89	11.7	89	7.6	72	59
5000	Louisiana Land & Explor.	2.25	14	30	7.5	-	-	10.4	10.4	6.5	2,977	3.49	2.18	2.77	79.4	860	10.8	35	26
1000	Phillips Petroleum	4.00	50¾	69	5.8	111.7 21%	- -%	416.0 79%	527.7 100%	87.3	6,049	68.77	-	7.36	10.7	100	9.4	69	57
1000	Seaboard Oil	2.00	54¼	75⅝	2.6	-	-	26.6	26.6	10.5	1,227	21.68	8.56	4.71	21.7	349	16.1	82	47
2500	Shell Oil	3.00	29⅛	44⅛	6.8	120.7 23%	- -%	413.9 77%	534.6 100%	146.4	13,471	30.73	1.91	5.67	18.5	144	7.8	45	34
4000	Skelly Oil	2.50ø	55⅛	59½	4.2	14.0 9%	- -%	147.8 91%	161.8 100%	19.7	2,612	56.58	2.18	10.03	17.7	105	5.9	65	52
2000	Southland Royalty	2.00	33⅞	42	4.8	-	-	9.3	9.3	0.9	850	10.94	1.06	3.44	31.4	384	12.2	43	33
3000	Standard Oil Indiana	2.00	36½	51⅛	3.9	322.5 23%	- -%	1,083.3 77%	1,405.8 100%	269.3	15,285	70.87	-	6.72	9.5	72	7.6	52	42
3000	Standard Oil New Jersey	4.00	52⅛	74½	5.4	826.7 26%	- -%	2,327.2 74%	3,153.9 100%	847.3	30,183	77.10	0.68	8.91	11.6	97	8.4	80	66
800	Superior Oil California	1.00	175⅜	295	0.3	31.2 37%	- -%	54.1 63%	85.3 100%	19.4	423	127.90	-	17.22	13.5	231	17.1	316	195
1025	Texas Co.	4.00	51¼	67⅞	5.9	180.1 15%	- -%	1,031.0 85%	1,211.1 100%	321.2	13,798	74.72	10.23	9.63	12.9	91	7.0	72	59
2000	Texas Pacific Coal & Oil	1.75	9	29⅝	5.9	-	-	27.0	27.0	4.1	1,772	15.24	2.31	3.58	23.5	194	8.3	31	20
2500	Warren Petroleum	0.80	20⅜	19⅜	4.1	19.4 36%	- -%	35.0 64%	54.4 100%	4.2	1,699	20.60	-	4.10	19.9	94	4.7	21	15
	PAPER																		
5000	International Paper	2.50	34½	44½	5.6	- -%	23.0 8%	252.3 92%	275.3 100%	97.2	7,120	35.44	10.42	7.12	20.1	126	6.3	48	34
	RAYON & TEXTILE																		
2100	Industrial Rayon	3.00	39⅛	52¾	5.7	-	-	52.2	52.2	33.4	1,674	31.18	19.95	5.72	18.3	169	9.2	56	42

* After deducting Senior Securities.
ø Plus Stock Dividend.

THE INSTITUTE FOR ADVANCED STUDY

Pertinent Statistical Data re Industrial Common Stock Holdings

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Cost	Market 7/24/50	Yield	Capitalization ($Mil) Debt	Pfd.Stk.	Equity	Total	Working Capital ($Mil)	No. Shs. Outstdg. (000)	Per Share Common Book Value	Working Capital*	Earn. 1949	% Earn. on Book Value	Market % of Book Value	P/E Ratio (1949 Earn.)	Price Range 1950 High	Low
		$			%							$	$	$	%	%			
	RETAIL TRADE																		
5000	Federated Dept. Stores	2.00	$18\frac{5}{8}$	37	5.4	22.7 19%	12.1 10%	87.0 71%	121.8 100%	77.3	2,736	31.80	15.53	5.45	17.1	116	6.8	42	33
1500	Grant, W. T.	1.50	18	27	5.6	3.3 5%	15.0 20%	54.9 75%	73.2 100%	28.3	2,379	23.08	4.20	3.73	16.2	117	7.2	29	25
1000	Kress, S. H.	3.00	$46\frac{7}{8}$	$51\frac{1}{2}$	5.8	-	-	83.1	83.1	37.1	2,352	35.33	15.77	4.27	12.1	146	12.1	62	50
1000	May Dept. Stores	3.00	$27\frac{5}{8}$-	$48\frac{1}{2}$	6.2	19.2 11%	34.6 21%	114.6 68%	168.4 100%	86.8	2,910	39.38	11.34	5.79	14.7	123	8.4	51	46
2000	Murphy, G. C.	2.00	36	$45\frac{3}{4}$	4.4	0.7 1%	9.0 18%	40.3 81%	50.0 100%	25.7	1,922	20.97	8.32	4.46	21.3	218	10.3	52	44
3000	Penney, J. C.	3.00	$36\frac{1}{2}$	$56\frac{3}{8}$	5.3	-	-	174.8	174.8	139.2	8,232	21.23	16.91	5.08	23.9	266	11.1	61	53
2500	Sears Roebuck	2.25	$22\frac{3}{8}$	$41\frac{7}{8}$	5.4	-	-	614.7	614.7	411.5	23,647	25.99	17.40	4.58	17.6	161	9.1	48	40
1000	Western Auto Supply	3.00	$57\frac{1}{8}$	$39\frac{1}{4}$	7.6	14.3 30%	- -%	33.8 70%	48.1 100%	42.8	751	45.00	37.95	5.00	11.1	87	7.9	52	38
	SOAP																		
2000	Colgate-Palmolive-Peet	3.00	$45\frac{1}{4}$	$41\frac{1}{8}$	7.2	- -%	12.5 14%	76.7 86%	89.2 100%	46.8	1,998	38.39	17.17	5.33	13.9	108	7.8	47	37
	STEEL																		
1500	Bethlehem	3.00	$34\frac{7}{8}$	$39\frac{5}{8}$	7.6	169.6 19%	93.4 10%	640.8 71%	903.8 100%	382.4	9,583	66.87	12.46	9.68	14.5	59	4.1	40	30
1000	Hanna, M. A.	5.00	$109\frac{3}{8}$	117	4.3	7.0 8%	9.0 11%	67.8 81%	83.8 100%	15.7**	1,030	65.83	-	9.44	14.3	178	12.4	120	103
1500	Inland Steel	3.00	$22\frac{1}{8}$	$43\frac{1}{4}$	6.9	71.3 30%	- -%	168.4 70%	239.7 100%	115.6	4,899	34.37	9.04	5.11	14.9	126	8.5	44	38
3000	National Steel	2.40	$25\frac{1}{2}$	$42\frac{5}{8}$	5.6	40.0 16%	- -%	254.8 84%	294.8 100%	129.0	7,362	34.61	12.09	5.34	15.4	123	8.0	43	36
	TOBACCO																		
1200	Universal Leaf Tobacco	1.70	$14\frac{3}{4}$	$21\frac{3}{4}$	7.8	1.1 5%	6.0 25%	17.2 70%	24.3 100%	17.7	597	28.81	16.75	3.86	13.4	75	5.6	25	21

* After deducting Senior Securities.
** Excluding marketable securities at net carrying value of $63.3 million.

7 8

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

July 10, 1950

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

THE INSTITUTE FOR ADVANCED STUDY

Texas Illinois Natural Gas Pipeline Company

Interim Notes, due January 1, 1952

(Payable at maturity by delivery of Preferred Stock)

Memo to Mr. Leidesdorf:

On or about July 18, 1950, an underwriting group headed by White Weld & Company and Glore, Forgan & Company will offer $12,000,000 of Interim Notes due January 1, 1952 of Texas Illinois Natural Gas Pipeline Company. A brief memorandum on this Company is attached.

The coupon rate and offering price have not yet been determined, but the rate will be between 4¾% and 5% and the offering price at least 100.

Assuming that these notes are offered on a 4.75% basis or better, I suggest that the Committee consider the purchase of $50,000 par value.

Paul B. Wyant

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

June 30, 1950

TEXAS ILLINOIS NATURAL GAS PIPELINE COMPANY

$4\frac{3}{4}\%$ or 5% (?) Interim Notes, due January 1, 1952
(Payable at maturity by delivery of preferred stock carrying an equivalent dividend rate)

Pro-forma Capitalization

First Mortgage $3\frac{1}{4}$s, 1970	$ 90,000,000	75%
---% Interim Notes	12,000,000	10
Common Equity	18,000,000	15
	$120,000,000	100%

The Company is selling privately $90,000,000 of First Mortgage $3\frac{1}{4}$s to a group of 16 insurance companies - Prudential Insurance Co. - $45,000,000; John Hancock and Northwestern Mutual Life - $10,000,000 each.

One-half of the present common equity is owned by The Peoples Gas Light and Coke Company, the balance being held by a group of individuals controlling various gas reserves dedicated to the new pipeline. Control of the pipeline remains with Peoples through its right to designate six of the eleven members of the Board of Directors.

The Preferred Stock, which will be delivered at maturity at the rate of one share for each $100 principal of Interim Notes, will be retired in 25 years through a sinking fund starting in 1956 calling for four shares for three years, five shares for the next 14 years and six shares for the last three years for each 100 shares outstanding on June 30, 1955. Regular call prices are expected to start three to four points above the offering price.

The Texas Illinois Natural Gas Pipeline Company was incorporated July 5, 1949 by the Peoples Gas Light and Coke Company to provide pipeline facilities for the transportation of natural gas from the Gulf Coast area of Texas to supplement deliveries now made from the facilities of the Natural Gas Pipeline Company of America (a wholly-owned subsidiary of Peoples) to markets now supplied by the latter. On June 14, 1950, the Federal Power Commission issued a Certificate of Public Convenience and Necessity to the Company authorizing the construction of a pipeline system from the Texas Gulf Coast area to a point near Joliet, Illinois, with an extension from such terminus to a point near Volo, Illinois.

Texas Illinois Natural Gas Pipeline Co. 6/30/50

The system will consist of approximately 1,330 miles of transmission and gathering lines of various diameters ranging from 12 to 30 inches, with compressor facilities sufficient for an estimated delivery capacity of approximately 305,000 MCF of natural gas per day (about 312,625 MCF on a 1,000 B.t.u. billing basis). It is expected that the lines as presently authorized would be substantially completed by the 1951-52 heating season. The delivery capacity can be increased to at least 518,000 MCF per day (537,000 MCF on a 1,000 B.t.u. billing basis) mainly through the installation of additional compressor facilities.

The Company has long-term contracts for the purchase and sale of gas. Existing long-term gas purchase contracts, supplemented by purchases of flare gas, should suffice to permit operation of the line at a 90% load factor, the level at which the management anticipates that demand from its customers will require it to operate. The route of the proposed pipeline crosses areas in Texas with substantial proved and potential gas reserves. The Company hopes to obtain from these areas additional supplies of gas which will be needed if the daily delivery capacity of the proposed pipeline facilities is increased. It is anticipated that daily demand for gas from the Company's pipeline system will soon exceed 305,000 MCF. It is likely, therefore, that in the near future, and before completion of the facilities now authorized by the Federal Power Commission, the Company may request authorization for some additional capacity and to that end secure additional gas supplies, arrange financing and take other steps to increase the delivery capacity of its pipeline facilities. At the present time the Company is investigating the possibility of obtaining additional gas supplies needed for such expansion of delivery capacity, but it has not taken any further action in such connection.

The cost of increasing the delivery capacity of the pipeline facilities from time to time will be dependent upon a number of unpredictable factors, including labor, material and supply costs. However, on the basis of present costs, the Company estimates that increasing the delivery capacity of the Company's pipeline facilities from that now authorized to the ultimate capacity of approximately 518,000 MCF daily would involve costs aggregating approximately $47,000,000 (including provision for contingencies and interest during construction, but excluding additional working capital requirements).

Texas Illinois' principal customers will be Peoples Gas, Public Service Company of Northern Illinois, Western United Gas and Electric Company, Texas Illinois Natural Gas Pipeline Co. 6/30/50

Northern Indiana Public Service Company (which serve the Chicago Metropolitan area and cities in Northwestern Indiana) and the Natural Gas Pipeline Company of America, which will purchase gas from the Company in order to augment deliveries from its own pipeline to 16 utility companies directly connected with that line in Wisconsin, Illinois, Iowa, Nebraska and Kansas. Gas sales contracts will contain a 75% take or pay provision.

Est. for Year	Times Earned On 75% Pay or Take Load Factor: Int. & Pfd. Div.	Times Earned On 75% Pay or Take Load Factor: Pfd. Div. Only	Times Earned On 90% Load Factor: Int. & Pfd. Div.	Times Earned On 90% Load Factor: Pfd. Div. Only
1952	1.4	3.5	1.8	6.0
1953	1.7	5.7	2.2	8.4
1954	1.8	5.7	2.2	8.5
1955	1.8	5.8	2.3	8.6
1956	1.9	6.0	2.4	8.7

JWB:LP
June 30, 1950

Paul B. Wyant

Finance Com

THE INSTITUTE FOR ADVANCED STUDY

Diversification of College Endowment Fund Investments
(Based on Market Values as of June 30, 1950)

	Institute for Advanced Study	Average Percentages for 24 Colleges	Extreme Percentages from 24 Colleges High		Low
Bonds					
Government	32.5%	24.3%	67.0%	-	4.2%
Corporate	5.2	16.5	40.7	-	0.8
Stocks					
Preferred	11.1	9.3	21.6	-	0.4
Common	50.0	38.0	63.5 *	-	26.0 *
Real Estate					
Mortgages	0.6	2.1	10.1	-	0.0
Properties	-	6.9	20.2	-	0.0
Miscellaneous	0.0	1.8	19.0	-	0.0
Cash	0.6	1.1	5.6	-	0.0
Totals	100.0%	100.0%			

* Highest percentage of Common stocks on basis of book value was 56.4% and the lowest 25%.

The twenty-four colleges from which the average percentages for the diversification of investments were compiled form a representative group; at least half of them are among the most heavily endowed colleges in the country.

Although the stock market on June 30, 1950 was from 22% to 25% higher, depending upon the index used, than one year earlier, the average percentage of equity holdings at market for the twenty-four colleges was 38.0% compared with 37.4% on June 30, 1949.

The Institute's equity holdings are 12 percentage points higher than the average for the twenty-four colleges but its Government bonds are 8.2 percentage points higher.

November 8, 1950

Paul B. Wyant

THE INSTITUTE FOR ADVANCED STUDY

Recapitulation of Investment Holdings

As of June 30, 1950

	MARKET VALUE 6/30/50		ANNUAL INCOME RATE 6/30/50				INCREASE OR DECREASE 6/30/50 Compared with Book - Same Date		
	Amount	% Total	Amount	% Total	% Yld. on Mkt.	% Yld. on Book	Book Value∅	Increase	Decrease
CASH - Uninvested ∅	$ 149,649	0.8%	$ -	- %	- %	- %	$ 149,649	$ -	$ -
BONDS									
U.S. Gov't. Due Within 1 Yr.	$ 3,349,500	17.4%	$ 39,375	5.3%	1.2%	1.2%	$ 3,350,000	$	$ 500
U.S. Gov't. Savings Series "G"	950,000	4.9	23,750	3.2	2.5	2.5	950,000	-	-
U.S. Gov't. Others	1,792,678	9.3	39,825	5.3	2.2	2.2	1,812,935		20,257
Railroad	134,125	0.7	7,125	0.9	5.3	5.3	135,215		1,090
Public Utility	834,375	4.3	25,663	3.4	3.1	3.4	756,300	78,075	
Industrial & Misc.	600,375	3.1	10,500	1.4	1.7	1.8	588,508	11,867	
TOTAL BONDS	$ 7,661,053	39.7%	$146,238	19.5%	1.9%	1.9%	$ 7,592,958	$ 68,095	
PREFERRED STOCKS									
Public Utility	$ 405,500	2.1%	$ 19,800	2.6%	4.9%	4.8%	$ 409,490		$ 3,990
Industrial & Misc.	1,600,350	8.3	72,400	9.6	4.5	4.5	1,612,461		12,111
TOTAL PREFERRED STOCKS	$ 2,005,850	10.4%	$ 92,200	12.2%	4.6%	4.6%	$ 2,021,951		$16,101
COMMON STOCKS									
Public Utility - Elec. & Other	$ 789,841	4.1%	$ 51,035	6.8%	6.5%	6.7%	$ 762,559	$ 27,282	$
Public Utility - Natural Gas	963,116	5.0	50,725	6.7	5.3	6.4	793,880	169,236	
Industrial & Misc.	7,390,449	38.4	400,153	53.2	5.4	7.4	5,424,174	1,966,275	
Bank	143,700	0.7	6,155	0.8	4.3	3.9	159,127		15,427
Insurance	73,458	0.4	2,464	0.3	3.4	4.9	50,610	22,848	
TOTAL COMMON STOCKS	$ 9,360,564	48.6%	$510,532	67.8%	5.5%	7.1%	$ 7,190,350	$2,170,214	
SECURITIES OF NOMINAL VALUE ∤	$ 100	0.0%	$ -	- %	- %	- %	$ 100	$ -	$ -
REAL ESTATE MORTGAGES ∅	$ 38,329	0.2%	$ 1,700	0.2%	4.4%	4.4%	$ 38,329	$ -	$ -
PROFESSORS' HOMES-MTGES.& ADVS.∅	$ 64,939	0.3%	$ 2,500	0.3%	3.8%	3.8%	$ 64,939	$ -	$ -
GRAND TOTAL	$19,280,484	100.0%	$753,170#	100.0%	3.9%	4.4%	$17,058,276	$2,222,208	

∅ As reported by Treasurer's Office.
∤ Carried at Book Value. No market readily available.
Before amortization of premium on Bonds, estimated at $7,000 annually.

D.J.I.A. - June 30, 1950 - 209.11.

Paul B. Wyant
July 19, 1950

THE INSTITUTE FOR ADVANCED STUDY

Common Stocks
As of June 30, 1950

	Book Value Amount	Book Value Percent Total	Market Value Amount	Market Value Percent Total	Appreciation or Depreciation
Public Utility					
Electric & Other	$ 762,559	10.6%	$ 789,841	8.4%	$ 27,282
Natural Gas	793,880	11.0	963,116	10.3	169,236
Total Public Utility	(1,556,439)	(21.6)	(1,752,957)	(18.7)	(196,518)
Industrial & Miscellaneous					
Agricultural Implement	43,966	0.6	44,750	0.4	784
Automobile & Accessory	153,089	2.1	218,750	2.3	65,661
Building	55,389	0.8	82,000	0.9	26,611
Chemical	1,098,877	15.3	1,635,649	17.5	536,772
Distilling	113,374	1.6	111,000	1.2	2,374
Drug & Pharmaceutical	117,810	1.6	137,625	1.5	19,815
Finance	147,973	2.1	136,875	1.5	11,098
Food & Confection	250,537	3.5	314,875	3.4	64,338
Metal (Non-Ferrous)	491,873	6.8	579,805	6.2	87,932
Miscellaneous	147,273	2.0	162,875	1.7	15,602
Motion Picture	173,064	2.4	112,875	1.2	60,189
Office Equipment	304,117	4.2	651,501	7.0	347,384
Oil Producing & Refining	1,201,959	16.8	1,693,106	18.1	491,147
Paper	84,962	1.2	126,000	1.3	41,038
Rayon & Textile	82,150	1.1	101,588	1.1	19,438
Retail Trade	488,983	6.8	736,375	7.9	247,392
Soap & Cosmetic	98,060	1.4	93,750	1.0	4,310
Steel	271,610	3.8	340,250	3.6	68,640
Tobacco	99,108	1.4	110,800	1.2	11,692
Total Industrial & Miscellaneous	(5424,174)	(75.5)	(7,390,449)	(79.0)	(1,966,275)
Bank	159,127	2.2	143,700	1.5	15,427
Insurance	50,610	0.7	73,458	0.8	22,848
Total Common Stocks	$7,190,350	100.0%	$9,360,564	100.0%	$2,170,214

THE INSTITUTE FOR ADVANCED STUDY

BONDS
U. S. Government

Amount	Security	Book	Market 6/30/50ø	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Maturity Yield on Market
	U.S. Government Bonds			$	$	$	$	%
	Ctfs. of Indebtedness							
1,350M	1¼/7-1-50	100	100	1,350,000	1,350,000	-	16,875	-
2,000M	1⅛/1-1-51	100	99.975	2,000,000	1,999,500	500	22,500	1.2
	Treasury Bonds							
1,770M	2¼/6-15-62/59	102-14	101-9	1,812,935	1,792,678	20,257	39,825	2.1#
	Savings Series "G"							
50M	2½/5-1-53	100	100	50,000	50,000	-	1,250	2.5
50M	2½/1-1-54	100	100	50,000	50,000	-	1,250	2.5
50M	2½/7-1-54	100	100	50,000	50,000	-	1,250	2.5
100M	2½/1-1-55	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-56	100	100	100,000	100,000	-	2,500	2.5
100M	2½/4-1-57	100	100	100,000	100,000	-	2,500	2.5
100M	2½/3-1-58	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-59	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-60	100	100	100,000	100,000	-	2,500	2.5
100M	2½/4-1-61	100	100	100,000	100,000	-	2,500	2.5
100M	2½/3-1-62	100	100	100,000	100,000	-	2,500	2.5
	TOTAL U. S. GOVERNMENT BONDS			6,112,935	6,092,178	20,757	102,950	1.7*

ø Bid Prices.
\# Computed to ealiest call date.
* Current Yield.

Note: U.S. Savings Series "G" Bonds carried at Par.

BONDS
Railroad
Public Utility

Amount	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Maturity Yield on Market %
	Railroad Bonds							
50M	Chgo., T.H. & S.E., Income $2\frac{3}{4}$-$4\frac{1}{4}$/1-1-94 (Callable 100)	98	$72\frac{1}{4}$	48,982	36,125	12,857	2,125	5.9*
100M	Missouri Pacific R. R. 1st & Ref. "H" 5/4-1-80 (Callable 105)	$86\frac{1}{4}$	98f	86,233	98,000	11,767	5,000	5.1*
	TOTAL RAILROAD BONDS			135,215	134,125	1,090	7,125	5.3*
	Public Utility Bonds							
250M	Amer. Tel. & Tel. Conv. Deb. $3\frac{1}{8}$/6-20-59 (Callable 106 after 6-20-51)	106	$121\frac{3}{4}$	264,906	304,375	39,469	7,813	0.6
250M	Amer. Tel. & Tel. Conv. Deb. $2\frac{3}{4}$/12-15-61 (Callable 108)	$105\frac{7}{8}$	109	264,743	272,500	7,757	6,875	1.9
25M	Int'l. Utilities Corp. Conv. Deb. $3\frac{1}{2}$/5-1-65 (Callable 103)	100	102	25,000	25,500	500	875	3.3
50M	Public Service Elec. & Gas Deb. 6/7-1-98 (Non-Callable)	$123\frac{3}{4}$	$163\frac{1}{2}$	61,902	81,750	19,848	3,000	3.3
20M	Public Service Elec. & Gas 1st & Ref. 8/6-1-2037 (Non-Callable)	$182\frac{7}{8}$	220	36,576	44,000	7,424	1,600	3.5
50M	South Jersey Gas, Elec. & Traction 1st 5/3-1-53 (Non-Callable)	$100\frac{3}{8}$	107	50,173	53,500	3,327	2,500	2.3
1,000	Transcontinental Gas Pipe Line Interim Note ($50 Par) 6/5-1-51 # (Callable 53)	53	$52\frac{3}{4}$	53,000	52,750	250	3,000	5.7*
	TOTAL PUBLIC UTILITY BONDS			756,300	834,375	78,075	25,663	3.1*

f Flat.
* Current Yield
# At maturity each $50 Note payable in $3 Series Preferred Stock.

THE INSTITUTE FOR ADVANCED STUDY

BONDS
Industrial & Misc.

PREFERRED STOCKS
Public Utility

Amount	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Maturity Yield on Market %
	Industrial & Miscellaneous Bonds							
100M	Cities Service Co., S.F. Deb. 3/1-1-77 (Callable 100)	88½	100⅜	88,508	100,375	11,867	3,000	3.0
500M	Commercial Investment Trust Inc., 1½/7-18-50	100	‡	500,000	500,000‡	-	7,500	1.5
	TOTAL INDUSTRIAL & MISCELLANEOUS BONDS			588,508	600,375	11,867	10,500	1.7*
Shares	Public Utility Preferred Stocks							Current Yield on Market %
10,000	Arkansas Natural Gas Corp. 6% ($10 Par) Cum. (Callable $10.60)	10¾	10⅝	107,766	106,250	1,516	6,000	5.6
500	Consolidated Edison Co. N.Y. $5 Cum. (Callable 105)	105	107½	52,500	53,750	1,250	2,500	4.7
3,250	Public Service Elec. & Gas Co. $1.40 Div. Pref. Conv. (Callable 35 after 7-1-60)	30⅜	27	98,628	87,750	10,878	4,550	5.2
500	Southwestern Gas & Elec. Co. 5% Cum. (Callable 109)	107	109½	53,489	54,750	1,261	2,500	4.6
1,000	Tennessee Gas Transmission Co. 4.25% Cum. (Callable 106)	97⅛	103	97,107	103,000	5,893	4,250	4.1
	TOTAL PUBLIC UTILITY PREFERRED STOCKS			409,490	405,500	3,990	19,800	4.9

‡ Carried at Book Value. Discounted at 1½%.
* Current Yield.

THE INSTITUTE FOR ADVANCED STUDY

PREFERRED STOCKS
Industrial & Miscellaneous

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous							
4,000	Alum. Co. Canada 4% ($25 Par) Cum. (Callable 26¾ Can. Fds.)	23⅞(U.S.)	22⅜(U.S.)	95,419	89,500	5,919	3,600≠	4.0≠
300	American Metal Co. 4½% Cum. (Callable 105)	81⅞	105¼	24,542	31,575	7,033	1,350	4.3
800	Bethlehem Steel Corp. 7% Cum. (Non-Callable)	127¼	141⅛	101,813	112,900	11,087	5,600	5.0
1,000	Canada Dry Ginger Ale $4.25 Cum.Conv. (Callable 102½)	119⅝	99	119,614	99,000	20,614	4,250	4.3
200	Christiana Securities Corp. 7% Cum. (Callable 120)	126¾	139	25,350	27,800	2,450	1,400	5.0
1,000	Food Machinery & Chemical Corp., 3¼% Cum. Conv. (Callable 102)	101½	86½	101,493	86,500	14,993	3,250	3.8
500	Hanna, M.A., Co. $4.25 Cum. (Callable 104)	103⅛	106	51,549	53,000	1,451	2,125	4.0
500	Hooker Electrochemical Co. $4.50 Cum. Conv. 2nd "A" (Callable 103)	100¼	117	50,119	58,500	8,381	2,250	3.8
2,000	Monsanto Chemical Co. $4 Cum. Conv. "B" (Callable 104)	111⅞	113	223,743	226,000	2,257	8,000	3.5
500	Murphy, G.C.,& Co. 4¾% Cum. (Callable 107½)	110½	111	55,285	55,500	215	2,375	4.3

≠ After deducting 10% discount on exchange of Canadian Funds.

THE INSTITUTE FOR ADVANCED STUDY

PREFERRED STOCKS

Industrial & Miscellaneous (Cont'd)

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd)							
600	Oliver Corp. 4½% Cum. Conv. (Callable 104)	103½	92	62,068	55,200	6,868	2,700	4.9
500	Pure Oil 5% Cum. (Callable 105)	105	107¾	52,500	53,875	1,375	2,500	4.6
500	Reynolds, R. J. Tobacco Co. 4.50% Cum. (Callable 103½)	100	106¾	50,000	53,375	3,375	2,250	4.2
4,000	Sunray Oil 4¼% ($25 Par) Cum. "A" (Callable 25½)	21⅞	18¾	87,347	75,000	12,347	4,250	5.7
500	United Aircraft Co. 5% Cum. Conv. (Callable 105)	109¼	107	54,634	53,500	1,134	2,500	4.7
1,000	U. S. & Foreign Securities $4.50 Cum. 1st (Callable 105)	101⅞	102¾	101,838	102,750	912	4,500	4.4
1,000	U. S. & Int'l. Securities $5 Cum. 1st W.W. (Callable 105)	86¼	88	86,272	88,000	1,728	5,000	5.7
500	U. S. Rubber Co. 8% Non-Cum. First (Non-Callable)	159	129¼	79,475	64,625	14,850	4,000	6.2
1,500	U. S. Steel Corp. 7% Cum. (Non-Callable)	126¼	142½	189,400	213,750	24,350	10,500	4.9
	TOTAL INDUSTRIAL & MISC. PREFERRED STOCKS			1,612,461	1,600,350	12,111	72,400	4.5

COMMON STOCKS
Public Utility - Electric & Other

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Public Utility - Electric & Other							
1,000	American Gas & Elec. ($3.00)	33 1/2	48 1/2	33,511	48,500	14,989	3,000	6.2
1,000	Carolina Power & Lt. ($2.00)	37 5/8	28 1/2	37,572	28,500	9,072	2,000	7.0
4,000	Central & South West Corp.($0.90)	16 1/4	13 3/4	64,971	55,000	9,971	3,600	6.5
4,000	Columbus & Southern Ohio Electric ($1.40)	23 1/8	21	92,744	84,000	8,744	5,600	6.7
1,000	Consolidated Edison Co. N.Y. ($1.60)	22 3/8	29	22,390	29,000	6,610	1,600	5.5
1,500	Consumers Power ($2.00)	32	31 3/8	47,941	47,063	878	3,000	6.4
1,000	Dayton Power & Lt. ($2.00)	34 7/8	30 1/2	34,848	30,500	4,348	2,000	6.6
2,000	Florida Power ($1.20)	16 3/4	17	33,492	34,000	508	2,400	7.1
1,125	Illinois Power ($2.20)	29 1/8	34 5/8	32,822	38,953	6,131	2,475	6.4
1,100	Indianapolis Pwr.& Lt. ($1.60)	17	28	18,756	30,800	12,044	1,760	5.7
3,000	Kansas City Pwr. & Lt. ($1.60)	25 3/4	26 1/4	77,388	78,750	1,362	4,800	6.1
4,400	Middle South Utilities ($1.10)	12 1/4	16 1/4	54,045	71,500	17,455	4,840	6.8
3,000	Niagara Mohawk Power ($1.40)	24 1/8	21 3/8	72,283	64,125	8,158	4,200	6.5
2,000	Public Service Colorado ($1.40)	19 1/2	23 1/2	38,989	47,000	8,011	2,800	6.0
2,100	Public Service Elec. & Gas ($1.60)	18 1/8	22 3/4	37,946	47,775	9,829	3,360	7.0
3,000	Virginia Elec. & Power ($1.20)	21	18 1/8	62,861	54,375	8,486	3,600	6.6
	TOTAL PUBLIC UTILITY-ELEC.& OTHER COMMON STOCKS			762,559	789,841	27,282	51,035	6.5

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS

Public Utility - Natural Gas

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Public Utility - Natural Gas							
2,000	Atlanta Gas Light ($1.20)	17 3/8	21	34,872	42,000	7,128	2,400	5.7
5,000	Columbia Gas Systems ($0.75)	13 3/4	12 1/4	68,444	61,250	7,194	3,750	6.1
1,000	Consolidated Natural Gas ($2.00)	41 5/8	45	41,678	45,000	3,322	2,000	4.4
3,000	National Fuel Gas ($0.60)	10 7/8	12 1/4	32,655	36,750	4,095	1,800	4.9
4,500	Northern Natural Gas ($1.80)	33 1/4	32 1/4	149,627	145,125	4,502	8,100	5.6
4,000	Panhandle Eastern Pipe Line ($2.00)	27 3/4	43 1/2	111,156	174,000	62,844	8,000	4.6
1,000	Peoples Gas Light & Coke ($6.00)	106 7/8	118	106,815	118,000	11,185	6,000	5.1
4,400	Southern Natural Gas ($2.00)	29	35 1/4	127,782	155,100	27,318	8,800	5.7
2,500	Tennessee Gas Transmission ($1.40)	14 1/8	25	35,408	62,500	27,092	3,500	5.6
1,000	Transcontinental Gas Pipe Line($--)	3/8	19	313	19,000	18,687	-	-
6,375	United Gas Corp.($1.00)	13 3/8	16 3/8	85,130	104,391	19,261	6,375	6.1
	TOTAL PUBLIC UTILITY-NATURAL GAS COMMON STOCKS			793,880	963,116	169,236	50,725	5.3
	GRAND TOTAL PUBLIC UTILITY COMMON STOCKS			1,556,439	1,752,957	196,518	101,760	5.8

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS

Industrial & Miscellaneous

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous							
	Agricultural Implement							
1,000	Deere & Co. ($5.00)	44	$44\frac{3}{4}$	43,966	44,750	784	5,000	11.2
	Automobile & Accessory							
2,000	General Motors ($6.00)	$55\frac{7}{8}$	$87\frac{1}{2}$	111,122	175,000	63,878	12,000	6.9
1,000	Mack Trucks ($-)	$18\frac{3}{8}$	$13\frac{7}{8}$	18,375	13,875	4,500	-	-
1,000	Studebaker ($3.00)	$23\frac{5}{8}$	$29\frac{7}{8}$	23,592	29,875	6,283	3,000	10.0
	Total Automobile & Accessory			153,089	218,750	65,661	15,000	6.9
	Building							
1,000	Johns-Manville ($2.50)	$31\frac{3}{8}$	$44\frac{1}{2}$	31,430	44,500	13,070	2,500	5.6
1,000	Otis Elevator ($2.50)	24	$37\frac{1}{2}$	23,959	37,500	13,541	2,500	6.7
	Total Building			55,389	82,000	26,611	5,000	6.1
	Chemical							
1,500	Allied Chemical & Dye ($10.00)	$182\frac{3}{4}$	230	274,039	345,000	70,961	15,000	4.3
1,000	Columbian Carbon ($2.00)	$30\frac{1}{8}$	$32\frac{1}{2}$	30,135	32,500	2,365	2,000	6.2
1,045	Dow Chemical ($1.60)	$49\frac{3}{8}$	$62\frac{5}{8}$	51,550	65,443	13,893	1,672	2.6
7,200	duPont, E. I. ($3.45)	$36\frac{1}{4}$	$76\frac{1}{8}$	260,800	548,100	287,300	24,840	4.5
5,250	Eastman Kodak ($1.70)	$28\frac{3}{4}$	$42\frac{5}{8}$	150,840	223,781	72,941	8,925	4.0
1,000	Pfizer, Chas ($2.75)	56	65	55,988	65,000	9,012	2,750	4.2
4,800	Union Carbide & Carbon ($2.00)	$29\frac{5}{8}$	$45\frac{1}{4}$	142,098	217,200	75,102	9,600	4.4
2,000	United Carbon ($2.00)	$33\frac{3}{4}$	$34\frac{1}{4}$	67,510	68,500	990	4,000	5.8
1,500	Victor Chemical Works ($2.00)	44	$46\frac{3}{4}$	65,917	70,125	4,208	3,000	4.3
	Total Chemical			1,098,877	1,635,649	536,772	71,787	4.4
	Distilling							
3,000	Distillers Corp.-Seagrams ($1.20)	$19\frac{1}{8}$	$18\frac{3}{4}$	57,208	56,250	958	3,240#	5.8#
1,500	Walker (H.)-Gooderham & Worts ($2.40)	$37\frac{1}{2}$	$36\frac{1}{2}$	56,166	54,750	1,416	3,240#	5.9#
	Total Distilling			113,374	111,000	2,374	6,480	5.8

After deducting 10% discount on exchange of Canadian Funds.

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 6/30/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Industrial & Miscellaneous (Cont'd.)			$	$	$	$	%
	Drug & Pharmaceutical							
1,000	Abbott Laboratories ($1.85)	$36\frac{1}{8}$	$48\frac{1}{4}$	36,153	48,250	12,097	1,850	3.8
1,000	Amer. Home Products ($1.70)	24	$29\frac{1}{2}$	24,052	29,500	5,448	1,700	5.8
500	Chesebrough Manufacturing ($3.50)	$73\frac{3}{4}$	$64\frac{3}{4}$	36,904	32,375	4,529	1,750	5.4
500	Johnson & Johnson ($2.00ø)	$41\frac{3}{8}$	55	20,701	27,500	6,799	1,000ø	3.6ø
	Total Drug & Pharmaceutical			117,810	137,625	19,815	6,300	4.6
	Finance							
2,500	C.I.T. Financial ($4.00)	$59\frac{1}{4}$	$54\frac{3}{4}$	147,973	136,875	11,098	10,000	7.3
	Food & Confection							
1,000	Borden ($2.70)	$36\frac{5}{8}$	$48\frac{1}{2}$	36,601	48,500	11,899	2,700	5.6
1,000	Life Savers ($2.20)	$34\frac{5}{8}$	$34\frac{5}{8}$	34,686	34,625	61	2,200	6.4
2,000	National Dairy Products ($2.40)	$28\frac{1}{2}$	$39\frac{3}{4}$	56,892	79,500	22,608	4,800	6.0
1,000	Sunshine Biscuits ($3.75)	$46\frac{1}{4}$	$53\frac{1}{4}$	46,240	53,250	7,010	3,750	7.0
1,000	United Fruit ($4.00)	$38\frac{5}{8}$	59	38,570	59,000	20,430	4,000	6.8
500	Wrigley, Wm., Jr. ($5.00)	$75\frac{1}{8}$	80	37,548	40,000	2,452	2,500	6.3
	Total Food & Confection			250,537	314,875	64,338	19,950	6.3
	Metal (Non-Ferrous)							
4,000	American Metal Co., Ltd. ($2.00)	$24\frac{5}{8}$	$32\frac{3}{4}$	98,275	131,000	32,725	8,000	6.1
2,040	American Smelt. & Ref. ($5.00)	$47\frac{5}{8}$	$51\frac{3}{8}$	97,250	104,805	7,555	10,200	9.7
2,000	International Silver ($6.00)	$32\frac{5}{8}$	45	65,352	90,000	24,648	12,000	13.3
3,500	Kennecott Copper ($4.00)	$47\frac{1}{2}$	55	166,247	192,500	26,253	14,000	7.3
1,000	Newmont Mining ($2.50ø)	$64\frac{3}{4}$	$61\frac{1}{2}$	64,749	61,500	3,249	2,500ø	4.1ø
	Total Metal (Non-Ferrous)			491,873	579,805	87,932	46,700	8.1

ø Plus Stock Dividend.

COMMON STOCKS
Industrial & Miscellaneous (Cont'd)

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd) Miscellaneous							
1,000	Allied Mills ($2.25)	31 1/2	27	31,553	27,000	4,553	2,250	8.3
1,000	General Amer. Transportation ($3.00)	64 1/2	45 7/8	64,536	45,875	18,661	3,000	6.5
1,000	Stein, A., & Co. ($2.00)	25 7/8	23 1/4	25,814	23,250	2,564	2,000	8.6
1,500	Sunbeam ($2.25)	16 7/8	44 1/2	25,370	66,750	41,380	3,375	5.1
	Total Miscellaneous			147,273	162,875	15,602	10,625	6.5
	Motion Picture							
3,000	Paramount ($2.00)	22 5/8	18 5/8	67,688	55,875	11,813	6,000	10.7
3,000	Twentieth Century-Fox ($2.00)	35 1/8	19	105,376	57,000	48,376	6,000	10.5
	Total Motion Picture			173,064	112,875	60,189	12,000	10.6
	Office Equipment							
1,000	Addressograph-Multigraph ($3.00)	48 3/4	43 3/4	48,696	43,750	4,946	3,000	6.9
2,894 5/100	Int'l Business Machines ($4.00ø)	88 1/4	210	255,421	607,751	352,330	11,576ø	1.9ø
	Total Office Equipment			304,117	651,501	347,384	14,576	2.2

ø Plus Stock Dividend.

COMMON STOCKS
Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 6/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd.)							
	Oil Producing & Refining							
1,000	Amerada Petroleum ($5.00)	85 1/8	116	85,083	116,000	30,917	5,000	4.3
2,000	Continental Oil (Del.) ($4.00)	48 7/8	67 7/8	97,843	135,750	37,907	8,000	5.9
3,000	Gulf Oil ($3.00)	58 5/8	67	163,790	201,000	37,210	9,000	4.5
5,000	Louisiana Land & Expl. ($2.25)	14	29 1/2	70,148	147,500	77,352	11,250	7.6
1,000	Phillips Petroleum ($3.00)	50 3/4	63 1/2	50,700	63,500	12,800	3,000	4.7
1,000	Seaboard Oil ($2.00)	54 1/4	69 1/4	54,189	69,250	15,061	2,000	2.9
2,500	Shell Oil ($3.00)	29 1/2	41 1/4	73,849	103,125	29,276	7,500	7.3
2,200	Skelly Oil ($5.00)	51	55 1/2	112,172	122,100	9,928	11,000	9.0
2,000	Southland Royalty ($2.00)	33 7/8	37	67,683	74,000	6,317	4,000	5.4
3,000	Standard Oil (Indiana) ($2.00)	36 1/2	47 1/2	109,524	142,500	32,976	6,000	4.2
3,000	Standard Oil (N.J.) ($4.00)	52 1/8	71 1/2	145,016	214,500	69,484	12,000	5.6
500	Superior Oil (Calif.) ($1.00)	100 3/4	290	50,400	145,000	94,600	500	0.3
1,025	Texas Co. ($4.00)	51 1/4	65 1/4	52,589	66,881	14,292	4,100	6.1
2,000	Texas Pacific Coal & Oil ($1.75)	9	23 1/2	17,973	47,000	29,027	3,500	7.4
2,500	Warren Petroleum ($0.80)	20 3/8	18	51,000	45,000	6,000	2,000	4.4
	Total Oil Producing & Refining			1,201,959	1,693,106	491,147	88,850	5.2
	Paper							
3,000	International Paper ($2.50)	28 3/8	42	84,962	126,000	41,038	7,500	6.0
	Rayon & Textile							
2,100	Industrial Rayon ($3.00)	39 1/8	48 3/8	82,150	101,588	19,438	6,300	6.2

ø Plus Stock Dividend.

Board of Trustees Records: Committee Files: Box 2: Finance Committee Information 1950
From the Shelby White and Leon Levy Archives Center, Institute for Advanced Study, Princeton, NJ, USA

COMMON STOCKS
Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 6/30/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Industrial & Miscellaneous (Cont'd.)			$	$	$	$	%
	Retail Trade							
5,000	Federated Dept. Stores ($2.00)	18 5/8	38	93,035	190,000	96,965	10,000	5.3
1,500	Grant, W.T. ($1.00)	18	26	27,028	39,000	11,972	1,500	3.8
1,000	Kress, S.H. ($3.00)	46 7/8	51 1/2	46,888	51,500	4,612	3,000	5.8
1,000	May Dept. Stores ($3.00)	27 5/8	47 1/2	27,625	47,500	19,875	3,000	6.3
2,000	Murphy, G.C. ($2.00)	36	44 1/2	71,914	89,000	17,086	4,000	4.5
3,000	Penney, J.C. ($3.00)	36 1/2	55 3/4	109,442	167,250	57,808	9,000	5.4
2,500	Sears Roebuck ($2.25)	22 3/8	44 1/4	55,909	110,625	54,716	5,625	5.1
1,000	Western Auto Supply ($3.00)	57 1/8	41 1/2	57,142	41,500	15,642	3,000	7.2
	Total Retail Trade			488,983	736,375	247,392	39,125	5.3
	Soap & Cosmetic							
2,000	Colgate-Palmolive-Peet ($3.00)	45 1/4	42 3/4	90,560	85,500	5,060	6,000	7.0
30 Units	Pond's Extract, Unit ($24.00)	250	275	7,500	8,250	750	720	8.7
	Total Soap & Cosmetic			98,060	93,750	4,310	6,720	7.2
	Steel							
1,500	Bethlehem Steel ($3.00)	34 7/8	35 1/4	52,335	52,875	540	4,500	8.5
1,000	Hanna, M.A. ($5.00)	109 3/8	113	109,419	113,000	3,581	5,000	4.4
1,500	Inland Steel ($3.00)	22 1/8	40 1/2	33,270	60,750	27,480	4,500	7.4
3,000	National Steel ($2.40)	25 1/2	37 7/8	76,586	113,625	37,039	7,200	6.3
	Total Steel			271,610	340,250	68,640	21,200	6.2
	Tobacco							
1,000	Liggett & Myers Tobacco ($5.00)	81 3/8	82	81,379	82,000	621	5,000	6.1
1,200	Universal Leaf Tobacco ($1.70)	14 3/4	24	17,729	28,800	11,071	2,040	7.1
	Total Tobacco			99,108	110,800	11,692	7,040	6.4
	GRAND TOTAL INDUSTRIAL COMMON STOCKS			5,424,174	7,390,449	1,966,275	400,153	5.4

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Bank
Insurance
SECURITIES OF NOMINAL VALUE

Shares	Security	Book	Market 6/30/50ϕ	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
				$	$	$	$	%
	Bank							
500	Chase Nat'l., N.Y. ($1.60)	38⅛	36¾	19,063	18,375	688	800	4.4
500	Nat'l. City, N.Y. ($1.80)	34⅝	42¾	17,312	21,375	4,063	900	4.2
495	Nat'l. Newark & Essex Banking Co. ($9.00)	248	210	122,752	103,950	18,802	4,455	4.3
	TOTAL BANK COMMON STOCKS			159,127	143,700	15,427	6,155	4.3
	Insurance							
1,250	American Ins. Co., Newark ($0.80)	15⅛	18¾	18,794	23,438	4,644	1,000	4.3
2,440	Firemen's Insurance Co. of Newark ($0.60)	13⅛	20½	31,816	50,020	18,204	1,464	2.9
	TOTAL INSURANCE COMMON STOCKS			50,610	73,458	22,848	2,464	3.4
	GRAND TOTAL ALL COMMON STOCKS			7,190,350	9,360,564	2,170,214	510,532	5.5

Amount	Security	Book	Market	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Securities of Nominal Value							
4M	Imperial Japanese Gov't. (External) 6½/2-1-54	Gift	N.A.	Carried at no Book Value		-	-	-
200 Units	Engineers Royalties, Inc. Unit #	½#	½#	100#	100#	-	#	-
1sh	U. S. Electric Power Co. Common ($-)	Gift	-	Carried at no Book Value		-	-	-
10 10/200 shs	Schulte, Retail Stores, Corp. (No Par) Common ($-)	Gift	-	Carried at no Book Value		-	-	-
				100	100	-	-	-

ϕ Bid Prices.
N.A. Not Available. Under control of Alien Property Custodian.
\# Gift. Unit consists of 1 share 7% ($10 Par) Preferred Stock & 1 share Common Stock. Company's valuation of 200 Units. Received payments of $70 & $65 in 1948 & 1949, respectively.

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

April 19, 1950

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

THE INSTITUTE FOR ADVANCED STUDY
International Utilities Corporation
Proposed 15-Year 4% Convertible Debentures

Memo to Mr. Leidesdorf:

Attached is a memorandum on International Utilities Corporation including brief descriptions of its three operating subsidiaries.

International Utilities Corporation is an American holding company deriving its chief income from three subsidiaries operating in the Province of Alberta, Canada. The largest of these, Northwestern Utilities, Ltd. supplies natural gas to the City of Edmonton and other towns in central Alberta from substantial, owned gas reserves in the Viking-Kinsella field. Canadian Western Natural Gas Co., Ltd. purchases natural gas principally in the Turner Valley field for distribution to the City of Calgary and other towns in southern Alberta. The third subsidiary, Canadian Utilities, Ltd. is a small electric company supplying communities between, but not including, Calgary and Edmonton.

The Parent Company and its operating subsidiaries hold investments in miscellaneous marketable securities, which had a market value on December 31, 1949, of $3.7 million. Included in this amount is an investment of 424,400 shares Anglo-Canadian Oil Co. common stock which was acquired in 1947 at $1.03 per share and is currently selling at $5 per share.

The Province of Alberta has been the center of extensive activity on the part of the major oil companies since the discovery of the Le Duc field near Edmonton in the early part of 1947. The discovery and development of important new reserves of oil and gas is expected to provide further impetus to the progress and expansion of the entire economy in the heretofore relatively undeveloped territory served by the operating subsidiaries of the Company. Furthermore one of these subsidiaries, Northwestern Utilities, owns and controls proven natural gas reserves estimated at more than 600 billion cubic feet, which, at 2 cents per MCF, could be valued at $12 million.

In an effort to appraise the value of the assets behind the Parent Company debt ($4,980,000 including the proposed new debentures) the equity in subsidiary operating earnings has been capitalised ten times, resulting in a valuation of $14.6 million. Adding the market value of the investment portfolio ($3.7 million), Parent Company net current assets and the $4 million cash to be received from the sale of debentures brings the total to $22.6 million, or approximately $4,500 for each $1,000 of outstanding debt. This amount does not include any value for the gas reserves other than to the extent that they may be reflected in the capitalized earnings of Northwestern Utilities.

The above valuation is equivalent to about $22.40 per share of presently outstanding common stock. The new debentures are expected to be convertible into common stock at approximately its current market price (20) for two years, with the price increasing at two year intervals in the future.

Consolidated earnings in 1949 covered interest and subsidiary preferred dividends 2.9 times. Pro-forma coverage assuming additional interest of $160,000 on the new debentures but with no allowance for earnings on the new money was 2.4 times.

I suggest that the Committee consider favorably the purchase of 100M of these debentures if available at or near the proposed offering price of 100.

April 19, 1950

Paul B. Wyant

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

TELEPHONE CORTLANDT 7-0634

April 18, 1950

Copy to Mr. Cochran
" Smith
" Corbin
" Loeb
" Mills
" Brakeley
" St. John

PRINCETON UNIVERSITY INVESTMENTS

International Utilities Corporation
Proposed 15-Year 4% Convertible Debentures

Memo to Mr. Mathey:

Supplementing my comments on the telephone I have prepared the attached memorandum on International Utilities Corporation including brief descriptions of its subsidiaries.

International Utilities Corporation is an American holding company deriving its chief income from three subsidiaries operating in the Province of Alberta, Canada. The largest of these, Northwestern Utilities, Ltd. supplies natural gas to the City of Edmonton and other towns in central Alberta from substantial, owned gas reserves in the Viking-Kinsella field. Canadian Western Natural Gas Co., Ltd. purchases natural gas principally in the Turner Valley field for distribution to the City of Calgary and other towns in southern Alberta. The third subsidiary, Canadian Utilities, Ltd. is a small electric company supplying communities between, but not including, Calgary and Edmonton.

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The Province of Alberta has been the center of extensive activity on the part of the major oil companies since the discovery of the Le Duc field near Edmonton in the early part of 1947. The discovery and development of important new reserves of oil and gas is expected to provide further impetus to the progress and expansion of the entire economy in the heretofore relatively undeveloped territory served by the operating subsidiaries of the Company. Furthermore one of these subsidiaries, Northwestern Utilities, owns and controls proven natural gas reserves estimated at more than 600 billion cubic feet. which, at 2 cents per MCF, could be valued at $12 million.

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Consolidated earnings in 1949 covered interest and subsidiary preferred dividends 2.9 times. Pro-forma coverage assuming additional interest of $160,000 on the new debentures but with no allowance for earnings on the new money was 2.4 times.

I have indicated to the proposed members of the underwriting group that Princeton will be interested in these debentures to the extent of the 300M authorized by the Committee.

April 18, 1950 Paul B. Wyant

PAUL B. WYANT
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INTERNATIONAL UTILITIES CORPORATION

Proposed 15-Year 4% Convertible ** Debentures

Price: probably 100 to yield 4%

Pro-Forma Capital Structure * (000)

	Balance Sheet 12/31/49		Market Value 4/13/50	
Parent Company				
Long-term Debt	$ 4,980	34%	$ 4,980	24%
Common Equity	9,736	66	15,722	76
(786,113 shares)	$14,716	100%	$20,702	100%
Consolidated				
Long-term Debt	$22,108	52%	$22,108	49%
Subs. Pfd. Stocks & Min. Int.	7,342	17	7,342	16
Common Equity	12,950	31	15,722	35
	$42,400	100%	$45,172	100%

* As of 12/31/49 adjusted for issuance of $4,000,000 4% convertible debentures.

** Expected to be convertible into common near current market (20) for two years and at advancing prices each two succeeding years.

Business

International Utilities Corporation is a domestic holding company owning two natural gas distribution companies and one electric utility property in the Province of Alberta, Canada.

Canadian Utilities, Ltd. - 100% owned
Electricity in eastern and northern Alberta
Canadian Western Natural Gas Co., Ltd. - 97.3% owned
Natural gas in Calgary and southern Alberta
Northwestern Utilities, Ltd. - 100% owned
Natural gas in Edmonton and central Alberta

Character of Territory

Alberta is the leading petroleum and natural gas Province in Canada. The scope of exploratory work which has been going on for the past three years has made this Province the third most active area on this continent. The Le Duc oil field near Edmonton, discovered in 1947, is expected by some authorities to become one of this continent's greatest oil fields. Imperial Oil, Ltd. is spending substantial sums in the search for oil in this area. Other important companies active in the Province include Gulf Oil, Texas Co., Standard Oil of Indiana, Continental Oil, Amerada, Standard of California, and numerous others. It is believed in some quarters that present indications point to the establishment of Canada as a major oil producing country.

The finding of large crude oil reserves in Canada removes one of the principal barriers to the growth of population and industry. Canada's inaccessability to low cost manufactured goods due to the Dominion's high cost of fuel for the long and cold winters has been a major reason for the country's slow development. Thus the discovery and development of the new sources of crude may mark the turning point in Canada's industrial history. From the long term standpoint the development of Canada's natural resources together with her industrial growth should result in a strengthening of the Canadian dollar in terms of U.S. funds, since exports of manufactured and raw materials will expand and imports of petroleum, etc. will tend to contract.

The establishment through these explorations of further important reserves of gas and oil will give further impetus to the progress and expansion of the entire economy of the potentially wealthy, although heretofore relatively undeveloped territory upon which the operating subsidiaries of International Utilities are dependent.

The following paragraphs are quoted from the Company's 1949 Annual Report:

"A number of applications for permission to export natural gas from Alberta are pending before the Province's Petroleum and Natural Gas Conservation Board and public hearings are expected to continue for several months. If export permits are eventually granted, we believe that the gas transmission system devoted to that purpose should be fully integrated with the operations of our two natural gas subsidiaries. Accordingly, these subsidiaries have joined with independent Canadian interests in forming Alberta Inter-Field Gas Lines Limited, which proposes to build a pipeline system to gather the gas from producers in scattered fields and deliver to the Alberta distributing companies and to the export pipelines according to their variable demands. Your management believes that our primary responsibility is to see that the long range requirements of the subsidiaries are fully protected in order that economical and dependable service may be supplied to Alberta gas consumers. We are convinced that this can best be assured by cooperating with Alberta Inter-Field Gas Lines and for that reason propose to support the program of that company. Since the Province of Alberta is about as large as Texas, this project together with its compressor stations and scrubbing or other treatment plants may cost over $75,000,000.

Your Corporation also has taken an interest in a syndicate which proposes to build, if economically feasible at the time export permits may be granted, a transmission line to transport gas from Alberta to Winnipeg, Manitoba.

In addition, there are several groups actively planning western export of gas to cities on the Pacific coast, at a cost of around $100,000,000. Your Directors and operating management are cognizant of the strategic position which your subsidiaries hold in relation to the potentialities for the export of natural gas, if it should be authorised by the Provincial Government, and will bend every effort to maintain this advantage."

Operating Subsidiaries

Northwestern Utilities, Limited

	Operating Revenue	Number of Customers
1945	$2,085,685	19,567
1946	2,136,570	23,376
1947	2,441,215	27,284
1948	2,946,865	31,342
1949	3,397,685	37,088
% Increase	62.8%	89.5%

This subsidiary supplies natural gas to the capital city of Edmonton and other communities in central Alberta. Edmonton is in the center of Alberta's new oil discoveries. The population in the area served has increased from 127,000 in 1945 to over 160,000 at the present time, and this growth continues to gather momentum.

In order to insure an adequate supply of gas in the face of this rapid expansion, Northwestern purchased from Imperial Oil Limited in December, 1949 substantially all of that company's interest in gas reserves in the Viking-Kinsella Field at a cost of $2,890,000. As a result, Northwestern now owns or controls over 94% of the proven natural gas reserves in that field estimated at more than 600 billion cubic feet as compared with only about 52% previously controlled. The amount paid was equivalent to about one cent per MCF for the additional gas reserves acquired.

Canadian Western Natural Gas Company Limited

	Operating Revenue	Number of Customers
1945	$3,445,675	29,227
1946	3,335,864	31,804
1947	3,746,767	34,532
1948	4,131,970	37,581
1949	4,838,263	40,202
% Increase	40.5%	37.5%

This company, which distributes natural gas to the steadily growing Cities of Calgary and Lethbridge and other communities in southern Alberta, obtains its supply principally from oil and gas producers in the Turner Valley Field. This field is gradually being depleted and supplemental sources of supply will be required almost immediately in order to meet the increasing demands on the company's pipeline system. The company also proposes to extend its system to serve a number of additional communities, including a transmission line to the famous resort Town of Banff, about eighty miles west of Calgary, which would supply a large cement plant at Exshaw enroute. These extensions cannot be made until supplemental gas reserves are assured.

Accordingly, studies are now being made of the various possible new gas sources in southern Alberta. The Jumping Pound Field, some twenty-five miles west of Calgary, has obvious geographic advantages, particularly in view of the proposed extension to Banff.

Canadian Utilities, Limited

	Operating Revenue	Number of Customers
1945	$ 886,333	10,782
1946	952,105	12,027
1947	1,116,155	14,205
1948	1,324,729	16,006
1949	1,665,411	18,528
% Increase	88.0%	72.2%

During the past year the electric subsidiary, which now serves 117 communities in eastern and northern Alberta, realized substantial economies and other benefits from the plant expansion program which has now been practically completed. Interconnections with Calgary Power Company's system in both the Drumheller and Vegreville districts enabled the company to realize $107,107 from the sale of surplus power whereas in 1948 it was necessary to purchase power at a cost of $69,715.

While the major oil and gas developments in the Province are not within the territory served by this company, it is quite likely that the present oil exploration activities will result in further discoveries, such as at Stettler during the past year, which should have an important effect upon the development of the area served. The company also proposes to again introduce a program of merchandising and load building in order to increase the sale of energy to existing customers.

During the past four years the number of customers served by the three operating subsidiaries has increased 60.8% and operating revenue is up 54.4%.

Consolidated earnings and coverage of interest and subsidiary preferred dividends for the past five years is shown below.

(000 omitted)

Year	Gross Operating Revenue	Net Operating Revenue	I. U.'s Equity in Subsid. Income	Consol. Net Income	Times Int. & Pfd. Div. Earned
1945	$6,505	$2,645	$1,015	$1,119	3.4
1946	7,315	2,883	1,180	1,006	2.4
1947	7,304	2,486	1,248	1,143	2.8
1948	8,404	2,739	1,403	1,331	3.0
1949	9,867	3,252	1,527	1,430	2.9

Pro-forma coverage in 1949, assuming additional interest of $160,000 on the new debentures, but with no allowance for earnings on the new money was 2.4 times. On a Company only basis, which has no particular significance, pro-forma interest charges were covered 4.4 times in 1949.

The parent company's equity in the net income of subsidiaries aggregated $6.3 million for the five year period. Of this total dividends in the amount of $4.3 million, or 68%, were paid to the parent company.

Investment Holdings

International Utilities has an investment portfolio of general market securities which it has been gradually liquidating as market conditions warranted. Proceeds have been used to reduce bank loans which at December 31, 1949 stood at $980,000 compared with $2,100,000 a year earlier. This portfolio had a market value of $1,580,000 at the year end.

The Company, through its subsidiaries also owns a block of 424,000 shares (18% of the outstanding stock) Anglo-Canadian Oil acquired in 1947 at a cost of $1.03 per share and currently selling at $5 per share. Anglo-Canadian has been actively participating during the past year in the development of oil producing properties in the Redwater and Leduc-Woodbend Fields. It is also actively engaged in exploratory operations on prospective oil and gas properties over a large part of the Alberta plains and foothills areas.

Appraisal of Assets behind proposed debentures

Subsidiary earnings * capitalized 10 times	$14,583,100
Investments at quoted market, 12/31/49	
Anglo-Canadian Oil	1,805,100
Other securities	1,926,600
Cash (approx.) from proposed debentures	4,000,000
Net Working Capital of Parent Company	243,100
	$22,527,900
Appraised assets per $1,000 of Parent Debt #	$4,520.00

* Net Income of subsidiaries applicable to securities owned by International Utilities, excluding investment income, converted to U. S. currency.

Parent Company's total debt to be $4,980,000.

Proceeds from the sale of the convertible debentures are to be used for further advances to subsidiary companies and possibly partial financing of pipe-line ventures discussed on page 2 of this memorandum.

Condensed Balance Sheet Data (Consolidated)
(Converted to U. S. currency)

	Dec. 31, 1949 (000)		
Working Capital			
Cash & Equivalent (a)	$5,372		
Receivables	1,267		
Inventories	1,624		
Total Current Assets	$8,263		
LESS: Current Liabilities	2,260		
NET CURRENT ASSETS	$6,003		
Property, Plant & Equip. - Gross	$39,507		
- Net	29,959	24% Depreciated	
Investments			
Anglo-Canadian Oil	$ 395	(Mkt. Value:	$1,805)
Other securities	1,635	(Mkt. Value:	1,926)
Total	$ 2,030	(Total	$3,731)
Invested Capital			
Funded Debt	$18,108	47%	
Subsid. Preferreds & Min. Int.	7,342	19	
Common Stock & Surplus	12,950	34	
	$38,400	100%	

(a) Includes "Construction Fund" Cash - $4,048(000).

Directors

Howard Butcher III - President & Chairman of the Board

Partner of Butcher & Sherrer (Phila.)
Dir. Rhode Island Insurance
Dir. William Penn Fire Ins. Co.
Dir. Philadelphia Dairy Products

Stewart Raymond - Vice President

Harry Williams, Jr. - Vice President

Dir. P. H. Butler Co.
Dir. Southeastern Greyhound Lines
Dir. Philadelphia Dairy Products

Col. Lionel D. Baxter

Dir. Home Oil Company
Dir. Dominion Bank

F. Wylly Clarke, Jr.

Dir. Rhode Island Insurance Co.
Dir. William Penn Fire. Ins. Co.
Dir. Pioneer Equitable Insurance Co.

J. Paul Crawford, Jr.

Vice President New York Trust Co.

H. R. Milner

Member Milner, Steer, Dyde, Poorier, Martland and Bowker
Dir. Calgary & Edmonton Corp.
Pres. & Dir. Anglo-Canadian Oil Co.
Dir. Home Oil Co.
Dir. North Amer. Life Insurance Co.
Dir. Taylor Pearson & Carson, Ltd.
Dir. Royal Bank of Canada
Dir. Montreal Trust Co.
Dir. Osler Manton Trust Co.
Chairman of Board of all three operating subsidiaries of Int'l. Utilities Corp.

Wendell E. Warner

Lutz, Fronefield, Warner & Bryant
Dir. Philadelphia Dairy Products

Theodore S. Watson

Watson & White (149 Broadway)

Frederick B. Wilcox

Dir. American Textile Co.
Chair. Phenix National Bank (Providence)
Trustee, Citizens Savings Bank
Dir. Automobile Mutual Insurance

JWB:ES
April 18, 1950

Paul B. Wyant

8 - Finance Com

DECCA RECORDS, INC.

Common Stock ($0.50) at $8\frac{3}{4}$ to yield 5.7%

Capitalization (000)

	Balance Sheet 12/31/49	Market Value 3/28/50
Bank Loan (3%)	$1,000	$1,000
Common Equity (776,650 shares)	5,646	6,796
	$6,646	$7,796

14-Year Operating Record

(000 omitted)

Year ∅	Net Sales	Oper. Profit bef. deprec.	Deprec.	Net Oper. Profit	% of Sales	Other Income *	Net Income
1936	$ 1,103	$ 5	$ 15	$ 10	-	$ 10	$ 80
1937	1,776	189	17	172	9.7%	21	80
1938	2,463	320	21	299	12.2	35	207
1939	3,641	494	29	465	12.8	52	374
1940	5,231	590	50	540	10.3	44	434
1941	8,218	1,160	67	1,093	13.3	45	781
1942	10,075	1,284	53	1,231	12.2	63	806
1943	11,278	2,237	85	2,152	19.1	86	1,036
1944	13,417	1,905	118	1,787	13.3	159	1,001
1945	15,571	1,357	152	1,205	7.8	278	840
1946	30,675	3,091	273	2,818	9.2	430	1,945
1947	32,509	3,240	425	2,815	8.7	468	1,619
1948	23,867	1,575	468	1,107	4.6	668	855
1949	19,821	835	327	508	2.6	846	804

* Largely Income from Royalties on Sales in England.
∅ 1936-39 incl. fiscal year ended Aug. 31st; thereafter Dec. 31st.

	Per Common Share		
	Earned	Paid	Range
1936	$0.11	$ -	N. A.
1937	0.11	0.15	N. A.
1938	0.29	0.30	N. A.
1939	0.50	0.30	$4 - 2\frac{1}{2}$
1940	0.58	0.33	4 - 2
1941	1.01	$0.57\frac{1}{2}$	$4\frac{5}{8} - 2\frac{1}{2}$
1942	1.04	$0.57\frac{1}{2}$	$5\frac{1}{8} - 2\frac{1}{2}$
1943	1.33	0.70	$12\frac{3}{8} - 5$
1944	1.29	0.75	$20\frac{1}{2} - 10\frac{3}{4}$
1945	1.08	0.75	$25 - 16\frac{1}{2}$
1946	2.50	1.00	$37\frac{1}{4} - 17$
1947	2.08	1.00	$20\frac{5}{8} - 11$
1948	1.10	$0.62\frac{1}{2}$	$13\frac{3}{4} - 8\frac{1}{8}$
1949	1.04	0.50	$9\frac{5}{8} - 4\frac{5}{8}$

Paul B. Wyant

Quarterly Sales and Earnings

Sales ($-000)

	1947	1948	1949
March 31st	10,316	7,865	5,808
June 30th	7,261	4,662	3,831
Sept. 30th	5,194	4,609	3,746
Dec. 31st	9,738	6,731	6,436

Net Per Share

	1947	1948	1949
March 31st	$0.88	$0.50	$0.36
June 30th	0.26	0.05	0.14
Sept. 30th	0.29	0.16	0.05
Dec. 31st	0.64	0.39	0.49

Balance Sheet Date (000)

						Net Current Assets	
	Cash	Receiv. & Prepaym'ts	Invent.	Total Current Assets	Current Liabil.	Am't.	Per Sh.
1941	$ 217	$1,111	$ 997	$ 2,325	$1,444	$ 881	$0.93
1945	1,568	2,249	1,982	5,799	3,685	2,114	1.86
1946	1,330	3,871	3,847	9,048	7,336	1,712	1.77
1947	3,018	3,686	4,496	11,200	7,495	3,705	2.62
1948	3,851	2,934	2,844	9,629	4,784	4,845	4.52
1949	5,478	2,462	1,544	9,483	4,409	5,074	5.25

	Property Account			Common Equity	
	Gross	Net	Debt	Amount	Per Share
1941	$ 822	$ 667	$ 162	$1,524	$1.97
1945	2,161	1,301	667	2,852	3.67
1946	3,673	2,538	334	4,019	5.18
1947	4,308	2,754	1,667	4,861	6.26
1948	2,816	1,684	1,333	5,231	6.74
1949	2,245	1,547	1,000	5,646	7.25

March 29, 1950

Paul B. Wyant

March 29, 1950

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

TELEPHONE CORTLANDT 7-0634

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

THE INSTITUTE FOR ADVANCED STUDY

Marathon Corporation

Common Stock ($1.40) at 29 to yield 4.8%

(1950 Range 31¾ - 25)

Memo to Mr. Leidesdorf:

In accordance with Mr. Hancock's suggestion I have prepared the attached memorandum on Marathon Corporation.

A leading factor in the food packaging field, Marathon's business has been characterized by a steady growth in sales and relatively minor cyclical fluctuations in earnings. Sales have increased each year since 1939, growing from $13.3 million in that year to $60 million in 1949. The increase in the four-year post-war period is 88%, a major share of which is due to new products and added physical volume, although some part is attributable to higher price levels than prevailing in 1946.

Consumption of basic food items varies little from year to year and provides a fundamentally stable source of demand for the Company's products. From a long-range standpoint, the expansion of the frozen food industry, the continuing tendency to package other foods in standard retail-sized units, and the growth of self service in food stores seem to favor expanding markets for the future.

On the other hand competition in this field can be severe. Marathon's major outlets are large food organizations such as National Dairy, Borden, General Foods and the large meat packing houses. Such customers are in a strong position to drive a hard bargain and consequently profit margins could be more vulnerable than in the case of a company such as Scott Paper selling a branded product direct to the consumer.

D. C. Everest, President and General Manager, announced recently that effective April 1, 1950, Mr. William L. Keady, formerly President of United States Gypsum Company, will be made President and General Manager. Mr. Everest stated, "He possesses the experience we need at Marathon, one familiar with multi-plant operation and nation-wide sales organization and with an intimate knowledge of a completely integrated company".

At its current market price of 29, Marathon common stock does not appear sufficiently undervalued to warrant a new commitment at this time. With the exception of its 1946 high the market is near the top of its price range and is selling for about nine times post-war earnings. While the $1.40 dividend appears secure there is small likelihood of any near term increase since working capital needs strengthening and cash will be needed for the reduction of bank debt incurred in the recent high cost expansion program.

I suggest that purchase of this stock be deferred until available at lower market levels.

March 29, 1950

Paul B. Wyant

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MARATHON CORPORATION

Common Stock ($1.40) at 29 to yield 4.8%

Capitalization (000)

Long-Term Debt	$ 8,585	16.3%
Minority Interest	777	1.5
5% Preferred Stock	4,775	9.1
Common Stock & Surplus (1,300,000 shares)	38,370 (x)	73.1
	$52,507	100.0%

(x) Market Value $37,700(000).

Business

This business was incorporated in Wisconsin in 1909 as Marathon Paper Mills Company. The present title was adopted in 1944. The principal business conducted by the Corporation is the production and sale of a diversified line of protective wrappers, containers and packaging used primarily by the food industry.

Products include wax coated, laminated and treated paper and cellophane protective wrappers, containers and packaging used by hundreds of dairies, bakeries, confectioners and food manufacturers operating in local markets, as well as by national concerns such as: Kraft Foods Company, Continental Baking Company, General Foods Corporation, Borden Company, Beatrice Creamery Company, Campbell-Taggart Associated Bakers, Inc., General Mills, Kellogg Company, Great Atlantic & Pacific Tea Company, National Dairy Products Corporation, Ward Baking Company, Procter & Gamble Company, Swift & Company, Armour & Company, Oscar Mayer & Company, Inc., Kroger Company, Safeway Stores, Standard Brands, Inc., Liggett & Myers Tobacco Company (Inc.), and many others. Among nationally known products packed in Marathon packages are Jell-O, Armour's Cloverbloom products, Birds-Eye frozen foods, Holsum and Purity cakes, Granger Smoking Tobacco and Charms candies. Cellophane has become an important raw material, and cellophane printing and treatment a major converting activity.

Special mention should also be made of "WAXTEX" - Marathon's nationally advertised and nationally distributed household roll of waxed paper used daily in millions of American kitchens. The Marathon line also includes products used in packaging foods in retail outlets. These products are used in food stores, delicatessens, meat markets, retail bakeries, soda fountains and restaurants.

Through development of new products, the Corporation has increased the proportion of total dollar sales represented by sales of converted products, so that almost all of the paper and paperboard produced in its plants are raw materials used in converting operations. Sales in the fiscal year ended October 31, 1949, were divided as follows: converted products (packaging and packaging materials) 83%; pulp, chemical products, raw paper stock, etc., 17%.

In cooperation with manufacturers of packaging machinery, Marathon engineers have been instrumental in sharply reducing the labor costs of filling, weighing and sealing packages. New products and new processes had their origin in Marathon research laboratories, now all centralized in one new laboratory at Menasha, Wisconsin.

The Chemical Division has shown steady growth. The chemical products produced from lignin recovered from the Corporation's sulphite pulp-making operations are used in the tanning of leather, for water treatment in boilers, for combining with synthetic rubber, and as dispersing agents for dyes, insecticides and other materials. Another important product is vanillin, used for flavoring, which is obtained from the waste sulphite liquor.

Marathon's products are sold to more than 5,000 customers. Its sales organization consists of 95 field sales representatives, whose activities are supervised by six regular sales offices located in New York, Chicago, Cleveland, Atlanta, Kansas City and San Francisco.

Sales

The market for the Company's products has grown steadily over a long period of years, and dollar sales have been subject to only moderate cyclical fluctuations. This is due to the fact that the food industry is the principal market for Marathon's products, demand being influenced mainly by the physical volume of food produced. This in turn does not vary much from year to year, since it is governed primarily by long-term population increase and is affected only to a minor extent by changes in general business conditions. The physical volume of production of manufactured and processed foods, however, has grown more rapidly than has the population, and there has been a strong trend toward packaging in convenient ready-to-use standard units. This tendency seems likely to be furthered by the growth of self-service in food stores. Frozen foods are also an expanding market for Marathon's products. As may be seen from the following tabulation, sales since 1936 have declined in only one year and then the decline was limited to 11%.

Oct. 31st	Net Sales	Deprec. Deplet. Amort.	Fixed Charges	Pre-Tax Income Am't.	Pre-Tax Income % of Sales	Net Income
	(000)	(000)	(000)	(000)		(000)
1936	$10,008	$ 698	$165	$ 576	5.7%	$ 477
1937	12,408	783	142	1,081	8.7	851
1938	11,110	471	159	633	5.7	460
1939	13,298	516	167	983	7.4	799
1940	15,067	518	192	1,035	9.7	1,029
1941	18,081	741	206	2,247	12.5	1,344
1942	21,853	651	200	4,161	19.0	1,303
1943	25,381	717	181	4,984	19.7	1,262
1944	29,856	719	175	5,979	20.0	1,603
1945	31,941	803	385	5,602	17.6	1,360
1946	33,244	666	329	5,019	15.1	2,734
1947	44,604	1,428	141	8,030	18.0	4,654
1948	56,767	2,341	238	9,045	15.9	5,593
1949	60,048	2,520	303	7,360	12.2	4,519

	Per Share Common Earned	Per Share Common Paid	Per Share Common Approx. Range
1936	0.50	-0-	N.A.
1937	0.92	0.68 *	19 - 7
1938	0.44	0.23	11 - 5
1939	0.83	0.23	11 - 7
1940	1.09	0.23	11 - 6
1941	1.45	0.34	8 - 5
1942	1.40	0.45	8 - 6
1943	1.35	0.45	9 - 7
1944	1.70	0.45	16 - 13
1945	1.26	0.45	27 - 14
1946	1.91	0.76	42 - 22
1947	3.39	1.00	28 - 20
1948	4.11	1.20	25 - 19
1949	3.29	1.40	25 - 17

* Paid in 6% Preferred Stock.

Although sales declined in 1938, only part of the previous year's gain was lost. Sales and pre-tax earnings for 1938 were 10% greater than in the 1936 fiscal year, despite the fact that 1938 was a year of generally poor business in comparison with those immediately preceding. Since the general level of commodity prices dropped appreciably in 1938, the moderate decline in Marathon's dollar sales that year doubtless represented primarily a shrinkage in price rather than in physical volume, and the dollar sales gain compared with 1936 appears to represent really aggressive growth. One characteristic of Marathon's record seems to be that in periods of severe competition earnings are temporarily hurt more than sales. However, in such periods the ground is prepared for new sales peaks at a satisfactory profit margin.

The major share of the sales increase since the war is due to new products and enlarged production facilities, although prices are generally higher than those prevailing in 1946. Substantial new capacity (Marathon, Ontario) was completed during 1947, accounting primarily for the gains since that time. Although 1949 selling prices were generally lower than for 1948, a sales gain of 6% was registered last year.

Marathon has operated profitably in every year since 1912 with the exception of 1932. In that year there was a small loss after inventory adjustment. Expanded facilities have improved the operating efficiency and, with the removal of excess profits taxes, earnings have risen rapidly since the war, reaching a peak of $4.11 per share in 1948. Earnings for the year ending October 31, 1949 declined to $3.29 per share, despite the further gain in sales.

There are two principal reasons for the declining earnings in the 1949 fiscal period. In the early part of 1949 the inflow of orders developed a decidedly irregular pattern as large users of Marathon products began reducing their supplies in line with the general wave of inventory liquidation in consumer industries. This led to a period of hand-to-mouth ordering which made it difficult to schedule an even flow of production. The worst effects of the irregular flow of orders has now been corrected. Marathon has obtained from its largest customers an estimate of what their average requirements will be over a period of time. This knowledge has enabled the Company to flatten out its employment curve by building up a supply of semi-finished products, as a reserve against urgent request for delivery. It has thus been possible to eliminate most of the overtime pay in production and at the same time assure prompt delivery. While this necessitates the carrying of more semi-finished goods, possibly at some inventory risk, the Company feels that the saving in production cost will more than offset any risk that might be incurred as a result of price decline.

Another factor in the 1949 earnings decline was that price-cutting developed in some competitive lines. However, the price structure has firmed up in recent months and the immediate outlook as regards both volume and price is better than it was a year ago.

<u>Expansion Program</u>

By the late 1930's the Company had outgrown its wood supply and found it necessary to purchase an increasing amount of pulp in the open market. To remedy this, cutting rights were obtained from the Canadian Government on 2,700 square miles of timber lands in Ontario across the border from Marathon's Wisconsin operations.

The Company also holds a 60% interest in 2,300 additional square miles in Canada.

The extent to which the facilities of the Corporation have been expanded is evidenced by the fact that plant and equipment (net after depreciation reserves) stood at $34.5 million on October 31, 1949, compared with $5.7 million at October 31, 1941. The major part of this increase was represented by construction of a 300-ton per day sulphate pulp mill at Marathon, Ontario, which has been in operation for the past two years. This new mill trebled pulp capacity and placed the operations on a completely integrated basis from the cutting of pulpwood to the final printing of the completed package. In prior years the Corporation purchased approximately 40% of its pulp requirements.

More assured pulp supplies have made it feasible to expand converting operations by building new carton plants at Menasha and Wausau, Wisconsin and by installing new machinery at the Menominee, Michigan plant. With the completion of the new research laboratory at Rothschild, Wisconsin during the 1949 fiscal year, the Corporation has carried out its major expansion program and future capital expenditures are not expected to exceed the depreciation reserve, now about $2.5 million annually. Liquid resources should, therefore, accrue quite rapidly as long as the present conservative dividend policy (37% of 1946-49 earnings) is followed.

A major part of the new facilities outlined above were constructed at a time of rapidly rising costs and delayed delivery schedules and cost about double what had been originally projected. Consequently the Company found it necessary to borrow part of the cost. Therefore it is believed that a considerable portion of earnings will continue to be retained for debt reduction and working capital.

A long-term record of principal balance sheet items follows.

Balance Sheet Data
(000)

Working Capital	Cash	Receiv.	Invent.	Total Current Assets	Current Liabil.	Net Current Assets
1936	$ 331	$ 839	$ 2,240	$ 3,411	$ 933	$ 2,478
1941	2,018	1,791	4,014	7,824	2,352	5,472
1945	5,274	2,487	6,442	14,203	3,315	10,888
1946	4,113	2,716	10,613	17,442	4,892	12,550
1947	2,858	4,073	14,128	21,059	6,911	14,149
1948	2,640	4,015	18,603	25,259	11,446	13,813
1949	3,250	4,016	16,107	23,373	9,381	13,992

	Property Account		Debt &	Common Equity		% Earned on
	Gross	Net	Preferred	Amount	Per Share	Inv. Cap.
1936	$10,395	$ 4,428	$ 2,958	$ 7,074	$ 8.05	6.4%
1941	13,697	5,769	5,161	8,953	10.15	11.0
1945	23,062	15,376	15,137	12,828	14.60	5.6
1946	32,418	24,382	10,424	29,028	22.40	7.8
1947	37,863	28,579	13,000	32,130	24.65	10.6
1948	44,284	33,101	14,372	35,915	27.60	11.6
1949	47,840	34,509	14,137	38,370	29.40	9.2

Management

D. C. Everest - Chairman of Board of Directors
Director - Masonite Corporation

William L. Keady - President & General Manager
Formerly President U. S. Gypsum Company
Director - National City Bank of Chicago,
Montgomery Ward.

Leo E. Croy - Executive Vice President and Director.

John Stevens, Jr. - Vice President and Director.
(Also President of Marathon Paper Mills of Canada Limited)

Allen Abrams - Vice President (Research & Chemical Division Operations)& Director.

Roy J. Sund - Vice President (Manufacturing) and Director.

Frank J. Dvorak - Assistant to the President and Director.

Lester Amour - Director
Director - Pure Oil, Zonolite

C. S. Gilbert - Director

M. P. McCullough - Director

C. J. Winton, Jr. - Director
Director - Masonite Corporation, First National
Bank of Minneapolis.

Aytch P. Woodson - Director
Director - Masonite Corporation, Montana Dakota Utilities,
Mosinee Paper Mills and other local companies.

JWB:ES
March 29, 1950

Paul B. Wyant

Finance Committee

THE INSTITUTE FOR ADVANCED STUDY

Recapitulation of Investment Holdings

As of March 20, 1950

	MARKET VALUE 3/20/50		ANNUAL INCOME RATE 3/20/50				INCREASE OR DECREASE 3/20/50 Compared with Book - Same Date		
	Amount	% Total	Amount	% Total	% Yld. on Mkt.	% Yld. on Book	Book Valueø*	Increase	Decrease
CASH - Uninvested ø*	$ 143,436	0.7%	$ -	- %	- %	- %	$ 143,436	$ -	$ -
BONDS									
U.S. Gov't. Due Within 1 Yr.	$ 3,751,513	19.3%	$ 47,375	6.4%	1.3%	1.3%	$ 3,750,161	$ 1,352	$
U.S. Gov't. Savings Series "G"*	950,000	4.9	23,750	3.2	2.5	2.5	950,000	-	-
U.S. Gov't. Others	1,397,219	7.2	30,775	4.1	2.2	2.2	1,405,175		7,956
Railroad	139,750	0.7	7,125	1.0	5.1	5.3	135,215	4,535	
Public Utility	813,763	4.2	24,788	3.3	3.0	3.4	733,024	80,739	
Industrial & Misc.	600,625	3.1	10,500	1.4	1.7	1.8	588,508	12,117	
TOTAL BONDS	$ 7,652,870	39.4%	$144,313	19.4%	1.9%	1.9%	$ 7,562,083	$ 90,787	
PREFERRED STOCKS									
Public Utility	$ 409,657	2.1%	$ 19,800	2.7%	4.8%	4.8%	$ 409,489	$ 168	
Industrial & Misc.	1,622,038	8.3	72,400	9.8	4.5	4.5	1,612,462	9,576	
TOTAL PREFERRED STOCKS	$ 2,031,695	10.4%	$ 92,200	12.5%	4.5%	4.6%	$ 2,021,951	$ 9,744	
COMMON STOCKS									
Public Utility - Elec. & Other	$ 825,439	4.2%	$ 44,785	6.0%	5.4%	6.6%	$ 682,872	$ 142,567	$
Public Utility - Natural Gas *	1,104,525	5.7	51,625	7.0	4.7	6.5	799,372	305,153	
Industrial & Misc.	7,389,956	38.0	397,128	53.5	5.4	7.2	5,498,968	1,890,988	
Bank	135,565	0.7	5,660	0.8	4.2	3.6	159,127		23,562
Insurance	82,846	0.4	2,464	0.3	3.0	4.9	50,611	32,235	
TOTAL COMMON STOCKS	$ 9,538,331	49.0%	$501,662	67.6%	5.3%	7.0%	$ 7,190,950	$2,347,381	
SECURITIES OF NOMINAL VALUE ∤	$ 4,639	0.0%	$ -	- %	- %	- %	$ 4,639	$ -	$ -
REAL ESTATE MORTGAGES ø	$ 38,750	0.2%	$ 1,800	0.2%	4.6%	4.6%	$ 38,750	$ -	$ -
PROFESSORS' HOMES-MTGES. & ADVS. ø	$ 61,789	0.3%	$ 2,400	0.3%	3.9%	3.9%	$ 61,789	$ -	$ -
GRAND TOTAL	$19,471,510	100.0%	$742,375#	100.0%	3.8%	4.4%	$17,023,598	$2,447,912	

ø As reported by Treasurer's Office. (* adjusted for subscription 100M U. S. Savings Bonds Series "G" 2½/3-1-62 & sale "When Distributed" 187 8/16 shares Texas Eastern Transmission Corp. Common Stock ($3,717.31) to be received 3/31/50 as a 6½% Stock Dividend, not yet received & settled for by National Newark & Essex Banking Co. as of 3/20/50).

Before amortization of premium on Bonds, estimated at $6,000 annually.

∤ Carried at Book Value. No ready market available.

D.J.I.A. - March 20, 1950 - 207.78.

Paul B. Wyant
March 24, 1950

THE INSTITUTE FOR ADVANCED STUDY

Common Stocks

As of March 20, 1950

	Book Value		Market Value		Appreciation or
	Amount	Percent Total	Amount	Percent Total	Depreciation
Public Utility					
Electric & Other	$ 682,872	9.5%	$ 825,439	8.6%	$ 142,567
Natural Gas	799,372	11.1	1,104,525	11.6	305,153
Total Public Utility	(1,482,244)	(20.6)	(1,929,964)	(20.2)	(447,720)
Industrial & Miscellaneous					
Agricultural Implement	43,966	0.6	47,000	0.5	3,034
Automobile & Accessory	153,089	2.1	195,875	2.1	42,786
Building	55,389	0.8	88,875	0.9	33,486
Chemical	1,098,876	15.3	1,551,007	16.3	452,131
Distilling	113,374	1.6	117,188	1.2	3,814
Drug & Pharmaceutical	117,810	1.6	140,000	1.5	22,190
Finance	147,973	2.1	168,125	1.8	20,152
Food & Confection	250,537	3.5	337,125	3.5	86,588
Metal (Non-Ferrous)	491,873	6.8	581,703	6.1	89,830
Miscellaneous	176,452	2.5	196,219	2.1	19,767
Motion Picture	251,506	3.5	175,125	1.8	76,381
Office Equipment	304,117	4.2	717,276	7.5	413,159
Oil Producing & Refining	1,202,344	16.7	1,597,488	16.7	395,144
Paper	84,962	1.2	113,250	1.2	28,288
Rayon & Textile	82,150	1.1	92,000	1.0	9,850
Retail Trade	488,983	6.8	762,875	8.0	273,892
Soap & Cosmetic	98,060	1.4	99,150	1.0	1,090
Steel	238,399	3.3	293,775	3.1	55,376
Tobacco	99,108	1.4	115,900	1.2	16,792
Total Industrial & Miscellaneous	(5,498,968)	(76.5)	(7,389,956)	(77.5)	(1,890,988)
Bank	159,127	2.2	135,565	1.4	23,562
Insurance	50,611	0.7	82,846	0.9	32,235
Total Common Stocks	$7,190,950	100.0%	$9,538,331	100.0%	$2,347,381

THE INSTITUTE FOR ADVANCED STUDY

BONDS
U. S. Government

Amount	Security	Book	Market 3/20/50ø	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Maturity# Yield on Market
	U.S. Government Bonds							
	Ctfs. of Indebtedness							
1,350M	1¼/7-1-50	100	100.028	$1,350,000	$1,350,378	$ 378	$ 16,875	1.1%
2,000M	1⅛/1-1-51	100	99.963	2,000,000	1,999,260	740	22,500	1.2
	Treasury Bonds							
400M	2/9-15-52/50	100-1	100-15	400,161	401,875	1,714	8,000	0.9
20M	2/9-15-53/51	100-9	101-3	20,060	20,219	159	400	1.2
100M	2½/3-15-54/52	101-29	102-9	101,919	102,281	362	2,500	1.3
100M	2/12-15-54/52	100	101-23	100,000	101,719	1,719	2,000	1.4
1,150M	2¼/6-15-62/59	102-28	102	1,183,196	1,173,000	10,197	25,875	2.0
	Savings Series "G"							
50M	2½/5-1-53	100	100	50,000	50,000	-	1,250	2.5
50M	2½/1-1-54	100	100	50,000	50,000	-	1,250	2.5
50M	2½/7-1-54	100	100	50,000	50,000	-	1,250	2.5
100M	2½/1-1-55	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-56	100	100	100,000	100,000	-	2,500	2.5
100M	2½/4-1-57	100	100	100,000	100,000	-	2,500	2.5
100M	2½/3-1-58	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-59	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-60	100	100	100,000	100,000	-	2,500	2.5
100M	2½/4-1-61	100	100	100,000	100,000	-	2,500	2.5
100M	2½/3-1-62	100	100	100,000	100,000	-	2,500	2.5
	TOTAL U. S. GOVERNMENT BONDS			$6,105,336	$6,098,732	$6,604	$101,900	1.7%*

ø Bid Prices.
\# Computed to earliest call date.
* Current Yield.
Note: U. S. Savings Series "G" Bonds carried at Par.

THE INSTITUTE FOR ADVANCED STUDY

BONDS
Railroad
Public Utility

Amount	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Maturity Yield on Market
	Railroad Bonds							
50M	Chgo., T.H. & S.E., Income 2¾/4¼/1-1-94 (Callable 100)	97⅞	76½	$ 48,982	$ 38,250	$10,732	$ 2,125	5.6%*
100M	Missouri Pacific R. R. 1st & Ref. "H" 5/4-1-80 (Callable 105)	86¼	101½f	86,233	101,500	15,267	5,000	4.9*
	TOTAL RAILROAD BONDS			$ 135,215	$ 139,750	$ 4,535	$ 7,125	5.1%*
	Public Utility Bonds							
250M	Amer. Tel. & Tel. Conv. Deb. 3⅛/6-20-59 (Callable 106 after 6-20-51)	106¼	122	$ 265,734	$ 305,000	$39,266	$ 7,813	0.7%
250M	Amer. Tel. & Tel. Conv. Deb. 2¾/12-15-61 (Callable 108)	106⅛	110⅝	265,386	276,563	11,177	6,875	1.7
50M	Public Service Elec. & Gas Deb. 6/7-1-98 (Non-Callable)	124	162½	62,027	81,250	19,223	3,000	3.4
20M	Public Service Elec. & Gas 1st & Ref. 8/6-1-2037 (Non-Callable)	183⅜	221	36,671	44,200	7,529	1,600	3.5
50M	South Jersey Gas, Elec. & Traction 1st 5/3-1-53 (Non-Callable)	100⅜	108	50,206	54,000	3,794	2,500	2.2
1,000	Transcontinental Gas Pipe Line Interim Note ($50 Par) 6/5-1-51 # (Callable 53)	53	52¾	53,000	52,750	250	3,000	5.7*
	TOTAL PUBLIC UTILITY BONDS			$ 733,024	$ 813,763	$80,739	$24,788	3.0%*

f Flat.
* Current Yield.
# At maturity each $50 Note payable in $3 Series Preferred Stock.

THE INSTITUTE FOR ADVANCED STUDY

BONDS
Industrial & Misc.

PREFERRED STOCKS
Public Utility

Amount	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Maturity Yield on Market
	Industrial & Miscellaneous Bonds							
100M	Cities Service Co., S.F. Deb. 3/1-1-77 (Callable 100)	88½	100⅝	$ 88,508	$ 100,625	$12,117	$ 3,000	3.0%
500M	Commercial Investment Trust Inc., 1½/7-18-50	100	‡	500,000	500,000‡	-	7,500	1.5
	TOTAL INDUSTRIAL & MISCELLANEOUS BONDS			$ 588,508	$ 600,625	$12,117	$10,500	1.7%*
Shares	**Public Utility Preferred Stocks**							**Current Yield on Market**
10,000	Arkansas Natural Gas Corp. 6% ($10 Par) Cum. (Callable $10.60)	10¾	10½	$ 107,766	$ 105,000	$ 2,766	$ 6,000	5.7%
500	Consolidated Edison Co. N.Y. $5 Cum. (Callable 105)	105	109⅛	52,500	54,563	2,063	2,500	4.6
3,250	Public Service Elec. & Gas Co. $1.40 Div. Pref. Conv. (Callable 35)	30⅜	28⅞	98,627	93,844	4,783	4,550	4.8
500	Southwestern Gas & Elec. Co. 5% Cum. (Callable 109)	107	108½	53,489	54,250	761	2,500	4.6
1,000	Tennessee Gas Transmission Co. 4.25% Cum. (Callable 106)	97⅛	102	97,107	102,000	4,893	4,250	4.2
	TOTAL PUBLIC UTILITY PREFERRED STOCKS			$ 409,489	$ 409,657	$ 168	$19,800	4.8%

‡ Carried at Book Value. Discounted at 1½%.
* Current Yield.

THE INSTITUTE FOR ADVANCED STUDY

PREFERRED STOCKS
- Industrial & Miscellaneous

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Industrial & Miscellaneous							
4,000	Alum. Co. Canada 4% ($25Par) Cum. (Callable 26¾ after 6-1-50 Can. Fds.)	23⅞(U.S.)	22¾(U.S.)	$ 95,419	$ 91,000	$ 4,419	$ 3,600≠	4.0≠%
300	American Metal Co. 4½% Cum. (Callable 105)	81⅞	105½	24,543	31,650	7,107	1,350	4.3
800	Bethlehem Steel Corp. 7% Cum. (Non-Callable)	127¼	142¼	101,813	113,800	11,987	5,600	4.9
1,000	Canada Dry Ginger Ale $4.25 Cum. Conv. (Callable 102½)	119⅝	103⅛	119,614	103,125	16,489	4,250	4.1
200	Christiana Securities Corp. 7% Cum. (Callable 120)	126¾	136	25,350	27,200	1,850	1,400	5.1
1,000	Food Machinery & Chemical Corp., 3¼% Cum. Conv. (Callable 102)	101½	90	101,493	90,000	11,493	3,250	3.6
500	Hanna, M.A., Co. $4.25 Cum. (Callable 105)	103⅛	104½	51,549	52,250	701	2,125	4.1
500	Hooker Electrochemical Co. $4.50 Cum. Conv. 2nd "A" (Callable 103)	100¼	119	50,119	59,500	9,381	2,250	3.8
2,000	Monsanto Chemical Co. $4 Cum. Conv. "B" (Callable 104)	111⅞	116	223,743	232,000	8,257	8,000	3.4
500	Murphy, G.C. & Co. 4¾% Cum. (Callable 107½)	110½	112	55,285	56,000	715	2,375	4.2

≠ After deducting 10% discount on exchange of Canadian Funds.

THE INSTITUTE FOR ADVANCED STUDY

PREFERRED STOCKS
Industrial & Miscellaneous (Cont'd)

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Industrial & Miscellaneous (Cont'd)							
600	Oliver Corp. 4½% Cum. Conv. (Callable 104)	103½	95¾	$ 62,068	$ 57,450	$ 4,618	$ 2,700	4.7%
500	Pure Oil 5% Cum. (Callable 105)	105	108½	52,500	54,250	1,750	2,500	4.6
500	Reynolds, R.J. Tobacco Co. 4.50% Cum. (Callable 103½)	100	107¼	50,000	53,625	3,625	2,250	4.2
4,000	Sunray Oil 4¼% ($25 Par) Cum. "A" (Callable 25½ after 6-30-50)	21⅞	18¾	87,347	75,000	12,347	4,250	5.7
500	United Aircraft Co. 5% Cum. Conv. (Callable 105)	109¼	112	54,634	56,000	1,366	2,500	4.5
1,000	U. S. & Foreign Securities $4.50 Cum. 1st (Callable 105)	101⅞	99⅜	101,838	99,375	2,463	4,500	4.5
1,000	U. S. & Int'l. Securities $5 Cum. 1st W. W. (Callable 105)	86¼	92	86,272	92,000	5,728	5,000	5.4
500	U. S. Rubber Co. 8% Non-Cum. First (Non-Callable)	159	130¾	79,475	65,375	14,100	4,000	6.1
1,500	U. S. Steel Corp. 7% Cum. (Non-Callable)	126¼	141⅝	189,400	212,438	23,038	10,500	4.9
	TOTAL INDUSTRIAL & MISC. PREFERRED STOCKS			$1,612,462	$1,622,038	$ 9,576	$72,400	4.5%

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Public Utility - Electric & Other

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Public Utility - Electric & Other							
1,000	American Gas & Elec. ($3.00)	33½	54¾	$ 33,511	$ 54,750	$ 21,239	$ 3,000	5.5%
1,000	Carolina Power & Lt. ($2.00)	37⅝	34	37,572	34,000	3,572	2,000	5.9
4,000	Central & South West Corp. ($0.90)	16¼	16	64,971	64,000	971	3,600	5.6
3,000	Columbus & Southern Ohio Electric ($1.40)	23¾	21⅞	71,112	65,625	5,487	4,200	6.4
1,000	Consolidated Edison Co. N.Y. ($1.60)	22⅜	31¾	22,390	31,750	9,360	1,600	5.0
1,500	Consumers Power ($2.00)	32	35¾	47,941	53,625	5,684	3,000	5.6
1,000	Dayton Power & Lt. ($2.00)	35⅛	34¼	35,077	34,250	827	2,000	5.8
2,000	Florida Power ($1.20)	16¾	20¼	33,492	40,500	7,008	2,400	5.9
1,125	Illinois Power ($2.20)	29⅛	38½	32,822	43,313	10,491	2,475	5.7
1,100	Indianapolis Pwr. & Lt. ($1.60)	17	32½	18,756	35,750	16,994	1,760	4.9
4,400	Middle South Utilities ($1.10)	12¼	19½	54,045	85,800	31,755	4,840	5.6
3,000	Niagara Mohawk Power ($1.40)	24⅛	23¾	72,283	71,250	1,033	4,200	5.9
1,000	Public Service Colorado ($2.60)	39	50½	38,989	50,500	11,511	2,600	5.1
2,100	Public Service Elec. & Gas ($1.60)	18⅛	25⅝	37,946	53,813	15,867	3,360	6.2
100	St. Joseph Light & Power ($1.50)	11⅞	25⅛	1,183	2,513	1,330	150	6.0
1,000	United Light & Railways ($-)	17⅞	40¼	17,921	40,250	22,329	-	-
3,000	Virginia Elec. & Power ($1.20)	21	21¼	62,861	63,750	889	3,600	5.6
	TOTAL PUBLIC UTILITY-ELEC. & OTHER COMMON STOCKS			$ 682,872	$ 825,439	$142,567	$44,785	5.4%

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Public Utility - Natural Gas

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Public Utility - Natural Gas							
2,000	Atlanta Gas Light ($1.20)	$17\frac{3}{8}$	$21\frac{7}{8}$	$ 34,873	$ 43,750	$ 8,877	$ 2,400	5.5%
5,000	Columbia Gas Systems ($0.75)	$13\frac{3}{4}$	$13\frac{3}{8}$	68,444	66,875	1,569	3,750	5.6
1,000	Consolidated Natural Gas ($2.00)	$41\frac{5}{8}$	$45\frac{3}{8}$	41,678	45,375	3,697	2,000	4.4
1,500	El Paso Natural Gas ($1.20)	$10\frac{1}{2}$	$27\frac{3}{4}$	15,810	41,625	25,815	1,800	4.3
3,000	National Fuel Gas ($0.60)	$10\frac{7}{8}$	$12\frac{7}{8}$	32,655	38,625	5,970	1,800	4.7
4,000	Northern Natural Gas ($1.80)	$33\frac{1}{2}$	$39\frac{1}{8}$	133,877	156,500	22,623	7,200	4.6
4,000	Panhandle Eastern Pipe Line ($2.00)	$27\frac{3}{4}$	$48\frac{3}{4}$	111,156	195,000	83,844	8,000	4.1
1,000	Peoples Gas Light & Coke ($6.00)	$110\frac{1}{2}$	134	110,470	134,000	23,530	6,000	4.5
4,400	Southern Natural Gas ($2.00)	29	$36\frac{5}{8}$	127,782	161,150	33,368	8,800	5.5
2,500	Tennessee Gas Transmission ($1.40)	$14\frac{7}{8}$	$31\frac{1}{2}$	37,184	78,750	41,566	3,500	4.4
1,000	Transcontinental Gas Pipe Line ($-)	$\frac{3}{8}$	$21\frac{3}{4}$	313	21,750	21,437	-	-
6,375	United Gas Corp. ($1.00)	$13\frac{3}{8}$	19	85,130	121,125	35,995	6,375	5.3
	TOTAL PUBLIC UTILITY-NATURAL GAS COMMON STOCKS			$ 799,372	$1,104,525	$305,153	$51,625	4.7%
	GRAND TOTAL PUBLIC UTILITY COMMON STOCKS			$1,482,244	$1,929,964	$447,720	$96,410	5.0%

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Industrial & Misc.

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yld. on Market
	INDUSTRIAL & MISCELLANEOUS							
	Agricultural Implement							
1,000	Deere & Co. ($5.00)	44	47	$ 43,966	$ 47,000	$ 3,034	$ 5,000	10.6%
	Automobile & Accessory							
2,000	General Motors ($6.00)	$55\frac{7}{8}$	$76\frac{5}{8}$	$ 111,122	$ 153,250	$ 42,128	$12,000	7.8%
1,000	Mack Trucks ($ -)	$18\frac{3}{8}$	$12\frac{3}{8}$	18,375	12,375	6,000	-	-
1,000	Studebaker ($2.50)	$23\frac{5}{8}$	$30\frac{1}{4}$	23,592	30,250	6,658	2,500	8.3
	Total Automobile & Accessory			$ 153,089	$ 195,875	$ 42,786	$14,500	7.4%
	Building							
1,000	Johns-Manville ($2.50)	$31\frac{3}{8}$	49	$ 31,430	$ 49,000	$ 17,570	$ 2,500	5.1%
1,000	Otis Elevator ($2.50)	24	$39\frac{7}{8}$	23,959	39,875	15,916	2,500	6.3
	Total Building			$ 55,389	$ 88,875	$ 33,486	$ 5,000	5.6%
	Chemical							
1,500	Allied Chemical & Dye ($10.00)	$182\frac{3}{4}$	219	$ 274,039	$ 328,500	$ 54,461	$15,000	4.6%
1,000	Columbian Carbon ($2.00)	$30\frac{1}{8}$	$31\frac{1}{8}$	30,135	31,125	990	2,000	6.4
1,045	Dow Chemical ($1.60)	$49\frac{3}{8}$	$62\frac{1}{2}$	51,550	65,313	13,763	1,672	2.6
7,200	du Pont, E.I. ($3.45)	$36\frac{1}{4}$	65	260,800	468,000	207,200	24,840	5.3
5,250	Eastman Kodak ($1.70)	$28\frac{3}{4}$	$46\frac{5}{8}$	150,839	244,781	93,942	8,925	3.6
1,000	Pfizer, Chas. ($2.75)	56	$60\frac{1}{2}$	55,988	60,500	4,512	2,750	4.5
4,800	Union Carbide & Carbon ($2.00)	$29\frac{5}{8}$	$43\frac{7}{8}$	142,098	210,600	68,502	9,600	4.6
2,000	United Carbon ($2.00)	$33\frac{3}{4}$	$37\frac{1}{4}$	67,510	74,500	6,990	4,000	5.4
1,500	Victor Chemical Works ($2.00)	44	$45\frac{1}{8}$	65,917	67,688	1,771	3,000	4.4
	Total Chemical			$1,098,876	$1,551,007	$452,131	$71,787	4.6%
	Distilling							
3,000	Distillers Corp.-Seagrams ($1.20)	$19\frac{1}{8}$	$19\frac{7}{8}$	$ 57,208	$ 59,625	$ 2,417	$ 3,240#	5.4%#
1,500	Walker (H.)-Gooderham & Worts ($2.40)	$37\frac{1}{2}$	$38\frac{3}{8}$	56,166	57,563	1,397	3,240#	5.6#
	Total Distilling			$ 113,374	$ 117,188	$ 3,814	$ 6,480	5.5%

After deducting 10% discount on exchange of Canadian Funds.

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Industrial & Misc. (Cont'd.)

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yld. on Market
	Industrial & Miscellaneous (Cont'd.)							
	Drug & Pharmaceutical							
1,000	Abbott Laboratories ($1.85)	36 1/8	48 1/2	$ 36,153	$ 48,500	$ 12,347	$ 1,850	3.8%
1,000	Amer. Home Products ($1.70)	24	32 3/4	24,052	32,750	8,698	1,700	5.2
500	Chesebrough Manufacturing ($3.50)	73 3/4	62 1/2	36,904	31,250	5,654	1,750	5.6
500	Johnson & Johnson ($2.00∅)	41 3/8	55	20,701	27,500	6,799	1,000∅	3.6∅
	Total Drug & Pharmaceutical			$ 117,810	$ 140,000	$ 22,190	$ 6,300	4.5%
	Finance							
2,500	C.I.T. Financial ($4.00)	59 1/4	67 1/4	$ 147,973	$ 168,125	$ 20,152	$10,000	5.9%
	Food & Confection							
1,000	Borden ($2.70)	36 5/8	50 3/4	$ 36,601	$ 50,750	$ 14,149	$ 2,700	5.3%
1,000	Life Savers ($2.20)	34 5/8	36 1/2	34,686	36,500	1,814	2,200	6.0
2,000	National Dairy Products ($2.40)	28 1/2	43 3/8	56,892	86,750	29,858	4,800	5.5
1,000	Sunshine Biscuits ($3.75)	46 1/4	59 1/2	46,240	59,500	13,260	3,750	6.3
1,000	United Fruit ($4.00)	38 5/8	59 3/4	38,570	59,750	21,180	4,000	6.7
500	Wrigley, Wm., Jr. ($5.00)	75 1/8	87 3/4	37,548	43,875	6,327	2,500	5.7
	Total Food & Confection			$ 250,537	$ 337,125	$ 86,588	$19,950	5.9%
	Metal (Non-Ferrous)							
4,000	American Metal Co., Ltd. ($2.00)	24 5/8	31 3/4	$ 98,275	$ 127,000	$ 28,725	$ 8,000	6.3%
2,040	American Smelt. & Ref. ($5.00)	47 5/8	53 1/2	97,250	109,140	11,890	10,200	9.3
2,000	International Silver ($6.00)	32 5/8	50 1/2	65,352	101,000	35,648	12,000	11.9
3,500	Kennecott Copper ($4.00)	47 1/2	51 7/8	166,247	181,563	15,316	14,000	7.7
1,000	Newmont Mining ($2.50∅)	64 3/4	63	64,749	63,000	1,749	2,500∅	4.0∅
	Total Metal (Non-Ferrous)			$ 491,873	$ 581,703	$ 89,830	$46,700	8.0%

∅ Plus Stock Dividend.

COMMON STOCKS
Industrial & Misc. (Cont'd.)

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yld. on Market
	Industrial & Miscellaneous (Cont'd.)							
	Miscellaneous							
1,000	Allied Mills ($2.25)	31 1/2	28 3/8	$ 31,553	$ 28,375	$ 3,178	$ 2,250	7.9%
1,000	Decca Records ($0.50)	21 3/8	9	21,341	9,000	12,341	500	5.6
1,000	General Amer. Transportation ($3.00)	64 1/2	51	64,536	51,000	13,536	3,000	5.9
1,000	Stein, A., & Co. ($2.00)	25 7/8	23	25,814	23,000	2,814	2,000	8.7
1,250	Sunbeam ($3.00)	26 5/8	67 7/8	33,208	84,844	51,636	3,750	4.4
	Total Miscellaneous			$ 176,452	$ 196,219	$ 19,767	$11,500	5.9%
	Motion Picture							
3,000	Paramount ($2.00)	22 5/8	18 5/8	$ 67,688	$ 55,875	$ 11,813	$ 6,000	10.7%
3,000	Twentieth Centruy-Fox ($2.00)	35 1/8	21 1/8	105,376	63,375	42,001	6,000	9.5
3,000	United Paramount Theatres (Ctf. Int.) ($2.00)	26 1/8	18 5/8	78,442	55,875	22,567	6,000	10.7
	Total Motion Picture			$ 251,506	$ 175,125	$ 76,381	$18,000	10.3%
	Office Equipment							
1,000	Addressograph-Multigraph ($3.00)	48 3/4	48 3/4	$ 48,696	$ 48,750	$ 54	$ 3,000	6.2%
2,894 5/100	Int'l. Business Machines ($4.00∮)	88 1/4	231	255,421	668,526	413,105	11,576∮	1.7∮
	Total Office Equipment			$ 304,117	$ 717,276	$413,159	$14,576	2.0%

∮ Plus Stock Dividend.

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS

Industrial & Misc. (Cont'd.)

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yld. on Market
	Industrial & Miscellaneous (Cont'd.)							
	Oil Producing & Refining							
1,000	Amerada Petroleum ($5.00)	85 1/12	110	$ 85,083	$ 110,000	$ 24,917	$ 5,000	4.5%
2,000	Continental Oil (Del.) ($4.00)	48 7/8	62 1/2	97,843	125,000	27,157	8,000	6.4
3,000	Gulf Oil ($3.00)	58 5/8	63 3/4	163,790	191,250	27,460	9,000	4.7
5,000	Louisiana Land & Expl. ($2.25)	14	30 3/4	70,148	153,750	83,602	11,250	7.3
1,000	Phillips Petroleum ($3.00)	51 1/8	64 1/8	51,086	64,125	13,039	3,000	4.7
1,000	Seaboard Oil ($2.00)	54 1/4	65 1/4	54,189	65,250	11,061	2,000	3.1
2,500	Shell Oil ($3.00)	29 1/2	39	73,849	97,500	23,651	7,500	7.7
1,100	Skelly Oil ($5.00ø)	102	109	112,172	119,900	7,728	5,500ø	4.6ø
2,000	Southland Royalty ($2.00)	33 7/8	33 1/8	67,683	66,250	1,433	4,000	6.0
3,000	Standard Oil (Indiana) ($2.00)	36 1/2	47 1/8	109,524	141,375	31,851	6,000	4.2
3,000	Standard Oil (N.J.) ($4.00))	52 1/8	69	145,015	207,000	61,985	12,000	5.8
500	Superior Oil (Calif.) ($1.00)	100 3/4	209	50,400	104,500	54,100	500	0.5
1,025	Texas Co. ($4.00)	51 1/4	63 1/2	52,589	65,088	12,499	4,100	6.3
2,000	Texas Pacific Coal & Oil ($1.75)	9	21 3/8	17,973	42,750	24,777	3,500	8.2
2,500	Warren Petroleum ($0.80)	20 3/8	17 1/2	51,000	43,750	7,250	2,000	4.6
	Total Oil Producing & Refining			$1,202,344	$1,597,488	$395,144	$83,350	5.2%
	Paper							
3,000	International Paper ($2.50)	28 3/8	37 3/4	$ 84,962	$ 113,250	$ 28,288	$ 7,500	6.6%
	Rayon & Textile							
2,000	Industrial Rayon ($3.00)	41 1/8	46	$ 82,150	$ 92,000	$ 9,850	$ 6,000	6.5%

ø Plus Stock Dividend.

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Industrial & Misc. (Cont'd.)

Shares	Security	Book	Market 3/20/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yld. on Market
	Industrial & Miscellaneous (Cont'd.)							
	Retail Trade							
5,000	Federated Dept. Stores ($2.00)	18 5/8	37 3/8	$ 93,035	$ 186,875	$ 93,840	$ 10,000	5.4%
1,500	Grant, W.T. ($1.00)	18	27	27,028	40,500	13,472	1,500	3.7
1,000	Kress, S.H. ($3.00)	46 7/8	56 1/2	46,888	56,500	9,612	3,000	5.3
1,000	May Dept. Stores ($3.00)	27 5/8	49	27,625	49,000	21,375	3,000	6.1
2,000	Murphy, G.C. ($2.00)	36	52 1/4	71,914	104,500	32,586	4,000	3.8
3,000	Penney, J.C. ($3.00)	36 1/2	57 1/2	109,442	172,500	63,058	9,000	5.2
2,500	Sears Roebuck ($2.25)	22 3/8	43 1/2	55,909	108,750	52,841	5,625	5.2
1,000	Western Auto Supply ($3.00)	57 1/8	44 1/4	57,142	44,250	12,892	3,000	6.8
	Total Retail Trade			$ 488,983	$ 762,875	$ 273,892	$ 39,125	5.1%
	Soap & Cosmetic							
2,000	Colgate-Palmolive-Peet ($3.00)	45 1/4	45 3/4	$ 90,560	$ 91,500	$ 940	$ 6,000	6.6%
30 Units	Pond's Extract, Unit ($24.00)	250	255	7,500	7,650	150	720	9.4
	Total Soap & Cosmetic			$ 98,060	$ 99,150	$ 1,090	$ 6,720	6.8%
	Steel							
1,500	Bethlehem Steel ($2.40)	34 7/8	34 1/2	$ 52,335	$ 51,750	$ 585	$ 3,600	7.0%
700	Hanna, M.A. ($5.00)	108 7/8	107	76,208	74,900	1,308	3,500	4.7
1,500	Inland Steel ($3.00)	22 1/8	39 3/4	33,270	59,625	26,355	4,500	7.5
1,000	National Steel ($6.00)	76 5/8	107 1/2	76,586	107,500	30,914	6,000	5.6
	Total Steel			$ 238,399	$ 293,775	$ 55,376	$ 17,600	6.0%
	Tobacco							
1,000	Liggett & Myers Tobacco ($5.00)	81 3/8	88	$ 81,379	$ 88,000	$ 6,621	$ 5,000	5.7%
1,200	Universal Leaf Tobacco ($1.70)	14 3/4	23 1/4	17,729	27,900	10,171	2,040	7.3
	Total Tobacco			$ 99,108	$ 115,900	$ 16,792	$ 7,040	6.1%
	GRAND TOTAL INDUSTRIAL COMMON STOCKS			$5,498,968	$7,389,956	$1,890,988	$397,128	5.4%

COMMON STOCKS
Bank
Insurance
SECURITIES OF NOMINAL VALUE

Shares	Security	Book	Market 3/20/50¢	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Bank							
500	Chase Nat'l., N.Y. ($1.60)	38 1/8	38 1/2	$ 19,063	$ 19,250	$ 187	$ 800	4.2%
500	Nat'l. City, N.Y. ($1.80)	34 5/8	47 1/2	17,312	23,750	6,438	900	3.8
495	Nat'l Newark & Essex Banking Co. ($8.00)	248	187	122,752	92,565	30,187	3,960	4.3
	TOTAL BANK COMMON STOCKS			$ 159,127	$ 135,565	$ 23,562	$ 5,660	4.2%
	Insurance							
1,250	American Ins. Co., Newark ($0.80)	15 1/8	21 5/8	$ 18,795	$ 27,031	$ 8,236	$ 1,000	3.7%
2,440	Firemen's Insurance Co., of Newark ($0.60)	13 1/8	22 7/8	31,816	55,815	23,999	1,464	2.6
	TOTAL INSURANCE COMMON STOCKS			$ 50,611	$ 82,846	$ 32,235	$ 2,464	3.0%
	GRAND TOTAL ALL COMMON STOCKS			$7,190,950	$9,538,331	$2,347,381	$501,662	5.3%

Amount	Security			Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Securities of Nominal Value			$	$	$	$	%
4M	Imperial Japanese Gov't. (External) 6½/2-1-54	Gift	N.A.	Carried at no Book Value		-	-	-
6.5M Units	The Parents Institute Inc., Reg. Income 25yr. due 8/1/69 Unit⌿	Gift	-	4,539⌿	4,539⌿	-	-	-
200 Units	Engineers Royalties, Inc. Unit #	½#	½#	100#	100#	-	#	-
1sh.	U. S. Electric Power Co. Common ($-)	Gift	-	Carried at no Book Value		-	-	-
10 10/20 shs	Schulte Retail Stores, Corp. (NoPar) Common ($-)	Gift	-	Carried at no Book Value		-	-	-
				4,639	4,639	-	-	-

¢ Bid Prices.
N.A. Not Available. Under control of Alien Property Custodian.
⌿ Trades as Unit with 5shs Management Stock, No Par. Reduced by payments on principal 1946 & 1947 to present face value $4,539. Income contingent, none paid since August, 1947.
\# Gift. Unit consists of 1 share 7% ($10 Par) Preferred Stock & 1 share Common Stock. Company's valuation of 200Units. Received payments of $70 & $35 as of July, 1948 & 1949, respectively.

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

THE INSTITUTE FOR ADVANCED STUDY

Industrial Common Stock Holdings as of February 21, 1950

(For Review and Discussion at Meeting March 3, 1950)

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Book	Cur. Mkt.	Yield Book	Yield Mkt.	Book Value	Market Value	% Total Mkt. Val. Indus. Common Stocks	Capitalization: Debt Par (Mil.)	Capitalization: Pfd. Par (Mil.)	Capitalization: Common No. Shs. (000)	Earnings Per Share (Adjusted): 1936	1938	1941	1946	1947	1948	Est. 1949	Price Range 1936-1948 High Low	Price Range 1949-1950 High Low
		$			%	%	$	$	%	$	$		$	$	$	$	$	$	$		
	AGRICULTURAL IMPLEMENT																				
1000	Caterpillar Tractor	2.00	21 7/8	35 1/2	9.1	5.6	21,904	35,500	0.4	20.0	25.0	3,764	2.72	0.71	2.06	1.62	2.64	3.66	4.89A	50 - 15	37 - 26
1500	International Harvester	1.80	24 3/8	28 1/4	7.4	6.4	36,625	42,375	0.6	18.0	61.7	12,737	1.90	1.00	1.96	1.30	3.36	3.92	4.36A	40 - 13	30 - 23
	Total Agricultural Implement						58,529	77,875	1.0												
	AUTOMOBILE & ACCESSORY																				
2000	General Motors	6.00	55 7/8	75 3/8	10.7	8.0	111,122	150,750	2.0	125.0	293.6	43,993	5.35	2.17	4.44	1.76	6.24	9.72	14.00	80 - 26	79 - 52
1000	Mack Trucks	-	18 3/8	12 1/8	-	-	18,375	12,125	0.2	-	-	1,495	1.21	d0.78	2.47	d0.74	5.52	1.56	d2.67A	38 - 8	16 - 10
1000	Studebaker	2.50	23 5/8	28 1/8	10.6	8.9	23,592	28,125	0.4	10.0	-	2,355	1.01	d0.80	1.12	0.40	3.87	8.12	9.50	39 - 3	30 - 17
	Total Automobile & Accessory						153,089	191,000	2.6												
	BEVERAGE & DISTILLING																				
400	Coca-Cola	6.00	115 3/4	160 1/4	5.2	3.7	46,300	64,100	0.9	3.4	30.0	4,109	4.66	5.95	6.78	5.74	7.59	8.22	9.00	200 - 57	172 - 125
700	Schenley Industries	2.00	17	32 1/2	11.8	6.2	11,916	22,750	0.3	125.0	-	3,600	2.47	0.86	1.82	13.64	7.46	8.20	6.73A	100 - 3	35 - 22
	Total Beverage & Distilling						58,216	86,850	1.2												
	BUILDING																				
1000	Flintkote	2.50	37 1/2	30 3/4	6.7	8.1	37,536	30,750	0.4	6.0	9.9	1,258	1.75	1.21	2.35	2.78	6.27	5.86	4.33A	50 - 9	33 - 21
1200	Johns-Manville	2.50	31 1/2	46 3/8	7.9	5.4	37,865	55,650	0.8	5.5	7.4	2,906	1.71	0.36	2.22	1.90	3.17	5.22	5.00	56 - 15	50 - 31
1000	Otis Elevator	2.50	24	37 3/4	10.4	6.6	23,959	37,750	0.5	-	10.4	2,000	0.82	0.76	1.10	2.36	3.41	5.85	5.50	45 - 10	41 - 28
1800	Paraffine	1.20	16 1/2	16 1/2	7.3	7.3	29,625	29,700	0.4	11.9	2.4	1,473	1.52	0.81	1.05	0.62	2.14	2.40	2.14A	33 - 7	21 - 16
	Total Building						128,985	153,850	2.1												
	CHEMICAL																				
1500	Allied Chem. & Dye	10.00	182 3/4	206 1/2	5.5	4.8	274,039	309,750	4.2	-	-	2,214	11.44	5.92	9.67	12.06	13.69	14.35	13.00	258 - 118	212 - 165
1000	Columbian Carbon	2.00	30 1/8	31 1/4	6.6	6.4	30,135	31,250	0.4	-	-	1,612	2.50	1.71	2.19	3.29	3.76	4.03	3.60	48 - 17	34 - 27
1045	Dow Chemical	1.60	49 3/8	60	3.2	2.7	51,550	62,700	0.9	67.3	70.3	5,130	1.04	0.98	1.64	1.10	2.31	3.72	4.44A	51 - 20	61 - 43
7200	Du Pont	3.45	36 1/4	64 1/4	9.5	5.4	260,800	462,600	6.3	-	268.9	44,834	1.89	0.94	1.87	2.36	2.47	3.28	4.50	57 - 23	65 - 43
5250	Eastman Kodak	1.70	28 3/4	47 5/8	5.9	3.6	150,839	250,031	3.4	-	6.2	12,990	1.65	1.51	1.71	2.85	3.46	4.45	3.40	53 - 23	49 - 38
4800	Union Carbide & Carbon	2.00	29 5/8	42 3/4	6.8	4.7	142,098	205,200	2.8	150.0	-	28,807	1.36	0.92	1.51	2.03	2.66	3.55	3.00	43 - 19	46 - 34
2000	United Carbon	2.00	33 3/4	36 1/4	5.9	5.5	67,510	72,500	1.0	-	-	796	2.77	1.89	2.15	3.78	3.97	3.91	3.60	48 - 18	39 - 30
1500	Victor Chemical Works	2.00	44	46 5/8	4.5	4.3	65,917	69,938	0.9	0.3	7.8	749	1.08	0.97	1.59	2.65	2.47	2.52	3.35	53 - 14	50 - 33
	Total Chemical						1,042,888	1,463,969	19.9												

A Actual Earnings.
d Deficit.

THE INSTITUTE FOR ADVANCED STUDY
Industrial Common Stock Holdings as of February 21, 1950
(For Review and Discussion at Meeting March 3, 1950)

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Book	Cur. Mkt.	Yield Book	Yield Mkt.	Book Value	Market Value	% Total Mkt. Val. Indus. Common Stocks	Capitalization Debt Par (Mil.)	Capitalization Pfd. Par (Mil.)	Capitalization Common No. Shs. (000)	Earnings Per Share (Adjusted) 1936	1938	1941	1946	1947	1948	Est. 1949	Price Range 1936-1948 High - Low	Price Range 1949-1950 High - Low
		$			%	%	$	$	%	$	$		$	$	$	$	$	$	$		
	CREDIT & FINANCE																				
2500	C. I. T. Financial	4.00	59¼	64	6.8	6.3	147,973	160,000	2.2	252.0	50.0	3,581	6.07	4.75	4.78	1.27	2.03	4.57	6.60	92 - 19	64 - 43
1000	Dun & Bradstreet	1.50	18	26½	8.3	5.7	18,000	26,250	0.3	-	3.7	960	1.52	1.58	1.38	1.91	1.68	2.23	2.50	27 - 13	27 - 19
	Total Credit & Finance						165,973	186,250	2.5												
	DRUG & PHARMACEUTICAL																				
1000	Abbott Laboratories	1.85	36⅛	51¾	5.1	3.6	36,153	51,750	0.7	-	-	3,740	0.55	0.61	0.70	2.89	2.73	2.98	3.10	46 - 9	55 - 37
1000	American Home Products	1.70	24	32⅜	7.1	5.3	24,052	32,375	0.4	13.4	-	3,859	1.27	1.25	1.71	2.31	1.72	2.36	2.65	43 - 10	34 - 24
1000	Bristol-Myers	1.60	40¾	25⅞	3.9	6.2	40,786	25,875	0.4	10.0	6.9	1,381	1.66	1.63	1.78	4.90	2.66	2.94	1.78A	73 - 14	33 - 25
500	Chesebrough Mfg.	3.50	73¾	63½	4.7	5.5	36,904	31,750	0.4	-	-	308	2.98	2.13	2.51	5.84	4.87	5.39	5.00	88 - 28	65 - 57
500	Johnson & Johnson	2.00*	41⅜	54¼	4.8*	3.7*	20,701	27,125	0.4	1.3	9.0	1,984	1.07	1.27	1.61	4.06	4.81	5.83	4.75	35 - 15	56 - 30
1000	Pfizer, (Chas.)	2.75	56	58½	4.9	4.7	55,988	58,500	0.8	-	4.9	1,480	-	-	0.76	7.17	6.27	6.36	5.00	80 - 14	59 - 40
	Total Drug & Pharmaceutical						214,584	227,375	3.1												
	ELECTRICAL EQUIPMENT																				
1250	Sunbeam	3.00	26⅝	63¼	11.3	4.7	33,208	79,063	1.1	-	-	675	1.64	2.50	2.24	1.93	5.10	8.52	10.83A	40 - 9	66 - 28
	FOOD & CONFECTION																				
1000	Borden	2.70	36⅝	51⅛	7.4	5.3	36,601	51,125	0.7	42.7	-	4,293	1.80	1.51	1.88	4.64	4.61	4.46	5.00	58 - 15	52 - 39
1000	Life Savers	2.20	34⅝	36	6.4	6.1	34,686	36,000	0.4	-	-	700	1.23	1.40	1.50	2.82	3.84	3.68	3.00	41 - 10	38 - 34
2000	National Dairy Products	2.40	28½	40⅜	8.4	5.9	56,892	80,750	1.1	80.5	-	6,283	2.01	1.69	1.97	4.05	3.68	4.04	5.00	45 - 12	42 - 27
1000	Sunshine Biscuits	3.75	46¼	59	8.1	6.4	46,240	59,000	0.8	-	-	1,021	1.08	0.76	1.08	6.23	6.02	6.78	7.50	57 - 7	61 - 36
1000	United Fruit	4.00	38⅝	58¾	10.4	6.8	38,570	58,750	0.8	-	-	8,775	1.63	1.18	1.76	4.51	5.37	6.01	6.00	60 - 16	60 - 44
500	Wrigley, (Wm. Jr.)	5.00	75⅛	83	6.7	6.0	37,548	41,500	0.6	-	-	1,968	4.28	3.90	4.12	3.31	4.31	5.82	6.50	93 - 39	83 - 66
	Total Food & Confection						250,537	327,125	4.4												
	HOUSEHOLD PRODUCTS																				
2000	Colgate-Palmolive-Peet	3.00	45¼	44½	6.6	6.7	90,560	89,000	1.2	-	12.5	1,998	1.27	1.77	3.09	7.00	9.30	5.69	5.75	61 - 7	46 - 29
	METAL (NON-FERROUS)																				
4000	American Metal Co., Ltd.	2.00	24⅝	33	8.1	6.1	98,275	132,000	1.8	-	9.3	1.225	1.08	1.73	2.24	2.00	3.83	4.25	N.A.	69 - 13	35 - 22
2040	Amer. Smelting & Refining	5.00	47⅝	54¼	10.5	9.2	97,250	110,670	1.5	-	50.0	2,630	6.85	3.24	5.59	5.57	12.66	13.47	8.00	106 - 28	58 - 39
1000	International Nickel	2.00	30½	27⅝	6.6	7.2	30,451	27,625	0.4	-	27.6	14,578	2.40	2.09	2.22	1.90	2.16	2.55	2.10	73 - 19	31 - 26
2000	International Silver	6.00	32⅝	51	18.4	11.8	65,352	102,000	1.4	-	5.0	365	0.04	0.83	3.07	9.20	14.98	19.40	8.00	66 - 3	58 - 39
2500	Kennecott Copper	4.00	45¼	54¼	8.8	7.4	113,222	135,625	1.8	-	-	10,822	2.36	2.10	4.55	2.13	8.49	8.67	5.25	69 - 24	57 - 40
	Total Metal (Non-Ferrous)						404,550	507,920	6.9												

A Actual Earnings.
* Plus Stock Dividend.
N.A. Not Available.

THE INSTITUTE FOR ADVANCED STUDY

Industrial Common Stock Holdings as of February 21, 1950
(For Review and Discussion at Meeting March 3, 1950)

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Book	Cur. Mkt.	Yield Book	Yield Mkt.	Book Value	Market Value	% Total Mkt. Val. Indus. Common Stocks	Capitalization Debt Par (Mil.)	Capitalization Pfd. Par (Mil.)	Capitalization Common No. Shs. (000)	Earnings Per Share (Adjusted) 1936	1938	1941	1946	1947	1948	Est. 1949	Price Range 1936-1948 High	1936-1948 Low	1949-1950 High	1949-1950 Low
		$			%	%	$	$	%	$	$		$	$	$	$	$	$	$				
	MISCELLANEOUS																						
1000	Allied Mills	2.25	31½	28	7.1	8.0	31,553	28,000	0.4	-	-	801	2.86	0.64	1.97	2.23	3.76	3.89	2.96A	39 -	9	31 -	25
1000	Decca Records	0.50	21⅜	8¾	2.3	5.7	21,341	8,750	0.1	1.3	-	777	-	-	1.01	2.50	2.08	1.10	1.00	37 -	2	10 -	5
200 Units	Engineers Royalties	(Carried at no Book Value - Trades as unit with 7% ($10 Par) Preferred Stock now held)											-	-	-	-	-	-	-	-	-	-	-
1000	Gen. Amer. Transportation	3.00	64½	49¼	4.7	6.1	64,536	49,250	0.7	50.2	14.2	1,054	3.24	2.91	3.75	3.45	6.60	5.73	5.50	87 -	29	50 -	42
30 Units	Pond's Extract	24.00	250	250#	9.6	9.6	7,500	7,500#	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 10/200	Schulte, Retail Stores, Corp.	-	ϕ	N.A.	-	-	ϕ	N.A.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1000	Stein, (A.)	2.00	25⅞	23½	7.7	8.5	25,814	23,500	0.3	-	-	480	-	0.51	0.92	4.00	4.10	4.26	N.A.	36 -	4	27 -	20
5 Units	Parents Institute	(Management Stock - carried at no Book Value - Trades as unit with 6.5M, due 1969, (face value $4,539) now held)															-	-	-	-	-	-	-
	Total Miscellaneous						150,744	117,000	1.6														
	MOTION PICTURE																						
3000	Paramount Pictures Corp. (New)	2.00	22⅛	18⅞	9.0	10.6	66,498	56,625	0.8	-	-	3,278	-	-	1.54e	5.82e	3.29e	2.00e	1.77	-	-	22 -	18
3000	Twentieth Century-Fox	2.00	35⅛	23⅛	5.7	8.6	105,376	69,375	0.9	27.4	12.9	2,769	3.55	3.35	2.04	7.91	4.82	4.30	4.00	64 -	5	26 -	19
3000	United Paramount Theatres (Ctf. of Interest)	2.00	26½	20⅜	7.5	9.8	79,631	61,125	0.8	17.1	-	3,278	-	-	1.54e	7.41e	6.23e	5.75e	5.48	-	-	26 -	19
	Total Motion Picture						251,505	187,125	2.5														
	OFFICE EQUIPMENT																						
2894 5/100	Int'l. Business Machines	4.00✩	88¼	224½	4.5✩	1.8✩	255,421	649,714	8.8	85.0	-	2,632	2.87	3.28	3.74	7.12	8.93	10.68	12.00	143 -	50	235 -	146
	OIL PRODUCING & REFINING																						
1000	Amerada Petroleum	5.00	85½	104¼	5.8	4.8	85,083	104,250	1.4	-	-	1,577	1.26	1.04	1.63	5.61	9.46	14.35	9.75	107 -	19	121 -	89
2000	Continental Oil (Del.)	4.00	48⅞	56½	8.2	7.1	97,844	113,000	1.5	1.5	-	4,823	2.05	1.10	3.29	4.05	6.61	11.24	8.00	70 -	16	65 -	48
4000	Gulf Oil	3.00	58⅜	60¼	5.1	5.0	233,531	241,000	3.3	185.0	-	11,345	2.90	1.43	3.70	6.42	10.53	13.53	8.75	78 -	25	72 -	57
5000	Louisiana Land & Expl.	2.25	14	30¼	16.1	7.4	70,148	151,250	2.1	-	-	2,977	0.63	0.45	0.45	1.02	1.54	2.45	2.75	20 -	3	31 -	16
1000	Phillips Petroleum	3.00	51⅛	58½	5.9	5.1	51,086	58,500	0.8	10.0	-	6,047	4.02	2.03	3.92	4.60	6.76	12.01	7.25	73 -	27	64 -	51
1000	Seaboard Oil (Del.)	2.00	54¼	48¼	3.7	4.1	54,189	48,250	0.7	-	-	1,229	2.00	1.40	1.02	2.43	4.83	5.52	4.50	60 -	11	56 -	36
2500	Shell Oil	3.00	29½	35⅛	10.2	8.5	73,849	87,813	1.2	122.0	-	13,471	1.58	0.72	1.32	2.44	4.44	8.27	6.00	47 -	8	40 -	30
1100	Skelly Oil	5.00	102	108½	4.9	4.6	112,172	119,350	1.6	14.8	-	1,306	3.32	1.71	4.53	7.74	16.15	29.80	20.00	120 -	9	128 -	97
2000	Southland Royalty	2.00	33⅞	33½	5.9	6.0	67,683	67,000	0.9	-	-	850	0.40	0.50	0.55	1.47	3.19	4.83	N.A.	49 -	5	39 -	26
3000	Standard Oil Co. (Ind.)	2.00	36½	43¼	5.5	4.6	109,524	129,750	1.8	299.0	-	15,285	3.09	1.82	3.19	4.43	6.21	9.16	6.75	53 -	20	46 -	36
4530	Standard Oil Co. (N.J.)	4.00	52⅛	66⅞	7.7	6.0	235,895	302,944	4.1	455.0	-	30,183	3.73	2.86	5.15	6.50	9.83	12.44	9.00	80 -	30	75 -	60
500	Superior Oil (Calif.)	1.00	100¾	210	1.0	0.5	50,400	105,000	1.4	31.2	-	423	-	d0.66	4.12	4.36	11.51	35.26	17.22A	235 -	21	227 -	127
1025	Texas Company	4.00	51¼	60⅞	7.8	6.6	52,589	62,397	0.8	164.0	-	13,798	4.09	2.13	4.77	6.32	7.90	12.03	9.50	69 -	29	66 -	49
2000	Texas Pacific Coal & Oil	1.75	9	21⅛	19.4	8.3	17,973	42,250	0.6	-	-	1,772	0.36	0.58	0.67	1.19	2.33	4.21	3.75	28 -	3	27 -	16
2500	Warren Petroleum	0.80	20⅜	17⅜	3.9	4.6	51,000	43,438	0.6	19.4	-	1,699	-	-	0.72	0.68	2.90	5.02	4.10A	26 -	7	23 -	14
	Total Oil Producing & Refining						1,362,966	1,676,192	22.8														

A Actual Earnings. # Carried at Book Value. Received as of 1/31/50 under agreement of sale 300shs Lamont Corliss & Co. "A" Common Stock.
ϕ Carried at no Book Value. N.A. Not Available. e Estimated. ✩ Plus Stock Dividend. d Deficit.

THE INSTITUTE FOR ADVANCED STUDY

Industrial Common Stock Holdings as of February 21, 1950

(For Review and Discussion at Meeting March 3, 1950)

Shs. Held	Industries and Companies	Est. Annual Div. Rate	Book	Cur. Mkt.	Yield Book	Yield Mkt.	Book Value	Market Value	% Total Mkt. Val. Indus. Common Stocks	Capitalization: Debt Par (Mil.)	Capitalization: Pfd. Par (Mil.)	Capitalization: Common No. Shs. (000)	Earnings Per Share (Adjusted) 1936	1938	1941	1946	1947	1948	Est. 1949	Price Range 1936-1948 High - Low	Price Range 1949-1950 High - Low
		$			%	%	$	$	%	$	$		$	$	$	$	$	$	$		
	PAPER																				
3000	International Paper	2.50	28 3/8	36 7/8	8.8	6.8	84,962	110,625	1.5	-	23.0	7,120	0.57	d0.11	2.15	4.25	7.51	8.37	6.00	28 - 2	37 - 20
	RAYON																				
2000	Industrial Rayon	3.00	41 1/8	47	7.3	6.4	82,150	94,000	1.3	-	-	1,595	1.15	0.12	1.52	5.66	8.86	8.31	5.75	54 - 7	53 - 33
	RETAIL TRADE																				
5000	Federated Dept. Stores	2.00	18 5/8	37 1/2	10.7	5.3	93,035	187,500	2.6	30.0	12.3	2,675	1.52	1.23	1.40	4.82	4.18	5.33	4.50	42 - 6	38 - 25
1500	Grant, (W. T.)	1.00	18	27	5.6	3.7	27,028	40,500	0.5	4.4	15.0	2,379	1.92	1.01	1.72	4.34	2.63	3.67	3.35	41 - 10	28 - 20
1000	Kress, (S. H.)	3.00	46 7/8	55 1/2	6.4	5.4	46,888	55,500	0.8	-	-	2,352	2.31	1.38	1.99	5.44	5.39	5.46	5.00	63 - 20	63 - 49
1000	May Department Stores	3.00	27 5/8	47 1/4	10.9	6.3	27,625	47,250	0.6	18.3	34.2	2,857	2.06	1.55	1.88	6.70	5.96	6.44	5.00	70 - 15	50 - 38
2000	Murphy, (G. C.)	2.00	36	51	5.6	3.9	71,914	102,000	1.4	0.8	9.0	1,922	1.48	1.19	1.80	4.07	4.25	4.76	4.50	49 - 9	52 - 39
3000	Penney, (J. C.)	3.00	36 1/2	59	8.2	5.1	109,442	177,000	2.4	-	-	8,232	2.45	1.80	2.08	4.31	4.29	5.80	4.75	58 - 18	60 - 43
2500	Sears, Roebuck	2.25	22 3/8	42 5/8	10.1	5.3	55,909	106,563	1.4	-	-	23,647	1.40	1.05	1.30	4.24	4.56	5.80	4.00	50 - 11	44 - 34
1000	Western Auto Supply	3.00	57 1/8	41 5/8	5.3	7.2	57,142	41,625	0.6	14.3	-	751	8.96	2.77	4.26	10.04	5.60	7.65	5.00A	91 - 13	45 - 33
	Total Retail Trade						488,983	757,938	10.3												
	STEEL																				
1500	Inland Steel	3.00	22 1/8	38	13.6	7.9	33,270	57,000	0.8	73.3	-	4,899	2.85	1.04	3.03	2.97#	4.61#	7.88	5.00	48 - 18	42 - 30
1000	National Steel	6.00	76 5/8	101 3/4	7.8	5.9	76,586	101,750	1.4	40.0	-	2,454	5.27	2.75	7.08	8.34	10.94	16.35	16.50	104 - 38	103 - 74
3000	U. S. Steel	2.60	17 1/2	30	14.9	8.7	52,500	90,000	1.2	71.6	360.3	26,110	0.97	d1.26	3.48	2.43	3.90	4.00	4.50	42 - 13	31 - 20
	Total Steel						162,356	248,750	3.4												
	TOBACCO																				
1000	Liggett & Myers	5.00	81 3/8	85 3/4	6.1	5.8	81,379	85,750	1.2	128.0	20.9	3,912	7.25	6.09	5.22	5.39	6.83	8.86	7.18A	115 - 51	92 - 73
1200	Universal Leaf Tobacco	1.70	14 3/4	23 3/4	11.5	7.2	17,729	28,500	0.4	-	6.0	597	1.95	1.79	1.65	1.74	1.75	2.31	2.37A	28 - 10	25 - 19
400	Young, (J. S.)	4.00	38	53	10.5	7.5	15,213	21,200	0.2	-	0.5	29	3.70	3.26	3.96	3.66	4.07	4.56	N.A.	60 - 35	57 - 52
	Total Tobacco						114,321	135,450	1.8												
	GRAND TOTAL INDUSTRIAL COMMON STOCKS						5,554,527	7,367,071	100.0												

d Deficit.
\# Before inventory reserve, per share earnings were $6.10 in 1947 and $3.18 in 1946.
A Actual Earnings.
N.A. Not Available.

Paul B. Wyant
February 27, 1950

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February 16, 1950

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

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf:

Enclosed is a summary statement showing the status of the Institute's investment holdings as of December 31, 1949.

Their total market value is \$19,085,000, an increase of \$2,222,000 over book value of \$16,863,000. Income is being produced at the estimated annual rate of \$741,500 to provide a yield of 4.4% on book value and 3.9% on market value.

Cash and United States Government bonds (62% of which mature within one year and the remainder within ten years) account for 32% of the fund at market. All fixed income investments account for 51.1% and common stocks for 48.9% of the total fund.

Common stocks currently represent a larger percentage of the holdings than at any time heretofore and the market for them, as represented by the averages, has been higher but twice in the history of the country - in 1928-29 and in 1946. In the latter year the Dow-Jones Averages, for instance, were only about 5% higher than at present.

Reasons uniformly accepted for the market having recently attained its present level are (1) recovery from the business recession lasting through the first half of last year and general optimism regarding the outlook for at least the next six months (2) the high yields obtainable on stocks compared with those on high-grade fixed income investments and (3) inflationary fears engendered by the Government's fiscal policies.

Our objective as to the over-all composition of the investments for the last several years has been to include short-term Government holdings to provide some protection against deflation, and common stocks to provide protection against inflationary or rising costs in operating the Institute. Although a more serious form of inflation has been feared and discussed by many in recent months, it seems that, with the resources and productive facilities of this country, we would be unlikely to suffer inflation to the same extent as did Germany and France in the past. Should such drastic inflation face us, common stocks may not prove to be a satisfactory income hedge because Government techniques in addition to regulating credit and money supply, include under "emergencies" such other regulatory controls as price fixing, rationing and taxing. Stock prices in England today give evidence to the effectiveness of such measures which have been continued there ever since the war. However, certain equities would be preferable to bonds or preferred stocks in event of severe inflation for in a final currency reorganization, they would represent ownership of any tangible assets not taxed away.

None of us believe that we can foretell with any degree of accuracy the limits of market swings but we can as usual review and discuss the over-all composition of the list to determine if the percentage of common stocks is suitable, whether any of the individual issues appear to be over-valued or if there are any holdings that we would not wish to carry through a period of adverse business. To serve as an aid to such a discussion at the next meeting, I would like to inject a few broad observations.

Each inflationary period in peacetime, but particularly subsequent to wars, has been followed by a sharp decline in business and security prices. Although a boom has existed for the last four years, recent economic reports to Congress continue to view the future with considerable confidence. However, predictions of most of the experts have not been very reliable during boom periods such as the late 1920's or in depression periods such as the 1930's. During the decade of the thirties when there was a population of approximately 140 million, much of the information disseminated from Washington economists was to the effect that our country was mature and since there were no new frontiers to develop, large sums of venture capital would no longer be required; that our steel industry as well as most others, had more plant than was required to satisfy all requirements; that due to Technocracy, or the increased efficiency of machines in producing our wants, there would permanently be 5 or 6 million unemployed unless the hours in the work week were substantially decreased to spread employment. It was true that the existing production facilities were able to provide our needs during this era.

Three years after the 1938 recession, we entered the second World War and the industrial capacity was wholly inadequate to sustain the economy and to meet the war requirements. The Government and industry engaged in a rapid expansion of plants to gain the necessary output. Unemployment disappeared and as consumers goods were scarce, individual incomes were used to pay down instalment credit or was placed in savings banks and savings bonds. When the war ended, nearly everyone had ample resources or credit and an impatient desire to replace their personal possessions which had been wearing out during these four years. The increased rate of marriages during the war years added to the existing demand for homes and consumers goods of all kinds. On top of this pent-up demand, the Government since the war has continued to spend billions for armaments, for goods to ship to Europe under the Marshall Plan, for subsidies to farmers and for benefits to veterans. To meet this huge demand, the industries of the nation have purchased most of the plants that were built by the Government during the war and have spent additional billions in constructing more plants. Less than a year ago the Administration was recommending that the Government build steel plants unless this industry were willing to expand even further.

This expansion of production facilities has been considerably greater than the increase in the population of the country, which is now estimated to be approximately 150 million, or about 7% above the 1940 census. The marriage rate has slowed down. Some of the war-time savings has been spent and instalment credit has increased to about $18 million, or to a near-top relationship with disposable income based on past experience. Many consumers' industries have overtaken the extraordinary demand for their goods. As a result, companies are budgeting much less for capital expenditures and the backlogs of some capital goods producers have been declining. Public construction and continued expansion by the electric utility and natural gas pipeline companies appear to be the mainstays for the heavy industries. Housing was stimulated again last fall by a fear of builders that the easy financing provided under the National Housing Act would expire in October. Later it was extended until March 1, 1950. To a considerable extent booms or depressions are determined by the activity or inactivity of the construction and capital goods industries. They have operated at a high level for most of the past eight or nine years.

It has been estimated that the recent devaluation of foreign currencies will cause our favorable balance of trade to shrink between $5 - $6 billion. Foreign countries, particularly Japan and Germany which were important factors in world trade, are reconstructing their industries which again will become competitive. Government spokesmen have indicated that the Marshall Plan aid will be gradually decreased and eliminated by 1952. Farm income has been gradually declining from a peak of $30.5 billion in 1947 and is estimated at $23 - $25 for 1950.

Many companies have increased their assets substantially in the last decade from cash generated from operations and with little or no borrowing. Leverage for common stock earnings, however, has probably been increased by the introduction of various fixed charges for social benefits such as pensions. As a result "break-even points" have been raised and the higher cost producers will be at a great disadvantage under competitive conditions. In the slump of last spring, it was not uncommon to see many companies reporting a drop of only 5% to 15% in sales and a decrease of 25% to 40% in net income.

With nearly 50% of the Institute's fund now in common stocks, I believe that no further commitments should be made at the prevailing level of the market unless they are replacements for less desirable situations, and that the percentage of stock holdings should be reduced if and as the market moves higher.

February 7, 1950 Paul B. Wyant

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February 16, 1950

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

THE INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf:

In accordance with the wishes of the Committee expressed at the last meeting, I have looked into and submit data to aid in the discussion of the investment suggestions proposed by Mr. Linder, which are listed below:

Sell International Nickel & Buy Kennecott or Phelps Dodge

Enclosed is copy of a report dated January 13, 1950, on International Nickel Company of Canada. The Company occupies a monopoly position in the production of nickel and is very strong financially. Its common stock provides a generous return of 7.0% at its current price of 28½. However, the \$2.00 dividend has a narrow margin of protection based on estimated earnings of \$2.10 for 1949. The record of earnings is unimpressive and because of higher operating costs as well as the necessity of using lower grade ore, it seems unlikely that earnings will duplicate the \$3.32 per share of 1937, which were the highest in the last 14 years. The average earnings for these years was \$2.35 per share. At a price of 13.5 times estimated earnings of \$2.10 for 1949, the stock is over-valued and I agree to the suggestion of selling it and purchasing Kennecott Copper, thus -

	Cur. Mkt.	Market Value	Annual Income	Yield
SELL:				
1,000shs International Nickel (\$2.00) (Eliminate)	28½	\$28,500	\$2,000	7.0%
BUY:				
500shs Kennecott Copper (\$4.00) (2,500shs now held - Book 45¼)	54½	\$27,250	\$2,000	7.3%

Kennecott Copper also is very strong financially and is the lowest cost producer of the copper companies. Its future prospects appear promising in the development of titanium bearing ore in Canada along with New Jersey Zinc Company. At 54½, the Common Stock is selling at 12 times estimated earnings of \$4.50 per share for 1949. These estimated earnings are substantially below the \$8.50 level reported for 1947 and 1948 and result from a lengthy strike at its Utah property, the business slump of last Spring, and lower prices for copper. An additional commitment in Kennecott would, I believe, be preferable to making a relatively small investment in Phelps Dodge.

Sell International Harvester & Buy Deere & Company

Enclosed is a statistical comparison of these companies which shows that Deere has considerably strengthened its financial position in the last decade in relation to International Harvester and at current prices clearly offers better value; hence,

	Cur. Mkt.	Market Value	Annual Income	Yield
SELL:				
1,500shs International Harvester ($1.80) (Eliminate)	28	$42,000	$2,700	6.4%
BUY:				
1,000shs Deere & Co. ($5.00)	44	$44,000	$5,000	11.4%

Buy Distillers Corp. - Seagrams & Hold Schenley Industries

The distilling industry is currently represented in the portfolio by 700 shares Schenley Industries (Book 17, Current Market 31). Mr. Linder has suggested the addition to the list of Distillers Corp. - Seagrams Ltd.

In the enclosed tabulation are shown certain comparative statistical data for the four leaders of this industry. While there does not appear to be a strong case for any one company over the others, on balance, Hiram Walker seems to offer somewhat better value. Profit margins for this Company have been consistently better than the others over a period of years. Capitalization is the most conservative, the latest balance sheet showing 88% common equity, compared with 60% for Schenley and 68% for Distillers Corp. - Seagrams. Walker also has shown higher earnings on invested capital (and on the common equity as well).

To illustrate more clearly the relative asset values, earnings and dividends of each company, this data is shown below expressed in terms of $100 invested in each company at its current market price.

For $100 Invested in each Company

	Schenley	Seagrams	National	Walker
Recent Price	31	17	22	31
Number shares	3.23	5.88	4.54	3.23
Net Current Assets	$116.93	$110.84	$63.70	$ 94.32
Book Value	$171.19	$140.83	$95.34	$133.72
EARNINGS: Current	$ 21.74	$ 23.28	$15.66	$ 26.45
1946-49 Average	$ 29.07	$ 26.17	$18.61	$ 23.13
1937-49 Average	$ 14.08	$ 12.35	$ 8.94	$ 12.24
DIVIDENDS: Current	$ 6.46	$ 6.35*	$ 9.08	$ 6.98*
1946-49 Average	$ 6.29	$ 4.23	$ 8.81	$ 5.17

* Current dividend rate adjusted to reflect 10% discount on Canadian Exchange.

It will be seen that both Schenley and Seagrams are somewhat higher than Hiram Walker in net current assets and book value. On the basis of latest reported earnings Walker has the edge. National Distillers has consistently paid out in dividends a considerably greater proportion of its earnings than the others, possibly accounting for the higher yield this issue affords. However there is greater protection for the current rate in the case of the other three companies as well as greater possibility for higher dividends.

If asset values cited above were adjusted to reflect whiskey inventories at market values rather than the more conservative balance sheet values, the present share prices would appear modest in relation to asset value as well as earnings.

The prices of the stocks of these companies are low in relation to assets and earnings, perhaps because of fears that the volume of maturing inventories will cause whiskey prices to weaken and that the recent high levels of earnings may not be sustained. However, I believe they are attractive and that Seagrams and Hiram Walker may be considered as replacements for stocks of companies in industries that may yet have to face substantial readjustments.

Buy General Portland Cement

There is enclosed a brief summary and statistical resume' of the cement industry covering approximately the last twenty-five years. For the last nine years, or since the building boom brought about by our entrance into the war, the volume of cement shipments, the price of cement and the earnings of the principal companies have been much greater than at any time since the building boom in the 1920's. As these increased earnings were achieved by operating plants at greater capacities rather than through a growth of the industry, I am concerned that once the present building activity subsides, earnings again may decline for a protracted period to a level of one-third to one-half those of the last three years.

Instead of buying into the industry during a period of peak operations, I would prefer to consider the stocks when the volume of shipments, cement prices and earnings are at lower levels. Should the Committee feel differently, I concur with Mr. Linder in the selection of General Portland Cement Common Stock. It is currently selling at 35 (7 times earnings) to yield 7.1% on dividends of $2.50 annually. The Company's profit margin and return on invested capital are higher than those of any of the leading companies in the industry.

Buy American Viscose Common ($4.00)

There is enclosed copy of a memorandum which I prepared June 22, 1949, when American Viscose Common Stock was selling at 54. It is currently selling at 70 to yield 5.6% based on $4.00 dividends paid in 1949. ($4.50 in 1948). As the result of a strong recovery in the Company's business during the second half of last year, it is expected that earnings, when reported, will be nearer $8.00 per share than the estimated $6.00 minimum in the memorandum.

The belief is widely held that a good part of this Company's property is old and inefficient (high cost) compared with others in the industry. However, since 1941 when the Company was sold publicly in this country by British interests, gross plant increased by $84.6 million - from $136.6 million to $221.2 million (1948). In the same period, working capital increased by approximately $34 million and over $2 million of the Preferred Stock was retired. These results were achieved by unusually heavy depreciation charges and retained earnings.

I would like to see this common stock in the Institute's portfolio but at a lower cost than its present market. It is selling near the top (78) of its range for the last five years and in each of those years has sold between 40 and 50. It is doubtful that the Company will continue the high earnings level of the last three boom years for the textile industry.

Sell Cleveland Electric Illuminating Common & Buy Virginia Electric & Power Common or Central Southwest Corp. Common

In the enclosed statistical comparison of certain public utilities, I have included Boston Edison Company with the three companies above. The Institute now holds 2,000 shares Cleveland Electric Illuminating and 1,000 shares Boston Edison Common Stocks with book and market values as shown at the bottom of the comparison.

Although the capital structure of the Boston and Cleveland companies is more conservative than those suggested for purchase, the common stocks of the latter are selling on lower price-earnings ratios and provide as good or better yields. Virginia Electric and Central & Southwest are paying less of their earnings in dividends than Boston Edison and Cleveland Electric, probably because of a desire of the managements to defray from earnings part of the large construction costs necessitated by the rapid growth in their territories. Virginia Electric's percentage of gross revenues available for common is substantially less than Central & Southwest's, but should show an improvement because of increased rates, lower fuel costs and the introduction of new highly efficient plants.

The use of electricity in the territories of Virginia Electric and Central & Southwest is growing more rapidly than in Boston and Cleveland and the companies are not burdened proportionately with such large fuel bills, labor charges and tax bills - or with quite as severe regulation. I suggest that at least part of the proceeds from the sale of the Boston and Cleveland companies be reinvested in the common stocks of Virginia Electric and Central & Southwest.

Buy Flintkote Company Common Stock ($2.50) - Current Market 31 - Yield 8.1%

The Institute now holds 1,000 shares at cost of 37½. Earnings, dividends and price range are summarized as follows:

Years	Earnings	Dividends	Price Range
1937-1946 Aver.	$1.82	$0.95	50 - 9
1947	6.27	1.50	39 - 24
1948	5.86	3.00	43 - 28
1949	4.00 Est.	2.50	32 - 21

Although this Company's sales have moved upward quite consistently, its profit margin has been erratic. It appears that a probable decline of 15% in 1949 sales compared with 1948 will result in a decrease of about 30% in net income.

Flintkote has expanded rapidly since 1939. This expansion has been accompanied by an increase of about $16 million in debt and preferred stock and an increase in common stock from 678,000 to 1,258,000 shares. The equity per common share has about doubled during this time. The soundest expansion of any of the companies in this industry has, I believe, been achieved by the Ruberoid Company.

The extraordinarily large earnings of these companies in the last three years has resulted from the strong demand for their products during the building boom. Normally, when most of their products are in demand for maintenance work, the business is very competitive and profit margins are smaller. Although Flintkote stock does not appear to be over-valued, I do not believe it is unusually attractive at the present price and suggest that the present commitment be retained but not increased.

Buy West Virginia Pulp & Paper Common - Current Price 48 - Yield 6.2%.

I have prepared and enclose a brief statistical resume' of this Company covering the past fourteen years. It is conservatively capitalized and is strong financially. In these fourteen years plant was expanded about 73% and sales increased 3½ times. Some of the sales increase has been due to price inflation as well as to unit output which, of course, is true of most companies. Such expansion as has occurred in this period was paid for from cash generated within the business as debt or preferred stock has been reduced and at the same time working capital and equity per share of common has been increased.

At the current price level, the common stock is selling within a few points of the top of its range in each of the last four years, and for about 5½ times 1949 earnings and the average earnings for these four years. I question whether earnings will be maintained at this high level and would prefer to reconsider its purchase when and if it is available at a lower level. My first choice in this industry is the common stock of International Paper Company, 3,000 shares of which is now held by the Institute.

Buy Addressograph-Multigraph Corp. - Current Price 45 - Yield 6.1%

Enclosed is a statistical summary of the operations for the last fourteen years for this Company. It is also conservatively financed and has a strong working capital position. Expansion has been financed by the issuance of a small amount of debt, part of which the Company has been retiring each year since 1946. In its favor is the relatively small amount of outstanding common stock - 754,000 shares - sales $41 million.

This stock is also selling near its all-time high price but, at a price/earnings ratio of 7½ times and at a yield of 6.1%, it appears to represent good value for a growth company having new products with considerable possibilities for exploitation. I suggest that its purchase be considered to take the place of some less desirable issue that is now held.

Buy Southland Royalty Co. Common Stock ($2.00)

The Institute recently purchased 2,000 shares at 33⅞ to yield 6.1%.

Buy Newmont Mining Corporation Common Stock ($2.50) - Current Price 62½ - Yield 4.0%

The capitalization of this Company consists solely of 1,063,292 shares common stock. As of September 30, 1949, the common stock had a net asset value of $77.29 per share; the current market price is 81% of net asset value.

The Company was organized in 1925 to take over William Boyce Thompson's substantial holding of stocks in a number of leading mining companies and to continue his activities on the exploration, development and management of other mining situations. The assets which were originally acquired were valued at $14 million. At the 1948 year end the total assets of the Corporation amounted to approximately $87 million based on market value or fair value. Approximately $61.5 million of the assets were represented by marketable securities and about 21.4% represent miscellaneous stocks, loans to corporations and other undertakings. The Company's stock holdings and private exploration and development undertakings are chiefly in the non-ferrous metals and oil industries.

Newmont's largest marketable stock holdings were in Continental Oil, O'okiep Copper Company, Phelps Dodge Corporation, Kennecott Copper Corporation, Hudson Bay Mining & Smelting Company, Texas Gulf Sulphur Company. Their total value as of December 31, 1948, amounted to approximately $53 million.

Newmont Mining Corporation Common Stock is currently selling near its all-time high. Earnings for the last three years are substantially higher than at any time heretofore except in 1936 and 1937. As I have no special sources of information regarding the current development activities of the Company, I would be willing to rely entirely on Mr. Linder's information and judgment regarding the relative attractiveness of the stock.

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The International Nickel Company of Canada, Ltd.
Common Stock ($2.00) at 29 to yield 6.9%

Capitalization (000)

	Balance Sheet 9/30/49	% of Total	Market Value 1/10/50	% of Total
7% Cum. Preferred Stock	$ 27,628	9.7%	$ 36,745	8.0%
Common Equity *	257,714	90.3	422,936	92.0
(14,584,025 shares)	$285,342	100.0%	$459,681	100.0%

* Includes contingency & General Reserves, but excludes "Retirement System Reserve".

Business

International Nickel owns 100,000 acres of mineral lands in northern Ontario, from which it supplies about 80% of the world's supply of nickel. In addition to mining properties the Company operates in Canada two smelters, a nickel refinery, a copper refinery and four hydro-electric power plants. In Great Britain it has a nickel refinery, a precious metals refinery, a rolling mill and other manufacturing facilities. U. S. properties include a rolling mill at Huntington, West Virginia and a foundry at Bayonne, New Jersey.

Substantial amounts of other metals are produced as by-products of nickel operations. The Company is the world's leading producer of platinum and palladium and ranks fifth in copper production in addition to being among the larger gold producers. Besides its mining and smelting operations the Company manufactures nickel alloy products, most of which are sold under the trade name "MONEL", which is a nickel-copper alloy.

The biggest single market for nickel is for stainless steel alloys, the most common of which contains about 8% nickel. One of the principal properties of nickel alloy steel is resistance to tarnish and corrosion, which is giving it a widening field of use in the chemical and food industries.

Operations

A long-term summary of International Nickel's operations appears below. Immediately following is a second table in which operating results for 1948 and 1949 are broken down by quarters. Figures given for the final 1949 quarter are based on estimates of sources usually well informed on this Company.

(000,000)

Dec. 31	Net Sales	Pre-Tax Income	Profit Margin	Net Income	Per Share Common Earned	Paid	Range
1936	$107.0	$43.7	40.8%	$36.9	$2.40	$1.30	66 - 43
1937	134.4	58.1	43.2	50.3	3.32	2.25	78 - 37
1938	107.2	38.7	36.0	32.4	2.09	2.00	58 - 37
1939	126.5	45.4	35.9	36.8	2.39	2.00	56 - 35
1940	143.7	59.4	41.3	35.5	2.31	2.00	39 - 19
1941	169.7	63.6	37.5	34.4	2.22	2.00	31 - 23
1942	169.6	60.9	35.9	33.3	2.15	2.00	31 - 24
1943	170.5	52.4	30.7	31.1	2.00	2.00	37 - 25
1944	170.0	46.5	27.4	26.9	1.71	1.60	32 - 26
1945	148.0	38.2	25.8	25.0	1.58	1.60	40 - 29
1946	133.1	39.9	30.0	29.7	1.90	1.60	43 - 28
1947	166.4	54.0	32.4	33.5	2.16	2.00	37 - 26
1948	197.0	62.3	31.6	39.1	2.55	2.00	34 - 25
1949 Est.	182.0	52.0	28.5	32.5	2.10Est.	2.00	31 - 26

Quarterly Earnings ($-000)

Net Sales	1948	1949
March 31	$ 45,667	$ 55,625
June 30	45,323	44,079
Sept. 30	50,216	38,207
Dec. 31	55,816	44,100 Est.
	$197,022	$182,011 Est.

Pre-Tax Income	1948	% of Sales	1949	% of Sales
March 31	$15,653	34.3%	$19,381	34.8%
June 30	14,587	32.1	12,195	27.6
Sept. 30	14,308	28.5	8,010	21.0
Dec. 31	17,718*	31.7	12,400Est.	28.1
	$62,266	31.6%	$51,986	28.5%

Net Income per share	1948	1949
March 31	$0.68	$0.84
June 30	0.64	0.53
Sept. 30	0.63	0.31
Dec. 31	0.60 (a)	0.42 Est.
	$2.55 (a)	$2.10 Est.

* Before $3,000(000) provision for contingencies.
(a) After $3,000(000) provision for contingencies. ($0.21 per sh)

9 Months to Sept. 30th	1948	1949
Net Sales	$141,206	$137,911
Pre-tax Income	$ 44,549	$ 39,587
% of Sales	31.5%	28.7%
Earned per share	$1.95	$1.68

Heavy demand and higher prices for nickel and copper produced record sales for the Company in 1948. Sales of nickel in all forms aggregated a little more than 240 million pounds, up 17% from the previous year. The United States took nearly 74% of this total. Copper sales amounted to 219.1 million pounds, a slight drop from the 220.7 million pounds sold in 1947. While the percentage of copper sales to the Company's total dollar volume varies from year to year depending on the price of copper, a rough estimate for 1948 would be 25%.

The 1948 sales gain was more than offset by a rise in operating costs of 21.2% which caused a lower margin of profit.

The high 1948 level of nickel and copper sales was maintained until May 1949, when U. S. industrial demand slumped badly. This situation, accompanied by lower copper prices, persisted through August. Since August, demand for copper and nickel has been favorable even though consumption of nickel was temporarily adversely affected by the steel and coal strikes.

The Company is working very hard to cut the cost of mining and smelting nickel ore. Through technical research Nickel is making good progress in improving its mining methods and plant processes, and these should eventually have a favorable effect in offsetting increased costs. As described by Mr. Stanley in his address to stockholders in April 1949, an important step in this direction is the development of nickel oxide sinter for use in stainless and alloy steel manufacture. Cheaper to produce and an economical substitute for electrolytic nickel in alloying operations, nickel oxide sinter now comprises more than 40% of the United States steel makers' total nickel consumption.

Mr. Stanley also reported further progress in the development of flash smelting which involves the use of oxygen to burn out the sulphur in the ore. A plant is being erected which will take care of about one sixth of their smelting operations. This will be ready in about a year. If this proves to be successful the entire smelting operations will be converted to flash smelting, which will save one-half million tons of coal annually.

In this same address Mr. Stanley revealed that in order to continue a large and steady supply of nickel, the Company during the past decade has been forced to mine ores of lower grade, as illustrated by the fact that 43 pounds of nickel were obtained from each ton of ore mined in 1938, while in 1948 this figure had dropped to 27 pounds. While the Company's reserves of low grade ore are ample for many years to come, it appears that the available high grade ore has been used up and they have been unable to find comparable deposits elsewhere in the world. Naturally the necessity of mining underground ores of considerably lower grade than in the pre-war years has resulted in an upward trend in costs. This trend has been further accentuated by the increased costs of supplies, services and particularly labor, which has had several rounds of wage increases. The drastic effects on earnings of reduced sales in the face of fairly rigid operating costs can be seen in the third quarter results shown on a previous page. While the Company can control the price of nickel and did raise the price 18.5% in July 1948 in an attempt to offset increased operating costs, no such control over the price of copper is enjoyed.

As for Nickel's competitive position, the metal continues to enjoy its leading position as an alloying material. Looking ahead four or five years it is possible that titanium metal may cut into the alloy steel markets to such an extent that nickel may feel it as a competitive factor. This is particularly true if producers of titanium metal are able to cut the price down to 50¢ a pound, which is now being talked of. The cost currently runs somewhere around $3 to $5 per pound.

Financial position of the Company remains strong with $82 million in cash compared with total current liabilities of $22.6 million. Principal balance sheet items for selected years are shown below:

Working Capital ($-000)

	Cash	Receiv.	Invent.	Total Current Assets	Current Liabil.	Net Current Assets Am't.	Net Current Assets Per Share
1936	47,213	8,766	22,989	78,869	15,259	63,610	$2.46
1941	70,635	16,728	34,786	122,145	39,188	82,958	3.79
1946	94,405	15,913	44,659	154,977	16,981	137,996	7.58
1947	96,825	16,384	53,916	167,125	23,030	144,095	7.97
1948	96,515	18,243	66,056	180,814	29,288	151,526	8.49
9/30/49	82,212	13,522	72,711	168,444	22,626	145,818	8.10

($-000 omitted)

	Property Account Gross	Property Account Net	Preferred Stock	Common Equity * Am't.	Common Equity * Per Share
1936	198,607	153,697	27,628	183,870	$12.62
1941	238,861	156,976	27,628	213,249	14.62
1946	254,919	118,953	27,628	234,262	16.05
1947	262,986	120,889	27,628	248,718	17.10
1948	276,440	124,176	27,628	257,152	17.63
9/30/49	289,637	131,241	27,628	257,714	17.67

* Includes all reserves except "Retirement System Reserve".

The current price of $29\frac{1}{2}$ for the common stock of International Nickel appears low in relation to prices prevailing in past years, particularly the pre-war years. However, in retrospect it is apparent that the market was over-valuing this security in capitalizing earnings 20 to 25 times in those years. At its current price the stock is selling at 14 times estimated 1949 earnings of $2.10 per share - a rather generous multiplier, considering the fact that there is little prospect of any substantial improvement in earning power. The margin of earnings over the $2 dividend paid in 1949 is extremely narrow and while the prospects for the 40¢ quarterly rate being earned and paid are favorable, the outlook for the payment of a final quarter extra of 40¢, as has been the practice in recent years, can not be considered certain. On dividends of $2.00, the yield is currently 6.8%; on $1.60, the yield would be 5.4%.

Aside from the factors mentioned above, there is concern in some quarters as to what might happen to the Company's British plant under the socialization of industry program. There are some two million shares held over there, and it is believed that there is a constant dribble of liquidation taking place from that quarter.

January 13, 1950 Paul B. Wyant

THE INSTITUTE FOR ADVANCED STUDY

A Statistical Comparison of Certain Public Utilities

	Cleveland Electric Illuminating	Virginia Electric & Power	Central & Southwest	Boston Edison
Market Price - Feb. 1, 1950	45 3/4	19 1/8	14 3/4	46
Range 1948-1949	46 - 34 1/2	20 - 14 3/8	15 1/8 - 8 5/8	47 - 36
Earnings: Latest 12 months	$2.77	$1.67(x)	$1.47	$2.89
Price-Earnings Ratio	16.5	11.5	10.0	15.9
Current Dividend Rate	$2.20	$1.20	$0.90	$2.80
Yield	4.8%	6.2%	6.1%	6.1%
% Gross Carried Down to Common	12.2%	11.2%	20.2%	10.9%
Common dividend as % of available earnings	79.4%	71.9%	61.2%	96.8%
CAPITALIZATION ($-000)	(9/30/49)	(9/30/49)	(9/30/49) *	(12/31/48)
Long-Term Debt	$70,000	$103,722	$119,010	$ 72,563
% of Total	39.7%	56.2%	50.0%	39.2%
Preferred Stock	$25,499	$ 28,947	$ 39,724	$ -
% of Total	14.5%	15.7%	16.6%	-
Common Equity	$80,818	$ 51,982	$ 79,818	$112,866
% of Total	45.8%	28.1%	33.4%	60.8%
Number Shares Common	2,789,476	3,733,505(x)	7,985,173	2,468,656
Institute Holdings				
Number shares	2,000	None	None	1,000
Book Value	$77,491 (38 3/4)			$35,115 (35 1/8)
Market Value	$91,500 (45 3/4)			$46,000 (46)

* Pro-Forma.

(x) Full conversion of $10,821,600 outstanding 3 1/8% debentures would add 649,296 shares for a total of 4,382,801 shares - a dilution of approximately 17 1/2%. 12 months earnings of $1.67 would be reduced to approximately $1.50 per share.

February 7, 1950

Paul B. Wyant

Feb. 6, 1950

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ADDRESSOGRAPH - MULTIGRAPH CORPORATION

Common Stock ($2.75) at 45 to yield 6.1%

Capitalization

	Balance Sheet 7/31/49	% of Total	Market Value 2/4/50	% of Total
Long-term Debt	$ 3,875	15.2%	$ 3,875	10.2%
Common Equity	21,644	84.8	33,922	89.8
(753,813 shares)	$25,519	100.0%	$37,797	100.0%

Operating Record

July 31st	Net Sales (000)	Pre-Tax Income Am't. (000)	Pre-Tax Income % of Sales	Net Income (000)	Per Share Common Earned	Per Share Common Paid	Per Share Common Range
1936	$11,789	$1,570	13.3%	$1,320	$1.75	$0.95	37 - 22
1937	14,515	2,452	16.9	1,951	2.59	1.30	36 - 17
1938	12,141	1,217	10.0	907	1.20	1.40	30 - 17
1939	11,580	1,353	11.7	1,021	1.35	1.05	28 - 16
1940 *	6,229	771	12.4	585	0.78	1.20	20 - 13
1941	14,600	2,399	16.4	1,510	2.00	1.00	16 - 9
1942	22,015	3,264	14.8	1,661	2.20	1.00	16 - 10
1943	28,588	3,584	13.5	1,128	1.50	1.00	22 - 15
1944	27,186	3,989	14.7	1,232	1.63	1.00	25 - 20
1945	27,065	3,400	12.6	1,209	1.60	1.00	35 - 22
1946	25,660	3,330	13.0	1,566	2.07	1.10	42 - 25
1947	39,406	8,593	21.8	4,514	6.00	2.35	40 - 30
1948	43,661	8,531	19.5	5,186	6.88	2.75	42 - 27
1949	41,177	7,389	17.9	4,603	6.10	2.75	47 - 28

* 7 months to July 31st (In prior years fiscal year ended Dec. 31st).

Balance Sheet Data (000)

Working Capital

	Cash	Receiv.	Invent.	Total Current Assets	Current Liabil.	Net Current Assets Am't.	Net Current Assets Per Share
1936	$1,191	$3,302	$2,743	$ 7,236	$1,159	$ 6,077	$ 5.68
1941	1,945	4,139	3,507	9,591	3,198	6,393	4.76
1946	4,019	6,928	6,484	17,431	6,063	11,368	8.95
1947	6,134	8,823	7,709	22,666	8,438	14,227	13.10
1948	8,144	7,269	8,607	24,020	7,920	16,100	15.85
1949	8,189	7,710	8,162	24,060	6,744	17,316	17.85

	Plant Account Gross	Plant Account Net	Debt	Common Equity *	Book Value	% Earned on Capital
1936	$ 5,287	$2,574	$1,780	$11,416	$15.15	11.0%
1941	6,603	3,253	2,800	11,688	15.50	11.0
1946	9,372	4,556	4,625	12,722	16.90	9.7
1947	10,229	5,112	4,375	16,551	22.00	22.1
1948	11,113	5,723	4,125	19,597	26.00	19.5
1949	11,849	5,993	3,875	21,644	28.70	18.5

JWB/ES
February 6, 1950

Paul B. Wyant

Feb. 6, 1950

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WEST VIRGINIA PULP & PAPER COMPANY
Common Stock ($3.00) at 48 to yield 6.2%

Capitalization

	Shares Outstanding	Balance Sheet 10/31/49	% of Total	Market Value 2/3/50	% of Total
		(000)		(000)	
4½% Preferred Stock	135,692	$13,569	17%	$14,790	26%
Common Stock & Surplus	902,432	66,386	83	43,317	74
		$79,955	100%	$58,107	100%

Operating Data

Fiscal Year Oct. 31st	Net Sales	Pre-Tax Income Am't.	Pre-Tax Income % of Sales	Net Income	Per Share Common Earned	Per Share Common Paid	Per Share Common Range
	(000)	(000)	(%)	(000)			
1936	$25,173	$ 2,184	8.7%	$ 1,905	$ 1.08	$0.40	29 - 15
1937	31,413	3,516	11.2	2,862	2.14	0.70	41 - 16
1938	25,217	293	1.2	260	0.75	0.30	19 - 10
1939	29,760	1,240	4.2	1,095	0.18	0.20	19 - 10
1940	36,965	4,599	12.5	3,871	3.25	1.00	25 - 11
1941	47,521	6,670	14.0	4,470	3.92	1.80	21 - 15
1942	52,814	6,854	13.0	2,789	2.05	1.25	18 - 11
1943	53,715	7,510	14.0	2,610	1.86	1.25	17 - 12
1944	59,098	6,634	11.2	2,384	1.80	1.00	28 - 16
1945	59,188	5,566	9.6	2,142	1.63	1.00	40 - 23
1946	67,212	9,457	14.0	5,104	4.93	2.40	53 - 33
1947	85,989	18,057	21.0	10,935	11.40	3.00	47 - 33
1948	93,243	17,827	19.1	10,842	11.33	4.00	52 - 39
1949	88,441	14,515 *	16.5 *	9,015	9.31	3.00	51 - 36

* Estimated

	1949 Sales	
White Paper	$53,006,000	60%
Kraft Paper	9,474,000	11
Paperboard	20,418,000	23
Chemicals	5,543,000	6
Total	$88,441,000	100%

Balance Sheet Data (000)

Working Capital

	Cash *	Receiv. (a)	Invent.	Total Current Assets	Current Liabil.	Net Current Assets Am't.	Net Current Assets Per Share
1936	$ 4,587	$4,836	$ 5,530	$14,953	$2,565	$12,388	Nil
1941	7,452	6,098	8,239	21,789	4,480	17,310	Nil
1946	16,802	5,885	10,157	32,843	3,973	28,870	$16.00
1947	18,678	4,839	11,192	34,709	3,181	31,528	18.90
1948	18,722	4,729	12,727	36,178	3,440	32,738	21.15
1949	24,340	4,443	10,506	39,288	3,214	36,074	24.90

* Cash & Securities - adjusted to include cash reserved for deferred plant improvement, not carried as current asset in Company reports.
(a) Includes prepaid insurance and taxes.

	Property Account Gross	Property Account Net	Debt or Preferred	Common Equity Am't.	Common Equity Per Share	% Earned on Capital
1936	$ 61,518	$32,855	$19,524	$34,228	$38.00	3.5%
1941	80,025	38,949	22,771	37,173	41.10	7.6
1946	87,194	32,187	14,436	48,570	53.80	8.1
1947	95,778	37,995	14,436	55,479	61.40	15.6
1948	99,683	39,009	13,646	58,759	65.00	15.0
1949	106,761	43,212	13,569	66,386	73.50	11.3

JWB/ES
February 6, 1950

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Feb. 3, 195

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AMERICAN VISCOSE CORPORATION

Common Stock ($3.00) at 54 to yield 5.6%

Capitalization (3/31/49)

5% Cum. Preferred - 228,030 shares at par	$ 22,803,000
Common Stock - 2,047,854 shares at market price	110,584,000 *
	$133,387,000

* Book Value of Common Equity: $163,098,000 ($79.60 per share)

History and Business

American Viscose Corporation, when it was a subsidiary of the British company, Courtald's Ltd., pioneered the American rayon industry. As such, it originally had a monopoly, but, as the industry grew and its patents expired, competition from new rayon producers developed. Its proportion of the total business, 100% prior to 1921, declined in the following years and hit a low point of 26% in 1939. Since then a recovery in relative position has taken place, due in large part to aggresive leadership in viscose staple fiber. Production in 1948 by type compared with the total output of the domestic industry is shown in the following table:

(millions of pounds)

Type	American Viscose	Total Industry	% American Viscose to Ind. Total
Viscose tire yarn	90	263	34%
Viscose textile yarn	102	299	34
Viscose staple fiber	152	185	82
Total Viscose	344	747	46%
Acetate yarn & staple fiber	39	377	10
Total Rayon	383	1,124	34%

American Viscose is by far the largest single factor in the domestic rayon industry with output nearly equal to the combined total of its two nearest competitors - Celanese and du Pont. Through its Sylvania division (acquired in 1946) it makes other cellulosic products including cellophane for which it has over 25% of the nation's productive capacity. At the Government's request, American Viscose took an active part in the tire yarn business, both through the construction of plants designed specifically for tire cord and through the conversion of regular viscose plants. Tire yarn capacity is about 100 million pounds per annum, or approximately 25% of the Company's total capacity. In comparison the estimated tire yarn capacity of Industrial Rayon is 50 million pounds, American Enka 40 million pounds and du Pont 16 million pounds.

Plant Expansion

Expansion since the Company became publicly owned in 1941, excluding the purchase of Sylvania, has been entirely out of earnings and depreciation accruals. Since 1940 the Company's gross plant account has increased $77.3 million (excluding Sylvania), during which period depreciation charges were $79.2 million and retained earnings were $50.5 million. By contrast, in the same period, Celanese Corporation showed gross property additions of $131.5 million, excluding companies acquired for stock, accrued depreciation charges of only $45.7 million and sold additional senior securities of over $81.1 million and additional common in the amount of $12.3 million.

In the following table gross annual expenditures for plant and and equipment are shown for the past 13 years together with the annual provisions for depreciation.

	Expenditures for plant & Equipment *	Provision for Depreciation
	(000 omitted)	
1936	$ 6,571	$ 4,180
1937	8,673	4,362
1938	11,859	4,458
1939	9,303	4,556
1940	10,116	4,469
1941	9,397	5,942
1942	4,826	6,640
1943	3,396	7,221
1944	16,735	8,607
1945	10,660	17,411
1946	14,706	7,060
1947	25,762	12,068
1948	19,835	14,240
13-Year Total	$151,839	$101,214

* Data from Company's 1948 Annual Report. Apparently amounts are gross additions with no allowance for retirements or sales.

Viscose staple fiber facilities are in the process of being increased by about 45 million pounds annually (1948 production 152 million pounds). The only remaining immediate expansion contemplated is a 20 million pound plant recently authorized to produce viscose textile yarn by the Company's new "filamatic" continuous spinning process. Erection of this plant will require up to two years, and facilities will be installed in units of 5 million pounds of annual capacity. This process, employing a new principle, has a spinning speed of about 278 meters a minute as compared with a 77 meter a minute speed for Industrial Rayon's continuous process. The new machine can produce finished yarn in a matter of seconds as contrasted with the many hours in the Company's pot spinning process. If the system comes up to expectations, this is a most important development for the Company as it will assure it of maintaining its trade position. Just how fast "filamatic" spinning facilities might be installed depends on cost factors and on whether it is decided that existing plants can be economically adapted to the new process. The system has no early earnings significance but should be a material factor over the longer term in promoting growth through low-cost production.

The Company, with about 25% of capacity, and du Pont, are the only producers of cellophane. No new competition is anticipated because of the high plant cost. Demand for cellophane has continued in excess of supply, but anti-trust action pending against du Pont prevents them from authorizing new facilities. Consequently American Viscose is in the process of enlarging its output from 56 million annually to 100 million pounds.

In addition to the above undertakings the Company has a joint interest with Puget Sound Pulp and Paper Company in logging rights to 8 billion feet of timber in southeast Alaska, and may become a producer of purified wood pulp. A plant site has been acquired and a mill to produce part of the Company's raw material requirements may be erected in the future.

Cash resources appear to be adequate for all the foregoing projects. As of March 31, 1949, cash and governments aggregated $79 million, current liabilities $42 million and net working capital approximated $89 million.

A comparison of principal balance sheet items for 1940, 1945 and 1948 is contained in the following table. Attention is again invited to the increase in working capital and plant assets entirely from internal sources with the exception of the acquisition in September, 1946, of Sylvania Industrial Corporation for 327,411 shares of the Company's common stock.

Balance Sheet Data ($-000)

	Dec. 31st.		
	1940	1945	1948
Working Capital			
Cash & Equiv.	37,901	48,135	77,931
Receivables	5,693	9,772	18,223
Inventories	12,549	16,291	33,772
Total Current Assets	56,143	74,198	129,926
Less: Current Liabilities	7,111	11,386	47,518
Net Current Assets	49,032	62,812	82,408
Plant Assets			
Cost	133,509	162,489	221,168
Less Depreciation	68,415	97,883	127,174
Net Plant	65,093	64,607	93,994
Percent Depreciated	51.2%	60.2%	57.5%
Intangibles (Net)	109	161	1,112
Other Assets	1,133	754	1,824
Long-Term Debt	-	-	-
Preferred Stock	25,069 #	24,093	22,803
Common Equity	90,298 #	104,241	156,545
Per Share Common			
Net Current Assets	$13.90	$22.50	$29.11
Book Value	$52.40	$60.92	$76.47
Number shares common	1,720,443	1,720,443	2,047,854

Adjusted for recapitalization in 1941.

Earnings

A summary of the operating record for the past 13 years is shown in the following table:

Year	Net Sales (000)	Pre-tax Income (000)	Profit Margin %	Net Income (000)	Per Share Common Earn.	Per Share Common Dividend	Per Share Common Range
1936	$ 58,327	$10,655	18.3%	$ 8,714	$ 4.34	$?	
1937	53,269	11,785	22.0	9,732	4.93	?	Pri-
1938	42,075	2,125	-	2,125	1.96	- 0 -	vately
1939	54,261	4,550	8.4	4,058	1.63	2.70	Held
1940	62,772	10,387	16.5	7,797	3.80	1.84	
1941	80,549	14,483	18.0	8,029	3.94	2.63	29 - 24
1942	90,319	20,367	22.5	6,519	3.06	2.00	34 - 22
1943	101,817	20,657	20.4	6,475	3.04	2.00	49 - 32
1944	108,483	17,265	15.9	5,104	2.26	2.00	49 - 40
1945	119,385	20,548	17.2	10,538	5.42	2.00	70 - 44
1946	138,827	20,384	14.7	11,863	5.20	2.00	78 - 49
1947	200,527	42,805	21.3	19,540 *	8.96*	2.00	60 - 41
1948	242,192	62,877	25.9	29,107 *	13.65*	4.50	72 - 47

* Note:
Pre-tax income for 1947 and 1948 is before certain charges not deductible for tax purposes described in the following paragraph. Net income and earnings per share are after such charges.

The accounting policies of the Company in recent years have been conservative to the point of being misleading. Substantial charges were made against net income in both 1947 and 1948 which were not deductible for income tax purposes. Even after adjusting earnings for the known charges for accelerated depreciation, cost of pensions for past service, etc., the apparent tax rate indicates that earnings are further understated in some fashion.

		1947	1948
Net Earnings as reported		$19,540,000	$29,107,000
Accelerated Depreciation		3,980,000	4,500,000
Prior service pension cost		-	3,370,000
LIFO inventory reserve		2,110,000	-
Adjusted Earnings		$$25,630,000	$36,977,000
Per share common:	Reported	$ 8.96	$13.65
	Adjusted	$11.93	$17.50

Current Operations

Operations of the Company continued at capacity early this year but were curtailed at the end of the first quarter and currently are estimated to be approximately 50% of capacity. The long seller's market in textile rayon has ended and the industry is currently undergoing a sharp readjustment, which, in certain respects, corresponds to the situation in 1938. However the inventory position of rayon producers is not as serious as eleven years ago, and consumption at the retail level appears to be holding well.

The industry-wide curtailment in rayon yarn manufacture in part reflects liquidation of inventories all along the line. When the market in rayon woven goods collapsed in February, rayon weavers and retail outlets cut back their forward buying and weavers began refusing their allotments of yarn. The result was some accumulation, though not extreme, of inventories in the hands of yarn manufacturers. Currently both weavers and yarn producers are reducing inventories. Much of the capacity taken out of operation consists of staple fiber facilities.

High tenacity tire yarn demand so far has remained strong. As stated heretofore this grade represents about 25% of the Company's capacity. A potentially large new outlet for this type of viscose yarn is said to exist in the carpet field.

Some minor price reductions have taken place in acetate yarns and may well be followed by lower viscose prices. The reductions have been forced on the industry by general trade opinion which demanded concessions at the primary level after substantial price adjustments running as high as 40% in rayon woven goods. As shown graphically in the Company's Annual Report rayon prices have risen only 43% since 1939 as compared with 114% for wholesale commodities and 72% for the cost of living. It has been pointed out that a cut of as much as 10¢ a pound in rayon would mean a reduction of only 10¢ in the price of a woman's dress.

While the first quarter was not particularly affected by the current unsettlement, and a net profit of $3.30 per share was reported, there is some doubt the Company was able to operate in the black for the second quarter. The general feeling seems to be that the third quarter will see some improvement in demand and operating rates with satisfactory conditions returning in the final quarter.

As pointed out by Frank A. Reichel, President of the Company, in the last annual report, the rayon industry has always operated at capacity except for brief periods. The record over a long period of years affords confidence in the belief that the basic demand is sufficiently strong to enable full scale operations to be resumed once the period of inventory liquidation, price adjustment and re-establishment of competitive conditions has been completed. This is the basis for the belief that satisfactory operations will be restored by the end of the year. Other than the general pattern of a bad second quarter and subsequent expectation of improvement it is difficult to project any estimate of 1949 results. A minimum guess might be $6 per share as compared with $17.50 (before reserves, etc.) in 1948. The dividend this year is expected to be maintained at the $3 annual rate.

It would be unrealistic to expect a return of the abnormally favorable profit margin of 26% realized in 1948. The combination of high cost expansion and the return of more normal competitive conditions will probably mean a margin of 20% or less, before taxes. The management is said to think in terms of earning 10% net on invested capital as compared with 20.6% realized in 1948. Based on the 1948 year end book value, that would mean approximately $7.60 per share.

Fundamentally the rayon industry is favorably situated in that there are few competitors (only 16 makers in this country) and the long-term demand curve is strongly upward. Rayon is expected to continue to get a larger share of the markets for which it competes with natural fibers, and the development of new uses will become increasingly important. While the present liquidating phase is proving unexpectedly severe the financial condition of the leading companies, particularly American Viscose, is strong, and it is expected that the current readjustment will be followed by a period of stability and later on by a resumed uptrend.

Company's Position in Industry - Comparison with Celanese

An examination of the operating profit margins (before depreciation charges) of the leading companies in the industry, (exclusive of American Enka, which does not publish sales data) seems to indicate that American Viscose has been a relatively high cost producer for a good number of years. However expenditures for modernisation in recent years have improved the Company's competitive position andthe margin in favor of its competitors appears to be narrowing. The operating profit margin of 29.7% obtained in 1948 compares with 32.5% for Celanese and 39.2% for Industrial Rayon.

As stated heretofore the Company has been successful in maintaining its share (averaging in recent years slightly better than 1/3) of the sales volume of the industry - one measure of the ability of the management.

In the tables below some of the more significant items from the income accounts and balance sheets of American Viscose and Celanese Corp. have been set forth together with pertinent ratios. Celanese Corp. was selected because that company is generally considered to be the more aggressive unit in the industry and is most nearly comparable from the point of size. In the first table the relative improvement of each company in 1948 over the pre-war year 1941 is shown. In the lower table certain data for the three post-war years 1946 through 1948 has been combined for each company.

See following page for tables.

	American Viscose			Celanese Corp.		
Operations	1941	1948	Percent Increase	1941	1948	Percent Increase
	(000 omitted)			(000 omitted)		
Net Sales	$ 80,549	$242,192	201%	$ 62,277	$230,385	270%
Oper. Profit (before deprec)	19,957	71,981	261%	17,815	74,809	319%
Oper. Profit Margin	24.8%	29.7%		28.6%	32.5%	
Income before Taxes	14,483	62,877	337%	14,096	65,049	361%
% of Sales	18.0%	26.0%		22.6%	28.3%	
Net Profit	8,029	36,977	360%	7,106	39,484	454%
% of Sales	10.0%	15.2%		11.4%	17.1%	
Net Avail. for Common	6,788	35,816	430%	4,450	36,452	718%
% of Sales	8.4%	14.8%		7.2%	15.8%	
Plant Investment						
Gross Plant Account	136,636	221,168	62%	73,890	216,244	193%
Net Plant Account	68,116	93,994	38%	54,293	153,010	182%
% Depreciated	50.2%	57.5%		26.5%	29.2%	
$ Sales per $ of:						
Gross Plant	$0.59	$1.10		$0.84	$1.06	
Net Plant	$1.18	$2.58		$1.15	$1.50	
Invested Cap.	$0.69	$1.35		$0.70	$0.96	
Net Working Capital	48,288	82,408	71%	29,973	70,452	134%
Invested Capital						
Long-Term Debt	-	-		27,700	86,063	
Preferred Stock	25,069	22,803		35,071	55,243	
Common Equity	92,205	156,545		25,717	98,900	
Total	117,274	179,348	53%	88,488	240,206	172%
% Earned on Invested Capital	6.85%	20.6%		9.3%	17.4%	
% Earned on Common Equity	7.33%	22.8%		17.3%	36.9%	

3-Year Totals 1946-1947-1948

	American Viscose	Celanese Corp.
	(000 omitted)	
Net Sales	$581,546	$546,671
Pre-Tax Earnings	$126,066	$133,159
% of Sales	21.7%	24.4%
Net Income	$ 74,470	$ 79,716
% of Sales	12.8%	14.6%
Net for Common	$ 70,922	$ 70,620
% of Sales	12.2%	12.9%
Net additions to Gross Prop.	$ 48,480	$ 97,837
Deprec. charged to P & L	$ 33,368	$ 21,406
Deprec. as % of Capital Expenditures	69%	22%
Deprec. as % of Sales	5.7%	3.9%
Earnings retained	$52,284	$ 46,367

It will be noted that profit margins for Celanese are generally higher all the way through, although in the balance available for the common stock the difference is not material. The difference in plant account is notable, with gross plant increasing 193% for Celanese as compared with only 62% for American Viscose. The heavier charges of American Viscose for depreciation ($79.2 million vs. $45.8 million for the 8 year period) have resulted in a substantially lower net property account for that company and consequently a much stronger ratio of sales per dollar of net plant.

Of particular interest is the fact that American Viscose showed last year a return of 20.6% on the total capital invested in the business compared with 17.4% for Celanese. The greater leverage afforded by senior capital in the case of Celanese resulted in a higher return on the common equity. However the 22.8% return shown on the common equity of American Viscose cannot be called unfavorable.

The second table covering the last three years confirms the conclusions of the first table and emphasizes again the different depreciation policies of the two companies. American Viscose has financed 69% of its plant expansion through depreciation against 22% for Celanese. It would appear that American Viscose is substantially understating earnings in relation to Celanese, which apparently depreciates its property on the basis permitted by the Internal Revenue Department.

It is not entirely unreasonable to believe that over the next few years American Viscose, with its strong financial condition and conservative capital structure will be in a favorable position relative to Celanese to expand and modernize its facilities at lower cost and thereby be able to show greater improvement in profit margins and earnings.

Management

Frank H. Reichel - Chairman of the Board & President
Director-Philadelphia National Bank
(Formerly President Sylvania Industrial Corp.)

Frank H. Griffin - Vice President & Director

Harry L. Dalton - Vice President & Director
Director of local (Charlotte, N.C.) bank &
numerous small companies.

William H. Brown - Secretary, Treasurer & Director

Henry C. Alexander - Director
Vice President & Director J.P. Morgan & Company
Director - Johns Manville, Standard Brands

Henry H. Bitler - Director

Shirley G. Dixon - Director
President & Director - Courtaulds (Ca ada) Ltd.

William Ewing - Director
Director - Morgan Stanley & Co., J. I. Case,
American Can.

George S. Hills - Director
Partner - Rogers, Hoge & Hills
Director - American Machine & Foundry, Sterling Drug

John G. Jackson - Director & General Council
Partner - Jackson, Nash, Brophy, Barringer & Brooks
Director - Marine Midland Trust, Columbia University

Charles S. McCain - Director
President - Dillon, Read & Company, Inc.
Director - Corn Products Refining, International Paper Co.
C.I.T. Financial, B. F. Goodrich Rubber,
Congoleum Nairn.

Edward L. Shea - Director
Director - North American Company, Equitible Life
Assurance, Corn Products Refining.

Gerald S. Tompkins - Director

JWB/ES
June 22, 1949

Paul B. Wyant

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February 3, 1950

THE CEMENT INDUSTRY

General Portland Cement Company
Common Stock ($2.50) at 35 to yield 7.1%

The general opinion seems to be fairly unanimous that the prospects for the cement industry should continue favorable for some time. This position is based on the belief that although the post-war boom in private construction may decline from its current record level as a result of the completion of industrial plant expansion and the end of the acute stage of the housing shortage, heavy prospective public works expenditures imply assurance of continued good demand for cement.

The cement industry is much smaller than is generally realized. Dollar volume of sales last year for the entire industry was less than sales of Phillips Petroleum Company. Practical capacity is probably about 220 million barrels per year (average price per barrel in 1948 - $2.16) which is divided among 71 companies operating some 149 active plants.

Over-all capacity has changed very little since the last period of expansion in the 1920's. The reason for this is that the cement boom of the 1920's was followed by ten lean years in the 1930's. In the early war years there was a short but sharp increase reflecting the building of camps and airfields followed by three more lean years, until the current post-war boom got under way. No material amount of plant expansion is anticipated in the near future as present costs of construction are far in excess of present carrying figures and would hardly be justified even at the current price level of cement. Depreciation charges of most cement companies appear extremely meager both in relation to sales volume and property account. Consequently cash flow has been moderate and is reflected almost entirely in reported earnings.

Since the industry has been operating near practical capacity for the past three years and since little plant expansion is in prospect, no material increase in sales volume can be expected. Moreover, those who expect that public works projects will sustain cement demand in the event of a general business decline should consider that such artifically stimulated demand may be highly regional, with diverse effects on individual companies, since cement sales are localized because of transportation costs. Because the product is heavy, bulky and expensive to ship, the marketing area of a cement plant is usually limited by the freight factor to within a radius of 250 miles. The generally wide-spread character of the post-war industrial expansion boom has minimized the adverse effects of the more normal spotty demand for cement. Consequently practically all companies have shared equally in record sales and earnings.

In the following table are shown certain figures illustrating some of the points outlined above regarding the past record of this industry. Of particular significance is the 1937-38 record, showing that even a minor decline in volume and price from a peak can cause a substantial drop in earnings. The absence of vigorous growth for the industry is indicated by the fact that at no time during the 1930's did volume of shipments or earnings equal the pre-depression years of the 1920's.

	Shipments (Millions of bbls.)	Aver. Price Per bbl.	Combined Earnings of 4 Leading Co's.* (000)
1922-30 Aver.	155.1	$1.67	N.A.
1929	169.9	1.48	9,834
1930	159.1	1.44	8,481
1931	127.1	1.11	d 701
1932	80.8	1.01	d 7,064
1933	64.3	1.33	d 1,874
1934	75.9	1.54	661
1935	75.2	1.51	567
1936	112.9	1.51	5,603
1937	113.8	1.48	5,594
1938	106.3	1.45	3,928
1939	122.6	1.47	6,927
1940	130.3	1.46	7,060
1941	167.4	1.47	8,799
1942	185.3	1.53	7,501
1943	127.6	1.57	5,061
1944	94.3	1.60	3,378
1945	106.4	1.64	2,895
1946	169.3	1.72	11,125
1947	187.4	1.90	13,271
1948	204.3	2.16	18,865

* Alpha
Lehigh
Lone Star
Penn-Dixie

To illustrate the depreciation policies prevalent in the industry the following table combines data for six major cement producers which, in 1948, accounted for approximately 40% of industry sales. The period covered represents the three best years of the past 20.

	1946	1947	1948
	------	000	------
Gross Property & Equipment	$225,242	$241,787	$266,450
Net Property & Equipment	80,245	92,927	111,878
% Depreciated	63.4%	61.6%	58.0%
Net Sales	117,414	140,648	175,214
Depreciation & Depletion	5,683	6,090	7,351
% of Sales	4.8%	4.3%	4.2%
% of Gross Property	2.5%	2.5%	2.8%
Sales per $ Plant	$0.52	$0.58	$0.66

General Portland Cement

If the Committee feels that an investment in the cement industry is advisable at this time, the operating results of General Portland Cement appear to compare favorably with the major producers. A statistical comparison of this Company with a number of others shows General to have had consistently higher profit margins and a substantially higher rate of earnings on invested capital. The ratio of sales to plant investment is also higher for General Portland. On the unfavorable side, General Portland's rate of depreciation accruals appears even lower than generally low rates common to this industry. While working capital and cash position are not as strong as such companies as Lehigh Portland Cement and Alpha Portland Cement, the Company seems to have a satisfactory current financial position. Location of the Company's plants is considered favorable; it has the only cement mill in Florida, plus three plants in Texas and one in Tennessee. Aside from the fact that the territory covered includes rapidly growing areas, the southern location is less affected by seasonal factors, and more important in the near term outlook, being located away from the Atlantic seaboard its business should not be seriously affected by competition of imports which may result from devaluation of European currencies.

A brief summary of operating and balance sheet data follows:

(Note: Since this Company was organized in 1947 as a consolidation of three long established companies, data for earlier years represents the combined operations of the predecessor companies.)

12/31	Net Sales (000)	Pre-Tax Income Amount (000)	Pre-Tax Income % of Sales	Net Income (000)	Earned Per Share
1937	$ 4,877	$ 991	20.3%	$ 791	$0.79
1938	5,592	1,219	21.8	988	0.99
1939	6,390	1,796	28.1	1,431	1.43
1940	7,527	1,883	25.0	1,329	1.33
1941	9,365	2,521	27.0	1,552	1.55
1942	10,550	3,092	29.3	1,373	1.37
1943	8,606	1,542	17.9	922	0.92
1944	6,621	571	8.6	593	0.59
1945	7,565	830	11.0	522	0.52
1946	12,042	3,153	26.1	1,957	1.96
1947	14,725	4,266	28.9	2,637	2.63
1948	19,491	6,923	35.5	4,273	4.22
1949	21,285	8,452	39.6	5,240	5.05

	Dividend	Price Range
1947	$0.75	21 - 18
1948	1.50	26 - 16
1949	2.50	39 - 23

BALANCE SHEET DATA

Working Capital

	Cash	Receiv-ables	Inven-tories	Total Current Assets	Current Liabil-ities	Net Cur. Assets Amount	Net Cur. Assets Per Share
	- - -	- - -	- - -	000	- - -	- - -	
1946	$3,729	$ 682	$ 546	$ 4,957	$2,393	$2,564	$2.56
1947	2,579	1,051	3,760	7,390	2,501	4,887	4.88
1948	4,271	1,402	4,362	10,034	3,814	6,220	6.15

	Property Account Gross	Property Account Net	Common Equity Amount	Common Equity Per Sh.
	- - - 000	- - -	(000)	
1946	$19,172	$ 9,751	$12,888	$12.88
1947	19,009	9,260	14,804	14.80
1948	20,303	10,277	17,690	17.50

February 3, 1950 Paul B. Wyant

Feb. 3, 1950

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Statistical Comparison

Deere & Co. - International Harvester Co.

Capitalization (October 31, 1948)

	Deere & Co.		Int'l. Harvester	
Debt	$ 19,500,000	11%	$ 18,000,000	4%
Preferred Stock	30,860,000	17	81,672,400	16
Common Equity *	129,162,000	72	410,028,700	80
	$179,522,000	100%	$509,701,100	100%
Number shares Common	3,004,362		12,737,097	
Market Value Common:	$129,188,000		$350,270,168	

* Includes contingency reserves.

Deere & Company's debt consists of 2¾% debentures due April 1, 1965. International Harvester's debt consists of notes payable in 1951 to I. H. Export Company, a wholly-owned consolidated subsidiary.

The preferred stocks of both companies are 7% issues and non-callable. Annual carrying charges per share of common are $0.72 in the case of Deere and $0.45 in the case of Harvester.

Comparison of Operating Results

In the tables below sales and profits data on each company are compared for the latest 3 years and 9 months and for the average of five pre-war years.

Sales

	Net Sales (000,000)		Deere as	Net Sales per $ of Gross Plant	
	Deere	Harvester	% of I.H.	Deere	Harvester
1937-41 Ave.	$ 83.3	$298.0	28.0%	$1.86	$1.42
1946	130.8	482.3	27.2	1.79	1.69
1947	194.5	741.3	26.2	2.14	2.19
1948	282.6	945.5	30.0	2.65	2.42
9 mos. 1949	273.1	704.6	38.7		

In the three post-war years Deere averaged the same ratio of net sales to those of Harvester as was maintained before the war. However Deere's position in 1949 has been improved materially, largely because over-all sales have not been held down by sharply lower truck sales. International Harvester ranks as one of the largest truck makers in the country. The importance of this truck division is evident from the fact that the dollar value of the Company's truck sales exceeded the combined value of its farm implement and tractor sales in the 1946, 1947 and 1948 fiscal years. Truck sales averaged over 42% of total domestic sales in the three year period, but only 32% in the first 9 months of 1949. Largely because 1949 has been a poor truck year Harvester's over-all sales in the first 9 months show a gain of only 2.2% over the 1948 period as against an improvement of 25.9% for Deere.

Profits

	Pre-Tax Income (000,000)			Operating Profit Margin	
	Deere	Harvester	Deere as % of I.H.	Deere	Harvester
1937-41 Ave.	$19.0	$33.8	56.2%	16.8%	8.4%
1946	20.3	28.8	70.5	11.5	4.2
1947	30.5	74.4	41.0	13.5	9.1
1948	48.0	85.6	56.6	14.4	8.0
9 mos. 1949	48.6	77.1	63.0	18.0	10.2

	Net Income (000,000)			Earned Per Share Common	
	Deere	Harvester	Deere as % of I.H.	Deere	Harvester
1937-41 Ave.	$12.5	$22.6	55.4%	$3.45	$1.32
1946	12.1	22.3	54.4	3.30	1.30
1947	16.4	48.5	33.8	4.73	3.36
1948	27.7	55.7	49.7	8.49	3.92
9 mos. 1949	28.1	48.9	56.4	8.82	3.50

Deere has consistently shown larger profit margins than International Harvester (Note: Operating profit margin is shown above rather than pre-tax income margin because dividends from unconsolidated subsidiaries in the case of Harvester would distort the comparison with Deere.) However it will be seen that until the current year, Deere's post-war earnings have not maintained as high a ratio to Harvester's as existed prior to the war. Furthermore, if consideration were taken of Harvester's equity in undistributed earnings of non-consolidated subsidiaries, total earnings for the three years 1946-1948 would be increased by $25.6 million ($2.00 per share) or about 20%. Under such an adjustment the average ratio of Deere's net income to Harvester's in the post-war period would have been 38% compared with 55% pre-war. The reversal of this unfavorable trend in 1949 suggests that Harvester's relatively better showing in 1946-48 was largely the result of abnormally favorable truck business in those years.

Earnings for the full 1949 fiscal year are estimated at approximately $12 per share for Deere and $4.40 for International Harvester.

Stock Price Range

	Deere			Int'l. Harvester		
	High	Low	Mean Price ÷ Earnings	High	Low	Mean Price ÷ Earnings
1937-41 Ave.	48	13	8.8	40	13	20.1
1946	58	31	13.5	34	22	21.5
1947	46	31	8.1	32	23	8.2
1948	46	30	3.1	34	27	7.8
1949	44	30	3.0	29	23	5.9
Price 1/30/50	43		3.5	28		6.4

Harvester has fairly consistently sold at a higher price-earnings ratio than Deere. The record does not justify such a relationship.

If Deere's 1949 estimated earnings of $12 were to be cut in half, the stock at 39 would be selling on almost the same price-earnings basis as is Harvester currently.

Dividends

			% Earnings Paid Out	
	Deere	Harvester	Deere	Harvester
1937-41 Ave.	$1.25	$0.88	36.3%	66.8%
1946	1.50	1.00	45.5	77.0
1947	2.00	1.55	42.3	46.2
1948	2.75	1.70	32.4	43.4
1949	5.00	1.70	41.6	38.5

Although stockholders of Deere have received a smaller proportion of earnings over the years than Harvester's the yield based on the mean price in each year has generally been considerably higher for Deere.

Indicated Earnings

Over the years Deere has made substantial charges against earnings for the purpose of setting up reserves which may or may not prove to be necessary. The extent to which this policy has served to understate earnings is shown in the following computation of indicated earnings based on the increase in book value (plus dividends paid). Book values include all contingency reserves including inventory reserves but, in the case of Deere, exclude reserves for pensions, disability benefits, group life and other insurance.

	Per Share	
	Deere	Int'l. Harvester
Book Value: Oct. 31, 1948	$49.32	$36.12
Oct. 31, 1936	14.60	21.38
Increase	$34.72	$14.74
ADD: Common Dividends Paid	19.37	12.24
Indicated Earnings (1937-48 incl.)	54.09	26.98
Reported Earnings	42.40	21.42
Difference	$11.69	$ 5.56

It is of interest to note that Deere's total earnings per share (both reported and indicated) for the 12 year period are about twice those for International Harvester.

Balance Sheet and Asset Values

In the following tables are shown pertinent ratios and balance sheet items. To simplify a comparison of the two companies, working capital data has been expressed in amounts obtainable per $100 invested in each stock at current market levels.

	Deere	Harvester
Current Assets ÷ Current Liabilities	4.35	3.14
Cash & Equiv. ÷ Current Liabilities	1.65	0.70
% of Total Current Assets		
Cash	37.9%	22.4%
Receivables	21.6	13.0
Inventories	40.5	64.6
	100.0%	100.0%

	Per $100 Invested in Each Company	
	Deere	Harvester
Working Capital		
Cash & Equivalent	$ 55.94	$22.10
Receivables	31.81	12.92
Inventories	59.87	63.98
Total Current Assets	$147.62	$99.10
Current Liabilities	33.81	31.45
Net Current Assets	$113.81	$67.65
LESS: Senior Securities	38.94	27.92
NET CURRENT ASSETS available for Common	$ 74.87	$39.73

It is apparent that while both companies show a good current position, Deere has much the stronger cash position with current liabilities covered 1.65 times by cash alone as against 0.70 times for Harvester. In contrast, a study of pre-war years finds Harvester generally in much the stronger cash position.

Deere has written down gross receivables by a reserve of 13.6% compared with a similar reserve of 11.1% for Harvester.

Inventory reserves are carried as appropriated surplus, and at the 1948 fiscal year-end amounted to 24.6% of inventory carrying value for Deere and 21.9% in the case of Harvester.

Fixed Assets ($000,000)

	1941			1948		
	Deere	Int'l. Harvester	Deere as % of I.H.	Deere	Int'l. Harvester	Deere as % of I.H.
Prop. & Equip.-Cost	$50.3	$220.1	22.8%	$106.7	$391.7	27.3%
Res. for Deprec.	27.1	118.5	22.8	42.8	146.3	29.2
Net Prop. & Equip.	$23.2	$101.6	22.8%	$ 63.9	$245.4	26.0%
% Depreciated	54%	54%		40%	37%	

	Per $100 Invested in Each Company	
	Deere	Harvester
Gross Property	$82.56	$107.31
Net Property	$49.48	$ 68.76

While Deere has materially improved its working capital position since pre-war, it will also be seen that gross fixed assets have increased 112% since 1941 compared with a 78% rise for Harvester.

Since Deere generally has shown a somewhat better ratio of sales per dollar of plant (see page 1) this should in time result in relatively better sales performance for Deere.

Annual charges for depreciation compare as follows:

	Annual Charges (000)		% of Sales		% of Gross Plant	
	Deere	Harvester	Deere	Harvester	Deere	Harvester
1937-41 Ave.	$2,385	$ 7,577	2.9%	2.5%	5.2%	3.3%
1942	1,970	7,478	1.6	2.0	3.7	3.4
1943	2,181	6,417	1.2	1.4	4.1	2.9
1944	2,231	5,976	1.4	0.9	4.1	2.7
1945	2,850	6,020	2.2	1.0	4.8	2.6
1946	1,984	7,912	1.5	1.6	2.7	2.8
1947	3,246	11,237	1.7	1.5	3.6	3.3
1948	4,569	15,725	1.6	1.7	4.3	4.0

Book Value

	Per Share		Per $100 invested in each Company	
	Deere	Harvester	Deere	Harvester
Inventory Reserve	$ 6.32	$ 3.92	$ 14.69	$ 14.00
Contingency Reserves	3.33	1.58	7.74	5.64
Common Stock & Surplus	39.66	30.62	92.21	109.31
Total Common Equity	$49.31	$36.12	$114.64	$128.95

It can be seen that the book value of each stock relative to market value is slightly higher for International Harvester. Of greater importance however, is Deere's higher rate of earnings on the capital invested, as shown below.

	% Earned on Invested Capital	
	Deere	Harvester
1936	17.9%	8.4%
1941	14.6	7.5
1945	5.2	5.0
1946	7.4	4.5
1947	9.5	9.4
1948	14.3	10.0

JWB/ES
February 3, 1950

Paul B. Wyant

Statistical Comparison of 4 Leading Distilling Company Stocks

	Schenley	Distillers Seagrams	National Distillers	Hiram Walker
Capitalization (000)	(8/31/49)	(7/31/49)	(12/31/48)	(8/31/49)
Long-Term Debt	$125,000 (40%)	$ 98,063 (32%)	$ 40,000 (20%)	$ 16,776 (12%)
Common Equity	$191,201 (60%)	$210,421 (68%)	$156,955 (80%)	$119,431 (88%)
Property Plant & Equipment (000)				
Gross: 1936	$13,058	$13,875	$13,217	$18,139
1949	$84,334	$58,278	$46,444	$48,535
Net: 1936	$12,003	$10,665	$10,329	$11,844
1949	$56,388	$33,183	$33,826	$29,629
Net Current Assets Per Share #				
1936	$ 5.04	$ 1.64	$ 4.75	$ 1.24
1949	$36.20	$18.85	$14.03	$29.20
Profit Margins (% of Sales)				
Pre-Tax Income	8.6%	8.2%	12.0%	14.0%
Net Income	5.3%	4.8%	7.2%	8.1%
% Earned on Invested Capital	8.6%	12.7%	15.1%	18.0%
% Earned on Common Equity	12.7%	16.5%	17.1%	19.8%
PER SHARE DATA				
Market Price (2/1/50)	33	18	23	32
1946-49 Range	100 - 22	30 - 11	32 - 17	39 - 18
Earnings - (Dividends)		*		*
1949	$ 6.73 ($2.00)	$3.96 ($1.05)	$3.45Est. ($2.00)	$8.19 ($2.10)
1948	8.20 (2.00)	6.24 (0.70)	3.37 (2.00)	8.62 (2.00)
1947	7.45 (2.00)	4.88 (0.60)	4.57 (2.00)	6.54 (1.27)
1946	13.64 (1.70)	2.72 (0.52)	5.01 (1.75)	5.28 (1.05)
1946-49 Average	9.00 (1.92)	4.45 (0.72)	4.10 (1.94)	7.16 (1.60)
Price-Earnings Ratios				
Current Price ÷ 1949 Earnings	4.9	4.5	6.7	3.9
÷ 1946-49 Aver. Earn.	3.7	4.0	5.7	4.5

* Canadian Funds
\# After deducting senior debt.

Paul B. Wyant
February 1, 1950

7
Finance

THE INSTITUTE FOR ADVANCED STUDY

RECAPITULATION OF INVESTMENT HOLDINGS

As of December 30, 1950

	MARKET VALUE 12/30/50		ANNUAL INCOME RATE 12/30/50				INCREASE OR DECREASE 12/30/50 Compared with Book - Same Date		
					% Yield on				
	Amount	% Total	Amount	% Total	Mkt.	Book	Book Value *	Increase	Decrease
CASH - Uninvested	$ 298,846	1.4%	$ -	- %	- %	- %	$ 298,846	$ -	$ -
BONDS									
U.S.Gov't.& Comm'l Paper-Due Within 1 Yr.	3,648,037	17.2	45,000	5.4	1.2	1.2	3,649,654		1,617
U.S.Gov't.-Other Marketable	1,782,169	8.4	39,825	4.8	2.2	2.2	1,811,114		28,945
U.S.Savings Ser."G"(at Par)	950,000	4.5	23,750	2.8	2.5	2.5	950,000	-	-
Railroad	144,125	0.7	7,125	0.9	4.9	5.3	135,215	8,910	
Public Utility	821,801	3.9	25,663	3.1	3.1	3.4	754,577	67,224	
Industrial	91,000	0.4	2,850	0.3	3.1	3.1	93,281		2,281
TOTAL BONDS	$ 7,437,132	35.1%	$144,213	17.3%	1.9%	2.0%	$ 7,393,841	$ 43,291	
PREFERRED STOCKS									
Public Utility	471,751	2.2	23,300	2.8	4.9	4.8	483,093		11,342
Industrial & Miscellaneous	1,660,126	7.9	75,950	9.1	4.6	4.7	1,617,903	42,223	
TOTAL PREFERRED STOCKS	$ 2,131,877	10.1%	$ 99,250	11.9%	4.7%	4.7%	$ 2,100,996	$ 30,881	
COMMON STOCKS									
Public Utility-Elec.&Other	779,000	3.7	50,700	6.1	6.5	6.7	755,582	23,418	
Public Utility-Natural Gas	987,962	4.7	54,650	6.6	5.5	6.9	793,880	194,082	
Industrial & Miscellaneous	9,290,529	43.8	474,121	56.9	5.1	8.2	5,802,553	3,487,976	
Bank	139,451	0.6	5,500	0.6	3.9	4.1	135,568	3,883	
TOTAL COMMON STOCKS	$11,196,942	52.8%	$584,971	70.2%	5.2%	7.8%	$ 7,487,583	$3,709,359	
SECURITIES OF NOMINAL VALUE /	$ 100	0.0%	$ -	- %	- %	- %	$ 100	$ -	$ -
REAL ESTATE MORTGAGES	$ 37,307	0.2%	$ 1,679	0.2%	4.5%	4.5%	$ 37,307	$ -	$ -
PROFESSORS' HOMES-MTGES.	$ 86,876	0.4%	$ 3,475	0.4%	4.0%	4.0%	$ 86,876	$ -	$ -
GRAND TOTAL	$21,189,080	100.0%	$833,588#	100.0%	3.9%	4.8%	$17,405,549	$3,783,531	

* Reported by Treasurer's Office.
/ Carried at Book Value. No Market readily available.
Before amortization of premium on Bonds, estimated at $7,000 annually.
D.J.I.A. - December 30, 1950 - 235.41.

Paul B. Wyant
February 1, 1951

THE INSTITUTE FOR ADVANCED STUDY

Common Stocks

As of December 30, 1950

	Book Value		Market Value		Appreciation or Depreciation
	Amount	Percent Total	Amount	Percent Total	
Public Utility					
Electric & Other	$ 755,582	10.1%	$ 779,000	7.0%	$ 23,418
Natural Gas	793,880	10.6	987,962	8.8	194,082
Total Public Utility	(1,549,462)	(20.7)	(1,766,962)	(15.8)	(217,500)
Industrial & Miscellaneous					
Agricultural Implement	43,966	0.6	57,000	0.5	13,034
Automobile & Accessory	41,967	0.6	45,625	0.4	3,658
Chemical	926,099	12.4	1,515,777	13.6	589,678
Distilling	113,374	1.5	164,250	1.5	50,876
Drug & Pharmaceutical	57,605	0.8	70,938	0.6	13,333
Finance	147,973	2.0	109,688	1.0	38,285
Food & Confection	178,303	2.4	264,125	2.4	85,822
Metal (Non-Ferrous)	780,730	10.4	1,263,493	11.3	482,763
Miscellaneous	147,273	2.0	172,063	1.5	24,790
Motion Picture	173,064	2.3	126,750	1.1	46,314
Office Equipment	304,117	4.1	676,115	6.0	371,998
Oil Producing & Refining	1,403,754	18.7	2,441,426	21.9	1,037,672
Paper	172,569	2.3	328,125	2.9	155,556
Rayon & Textile	82,150	1.1	150,491	1.3	68,341
Retail Trade	488,983	6.5	874,375	7.8	385,392
Soap	90,560	1.2	96,863	0.9	6,303
Steel	632,337	8.4	905,825	8.1	273,488
Tobacco	17,729	0.2	27,600	0.2	9,871
Total Industrial & Miscellaneous	(5,802,553)	(77.5)	(9,290,529)	(83.0)	(3,487,976)
Bank	135,568	1.8	139,451	1.2	3,883
Total Common Stocks	$7,487,583	100.0%	$11,196,942	100.0%	$3,709,359

THE INSTITUTE FOR ADVANCED STUDY

BONDS
U. S. Government & Comm'l Paper

Amount	Security	Book	Market 12/30/50¢	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Maturity Yield on Market %
	U.S. Government Bonds & Comm'l Paper							
	Ctfs. of Indebtedness							
1,500M ≠	1⅛/1-1-51	100	100 ≠	1,500,000	1,500,000	-	16,875	≠
	Comm'l Investment Trust Inc.							
500M	1½/1-16-51	100	§	500,000	500,000§	-	7,500	1.5
	Treasury Notes							
1,650M	1¼/8-1-51	99.979	99.881	1,649,654	1,648,037	1,617	20,625	1.5
	Treasury Bonds							
1,770M	2¼/6-15-62/59	102-10	100-22	1,811,114	1,782,169	28,945	39,825	2.2#
	Savings Series "G"							
50M	2½/5-1-53	100	100	50,000	50,000	-	1,250	2.5
50M	2½/1-1-54	100	100	50,000	50,000	-	1,250	2.5
50M	2½/7-1-54	100	100	50,000	50,000	-	1,250	2.5
100M	2½/1-1-55	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-56	100	100	100,000	100,000	-	2,500	2.5
100M	2½/4-1-57	100	100	100,000	100,000	-	2,500	2.5
100M	2½/3-1-58	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-59	100	100	100,000	100,000	-	2,500	2.5
100M	2½/1-1-60	100	100	100,000	100,000	-	2,500	2.5
100M	2½/4-1-61	100	100	100,000	100,000	-	2,500	2.5
100M	2½/3-1-62	100	100	100,000	100,000	-	2,500	2.5
	TOTAL U. S. GOVERNMENT BONDS & COMM'L PAPER			6,410,768	6,380,206	30,562	108,575	1.7*

¢ Bid Prices.
≠ In process of exchange for 1,500M U. S. Treasury Notes 1¾/12-15-55. Mkt. 100-2 Yield 1.7%.
§ Carried at Book Value. Discounted at 1½%.
\# Computed to earliest call date.
* Current Yield.

Note: U.S. Savings Series "G" Bonds carried at Par.

THE INSTITUTE FOR ADVANCED STUDY

BONDS
Railroad
Public Utility

Amount	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Maturity Yield on Market %
	Railroad Bonds							
50M	Chgo., T.H. & S.E., Income 2 3/4-4 1/2/1-1-94 (Callable 100)	98	80 1/4	48,982	40,125	8,857	2,125	5.3*
100M	Missouri Pacific R.R. 1st & Ref. "H" 5/4-1-80 (Callable 105)	86 1/4	104f	86,233	104,000	17,767	5,000≠	4.8*
	TOTAL RAILROAD BONDS			135,215	144,125	8,910	7,125	4.9*
	Public Utility Bonds							
250M	Amer. Tel. & Tel. Conv. Deb. 3 1/8/6-20-59 (Callable 106 after 6-20-51)	105 5/8	120 5/8	264,078	301,563	37,485	7,813	0.6
250M	Amer. Tel. & Tel. Conv. Deb. 2 3/4/12-15-61 (Callable 105)	105 5/8	106	264,099	265,000	901	6,875	2.1
25M	Int'l. Utilities Corp. Conv. Deb. 3 1/2/5-1-65 (Callable 103)	100	104 1/4	25,000	26,063	1,063	875	3.1
50M	Public Service Elec. & Gas Deb. 6/7-1-98 (Non-Callable)	123 1/2	162 1/2	61,779	81,250	19,471	3,000	3.4
20M	Public Service Elec. & Gas 1st & Ref. 8/6-1-2037 (Non-Callable)	182 3/8	218 3/8	36,481	43,675	7,194	1,600	3.6
50M	South Jersey Gas, Elec. & Traction 1st 5/3-1-53 (Non-Callable)	100 1/4	105	50,140	52,500	2,360	2,500	2.6
1,000	Transcontinental Gas Pipe Line Interim Note ($50 Par) 6/5-1-51# (Callable 53)	53	51 3/4	53,000	51,750	1,250	3,000	5.8*
	TOTAL PUBLIC UTILITY BONDS			754,577	821,801	67,224	25,663	3.1*

f. Flat.
* Current Yield.
≠ Interest received in excess 5% annually to be used to write down cost.
At maturity each $50 Note payable in $3 Series Preferred Stock.

THE INSTITUTE FOR ADVANCED STUDY

BONDS Industrial — PREFERRED STOCKS Public Utility

Amount	Security	Book	Market 12/30/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
				$	$	$	$	%
	Industrial Bonds							
100M	Imperial Oil Ltd., S.F. Deb. 3/12-15-69 (Non-Recorded) (Callable $101\frac{1}{2}$ Cdn. Fds.)	(U.S.) $93\frac{1}{4}$	(U.S.) 91	93,281	91,000	2,281	2,850#	3.1
Shares								
	Public Utility Preferred Stocks							
10,000	Arkansas Natural Gas Corp. 6% ($10 Par) Cum. (Callable $10.60)	$10\frac{3}{4}$	$10\frac{1}{2}$	107,766	105,000	2,766	6,000	5.7
500	Consolidated Edison Co. N.Y. $5 Cum. (Callable 105)	105	$106\frac{7}{8}$	52,500	53,438	938	2,500	4.7
3,250	Public Service Elec. & Gas Co. $1.40 Div. Pref. Conv. Common (Callable 35 after 7-1-60)	$30\frac{3}{8}$	$25\frac{1}{4}$	98,628	82,063	16,565	4,550	5.5
500	Southwestern Gas & Elec. Co. 5% Cum. (Callable 109)	107	$109\frac{1}{2}$	53,489	54,750	1,261	2,500	4.6
500	Standard Gas & Electric $7 Cum. (Callable 115)	$147\frac{1}{4}$	161	73,603	80,500	6,897	3,500	4.3
1,000	Tennessee Gas Transmission Co. 4.25% Cum. (Callable 106)	$97\frac{1}{8}$	96	97,107	96,000	1,107	4,250	4.4
	TOTAL PUBLIC UTILITY PREFERRED STOCKS			483,093	471,751	11,342	23,300	4.9

After deducting 5% approximate discount on exchange of Canadian Funds.

THE INSTITUTE FOR ADVANCED STUDY

PREFERRED STOCKS
Industrial & Miscellaneous

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous							
4,000	Aluminum Co. of Canada, Ltd. 4% ($25 Par) Cum. (Callable $26\frac{3}{4}$ Can. Fds.)	(U.S.) $23\frac{7}{8}$	(U.S.) $23\frac{3}{4}$	95,419	95,000	419	3,800/	4.0/
300	American Metal Co. $4\frac{1}{2}$% Cum. (Callable 105)	$81\frac{3}{4}$	105	24,543	31,500	6,957	1,350	4.3
800	Bethlehem Steel Corp. 7% Cum. (Non-Callable)	$127\frac{1}{4}$	149	101,813	119,200	17,387	5,600	4.7
1,000	Canada Dry Ginger Ale, Inc. $4.25 Cum. Conv. (Callable $102\frac{1}{2}$)	$119\frac{5}{8}$	100	119,614	100,000	19,614	4,250	4.3
200	Christiana Securities Corp. 7% Cum. (Callable 120)	$126\frac{3}{4}$	140	25,350	28,000	2,650	1,400	5.0
1,000	Food Machinery & Chemical Corp. $3\frac{1}{4}$% Cum. Conv. (Callable $101\frac{1}{2}$)	$101\frac{1}{2}$	94	101,493	94,000	7,493	3,250	3.5
500	Hanna, M.A., Co. $4.25 Cum. (Callable 104)	$103\frac{1}{8}$	$105\frac{3}{4}$	51,549	52,875	1,326	2,125	4.0
900*	Monsanto Chemical Co. $4 Cum. Conv. "B" (Callable 104)	$111\frac{7}{8}$	$129\frac{1}{2}$	100,684	116,550	15,866	3,600	*
500	Murphy, G.C., & Co. $4\frac{3}{4}$% Cum. (Callable $107\frac{1}{2}$)	$110\frac{5}{8}$	110	55,285	55,000	285	2,375	4.3

/ After deducting 5% approximate discount on exchange of Canadian Funds.
* Entire issue called 1/23/51. To be converted into 1,565 shares Common Stock.

THE INSTITUTE FOR ADVANCED STUDY

PREFERRED STOCKS
Industrial & Miscellaneous (Cont'd)

Shares	Security	Book	Market 12/30/50	Book Value	Market Value	Apprec. or Deprec.	Est. Annual Income	Current Yield on Market
	Industrial & Miscellaneous (Cont'd)			$	$	$	$	%
600	Oliver Corp. 4½% Cum. Conv. (Callable 104)	103½	96¼	62,068	57,750	4,318	2,700	4.7
500	Pure Oil Co. 5% Cum. (Callable 105)	105	106⅞	52,500	53,438	938	2,500	4.7
500	Reynolds, R. J., Tobacco Co. 4.50% Cum. (Callable 103½)	100	105⅝	50,000	52,813	2,813	2,250	4.3
4,000	Sunray Oil Corp. 4½% ($25 Par) Cum. "A" (Callable 25½)	21⅞	23½	87,347	94,000	6,653	4,250	4.5
500	United Aircraft Co. 5% Cum. Conv. (Callable 105)	109¼	110½	54,634	55,250	616	2,500	4.5
1,000	U.S. & Foreign Securities Corp. $4.50 Cum. 1st (Callable 105)	101⅞	101	101,838	101,000	838	4,500	4.5
3,000	U.S. & Int'l. Securities Corp. $5 Cum. 1st W.W. (Callable 105)	88¼	88	264,891	264,000	891	15,000	5.7
500	U.S. Rubber Co. 8% Non-Cum. First (Non-Callable)	159	134	79,475	67,000	12,475	4,000	6.0
1,500	U.S. Steel Corp. 7% Cum. (Non-Callable)	126¼	148½	189,400	222,750	33,350	10,500	4.7
	TOTAL INDUSTRIAL & MISC. PREFERRED STOCKS			1,617,903	1,660,126	42,223	75,950	4.6

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Public Utility - Electric & Other

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Public Utility - Electric & Other							
1,000	American Gas & Electric ($3.00)	33¼	52¼	33,511	52,250	18,739	3,000	5.7
2,000	Carolina Power & Light ($2.00)	33⅜	30½	66,641	61,000	5,641	4,000	6.6
4,000	Central & South West ($0.90)	16¼	13¼	64,971	53,000	11,971	3,600	6.8
4,000	Columbus & Southern Ohio Electric ($1.40)	23⅛	19⅛	92,744	76,500	16,244	5,600	7.3
1,500	Consumers Power ($2.00)	31¾	31	47,636	46,500	1,136	3,000	6.5
2,000	Florida Power ($1.20)	16¾	17⅛	33,492	34,250	758	2,400	7.0
2,000	Illinois Power ($2.20)	31	34¾	61,902	69,500	7,598	4,400	6.3
1,500	Indianapolis Pwr. & Lt. ($1.80)	20¼	29	30,454	43,500	13,046	2,700	6.2
3,000	Kansas City Pwr. & Lt. ($1.60)	25¾	24½	77,388	73,500	3,888	4,800	6.5
5,500	Middle South Utilities ($1.20)	13¼	18	72,710	99,000	26,290	6,600	6.7
3,000	Niagara Mohawk Power ($1.40)	24⅛	20⅞	72,283	62,625	9,658	4,200	6.7
2,000	Public Service Colorado ($1.40)	19½	25	38,989	50,000	11,011	2,800	5.6
3,000	Virginia Elec. & Power ($1.20)	21	19⅛	62,861	57,375	5,486	3,600	6.3
	TOTAL PUBLIC UTILITY-ELEC.& OTHER COMMON STOCKS			755,582	779,000	23,418	50,700	6.5

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Public Utility - Natural Gas

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Public Utility - Natural Gas							
2,000	Atlanta Gas Light ($1.20)	17 3/8	22 1/4	34,872	44,500	9,628	2,400	5.4
5,000	Columbia Gas Systems ($0.80)	13 3/4	12 3/4	68,444	63,750	4,694	4,000	6.3
1,000	Consolidated Natural Gas ($2.00)	41 5/8	46 1/2	41,678	46,500	4,822	2,000	4.3
3,000	National Fuel Gas ($0.80)	10 7/8	11 5/8	32,655	34,875	2,220	2,400	6.9
4,500	Northern Natural Gas ($1.80)	33 1/4	31 1/4	149,627	140,625	9,002	8,100	5.8
4,000	Panhandle Eastern Pipe Line ($2.00)	27 3/4	41 3/4	111,156	167,000	55,844	8,000	4.8
1,000	Peoples Gas Light & Coke ($6.00)	106 7/8	115	106,815	115,000	8,185	6,000	5.2
4,400	Southern Natural Gas ($2.50)	29	36	127,782	158,400	30,618	11,000	6.9
3,125	Tennessee Gas Transmission ($1.40)	11 3/8	23 1/4	35,408	72,656	37,248	4,375	6.0
1,000	Transcontinental Gas Pipe Line ($-)	3/8	18 3/4	313	18,750	18,437	-	-
6,375	United Gas Corp. ($1.00)	13 3/8	19 3/4	85,130	125,906	40,776	6,375	5.1
	TOTAL PUBLIC UTILITY-NATURAL GAS COMMON STOCKS			793,880	987,962	194,082	54,650	5.5
	GRAND TOTAL PUBLIC UTILITY COMMON STOCKS			1,549,462	1,766,962	217,500	105,350	6.0

COMMON STOCKS
Industrial & Miscellaneous

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous							
	Agricultural Implement							
1,000	Deere & Co. ($5.50)	44	57	43,966	57,000	13,034	5,500	9.6
	Automobile & Accessory							
1,000	Mack Trucks ($0.25)	18⅜	18	18,375	18,000	375	250	1.4
1,000	Studebaker ($3.35)	23⅝	27⅝	23,592	27,625	4,033	3,350	12.1
	Total Automobile & Accessory			41,967	45,625	3,658	3,600	7.9
	Chemical							
4,000	Allied Chemical & Dye ($3.00)	44¾	59	179,069	236,000	56,931	12,000	5.1
1,000	Columbian Carbon ($2.25)	30⅛	42½	30,135	42,500	12,365	2,250	5.3
1,071 125/1,000*	Dow Chemical ($2.40)	(48⅛	78⅞	51,550)	84,485	32,935	2,570*	3.0*
1,045rts‡	Dow Chemical ($-)	(-	27/64	-)	441	441	-	-
5,000	duPont, E.I. ($5.00)	36	84	179,881	420,000	240,119	25,000	6.0
3,300/	Eastman Kodak ($1.70)	24⅝	46⅛	81,429	152,213	70,784	5,610/	3.7/
1,500	Hooker Electrochemical ($2.00)	30⅛	44	45,107	66,000	20,893	3,000	4.5
2,001ø	Monsanto Chemical ($3.00)	64½	74⅝	128,992	149,325	20,333	6,003	4.0
1,000	Pfizer, Chas. ($2.75)	56	84½	55,988	84,500	28,512	2,750	3.3
2,500	Union Carbide & Carbon ($2.50)	25½	55⅛	63,829	137,813	73,984	6,250	4.5
2,000	United Carbon ($2.40)	33¾	47¾	67,510	95,500	27,990	4,800	5.0
1,000	Victor Chemical Works ($2.25)	42⅝	47	42,609	47,000	4,391	2,250	4.8
	Total Chemical			926,099	1,515,777	589,678	72,483	4.8
	Distilling							
3,000	Distillers Corp. - Seagrams ($1.70)	19⅛	28½	57,208	85,500	28,292	4,845#	5.7#
1,500	Walker (H.) Gooderham & Worts ($3.55)	37½	52½	56,166	78,750	22,584	5,059#	6.4#
	Total Distilling			113,374	164,250	50,876	9,904	6.0

* Includes 26 125/1,000shs, 2½% Stock Dividend Ex-Div'd. 12/28/50 - Payable 2/20/51.
‡ Authorized purchase of 405 rights and subscription to 29shs, 1 for 50 at 57½.
/ Includes 300shs, 10% Stock Dividend Ex-Div'd. 12/20/50 - Payable 1/20/51.
ø To receive additional 1,565shs upon authorized conversion of 900shs $4 "B" Preferred Stock called.
After deducting 5% approximate discount on exchange of Canadian Funds.

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd.)							
	Drug & Pharmaceutical							
500	Chesebrough Manufacturing ($4.00)	73¾	66⅞	36,904	33,438	3,466	2,000	6.0
500	Johnson & Johnson ($2.00ø)	41⅜	75	20,701	37,500	16,799	1,000ø	2.7ø
	Total Drug & Pharmaceutical			57,605	70,938	13,333	3,000	4.2
	Finance							
2,500	C.I.T. Financial ($5.00)	59¼	43⅞	147,973	109,688	38,285	12,500	11.4
	Food & Confection							
1,000	Borden ($2.80)	36⅝	50⅛	36,601	50,125	13,524	2,800	5.6
2,000	National Dairy Products ($2.80)	28½	49	56,892	98,000	41,108	5,600	5.7
1,000	Sunshine Biscuits ($4.00)	46¼	56½	46,240	56,500	10,260	4,000	7.1
1,000	United Fruit ($4.50)	38⅝	59½	38,570	59,500	20,930	4,500	7.6
	Total Food & Confection			178,303	264,125	85,822	16,900	6.4
	Metal (Non-Ferrous)							
2,000	Aluminium, Ltd. ($3.45)	64⅝	96¾	129,161	193,500	64,339	6,900	3.6
4,200	American Metal Co., Ltd. ($2.00)	23⅜	47½	98,275	199,500	101,225	8,400	4.2
2,040	American Smelt. & Ref. ($6.00)	47⅝	73¼	97,250	149,430	52,180	12,240	8.2
1,000	Anaconda Copper ($3.00)	33	40⅛	33,039	40,125	7,086	3,000	7.5
1,000	International Silver ($6.00)	18	54	18,000	54,000	36,000	6,000	11.1
3,500	Kennecott Copper ($4.00)	47½	75⅛	166,247	262,938	96,691	19,250	7.3
3,500	Newmont Mining ($3.00ø)	68¼	104	238,758	364,000	125,242	10,500ø	2.9ø
	Total Metal (Non-Ferrous)			780,730	1,263,493	482,763	66,290	5.2

ø Plus Stock Dividend.

COMMON STOCKS

Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd.)							
	Miscellaneous							
1,000	Allied Mills ($2.50)	31½	28⅝	31,553	28,625	2,928	2,500	8.7
1,000	General Amer.Transportation($3.00)	64½	54¾	64,536	54,750	9,786	3,000	5.5
1,000	Stein, A.,& Co. ($2.00)	25⅞	22½	25,814	22,500	3,314	2,000	8.9
1,500	Sunbeam Corp. ($3.00)	16⅞	44⅛	25,370	66,188	40,818	4,500	6.8
	Total Miscellaneous			147,273	172,063	24,790	12,000	7.0
	Motion Picture							
3,000	Paramount Pictures Corp. ($2.00)	22⅝	21⅝	67,688	64,875	2,813	6,000	9.2
3,000	Twentieth Century-Fox ($2.00)	35⅛	20⅝	105,376	61,875	43,501	6,000	9.7
	Total Motion Picture			173,064	126,750	46,314	12,000	9.5
	Office Equipment							
1,000	Addressograph-Multigraph ($3.75)	48¾	51	48,696	51,000	2,304	3,750	7.4
2,894 5/100	Int'l Business Machines ($4.00ø)	88¼	216	255,421	625,115	369,694	11,576ø	1.9ø
	Total Office Equipment			304,117	676,115	371,998	15,326	2.3

ø Plus Stock Dividend.

COMMON STOCKS
Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd.)							
	Oil Producing & Refining							
1,000	Amerada Petroleum ($6.00)	85 1/8	161 1/2	85,083	161,500	76,417	6,000	3.7
2,000	Continental Oil(Del.) ($5.00)	48 7/8	94	97,843	188,000	90,157	10,000	5.3
3,000	Gulf Oil ($4.00)	54 5/8	81 3/4	163,790	245,250	81,460	12,000	4.9
5,000	Louisiana Land & Expl. ($2.50)	14	34 7/8	70,148	174,375	104,227	12,500	7.2
1,000	Phillips Petroleum ($4.00)	50 3/4	79 7/8	50,700	79,875	29,175	4,000	5.0
1,000	Seaboard Oil ($2.60)	54 1/4	77 1/2	54,189	77,500	23,311	2,600	3.4
2,500	Shell Oil ($3.00)	29 1/2	54 3/4	73,849	136,875	63,026	7,500	5.5
4,000	Skelly Oil ($3.00ø)	55 1/8	75	220,710	300,000	79,290	12,000ø	4.0ø
2,000	Southland Royalty ($3.00)	33 7/8	47 1/2	67,683	95,000	27,317	6,000	6.3
3,000	Standard Oil (Indiana) ($2.00ø)	36 1/2	60 3/8	109,524	181,125	71,601	6,000ø	3.3ø
3,040	Standard Oil (N.J.) ($5.00)	48 3/4	91 3/4	148,422	278,920	130,498	15,200	5.4
800	Superior Oil (Calif.) ($3.00)	175 3/8	364	140,251	291,200	150,949	2,400	0.8
1,025	Texas Co. ($5.50)	51 1/4	82 1/4	52,589	84,306	31,717	5,638	6.7
2,000	Texas Pacific Coal & Oil ($1.50)	9	37 1/2	17,973	75,000	57,027	3,000	4.0
2,500	Warren Petroleum ($0.80)	20 3/8	29	51,000	72,500	21,500	2,000	2.8
	Total Oil Producing & Refining			1,403,754	2,441,426	1,037,672	106,838	4.4
	Paper							
6,250	International Paper ($3.00)	27 5/8	52 1/2	172,569	328,125	155,556	18,750	5.7
	Rayon & Textile							
2,205*	Industrial Rayon ($3.00ø)	37 1/4	68 1/4	82,150	150,491	68,341	6,615*	4.4*

ø Plus Stock Dividend.
* Includes 105shs. 5% Stock Dividend Ex-Div'd. 11/22/50 - Payable 1/12/51.

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Industrial & Miscellaneous (Cont'd.)

Shares	Security	Book	Market 12/30/50	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Industrial & Miscellaneous (Cont'd.)							
	Retail Trade							
5,000	Federated Dept. Stores ($2.50)	$18\frac{5}{8}$	48	93,035	240,000	146,965	12,500	5.2
1,500	Grant, W.T. ($2.00)	18	$28\frac{1}{4}$	27,028	42,375	15,347	3,000	7.1
1,000	Kress, S. H. ($3.00)	$46\frac{7}{8}$	$53\frac{1}{4}$	46,888	53,250	6,362	3,000	5.6
1,000	May Dept. Stores ($3.00)	$27\frac{5}{8}$	57	27,625	57,000	29,375	3,000	5.3
2,000	Murphy, G.C. ($2.25)	36	54	71,914	108,000	36,086	4,500	4.2
3,000	Penney, J. C. ($3.50)	$36\frac{1}{2}$	$67\frac{1}{4}$	109,442	201,750	92,308	10,500	5.2
2,500	Sears Roebuck ($2.75)	$22\frac{3}{8}$	$52\frac{1}{2}$	55,909	131,250	75,341	6,875	5.2
1,000	Western Auto Supply ($4.50)	$57\frac{1}{8}$	$40\frac{3}{4}$	57,142	40,750	16,392	4,500	11.0
	Total Retail Trade			488,983	874,375	385,392	47,875	5.5
	Soap							
2,100*	Colgate-Palmolive-Peet ($3.00)	$43\frac{1}{8}$	$46\frac{1}{8}$	90,560	96,863	6,303	6,300*	6.5*
	Steel							
4,000	Bethlehem Steel ($4.10)	$39\frac{1}{2}$	$48\frac{1}{2}$	158,015	194,000	35,985	16,400	8.5
1,400	Hanna, M.A. ($5.50)	114	173	159,573	242,200	82,627	7,700	3.2
2,500	Inland Steel ($3.50)	$32\frac{5}{8}$	$56\frac{1}{2}$	81,441	141,250	59,809	8,750	6.2
4,000	National Steel ($3.25)	$30\frac{3}{8}$	$50\frac{1}{2}$	121,641	202,000	80,359	13,000	6.4
3,000	U.S. Steel ($3.45)	$37\frac{1}{4}$	$42\frac{1}{8}$	111,667	126,375	14,708	10,350	8.2
	Total Steel			632,337	905,825	273,488	56,200	6.2
	Tobacco							
1,200	Universal Leaf Tobacco ($1.70)	$14\frac{3}{4}$	23	17,729	27,600	9.871	2,040	7.4
	GRAND TOTAL INDUSTRIAL & MISCELLANEOUS COMMON STOCKS			5,802,553	9,290,529	3,487,976	474,121	5.1

* Includes 100shs, 5% Stock Dividend - Ex-Div'd. 12/11/50 - Payable 1/9/51

THE INSTITUTE FOR ADVANCED STUDY

COMMON STOCKS
Bank
SECURITIES OF NOMINAL VALUE

Shares	Security	Book	Market 12/30/50¢	Book Value $	Market Value $	Apprec. or Deprec. $	Est. Annual Income $	Current Yield on Market %
	Bank							
500	Chase Nat'l., N.Y. ($1.80)	38 1/8	35 5/8	19,063	17,813	1,250	900	5.1
500	Nat'l. City, N.Y. ($2.00)	34 5/8	44 7/8	17,312	22,438	5,126	1,000	4.5
400	Nat'l. Newark & Essex Banking Co. N.J. ($9.00)	248	248	99,193	99,200	7	3,600	3.6
	TOTAL BANK COMMON STOCKS			135,568	139,451	3,883	5,500	3.9
	GRAND TOTAL ALL COMMON STOCKS			7,487,583	11,196,942	3,709,359	584,971	5.2
	Securities of Nominal Value							
200Units	Engineers Royalties, Inc. Unit#	½#	½#	100#	100#	-	#	-
1sh	U.S. Electric Power Co. Common ($-)	Gift	-	Carried at No Book Value		-	-	-
10 10/200shs	Schulte, Retail Stores, Corp. (No Par) Common ($-)	Gift	-	Carried at No Book Value		-	-	-
	Total Securities of Nominal Value			100	100	-	-	-

¢ Bid Prices.
\# Gift. Unit consists of 1 share 7% ($10 Par) Cum. Preferred Stock & 1 share No Par Common Stock. Company's valuation of 200 Units. Received payments of $70 in 1948, $65 in 1949 and $35 in 1950.

RECAPITULATION

THE INSTITUTE FOR ADVANCED STUDY

As of December 31, 1949

	MARKET VALUE 12/31/49		ANNUAL INCOME RATE 12/31/49				INCREASE OR DECREASE 12/31/49 Compared with Book - Same Date		
	Amount	% Total	Amount	% Total	% Yield on Mkt.	% Yield on Book	Book Value ø	Increase	Decrease
CASH - Uninvested ø	$ 82,737	0.4%	$ -	- %	- %	- %	$ 82,737	$ -	$ -
BONDS									
U.S. Gov't. Due within 1 yr.	$ 3,753,999	19.7%	$ 49,875	6.7%	1.3%	1.3%	$ 3,750,161	$ 3,838	$
U.S. Gov't. Series "G"	850,000	4.5	21,250	2.9	2.5	2.5	850,000	-	-
U.S. Gov't. Others	1,413,566	7.4	30,775	4.2	2.2	2.2	1,405,175	8,391	
Railroad	131,000	0.7	7,125	1.0	5.4	5.3	135,215		4,215
Public Utility	791,200	4.1	24,788	3.3	3.1	3.4	733,024	58,176	
Industrial & Misc.	599,799	3.1	11,750	1.6	2.0	2.0	588,307	11,492	
TOTAL BONDS	$ 7,539,564	39.5%	$145,563	19.7%	1.9%	2.0%	$ 7,461,882	$ 77,682	
PREFERRED STOCKS									
Public Utility	$ 467,719	2.4%	$ 22,300	3.0%	4.8%	4.9%	$ 458,515	$ 9,204	$
Industrial & Misc.	1,559,911	8.2	71,410	9.6	4.6	4.5	1,590,039		30,128
TOTAL PREFERRED STOCKS	$ 2,027,630	10.6%	$ 93,710	12.6%	4.6%	4.6%	$ 2,048,554		$20,924
COMMON STOCKS									
Public Utility-Elec. & Other	$ 750,121	3.9%	$ 42,637	5.7%	5.7%	6.9%	$ 620,265	$ 129,856	$
Public Utility-Natural Gas	1,080,428	5.7	50,125	6.8	4.6	6.1	827,872	252,556	
Industrial & Misc.	7,295,537	38.2	397,099	53.5	5.4	7.2	5,503,971	1,791,566	
Bank	126,010	0.7	5,660	0.8	4.5	3.6	159,127		33,117
Insurance	75,370	0.4	2,464	0.3	3.3	4.9	50,611	24,759	
TOTAL COMMON STOCKS	$ 9,327,466	48.9%	$497,985	67.1%	5.3%	7.0%	$ 7,161,846	$2,165,620	
REAL ESTATE MORTGAGES ø	$ 36,792	0.2%	$ 1,700	0.2%	4.6%	4.6%	$ 36,792	$ -	$ -
PROFESSORS' HOMES-MTGES.& ADVS. ø	$ 71,091	0.4%	$ 2,600	0.4%	3.7%	3.7%	$ 71,091	$ -	$ -
GRAND TOTAL	$19,085,280	100.0%	$741,558#	100.0%	3.9%	4.4%	$16,862,902	$2,222,378	

ø As reported by Treasurer's Office. (adjusted for purchases of 220shs U.S. & Foreign Securities Corp. $4.50 Cum. 1st Pfd. costing $22,352.19, not settled by Nat'l. Newark & Essex Banking Corp. as of 12/31/49).

\# Before amortization of premium on Bonds, estimated at $6,000 annually.

D.J.I.A. - December 31, 1949 - 200.13.

Paul B. Wyant
January 13, 1950